



Ontario  
Energy  
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de l'énergie  
de l'Ontario

BY EMAIL

May 13, 2021

Christine E. Long  
Registrar  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto ON M4P 1E4  
[registrar@oeb.ca](mailto:registrar@oeb.ca)

Dear Ms. Long:

**Re: Ontario Power Generation Inc. (OPG)  
2022-2026 Payment Amounts  
Partial Agreement on Issues List  
Ontario Energy Board (OEB) File Number: EB-2020-0290**

In accordance with Procedural Order No. 1, OEB staff advises the OEB that parties have come to a partial agreement regarding an issues list for OPG's 2022-2026 payment amounts proceeding. Attached at Schedule A to this letter is the list of issues that have been agreed to by all parties.

The issues for which no agreement was reached are as follows.

- 1) Hydroelectric Payment Amounts (New Heading and Sub-issues)
  - a. Should the current hydroelectric payment amounts be adjusted prior to December 31, 2021?
  - b. Is the operation by OPG of the regulated hydroelectric facilities consistent with optimal use of the assets, minimization of Surplus Baseload Generation, and maximization of value for customers? Are any

adjustments to the Hydroelectric Incentive Mechanism required to incent greater optimization of hydroelectric assets?

2) Other Revenue (no change to issue list language but a determination on whether the following is in scope in the current proceeding is required)

a. What is the appropriate ratemaking treatment of gains on sale of assets for which a portion of the costs are recovered through asset service fees?

3) Deferral and Variance Accounts (New Sub-issue)

a. Is the capital plan for the hydroelectric facilities, including capital that will be recorded in the CRVA, appropriate?

In addition, there has been no agreement amongst parties as to whether Small Modular Reactor (SMR)-related costs are an issue that is in scope for the current proceeding. OEB staff, some intervenor groups and OPG have varying positions on this matter. These parties intend to seek an OEB determination on whether SMR-related matters are in scope for the current proceeding (or whether language describing the financial risks that are applicable to OPG related to SMR costs should be included in the Decision on Issues List) at the Issues Hearing.

As established in Procedural Order No. 1, parties that intend to participate in the Issues Hearing will notify the OEB by letter on May 14, 2021.

Any questions relating to this letter should be directed to Lawrie Gluck at [Lawrie.Gluck@oeb.ca](mailto:Lawrie.Gluck@oeb.ca), copying OEB Counsel, Michael Millar at [Michael.Millar@oeb.ca](mailto:Michael.Millar@oeb.ca) and Ian Richler at [Ian.Richler@oeb.ca](mailto:Ian.Richler@oeb.ca).

Yours truly,



Lawrie Gluck  
Project Advisor, Generation & Transmission

c: All parties to EB-2020-0290

**Schedule A**

**Ontario Power Generation Inc.**

**2022-2026 Payment Amounts**

**Partial Agreement on Issues List**

**EB-2020-0290**

**May 13, 2021**

**ONTARIO POWER GENERATION INC.  
2022-2026 PAYMENT AMOUNTS  
EB-2020-0290  
PARTIALLY SETTLED ISSUES LIST**

**1. GENERAL**

- 1.1 Has OPG responded appropriately to all relevant OEB directions from previous proceedings?
- 1.2 How could OPG further improve its customer engagement process?

**2. RATE FRAMEWORK**

- 2.1 Is OPG's approach to incentive rate-setting for establishing the nuclear payment amounts appropriate?

**3. NUCLEAR BENCHMARKING**

- 3.1 Is the nuclear benchmarking methodology reasonable? Are the benchmarking results and targets flowing from OPG's nuclear benchmarking reasonable?

**4. IMPACT OF COVID-19 PANDEMIC**

- 4.1 Is OPG's proposed ratemaking treatment of the COVID-19 pandemic-related impacts appropriate?

**5. RATE BASE**

- 5.1 Are the amounts proposed for nuclear rate base appropriate?

