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BY RESS

May 3, 2024

Ms. Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, Ontario
M4P 1E4

Dear Ms. Marconi:

Re: EB-2023-0336 – An Application by Ontario Power Generation Inc. (“OPG”) for an order or orders relating to impacts from the Market Renewal Program on prescribed generating facilities, and the disposition of balances in its deferral and variance accounts as of December 31, 2022 (the “Application”) Submission of Settlement Proposal

Pursuant to the Ontario Energy Board’s (“OEB”) Procedural Order No. 1 dated February 22, 2024, please find attached the Settlement Proposal for the OEB Panel’s review and consideration. The Parties have worked diligently to reach an agreement on all issues in this proceeding.

OPG has submitted these documents through the Regulatory Electronic Submissions System. This material will also be made available on OPG’s website at www.opg.com.

Respectfully submitted,



Matt Kirk

cc: Aimee Collier, OPG
Peter Cuff, OPG
Charles Keizer, Torys LLP
Intervenors of Record

EB-2023-0336

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an Application by Ontario Power Generation Inc. for an order or orders relating to impacts from the Market Renewal Program on prescribed generating facilities, and the disposition of balances in its deferral and variance accounts as of December 31, 2022.

ONTARIO POWER GENERATION INC.

SETTLEMENT PROPOSAL

May 3, 2024

**Ontario Power Generation Inc.
EB-2023-0336
Settlement Proposal**

TABLE OF CONTENTS

SECTIONS

Section 1: EB-2023-0336 Settlement Proposal Overview

Section 2: Settlement by Issue

APPENDICES

Appendix A: Draft Payment Amounts Order

SECTION 1 – EB-2023-0336 SETTLEMENT PROPOSAL OVERVIEW

Filed with OEB: May 3, 2024

1. INTRODUCTION

This Settlement Proposal is filed with the Ontario Energy Board (“**OEB**”) in connection with Ontario Power Generation Inc.’s (the “**Applicant**” or “**OPG**”) application made under section 78.1 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B) (the “**Act**”) seeking approval for:

- (i) an order or orders approving changes to the calculation of amounts for the Hydroelectric Surplus Baseload Generation Variance Account (“**SBGVA**”) and the Hydroelectric Incentive Mechanism (“**HIM**”), and approving the treatment of real-time make whole payments, resulting from the implementation of the Independent Electricity System Operator’s (“**IESO**”) Market Renewal Program (“**MRP**”);
- (ii) an order or orders approving the disposition of audited December 31, 2022 deferral and variance account balances less amortization amounts previously approved by the OEB in EB-2020-0290 for the 2023-2026 period, together with the income tax impacts associated with the recovery of the Pension & OPEB Cash Versus Accrual Differential Deferral Account, as set out in Ex. H1-1-1 and Ex. H1-2-1; and
- (iii) an order approving two separate payment riders for the regulated hydroelectric and nuclear generating facilities prescribed under *Ontario Regulation 53/05* (“**O. Reg. 53/05**”) to recover the amounts described in part (ii) above over a 30-month period from July 1, 2024 through December 31, 2026 (all of which referred to as the “**Application**”).

As set forth herein, the Settlement Proposal contains a comprehensive settlement of all issues within the Application.

2. BACKGROUND

The OEB issued and published a Notice of Hearing on January 29, 2024, and Procedural Order No. 1 on February 22, 2024. On March 1, 2024, OEB Staff filed a letter with the OEB indicating that the parties had reached agreement on a proposed issues list for the proceeding. The OEB issued its Decision on Issues List on March 4, 2024. Pursuant to Procedural Order No. 1, the Interrogatories process took place between March 8 and March 22, 2024. On April 4, 2024, the parties engaged in a one-day Technical Conference. On April 15, 2024, the parties proceeded to a Settlement Conference.

