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May 22, 2012

BY E-MAIL AND WEB POSTING

Mr. Colin Andersen
Chief Executive Officer
Ontario Power Authority
Suite 1600
120 Adelaide Street West
Toronto, ON M5H 1T1

Dear Mr. Andersen:

RE: Market Surveillance Panel Monitoring Report

The Market Surveillance Panel ("MSP") has delivered to me its *Monitoring Report on the IESO-Administered Electricity Markets* for the period from May 2011 – October 2011 (the "MSP Report"). I attach a copy of the MSP Report for your reference.

Among the six recommendations in the MSP Report, the following is directed to the government and the Ontario Power Authority (the "OPA") and is one that the MSP believes will help to reduce uplift and other payments:

- The Government of Ontario and the OPA should work together to ensure that Class A customers are not compensated by both the Global Adjustment allocation methodology and an OPA demand response contract for the same MW of load shedding or shifting.

I understand that implementation of the above recommendation may ultimately fall to a successor organization in the event that Bill 75 were to be passed. Nonetheless I would hope that you can provide me with the OPA's current position in relation to the above recommendation. I would therefore appreciate if you would advise me in writing within 30 days of: a) the steps that the OPA plans to take in response to this recommendation and the associated timelines; and b) whether, in the OPA's view, any actions in addition to those reflected in the MSP's recommendation, should be taken or initiated.

Please do not hesitate to contact me should you have any questions or wish to discuss the above.

Yours sincerely,



Rosemarie T. Leclair
Chair & CEO

cc: Neil Campbell, Chair, Market Surveillance Panel