



EB-2018-0243

Ontario Power Generation Inc.

**Application for 2019 Hydroelectric Payment Amount
Adjustment and Recovery of Deferral and Variance
Account Balances effective January 1, 2019**

PROCEDURAL ORDER NO. 2

November 15, 2018

Ontario Power Generation Inc. (OPG) filed an application with the Ontario Energy Board (OEB) on August 9, 2018 under section 78.1 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B) seeking approval for an order or orders related to deferral and variance accounts, including disposition of account balances related to its nuclear generating facilities and most of its hydroelectric generating facilities as at December 31, 2017. OPG has also applied to increase the amount it charges for the output of most of its hydroelectric generating facilities effective January 1, 2019 using an OEB-approved formula that is tied to inflation and other factors intended to promote efficiency.

The OEB issued Procedural Order No. 1 on October 16, 2018, which set out a schedule for various steps in this proceeding.

On November 9, 2018, OPG filed a letter requesting the OEB bifurcate the two requests in this proceeding into separate and parallel phases. OPG states that this would facilitate the issuance of an order regarding the amount OPG charges for the output of its hydroelectric generating facilities prior to the requested January 1, 2019 effective date, which would eliminate the need to establish interim rates and any forgone revenue rate riders.

OPG's letter states that the 2019 hydroelectric payment amount adjustment is formulaic in nature, and no interrogatories were filed relating to this aspect of the application. The

letter recognizes that the schedule set out in Procedural Order No. 1 is reasonable for the application's requests concerning the deferral and variance accounts.

The OEB finds the requested bifurcation to be reasonable, and will therefore approve this request.

As approved by the OEB in its Decision and Order in EB-2016-0152, payment amounts for OPG's prescribed hydroelectric assets are adjusted annually as part of a price cap plan for the period 2017 to 2021. The price cap adjustment calculates the next year's payment amounts as the current approved amounts multiplied by (1 + inflation less expected productivity).

In its original application, OPG estimated a 2019 IPI of 1.5%¹ to estimate the proposed 2019 hydroelectric payment amounts and corresponding customer bill impacts, noting that the OEB was expected to issue the 2019 IPI later in the fall.² OPG also stated:

If the OEB's published index values include different annual percentage changes in either of the GDP-IPI FDD or the Ontario AWE, OPG will update this Application and the proposed 2019 HPA accordingly.³

At this time, provision will be made for written submissions relating to the amount OPG charges for the output of its hydroelectric generating facilities.

IT IS THEREFORE ORDERED THAT:

1. OEB staff shall file with the OEB and serve on all other parties its calculation of the input price index based on the parameters established in the EB-2016-0152 decision by **November 26, 2018**. Other parties may comment on this calculation as part of their submissions to the OEB.
2. Any written submission by OEB staff and intervenors pertaining to the amount OPG charges for the output of its hydroelectric generating facilities effective January 1, 2019, shall be filed with the OEB and served on all other parties by **December 4, 2018**.

¹ Exhibit I1/Tab 1/Schedule 1/p. 3/Chart 1

² *Ibid.*, pp. 2-3

³ *Ibid.*, p. 3

3. OPG may file a written reply submission with the OEB, and deliver it to OEB staff and intervenors by **December 11, 2018**.
4. All dates set out in Procedural Order No. 1 will remain the same, and will be apportioned to OPG's requests concerning the deferral and variance accounts.

All filings to the OEB must quote the file number, **EB-2018-0243** and be made electronically in searchable/unrestricted PDF format through the OEB's web portal at <https://pes.ontarioenergyboard.ca/eservice/>. Two paper copies must also be filed at the OEB's address provided below. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <https://www.oeb.ca/industry/tools-resources-and-links/e-filing-services>. If the web portal is not available, electronic copies of filings may be filed by email at registrar@oeb.ca. Those who do not have internet access are required to submit all filings on a USB stick in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Registrar at the address below, and be received no later than 4:45 p.m. on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Georgette Vlahos at Georgette.Vlahos@oeb.ca and OEB Counsel, Michael Millar at Michael.Millar@oeb.ca.

ADDRESS

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DATED at Toronto, **November 15, 2018**

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary