



July 20, 2011

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
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Dear Ms. Walli:

Re: MSP Monitoring Document
Submission of TransCanada Energy Ltd.

Please find attached TransCanada Energy Ltd.'s submission responding to the Market Surveillance Panel's *Proposed Monitoring Document on Generator Offer Prices Used to Signal an Intention to Come Offline*.

If there are any questions with respect to this notice, please do not hesitate to contact me at 416.869.2001.

Regards,

Emma Coyle
Compliance Coordinator

TransCanada appreciates the opportunity to respond to the Market Surveillance Panel's **Proposed Monitoring Document: Generator Offer Prices Used to Signal an Intention to Come Offline**. TransCanada encourages the Market Surveillance Panel's efforts to establish offer guidelines for generators and the Panel's efforts to discourage gaming in Ontario's electricity market. Having considered the Proposed Monitoring Document, TransCanada provides the following comments.

TransCanada appreciates the Market Surveillance Panel's recognition that a generator may have *bona fide* business reasons to choose the point at which they want to be dispatched offline. It is TransCanada's hope that the Market Surveillance Panel will continue to give due consideration to the complexity of commercial decisions that generators must make when determining how to offer their commercial capacity into the IESO market. In light of the commercial expertise of market participants and the complexity of market conditions, TransCanada urges the Market Surveillance Panel to give strong deference to Market Participants' own commercial decision-making when the Panel applies their proposed framework for analysis of offer price levels used to trigger generator shut-down.

The Market Surveillance Panel has proposed that for a generator to come offline, an offer price that is higher of either i) a generator's marginal cost, or; ii) 130% of the 3-hour ahead pre-dispatch price would normally not be regarded as gaming. With regards to the 3-hour ahead pre-dispatch price threshold, TransCanada has not observed a comfortably high correlation between the IESO's 3-hour ahead pre-dispatch price and the IESO's real time price. Therefore, TransCanada is concerned with the threshold offer price level identified in the Proposed Monitoring Document and is of the opinion that a statistical analysis should be made available to establish the frequency at which this 130% level will allow a generator to come offline at a time of their choosing.

Accordingly, TransCanada respectfully requests that the Market Surveillance Panel further expand on the "extremely high degree of certainty" of being dispatched offline that they have attributed to offer price levels that are 130% of the 3-hour ahead pre-dispatch price.

TransCanada thanks the Market Surveillance Panel for this opportunity to comment on the Proposed Monitoring Document and for their continued efforts to monitor the health of the IESO market.