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Rosemarie T. Leclair
Présidente et Directrice Générale



September 17, 2014

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 2013 to October 2013 (the "MSP Report"). I attach a copy of the MSP Report for your reference.

The MSP Report sets out two recommendations which the Panel believes will enhance transparency, price fidelity and the allocation of certain uplift payments. Both of the recommendations are addressed to the Independent Electricity System Operator ("IESO"). The first recommendation is that the IESO make more information available about its practice of de-rating Control Action Operation Reserve. The second is that the IESO revise the way in which it allocates uplift charges associated with its generation cost guarantee programs so that the charges to Ontario consumers and to exporters better reflect the extent to which each group causes those payments to be incurred.

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 recommendations 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 recommendations, 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 T. Leclair". The signature is fluid and cursive, with a large initial "R" and "L".

Rosemarie T. Leclair
Chair, Ontario Energy Board

cc Glenn Leslie, Chair, Market Surveillance Panel