

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 the
INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")**

April 27, 2013

**ONTARIO POWER GENERATION
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 the IESO agree that over a sufficiently long period of time, all costs are avoidable?**
- b) Does the IESO maintain that the time period(s) used to distinguish the costs or cost categories in Table 1 as avoidable rather than unavoidable are each appropriate in light of the test stated in s.4 (b) of OPG's letter?**
- c) If not, please indicate the cost items or cost categories in Table 1 where the IESO disagrees with the time period(s) used in Table 1 to distinguish a cost 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 state whether the IESO views this cost item as an allocation of overhead support costs to a business unit within OPG.**
- b) Having regard to the time period adopted by OPG for this cost item, does the IESO maintain that this cost would in fact be shed within that time period if deregistration occurred?**
- c) If not, does the IESO expect that this cost would be reassigned to other fixed cost categories or business units within OPG and continue to be incurred?**
- 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 the IESO 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?**
- e) 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 the IESO maintain that it would not have been avoided for the purposes of s.4 (b) in OPG’s letter?**
- f) 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 the IESO believe 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, does the IESO believe or expect that OPG would sell the property on which the indicated property taxes are paid?**
- b) If OPG would not sell the property within the time period associated with that cost in Table 1, how, in the IESO's opinion, would OPG avoid the costs of those property taxes following deregistration?**