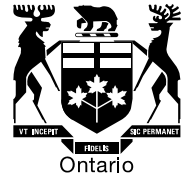


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BY E-MAIL AND WEB POSTING

November 11, 2011

To: Parties to EB-2011-0286
Other Interested Stakeholders

**Re: Ontario Power Generation Inc. – 2013-2014 Payment Amounts Application
Board File No. EB-2011-0286**

Today, the Ontario Energy Board (the “Board”) has released its revised Filing Guidelines for Ontario Power Generation Inc. (“OPG”) in Setting Payment Amounts for Prescribed Generation Facilities.

The filing guidelines set out the information that the Board expects OPG to file for purposes of the setting of payment amounts for certain of OPG’s generation assets under section 78.1 of the *Ontario Energy Board Act, 1998*.

Background

On September 8, 2011, the Board initiated a consultative process on the filing guidelines for OPG’s next payment amounts application and to address the most effective means by which issues and evidence might be reviewed and tested in the course of that proceeding.

Documentation issued on September 8, 2011 included a letter describing options for prioritization of issues and a revised filing guideline that included mandatory information requirements which the Board identified in the last payment amounts proceeding. The Board received submissions from OPG and five other stakeholders. This letter and the

filing guidelines issued today reflect the Board's consideration of the submissions received.

Prioritization of Issues

In the last payment amounts decision, the Board stated that it "will explore with OPG and stakeholders how best to identify issues in the next proceeding to ensure that the highest priority issues are identified early." The Board also expressed concern that "an inordinate focus on lower priority issues diminishes the time and resources available to pursue the more substantive, higher priority issues." On September 8, 2011, the Board sought comments on two options for categorizing primary and secondary issues:

- Pre-Hearing – categorization of issues following settlement conference
- Early Prioritization – categorization of issues prior to the filing of the application

Parties did not suggest any other options for consideration. OPG and the Power Workers' Union favoured Early Prioritization noting that the Pre-Hearing option was not distinctly different from the typical process and that there would be little difference in the efficiency of the regulatory process. Four parties representing consumer groups favoured the Pre-Hearing option.¹ These parties submitted that categorizing primary and secondary issues could not be done until after the application was reviewed.

Based on consideration of the comments filed, the Board plans to implement a hybrid version of the two options noted above. Specifically, the process set out below for OPG's 2013-2014 payment amounts proceeding will be followed:

- OPG will file the 2013-2014 payment amounts application in accordance with the filing guidelines issued today. The application will contain evidence on all issues as is the normal course, and include an issues list which has a preliminary categorization into primary and secondary issues.
- Following the filing of the application, there would be provision for interrogatories on all issues.
- Following the interrogatory phase, the Board will make provision for submissions on categorizing issues.

¹ All parties to the previous payment amounts proceeding were invited to participate in the consultation on the prioritization of issues and filing guidelines for OPG's next payment amounts proceeding. Comments were received from OPG, Power Workers' Union, Association of Major Power Consumers in Ontario, Canadian Manufacturers & Exporters, Consumers Council of Canada and School Energy Coalition.

- There would be a technical conference on primary issues only, followed by a settlement conference on all issues.
- Any unsettled primary issues will proceed by way of oral hearing. Any unsettled secondary issues will proceed by way of written hearing.

The process could be modified as a result of new circumstances that arise during the course of the proceeding.

Filing Guidelines

The filing guidelines issued today reflect the Board's consideration of the comments of parties on the filing guidelines issued for comment on September 8, 2011 and the impact of the prioritization of issues process on the filing guidelines. The Board wishes to highlight the following revisions:

- Several parties commented on the change in the threshold for providing business case summaries from \$10M to \$20M. Alternative thresholds of \$10M, \$15M and \$25M were suggested. Given the range of suggestions, the Board considers the revised threshold of \$20M appropriate. The Board notes that for capital projects of \$20M or more, OPG will provide explanations for variances greater than 10% of project budget. The Board has established the new threshold so that time and resources are focused on material issues. Parties to this proceeding are expected to conduct their activities accordingly.
- OPG is expected to adopt modified International Financial Reporting Standards ("MIFRS") on January 1, 2012. Where there are differences in information between CGAAP and MIFRS for the historical year 2011, the presentation of the information must clearly show the differences.
- The Board had originally planned to issue Excel spreadsheets for OPG to file as part of the application. OPG proposed that it develop those spreadsheets, in particular the revenue requirement work form ("RRWF") as the calculations are complex and OPG can leverage existing spreadsheets used for the payment amounts order. The Board agrees that the most efficient approach would be to allow OPG to prepare the spreadsheets. The updated filing guidelines state that OPG will file the completed RRWF with the application and not before the interrogatory phase as proposed by OPG.

The Board expects OPG to rely on the filing guidelines in developing its next payments application and to develop a comprehensive filing.

Cost Awards

The Board thanks all participants in this consultation for their contribution to the prioritization of issues and to the revision of the filing guidelines.

As noted in the September 8, 2011 letter, cost awards will be available for eligible persons. The Board will address cost awards for this consultation by way of a Notice of Hearing to be issued shortly.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary