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BY E-MAIL AND WEB POSTING

December 22, 2006

To: All Participants in Proceeding EB-2006-0207
All Other Interested Parties

Re: Report of the Board on the Ontario Power Authority's Integrated Power System Plan and Procurement Processes
Board File No. EB-2006-0207

The Ontario Energy Board has today issued its final *Report of the Board on the Review of, and Filing Guidelines Applicable to, the Ontario Power Authority's Integrated Power System Plan and Procurement Processes*. The *Report* sets out principles to guide the Board's review of the Ontario Power Authority's ("OPA") Integrated Power System Plan ("IPSP") and procurement processes, and sets out the Board's expectations regarding the OPA's filings. The *Report* is available from the Board's website at www.oeb.gov.on.ca.

Issuance of the *Report* follows a period of consultations with interested parties. Most recently, the Board issued a draft *Report* for comment on November 16, 2006. The Board invited comment on all aspects of its draft *Report* and specifically solicited comment on the treatment of environmental externalities in the review of the IPSP. The Board also requested that interested parties provide suggestions on changes that parties would recommend to the Board's draft *Report* on this issue. Further to a consideration of those comments and suggestions, the Board has concluded that: (i) environmental externalities do form an important part of the Board's review of the IPSP; (ii) the OPA should quantify the environmental externalities, and should do so on a life cycle basis in appropriate cases; and (iii) the OPA should show how environmental externalities have been considered in planning decisions.

The Board also received several written comments on the evaluation of the IPSP and on the issue whether the OPA should be required to develop alternative plans. On this issue, the Board has concluded that in, assessing the economic prudence and cost effectiveness of the IPSP as a whole, the Board will examine the economic prudence and cost effectiveness of the IPSP's main components, particularly those aimed at achieving the goals set out in the Minister's Supply Mix Directive. The Board will expect the OPA to demonstrate that it has evaluated alternative ways of achieving those goals,

and to satisfy the Board that the selected solutions are individually and collectively economically prudent and cost effective.

The issuance of the *Report* concludes the Board's consultation on the principles to guide the Board's review of the IPSP and related procurement processes and on filing guidelines for the OPA. The Board wishes to thank all participants for their thoughtful contributions.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary

Attachment: *Report of the Board on the Review of, and Filing Guidelines Applicable to, the Ontario Power Authority's Integrated Power System Plan and Procurement Processes*