



Market Rule Amendment Written Submission

This form is used to provide comment on a *market rule* amendment under consideration by the *IESO*. Please complete all four sections of this form and submit the completed form by email or fax to the following:

Email Address: Rule.Amendments@ieso.ca
 Fax No.: (416) 506-2847 **Attention: Market Rules Group**
Subject: Market Rule Written Submission

All information submitted in this process will be used by the *IESO* solely in support of its obligations under the *Electricity Act, 1998*, the *Ontario Energy Board Act, 1998*, the *Market Rules* and associated policies, standards and procedures and its licence. All submitted information will be assigned the *confidentiality classification* of “Public” upon receipt. You should be aware that the *IESO* intends to *publish* this written submission.

Terms and acronyms used in this Form that are italicized have the meanings ascribed thereto in Chapter 11 of the *Market Rules*.

PART 1 – SUBMITTER’S INFORMATION

Please enter your organization and contact information in full.	
Name: <u>Hydro One Networks Inc., Graham Henderson</u>	
(if applicable) <i>Market Participant / Metering Service Provider</i> No. ¹ : <u>102007</u>	<i>Market Participant Class:</i> <u>Distributor</u>
Telephone: <u>416-345-6169</u>	Fax: <u>416-345-5957</u>
E-mail Address: <u>graham.henderson@hydroone.com</u>	

PART 2 – MARKET RULE AMENDMENT REFERENCE

Type of Rule Amendment Being Commented on (please indicate with x):	
<input type="checkbox"/> Amendment Submission	<input checked="" type="checkbox"/> Proposed Rule Amendment
<input type="checkbox"/> Recommended Rule Amendment	
MR Number: <u>MR-00212-R00-R03</u>	
This <i>Market Rule</i> number is located on the “Current Market Rule Amendment” web page.	
Date Relevant Amendment Submission, Proposed or Recommended Rule Amendment Posted for Comment: <u>May 23, 2006</u>	

¹ This number is a maximum of 12 characters and does not include any spaces or underscore.

PART 3 – COMMENTS ON RULE AMENDMENT

Provide your comments.

Hydro One Networks Inc. (Hydro One) generally supports the proposed market rule amendments MR-00212-R00, MR-00212-R01, MR00212-R02 and MR00212-R03 resulting from the SE-23 Prudential Review Report. Hydro One appreciates the opportunity to both participate on the SE-23 stakeholder group and the opportunity to comment on the proposed Market Rule amendments. This includes support of the proposed amendment to section 5.8.2 to specify the conditions under which the IESO shall be obligated to automatically reduce a market participant’s credit rating by “one-notch” rather than by “one category”. Hydro One supports a new subsection 5.1.2 to specify that the IESO shall review the prudential support requirements at least once every three years and that the first review shall be completed no later than September 1, 2010.

There is one section in MR-00212-R02 that Hydro One does not support. In section 5.8.4, Hydro One does not support the amount of increased credit for unrated Direct customers with greater than 6 years of good payment history. Hydro One believes this amount of increase creates a default risk that cannot be mitigated through timely disconnection and is out of step with the year-over-year increase in unsecured credit for such customers with shorter periods of good payment history.

PART 4 – EXTERNAL CONSULTATION MEETING

If you believe that a special meeting of stakeholders would be necessary/desirable to discuss the issues raised by the rule amendment, please complete the following information:

External Stakeholdering meeting necessary/desirable (please indicate with x):

Reason(s) why you believe a meeting is necessary/desirable: