

September 13, 2016

**RESS, EMAIL & COURIER**

Ontario Energy Board  
2300 Yonge Street  
27th Floor  
Toronto, ON M4P 1E4

**Attention: Kirsten Walli, Board Secretary**

Dear Ms. Walli:

**Re: EB-2016-0152 – OPG 2017-2021 Payment Amounts  
GEC Request for Information at Technical Conference**

We are legal counsel for Ontario Power Generation Inc. ("OPG"). This letter is in response to the September 7, 2016 letter filed by Green Energy Coalition ("GEC") which asks that OPG present at the untranscribed technical conference, scheduled for September 23, 2016, the cost and rate consequences arising from certain scenarios proposed by GEC. In OPG's respectful submission, GEC's letter misconceives Procedural Order No. 1 and the purpose of the conference. It is also inconsistent with the existing regulatory framework.

The Procedural Order provides that "OPG shall make a presentation on the DRP contracts, schedule and cost in the 2017-2021 period as well as for the full DRP, and the mechanics of the rate smoothing deferral account." The order also provides that the purpose of the conference is to provide an opportunity for all parties to have a sufficiently robust understanding of these two matters. The implication is that the purpose of the conference is to permit parties to understand OPG's application as it relates to the DRP and rate smoothing, as filed. It is not for OPG to respond to a variety of proposals which are not addressed or contemplated by the application. If questions of this type are appropriate, they can, and should be, asked as part of the interrogatory and transcribed technical conference aspects of the proceeding.

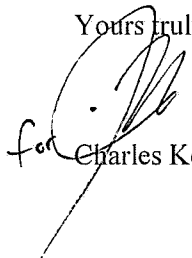
Scenarios 1 and 2 proposed in GEC's letter ask OPG to model and provide analysis of project cancellation or curtailment at various stages of the DRP. This is a different scenario than refurbishment as set out in OPG's application. The scenario proposed by GEC is a scenario which is inconsistent with Regulation 53/05, the LTEP and the Minister's endorsement. No change to system planning by the Province has occurred nor is it contemplated. In any event, if such a circumstance arose, the cost implications would depend on when a direction to abandon the project occurred and the circumstances surrounding it. Given the size and complexity of the DRP and the fact that no such action is contemplated by the Province at this juncture, the consideration of any cost implications would be entirely speculative and provide no insight into OPG's application.

In OPG's view, scenarios 1 and 2 proposed in GEC's letter are out of scope and OPG should not be required to provide the analysis requested by GEC. OPG does not intend to respond to these requests unless otherwise advised to do so by the Board.

With respect to GEC's proposed scenario 3, OPG does not believe responding to the question would provide a realistic or useful response to the Board. It is highly unlikely that the cost escalations as proposed by GEC would be reflected in the in-service cost of the project. Given the current oversight by both the Ministry and OPG's Board of Directors and the proposed reporting to the OEB relating to the execution of the DRP, together with the importance of the DRP in respect of base load electricity supply, trends reflecting cost escalations or delays of the nature suggested by GEC would bring regulatory and public policy actions that would likely result in a very different approach. In any event, it would be a very different scenario than proposed by GEC. Simply doing the mathematics to apply extreme scenarios to existing contract mechanisms does not provide a realistic scenario. If the Board requires OPG to elaborate further in respect to the foregoing position, it would be pleased to do so at the untranscribed technical conference. OPG will, as part of its presentation, discuss the implications under its various contracts of cost escalations and the incentives and disincentives under those contracts.

With respect to scenario 4 proposed by GEC, OPG notes that it is unrelated to the DRP or the mechanics of rate smoothing. Given the limited time available at the untranscribed technical conference, it is OPG's preference that it have the opportunity to focus on the DRP and the rate smoothing mechanics and deal with inquiries relating to Pickering extended operations by way of interrogatories.

Yours truly,

  
for Charles Keizer

CK

cc: Barb Reuber  
Carlton Mathias  
Violet Binnet  
Intervenors