



September 20, 2006

Glenna Carr
Chair, Board of Directors
Independent Electricity System Operator
655 Bay St. Suite 410
PO Box 1
Toronto, ON M5G 2K4

Dear Ms. Carr:

Please accept this letter as input regarding the Ramp Rate Multiplier issue your Board will be considering September 22, 2006. I would appreciate you sharing this letter with other Board members. The Ontario Mining Association (OMA) is taking the unusual step of appealing to the Independent Electricity System Operator (IESO) Board of Directors as your decision will have an immediate impact on the competitiveness of our industry.

The OMA is one of the longest standing trade organizations in Canada with a mission to improve competitiveness for Ontario's mining companies. We work closely with policy makers to ensure our industry remains a safe, sustainable and valued employer in Ontario. While mining is generally doing well at the moment with relatively solid commodity prices and strong markets, it remains a cyclical industry. Controlling our operating costs is the only way to ensure production and future investment remains in Ontario.

Since 2001 electricity rates in Ontario have risen 60%, a higher rate of increase than any other comparable jurisdiction in North America. Total energy costs for the Ontario mining industry are approaching \$500 million annually, up from \$300 million in 2004. The mining industry, and indeed the manufacturing sector which drives Ontario's economy, cannot sustain these increases.

The mining industry is represented on the IESO Stakeholder Advisory Committee (SAC) and Market Price Working Group. Our Energy Committee is kept updated on the policies moving forward and have been following the ramp rate issue for some time. We are concerned that the IESO staff and SAC have taken what they admit is an arbitrary decision of setting a new ramp rate at 3X. As you know this would increase electricity prices by \$1.50/ MWh.

I urge the IESO Board to ensure further due diligence and a full business case is completed before making a decision with such large impacts to Ontario consumers.

Sincerely,

A handwritten signature in black ink that reads "Chris Hodgson". The signature is fluid and cursive, with a long, sweeping underline.

Chris Hodgson
President

cc: Hon. Rick Bartolucci, Minister of Northern Development & Mines
Hon. Dwight Duncan, Minister of Energy