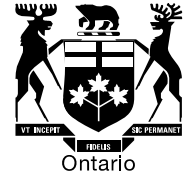


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BY E-MAIL ONLY

June 1, 2006

To All Electricity Local Distribution Companies

**Re: New Wholesale Market Service (WMS) Charge Types Approved for Recording in the Uniform System of Accounts (USoA)
Board File No. EB-2006-0112**

The Board has approved USoA account 4708, Charges WMS, for the classification and recording of two new WMS charge types (186 and 1188) arising from the Day-Ahead Commitment Process (DACP) in the IESO-administered wholesale market, effective June 1, 2006. These charges may appear in the IESO's monthly settlement invoice to market participants including local distribution companies starting with the June 2006 invoices. This approval will facilitate the billing of costs incurred from these charges to your customers and the recording of any related variances in account 1580, RSVA-WMS.

The two charges have been added to the set of WMS charge type classifications to account 4708 previously approved by the Board (see Appendix A).

Also, a modification to Appendix A is the removal of charge types 703 Rural and Remote Settlement Credit and 704 Credit OPA Administration Credit. Any credit adjustments by the IESO will be made to related charge types 753 Rural and Remote Settlement Debit and 754 OPA Administration Debit, respectively, for market participants other than Hydro One Network Inc. and Ontario Power Authority.

Background:

The IESO has implemented a new reliability measure, the DACP, which is designed to improve the reliability of the IESO-controlled grid during the summer of 2006 by allowing imports and generator unit commitment to be scheduled day-ahead to meet forecast reliability needs.

To obtain greater assurance that sufficient resources are committed day-ahead, the DACP design provides for financial guarantees referred to as reliability guarantees to improve the opportunities for scheduling of imports, thereby reducing import failures in real-time and to permit Ontario generation to commit to start units with the assurance of cost recovery from the market.

New Charge Types Classified to USoA Account 4708:

The financial guarantees under the DACP introduce two new WMS charges, outlined below, which are classified to account 4708.

Charge Type 186 - Intertie Failure Charge Rebate

The IESO will rebate market participants via this charge type for amounts charged for importers that have successfully committed through the IESO's DACP but failed to deliver in real-time. This charge type will be also used to rebate amounts from intertie transactions arranged and failed in real-time market operation, and will endure beyond the expected life of the DACP.

Charge Type 1188 - Day-Ahead Fuel Cost Compensation Debit

The IESO will bill market participants this charge type for the recovery of certain fuel costs incurred by a generator to meet a day-ahead commitment. The IESO will compensate a generator for these fuel costs, if a generator successfully commits through the IESO's DACP, but due to changes in system conditions, the generator is later advised by the IESO that it will no longer be required to be available to generate in real-time.

Questions regarding these WMS charge type classifications to the USoA should be directed to Ben Baksh at 416-440-8128. The Board's toll free number is 1-888-632-6273.

Yours truly,



Peter H. O'Dell
Assistant Board Secretary

c. Helen Lainis, IESO

Appendix A

**Classification of IESO Wholesale Market Service
Charge Types to the USoA Accounts
Revised June 1, 2006**

IESO Charge Type Number	IESO Charge Type Name of Non-Competitive Wholesale Market Electricity (WMS) Service Charges	OEB Electricity USoA
150	Net Energy Market Settlement Uplift <ul style="list-style-type: none"> • Line Losses • Intertie Offer Guarantee 	Account 4708, Charges WMS
155	Congestion Management Settlement Uplift	
250 251 252 253 254 255 450 452 454 550	Ancillary Services Operating Reserve: <ul style="list-style-type: none"> • 10 Minute Spinning Market Reserve Hourly Uplift • 10 Minute Spinning Market Reserve Shortfall Debit • 10 Minute Non-Spinning Market Reserve Hourly Uplift • 10 Minute Non-Spinning Market Reserve Shortfall Debit • 30 Minute Operating Reserve Market Hourly Uplift • 30 Minute Operating Reserve Market Shortfall Debit Black Start Capability Settlement Debit Reactive Support and Voltage Control Settlement Debit Regulation Service Settlement Debit Must Run Contract Settlement Debit	
102 118 141 163 164 165 166 167 168 169 170 182 183 184 186 460 700 750 751 753 754 850 1188 9990 N/A	Other Wholesale Market Service Uplifts Transmission Rights Clearing Account Credit Emergency Energy Rebate Fixed Wholesale Charge Rate Settlement Amount Additional Compensation for Administrative Pricing Debit Outage Cancellation/Deferral Debit Unrecoverable Testing Costs Debit Tieline Reliability Maintenance Debit Emergency Energy and EDRP Debit Transmission Rights Market Shortfall Debit Station Service Reimbursement Debit Local Market Power Rebate Hour-Ahead Dispatchable Load Offer Guarantee Debit Generator Cost Guarantee Recovery Debit Demand Response Debit Intertie Failure Charge Rebate IESO-Controlled Grid Special Operations Debit Dispute Resolution Settlement Credit Dispute Resolution Settlement Debit Dispute Resolution Board Service Debit Rural and Remote Settlement Debit OPA Administration Debit Market Participant Default Settlement Debit (Recovery) Day-Ahead Fuel Cost Compensation Debit IESO Administration Charge IESO Application Fee	
N/A	Administrative Penalties (e.g. late payment charges)	