

August 31, 2009

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RE: Dispatch Priority Recommendation (SE-57)

Mr. Finkbeiner:

I am writing in response to the IESO's request for stakeholder input on the IESO recommendations made to Stakeholder Engagement 57; Embedded and Renewable Generation. Bruce Power has been an active participant in this engagement and supports the IESO's recommendations:

- 1) Using average demand forecast in pre-dispatch during periods of low demand,
- 2) Delay commissioning units during periods of low demand
- 3) Denying unit synchronization associated with generator guarantee programs during periods of low demand.

Given the high level of SBG throughout all of 2009 Bruce Power strongly urges the IESO to implement these mechanisms as soon as practicable, preferably before the fall shoulder season when SBG events are expected to reoccur.

Throughout this stakeholder engagement process Bruce Power has asserted that relying upon the nuclear units in the province to mitigate the risks associated with Surplus Baseload Generation (SBG) is unacceptable. At the last stakeholder meeting the IESO gave the impression to manoeuvre nuclear units during SBG was "the right thing to do". Bruce Power unequivocally disagrees that it is appropriate to manoeuvre nuclear units during periods of SBG. The current market structure may require that nuclear units manoeuvre in response to SBG but these manoeuvres should be kept to a minimum. Bruce Power reaffirms that:

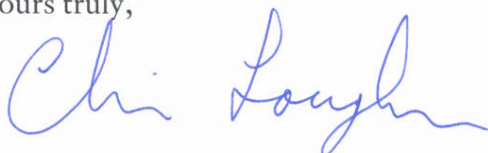
- 1) nuclear units should be the last resource to be manoeuvred due to equipment, environmental and operational concerns,
- 2) all other mechanisms should be used to minimize manoeuvres on nuclear units and when a manoeuvre is necessary the resource that is most capable of manoeuvring and returning to full output should be manoeuvred first
- 3) if a Bruce Power unit is to be manoeuvred Bruce Power prefers a single large manoeuvre as opposed to multiple smaller manoeuvres

A contributing factor to SBG events in 2009 has been the production from Non-Utility Generator's (NUG) during periods of low demand. NUG production is typically generated by burning Natural Gas, creating emissions at times when Bruce Power is reducing relatively inexpensive emission free energy. This is clearly an inefficient outcome as the costs for NUGs to produce are greater than the energy price, and greater than Bruce Power's cost of production. This increases total costs to consumers and unnecessarily results in increased emissions.

Bruce Power has been actively advocating for changes to the NUG and wind contracts to introduce compensation for curtailment during periods of low demand. Bruce Power urges the IESO to continue their efforts in this regard to ensure all decision makers are aware of the value that NUG's and existing wind generators can provide the Ontario market during periods of low demand by reducing their output when nuclear units are being manoeuvred.

Please feel free to contact me if you would like to discuss this in further detail.

Yours truly,



Chris Loughren
Market Regulatory Affairs Advisor, Bruce Power, Power Marketing

cc: Richard Horrobin, Vice-President, Power Marketing, Bruce Power