VIA EMAIL AND COURIER

November 14, 2008

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

Dear Ms. Walli:

Re: AMPCO Interrogatories to the Ontario Power Authority; Ontario Power Generation and Independent Electricity System Operators
Lennox Generating Station Reliability Must-Run Agreement
Board File No. EB-2008-0298

In accordance with Procedural Order No. 1 dated October 17, 2008, attached please find AMPCO's interrogatories on the above application.

Please contact AMPCO consultant Mr. Tom Adams at 416-834-7442 or by email at tom.adams.energy@gmail.com if you have any questions or require any further information.

Sincerely yours,

Adam White
President

Copies to: Mr. Andrew Barrett, Ontario Power Generation Inc.
Intervenors

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AMPCO Interrogatories to the Independent Electricity System Operator (IESO) Lennox Generating Station Reliability Must-Run Agreement

EB-2008-0298

Preamble

In the IESO's letter of intervention of October 24th, the IESO indicated that it would be "responding to relevant interrogatories or enquiries from the Ontario Energy Board (the "Board"), Board Staff and other parties". It is pursuant to this statement that AMPCO seeks additional information from the IESO.

Interrogatory # 1

In relation to the IESO's 18 Month Outlook issued September 23, 2008:

a. Table 5.2 provides an update on the committed and contracted generation resources anticipated over the next 18 months. Please provide an update of Table 5.2 or confirm that it represents current information available to the IESO.

b. Regarding Table 5.2, please explain why the 240 MW of capacity for the Portlands Energy Centre Combined Cycle Operation and the 570 MW of capacity for the St. Clair Energy Centre are shown only as planned and not firm.

c. Please summarize the dispatchable and non-dispatchable generation expected to enter and exit service prior to September 30th 2009.

d. Please indicate whether the following statement is still reflective of the IESO's expectations: "The new interconnection between Hawthorne transformer station (TS) in Ontario and Outaouais station in Québec is scheduled for service by spring 2009. The new interconnection is designed for an ultimate capacity of 1,250 MW but for the period of this Outlook the import and export capability will be limited to up to 750 MW and 1,000 MW respectively." (P. 30)

e. The Outlook contains the following statement: "Recent studies performed by the IESO indicate a continued need for four Lennox units for local area reliability at least for the first part of this Outlook period." (p. 30). Please provide the studies referred to in this statement. What is meant by the phrase "first part"?

Interrogatory # 2

In the IESO's 18 Month Outlook Demand Forecast issued September 22, 2008, Table 1 provides an update on the peak and energy demand forecast over the next 18 months.

a. Please provide an update of Table 1 or confirm that Table 1 represents current information available to the IESO.

b. Please comment on which demand scenario – with or without planned conservation – the IESO considers most appropriate for consideration of the need for future Lennox generation.

Interrogatory # 3

Please provide the 2006 and 2007 audit reports the IESO commissioned or performed on the Lennox RMR contracts.

AMPCO Interrogatories to the Ontario Power Authority (OPA)
Lennox Generating Station Reliability Must-Run Agreement

EB-2008-0298

Preable

In the OPA's letter of intervention of October 27th, the OPA agreed with the Board's statement in Procedural Order No. 1 that "The Board is particularly interested in the view of the Ontario Power Authority and the IESO on this issue". It is pursuant to this statement that AMPCO seeks additional information from the OPA.

Interrogatory # 1

Please summarize the load curtailment programs in place now or planned to be in place by September 2009, including information on the effective capacity of each program, the history of use of each existing program starting in 2005 and the fixed and variable costs of each program.

Interrogatory # 2

As noted in Procedural Order No. 1, the IPSP (Exhibit D, Tab 8, Schedule 1, Attachment 1) identifies a need for Lennox generation. Regarding this exhibit:

a. Please indicate the annual production forecast for Lennox as reflected in the IPSP for the years 2007-2014.

b. What was the date that the demand and supply forecasts underpinning Exhibit D, Tab 8, Schedule 1, Attachment 1 were finalized?

c. The exhibit provides a comparison of Lennox vs. other gas-fired options. What consideration has the OPA given to non-gas-fired alternatives to Lennox? For example, please indicate any consideration the OPA has made of the option of contracting with Quebec for capacity to avoid the need to continue contracting for Lennox capacity and energy.

AMPCO Interrogatories to the Ontario Power Generation (OPG)
Lennox Generating Station Reliability Must-Run Agreement

EB-2008-0298

Interrogatory #1

As discussed in the OPG's letter of November 10th, please provide any presentation notes and minutes arising from meetings with the IESO and the OPA.

Interrogatory #2

In the OPG's letter of November 10th, OPG indicated that a CHP option is available for Lennox with a payback of 5 years and a start date of Q4/09.

a. When did the OPG become aware of this CHP option? Has OPG ever proposed the CHP option to the IESO in the context of previous RMR contract negotiations?

b. Please provide a business case summary for the CHP option.

c. What is the assumed commitment date to realize a Q4/09 in-service date?

d. In the event that Lennox generation is retired prior to start of service of the CHP unit, what salvage could be realized?

Interrogatory #3

On December 2nd, 3rd, 4th, and 5th of 2007, gas demand rate at Lennox, unauthorized by TCPL, violated TransCanada's Hourly Flow Limits as set out in TransCanada's Mainline Tariff. TCPL reported in a letter to the National Energy Board (NEB) of December 20th that these takes caused operational problems on the TransCanada system putting service to other shippers at increased risk. Specifically, "The quick ramp-up of flow (to Lennox) to levels in excess of maximum hourly flow limits caused a rapid pressure drop on TransCanada's system which triggered the shut-down of a compressor at Station 142 on the Montreal line." Please explain the measures that OPG took on December 6, 2007 (another day of high Lennox output) and measures OPG is taking to manage its gas requirements at Lennox in a way that meets the requirements of the gas pipelines serving the station. Please explain the cost consequences of these measures.

Interrogatory #4

Please summarize the cost per MWh for Lennox output arising from each of the historic RMR contracts and the projected cost under the proposed contract. Break out the costs in terms of fuel and non-fuel costs. For each historic year, indicate the market based revenues earned by Lennox, the contract-based revenues, and the net income earned by OPG.

Interrogatory #5

In OPG's letter of November 10th, OPG states "If the Lennox facility were to be shut down, OPG would be faced with a number of significant costs including placing the plant in a safe shut-down state, the cancellation of fuel contracts, and staff severance packages." Please provide these costs. Indicate the extent to which these costs would differ if Lennox was retired in October 2009 relative to a shutdown date one year later and two years later. Please indicate the term of all fuel contracts associated with Lennox presently.

Interrogatory #6

In the event that Lennox was placed in a lay-up condition in October 2009, please outline the steps, timelines, and costs that would be involved in returning the station to service. Please indicate whether consideration has been given to laying up some Lennox units while leaving others in-service and whether cost savings might be realized.

Interrogatory #7

In OPG's letter of November 10th, OPG states "a longer term agreement for Lennox would be cost-effective." Please quantify this claim and provide the reference case against which the longer term proposal is compared.