

IN THE MATTER OF of the *Ontario Energy Board Act*
1998, S.O.1998, c.15, Schedule B;

AND IN THE MATTER OF an application by Ontario
Power Generation Inc. for approval, pursuant to Part 1,
Paragraph 5.2 of Ontario Power Generation Inc.'s
Generation Licence EG-2003-0104, of a Reliability Must-
Run Agreement for the Thunder Bay Generating Station
between Ontario Power Generation Inc. and the
Independent Electricity System Operator

Independent Electricity System Operator ("IESO")

Interrogatory Responses to

Canadian Manufacturers & Exports ("CME")

2. The information provided in the February 27, 2013 Letter Application and in Attachment 3 thereof indicates that, on January 7, 2013, the Independent Electricity System Operator ("IESO") advised OPG that it was prepared to enter into discussions with a view to concluding a RMR contract for one (1) Thunder Bay unit for a period of up to one (1) year. The duly executed IESO-OPG RMR Agreement dated January 1, 2013, at Attachment 1 of the Letter Application, indicates that the agreement had been finalized and signed by the President of OPG by February 6, 2013. Please provide a brief description of the sequence of discussions and events related to the negotiation of that contract, including the following:
 - (c) Copies of any historic backup information considered by the IESO and the criteria applied by the IESO to determine that the budget amount presented by OPG was reasonable.

IESO Response:

See OPG's response for interrogatory #2(a) for the sequence of discussions and events and #2(b) for historic backup information the IESO considered.

The IESO had the following objectives when reviewing the presented costs:

- Gain reasonable assurance that the contract only included costs that could be avoided within a reasonable timeframe, if the plant were to be deregistered;
- Ensure that the costs did not include those costs related to Thunder Bay Unit 2;
- Understand the OEB approved Centralized Support and Administrative Cost Allocation Methodology used for the allocation of direct and indirect costs to the RMR contract; and
- Gain a better understanding of the year-to-year changes by cost category.

Based on our meetings with OPG, the IESO gained an assurance that the costs were reasonable and allocated to the RMR contract appropriately.