

# Ontario Energy Board

## Setting Payment Amounts for the Prescribed Generation Assets of Ontario Power Generation Inc. Draft Filing Requirements

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### Ontario Power Authority Comments

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## **INTRODUCTION**

The Ontario Power Authority (“OPA”) wishes to thank the Ontario Energy Board (the “Board”) for the opportunity to provide comments on Board Staff’s Draft Filing Requirements for the Setting of Payment Amounts for the Prescribed Generation Assets of Ontario Power Generation Inc. dated March 30, 2007.

## **BACKGROUND**

The Board initiated a consultation process in the above noted matter on March 21, 2006. The OPA participated in the process, providing its comments on June 8, July 24 and then again on September 29, 2006.

On November 30, 2006, the Board issued its report, which determined that the payment amounts would be set through a series of limited issues cost of service proceedings. These proceedings would establish a base to allow for the transition to an incentive regulation regime. Board Staff’s Filing Requirements are meant to provide direction to OPG in the preparation of a filing. Below are the OPA’s specific responses to Board Staff’s proposals in this regard, as well as the OPA’s general comments.

## **OPA COMMENTS AND RESPONSES**

The OPA is generally supportive of the Board’s intention to transition to incentive ratemaking for OPG. Such a regulatory regime will assist in providing the appropriate signals to OPG to optimize the operational efficiency of its prescribed assets. Improved efficiency is essential to the operation of the current hybrid market. The OPA’s comments in this matter are confined to the information that OPG must file in order for the Board to develop appropriate incentives in setting rates for the prescribed assets.

### **2.8.3 Additional Direction in the OPG Report regarding the following:**

The OPA suggests the following additions to the data requested at page 21 of the Filing Requirements:

#### **2.8.3 i) Maximization of the efficient use of the prescribed nuclear generation assets**

The OPA proposes the following additions to the information proposed by Board Staff:

- *Types of outages;*
- *Amount of lead time required to alter outage schedules;*
- *Costs associated with altering outage schedules;*
- *Return to service data – forecast versus actual dates of return and rationale for variances;*

- *Frequency of purchase of replacement energy to ensure outage scheduling without IESO reject, revoke or recall;*
- *Fuel costs; and*
- *Generation forecasts for noon the day ahead versus actual real-time generation.*

In addition to the operational efficiency of the assets in question, the OPA sees a benefit in collecting certain operational information that will allow parties to fully explore incentive mechanisms for ratemaking purposes.

Information regarding efficient use of the system should also be provided for OPG's hydraulic assets.

2.8.3 ii) The MWh threshold before the market price applies for prescribed hydraulic generation assets.

The OPA proposes the addition of the following information to this section:

- *Historical flows, including water levels or availability;*
- *Ability to switch production from hour to hour;*
- *Production flexibility and operating conditions (especially for Beck facility); and*
- *Generation forecasts for noon the day ahead versus actual real-time generation.*

The OPA submits that the provision of the proposed additional operational data for both nuclear and hydraulic assets will contribute to the transparency and effectiveness of the current hybrid market by providing improved information for the development of incentive rates.

The OPA appreciates this opportunity to provide its comments on the Draft Filing Requirements, and would be happy to provide further clarification if needed.