

OPA RESPONSE TO AMPCO INTERROGATORY 2

Preamble

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 in this issue". It is pursuant to this statement that AMPCO seeks additional information from the OPA.

QUESTION

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 with Lennox for capacity and energy.

RESPONSE

- a) IPSP energy production simulations were conducted for the years 2008 through 2027. Table 1 below summarizes simulated energy production for Lennox between the years 2008 and 2014 across the eight IPSP scenarios described in IPSP Exhibits D-9-1 and G-1-1.

Table 1: Simulated Lennox Production across eight IPSP scenarios, 2008 – 2014 (GWh)

IPSP Scenario	2008	2009	2010	2011	2012	2013	2014
1A	76	20	0	7	4	0	0
1B	76	20	0	7	4	0	0
2A	79	23	0	13	14	0	0
2B	79	23	0	13	14	0	0
3A	76	20	0	3	0	0	0
3B	76	20	0	3	0	0	0
4A	76	20	0	7	4	0	0
4B	76	20	0	7	4	0	0

Source: OPA

1 As described on page 37 of Exhibit G-1-1, natural gas-fired utilization as simulated for
2 purposes of the IPSP is “is relatively low in the period when coal is still in service
3 (i.e., prior to the end of 2014), though reaches higher levels beyond 2015. It is likely
4 that estimates of gas-fired utilization prior to 2015 are somewhat understated, on
5 account of both coal-fired resources and planned resources being simulated as
6 simultaneously in-service”. In addition, these estimates may be understated due to
7 government policy regarding CO2 emissions

8 b) Demand and supply forecast assumptions used for purposes of Exhibit D-8-1,
9 Attachment 1 were developed in 2007.

10 c) It is indicated on pages 10 – 11 of Exhibit D-8-1, Attachment 1 that the requirement or
11 extent of requirement for Lennox over the course of the IPSP planning horizon could be
12 influenced by the extent of implementation of current and future initiatives, including
13 initiatives related to conservation, natural gas-fired generation, renewables and nuclear.
14 A contract for capacity from Quebec could represent an initiative that might influence
15 the ongoing requirement or extent of requirement for Lennox over the course of the
16 IPSP planning horizon. At present, a capacity contract between Ontario and Quebec
17 does not exist. The OPA will only rely on imports from Quebec for capacity planning
18 purposes if and when a capacity contract is executed.

19 In the OPA’s analysis, Lennox at present represents a relatively low cost and short lead-
20 time capacity option which is required to meet resource adequacy requirements and
21 facilitate the replacement of coal-fired generation in Ontario in the earliest practical time
22 frame.