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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 1E4

Dear Ms. Walli:

Re: EB-2016-0152 – Ontario Power Generation Inc. 2017-2021 Payment Amounts Application (“Application”) – OPG’s Response to Letters of Comment

Twelve 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 understands customers’ concerns about high electricity prices. We continue to actively control our costs to limit our contribution to future price increases. At the same time, we must balance these controls against the need to invest in our plants and fund our operations so that we can keep producing electricity for Ontario, and maintain these valuable public assets for future generations. The Application demonstrates the balance that OPG has struck.

In this Application, OPG is proposing to increase its rates to fund necessary investment in its generating facilities. If this Application is approved as filed, it would increase a typical residential customer’s bill by about 65 cents a month in each year from 2017 through 2021. This is the combined result of the rate increase that OPG is requesting and its proposal to smooth out collection of increases over the next ten years.

OPG is an electricity generation company. Signing long-term contracts on behalf of Ontario to buy electricity from Quebec or Manitoba is not something we are authorized to do.

OPG remains the lowest cost generator in Ontario. We continue to look for ways to control our costs, improve our generating performance and increase the value we deliver to electricity customers. Finding efficiencies is an ongoing goal for OPG.

OPG produces about half of the electricity Ontarians use every day. We are committed to producing this electricity safely, reliably, and using technologies that are environmentally sustainable. We are also committed to being good corporate citizens and being a positive presence in the communities where we operate.

In 2016, OPG began executing the Darlington Refurbishment Program (“DRP”). Darlington produces about 20% of the electricity Ontario uses and the refurbishment program, which will be completed over ten years, will allow Darlington to continue operating until about 2055, helping OPG provide low-cost energy, clean and reliable power over the next 30 years. The DRP will also contribute to the province’s economy. According to the Conference Board of Canada, the construction phase alone is expected to generate \$14.9 billion in economic benefits to Ontario. At its peak, refurbishment will create 11,700 jobs per year, with an average of 8,800 annually between 2014 and 2023. It is also expected to increase household revenues in Ontario by \$8.5 billion.

At the same time, OPG plans to invest in the Pickering Nuclear Generating Station so that it can operate until 2024. Keeping Pickering generating will provide necessary generating capacity while the units at Darlington are being refurbished and as the first units of the Bruce Nuclear Generating Station begin their refurbishment. Continued operation of Pickering is a cost effective option that will also protect jobs across Durham region and avoid millions of tonnes of greenhouse gas emissions.

OPG’s Nuclear costs are relatively flat over the five-year period and show an overall decline by the last year, reflecting OPG’s commitment to efficiency improvement initiatives as part of the company’s business plan. In addition, OPG’s nuclear rate-setting proposal includes a stretch factor, which will reduce costs further. The cumulative reductions produced by the stretch factor mean that over the five-year term OPG is committing to provide customers with over \$50 million in additional cost reductions, whether or not the company is able to achieve these savings.

The company’s regulated hydroelectric facilities, such as the generating plants at Niagara Falls, will operate under a price-cap for the next five years. This will limit the annual increase in what customers pay for the electricity they generate to less than inflation.

In closing, I want to thank those who took the time to write. The stakeholder feedback that OPG received has been helpful in developing this Application.

Best Regards,

[Original signed by]

Saba Zadeh
Director, Ontario Regulatory Affairs
Ontario Power Generation

cc:	Charles Keizer (Torys)	via email
	Crawford Smith (Torys)	via email
	John Beauchamp	via email
	Intervenors of record	via email