Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416-481-1967
Télécopieur: 416-440-7656
Numéro sans frais: 1-888-632-6273

Ontario

BY E-MAIL

May 9, 2008

Board Secretary
Ontario Energy Board
2300 Yonge Street, Ste. 2701
Toronto ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

Board Staff Questions (2nd batch) to OPG - Technical Conference
Board File # EB-2007-0905 - Payment Amounts for
OPG's Prescribed Facilities

Enclosed are Board staff's questions (2nd batch) for OPG for the May 13-14 Technical Conference.

Yours truly,

Original signed by

Richard Battista
Project Advisor

Encl.

EB-2007-0905
Ontario Power Generation Inc.
Payment Amounts for Prescribed Generating Facilities
2008 and 2009 Revenue Requirement

Technical Conference:

Board staff follow-up questions on OPG responses to interrogatories

Issue 4.1: Production Forecasts for Nuclear and Hydroelectric

1. In its response to Staff IR #24 OPG provides a table that summarizes hydroelectric production for the years 2005-07 and compares actual production with the forecast production referenced in Section 5.(1) of O. Reg. 53/05. Deviations of actual production from forecast production are used to calculate amounts in the Water Conditions Variance Sub-Account.

   a) The forecasted and actual GWh in the table in the answer to the IR does not match the evidence provided in Exhibit J1/T1/S1 Table 3. Which set of numbers is correct?

   b) According to the answer to IR #24, total cumulative hydroelectric production for the period from 2005 to 2007 exceeded forecast production by 301 GWh which should result in a total net credit balance in the variance sub-account. However, in the filed evidence (Exhibit J1/T1/S1 Table 3) OPG shows total cumulative actual production lower than forecast production by 211.5 GWh, resulting in a net debit balance in the sub-account of $6.7 million. Which set of figures is correct?

2. OPG provides another table in the answer to IR #21 showing budget forecasted production and actual production for 2002-2007. The actual production numbers for 2005-2007 do not match the filed evidence and the forecast numbers do not match either the filed evidence or the answer to IR #24.

   a) Which set of numbers is correct?

   b) Are the forecast numbers taken from different forecasts?

3. In response to IR #26, OPG states that the approved Integrated Plan (for nuclear outages) for 2008 was adjusted from the previously approved IP. These adjustments "…reflected an expectation for improved outage performance, reversing the trend from previous years."

   a) What specific actions by OPG have led to this expectation of reversing a long-established trend of under forecasting nuclear outages?

b) Is it realistic to expect this trend to reverse in the span of one year?

4. In response to IR #32, OPG states that it can not verify the percentage deviations from planned outages calculated by Board staff. The percentage deviations were derived from OPG's filed evidence (Exhibit E2/T1/S/1, page 13 of 26, lines 26-30) and reflect the difference between actual outages taken – planned plus forced extension to planned outages – and the planned outages.

   a) What is the effective difference between "planned outages" and "forced extension to planned outages"? Do not both result in lost production?

   b) Does OPG forecast "forced extensions to planned outages (FEPO)"?

   c) Does OPG adjust its forecasts of "planned outages" to reflect its previous experience with FEPO?

Issue 6.1: Treatment of revenues from Segregated Mode of Operation (SMO), water transactions and Congestion Management Settlement Credits

1. **Re: IR #67.** OPG proposes in its application to treat revenues from SMO transactions differently than regular operations, recognizing that SMO transactions result in capacity and energy being unavailable to Ontario consumers.

   a) Notwithstanding OPG's answer to IR #99, what is the practical difference between an SMO transaction and an export transaction over the interties through the IESO? Is exported energy also not available to Ontario consumers?

   b) Implicit in the province's decision to "prescribe" certain OPG assets was the consideration that the benefits of low-cost power from "mature" generation assets should accrue to Ontario ratepayers. Assuming this objective, please advise why OPG did not use 100% of net SMO revenues as an offset to the prescribed asset revenue requirement?

Issue 9.3: Forecast variance account revenues

1. **Re: IR#99.** In its answer to IR#99, OPG states that it "…does not forecast or attribute export sales revenues and energy volumes from the prescribed assets or any other generation facility."

   a) On an annual basis, what are OPG's gross export revenues for the 2005 to 2007 period?

b) OPG has used various methods to apportion to the prescribed assets corporate overhead and administrative costs that are not directly attributable to these assets. Could a similar proportional methodology be used to attribute corporate revenues, such as export revenues, which are also not directly assignable to a specific generation asset?