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BY E-MAIL AND WEB POSTING

May 2, 2008

To: All Participants in Consultation EB-2007-0673
All Licensed Electricity Distributors

Re: **3rd Generation Incentive Regulation for Electricity Distributors
Board Staff Proposal for Stakeholder Meeting on May 6, 2008
Board File No.: EB-2007-0673**

On August 2, 2007, the Ontario Energy Board (the "Board") initiated a consultation process in relation to the development of the principles and methodology for the third generation incentive regulation (3rd Generation IR) mechanism for electricity distributors. Since that time, Board staff has engaged stakeholders in various forms of consultations such as written comment on staff and expert papers, several working group meetings and stakeholder conferences.

On April 23, 2008, the Board issued a letter announcing a stakeholder meeting to allow participants to explore and thus better understand the implications of new positions and alternative mechanisms advanced by other participants in comments received on two papers issued on February 28, 2008. That letter stated that staff will make a presentation at the meeting outlining its proposals. Today, the Board posted on its web site a Board staff presentation for the May 6, 2008 meeting that puts forward staff's proposal for 3rd Generation IR for electricity distributors.

Invitation for Written Comment on Staff Proposal

Subsequent to the May 6, 2008 meeting, the Board invites participants to comment on staff's proposal and to identify any preferred alternative(s) that the Board should consider. Where an alternative is suggested, the rationale for that alternative and how it might be implemented should be identified. Written comments on staff's proposal must be filed with the Board by **May 16, 2008** in accordance with the filing instructions set out below.

The Board will consider the comments received from participants in making its determination on the principles and methodologies for the 3rd Generation IR mechanism for electricity distributors. Consultations with participants over the last nine months plus written comments received on staff's proposal will provide the Board with a thorough understanding of the issues and concerns. As a result, the Board advises participants that further consultations on these matters are not anticipated to be required by the Board prior to release of the Board's report setting out the principles and methodologies for the 3rd generation IR mechanism.

Cost Awards and Instructions on Filing Material with the Board

Cost awards will be available to eligible participants as listed in Table 1.

Table 1: Activities Eligible for Cost Awards

Activity	Total Eligible Hours per Eligible Participant
Written comments on Staff's proposal.	Up to 20 hours

All filings in relation to this consultation must quote file number **EB-2007-0673** and include your name, address, telephone number and, where available, an e-mail address and fax number. Three paper copies and one electronic copy of each filing must be provided. Paper copies are to be addressed to the Board Secretary at the Board's mailing address set out above. The electronic copy must be in searchable/unrestricted PDF format, be submitted through the Board's web portal at www.errr.oeb.gov.on.ca and conform to the document naming conventions and document submission standards outlined in the RESS e-Filing Guides (available on the Board's website at www.oeb.gov.on.ca on the e-Filing Services web page). A user ID is required for filings through the web portal. If you do not have a user ID, please visit the Board's web site on the e-Filings Services web page and fill out a user ID password request. If the web portal is not available, the electronic copy may be submitted by e-mail to BoardSec@oeb.gov.on.ca. Participants that do not have internet access may file their electronic copy on diskette or CD.

Filings must be received by **4:45 pm** on the required date.

All materials related to this consultation will be posted on the "Key Initiatives & Consultations" portion of the Board's web site at www.oeb.gov.on.ca. The material will also be available for public inspection at the office of the Board during normal business hours.

If you have any questions regarding this consultation, please contact Lisa Brickenden at 416-440-8113, or by e-mail at EDR@oeb.gov.on.ca. The Board's toll-free number is 1-888-632-6273, and the Market Operations Hotline is 416-440-7604.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary