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Rosemarie T. Leclair
Chair & CEO

Rosemarie T. Leclair
Présidente et Directrice Générale

October 5, 2015

BY E-MAIL AND WEB POSTING

Mr. Bruce Campbell
President and Chief Executive Officer
Independent Electricity System Operator
655 Bay Street, Suite 410
Toronto, ON M5G 2K4

Dear Mr. Campbell:

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 2014 to October 2014 (the MSP Report). I attach a copy of the MSP Report for your reference.

The MSP Report contains two recommendations addressed to the Independent Electricity System Operator (IESO) that the MSP believes will enhance market transparency and efficiency. Specifically, the MSP is recommending:

- (i) the establishment of more specific cost categories for purposes of the real-time generation cost guarantee program; and
- (ii) a reconsideration of how intertie prices are set for congested interties when changes in the total energy flows across all Ontario interties from one hour to the next exceed a certain pre-set limit.

I would appreciate if you would advise me in writing within 30 days of: (a) the steps that the IESO plans to take in response to the recommendation in the MSP Report and the timelines for completion of those steps; and (b) whether, in the IESO's view, any actions or market rule amendments, 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 truly,

A handwritten signature in black ink, appearing to read 'Rosemarie Leclair', written over a white background.

Rosemarie Leclair ,
Chair & CEO
Ontario Energy Board

cc Glenn Leslie, Chair, Market Surveillance Panel
Encl.