



EB-2007-0715

**NOTICE OF APPLICATION AND HEARING
ONTARIO POWER GENERATION INC.
RELIABILITY MUST-RUN CONTRACT FOR THE LENNOX
GENERATING STATION**

Ontario Power Generation ("OPG") filed an application on August 9, 2007 with the Ontario Energy Board (the "Board") seeking approval of a reliability must-run contract ("RMR Contract") entered into with the Independent Electricity System Operator ("IESO") in relation to OPG's Lennox generating station ("Lennox"). The Application was made under section 5 of OPG's generation licence, which requires that any reliability must-run contract be approved by the Board prior to its implementation. The Board has previously approved two earlier RMR Contracts for Lennox, which is a 2,140 MW dual-fuelled (oil- and natural gas-fired) generating station located near Kingston, Ontario. The Board has assigned File Number EB-2007-0715 to the Application.

Subject to Board approval, the RMR Contract comes into effect as of October 1, 2007. Key provisions of the RMR Contract include: a term of one year without renewal or extension; payments to OPG of an estimated \$77.8 million over the contract term (comprised of OPG's fixed and variable costs for Lennox, a "margin amount" of \$1.49 million, and additional revenues equivalent to 5% of the gross revenues earned by or attributed to Lennox in the IESO-administered markets); and an obligation on OPG to offer into the IESO-administered markets the maximum amount of energy and operating reserve from Lennox in a commercially reasonable manner and in accordance with contractually stated performance standards.

In accordance with the Market Rules, the total net cost of the RMR Contract would be recovered by the IESO from wholesale market participants as part of the monthly non-hourly uplift.

How to see the Application

Copies of the Application are available for inspection at the Board's offices in Toronto and on its website, and at the head office of Ontario Power Generation Inc. at the address noted below and on its website.

How to Participate

You may participate in this proceeding in one of three ways:

You may send the Board a letter of comment. Your letter should include any request to make an oral presentation to the Board, and must be received by the Board no later than 30 days from the publication date of this Notice or, if you have been served this Notice directly, no later than 30 days from the date of service.

You may request observer status in order to receive documents issued by the Board in the proceeding. Your request must be made by letter received by the Board no later than 10 days from the publication date of this Notice or, if you have been served this Notice directly, no later than 10 days from the date of service.

You may request intervenor status if you wish to actively participate in the proceeding. Your request must be made by letter of intervention received no later than 10 days from the publication date of this Notice or, if you have been served this Notice directly, no later than 10 days from the date of service. Your letter of intervention must include a description of how you are, or may be, affected by the proceeding; and if you represent a group, a description of the

group and its membership. The Board may choose to hold either a written or an oral hearing. Your letter of intervention should indicate your preference for a written or oral hearing, and the reasons for that preference. The Board may order costs in this proceeding. You must indicate in your letter of intervention whether you expect to seek costs from the applicant and the grounds for your eligibility for costs. You must provide a copy of your letter of intervention to the applicant.

Need More Information?

Further information on how to participate may be obtained by visiting the Board's Web site at www.oeb.gov.on.ca or by calling our Consumer Relations Centre at 1-877-632-2727.

How to Contact Us

In responding to this Notice please reference Board file number EB-2007-0715. It is also important that you provide your name, postal address and telephone number and, if available, an e-mail address and fax number. All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

For your convenience, the Board accepts letters of comment by either post or e-mail. Our e-mail address is Boardsec@oeb.gov.on.ca. Please include the application file reference number in the subject line of your e-mail.

Letters of intervention must be sent to the Board by regular mail to the address below. Please remember that you must send a copy of your request for intervention to the applicant at the address listed below.

IMPORTANT

IF YOU DO NOT REQUEST TO PARTICIPATE IN ACCORDANCE WITH THIS NOTICE, THE BOARD MAY PROCEED IN YOUR ABSENCE AND YOU WILL NOT BE ENTITLED TO ANY FURTHER NOTICE OF THESE PROCEEDINGS.

Addresses

The Board:

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON
M4P 1E4
Attention: Board Secretary

E-mail: Boardsec@oeb.gov.on.ca

Tel: 1-888-632-6273 (toll free)
Fax: 416-440-7656

The Applicant:

Ontario Power Generation Inc.
700 University Avenue
H18-g1
Toronto, ON
M5G 1X6
Attention: Mr. Andrew Barrett
Vice President
Regulatory Affairs &
Corporate Strategic Planning

E-mail: andrew.barrett@opg.com

Fax: 416-592-8519

DATED at Toronto, August 23, 2007

ONTARIO ENERGY BOARD

Original Signed By

Peter H. O'Dell
Assistant Board Secretary