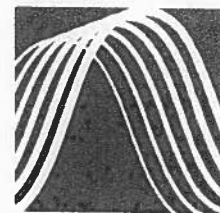


25 Adelaide Street East, Suite 1602
Toronto, ON M5C 3A1 Canada

416.322.6549 F. 416 481.5785
www.appro.org appro@appro.org



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ASSOCIATION OF
POWER PRODUCERS
OF ONTARIO

Friday, November 23, 2012

Paul Murphy
President and CEO
IESO
655 Bay Street
Suite 410
Toronto, ON M5G 2K4

Dear Paul,

We are writing with respect to the recent announcement by the IESO and the presentation made by Glen Macdonald at the SAC on the proposed Market Rule promoting conduct "supporting market and reliability objectives". This as you will recollect was the subject of considerable discussion at the October 24th SAC meeting, with representatives from the generation, marketers/brokers, and wholesale consumer market participants raising concerns about it

We think it fair to say that no members were against such a rule, per se. Rather they sought to better understand the IESO's needs and motives, how it would be worded, what guidelines and the like would be developed, and the implications to market participants in enacting such a rule. They also expressed a clear interest in seeing a proper and thorough stakeholder engagement process being put in place and worked through before the matter was put before the Technical Panel.

The IESO has developed a robust set of "Principles of Stakeholder Engagement" which are posted on its website.

The first principle is that a "stakeholder engagement plan will be developed for each significant issue or opportunity. The plan will define the objective, stakeholders to be engaged, method of engagement, schedule of expected activities and decision timeframes."

This proposed market rule is a significant issue, and our view is that before it moves forward a stakeholder engagement plan must be developed and then executed. As a first step we also ask that the IESO more clearly state the need for and genesis of this proposed rule.

We are concerned that the IESO has recently put matters to the TP for consideration that have not been subject to rigorous stakeholdering. This does not serve the interests or needs of market participants or the IESO in an increasingly complex market environment. Robust stakeholder engagement should be a sine qua non for all significant issues.

We look forward to discussing this very shortly with you and your staff.

Sincerely,

A handwritten signature in blue ink, appearing to be "Dave Butters", enclosed within a large, hand-drawn oval.A handwritten signature in blue ink, appearing to be "Jack Burkom", written in a cursive style.

Dave Butters and Jack Burkom
SAC Generator and Marketers/Brokers representatives