



EB-2018-0243

Ontario Power Generation Inc.

**Application for 2019 Hydroelectric Payment Amount
Adjustment and Recovery of Deferral and Variance
Account Balances effective January 1, 2019**

DECISION ON ISSUES LIST

January 7, 2019

Ontario Power Generation Inc. (OPG) filed an application with the Ontario Energy Board (OEB) on August 9, 2018 under section 78.1 of the *Ontario Energy Board Act, 1998* (OEB Act), S.O. 1998, c. 15, (Schedule B), seeking approval for an order or orders related to deferral and variance accounts, including disposition of account balances related to its nuclear generating facilities and most of its hydroelectric generating facilities as at December 31, 2017. OPG also applied to increase the amount it charges for the output of most of its hydroelectric generating facilities effective January 1, 2019 using an OEB-approved formula that is tied to inflation and other factors intended to promote efficiency. A decision was issued by the OEB on the hydroelectric adjustment portion of the application on December 13, 2018.

A Notice of Hearing was issued on September 13, 2018. Each of the following parties applied for and were approved as intervenors:

- Association of Major Power Consumers in Ontario (AMPCO)
- Canadian Manufacturers & Exporters (CME)
- Consumers Council of Canada (CCC)
- Energy Probe Research Foundation (Energy Probe)
- Independent Electricity System Operator
- Power Workers' Union
- School Energy Coalition (SEC)
- Vulnerable Energy Consumers Coalition (VECC)

The OEB issued Procedural Order No. 1 (PO1) on October 16, 2018, which set out a schedule for various steps in this proceeding. Among other items, PO1 noted that OPG filed a draft issues list as part of its application and that all parties should use this list as a starting point to develop a proposed issues list. On December 12, 2018, OEB staff filed a letter advising the OEB that parties were unable to come to an agreement regarding an issues list for OPG's application.

The OEB issued Procedural Order No. 3 (PO3) on December 13, 2018, which made provision for parties and OEB staff to file written submissions on the draft issues list for the OEB's consideration. CCC, CME, SEC, VECC, Energy Probe and AMPCO filed initial submissions.

Generally, submissions focused on a response by OPG at the November 29, 2018 technical conference which indicated that OPG does not intend to file for disposition of its deferral and variance accounts until its next rebasing application.¹ None of the intervenors proposed changes to the issues set out in the issues list at Schedule A to PO3.

CCC was concerned that customers may be faced with significant balances for recovery if the deferral and variance accounts wait for the next rebasing. CCC proposed adding an issue to explore the appropriateness of OPG's proposal to defer consideration of all future balances in its deferral and variance accounts until its next rebasing in 2022. CME, Energy Probe, and VECC support CCC's proposal.

SEC submitted that it is not clear if annual clearance of all deferral and variance accounts is appropriate. SEC submitted that the OEB should decide on the appropriate timing of crediting or debiting these dollars to rates.

AMPCO suggested adding an issue to the issues list to address the appropriate future schedule for clearance of deferral and variance accounts.

OEB staff submitted that OPG's response at the November 29, 2018 technical conference is consistent with the 2017-2021² and 2014-2015³ payment amounts decisions. OEB staff noted that in the 2011-2012 payment amounts decision,⁴ the OEB

¹ EB-2018-0243, Technical Conference Transcript, November 29, 2018, page 23.

² EB-2016-0152, Decision and Order, Sec. 7.4 – Future Deferral and Variance Account Disposition, page 119, December 28, 2017.

³ EB-2013-0231, Decision with Reasons, Sec. 8.3 – Future Disposition of Accounts, page 125, November 20, 2014.

⁴ EB-2010-0008, Decision with Reasons, Sec. 12 – Reporting and Record Keeping Requirements, page 151, March 10, 2011.

set out reports that OPG would file annually, including unaudited balances of deferral and variance accounts. OEB staff submitted that, on the basis of these filings, the OEB could direct OPG to file an application to dispose of deferral and variance account balances before the next cost based payment amounts proceeding if the OEB determined that the magnitude of the balances were a concern.

In its reply, OPG did not agree with the addition of either the CCC or the AMPCO proposed issues.

Decision

The OEB finds the proposed, additional issue is out of scope for this proceeding. The OEB has reviewed the submissions from parties. The OEB will not decide in this proceeding when OPG is to file in a subsequent application.

In the EB-2013-0321 decision, the OEB did not endorse OPG's practice of bifurcating its cost of service and DVA applications given the common issues, rate mitigation considerations and need to understand the full ratepayer impact. The OEB's expectation was that going forward, all accounts should be reviewed and disposed of in a rebasing proceeding unless there was a compelling reason not to do so.⁵ The OEB finds no need to change this expectation.

Nevertheless, the OEB acknowledges the concern that significant balances could accumulate between rebasing applications. The OEB finds that it can leverage the annual information reported by OPG as directed in the EB-2010-0008 decision. Each year, the OEB has the opportunity to determine if OPG's accumulated DVA balances provide a compelling reason to warrant consideration outside of a rebasing application. The OEB can then direct OPG to file the DVA balances in a future payments application for consideration of disposition.

As issued in its December 13, 2018 decision, the OEB approved OPG's increase to the amount it charges for the output of most of its hydroelectric generating facilities effective January 1, 2019. The OEB finds it appropriate to remove issue #5 as filed in the draft issues list proposed by OPG⁶, given that the OEB has already issued a decision on this portion of the application.

The approved issues list is attached as Schedule A.

⁵ EB-2013-0321, Decision, Nov. 20, 2014, pp. 124-5.

⁶ EB-2018-0243 Exhibit A1, Tab 2, Schedule 3.

DATED at Toronto, **January 7, 2019**

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

SCHEDULE A

DECISION ON ISSUES LIST

Ontario Power Generation Inc.

EB-2018-0243

January 7, 2019

Schedule A
Approved Issues List
EB-2018-0243
Ontario Power Generation Inc.

1. Are the amounts recorded in the applicable deferral and variance accounts appropriate?
2. Are the balances for recovery in each of the deferral and variance accounts appropriate?
3. Are the proposed rate riders and disposition periods for the account balances appropriate?
4. Does OPG's proposed treatment of pension and OPEB costs appropriately reflect the OEB's Decision in EB-2013-0321 and OEB policy as set out in the Report of the OEB: *Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs*, issued in the generic proceeding EB-2015-0040?