

**Ontario Energy Board**

**IN THE MATTER OF** the *Ontario Energy Board Act*,  
1998, S.O. 1998, c.15, (Schedule B);

**AND IN THE MATTER OF** an Application by Ontario  
Power Generation Inc. for approval, pursuant to Part 1, Par-  
agraph 5.2 of Ontario Power Generation Inc.'s Generation  
Licence EG-2003-0104, of a Reliability Must-Run Agree-  
ment for the Thunder Bay Generating Station between On-  
tario Power Generation Inc. and the Independent Electricity  
System Operator.

---

**INTERROGATORIES OF  
ENERGY PROBE RESEARCH FOUNDATION  
("ENERGY PROBE")  
To  
ONTARIO POWER GENERATION INC.  
("OPG")**

---

**April 27, 2013**

**ONTARIO POWER GENERATION INC.  
RELIABILITY MUST-RUN AGREEMENT  
THUNDER BAY GENERATING STATION**

**EB-2013-0061**

**Energy Probe Research Foundation  
Interrogatories**

**Issue 3 What are the incentive effects, if any, of the reliability must-run agreement?**

**3-Energy Probe-1**

**Ref: OPG Letter Requesting Approval, dated February 27, 2013, s.4 (b) & Attachment 1, Sch. D, Table 1**

**S.4 (b) of OPG's letter indicates that the monthly fixed payment is designed to compensate OPG for costs "that would be avoided by OPG if the facility is deregistered" and "is based on a forecast of fixed costs". The Notes to Table 1 refer, as regards certain costs, to a "relatively short term".**

- a) Does OPG agree that over a sufficiently long period of time, all costs are avoidable?**
- b) What is (are) the time period(s) used to distinguish each cost or cost category in Table 1 as avoidable rather than unavoidable?**

**3-Energy Probe-2**

**Ref: OPG Letter Requesting Approval, dated February 27, 2013, s.4 (b) & Attachment 1, Sch. D, Table 1**

**In this table, Central Support-BU Allocated is shown as a cost to be compensated by the fixed monthly payment. Footnote 3 in Table 1 identifies this cost as "avoidable".**

- a) Please confirm that this cost item is, as it appears to be, an allocation of overhead support costs to a business unit. Please identify the business unit.**

- b) Having regard to the time period indicated for this cost item in response to Interrogatory 1(b) above, would it in fact be shed within the relevant time period if de-registration occurred, or would it be reassigned to other fixed cost categories or business units within OPG and continue to be incurred?
- c) If this cost item would continue to be incurred by OPG following deregistration (perhaps by reassignment to another fixed cost category or business unit), does OPG maintain that it would be an “avoidable” cost as indicated in Footnote 3 Table 1 for the purposes of s.4 (b) in OPG’s letter?
- d) If this cost item would continue to be incurred by OPG following deregistration (perhaps by reassignment to another fixed cost category or business unit), does OPG maintain that it would not have been avoided for the purposes of s.4 (b) in OPG’s letter?
- e) More generally, if a particular cost is shown in Table 1 as “avoidable” but would not, in fact, be avoided in the relevant time period following deregistration, does OPG maintain that the monthly fixed payment should compensate OPG for such cost or that it should not compensate OPG for such cost?

### **3-Energy Probe-3**

**Ref: OPG Letter Requesting Approval, dated February 27, 2013, s.4 (b) & Attachment 1, Sch. D, Table 1**

**Table 1 includes property taxes of \$1.66 million.**

- a) If deregistration occurs, would OPG sell the property on which the indicated property taxes are paid?
- b) If not, how would OPG avoid the costs of those property taxes following deregistration?