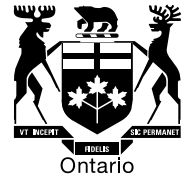


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BY E-MAIL

April 15, 2014

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

Dear Ms. Walli:

**Re: Ontario Power Generation Inc.
Board File No. EB-2013-0321**

In accordance with Procedural Order No. 6, please find attached Board staff's submission on the issue related to the storage of energy with respect to Ontario Power Generation Inc.'s application for 2014-2015 payment amounts.

Yours truly,

Original signed by

Violet Binette
Project Advisor, Applications

Attach

ONTARIO POWER GENERATION INC.
2014-2015 PAYMENT AMOUNTS
PROPOSED ISSUE

EB-2013-0321

Board Staff Submission

April 15, 2014

Ontario Power Generation Inc. (“OPG”) filed an application, dated September 27, 2013, with the Ontario Energy Board under section 78.1 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule B) seeking approval for increases in payment amounts for the output of certain of its generation facilities.

On April 10, 2014, the Board issued Procedural Order No. 6 which made provision for submissions on an issue based on one proposed by Sustainability Journal on December 16, 2013: *Could the storage of energy improve the efficiency of hydroelectric generating stations?*

Sustainability Journal’s correspondence filed December 16, 2013 comments on low demand periods. “For hydro stations that incorporate water storage the potential energy is stored for later use but for run of the river stations the ability to extract much of the water power is permanently lost.” The correspondence notes that using energy storage, e.g. ground heat storage, would increase the capacity of existing generating facilities without increasing capital or operating costs.

Board staff submits that the Board may wish to consider the *Long-Term Energy Plan* issued on December 2, 2013 which states:

- The government intends to initiate work, on a priority basis, to address regulatory barriers that limit the ability of energy storage technologies to compete in Ontario’s electricity market.
- By the end of 2014, the government will include storage technologies in our procurement process, starting with 50 MW and assessing additional engagement on an ongoing basis.

Further, the Board may also wish to consider [communication](#), in the period December 16, 2013 and March 31, 2014, between the Minister of Energy and the Ontario Power Authority (“OPA”) and the Independent Electricity System Operator (“IESO”) regarding procurement of energy storage. Most recently, on March 31, 2014, the OPA was issued a ministerial directive to proceed with OPA-led energy storage procurement.

Given the minister’s direction to the OPA and IESO, Board staff submits that the draft issue is not within the scope of the current OPG proceeding and the 2014-2015 test period.

Should the panel consider otherwise, Board staff submits that improving the efficiency of OPG hydroelectric generating stations and increasing the capacity factor through energy storage could be considered under the issue number 5.1, as approved in Procedural Order No. 3 on February 19, 2014: *Is the proposed regulated hydroelectric production forecast appropriate?*

All of which is respectfully submitted