

UNDERTAKING J12.1

Undertaking

To explain where OPA payments are in related party transactions.

Response

Both the market price portion of the electricity generation revenues for OPG's prescribed facilities and the portion of these revenues for the difference between market prices and the regulated payment amounts set by the OEB are settled between OPG and the IESO. OPG does not settle with the OPA with respect to the difference between market prices and the regulated payment amounts for its prescribed facilities. And as a result there are no OPA related party transaction amounts for these sales shown in OPG's prescribed facilities statements.

Revenues received from the IESO are disclosed as related party transactions for 2008 and 2009 in the financial statements for OPG's prescribed facilities at Ex. A2-T1-S1, Attachment 3, page 51.

OPG does not receive a "global adjustment amount" for the electricity generated by its prescribed facilities. As noted above, OPG receives revenue from the IESO for the production from its prescribed facilities calculated at the regulated payment amounts set by the OEB. The difference between the market prices and the regulated payment amounts paid to OPG forms part of the global adjustment mechanism administered by the IESO and applied to all electricity consumers in Ontario.

The difference between the electricity generation sales revenue of the prescribed facilities at the regulated payment amounts and what that revenue would have been at market prices is provided in the table below¹ (\$M):

	2008		2009	
	Reg Hydro	Nuclear	Reg Hydro	Nuclear
Electricity revenue at OEB approved payment amounts	575	2,619	716	2,617
What the revenue would have been at market prices	929	2,559	575	1,407
Difference	(354)	60	141	1,210

¹ Excludes the following items reported in generation sales as part of revenue for the Regulated – Nuclear Generation and Regulated – Hydroelectric segments at Ex. A2-T1-S1, Attachment 3, pg. 47-48 for 2008 and 2009: revenues earned under hydroelectric incentive mechanisms, water transactions settled at market prices, IESO non-energy charges, charges for station loads supplied from the IESO-controlled grid, and other revenues and charges settled at market prices.

Filed: 2010-11-11

EB-2010-0008

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1 As noted by Mr. Barrett at Tr. Vol. 13, p. 55, lines 1 to 15, as far as OPG knows, OPG's
2 unregulated electricity production is the only production in Ontario that receives solely
3 market prices. It is OPG's understanding that all other electricity production in Ontario
4 receives either a regulated payment amount or some kind of contracted support
5 payment in addition to market prices.
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