

Board Staff Interrogatory #176

Ref: Exh G1-1-1 Table 1

Issue Number: 7.1

Issue: Are the proposed test period revenues from ancillary services, segregated mode of operation and water transactions appropriate?

Interrogatory

OPG's evidence discusses the various types of ancillary services provided by OPG and the contract provisions with the IESO.

- a) What are the pricing provisions in the black start, reactive support/voltage control service, and regulation service contracts with the IESO?
- b) Are contract prices fixed over the test period or are there provisions for escalation based on an index or a market-determined price, i.e., HOEP?
- c) Operating reserve (OR) is a market-based sale with prices determined by the IESO. OPG assumes that revenues in the test period will be an inflationary increase of the 2012 actual revenues.
 - i. Are OPG's revenue estimates for OR based on no increase in OR services provided and strictly an inflationary price increase?
 - ii. What evidence does OPG have that historical changes in OR prices are correlated with OPG's BP inflation measures?
- d) Please provide a table with the estimated test period revenues by service provided instead of an aggregate for all services.

Response

- a) Under the Black Start contract, OPG receives an availability payment and can recover additional compensation if activated during a Black Start event.

Under the Reactive Support/Voltage Control Service ("RSVC") contract, OPG receives an availability payment, variable use-of-service payment and a unit start-up payment. Energy losses during provision of the service are priced at HOEP.

Under the Regulation Service contract, OPG receives a fixed availability payment with additional variable payments based on the amount of usage. The fixed and variable payments change depending on what resource or resources are providing Regulation Service and the amount of Regulation Service requested by the IESO.

Estimated Test Period Revenues by Ancillary Service		
Service	2014 \$M	2015 \$M
Black Start	0.5	0.5
Operating Reserve	11.4	11.7
RSVC	15.3	15.6
AGC	27.7	28.2
Total	54.9	56.0