
From: George Radan
Sent: June 15, 2009 6:18 AM
To: IESO Stakeholder Engagement
Subject: RE: Materials - June 15, 2009 - Webcast - Economic Dispatch of Linked Wheels

Ms Savage:

In response to questions 1a and 1b of the IESO Memorandum regarding the Economic Dispatch of Linked Wheels that you distributed on June 9 to members of the IJT, I can offer the following responses:

1a It is logical to assume that introducing the capability to economically bid/offer wheel through transactions through the Ontario control area will increase the number of linked wheel transactions as well as improve the overall efficiency/transparency of the market. The 15% quoted in our analysis is not the amount by which the linked wheels will increase, but instead is a conservative estimate of how successful market participants will be in capturing trading opportunities (i.e. 15% of the time that there is a 10\$ price differential between the NYISO and MISO, a market participant or market participants in aggregate, will execute a liked wheel transaction through Ontario). Our actual estimate of what would happen is much higher than this.

1b The theoretical basis for the assumption that the linked wheel transaction will be 100MW is that "over the counter" swaps in the northeast electricity markets trade in 50MW increments. A 100MW transaction (i.e. 2 swaps) is a very conservative estimate for the volume of a "typical" linked wheel transaction.

I look forward to elaborating on my responses during our conference call this morning and moving forward the analysis required to approve the Linked Wheel rule amendment.

Regards,

George Radan
Sr. VP, Trading
Aquilon Power Corp.
280 King St. East, 4th Floor
Toronto, Ontario
M5A 1K7