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VIA RESS AND COURIER

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

Dear Ms. Walli:

Re: EB-2013-0321 – 2014/15 Payment Amounts Application – OPG’s Response to Comments

A number of public comments were filed with the Ontario Energy Board (OEB) in response to OPG’s Application. Many of the comments expressed concern over OPG’s request for an increase to its payment amounts. I would like to briefly respond to those comments.

OPG’s focus is on the effective stewardship of generation assets owned by the people of Ontario. This is achieved by ensuring: (i) the safe, reliable operation of its facilities including the avoidance of harm to employees, contractors, and the public; (ii) the cost-effective management of these facilities by maintaining a strong focus on delivering value for money; and, (iii) the highest standards of corporate citizenship, including a commitment to environmental and larger social objectives.

The people of Ontario expect OPG to be financially-sound, well-governed, and cost effective. In response, OPG has made cost control a major feature of its business planning process and of its Application to the OEB. OPG’s evidence in this proceeding demonstrates the significant cost control initiatives that the company has successfully undertaken over the past few years.

Consistent with this cost control approach, OPG has initiated a Business Transformation (“BT”) initiative, to support the alignment of OPG’s costs with its declining generation capacity and OPG’s mission to be Ontario’s low cost generator. As set out in its Application, under BT, OPG will use attrition to reduce its year-end 2015 headcount from 2011 levels by 2,000 employees with the potential for further reductions in later years. This decreased headcount is expected to reduce OPG’s OM&A by \$700M between 2011 and 2015. This initiative is discussed in more detail in OPG’s Application materials.

While focusing on cost control, OPG must operate and maintain its facilities safely and reliably. To achieve this, OPG must execute appropriate operations and maintenance activities across its entire portfolio of generation assets. It must also make ongoing investments in its facilities. Projects like the Niagara Tunnel Project (NTP), which came into service in 2013, illustrate the need for reinvestment. The NTP was an extremely large, complex and challenging construction project that OPG completed safely and cost effectively given the conditions encountered. The emissions-free electricity produced from the water flowing through the NTP will benefit the people of Ontario into the next century. This project is described in detail in OPG's Application materials.

The payment amounts being sought in this application represent an increase over current amounts. If approved, this increase would be the first increase in OPG's base rates since 2008, and only the second since OPG became regulated. However, even with these requested increases, OPG remains the low-cost electricity provider in the province, delivering value to Ontario. Despite operating in a challenging environment, maintaining our many generating stations, and managing an aggressive generation development agenda, OPG continues to moderate the price of electricity. In 2013, the price we received for our generation was 5.7 cents/kWh, while the average price received by all other Ontario generators was 9.9 cents/kWh. Ratepayers were the beneficiaries of this lower cost supply from OPG.

The proposed payment amounts and riders are necessary for OPG to meet its obligation to operate its generation assets safely, reliably and efficiently for the benefit of the people of Ontario.

Best Regards,

[Original signed by]

Colin Anderson
Director, Ontario Regulatory Affairs
Ontario Power Generation

cc:	Charles Keizer (Torys)	via email
	Crawford Smith (Torys)	via email
	Carlton Mathias	via email
	Intervenors of Record	via email