

26 June 2009

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON
M4P 1E4

Dear Ms Walli:

Re: EB-2009-0152 Regulatory Treatment of Infrastructure – GEC Comments

Our comments on this discussion paper are limited to one topic: the potential applicability of novel cost recovery mechanisms to generation investments. This topic arises in part due to comments by the Board Chair in his June 15th Osgoode Hall speech wherein he stated:

Potential mechanisms include the recovery of costs of abandoned facilities, accelerated cost recovery such as including construction work in progress in rate base and depreciation adjusted to match a contract term, as well as incentive mechanisms such as return on equity adders.

The discussion paper is primarily concerned with innovative approaches to cost recovery in relation to electricity system investments. However, the cost recovery mechanisms developed through this initiative may also be available ***in relation to other types of energy projects*** in appropriate circumstances. (emphasis added)

We are very concerned that the use of cost recovery mechanisms such as recovery of CWIP prior to in-service period should not be extended to risky projects over which the Board exercises regulatory authority such as OPG's nuclear generation program. Nuclear power projects compete with green energy opportunities and have been dismal investments for Ontario to date. *The Board has no mandate* under the Green Energy Act to encourage such 'investments', nor would such encouragement be consistent with the nature of the Ontario generation marketplace or the current model in which OPG earns a return on equity for carrying such risks. Should the Board adopt such mechanisms, we urge the Board to explicitly limit the application of any such mechanisms to the transmission and distribution sector.

Sincerely,



David Poch