

Board Staff Interrogatory #1(A) for OPG

Interrogatory

Re: Need for Lennox as a Reliability Must Run (“RMR”) Resource

- i. Please file the technical assessment.

Response

- i. The technical assessment conducted by the IESO under the Market Rules which is the basis for entering into the 2008-09 RMR Agreement is located at:

<http://www.ieso.ca/imoweb/pubs/corp2/IESO-Lennox-RMR-2009.pdf>

Board Staff Interrogatory #3(A) for OPG

Interrogatory

Re: Interim Payment Arrangement

- i. Please advise what payments, if any, have been or are planned to be made by the IESO to OPG in relation to Lennox as of the date of expiry of the 3rd RMR Contract (September 30, 2008), as well as the basis on which those payments have been or are intended to be made.

Response

- i. The table below identifies the payments made by the IESO to OPG after September 30, 2008 and the basis on which they were made.

These payments were required under the terms of the 2007-08 Lennox RMR Agreement. No further payments relating to the 2007-08 agreement are planned. No payments have been made in relation to the pending 2008-09 Lennox RMR Agreement.

Payments Made After September 30, 2008	
Amount	Description
\$6,485,244.13	fixed payment for September 2008
\$185,116.09	accrued true-up for September 2008 ¹
-\$1,172,972.96	monthly true-up for August 2008 ²
\$792,378.06	monthly true-up for September 2008 ²
\$185,116.09	final accrued true-up ¹
\$1,562,500.00	performance award
-\$2,019,998.78	interim true-up for Jul, Aug, Sep 2008 ³
\$6,017,382.63	Total payments made after Sept. 30, 2008

Notes:

- 1 Accrued true-ups are to recover the true-up for October 2007 that is required under clause 3 in Schedule A of the RMR Agreement. Because the 2007-08 RMR agreement was approved by the OEB on December 21, 2007, the October true-up was accrued and recovered through a series of monthly payments beginning with November 2007, each of which is 1/11 of the October 2007 true-up.

- 2 Monthly true-ups reconcile actual market revenues and fuel costs to the forecast amounts in the RMR agreement as per clause 3 in Schedule A of the RMR Agreement.
- 3 The interim true-up reconciles actual non-market costs to those forecast in the RMR agreement as per clause 4 in Schedule A of the RMR Agreement.

Board Staff Interrogatory #4(A) for OPG

Interrogatory

Re: Additional Evidence Filed by OPG

- i. Board staff's understanding is that the evidence filed by OPG regarding the cost-effectiveness of a longer term agreement for Lennox is presented in anticipation of a possible determination that Lennox is required for reliability reasons beyond September 30, 2009 and that the Board may therefore wish to pursue the merits of a multi-year RMR agreement. Please confirm that this understanding is accurate.
- ii. OPG's evidence states that OPG has held discussions with the IESO and OPA regarding the future need for Lennox. Please confirm whether and to what extent the evidence filed by OPG reflects the views of and/or is supported by the IESO and/or the OPA.
- iii. What contractual commitments does OPG require in order to proceed with the Combined Heat and Power (CHP) project at Lennox?

Response

- i. The evidence filed by OPG regarding the cost-effectiveness of a longer term agreement for Lennox was filed in response to an interest expressed by the Board in the EB-2007-0715 Decision, and reiterated in Procedural Order No. 1 for EB-2008-0298, in a multi-year RMR arrangement.
- ii. OPG provided the IESO and OPA with a copy of OPG's draft evidence for review prior to submitting it to the OEB. OPG understands that references in its evidence with respect to the IESO's need for Lennox to address local reliability concerns are generally supported by the IESO, and that references to the OPA's requirements for Lennox are generally supported by the OPA.
- iii. OPG would require a contractual commitment from a third party to fund the cost of the project. This commitment would be required by April 2009 to enable OPG to issue an RFP for engineering services with sufficient lead time to have a services contract in place by July 2009.