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February 6, 2007

Mr. Paul Murphy
President & CEO
IESO
655 Bay Street, Suite 410
Toronto, ON M5G 2K4

Re: Notice of Request to De-register - Lennox G.S.

Dear Mr. Murphy:

The current Reliability Must-Run ("RMR") agreement for Ontario Power Generation's ("OPG") Lennox Generating Station ("Lennox") expires on September 30, 2007. OPG is prepared to negotiate a further RMR if the Independent Electricity System Operator ("IESO") determines, in accordance with the Market Rules, that such an agreement is necessary to support the continued reliability of the IESO-controlled grid.

As a start to this process and pursuant to Chapter 7, section 2.4 of the Market Rules, OPG hereby gives Notice of Request to De-register all generation facilities at Lennox as of October 1, 2007, the end of the existing RMR agreement between OPG and the IESO.

OPG is seeking de-registration of this station because it does not expect to recover the station's fixed operating costs in the current wholesale electricity market.

Background

The revenue earned by Lennox from the wholesale electricity market has not been sufficient to cover the station's fixed operating costs. However, up until 2004, OPG expected that the future demand for electricity in Ontario would give rise either to a capacity market or higher market prices.

These expectations did not materialize. As a result, OPG filed a Notice of Request to De-register for Lennox on July 15, 2005. The IESO advised OPG

that removing any of the four Lennox generation units would, or was likely to, have an unacceptable impact on the reliability of the IESO-controlled grid. This led to the negotiation of a RMR agreement between the IESO and OPG as required under the Market Rules, commencing October 1, 2005 and with a term of one year. This agreement was subsequently approved by the Ontario Energy Board ("OEB").

A second RMR for Lennox was negotiated for the period October 1, 2006 to September 30, 2007 which was approved by the OEB on January 22, 2007.

Next Steps

As noted above, OPG is prepared to negotiate another RMR agreement, effective October 1, 2007, if the IESO determines, in accordance with the Market Rules, that such an agreement is necessary to support the continued reliability of the IESO-controlled grid.

Alternatively, if the IESO determines that the station can be de-registered, then OPG requests that the IESO provide it with any additional direction necessary to complete the process for de-registration, consistent with Chapter 7, sections 2.4.1 and 2.4.2 of the Market Rules.

Please acknowledge receipt of this request and direct any comments or questions in this matter to the undersigned.

Yours truly,



Andrew Barrett

cc: B. Boland
J. Twomey
J. Burpee
E. D'Alimonte
Regulatory Affairs Records

April 5th, 2007

Mr. Andrew Barrett
VP – Regulatory Affairs & Corporate Strategy
Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Dear Mr. Barrett:

Re: Lennox GS Request for De-registration

Subsequent to our letter of February 16th, 2007 the IESO has completed its technical assessment of the possible de-registration of the Lennox facility. It has been determined that de-registration of the Lennox facility would put the IESO controlled grid at undue risk and it is our intention to enter into negotiations for a Reliability Must Run contract. This new contract would ensure the continued operation of the Lennox facility for a period of up to one year.

Members of our Settlements department will be contacting your staff shortly to initiate the RMR process. Please direct any comments or questions to the undersigned.

Yours truly,



Darren Finkbeiner
Manager – Market Entry & Analysis
Market & System Operations

cc: BIRM