

**OPG's Lennox Power Plant RMR Energy Audit
Executive Summary**

**Prepared for
Independent Electricity System Operator (IESO)
Toronto, Canada**

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November 2006



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Executive Summary

The Independent Electricity System Operator (IESO) retained ECCO International to conduct a financial and operational audit on the Reliability Must-Run (RMR) contract between the IESO and Ontario Power Generation (OPG) for the Lennox generating station. This facility has been designated by the IESO as a reliability must-run resource during the term of the RMR contract (October 1, 2005 to September 30, 2006).

ECCO International has completed the audit program and is satisfied with the reasonableness of the Lennox plant operation strategy, costs, and practices. The outcome of the audit can be summarized in the following conclusions:

- The auditor is satisfied with OPG's compliance with the RMR Contract;
- The auditor verified OPG's billing costs;
- The auditor is satisfied with OPG's compliance with the RMR Contract schedules;
- The auditor is satisfied with the reasonableness of the maintained resources;
- The auditor is satisfied with the reasonableness of costs; and
- The auditor is satisfied that OPG operates and maintains Lennox in a manner consistent with good utility practices.

Each of the above statements is based on the auditor's assessment and approach for the objectives listed in the following table:

Objective	Adopted Approach
Compliance with the RMR Contract	Compare OPG's corporate and Lennox-related procedures, and Lennox plant operation throughout the RMR Contract year with the RMR Contract terms and conditions; review OPG's Energy Market department strategy for offering Lennox's units; review of Lennox operation logs; review of the insurance, permits, licenses, and authorizations held by the facility.
Verification of Billing Costs	Review of overall billing statements structure and flow of cost data at the Lennox plant and at OPG's Energy Market department for financial reporting & budgets. Utilize the month of June 2006 as a representative sample for detailed verification of all reported costs.
Compliance with the RMR Contract Schedules	Review of compliance with the five schedules included in the RMR Contract; verification of OPG's utilized and submitted schedules to the IESO.
Reasonableness of Maintained Resources	Determination of the resources utilized at the Lennox plant throughout the RMR contract year, including fuel, equipment inventory, employees, and third party and material procurement. Compare resources to Lennox's historical resources and to acceptable industry levels.
Reasonableness of Plant Costs	Verification of reasonableness of costs associated with fuel utilization and overall O&M at the plant, and comparison to acceptable industry-wide benchmarks.
Confirmation of Good Utility Practices	Review OPG's practices at Lennox through plant visits and monitoring; review of plant's unplanned outages, maintenance reworks, and operational errors.