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September 7, 2012

**Via RESS and Courier**

Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street  
Toronto, Ontario  
M4P 1E4

Attention: Ms. Kirsten Walli

**Re: Written Submissions—Consultation Regarding Incentive Rate Making  
Options for Ontario Power Generation's ("OPG") Prescribed  
Generation Assets (EB-2012-0340)**

Dear Ms. Walli:

Further to the Ontario Energy Board's (the "Board") letter dated August 30, 2012, inviting interested parties to make written submissions commenting on the issues, options, and content of presentations and discussion at the stakeholder meeting held on August 28, 2012 regarding this matter, this letter is to request a modification to the process set out by the Board in its August 30, 2012 letter.

The Board has established a due date of October 1, 2012 for written submission from all participants, including OPG. OPG requests that the Board modify the submission process such that participants would have the opportunity to submit initial comments, with all participants filing a reply shortly thereafter.

At the stakeholder meeting, OPG and its consultant, London Economics International LLC, presented an evaluation and commented on the report commissioned by the Board and prepared by Power Advisory LLC. It also provided its views on incentive regulation generally, articulated various issues that it believes require resolution, and suggested a path forward. These were all communicated in formal written presentations during the consultation on August 28, 2012.

In preparation for the October 1<sup>st</sup> deadline, intervenors will have had the benefit of OPG's written response to the Power Advisory report and the benefit of hearing OPG's presentation. In contrast, OPG has had limited insight into others' views on various incentive regulation options. At the August 28<sup>th</sup> session, some intervenors indicated that their written submissions would elaborate on the discussion that took place at the consultation.

OPG is the focus of the Board's consultation process and will be directly affected by any incentive rate making options. As such, OPG should be permitted to reply to the submissions filed by intervenors on October 1, 2012 especially to the extent that new issues are raised which have not been addressed in Power Advisory's report and presentation or in the stakeholder meeting. In addition, OPG's regulated businesses are complex and are different from regulated businesses currently subject to incentive rate regulation before the Board both with respect to its operations and the regulatory regimes that govern OPG. In this regard the ability for OPG to provide clarity, through a reply to issues, would ensure that the Board and others would have the benefit of OPG's unique perspective based on an understanding of its own business complexities.

Furthermore, intervenors may wish to respond not only to the Power Advisory report and to OPG's submissions, they may wish to supplement their comments to reflect points made by other intervenors. In the interest of fairness, and to ensure that the Board has the best available information, intervenors should also have a period within which to reply.

The suggested approach follows the one adopted by the Board in EB-2006-0064, where Board Staff released a paper on regulatory options for setting OPG's payment amounts. In that consultation, parties were invited to comment on the Staff paper, with reply submissions following shortly thereafter. Ultimately, Board Staff concluded that incentive regulation was the best choice of a long-term methodology, and in this context the current consultation can be seen as a continuation of EB-2006-0064. Based upon the forgoing, OPG proposes that the October 1, 2012 deadline for submissions be preserved, and that all parties be permitted to file reply submissions by October 15, 2012.

Yours truly,

[Original signed by]

Pankaj Sardana  
Vice President, Regulatory Affairs  
Ontario Power Generation