

Harten Consulting Interrogatory No. 1:

Preamble

The OPA has stated that Applicants for the Power Generation Facility in Northern York Region were to supply a gas fired, simple cycle, electricity generating facility capable of generating 350 MW of electricity. The generator was promoted to the public as operating about 900 hours per year during time of peak demand, typically in summer months. It was estimated in 2008, prior to the industrial slow down, that peak demands at the time were about 30MW, but the OPA was planning for the future.

Requests

1. Would YEC describe how its facilities and operational plans relate to the above parameters as outlined by the OPA?
2. Would YEC define their understanding of a peaker plant?
3. Would YEC provide details on capital costs of the project including any infra-structure costs such as payments to Enbridge and connections to the grid?
4.
 - (a) On what basis are the capital costs being depreciated?
 - (b) What would be the amount of depreciation in year one and year two?
 - (c) Describe in detail the estimated total capital costs and how they are to be recouped by YEC.
 - (d) Supply details on financing arrangements and guarantees to support the estimated capital costs and start up costs.
 - (e) Many large capital projects of this type are vulnerable to substantial cost over runs, if there were a cost overrun of 100 to 150 million dollars, or more, what arrangements are in place for YEC to finance these extra costs?
 - (f) What guarantees can YEC provide for the above contingency?
5. The original specifications called for a plant of 350 MW running about 900 hours per annum. How many hours per annum would a 435 MW facility, as now revised in the proposal, be required to run to produce the same amount of electricity?
6. Excluding the cost of natural gas, provide details on the total estimated operational and administrative costs of all types to be attributed to the facility on a monthly and annual basis, assuming the plant operated 700 hours per annum.

YEC Responses to Harten Consulting Interrogatories

7.
 - (a) Based on the December 15th 2009 cost of natural gas as supplied by Enbridge under its rate 125 contract with YEC, and including all aforementioned costs, depreciation, and any capital repayment, what is the cost based on 700 hours per annum of operation to produce a KW of electricity?
 - (b) What are the current costs for a KW of electricity to customers being supplied in York Region by members of the IESO or other suppliers?
8. The OPA has stated that this peaker facility “...will be paid for through charges on customers’ electricity bills,” How are the entire costs of the facility and produced electricity to be charged to customers?
9.
 - (a) What is the selling price or formula for determining such price to IESO?
 - (b) Please supply copies of contracts between YEC and the IESO.
10. Assuming no peaking power was required in a given period, what would be the cost implications to YEC and how would these costs be recovered by YEC?
11. What are the volumes of natural gas required to produce a megawatt of electricity in:
 - (a) the proposed facility
 - (b) a comparable size multi-cycle facility?
12. Please provide copies of contingency plans in the event of a disaster such as a major flood, fire, or explosion.
13. Please provide copies of all applications filed for the regulatory approvals listed in Attachment A, and all copies of correspondence in connection with such approvals.
14. Please supply the same information as requested in #13 in connection with any other approvals being sought.
15.
 - (a) In connection with questions #13 and #14, what final approvals have been given as of December 16, 2009?
 - (b) Please provide details as to any conditions attached to such approvals.
16. When the 120 MW of renewable energy are fed into the Claireville line what capacity will remain available for the proposed YEC facility?

YEC Responses to Harten Consulting Interrogatories

Responses

1. The York Energy Centre Project (“Project”) is being designed, constructed and operated to provide gas-fired, simple cycle, electricity generation in the Northern York Region during times of peak demand. Pristine Power Inc. (“Pristine”) will manage the construction and operation of the facility on behalf of York Energy Centre LP (“YEC”) and Pristine is committed to the successful completion and operation of Project. YEC has executed a contract with Siemens Energy Inc. for the supply of two gas turbine generator packages and has executed a contract with Lill and DiFazio Constructors Canada for the engineering, procurement and construction of the Project. Pristine will operate the Project by employing an experienced facility manager and six qualified employees dedicated to the operation and maintenance of the facility. In addition, if required, YEC may choose to employ remote operations capability. Maintenance for the gas turbines will be supplemented by a Long-Term Service Agreement with Siemens and capital has been allocated to the establishment of a spare parts pool.

