



Direct Dial: 416-758-4201  
Fax: 416-758-4272  
E-mail: Christine.Dade@directenergy.com

August 4 2006

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
Suite 2700  
Toronto, Ontario  
M4P 1E4

Dear Ms. Walli:

**Re: Setting payments for Output from Ontario Power Generation's Prescribed  
Generation Assets – EB 2006-0064**

Direct Energy submits the following comments, in electronic format on the captioned OEB Staff discussion paper. Hard copies are being forwarded, pursuant to the Board's July 7<sup>th</sup> notice.

In Direct Energy's view, further consideration of the options is required before the Board makes a decision on the appropriate payment methodology.

Several of the submissions filed support this position and call for further clarity and definition of the regulatory models presented in Board Staff's report. Many of the submissions also call for modification of the models and some challenge the Staff's selection with supporting arguments that are relevant and should be considered in full by the Board. In Direct Energy's opinion, it would be wrong to ignore this level of opposition to Board Staff's proposal. Given the importance of this decision, we feel that it is imperative for the Board to hear further stakeholder input directly and allow additional time for parties to properly prepare alternatives to the options considered by Board Staff.

There is no need to rush a decision on the appropriate methodology. While we recognize that detailed work will be required under any methodology adopted, the setting of payments for OPG does not need to be effective until April 1, 2008.

Direct Energy further notes that the OPA's market evolution plan, which is expected to be articulated in the Integrated Power System Plan (IPSP) to be released later in the summer, will provide important context for consideration of the questions raised in this consultation. The Board should consider the relevant substance of the IPSP before making any decision.

Direct Energy encourages the Board to consider a technical conference with Board participation so that stakeholders can submit alternative suggestions and answer any questions the Board may have. Given the divided positions presented in the submissions, of which only one supports the Board Staff recommendation, we strongly believe that it would be a detriment to the Ontario market to push forward and make a decision without:

- a) a shared understanding among stakeholders of the options;
- b) further stakeholder input being provided directly to the Board; and
- c) sufficient time for interested parties to bring forward considered alternative proposals.

Direct Energy appreciates the opportunity to comment and will continue to participate as this proceeding continues.

Yours sincerely,  
**DIRECT ENERGY**  
Per:



Christine Dade  
Manager, Government & Regulatory Affairs - Electricity Markets, Eastern Canada