

Canadian Manufacturers & Exporters Interrogatories to the IESO

Preamble

CME seeks information from **OPG**, **OPA** and the **IESO** in order to better understand the probable impacts on electricity consumers of an IESO Reliability Must-Run (“RMR”) Contract with respect to OPG’s Lennox Generating Facilities (“Lennox”) for a duration greater than one year.

Interrogatory: No. 1

1. In its November 10, 2008 letter to the Ontario Energy Board (the “Board”), OPG indicates that the IESO entered into the RMR Agreement for Lennox for a one year period, expiring September 30, 2009, after determining that the absence of such an agreement would put the IESO-controlled grid at undue risk. In the context of this evidence, CME seeks responses from **both OPG and the IESO** to the following questions:
 - (a) Did OPG invite the IESO to sign a RMR agreement having a duration greater than one year? If so, then what were the essential terms and the duration of the longer term RMR agreement OPG was seeking?
 - (b) Would the IESO please provide a detailed description of the facts upon which it relies to support its decision that a one year extension of the RMR agreement to September 30, 2009, is in the best interests of electricity consumers and other stakeholders; and, in particular, why the IESO envisages that an RMR contract with OPG’s Lennox facility beyond September 30, 2009, is either unnecessary or imprudent to commit to at this time.

IESO Response:

- (a) OPG requested that the IESO review the continued need for Lennox as a RMR resource beyond September 30, 2009 with the purpose of entering into an agreement of a duration longer than one year.

The IESO’s technical assessment indicated that there is insufficient justification to extend the Lennox RMR Agreement beyond September 30, 2009. Given that there is no local reliability need beyond one year, the development and negotiation of terms and conditions associated with a longer term RMR agreement were not pursued.

- (b) Please refer to the “Lennox GS Deregistration Analysis”, Issue 2.0, September 15, 2008 (<http://www.ieso.ca/imoweb/pubs/corp2/IESO-Lennox-RMR-2009.pdf>)

The IESO’s conclusion that an RMR contract is not required beyond 2009 is based on its analysis, and limited by its obligation to enter into must-run contracts only for the purposes of local area reliability.