

UNDERTAKING NO. J1.1

REFERENCE

Hearing Day 1 April 14, 2008 Tr. p. 24

UNDERTAKING NO. J1.1: OPA TO CONFIRM THAT FOR GENERIC PROFILES PROVIDED AT PAGE 10 OF EXHIBIT K1.1 THE OPA AVOIDED COSTS ARE LOWER THAN THE OEB AVOIDED COSTS

RESPONSE

The OPA confirms that the avoided costs utilized for Conservation in the IPSP (Exhibit D-4-1 Attachment 3, p.7, Table 3) are lower than the avoided costs in the October 6, 2006 OEB TRC Guide (Appendix C, p. ix).

The OPA's preliminary assessment indicates that the causes for the difference between the avoided costs in the IPSP and the OEB TRC Guide may include the following items:

- OEB avoided costs were based on replacing coal generation by 2007, whereas the OPA based its planning on the Supply Mix Directive and O. Reg. 496/07 which specified coal generation be replaced by 2014. The effect of this is that, in the OEB case, coal was replaced seven years sooner than in the IPSP. Additionally, in the OEB case, the coal was replaced primarily with CCGT and SCGT resources, as compared to the IPSP where coal was replaced with a diversity of Conservation, renewable, SCGT and CCGT resources; and
- OEB avoided costs are expressed in nominal dollars, whereas OPA's avoided costs are expressed in 2007 constant dollars.