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April 28, 2015

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

Dear Ms. Walli:

**Re: Ottawa River Power Corporation
Application for an Exemption from Section 2.2.2 of the Standard
Supply Service Code and Section 3.2 of the Retail Settlement Code
EB-2015-0034**

In accordance with the Notice of Application and Written Hearing, please find enclosed OEB staff submission with respect to the above mentioned application.

Yours truly,

Original signed by

Irina Kuznetsova
Case Manager

Attachment

OEB STAFF SUBMISSION

**Application for Licence Amendment for
Exemption from Section 2.2.2 of the Standard
Supply Service Code and Section 3.2 of the
Retail Settlement Code**

Ottawa River Power Corporation

EB-2015-0034

April 28, 2015

INTRODUCTION

Ottawa River Power Corporation (Ottawa River) filed an application on February 11, 2015 with the Ontario Energy Board (the OEB) under section 74 of the *Ontario Energy Board Act, 1998* (the Act) for an order of the OEB granting Ottawa River an amendment to its electricity distribution licence ED-2003-0033. The amendment is for an extension of Ottawa River's exemption from the requirements of section 3.2 of the Retail Settlement Code (RSC) and section 2.2.2 of the Standard Supply Service Code (SSS). The exemption was originally granted by the OEB in proceeding EB-2008-0289.

THE APPLICATION

Ottawa River proposes to continue an arrangement whereby Ottawa River purchases approximately 30 percent of its power requirements from the Waltham Generating Station. This generating station is owned by Brookfield Energy Marketing Inc. (Brookfield Energy) and is located in the Province of Quebec, about 15 miles from Ottawa River's service area. The energy supply contract entered into between Brookfield Energy and Ottawa River took effect in 2009 and is set to end on November 15, 2015. Section 5 (b) of the contract contemplates that the parties have the right to extend the contract for a further period of five years. Ottawa River and Brookfield Energy agreed to extend the term of the contract to November 30, 2020. Their agreement to extend the contract is, however, conditional on OEB approval of the extension of Ottawa River's exemption from the requirements of section 3.2 of the RSC and section 2.2.2 of the SSS.

The OEB issued a Notice of Application and Hearing on March 4, 2015. OEB staff filed interrogatories on March 31, 2015. Ottawa River responded to these interrogatories on April 14, 2015.

This submission is being provided by OEB staff following a review of the application and evidence filed in this proceeding.

STAFF SUBMISSION

The OEB's Decision and Order in proceeding EB-2008-0289 was issued on July 22, 2009. Therein, the OEB granted Ottawa River an exemption from the requirements of

section 3.2 of the RSC and section 2.2.2 of the SSS. The Decision and Order also stated that, at the time of filing the next application to continue the arrangement with Brookfield Energy to supply power, Ottawa River would be expected to file evidence demonstrating the continuation and level of benefits to its customers.

Ottawa River's responses to OEB staff interrogatories demonstrated that over the initial five year period of the energy supply contract, Ottawa River's customers benefited from decreased transmission rates as well as rate rider credits due to the avoided wholesale, transmission network and transmission connection charges. Although savings in the period from 2009 to 2014 were slightly lower than the level identified in EB-2008-0289 proceeding (due to an additional charge for wholesale market savings that had not been part of original agreement and have been charged by Brookfield Energy since August 2009), Ottawa River has accumulated \$1.5M in actual cost savings from avoided charges that have been already partially passed to Ottawa River's customers.

OEB staff is of the view that over the past five years, Ottawa River's customers continued to benefit from Ottawa River's contractual agreement with Brookfield Energy. Considering that the contract will be amended only to extend to 2020, with no other material changes, it is likely that Ottawa River's customers will continue to benefit through the sharing of avoided transmission and market costs with the Waltham Generating Station.

OEB staff does not oppose an extension of exemption from the requirements of section 3.2 of the RSC and section 2.2.2 of the SSS sought by Ottawa River. OEB staff submits that the exemption should be effective only for the duration of the contractual agreement between Ottawa River and Brookfield Energy and be terminated if the contract is discontinued or amended.

All of which is respectfully submitted.