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January 25, 2007

**To: All Licensed Electricity Distributors
All Participants in Proceeding EB-2006-0266
All Other Interested Parties**

**Re: Regulatory Treatment of Conservation and Demand Management Activities
by Electricity Distributors (EB-2006-0266)**

On December 11, 2006 the Board issued a letter notifying interested parties of its review of the regulatory treatment of conservation and demand management (CDM) activities by local electricity distributors (LDCs) beyond September, 2007.

The Board has posted on its website a Board staff Discussion Paper that sets out the proposed regulatory framework to address rate-related matters stemming from LDC involvement in the delivery of CDM programs funded by the Ontario Power Authority, and through distribution rates.

The Board would be assisted by written comments on all aspects of staff's Discussion Paper. Parties should make submissions no later than **February 9, 2007** and as set out below. Following consideration of any written comments received, the Board will provide guidance on the regulatory treatment of LDCs' CDM activities.

Cost award issues for this process were addressed separately in a letter, dated January 12, 2007, which provided distributors with the opportunity to object to any requests for cost award eligibility. Objections are to be filed by January 26, 2007, following which the Board will confirm which parties are eligible to receive cost awards. As indicated in Appendix A to the December 11, 2006 letter, cost awards will be available in relation to written submissions on Board staff's Discussion Paper, up to a maximum of 21 hours or such additional time as the Board may permit.

Written Comment on Staff's Discussion Paper

Parties wishing to provide written comments on Board staff's Discussion Paper must file three (3) paper copies of the comments and an electronic version of the comments in searchable Adobe Acrobat (PDF) and Word with the Board Secretary by **4:45 p.m. on February 9, 2007**. Electronic copies may be submitted on diskette or by e-mail to **boardsec@oeb.gov.on.ca**.

Your submission must quote file number **EB-2006-0266** and include your name, postal address and telephone number and, if available, e-mail address and fax number.

This letter, Board staff's Discussion Paper, and all written comments submitted in response to the discussion paper will be available for public inspection on the Board's website at www.oeb.gov.on.ca and at the Board's office during normal business hours.

Any questions relating to this consultation should be directed to Alison Cazalet at 416-440-7684. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary