

Minister of Energy
and Infrastructure

Office of the Minister

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Ministre de l'Énergie
et de l'Infrastructure

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November 16, 2009

Mr. Paul Murphy
President and CEO
Independent Electricity System Operator
410-655 Bay Street
PO Box 1
Toronto ON M5G 2K4

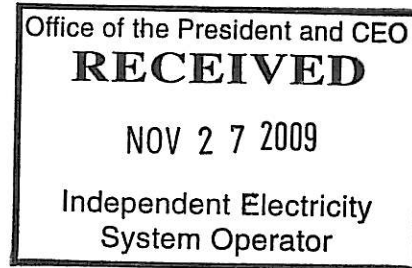
Dear Mr. Murphy:

Thank you for forwarding a copy of the Independent Electricity System Operator's (IESO) proposed 2010-2012 Business Plan.

In reviewing your business plan, I note that the IESO's principal focus will continue to be the reliable operation of the electricity system. I believe this is appropriate. I am pleased to see that the IESO will maintain this focus while keeping its costs under control and that your 2010-2012 submission to the Ontario Energy Board (OEB) will include a commitment to hold your fee flat in 2010. This is consistent with the government's desire that all agencies strive to reduce costs to consumers and businesses in the current difficult economic environment.

I am also pleased that the IESO is taking steps to meet the demands expected to flow from the recently-launched Feed-in Tariff (FIT) program. This program is at the heart of the government's efforts to stimulate a new, green economy and create a new generation of green jobs while protecting our environment. We expect the FIT program to spark a surge in the development of renewable energy projects, and I am encouraged that the IESO has made it a priority to prepare for the incorporation of this additional generation into the electricity system and the new transmission capacity that will be needed to take the power to consumers. I ask that you maintain an intense focus on this work going forward.

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With respect to your role as the interim Smart Meter Entity, your work on the integration of local distribution companies (LDCs) onto the Meter Data Management Repository is a core element in the rollout of time-of-use pricing across the province. Please continue to work with the government and LDCs to ensure provincial targets are met.

This letter constitutes my approval to proceed to the OEB with the fees and revenue requirement related to your 2010–2012 Business Plan.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gerry Phillips".

Gerry Phillips
Minister