

9 July 2014

Ontario Energy Board
2300 Yonge St., 27th Floor
Toronto, ON
M4P 1E4

Attn: Ms Kirsten Walli, Board Secretary By electronic filing and e-mail

Dear Ms Walli:

Re: EB-2013-0321 OPG Payments 2014-15 – GEC request for OPA witness

As indicated to the Panel during the oral hearing, GEC has been in discussions with OPA in an effort to avoid the need for the attendance of an OPA witness in regard to the cost-effectiveness of continued operations at the Pickering nuclear plant. We have received responses from OPA to most of our inquiries, however, we have a few outstanding information requests that OPA has indicated it does not wish to respond to without an indication from the Board that it is appropriate to do so. If written answers to these outstanding questions can be provided, GEC intends to withdraw its request for the opportunity to cross-examine OPA witnesses. In that case GEC will file OPA's responses and they can be treated in the same fashion as the OPA letter filed by OPG, i.e. as documents from a public agency that have not been fully tested, and the Board can determine the weight to be placed thereon. GEC submits that this would be an efficient approach, would preserve fairness, and would be in keeping with the Board's issues scoping determinations.

GEC's concern arises due to OPG's reliance on an OPA opinion letter (Ex. F-2-2-3 att. 2) and a subsequent letter from OPA's counsel, Mr. Lyle, as well as similar OPG authored evidence, all of which evaluates Pickering continued operations in the context of the cost of alternatives. While the Board will not be determining the larger system planning issue (i.e. should Pickering A or B be closed?), the Board has before it the issue of the cost-effectiveness of Pickering operations. Benchmarks, including the cost of alternatives, are a relevant consideration for determination of that issue. GEC is concerned that the OPA's opinion letters, without elaboration, present a misleading picture of the cost-effectiveness of operations. Further, GEC has indicated that in final argument it expects to address the need for further analysis to be brought before the Board in future proceedings, analysis that considers Pickering A operations distinct from Pickering B operations and clarification of the OPA's consideration of that scenario would assist us.

Specifically, GEC seeks answers to the following questions:

1. OPA was not able to provide a sensitivity analysis for the lower gas prices GEC provided (Henry Hub futures in the \$4.5 range throughout the 2015-20 period). Can OPA indicate whether the attached gas futures prices conform to OPA's current estimates of Henry Hub prices (if not please explain)? Can OPA confirm that the 2013 and 14 analyses (that OPA has provided in its earlier response) do not reflect these latest values? What gas price is assumed?
2. Can you confirm that the 2013 LTEP load forecast is used in the latest analysis or provide what was used? Is there a more recent load forecast and if so, can it be provided?
3. GEC understands that Quebec has lots of surplus capacity at this time (see the attached HQ report that includes an English translation). Does the HQ report conform to OPA's understanding?
4. The 2013 LTEP (Achieving Balance - Ontario's Long-Term Energy Plan – page 41) notes that Ontario summer peak import capability from Quebec is 2775 MW and winter is 2795. Can OPA provide any available forecasts and analyses of the \$/MWh cost for utilizing Hydro Quebec energy via this transmission capacity from Quebec during the 2014-2020 period? In other words, given that Quebec is selling power at very low rates and appears to have lots of extra capacity, and is winter rather than summer peaking, what price would OPA expect Quebec to charge for energy in the 2014-2020 period?
5. If imports from Quebec would be at Ontario's avoided cost (which appears to have been the assumption in 2012), if a price was negotiated now as an alternative to Pickering continued operation, would the price not be equal to your estimate of Pickering Continued Operations cost as opposed to the price of gas capacity and fuel?
6. If imports were obtained as required as 'economy sales' wouldn't they be at the average of sellers cost and buyers avoided cost wouldn't the cost be lower than gas generation costs?
7. Please indicate whether OPA has analysed the option of closing Pickering A (which has far worse value for money performance) rather than all 6 reactors [i.e. of the value of the continued operations of the B units without the A units] and provide any such analysis.

GEC submits that the questions are straightforward and simple for OPA to respond to. Further, GEC submits that any concern about the value of these responses to the Board's deliberations can and should best be addressed after the Board has seen the responses and final arguments. At that point the Board can assign appropriate weight to the responses. This approach would avoid procedural steps and jurisdictional arguments at this point, and avoid the need for attendance of witnesses. Accordingly, we request an indication from the Board that written responses from OPA would facilitate the efficient hearing of the current proceeding.

Sincerely,



David Poch
Cc: all parties