

Ramp Rate Multiplier (Board Decision)



From: Independent Electricity System Operator

Sent: December 27, 2006 1:42

Subject: IESO proposed changes will reduce electricity costs

The IESO Board of Directors has proposed a package of changes that will have the net effect of reducing electricity costs next year.

Under the proposed changes, the IESO will be disbursing to customers \$57 million of funds related to import and export transactions that have accumulated in the Transmission Rights Clearing Account. The funds will be paid out on a monthly basis once these changes take effect. Future surplus funds that accumulate in this account will also be used to offset customer costs.

This is the latest of a number of IESO-led initiatives that will result in a reduction in electricity costs for all customers. The IESO is seeking to reduce its fee by 10 per cent in 2007 and provide a rebate of approximately \$12 million. Together with this latest announcement, some large industrial customers could see savings next year of almost \$1 million.

As the market operator, the IESO works to balance the needs of all participants including generators and customers. This package of changes that the IESO is proposing will do that by improving market operations while lowering the electricity prices paid by customers.

Included in the proposals is a change to a three times ramp rate multiplier to better reflect the physical capabilities of generators. This change will result in a minimal increase in consumers' costs that is estimated at about four one-thousandths of a cent per kilowatt hour. However, recognizing the costs pressures that consumers are facing, this small effect on costs is more than offset by the significant cost reductions that result from the dispersal of the surplus funds.

The change in ramp rate, which is to be implemented through a market rule amendment (available on the Current Market Rule Amendment Page at: http://www.ieso.ca/imoweb/amendments/mr_Amendments.asp), will help provide better pricing signals to prompt both generators and consumers to respond appropriately to changes in power system conditions by increasing or decreasing output or consumption.

The change will also result in a reduction in exports of energy from Ontario and provide environmental benefits by reducing emissions from coal fired generating stations that can be the source of the exports.

The IESO Board requests that persons wishing to submit written comments on the proposed rule amendment do so by January 12, 2007 using the written submission form (http://www.ieso.ca/imoweb/pubs/marketAdmin/ma_f1467_MR_AmendmentWrittenSubmission.doc).

To view the news release, please go to the IESO's website at:
http://www.ieso.ca/imoweb/media/md_newsitem.asp?newsID=3191

For further information, please contact IESO Customer Relations at customer.relations@ieso.ca or by telephone at (905) 403-6900 or toll free at 1-888-448-7777.

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