

**OPG's Lennox Power Plant RMR Energy Audit  
2006-2007 Contract Year  
Executive Summary**

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

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## Executive Summary

The Independent Electricity System Operator (IESO) retained ECCO International to conduct a financial and operational audit on the 2006-2007 Reliability Must-Run (RMR) contract between the IESO and Ontario Power Generation Inc. (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, 2006 to September 30, 2007).

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
<b>Compliance with the RMR Contract</b>	Compare OPG's corporate and Lennox-related procedures, and Lennox plant operation throughout the 2006-2007 RMR Contract year with the RMR Contract terms and conditions and 2005-2006 RMR Contract year; review OPG's Energy Markets department strategy for offering Lennox's units; review of Lennox operation logs; review of the insurance, permits, licenses, and authorizations held by the facility.
<b>Verification of Billing Costs</b>	Review of overall billing statements structure and flow of cost data at the Lennox plant and at OPG's Energy Markets department for financial reporting & budgets. Utilize the month of June 2007 as a representative sample for detailed verification of all reported costs.
<b>Compliance with the RMR Contract Schedules</b>	Review of compliance with the five schedules included in the 2006-2007 RMR Contract; verification of OPG's utilized and submitted schedules to the IESO.
<b>Reasonableness of Maintained Resources</b>	Determination of the resources utilized at the Lennox plant throughout the 2006-2007 RMR contract year, including fuel, equipment inventory, employees, and third party and material procurement. Compare resources to Lennox's 2005-2006 RMR Contract year, Lennox's historical resources and to acceptable industry levels.
<b>Reasonableness of Plant Costs</b>	Verification of reasonableness of costs associated with fuel utilization and overall operating and maintenance costs (O&M) at the plant, and comparison to 2005-2006 RMR Contract year and to acceptable industry-wide benchmarks.
<b>Confirmation of Good Utility Practices</b>	Review of plant's unplanned outages, maintenance reworks, and operational errors. Compare practices to 2005-2006 RMR Contract year.