YEC is not in a position to comment on the manner in which the OPA assessed the Project against the criteria OPA used in the OPA’s RFP Process. The fact that YEC was selected by the OPA in its RFP process is the basis upon which YEC is seeking authorization pursuant to section 60 of the *Ontario Energy Board Act*. The basis for the selection criteria and the manner in which decisions were taken by the OPA are not, in YEC’s view, relevant to the relief sought in the present application.

2. A peaker plant is an electricity generation facility designed and constructed to quickly generate electricity in times of peak demand.
3. The overall Project investment is estimated to be \$365 million. YEC declines to provide line item infrastructure cost data, such as payments to Enbridge and connections to the grid as YEC does not view this information to be relevant to YEC’s ability to own and operate a generation facility and to participate reliably in Ontario’s energy market. Rather, the request seeks the disclosure of confidential and commercially sensitive financial information regarding the unregulated generation facility itself. Quantification of such costs or the accounting treatment of such costs is not relevant to the subject-matter of the approval sought by YEC in this application.
4.
 - (a) Please refer to Response 3.
 - (b) Please refer to Response 3.
 - (c) Please refer to Response 3.
 - (d) Please refer to Response 3.
 - (e) Please refer to YEC’s Response to CCKT Interrogatory No. 6.
 - (f) Please refer to YEC’s Response to CCKT Interrogatory No. 6.

5. Please refer to Response 3.
6. Please refer to Response 3.
7. (a) Please refer to Response 3.
(b) The requested information is not relevant to YEC's ability to own and operate a generation facility and to participate reliably in Ontario's energy market. For more information on electricity costs in Ontario, please visit the IESO website at www.ieso.ca
8. The Peaking Generation Contract ("PGC Contract") under which the Project will operate is designed to act as a tolling contract, with the Project effectively receiving a fixed capacity payment for the provision of 393 MW of electrical capacity. Under the terms of the contract YEC sells electricity to the Ontario IESO real-time market when it is economic to do so, taking into account plant efficiency (heat rate) and natural gas prices. The PGC Contract provides for a fixed capacity payment reduced by deemed net revenues. The deemed net revenues are calculated taking into account IESO hourly prices, a contractual heat rate and natural gas prices. To the extent that the plant actually operates when it is deemed to have operated, the actual net revenues received from operating the plant are effectively offset by the deemed net revenue deduction from the PGC Contract.
9. (a) YEC will sell electricity to the Ontario IESO real-time market according to the IESO's Market Rules. These Rules can be found on the IESO website at www.ieso.ca.
(b) Please refer to part (a) above.
10. Please refer to Response 3.
11. Please refer to Response 3.
12. Comprehensive Environmental, Health, and Safety Plans will be developed and finalized upon commencement of construction and operations and will be prepared in accordance with best practices using expert industry consultants. The plans will be consistent with such plans that have been implemented at other Canadian industrial facilities, including other facilities developed by Pristine Power Inc. Current members of Pristine's staff have been involved in the preparation of similar plans for the East Windsor Cogeneration Centre, Enpower facilities, and certain facilities owned by other large Canadian power companies. If requested, upon completion, these plans will be filed with the OEB on a confidential basis. Please refer to YEC's Response to CCKT Interrogatory 1.
13. Please refer to YEC's Response to CCKT Interrogatory 2.
14. Please refer to YEC's Response to CCKT Interrogatory 2.

15. (a) Please refer to YEC's Response to CCKT Interrogatory 2.
- (b) Please refer to YEC's Response to CCKT Interrogatory 2.
16. Please refer to YEC's Response to CCKT Interrogatory 3.