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From: Julie Girvan

Sent: September 20, 2006 4:28 PM

To: Morris Elizabeth; Brian Bentz; Bruce Boland; Daniel Whyte; Don Thorne; Mike Humphries; Bruce Lourie; Campbell Bruce; Chuck Stradling; John LeMay; Matthew Picardi; Paul McMillan; Steve Dorey

Subject: 12X Ramp Rate issue - Sept 5th SAC Meeting

Bruce/Mike

As you know I attended the morning session of the September 5, SAC meeting, but had to leave at the lunch hour to attend a funeral. Mike Humphries asked me to articulate my position on the issue for the Board meeting tomorrow. Given the issue of the 12X Ramp Rate had been given so much attention I think it is important to have my position on the record. I have reviewed the minutes of the meeting and the various positions put forward by the stakeholders and the SAC members.

I acknowledge the following:

1. The 12Xramp rate was introduced as a temporary measure in 2002 to dampen pricing fluctuations.
2. There has been considerable stakeholdering on this issue and committed efforts for the various stakeholders to deal with the issue and arrive at a solution.
3. This proposal arises from a desire to improve the efficiency of the market.
4. The estimates of the impact of this proposal is to compensate generators in the range of \$225 million per annum, but the net impact on consumers has been estimate to be in the range of \$20 million as a result of the expected impacts of mitigating factors such as a decrease in CMSC payments and the IOG.
5. We do not at the present time have a perfectly functioning competitive market in Ontario.

From the consumer perspective it is difficult for me to support the proposal in the absence of evidence that there will be benefits to Ontario consumers in moving forward on this basis. The proposal as I understand it will increase costs to consumers. In my view that has to be my starting point. Some have argued that if the net impact is only expected to be \$20 million/per year the impact on consumers is negligible. I would argue that could also be viewed as a reason not to proceed. I have not been convinced that the proposal will improve the market sufficiently to justify the proposal. There are many problems associated with our market in Ontario. My position is aligned with that of Mike Humphries. Accordingly, rather than supporting the proposal I support the status quo. I also encourage the IESO to move forward as quickly as possible with the broader based initiatives that will improve the efficiency of the market rather than adopting a transition measure such as the 3X ramp rate proposal.

I apologize for the delay in getting this to members earlier.

Regards,

Julie Girvan