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January 26, 2018

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> floor  
Toronto, ON M4P 1E4

Dear Ms. Walli

**Re: Ontario Power Generation Inc. (“OPG”)  
2017-2021 Payment Amounts Application  
Canadian Manufacturers and Exporters– Submissions re: Draft Payment  
Amounts Order**

**Board File #: EB-2016-0152**

Please consider this correspondence as the submissions of Canadian Manufacturers & Exporters (“CME”) with respect to OPG’s Draft Payment Amounts Order (the “PAO”) relating to 2017-2021 Payment Amounts.

CME’s members include over 1,400 Ontario based companies. Energy costs in the province of Ontario, and the rate at which these are increasing, threaten the ability of these companies to remain competitive and are a significant concern. The annualized bill impacts of OPG’s 2017-2021 payment amounts on medium/large business and large industrial customers of Alectra (PowerStream), Hydro One and Toronto Hydro calculated by OPG in connection with their proposed draft Payment Amounts Order<sup>1</sup> were therefore of particular interest to CME in reviewing the PAO.

Having had the opportunity to consider the detailed submissions prepared and filed in advance by SEC, we are concerned that the above referenced bill impact calculations may understate the likely bill impacts on CME’s members and that opportunities to modulate year over year variances in rates through adequate rate smoothing may be missed. In particular we submit that:

- (1) The actual rate paid by customers in 2017 should be the starting point for calculating the year over year increase for 2018 and evaluating OPG’s smoothing proposal as this amount, and its contribution to a customer’s bill would be the relevant consideration for business planning

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<sup>1</sup> Draft Payment Amounts Order, Appendix 1, Tables 1b, 1c, and 1d.

purposes. Assuming that SEC's calculations are accurate and the actual increase in OPG's portion of the average industrial customer's bill between 2017 and 2018 will be in the order of 27%, additional smoothing should be introduced to mitigate this significant increase in 2018;

- (2) The likely impact of significant rate riders other than the December 31, 2015 deferral and variance account clearances and revenue shortfall riders currently contemplated in OPG's rate smoothing proposal should be taken into account, using the methodology proposed by SEC or otherwise, in order to avoid an unanticipated additional increase later in the test period. This is particularly true in the context of OPG's 2017-2021 payment amounts because of the magnitude of the costs likely to be recorded in the Capacity Refurbishment Variance Account.

Regardless of the final form and content of the Payment Amounts Order approved by the Board, we submit that it would benefit business and industrial customers to receive from OPG updated bill impact calculations, including the actual increase in rates for these classes of customer between 2017 and 2018 and that OPG should be required to prepare and provide to intervenors in these proceedings such calculations following the issuance of the Payment Amounts Order by the Board.

All of which is respectfully submitted.



Emma Blanchard

- c. Applicant and Intervenors, EB-2016-0152  
Paul Clipsham, Alex Greco and Ian Shaw