

SENT BY ELECTRONIC MAIL AND BY COURIER

April 29, 2008

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Application by the Independent Electricity System Operator for the
Licence Renewal - EI-2003-0088**

The Independent Electricity System Operators (the "IESO") is currently licensed by the Ontario Energy Board ("the Board") under Licence EI-2003-0088. The Licence is due to expire on July 30, 2008. Accordingly, the IESO hereby applies under section 60 of the *Ontario Energy Board Act, 1998* (the "Act") for a renewal of its current licence required under sub-sections 57(g) and (h) of the Act to direct the operation of transmissions systems in Ontario and operate the market established by the Market Rules.

A. The Applicant

The IESO was established on April, 1999, and has been continued as a corporation without share capital pursuant to Part II and section 4 of the *Electricity Act, 1998*. The objects of the IESO are set out in section 5 of the *Electricity Act, 1998* and, include,

"s. 5(1)(b) to enter into agreements with transmitters giving the IESO authority to direct the operations of their transmission systems;

(c) to direct the operation and maintain the reliability of the IESO-controlled grid to promote the purposes of [the Electricity Act];

(g) to operate the IESO-administered markets to promote the purposes of [the Electricity Act].

Under section 32(1) of the *Electricity Act, 1998*, the IESO may make rules governing the IESO-controlled grid and establishing and governing markets related to electricity and ancillary services.

Each year under section 19 of the *Electricity Act, 1998*, the Board must approve the IESO's proposed expenditure and revenue requirements for the year and the fees the IESO proposes to charge.

B. The Application

The IESO is applying for a renewal of its current Licence EI-2003-0088 under section 60 of the Act to exercise the powers and perform the duties of the IESO under the *Electricity Act, 1998*. The IESO requests that the Board re-issue it a five (5) year Licence in the form attached as Appendix "A" to take effect on July 31, 2008. The IESO has proposed some minor modifications to the provisions in its current Licence as set out in Appendix "A" to this letter for the Board's consideration.

Under the *Electricity Restructuring Act, 2004*, the Market Surveillance Panel was transferred to the Ontario Energy Board from the IESO effective January 1, 2005. The Panel was continued as a panel of the Board pursuant to subsection 4.3.1(1) of the Act. Accordingly, the provisions in sections 16 and 17 in the current Licence are no longer applicable to the IESO. These licence conditions were put in by a Ministerial Directive issued to the Board on March 24, 1999 (OIC No. 600/99). It is the IESO's understanding that a Ministerial Directive is required for the proposed changes to those provisions in the licence that were put in by a directive and that no directive has been issued to the Board to date to amend those provisions.

C. Information about Each Key Individual at the IESO

Information about each officer and director of the IESO is set out in Appendices "B" and "C" to this application.

D. Procedural Matters

The number of parties potentially affected by this application is large, including all market participants authorized under the IESO's Market Rules, all transmitters, distributors, retailers, wholesalers and generators in Ontario, as well as any parties in other jurisdictions. To effect individual service of this application on each such person would be very expensive. The IESO

therefore proposes that notice of this application be given by the following means:

- (i) posting this letter application, including Appendices "A", "B", and "C" on the IESO's website at the "IESO News and Notices" and "Regulatory Affairs" pages;
- (ii) distributing by electronic mail to all market participants and interested parties who are registered to receive IESO news and other communiqués that the letter of application has been posted.

E. Contact Information for this Proceeding

The IESO requests that a copy of all documents filed with the Board by each party to this proceeding be served on the IESO's counsel in this proceeding as follows:

- (a) The IESO:
 - Ms. Helen Lainis
Senior Analyst, Regulatory Affairs
Independent Electricity System
Operator
 - Address for Service: 655 Bay Street, Suite 410
P.O. Box 1
Toronto, Ontario M5G 2K4
 - Telephone: (905) 855-4106
 - Fax: (905) 855-6372
 - Email address: helen.lainis@ieso.ca
- (b) The IESO's counsel:
 - R.D. Roy Stewart
General Counsel and Secretary for
the Independent Electricity System
Operator
 - Address for Service: 655 Bay Street, Suite 410
P.O. Box 1
Toronto, Ontario M5G 2K4
 - Telephone: (416) 506-2855
 - Fax: (416) 506-2838
 - Email address: roy.stewart@ieso.ca

F. Freedom of Information Consent

Please find enclosed an executed consent to the collection of information for the purpose of determining the IESO's licence renewal application, and a cheque in the amount of \$800 covering the licence application fee.

Please call the undersigned should the Board have any question about this application.

Yours truly,



R. D. Roy Stewart

General Counsel and Secretary for
the Independent Electricity System
Operator

c: Helen Lainis, Independent Electricity System Operator
Judith Fernandes, Ontario Energy Board