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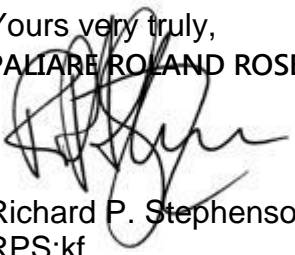
Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

**Re: Ontario Power Generation Inc. 2014-2015 Payment Amounts for  
Prescribed Generating Facilities, EB-2013-0321**

Attached please find the Power Workers' Union's comments on the Draft Issues  
List for the above proceeding.

Yours very truly,  
**PALIARE ROLAND ROSENBERG ROTHSTEIN LLP**

  
Richard P. Stephenson  
RPS:kf

Encl.

cc: John Sprackett  
Kim McKenzie

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**Ontario Power Generation Inc.  
2014-2015 Payment Amounts for  
Prescribed Generating Facilities**

**Power Workers' Union's Comments on OEB  
Proposed Draft Issues List**

The following are the Power Workers' Union's ("PWU") comments on the OEB-proposed Draft Issues List for EB-2013-0321.

**11. METHODOLOGIES FOR SETTING PAYMENT AMOUNTS**

**11.1 Has OPG responded appropriately to Board direction from the previous proceeding regarding benchmarking of generation performance with an intention to establishing incentive regulation?**

The PWU is of the view that this issue as drafted is unclear and therefore requires rewording for the following reasons:

- a) As can be seen from the Board's Decision in EB-2010-0008 (page 156), the Board's direction as related to methodologies for setting payment amounts does not make any reference to benchmarking studies as a step for incentive regulation ("IR"). The Board's actual direction to OPG as related to setting payment amounts and as a "further step in the development of an incentive regulation mechanism" is for OPG to "provide a proposed work plan and status report for an independent productivity study as part of its 2013 and 2014 cost of service application which could be expected in early 2012".

- b) The direction from the Board's Decision in EB-2010-0008 as related to benchmarking has to do with Nuclear benchmarking (pages 45-46). In the PWU's view the proposed issue as drafted implies the Board's direction was for a benchmarking study as a step towards IR of both types of generation –nuclear and hydroelectric. Having said that, the PWU notes that OPG has filed benchmarking studies in the current application in response to the Board's direction from EB-2010-0008 on nuclear benchmarking. OPG has also filed a benchmarking study for hydroelectric generation. The PWU's understanding is that these benchmarking studies will be used for the purpose of assessing OPG's revenue requirement just as was the case in the last proceeding.
- c) While benchmarking studies may be used to inform productivity studies, the two are not exactly one and the same.
- d) The issue of appropriateness of IR for OPG's assets, processes, etc. was considered in more depth in a subsequent consultation and a Board Report that resulted from the consultation. In its *Report on Incentive Rate-making for Ontario Power Generation's Prescribed Generation Assets* (EB-2012-0340), the Board set out its policy direction on a number of issues associated with implementing IR for OPG's prescribed generation assets and identified the next steps in the development of an IR regime. In particular the Board provided an illustrative timeline for the following processes:
- A process for the establishment of multi-year COS application for nuclear facilities; and
  - A process for implementing IR application for regulated hydroelectric facilities.
- e) In the above cited Report, the Board reiterated its direction from EB-2010-0008 as related to methodologies for setting payment amounts, which required OPG to file a proposed work plan and status report for an independent productivity study with its next application. Accordingly, the OPG has filed in the current application a work plan for an *Independent Productivity Study of OPG's Prescribed Hydroelectric Assets* prepared by London Economics International.

In this respect, the appropriate issue as related to methodologies for setting payment amounts should reflect not only the Board's direction from EB-2010-0008 for OPG to provide a work plan for an independent productivity study but also the subsequent consultation on IR and the Board's Report which suggested next steps and processes indicated in item# d above. Issue 11.1, therefore, should be reworded as follows:

11.1 Has OPG responded appropriately to Board direction from the previous proceeding and the Board's Report on Incentive Rate-making for OPG's Prescribed Generation Assets (EB-2012-0340) to provide a proposed work plan and status report for an independent productivity study as a step for incentive regulation of OPG's regulated hydroelectric assets?

On the other hand, if the Board believes that compliance with its direction as related to nuclear benchmarking should be an issue in the current proceeding, then, it could seek to add a separate issue under a section that it deems appropriate. Such issue could read as follows:

Has OPG responded appropriately to Board direction from the previous proceeding regarding benchmarking of nuclear generation performance?

Alternatively, the Board could consider the issue of compliance with its direction as related to benchmarking under the more general Issue 1.1 which is:

**1.1 Has OPG responded appropriately to all relevant Board directions from previous proceedings?**

**All of which is respectfully submitted**