

OPA RESPONSE TO PWU INTERROGATORY 1

Reference

IESO Report 0516, Lennox GS Deregistration Analysis, Page 3, Paragraph 5:

It is recommended to contract all four Lennox units from October 2008 to September 2009. During the first seven months Lennox is expected to play the same role as before. The last five months cover summer 2009 with potential high demand periods in Toronto and Ottawa and September with its possible lower demands but traditionally a higher number of planned outages scheduled. Allowing for this RMR to overlap the planned in-service date of the new facilities will insure against potential delays and to confirm their reliable operation which is consistent with the IESO principle of ensuring new facilities are operationally robust before existing facilities are potentially replaced. Under the current firm resource scenarios and demand forecast, insufficient justification was found for extending the Lennox RMR contract beyond September 2009. If there is a material change in the load forecast or the expected resource availability, this decision will be reviewed.

Reference

OPG's November 10, 2008 Additional Evidence EB-2009-0298 Reliability Must- Run Agreement for Lennox G.S., Page 2, Paragraphs 3-4: The OPA's pre-filed evidence for the IPSP filed with the OEB on August 29, 2007 proposes that the OPA will contract for Lennox following expiry of the RMR contract with the IESO. The OPA states:

"... the OPA will enter into a procurement contract with OPG to replace the OEB approved Reliability-Must-Run contract that is currently in place with respect to the Lennox GS through the OEB-approved procurement process." (EB-2007-0707, Exhibit B-1-1, page 28)

The OPA further states:

"While Lennox is assumed to remain in service, its category changes from an existing resource to a planned resource in 2011. This is a result of Lennox, and therefore its RMR contract, not being needed for local reliability purposes after 2010." (EB-2007-0707, Exhibit D-8-1, page 9)

QUESTION

- a) Based on the OPA's understanding, what are the differences, if any, between the scope and purpose of an IESO RMR technical assessment and the scope and purpose of an OPA IPSP process.
- b) Given the differences identified in response to (a), if any, what in the OPA's view are the differences in the determination by the IESO and OPA on the need for Lennox GS to remain operational in the short-term, the mid-term and the long-term?

RESPONSE

a) The purpose of the IESO RMR technical assessment is to determine if there is a short-term need for the continued operation of Lennox to address local area reliability requirements. Factors such as forecast area load growth, Ottawa area supply reliability, security concerns related to the availability of gas-fired generation in the GTA, and scheduled generation outages are relevant considerations.

The purpose of the OPA IPSP process is to determine the required amount and type of supply resources needed over the 20-year planning period to meet overall system adequacy requirements consistent with government direction, and in the most economically prudent and cost effective manner. Factors such as overall system resource requirements, the amount of conservation, the amount of baseload and intermediate generation and the need for flexibility to address a range of future conditions are relevant considerations.

b) The IESO determination addresses the short-term only, and is focused on the specific requirement for Lennox to remain operational to address local area reliability requirements.

The OPA determination is based on the expectation that Lennox will remain operational throughout the short-term to address local reliability concerns, and mid-term and long-term to address overall system adequacy and flexibility needs.