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BY EMAIL

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Margaret Koontz
Manager, Market Affairs
Portlands Energy Centre L.P. (c.o.b. Atura Power)
202 – 2800 High Point Drive
Milton, ON L9T 6P4

Dear Ms. Koontz:

Re: Must-Offer Condition Agreement (EB-2019-0258)

On April 9, 2020, the Ontario Energy Board (OEB) issued a Decision and Order (EB-2019-0258 / EB-2020-0110) amending the generation licence of Portlands Energy Centre Inc. on behalf of Portlands Energy Centre L.P. (PEC LP), which carries on business as Atura Power. One of the new conditions in the amended licence was a “Must-Offer Condition” requiring PEC LP at all times to offer all available generating capacity into the markets administered by the Independent Electricity System Operator (IESO) for Operating Reserve, the Day Ahead Commitment Process and for real-time Energy. The amended licence required PEC LP to enter into an agreement with the IESO in respect of the Must-Offer Condition, which was to include an IESO monitoring program, and to submit the agreement to the OEB for approval.

On July 29, 2020, PEC LP submitted to the OEB a Must-Offer Condition Agreement (the Agreement) signed by PEC LP and the IESO, which would take effect on the day it is approved by the OEB.

The OEB has reviewed the Agreement and is satisfied that it is consistent with the purposes underlying the Must-Offer Condition.

The Must-Offer Condition was one of the new conditions added to PEC LP's licence following the acquisition by PEC LP of the Halton Hills Generating Station and the Napanee Generating Station, and all of the Portlands Energy Centre, in which it previously held a 50% interest. These conditions were meant "to ensure confidence in the market and to protect consumers", and "to address concerns about the potential abuse of market power that may arise from the completion of the transaction." The Must-Offer Condition in particular was intended to ensure that PEC LP's generation assets fully participate in the IESO-administered markets.

The Agreement sets out a process for *ex post* monitoring by the IESO to ensure PEC LP complies with the Must-Offer Condition. In the event the IESO discovers that PEC LP or its corporate parent, Ontario Power Generation Inc. (OPG), benefitted as a result of physical or economic withholding of generation resources from the market, the amount of the benefit may be recovered by the IESO. (The April 9, 2020 Decision and Order also amended the generation licence held by OPG, and imposed a similar Must-Offer Condition.)

The Agreement is hereby approved. This approval is made by delegated authority pursuant to section 6 of the *Ontario Energy Board Act, 1998* (OEB Act). PEC LP's licence specifies that any material changes to the Agreement must be filed with the OEB for approval.

Acceptance of the Agreement does not in any way prevent the OEB from using any of the regulatory tools available to it, should the need arise. As noted in the April 9, 2020 Decision and Order, these tools include the authority to make further licence amendments under section 74 of the OEB Act. As indicated in the April 9, 2020 Decision and Order, the OEB expects that the Market Surveillance Panel (MSP) will monitor and report on the impact of the transaction. The OEB's approval of the Agreement should not be taken as limiting or restricting the scope of that activity.

PEC LP's Confidentiality Request

PEC LP requested confidential treatment for parts of the Agreement, citing the need to protect commercially and operationally sensitive information that, if publicly disclosed, could give other Market Participants an unfair advantage over PEC LP in the electricity market. In response to a letter from the OEB seeking clarification of its confidentiality request, PEC LP narrowed the scope of its request to the information in Tables 4.4.1.1 and 4.4.1.2 of the Agreement, which identify certain parameters that are considered in creating the offers for PEC LP's generation facilities and which, PEC LP explained, could provide other Market Participants with insights into its offer strategy.

The OEB is satisfied that disclosing the information in Tables 4.4.1.1 and 4.4.1.2 to other Market Participants (including OPG) could cause economic harm to PEC LP by revealing aspects of its offer strategy. The information will therefore be redacted from the public version of the Agreement. This decision should in no way be considered as affecting the MSP's access to the Agreement in its entirety, and the OEB expects that PEC LP will provide the unredacted version of the Agreement to the MSP upon its request.

Yours truly,

Original Signed By

Brian Hewson
Vice President, Consumer Protection & Industry Performance

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