



May 5, 2014

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

**Re: Ontario Power Generation 2014/2015 Payment Amounts Application
AMPCO Notice of Motion
Board File No. EB-2013-0321**

Dear Ms. Walli:

Attached please find AMPCO's Notice of Motion seeking full and adequate responses to certain interrogatories.

Please do not hesitate to contact me if you have any questions or require further information.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Adam White", with a long horizontal stroke extending to the right.

Adam White
President
Association of Major Power Consumers in Ontario

Copies to: OPG
Intervenors

Association of Major Power Consumers in Ontario

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THE 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. pursuant to section 78.1 of the *Ontario Energy Board Act, 1998* for an order or orders determining payment amounts for the output of certain of its generating facilities.

The Association of Major Power Consumers in Ontario (AMPCO) will make a motion to the Ontario Energy Board ("the Board") at its offices at 2300 Yonge Street, Toronto, on a date and at a time to be fixed by the Board.

PROPOSED METHOD OF HEARING

AMPCO has no preference in the method of hearing this motion.

THE MOTION IS FOR:

1. An order requiring Ontario Power Generation (OPG) to provide full and adequate responses to the following AMPCO interrogatories: AMPCO-005 and AMPCO-023 (d), both of which ask for information from OPG which is outside the test period.¹
2. Such further and other relief as AMPCO may request and the Board may grant.

THE GROUNDS FOR THE MOTION ARE:

1. The Board issued a Notice of Proceeding on an application by OPG pursuant to section 78.1 of the *Ontario Energy Board Act, 1998* for an order or orders to determine the amount OPG charges for the output of its prescribed generating facilities commencing January 1, 2014.

¹ See Appendix A

2. Pursuant to Procedural Order No. 1 issued December 20, 2013, AMPCO was approved by the Board as an intervenor in this proceeding.
3. Pursuant to Procedural Order No. 1 AMPCO put written interrogatories to OPG. AMPCO sought relevant information and documentation that is in addition to the evidence already filed.
6. Rule 27.03 of the Board's Rules of Practice and Procedure indicates "Where a party is not satisfied with the response provided, the party may bring a motion seeking direction from the Board." AMPCO has filed this Motion as AMPCO is not satisfied with the responses provided by OPG because OPG has not provided full and adequate responses to certain interrogatories that in AMPCO's view are relevant to the issues in this proceeding.
7. In interrogatory Exhibit L, Tab 1.2, Schedule 2, AMPCO-005, AMPCO requested that OPG "...discuss OPG's longer term 10 year business plan outlook including emerging issues and proposed spending levels beyond 2016 and include any supporting materials such as memorandums, reports and presentations to OPG's Board of Directors that address the issue." In its response filed March 19, 2014 OPG responded that "Information beyond the 2014 / 2015 test period does not impact rate setting of rates for this application and, therefore, is not relevant. Day 2 of the Technical Conference on April 23, 2014, counsel for AMPCO asked that in light of the fact that OPG's business plan goes farther than the test period, into 2016, and has been discussed pretty widely, if OPG would reconsider its answer to AMPCO-005. OPG responded that it would not.²
8. In interrogatory Exhibit L, Tab 5.1, Schedule 2, AMPCO-023 (d) AMPCO requested that OPG explain the 2016 hydroelectric forecast in its 2014-2016 Business Plan compared to 2015 plan. In its response OPG declined to respond to this request as 2016 is beyond the test period of this application, and as such, is irrelevant to the determination of payment

² See Appendix 2

amounts for the test period.

9. AMPCO seeks an order from the Board requiring that OPG provide information on its longer term 10 year business plan outlook including emerging issues and proposed spending levels beyond 2016 including any supporting materials such as memorandums, reports and presentations to OPG's Board of Directors that address the issue.
10. In addition, AMPCO seeks an order from the Board requiring that OPG provide a full response to AMPCO-023 (d).

