



September 12, 2012

Stakeholder Engagement  
Independent Electricity System Operator

SUBJECT: SE-91- Renewables Integration – Proposed Floor Prices

I am writing to provide the input and advice of our organization on the above noted proposal, the details of which were presented at the August 8, 2012 IESO Stakeholder session. I appreciate the opportunity to provide our perspective.

While the IESO has in this process taken measures to recognize the operating characteristics and limitations of the affected waterpower generating fleet, I remain concerned that the approach to the determination of floor prices for other technologies lacks the financial analysis required to support the proposal. The IESO has explained that the establishment of a –ve \$10 price for wind generation is tied to a small subset of projects with contracts that provide for the payment of federal “credits” to the generator. The IESO has also suggested that it perceives that the difference between proposed floor prices for nuclear and wind generation is not expected to have a “material” financial impact on either the affected waterpower generators or the rate base. However, there has been no evidence provided with respect to the basis for this assumption, nor any comparative analysis of the potential impact relative to the subset of contracted wind projects. Unless and until such analysis demonstrates that the relative impact on waterpower generators is less than affected wind generators, the value of and spread between wind and nuclear floor prices should be minimized.

In addition, we strongly recommend that the respective floor prices be implemented concurrently and as soon as is reasonably practical. The IESO’s decision last week with respect to the establishment of floor prices for exports (MR-00393-R00) has an effective date of October 1, 2012 suggesting that once a decision is made, implementation can be achieved relatively quickly. The OWA supports the IESO’s proposed effective date for flexible nuclear (Q4 2012) and the earliest possible implementation of floors for wind and solar. We also recognize that this is not possible until they are made dispatchable which will take some time. We would encourage the IESO to move forward with the dispatchability and floor prices for wind and solar as soon as practical.

Thank you for the opportunity to comment. I look forward to the outcome of this important initiative.

A handwritten signature in black ink, appearing to read 'Paul Norris', with a long horizontal flourish extending to the right.

Paul Norris  
President  
Ontario Waterpower Association

Copy: OWA Board of Directors