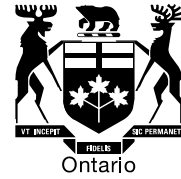


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BY E-MAIL AND WEB POSTING

July 31, 2012

**To: All Participants in EB-2010-0008
All Other Interested Parties**

**Re: Consultation regarding Incentive Rate Making Options for Ontario Power Generation's Prescribed Generation Assets
Board File No. EB-2012-0340**

On May 11, 2012, the Board posted on its website a draft report (the "PA Report") prepared by Power Advisory LLC, "Incentive Rate Making Options for Ontario Power Generation's Prescribed Generation Assets". This report was commissioned in response to the Board's Decision with Reasons from proceeding EB-2010-0008, the payments decision. In its letter the Board indicated that further steps regarding consultation on incentive ratemaking for OPG's prescribed assets would be provided. This letter sets out the next steps in the consultation.

On August 28, 2012, Board staff will host a meeting ("the Stakeholder Meeting") for stakeholders and interested parties. The meeting will commence with a presentation by Power Advisory representatives of the PA Report followed by a question and answer period. OPG has informed Board staff that it has engaged London Economics Consulting Group to undertake a review and assessment of the PA Report and that OPG is prepared to make London Economics available at the Stakeholder Meeting. Following the discussion of the PA Report, London Economics will present its review of the issues and options raised in the PA Report followed by a question and answer period. Finally, OPG intends to make a short presentation on their reaction to the PA Report and their plans for regulatory filings in the short- to medium-term.

An open discussion about the next steps in the process of determining an IRM regime for setting payments for OPG's prescribed assets will conclude the consultation. Following the meeting, stakeholders will have an opportunity to provide written

comments about the options and next steps in relation to incentive rate mechanisms for OPG. Further details regarding the written comment stage will be provided at the Stakeholder meeting.

The Stakeholder Meeting will take place in the Board's offices at 2300 Yonge Street, Toronto, 25th floor, starting at 9:30 a.m. If you are unable to attend in person, you may join the meeting via the telephone and internet. Instructions for remote participation will follow.

Stakeholders that wish to participate in the meeting are requested to register their attendance by emailing Veronica Mendes at veronica.mendes@ontarioenergyboard.ca by no later than August 15, 2012. In the e-mail subject line please include "OPG IRM Options meeting". Please copy your reply to: Russell Chute (russell.chute@ontarioenergyboard.ca).

Following receipt of the written comments, Board staff intends to prepare a report that summarizes the stakeholder discussion and written comments regarding the IRM options and process for going forward.

Cost Awards

Cost awards will be available to eligible persons under Section 30 of the OEB Act in relation to their participation in this consultation process. The costs to be awarded will be recovered from Ontario Power Generation. **Appendix A contains further details regarding cost awards for this consultation, including in relation to eligibility requests and objections, and eligible activities.** In order to facilitate a timely decision on cost eligibility, the deadlines for filing cost eligibility requests and objections will be strictly enforced.

Any questions regarding this consultation process should be directed to Russell Chute at Russell.Chute@ontarioenergyboard.ca or at 416-440-7682. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary

Attachments:

1. Appendix "A" - Cost Awards
2. Appendix "B" – Disclosure Conditions

Appendix A

Cost Awards

Eligibility

The Board will determine eligibility for costs in accordance with its *Practice Direction on Cost Awards*. Any person requesting cost eligibility must file with the Board a written submission to that effect by **August 7, 2012**, identifying the nature of the person's interest in this process and the grounds on which the person believes that it is eligible for an award of costs (addressing the Board's cost eligibility criteria as set out in section 3 of the Board's *Practice Direction on Cost Awards*). An explanation of any other funding to which the person has access must also be provided, as should the name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known. All requests for cost eligibility will be posted on the Board's website.

Ontario Power Generation (OPG) will be provided with an opportunity to object to any of the requests for cost award eligibility. If OPG has any objections to any of the requests for cost eligibility, such objections must be filed with the Board by **August 10, 2012**. Any objections will be posted on the Board's website. The Board will then make a final determination on the cost eligibility of the requesting parties.

Eligible Activities

Cost awards will be available to eligible persons in relation to participation in the stakeholder meeting, to a **maximum of 30 hours**.

Cost Awards

When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of its *Practice Direction on Cost Awards*. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied. The Board expects that groups representing the same interests or class of persons will make every effort to communicate and co-ordinate their participation in this process.

The Board will use the process set out in section 12 of its *Practice Direction on Cost Awards* to implement the payment of the cost awards. Therefore, the Board will act as a clearing house for all payments of cost awards in this process. For more information on this process, please see the Board's *Practice Direction on Cost Awards* and the October 27, 2005 letter regarding the rationale for the Board acting as a clearing house for the cost award payments. These documents can be found on the Board's website at www.ontarioenergyboard.ca on the "Rules, Guidelines and Forms" webpage.

Appendix B

Disclosure Conditions

All written comments sent to the Board in response to this letter will be available for viewing at the Board's offices and will be placed on the Board's website.

If the written comment is from a private citizen (i.e., not a lawyer representing a client, not a consultant representing a client or organization, not an individual in an organization that represents the interests of consumers or other groups, and not an individual from a regulated entity), before making the written comment available for viewing at the Board's offices or placing the written comment on the Board's website, the Board will remove any personal (i.e., not business) contact information from the written comment (i.e., the address, fax number, phone number, and e-mail address of the individual). However, the name of the individual and the content of the written comment will be available for viewing at the Board's offices and will be placed on the Board's website.