AMPCO-005 - Longer Term Outlook is Relevant

11. In 2012 OPG generated a total of 83.7 TWh, representing approximately 60 per cent of the total electricity generated in the Province of Ontario (141 TWh).³
12. OPG's shareholder is the Province of Ontario. OPG is subject to the terms of a Memorandum of Agreement between the Shareholder and OPG, dated August 17, 2005 (the "Memorandum of Agreement"), which sets out the Shareholder's expectations regarding OPG's mandate, governance framework, generation performance and investment, financial framework and communications.⁴
13. In December of 2013, the Province released Ontario's Long-Term Energy Plan (LTEP). The LTEP details the Province's expectations with respect to the growth in electricity demand to 2032 and how programs and improved codes and standards will lessen the need for new supply.⁵ The LTEP specifically made reference to the role of OPG in meeting its long-term energy plan. The LTEP provides details of key elements of the plan specifically related to nuclear and hydro- electric and includes cost and price forecasts to 2032. The LTEP also

³ EB-2013-0321 Exhibit A1, Tab 4, Schedule 1, Page 2

⁴ EB-2013-0321 Exhibit A1, Tab 4, Schedule 1, Page 5

⁵ Ontario's Long-Term Energy Plan, Page 4

indicates that the government will continue to work with its agencies (including OPG) to develop business plans and efficiency targets that will reduce agency costs and result in significant ratepayer savings. Specifically the LTEP states “The government will encourage Ontario Power Generation and Hydro One to explore new business lines and opportunities inside and outside Ontario. These opportunities will help leverage existing areas of expertise and grow revenues for the benefit of Ontarians.”⁶

14. AMPCO submits that a longer term look at OPG’s business planning and production forecasting horizon will provide a context that is missing in the current application and one that is necessary in order for the Board to properly assess OPG’s pacing, prioritization and importance of work programs and level of spending which is, we submit, needed in order for the Board to make a determination on payment amounts for 2014 and 2015.
15. AMPCO submits that given OPG’s core function to supply power to the Province and its importance in the Province’s LTEP, the Board should order OPG to provide the information requested in AMPCO-005.

Longer Term Outlook Supports Board’s Renewed Regulatory Framework

16. The Board filed its report on the Renewed Regulatory Framework (RRF) for Electricity Distributors in October 2012. Although the report applies specifically to electricity distributors at this time, AMPCO submits the concepts are applicable to OPG’s business planning and the Board’s determination of OPG’s Payment Amounts.
17. A key component of the Board’s RRF is multi-year rate setting supported by longer-term optimized planning. Specifically, a Custom IR rate setting method is available to distributors with significantly large multi-year or highly variable investment commitments that exceed historical levels. The Board expects that a distributor that applies under this method will file

⁶ Ontario’s Long-Term Energy Plan, Page 19

robust evidence of its cost and revenue forecasts over a five year horizon, as well as detailed infrastructure investment plans over that same time frame.⁷

18. AMPCO's request for OPG's longer term business plan outlook is in accordance with the meaning and intent of the Board's RRF.
19. In the current application, AMPCO submits many of OPG's key projects are multi-year, multi-phased projects with proposed spending beyond the test years that will result in future payment amount impacts, depending on forecasted production levels and cost trends. AMPCO submits that given the uncertainty regarding future costs and the potential future impact on ratepayers, information on OPG's longer term business plan view and key planning assumptions moving forward would assist the Board in determining if the proposed amounts in this application are reasonable in the context of a bigger picture.

AMPCO-023 (d) - Information in 2016 is Relevant

20. In the current application, OPG has provided key objectives and strategies for its nuclear and hydro-electric operations for the period 2014 to 2016 as part of its updated Business Plan. AMPCO submits its inquiry regarding forecast hydroelectric production in 2016 is relevant on the basis that it was asked to better understand future production trends and the relationship to the forecast for the test period. For the same reasons identified for AMPCO-005, AMPCO submits the Board should order OPG to provide the requested information in AMPCO-023 (d).

⁷ Board Report: Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach, October 18, 2012, Page

**THE FOLLOWING DOCUMENTARY MATERIAL AND EVIDENCE WILL BE RELIED UPON
AT THE HEARING OF THE MOTION:**

1. The Record in EB-2013-0321.
2. Such further and other material as counsel may advise and the Board may permit.

May 5, 2014

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Appendix A

AMPCO Interrogatory #005

Ref: Exhibit A2, Tab 2, Schedule 1, Page 2

Issue Number: 1.2

Issue: Are OPG's economic and business planning assumptions for 2014-2015 appropriate?

Interrogatory

Preamble: OPG indicates its overall generation capacity will decline by 25 per cent between 2015 and 2020 as the remaining coal units retire and the Pickering nuclear plant ceases operations around 2020.

In considering the above, please discuss OPG's longer term 10 year business plan outlook including emerging issues and proposed spending levels beyond 2016 and include any supporting materials such as memorandums, reports and presentations to OPG's Board of Directors that address this issue.

