Environmental Defence Interrogatory #13

Interrogatory

Reference:
Reference: Exhibit F2, Tab 1, Schedule 1, Page 24-25

Preamble:

> "In EB-2016-0152, OPG presented the Pickering Extended Operations initiative aimed at operating Pickering Units 1 and 4 to 2022 and Pickering Units 5-8 to 2024 (EB-2016-0152, Ex. F2-2-3). OPG expects this initiative will be completed by 2021 at a total cost of $307M, consistent with the forecast presented in EB-2016-0152.
>
> This application reflects OPG's plans to safely optimize the shutdown 1 of Pickering by operating all six units until September 2024, five of the six units through 2024 and the remaining four units until December 2025, as per the 2020-2026 Business Plan ("Optimization"). OPG will require CNSC approval to operate the remaining four units past 2024 until December 2025."

Questions:

(a) Please explain the prudence and reasonableness of extending the life of Pickering as outlined above. Please specifically address the impact on electricity prices in comparison to the originally-planned closure date. Please include all calculations and assumptions.
(b) Please provide all internal OPG analysis showing the prudence and reasonableness of extending the life of Pickering, including any reports to the OPG Board of Directors on the subject and internal cost-benefit analyses.
(c) Will the power produced by Pickering in its extended life be less expensive than alternatives? Please explain OPG's answer with detailed calculations and sources.
(d) If OPG cannot establish that the price of power from Pickering will be less expensive than alternatives, does it take the position that is should still be able to recoup the full cost of operating Pickering? If yes, why?

Response

a) OPG provides the attached Business Case Summary (Attachment 1) that supports the incremental work and related costs to enable the planned Pickering Optimized Shutdown requested in this application.

It was on the basis of this Business Case Summary that OPG management determined to recommend, and the OPG Board of Directors approved, extending Pickering's operation as a reasonable and prudent course of action. The information on which this determination was based is contained in Attachment 1. As explained in Ex. F2-1-1, p. 25, the Province of Ontario has endorsed OPG's decision to extend Pickering's operation and the IESO's 2020 Annual Planning Outlook reflects OPG's proposed shutdown dates.

b) OPG declines to produce the requested information on the basis of relevance. Part a) to this response presents the information on which OPG's Board of Directors approved the extended shutdown dates for Pickering. Documents memorializing the communications between OPG's Management and its Board of Directors or within the Board of Directors itself are not relevant to the determination of any issue before the OEB in this application. As the OEB said in EB-2010-0008 when rejecting a similar request for Board of Directors material:

> The Board has decided not to order production of the materials sought in the CME and CCC motions. In the Board's view, these materials are not relevant to the determination of the issues before the Board in this proceeding. The Board will make its decision on the application and supporting materials filed by the applicant and the evidence of intervenors, all of which is subject to cross-examination. (EB-2010-0008, Tr. Vol. 1, p. 113).

c) OPG declines to respond this question on the basis of relevance. As the OEB has determined in the past four OPG payment amount applications, generation planning is not within the scope of OPG's payment amounts proceedings. As the OEB concluded in deciding OPG's last payment amounts application: "Consistent with previous proceedings and the OEB's findings on the Environmental Defence motion, the OEB finds that generation planning, including the economics related to generation planning, is not within the scope of this payment amounts proceeding." (EB-2016-0152, Decision with Reasons, December 28, 2017, p. 63 (footnotes omitted)).

d) See response to part c).