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To: MACD Inbox

Cc: BARRETT Andrew P -REGAFFCRPSTY; HEATON Randy -EM SUPPORT; ZADEH Hooshang -ELEC SALE&TR; PETRELLA Tony -REGAFFCRPSTY; KOHN Ethan -LAW DIVISION

Subject: Attendees and Questions for MSP Workshop on February 15, 2007

Further to my conversation with Jack Lubek Friday afternoon, this e-mail is to confirm that Randy Heaton, Andrew Barrett and I will be attending the February 15 workshop in person on behalf of OPG.

Also as discussed, here are some questions that we are hoping you will be able to address as part of the workshop. As we are still trying to understand some of the larger issues underlying the proposed framework, we have focused our questions in these areas:

- 1) Please define the terms "competitive price" and "opportunity cost" as they relate to the proposed framework.
- 2) Please explain when the "exercise of market power" becomes an "abuse of market power" under the proposed framework.
- 3) What is the rationale for not also looking at the potential of loads to alter market prices?
- 4) The paper states (p. 27) that "below \$50 there is generally sufficient excess capacity to discipline any potential exercise of market power." What level of excess capacity (expressed in MW) does the MAU consider to be sufficient to discipline the exercise of market power? Why would excess capacity not be a better screen than a low market price like \$50?
- 5) How is the interaction of imports vs. domestic generation factored into the framework? For example, a domestic generator trying to price up in pre-dispatch would likely incent additional imports to offer into the Ontario market. These additional imports would go to the bottom of the stack in real-time, thus lowering the overall market clearing price.
- 6) Why not apply special rules to interties previously identified as uncompetitive, instead of applying the market power framework to imports generally?
- 7) What is the MAU's estimate for the percentage of generation in the province that receives market prices for its output? Please show how this percentage was calculated identifying the various components that make up the estimate.
- 8) As the MSP acknowledges, no other jurisdiction has developed such an analytical framework for dealing with the exercise of market power by energy-limited generators. What has led the MSP to undertake this initiative?

9) How will the screens for energy limited hydroelectric resources address stations that have production flexibility that extends beyond one day?

10) What is the estimate accuracy of the MAU's simulation of the Ontario market? How was the model calibrated?

11) Is the MSP planning to undertake a cost-benefit analysis in support of this new framework, and will it share the analysis with stakeholders before any decision is made about whether to proceed with it?

Thanks for your consideration. Best regards,

John Haffner