Response

Information beyond the 2014 / 2015 test period does not impact the setting of rates for this application and, therefore, is not relevant.

AMPCO Interrogatory #023

Ref: Exhibit N1, Tab 1, Schedule 1, Impact Statement

Issue Number: 5.1

Issue: Is the proposed regulated hydroelectric production forecast appropriate?

Interrogatory

Preamble: The evidence indicates the updated (increased) previously regulated hydroelectric production forecast for 2014 and 2015 is a result of higher flows forecast for the Niagara and St. Lawrence Rivers.

- a) Page 16 -Please explain the cause of the higher flows in 2014 and 2015 and provide the annual TWh impact associated with each cause.
- b) Please provide the monthly production in 2013 related to the NTP.
- c) Attachment 4, Page 4 – OPG's 2014-2016 Business Plan – Under Key Planning Assumptions, OPG provides a hydroelectric production forecast broken down by previously and newly regulated hydroelectric for forecast 2013 and business plan 2014 to 2016. AMPCO notes the amounts shown on Page 4 of the 2014-2016 Business Plan for 2014 and 2015 for previously regulated hydroelectric differ from the amounts updated in the Impact Statement (Pages 16-17). Similarly, the amounts for newly regulated hydro shown on Page 4 of the 2014-2016 Business Plan for 2014 and 2015 differ from the amounts shown in Table 1 at Exhibit E1, Tab 1, Schedule 1. Please explain these variances.
- d) Attachment 4, Page 4 – OPG's 2014-2016 Business Plan – Under Key Planning Assumptions, OPG provides a hydroelectric production forecast that includes 2016. Please explain the 2016 forecast compared to 2015 plan.

Response

- a) Flow forecasts are based on recent conditions and trends. The flow forecast prepared in 2012 for the 2014 and 2015 energy production plans was undertaken during a period of low water levels and lower lake outflows, whereas the flow forecast undertaken in 2013 followed a wet summer that resulted in lake levels recovering to average and subsequently higher lake outflows. The 2013 flow forecasts for 2014 and 2015 were 5 to 6 per cent higher for the Niagara River than the 2012 forecast and 3 to 4 per cent higher for the St. Lawrence River. The production forecast for Niagara increased by almost 0.9 TWh for 2014 and 0.6 TWh for 2015. The production forecast for Saunders increased by about 0.2 TWh for each of the two years.

b) Estimated monthly production attributable to NTP:

NTP Incremental Production (GWh)	
Mar-13	58.0
Apr-13	38.2
May-13	33.4
Jun-13	37.0
Jul-13	61.2
Aug-13	61.9
Sep-13	34.9
Oct-13	37.5
Nov-13	27.8
Dec-13	74.8

c) For both the previously regulated and newly regulated hydroelectric facilities, plan production totals presented in the Application represent total forecast production with no reduction for forecast surplus baseload generation ("SBG"). The production totals presented in the referenced Business Plan table (Ex. N1-1-1, Attachment 4, page 4) include forecast SBG reductions.

d) OPG declines to respond to this request as 2016 is beyond the test period of this application, and as such, is irrelevant to the determination of payment amounts for the test period.

1 targets when you are doing your application for your
2 payment amounts?

3 MR. MAUTI: I am just confirming you said page 3 of 4,
4 line 26?

5 MR. CROCKER: I thought that -- yes, I thought that
6 was what I was reading from, (h). That just gave me the --
7 just to give you the context of the question. The question
8 may stand alone from that a bit.

9 MR. MAUTI: Sorry. I had the wrong reference. Can
10 you repeat your question again, please?

11 MR. CROCKER: That is always a challenge, but all
12 right. My question was --

13 MR. SMITH: Reference is unnecessary.

14 MR. CROCKER: -- does OPG set customer rate impact
15 targets when developing your application for these payment
16 amounts? The only references there was to describe what
17 you did say your targets were.

18 MR. BARRETT: No, we do not.

19 MR. CROCKER: I am now at AMPCO Interrogatory 5. And
20 we asked for OPG, in the second paragraph of the preamble,
21 to discuss longer-term 10-year business-plan outlook.

22 And the response was no, that you weren't going to
23 provide anything beyond 2014 test period.

24 I wonder, in light of the fact that your business plan
25 goes farther than the test period, into 2016 -- has been
26 discussed pretty widely even at this stage of things --
27 whether you would like to reconsider that answer.

28 MR. SMITH: We would not.