

Power Workers' Union Interrogatories to the IESO

Interrogatory: No. 5

Reference: EB-2008-0298 Notice of Application and Hearing Ontario Power Generation Inc. Reliability Must-Run Contract for the Lennox Generating Station, Appendix A, Procedural Order No. 1, Page 9, Paragraph 2:

The Board also notes that the 2009 RMR Contract will take effect October 1, 2008 but that the coming into effect of the 2009 RMR Contract is subject to Board approval. The Board wishes to understand what, if any, financial payments are intended to be made to OPG by the IESO in relation to Lennox as of the date of expiry of the 2008 RMR Contract (September 30, 2008).

Reference: OPG September 15, 2008 Request for Approval of a Lennox Power Generating Station Reliability Must-Run Agreement, Appendix 1, IESO-OPGI Reliability Must-Run Agreement, Page 23, Paragraph 9.17:

OEB Approval: The Parties agree that notwithstanding the proposed effective date, this Agreement shall not be implemented and no rights or obligations shall accrue hereunder until this Agreement is approved by the Ontario Energy Board. Notwithstanding anything else in this Agreement, if this Agreement is approved by the Ontario Energy Board after October 1, 2008, the IESO shall pay to the Physical Service Provider any monthly payments accrued and payable hereunder since October 1, 2008, at the same time the IESO pays the next applicable monthly payment following such approval, and any such accrued and payable monthly payments shall be subsequently trued-up pursuant to Section 6 of Schedule A.

- a) Please explain the intent of Paragraph 9.17 of the RMR agreement dated September 15, 2008 in terms of the Board's desire to understand the financial payments intended to be made to OPG by the IESO as of the date of expiry of the 2008 RMR Contract.

IESO Response:

- a) The intent of paragraph 9.17 of the RMR agreement is to make OPG's entitlement to payments under the proposed 2008-2009 RMR agreement contingent upon OEB approval of the proposed RMR agreement. From October 1 2008 onward, if OPG submits offers for energy and/or operating reserve into the IESO administered markets for any of the Lennox generating units and

receives a schedule to provide energy and/or operating reserve, like other dispatchable generators it will be compensated for the energy and operating reserve that it delivers. For those times when any of the Lennox generating units is a net consumer of energy (say, to provide station service), it will attract transmission and uplift charges like other dispatchable generators.

Unless and until the 2008-2009 Lennox RMR contract is approved by the OEB, OPG will not submit, and the IESO will not pay, claims representing the difference between revenues and costs incurred by the Lennox generating units as specified in the RMR agreement. If the OEB does not approve the 2008-2009 Lennox RMR contract, OPG is at risk for any deficiency between revenues and costs in relation to the operation of Lennox after October 1, 2008.