

From: John Tintor
Sent: June 23, 2009 3:40 PM
To: Savage, Jessica
Cc: George Radan; Mike Neylan
Subject: RE: **COMMENTS FROM AQUILON**FW: Materials - June 15, 2009 - Webcast - Economic Dispatch of Linked Wheels

Jessica,

1a) I think we have a confusion regarding the term "incremental increase". Assuming the current level of linked-wheels is zero or minimal, then the 15% is a conservative incremental increase from this level. This does not include further increases due to new strategies such as wheeling through Quebec or Manitoba, etc.

2a) The \$10 NYISO-MISO wheel is not affected by the NYISO tariff change as this transaction is not prohibited by the tariff. The level of linked-wheel activity will certainly not reach the peak levels seen in the first part of 2008 but we believe there are still opportunities and that the analysis we provided assumes a conservative level of activity. Currently our company, and likely others, is choosing not to pursue these opportunities due to the excessive potential financial risk associated with wheeling through Ontario.

2b) The RT and DA markets are two separate markets. It is possible to schedule linked-wheels purchasing and selling in NYISO and MISO and wheeling through IESO in the DA market and then schedule completely different or un-related linked-wheel transactions in the RT market.

regards,

John Tintor
Manager, Operations
Aquilon Power Corp.

From: Savage, Jessica
Sent: Monday, June 22, 2009 4:18 PM
To: George Radan
Cc: Mike Neylan; John Tintor; Rivard, Brian
Subject: RE: **COMMENTS FROM AQUILON**FW: Materials - June 15, 2009 - Webcast - Economic Dispatch of Linked Wheels

George:

Please provide some clarification on the following:

1a) If 15% does not represent the incremental increase in linked wheel transactions expected under the new proposal, please indicate what factor or number does represent the incremental increase in transactions under the proposed design. On page 8 of the proposed design

document

http://www.ieso.ca/imoweb/pubs/icms/tp/2009/04/IESOTP_224_5_MR_00338_Memo_and_Attachment_1.pdf, it is stated that:

“the incremental revenue to the IESO is one year due to implementing the requested Linked Wheel rule amendment is \$277,610.”

where $15\% \times (5810 \text{ hours} + 4087 \text{ hours}) \times (\$1.00/\text{MWh} + \$0.87/\text{MWh}) \times 100 \text{ MW} = \$277,610$

Perhaps I'm mistaken but I'm working under the assumption that there needs to be incremental transactions to get incremental revenue.

1b) Fine with that response – thanks.

Also, can you provide some written commentary around 2a) and 2b) as well? (from the June 9th paper: <http://www.ieso.ca/imoweb/pubs/consult/linkedwheels/lwed-20090615-assessment.pdf>. We skipped over those points during our last discussion.

Thought you might like to know that Brookfield, in response to Erik Bellevance's email, is going to provide their concerns in writing, hopefully by early July so that we may have a more productive working group meeting in July. Your comments in advance will also be helpful.

Regards,

Jessica Savage | Market Evolution, IESO | Station A, Box 4474, Toronto, ON, M5W 4E5