



December 10, 2012

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, Suite 2700  
Toronto, ON M4P 1E4

Subject: **Board File No.: EB-2012-0340 – Consultations Regarding Incentive Rate Making Options for Ontario Power Generation’s Prescribed Generation Assets – Comments on Written Submission from IESO**

Dear Ms. Walli,

On behalf of the Ontario Society of Professional Engineers (OSPE), please find our comments on the written submission dated October 31, 2012 from the Independent Electricity Systems Operator (IESO) posted on your website.

We are concerned about the rising cost of electricity well beyond the inflation rate and by IESO market data that suggests some of Ontario Power Generation’s (OPG’s) prescribed generation assets are being operated in a manner that makes it more difficult for the IESO operators to manage the supply/demand balance in a way that is consistent with the public’s environmental goals.

The enclosed commentary summarizes our views. We make four key points:

- Current contract prices and terms and conditions for OPG’s prescribed generation assets also provide unintended incentives to OPG that encourage the wasting of “green” energy.
- The current price incentive that encourages nuclear production over hydroelectric production can be easily eliminated.
- OSPE supports the IESO’s present plans to dispatch wind and solar generation to help manage surplus baseload generation (SBG) and operational transients, but those plans should not be seen as a complete solution to managing SBG.
- OSPE believes that the Adam Beck Pump Generating Station (PGS) pumped storage assets should be an ancillary service to the electrical grid to help the IESO balance supply and demand.

We welcome any comments or questions you may have. We are also pleased to make our Energy Task Force members available to you should your staff wish to organize a meeting with affected



stakeholders to share views and answer any questions. If you would like to arrange a meeting please contact Kristian Kennedy, Policy Analyst, at 416-223-9961 x 225.

Thank you for considering the views of the professional engineering community. Professional engineers are directly involved in designing, constructing, operating and maintaining our province's energy infrastructure. We hope our recommendations are helpful to your planners in creating a more reliable, safer, environmentally responsible electrical energy system that also provides a competitive advantage to Ontario businesses.

Yours truly,

A handwritten signature in black ink, appearing to read 'Nadine Miller'.

Nadine Miller, M.Eng., P.Eng.  
President & Chair

Cc:

- (1) Paul Murphy, B. Sc., P. Eng., President and CEO, Independent Electricity System Operator, 655 Bay Street, Suite 410, Toronto, ON, M5G 2K4, [paul.murphy@ieso.ca](mailto:paul.murphy@ieso.ca) (attention: Bruce Campbell, Vice-President, Resource Integration, [bruce.campbell@ieso.ca](mailto:bruce.campbell@ieso.ca) and Jessica Savage, Supervisor, Regulatory Affairs, [jessica.savage@ieso.ca](mailto:jessica.savage@ieso.ca) )
- (2) Tom Mitchell, M. Eng., President and CEO, Ontario Power Generation, 700 University Avenue, Toronto, ON, M5G 1X6, [tom.mitchell@opg.com](mailto:tom.mitchell@opg.com) (attention: Bruce Boland, Senior Vice President, Corporate Affairs, [bruce.boland@opg.com](mailto:bruce.boland@opg.com) )
- (3) Hon. Chris Bentley, Minister of Energy, 900 Bay St., 4<sup>th</sup> floor, Hearst Block, Toronto, ON, M7A 2E1 (attention: Michael Reid, Assistant Deputy Minister – Regulatory Affairs and Strategic Policy Division, Ministry of Energy, [michael.reid@ontario.ca](mailto:michael.reid@ontario.ca) )
- (4) Steve Orsini, Chair and Deputy Minister of Finance, Ontario Electricity Financial Corporation, Ministry of Finance, [steve.orsini@ontario.ca](mailto:steve.orsini@ontario.ca)
- (5) Colin Andersen, M.A., CEO, Ontario Power Authority, 120 Adelaide Street West, Suite 1600, Toronto, ON, M5H 1T1, [colin.anderson@powerauthority.on.ca](mailto:colin.anderson@powerauthority.on.ca)
- (6) Dr. Michael Binder, Ph.D., President and CEO, Canadian Nuclear Safety Commission, 280 Slater Street, P.O. Box 1046, Station B, Ottawa, ON, K1P 5S9, [michael.binder@cnsccsn.gc.ca](mailto:michael.binder@cnsccsn.gc.ca)

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