

March 31, 2010

Dear Chairman IESO Stakeholders John Witjes:

**Subject: IESO Priorities IESO Stakeholder Input Marketers & Brokers**

Good Afternoon – My name is Gary Wight, and I am making this statement on behalf of Adèle Malo and myself. Presently I am working as an energy consultant prior to which I was Vice President of Energy Policy for Constellation Energy, Adèle Malo works with energy retailer Direct Energy, as EVP G&RA and General Counsel, prior to which I was General Counsel at Ontario Power Generation.

On behalf of the Retailer/Marketer /Broker community represented by Adèle and I, we would like to offer our thanks for the opportunity to speak today to offer our perspective on issues we believe the Board might or should consider addressing in the near to mid term.

Our membership is comprised of parties who operate in the retailing, marketing and trading of energy in Ontario, and who are all keenly interested in creating and maintaining an electricity market that advances the goals of the Ministry, the IESO, the various administrative bodies operating in Ontario as well as those of the stakeholders we represent, all of whom can achieve their goals reasonably in an appropriately designed market. These retailer/marketer market participants established themselves in Ontario in response to the creation of what was to be a vibrant and functioning market where competitive forces resulted in the positive outcomes that have been experienced in other jurisdictions in Canada, North America and the world.

It would be perhaps naïve, or even disingenuous to ignore the fact that the Ontario electricity marketplace is struggling to find a transparent and macro-economically sound approach. The lack of a meaningful debate or progress toward a well designed Day Ahead Market, potential benefits of Locational Marginal Pricing, the challenging issues for importers and exporters created by export curtailment rules and inefficient seams between Ontario and other jurisdictions, the hybrid nature of the market, pricing that is frequently referred to as 'important' but not well addressed, the Global Adjustment - there are a number of technical issues facing the Ontario market that most Ontarians cannot begin to see or understand and which will quite possibly result in problems that will grow larger, not smaller, with time if left unattended.

Our market evolution has not followed a path that provides our members a sense of confidence that they have a reasonable environment in which to operate - players, for example Scotia McLeod and Constellation, have exited the jurisdiction and others will likely follow if there is no sign of a willingness to make this a viable place to do business through a functioning and robust market framework. No one would or has asked that the path be arrow-straight and entirely known, but ours has been one where it would be worthy of the Board to contemplate taking courageous positions - not confrontational positions - where reasonable market evolution was supported as the best and most logical way forward, which could see the objectives of many market participants met, regardless of perspective. Perhaps the important issue is whether market evolution is in fact a matter that the IESO Board should, can or will consider in a timeframe that provides hope that some of these issues can be addressed.

In terms of signs of progress, and not just a broad request to "boil the ocean", our group would be pleased to see positions put forward by the IESO that support a renewed effort at market evolution that included, among other things, transparency in pricing currently lacking as a result of, among other things, the Global Adjustment mechanism, import/export rules that recognize the interdependence of the system and moves to increase liquidity.

If the true answer is that the IESO cannot see it's way clear to supporting some form of market evolution then the reality is that the retailer marketer broker community is not sure if it has a role to play in Ontario. The IESO is an implementing agency that may not set policy, but it nonetheless has an important role to play in informing and leading policy makers.

We encourage the IESO to consider this matter and its implications seriously as it sets its priorities. The Marketers and Brokers thank you for the opportunity to raise our concerns and we remain willing to work with the IESO to develop possible solutions.

Sincerely

Adèle Malo  
EVP & General Counsel  
Direct Energy

Gary Wight  
Energy Consultant