**6. CAPITAL STRUCTURE AND COST OF CAPITAL**

- 6.1 Are OPG's proposed capital structure and rate of return on equity appropriate?
- 6.2 Are OPG's proposed costs for the long-term and short-term debt components of its capital structure appropriate?

**7. CAPITAL PROJECTS**

- 7.1 Do the costs associated with the nuclear projects that are subject to section 6(2)4 of O. Reg. 53/05 and proposed for recovery meet the requirements of that section?

- 7.2 Are the proposed nuclear capital expenditures and/or financial commitments (excluding those for the Darlington Refurbishment Program) reasonable?
- 7.3 Are the proposed nuclear capital expenditures and/or financial commitments for the Darlington Refurbishment Program reasonable?
- 7.4 Are the proposed test period in-service additions for nuclear projects (excluding those for the Darlington Refurbishment Program) appropriate?
- 7.5 Are the proposed test period in-service additions for the Darlington Refurbishment Program appropriate?
- 7.6 Are the proposed test period in-service additions for the D2O Project reasonable?

## **8. PRODUCTION FORECASTS**

- 8.1 Is the proposed nuclear production forecast appropriate?

## **9. COMPENSATION**

- 9.1 Are the test period human resource related costs for the nuclear facilities (including wages, salaries, payments under contractual work arrangements, benefits, incentive payments, overtime, FTEs and pension and other post-employment benefit costs) appropriate?

## **10. OPERATING COSTS**

- 10.1 Is the test period Operations, Maintenance and Administration budget for the nuclear facilities appropriate?
- 10.2 Is the forecast of nuclear fuel costs appropriate?

### **Corporate Costs**

- 10.3 Are the corporate costs allocated to the nuclear business appropriate?
- 10.4 Are the centrally held costs allocated to the nuclear business appropriate?
- 10.5 Are the asset service fee amounts charged to the nuclear business appropriate?

### **Depreciation**

- 10.6 Is the proposed test period nuclear depreciation expense appropriate?

## **Income and Property Taxes**

- 10.7 Are the amounts proposed to be included in the test period nuclear revenue requirement for income and property taxes appropriate?

## **11. OTHER REVENUES**

### **Nuclear**

- 11.1 Are the forecasts of nuclear business non-energy revenues appropriate?

### **Bruce Generating Station**

- 11.2 Are the test period costs related to the Bruce Generating Station, and costs and revenues related to the Bruce lease appropriate?

## **12. NUCLEAR WASTE MANAGEMENT AND DECOMMISSIONING LIABILITIES**

- 12.1 Is the revenue requirement methodology for recovering nuclear liabilities in relation to nuclear waste management and decommissioning costs appropriate?
- 12.2 Is the revenue requirement impact of the nuclear liabilities appropriately determined?

## **13. DEFERRAL AND VARIANCE ACCOUNTS**

- 13.1 Is the nature or type of costs recorded and the methodologies used to record costs in the deferral and variance accounts related to OPG's nuclear and regulated hydroelectric assets appropriate?
- 13.2 Are the balances for recovery and the proposed disposition amounts in each of the deferral and variance accounts related to OPG's nuclear and regulated hydroelectric assets appropriate?
- 13.3 Is the proposed continuation of deferral and variance accounts related to OPG's nuclear and regulated hydroelectric assets appropriate?
- 13.4 Are the deferral and variance accounts that OPG proposes to establish appropriate?

## **14. REPORTING AND RECORD KEEPING REQUIREMENTS**

- 14.1 Are the proposed reporting and record keeping requirements, including performance scorecards proposed by OPG, appropriate?

## **15. RATE SMOOTHING**

- 15.1 Is OPG's proposal for smoothing nuclear payment amounts consistent with O. Reg. 53/05 and appropriate?

## **16.1 IMPLEMENTATION**

- 16.1 Are the effective dates for new payment amounts and riders appropriate?