

PROPOSED REQUIREMENTS OF ELECTRICITY MONITORING CODE - GENERATOR

F1 Audited financial statements

requirements required annually for the preceding calendar year, by June 30

Audited financial statements

Provide (i) audited financial statements of the corporate entity. Where the financial statements of the corporate entity being reported contain material non-regulated businesses provide also (ii) unaudited financial statements for the licensed entity accompanied by (iii) a certificate attesting to the accuracy of the financial statements signed by two directors.

else

Where the financial results are reported on a consolidated basis as part of the financial results of a parent company, provide (i) the audited consolidated financial statements together with (ii) unaudited financial statements for the licensed entity accompanied by (iii) a certificate attesting to the accuracy of the financial statements signed by two directors.

In addition, if sufficient information is not included in the audited financial statements to determine the financial ratios provided in **Appendix A** it should be reported separately.

F2 Adverse material circumstances

Transitional Generation Licence - Electricity s10.2

requirements required within 15 days of change

The licensee shall notify the Board as required.

s10.2 The Licensee shall notify the Board of any material change in circumstances that adversely affects or is likely to adversely affect the Licensee's ability to comply with the conditions of this Licence, as soon as practicable, but in any event within fifteen days of the date upon which such change occurs.

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Q1 Emergency events - accidents and unplanned outages

- requirements**
- preliminary report required by the end of the day following the event
 - progress report(s) may be requested in a form and manner and frequency dependent of the situation
 - final report is expected within one month of the resolution of the incident
 - where none, report that annually for the preceding calendar year, by April 30

- accident**
- death or hospitalization (critical condition) of non-utility persons, or
 - death or hospitalization (critical condition) of utility persons, or
 - utility judges significant from a safety standpoint, or
 - malfunction, accident, fire, explosion or spill where
 - damage to property of others >\$500,000
 - significant (in utility's opinion) damage to utility's facilities

- unplanned outage**
- duration > 12 hours, and
 - magnitude > 25% of supply or 100 MW if lower

specific details

Preliminary report:

- 1 date, time, location;
- 2 relevant circumstances - weather, visibility, etc.;
- 3 description of the event - what happened (including the magnitude) and why;
- 4 difficulties anticipated by utility in responding to the event; and
- 5 anticipated duration of situation if service reduction has occurred.

Progress report:

The Board may request progress reports in a form and manner and frequency dependent of the situation.

Final report:

A final report is expected within one month of the resolution of the incident. Additional details may be requested depending on the circumstances, however the following minimum information is required:

- 1 specific difficulties encountered by utility and customers in responding to the situation and how these were resolved;
- 2 resolution of consequences of emergency/ unplanned outage;
- 3 steps to be taken by the utility to improve response and mitigate consequences and difficulties in future, report when implemented; and
- 4 remedial action by utility to reduce the frequency/ likelihood of occurrences in future, report when implemented.

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M1 Market monitoring information

Section 87 of the OEB Act, 1998 states that the Board shall monitor markets in electricity sector and may report to the Minister on the efficiency, fairness, transparency and competitiveness of those markets.

The information monitored will include generator type, production levels, and how the generator operates in the electricity marketplace. This information is necessary to monitor participant behaviour and assess competitiveness under section 87 of the OEB Act, 1998. The data will support OEB reports to the Minister that may provide analysis of the abuse or potential abuse of market power or circumstances giving rise to unintended outcomes, or effects that operate contrary to the interest of competition. Confidentiality policies are under development.

requirements 1

monthly, by last day of the following month

Submit the following information by generating unit.

1. name of generating unit
2. name of owner
3. size (in MW)
4. monthly production levels (in MW and GWh)
5. number of units and number of units in service
6. monthly capacity factor
7. type of generator (such as natural gas fired, coal fired, oil fired, wind turbine, biomass, etc)
8. location
9. type of capacity (i.e. baseload, intermediate or peak capacity facilities)
10. type of ancillary services generator is selling to IMO, if appropriate
11. type of operating reserves generator is selling to IMO, if appropriate
12. designate facility as dispatchable or non-dispatchable
 - ⇒ If a generator designates its facility as non-dispatchable, then it receives the MCP without the need to submit an offer to sell to IMO.

requirements 2

annually, 1st day of the third month after fiscal year end

Submit the following information.

- 1 connection (to IMO controlled grid or distribution system) by generation unit.
- 2 facility's expected life span by generation unit.
- 3 emission constraints (i.e. plant caps on NO_x, SO₂, CO₂, and Hg [mercury]).
- 4 energy constraints (e.g. hydroelectric plants have fluctuating water levels).

**PROPOSED REQUIREMENTS OF ELECTRICITY MONITORING CODE -
GENERATOR**

| Appendix A | | |
|---|---|--|
| Financial Analysis of Audited Financial Statements - Details of Ratios | | |
| <u>TYPE</u> | <u>RATIO</u> | <u>FORMULA</u> |
| LIQUIDITY | Current Ratio | Current Assets /Current Liabilities |
| | Acid Test | (Current Assets less Inventories) / Current Liabilities |
| DEBT | Asset Coverage | [Total Assets - Deferred Charges - Intangibles- (Current liabilities less short debt like bank advances/loans and current portion of long-term debt)] / Total Debt(short-term and long-term debt)/100 |
| | Debt/Equity Ratio | {Total Debt (Short-term + long-term debt)/Total Equity (Preferred Stock + Common Stock + Contributed Surplus + Retained Earnings)} x 100 |
| | Cash Flow/Total Debt Outstanding | (Earnings before Extraordinary items - equity income - minority interest in earnings of subsidiary + deferred income taxes + depreciation + non-cash deductions e.g amortization, depletion)/Total debt outstanding) x 100 |
| | Preferred Dividend Coverage | (Net earnings before extraordinary items) - equity income + minority interest in earnings of subsidiaries + all income taxes + total interest charges)/total interest charges + preferred dividend payments before tax |
| PROFITABILITY | Gross Profit Margin | {Net Revenue less Cost of Sale(Power/Energy)/Net Sales} x100 |
| | Operating Profit Margin | {Net sales - (cost of sales + selling, administrative and general expenses)/ net sales} x 100 |
| | Net Profit Margin | {Net earnings before extraordinary items - equity income + minority interest in earnings of subsidiaries/Net Sales} x 100 |
| | Net Return (after tax) on Common Equity | {Net earnings before extraordinary items - preferred dividend/ Common Equity} x 100 |
| VALUE | % of Earnings Paid as Stock | (Total dividends (Preferred + Common)/Net earnings before extraordinary items) x 100 |
| | Earnings per Common Share | (Net earnings before extraordinary items - preferred dividends) / # of common shares outstanding |