

August 2, 2006

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 26th Floor
Toronto, ON M4P 1E4

Re: EB-2006-0064 - OEB Staff Discussion Paper on Regulatory Options for Setting Payment for Output from Ontario Power Generation's Prescribed Generation Assets - Power Workers' Union's Reply to Submissions

The Power Workers' Union ("PWU") appreciates the opportunity provided by the Ontario Energy Board ("Board") for reply on submissions made by parties to the Board on the July 6, 2006 Staff Discussion Paper on Regulatory Options for Setting Payments for the Output from Ontario Power Generation's ("OPG") Prescribed Generation Assets.

The PWU provided comments on Board Staff's Draft 1, Draft 2 and the final version of the discussion paper. In all three sets of comments the PWU took the position that the preferred regulatory mechanism for the payments to OPG for the output from the prescribed generation assets is a cost of service regime. There is nothing in the submissions made by parties to the Board on Staff's final discussion paper that changes our view.

The PWU notes some parties' (IESO, EMIG, Direct Energy, APPrO, OPA and Constellation Energy) concern with regard to the efficient dispatch of the prescribed generation assets. By way of reply, the PWU puts forth the position that the question of efficient dispatch should not be a factor in designing payments for the output from the prescribed generation assets. At the present time, the prescribed generators receive a flat payment as mandated by Regulation 53/05 and there is absolutely no evidence that the assets are not being dispatched efficiently. The PWU does not view the issue of efficient dispatch as falling within the scope of this proceeding.

We hope the Board will consider the PWU's comments and reply in its deliberations on a regulatory option for setting payments for the output from OPG's regulated generation assets.

Yours truly,

Don MacKinnon
President