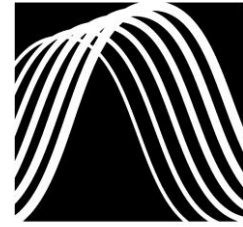


Memo



APPRO

ASSOCIATION OF
POWER PRODUCERS
OF ONTARIO

Date: June 21, 2016
To: Pat Kamstra, IESO
Cc: APPRO Market Affairs Working Group
From: Dave Butters
RE: MR-00425: Real-Time Generation Cost Guarantee – Cost Recovery Framework
Priority:

The IESO proposes to amend the market rules to enable a new cost recovery framework for the real-time generation cost guarantee (RT-GCG) program.

At the most recent TP meeting, the IESO presented some of the material that was presented at the May 26 stakeholder meeting for the RT-GCG Program Cost Recovery Framework. The TP was provided with an overview of the pre-approved values and planned maintenance framework.

The generator representatives recommended to the IESO at the April TP that it provide the panel with the Market Manuals before the vote on the rule. The IESO's response was to provide a presentation which has some of the market manual details. It is our understanding that many generators are not in agreement with these details such as the pre-approved values for Fuel Services and Electricity Consumption and we expressed that view at the TP meeting.

APPRO is also concerned with the process for determining the Planned Maintenance Values, as we expect that the individual meetings between the IESO and each generator will be contentious and result in the IESO pre-approving maintenance cost values that are not sufficient. On the current timeline for this rule amendment, the rule will be approved before these meetings conclude and then there will be less opportunity to achieve changes. We view this as fundamentally unfair.

On the rule language itself, APPRO is concerned with the wording in section 2.2B.1.4C, where the IESO has given itself broad powers to demand data with the words "*any other data, as requested by the IESO, that is relevant to determine eligible costs in accordance with section 2.2B.4, including, without limitation, data from any affiliate, service provider, agent, partner, contractual counter-party, or other associated entity.*" In response to concerns about this section voiced at the April TP meeting, the highlighted wording was added, but we do not believe that the concerns expressed then about over-reaching language have been adequately addressed as of yet. Also with regard to the rule language, we believe that there are too many references to the market manuals (which are themselves not yet complete) and that some of that detail should be included in the market rule.