

IESO SENIOR MANAGEMENT UPDATE

To: Stakeholder Advisory Committee

Date: May 5, 2006

**Subject: Urgent Market Rule Amendment MR-00315-R00:
Eliminate CMSC Payments for Linked Wheeling Through
Transactions**

Information Item

At its meeting on April 7, 2006, the IESO Board approved an urgent market rule amendment (MR-00315-R00) to eliminate congestion management settlement credit payments for linked wheeling through transactions.

This amendment eliminated CMSC payments for linked wheeling through transactions as these payments are not consistent with the intent of CMSC and the purpose of these transactions.

A linked wheeling through transaction allows a market participant to move energy through Ontario from one jurisdiction to another (e.g. from Michigan through Ontario to New York) without the risk of (i) the energy being retained in Ontario and (ii) exposure to the Ontario market price. CMSC payments for such transactions are not appropriate given that the transaction is insulated from the Ontario market price.

This amendment was deemed to be urgent as it met the following statutory criteria:

- “avoid, reduce the risk of or mitigate the effects of an unintended adverse effect of a market rule” (section 34.1.4 of the Electricity Act, 1998).

Prior to the Board meeting, the technical panel was consulted, on a confidential basis, on the proposed amendment. Panel member comments were communicated to the IESO Board. These comments are documented in the minutes of the Panel meeting of March 28, 2006. This market rule came into effect at 12:00 a.m. on April 8, 2006.