

Minister of Energy

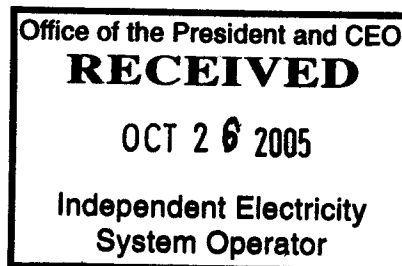
Hearst Block, 4th Floor
900 Bay Street
Toronto ON M7A 2E1
Tel.: 416-327-6715
Fax: 416-327-6754

Ministre de l'Énergie

Édlfice Hearst, 4e étage
900, rue Bay
Toronto ON M7A 2E1
Tél.: 416-327-6715
Téloc.: 416-327-6754

**OCT 21 2005**

Dave Goulding
President and CEO
Independent Electricity System Operator
655 Bay Street
Suite 410, P.O. Box 1
Toronto, ON
M5G 2K4



Dear Mr. Goulding:

Thank you for providing my predecessor, the Honourable Dwight Duncan with a timely copy of your 2006- 2008 Business Plan. As you know, your Business Plan was reviewed at the inaugural meeting of the Minister's Advisory Committee.

I am pleased to see that the IESO's careful business planning has resulted in considerable savings. I would encourage you to continue striving for efficiency while focusing on the core businesses that you emphasize in the plan.

I was encouraged to see a continued commitment to working constructively with the Ontario Power Authority and the Ontario Energy Board to implement the changes laid out in the *Ontario Electricity Restructuring Act, 2004* and will continue to follow those developments.

The Business Plan revisits many of the concerns identified in the most recent 18-month Outlook, including the lessons learned from the summer of 2005. I am pleased to see that the IESO is proposing to take steps to improve reliability prior to the summer of 2006, as well as continuing to work toward longer-term reliability through ongoing development of a day-ahead market and active participation in the off-coal program.

It was very valuable to see the IESO's predictions around the impact of the recent U.S. energy bill on its operations and markets in Ontario. I would appreciate hearing more about the implications of the coming changes at a future date.

The letter constitutes approval for the IESO to proceed with its submission to the OEB for fiscal year 2006.

Sincerely,

A handwritten signature in cursive script that reads "Donna Cansfield".
Donna Cansfield
Minister