



Ontario
Energy
Board | Commission
de l'énergie
de l'Ontario

BY EMAIL

November 10, 2020

Herman Mo
Ontario Power Generation Inc.
700 University Avenue
Toronto ON M5G 1X6
herman.mo@opg.com
opgregaffairs@opg.com

Dear Mr. Mo:

**Re: Ontario Power Generation Inc.
2021 Hydroelectric Payment Amount Application
Ontario Energy Board File Number: EB-2020-0210**

In accordance with the Ontario Energy Board's letter dated November 9, 2020, please find attached OEB staff's questions in the above noted proceeding.

Ontario Power Generation Inc.'s responses to the questions are due by November 17, 2020.

Yours truly,

Original Signed By

Lawrie Gluck
Project Advisor, Generation & Transmission

Encl.



OEB Staff Questions

2021 Hydroelectric Payment Amount Application

Ontario Power Generation Inc.

EB-2020-0210

November 10, 2020

OEB Staff Question #1

Ref: Inflation Factor

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

OEB Letter, 2021 Inflation Parameters, November 9, 2020

Preamble:

In its application, OPG noted that as the OEB is not expected to publish the Statistics Canada values to be used for setting 2021 rates until the fall of 2020, OPG has estimated the 2021 hydroelectric payment amount using the 2018 and 2019 values for the indices published by Statistics Canada, and the OEB-approved weighting of the indices, resulting in an estimated inflation factor of 2.0%. OPG’s estimated inflation factor is set out in the table below.

Year	Inputs and Assumptions										Composite Index	
	Non-Labour GDP-IPI (FDD) - National							Labour AWE - All Employees - Ontario				Annual % Change
	Q1	Q2	Q3	Q4	Annual	Annual % Change	Weight	Annual	Annual % Change	Weight		
2018	109.4	109.9	110.6	111.0	110.2			1,021.4				
2019	111.4	112.2	112.6	113.3	112.4	1.9%	88%	1,049.5	2.7%	12%	2.0%	

OPG stated that if the OEB’s published index values include different annual percentage changes relative to those shown in the above table, OPG will update its application and the proposed 2021 hydroelectric payment amounts accordingly.

On November 9, 2020, the OEB published the Statistics Canada values to be used for setting 2021 rates and set out certain options with respect to the inflationary adjustment.

Questions:

- a) In response to the inflationary adjustment options set out in the OEB’s letter, dated November 9, 2020, please confirm that OPG is seeking to establish its 2021 hydroelectric payment amount on the basis of its OEB-approved price cap methodology. If not, please file an updated application reflecting OPG’s proposed alternative approach.
- b) If OPG is seeking to establish its 2021 hydroelectric payment amount on the basis of its OEB-approved price cap methodology, please confirm that there are no changes required to OPG’s estimated inflation factor of 2.0% resulting from the index values published by the OEB on November 9, 2020.

OEB Staff Question #2

**Ref: Bill Impacts
Exhibit I1 / Tab 1 / Schedule 2**

Preamble:

OPG estimated that the incremental impact of the proposed 2021 hydroelectric payment amount on a typical residential customer's monthly bill to be \$0.01 (or 0.01%). This increase is attributable to the difference between the higher price-cap index value of 1.7% used in the current application for the 2021 hydroelectric payment amount and the 1.5% value estimated in OPG's 2020 Hydroelectric Payment Amount proceeding (EB-2019-0209).

Please respond to the following questions based on the final proposed 2021 hydroelectric payment amount.

Questions:

- a) Please confirm that the bill impact cited in the application (currently estimated to be \$0.01) reflects only the incremental change relative to the 2021 bill impacts that were estimated in OPG's 2020 Hydroelectric Payment Amount proceeding (EB-2019-0209). Please confirm that this is the manner in which OPG has presented its bill impacts in previous proceedings.
- b) Please provide the year-over-year bill impact (2021 vs. 2020) isolating only the change to the base hydroelectric payment amount (i.e. maintaining the nuclear payment amount and riders at the 2020 level).
- c) Please provide the year-over-year bill impact (2021 vs. 2020) inclusive of all changes to the weighted average total payment amount (i.e. base hydroelectric and nuclear payment amounts and all riders).