

UNDERTAKING J15.9

Undertaking

To provide calculation showing prospective recovery of retrospective amount of nuclear and hydroelectric.

Response

The following table (Table 1) sets out the calculation of payment amounts that would allow prospective recovery of the retrospective amounts associated with both the regulated hydroelectric and nuclear payment amounts.

As requested by Mr. Rupert, Table 1 shows calculations using a variable payment for regulated hydroelectric. Nuclear has been split on the same proportion as requested in OPG's Application, recovering 75 percent of the retrospective amount through a variable adder, and 25 percent through a fixed adder.

Assuming that the OEB's order is effective on October 1, 2008, the new regulated hydroelectric payment amount for the period October 1, 2008 until December 31, 2009 would be \$39.72 / MWh.

Again, assuming that the OEB's order is effective on October 1, 2008, the new nuclear payment amounts for the period October 1, 2008 until December 31, 2009 would be \$43.67 / MWh, with a monthly fixed charge of \$61.22M. The requested rate rider of \$1.45 / MWh would remain unchanged.

The amounts indicated above would effectively recover the retrospective amounts accumulated between April 1, 2008 and October 1, 2008. Table 1 also shows the impact of a Board Order being effective on November 1, 2008 for both technologies.

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Table 1

Assumptions:

Scenario 1 - Board's order is effective on October 1, 2008

Scenario 2 - Board's order is effective on November 1, 2008

Numbers may not add due to rounding.

	Scenario 1	Scenario 2	units
Inputs:	6/15 split	7/14 split	
Total number of months to recover (elapsed time)	6	7	months
Existing Hydro payment amount	\$33.00	\$33.00	/MWh
Existing Nuclear payment amount	\$49.50	\$49.50	/MWh
New Hydro payment amount	\$37.90	\$37.90	/MWh
New Nuclear fixed payment amount	\$58.20	\$58.20	M/month
New Nuclear variable payment amount	\$41.50	\$41.50	/MWh
New Nuclear rate rider	\$1.45	\$1.45	/MWh
Total Hydro Production during elapsed time	8.5	9.9	TWh
Total Nuclear Production during elapsed time	25.6	29.7	TWh
Remainder of Hydro production for test period	23.0	21.6	TWh
Remainder of Nuclear production for test period	62.6	58.5	TWh
Outputs:			
Number of months over which to recover	15	14	months
If new rates had been effective from April 1, 2008:			
Payments during elapsed time - Hydro	\$322.45	\$375.17	M
Payments during elapsed time - Nuclear	\$1,449.98	\$1,685.03	M
Existing payments under interim rates:			
Hydro	\$280.76	\$326.67	M
Nuclear	\$1,268.65	\$1,472.47	M
Difference to be recovered:			
Hydro	\$41.69	\$48.50	M
Nuclear	\$181.33	\$212.56	M
Necessary increase in rates to recover difference:			
Hydro	\$1.82	\$2.25	/MWh
Nuclear Fixed	\$3.02	\$3.80	M/month
Nuclear Variable	\$2.17	\$2.73	/MWh
Payment Amounts necessary to recover retrospective amounts:			
Hydro	\$39.72	\$40.15	/MWh
Nuclear Fixed	\$61.22	\$62.00	M/month
Nuclear Variable	\$43.67	\$44.23	/MWh
Nuclear rate rider	\$1.45	\$1.45	/MWh

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