

**Power Workers' Union Interrogatories to the IESO**

**Interrogatory:** No. 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)**

- a) Based on the IESO'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 IESO's view are the possible differences in the determination by the IESO and OPA on the

need for Lennox GS to remain operational in the short-term, the midterm and the long-term?

**IESO Response:**

- a) Based on the IESO's understanding of the two processes, there are several key differences between the scope and purpose of the two processes. These include:

<b>Differences</b>	<b>RMR Deregistration Analysis</b>	<b>IPSP</b>
Purpose	Assess the impact upon local reliability of removing a facility from the IESO-controlled grid. In the present application, the impact on Eastern Ontario and the Greater Toronto Area of removing Lennox GS from the IESO-controlled grid is assessed.	Facilitate the implementation of the government of Ontario's electricity policy and respective goals and requirements, as prescribed by the Electricity Act, 1998, Ontario Regulations, and Minister of Energy Directives.
Scope of study	The study assesses the need for retaining a resource over a one year period. Given the Board's direction in its decision approving the 2007-2008 Lennox RMR agreement to consider longer term RMR agreements in the present application the IESO undertook a review, based on preliminary data, until the end of December 2010.	The review focuses on the entire province and covers a 20 year horizon.

- b) As noted above (i.e., IESO response to 1(a)), the IESO's assessment of the need for Lennox to address local reliability concerns is limited to the short-term horizon, which accounts for one of the key differences between the two processes. The IESO is not aware of any analysis undertaken by the OPA to assess the need for Lennox to remain operational in the short-term to address local reliability concerns. The IESO understands that the OPA's assessment of the need for Lennox to remain in operation over the mid-term and long-term is consistent with the purpose and scope of the IPSP goals and requirements, and the associated generation resource adequacy procurement process. As noted in the IESO's most recent 18 month outlook, dated September 23, 2008, Lennox GS is also required for provincial resource adequacy and must be retained or

replaced. Under the market rules, this resource adequacy requirement cannot be achieved through an RMR agreement.