Board Staff Interrogatory #325

Interrogatory

Reference:
Exhibit H1 / Tab 1 / Schedule 1 / pp. 11-12

Preamble:

OPG described how it calculates forgone production due to SBG.

Question(s):

a) Please confirm that the method for calculating forgone production due to SBG is the same as used in OPG's 2017-2021 Payment Amounts Proceeding. If not, please explain.

b) Please clarify why OPG excludes spill that occurs when the Ontario market price is above the level of the Gross Revenue Charge in determining the foregone production due to SBG.

Response

a) Confirmed.

b) As discussed at EB-2013-0321, Ex. E1-2-1, p 3, SBG conditions are deemed to be present when the market price falls below a threshold representing OPG's marginal cost of generation. For OPG's regulated hydroelectric facilities, this cost is the Gross Revenue Charge, which represents the minimum offer price for generation that would allow OPG to cover its cost of production. The methodology for calculating foregone regulated hydroelectric generation due to SBG conditions, including exclusion of spill that occurs when the market price is above the Gross Revenue Charge, is as set out in the EB-2016-0152 Payment Amounts Order, Appendix G, pp. 6-7.