

Power Workers' Union Interrogatories to the IESO

Interrogatory: No. 4 (see PWU Interrogatory 2 to OPG)

Reference: OPG's November 10, 2008 Additional Evidence EB-2009-0298 Reliability Must- Run Agreement for Lennox G.S., Page 3, Paragraph 4:

In the EB-2007-0715 decision, the Board noted that if OPG were to file a multiyear RMR agreement for Board approval, it expected that OPG would demonstrate that the contractual model used for the RMR contracts is appropriate for an agreement having a term of more than one year. (EB-2007-0715, page 12) While OPG has not filed a multi-year RMR agreement, OPG submits that the RMR contractual structure could be used over a longer term as it provides the counterparty with access to all information necessary to verify OPG's costs and revenues, allows the counterparty to audit this information as and when necessary, and also allows for termination of the agreement at any time should it be determined that Lennox is no longer required.

The Lennox RMR agreement has been in place in essentially the same form since October 1, 2005. The IESO has conducted two audits of the agreements (in 2006 and 2007), both of which concluded that the auditor was satisfied with the Lennox plant operation strategy, costs and practices. The successful operation of the agreement since October 2005 provides comfort that the agreement in its current form is suitable for a multi-year term.

- a) Please provide an illustrative multi-year (e.g. two-year) RMR agreement for Lennox Generation Station with a similar contractual model as the October 1, 2008 IESO-OPG Reliability Must-Run Agreement for Procurement Physical Services from Lennox Generating Station, inclusive of all schedules, filed by OPG in its September 15, 2008 request for Board approval of the RMR Agreement. In doing so please indicate in "track-mode" the changes made to the 1-year RMR in deriving the multi-year RMR.

IESO Response:

- a) The body of the agreement (Articles 1-9) and Schedules A-C and Schedule E have been essentially unchanged through the four RMR contracts signed to-date. With a multi-year RMR agreement, we would not expect these articles and schedules to change other than to reflect the longer contract duration.

Schedule D of the agreement contains the expected OPG costs and revenues through the duration of the contract. These amounts are used to determine the monthly payment. A longer term contract would extend the period in which the OPG costs and revenues are estimated and these revised values would be contained in Table 1 of the agreement. Since the estimated costs and revenues are provided by OPG, and reviewed by the IESO as part of the contract negotiation, we can not speculate what those costs and revenues might be.