3. THE SETTLEMENT PROCESS

Pursuant to Procedural Order No. 1, a Settlement Conference was convened on April 15, 2024, continuing until April 16, 2024. The Settlement Conference was conducted in

accordance with the OEB's *Rules of Practice and Procedure* and the OEB's *Practice Direction on Settlement Conferences* (the "**Practice Direction**").

Andrew Pride acted as facilitator for the Settlement Conference.

OPG and the following Intervenor(s) (the "**Intervenors**") participated in the Settlement Conference:

Association of Major Power Consumers in Ontario ("**AMPCO**")
Coalition of Concerned Manufacturers and Businesses of Canada ("**CCMBC**")
Consumers Council of Canada ("**CCC**")
Environmental Defence Canada Inc. ("**Environmental Defence**")
Independent Electricity System Operator ("**IESO**")
School Energy Coalition ("**SEC**")
Society of United Professionals ("**Society**")

OPG and the Intervenor(s) are collectively referred to below as the "**Parties**".

OEB Staff also participated in the Settlement Conference. The role adopted by OEB Staff is set out in page 5 of the Practice Direction. Although OEB Staff is not a party to this Settlement Proposal, as noted in the Practice Direction, OEB Staff who participated in the Settlement Conference are bound by the same confidentiality and settlement privilege requirements that apply to the Parties to the proceeding.

Notwithstanding any other wording in this Settlement Proposal, the IESO and the Society (on all issues) and Environmental Defence (on Issue 4) are neither supporting nor opposing any elements of this Settlement Proposal. For further clarity, where this Settlement Proposal refers to the "Parties" agreeing to or accepting something, that does not include any parties that are taking no position with respect to the relevant issue.

4. SETTLEMENT PROPOSAL PREAMBLE

This document comprises the Settlement Proposal and is presented jointly to the OEB by the Parties. This document is called a "**Settlement Proposal**" because it is a proposal by the Parties to the OEB to settle the issues in this proceeding identified as settled in this Settlement Proposal. It is termed a proposal as between the Parties and the OEB. However, as between the Parties, and subject only to the OEB's approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and binding and enforceable in accordance with its terms. As set forth later in this Preamble, this Settlement Proposal is subject to a condition subsequent: that if it is not accepted by the OEB in its entirety, then unless amended by the Parties it is null and void and of no further effect. By entering into this Settlement Proposal, the Parties understand and agree that, pursuant to the Act, the OEB has exclusive jurisdiction with respect to the interpretation and enforcement of the terms hereof.

The Parties acknowledge that this settlement proceeding is confidential and privileged in accordance with the Practice Direction. The Parties understand that confidentiality in that context does not have the same meaning as confidentiality in the OEB's *Practice Direction on Confidential Filings*, and the rules of that latter document do not apply. Instead, in this Settlement Conference, and in this Settlement Proposal, the Parties have interpreted "confidential" to mean that the documents and other information provided during the course of the settlement proceeding, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement – or not – of each issue during the settlement conference are strictly privileged and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception: the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal. Further, the Parties shall not disclose those documents or other information to persons who were not attendees at the Settlement Conference. However, the Parties agree that the term "attendees" in this context includes, persons who were not in attendance via video conference at the settlement conference but were (i) any persons or entities that the Parties engaged to assist them with the Settlement Conference, and (ii) any persons or entities from whom the Parties sought instructions with respect to the negotiations, in each case provided that any such persons or entities have agreed to be bound by the same confidentiality provisions as the Parties.

As per pages 6-7 of the Practice Direction, OEB Staff will file a submission with the OEB commenting on two aspects of the Settlement Proposal: (i) whether the Settlement Proposal represents an acceptable outcome from a public interest perspective, and (ii) whether the accompanying explanation and rationale is adequate to support the Settlement Proposal.

This Settlement Proposal is in part organized in accordance with the Issues List. This Settlement Proposal provides a brief description of each of the settled issues, together with references to the evidence submitted for the record in this proceeding. The Parties agree that references to the "evidence" in this Settlement Proposal shall, unless the context otherwise requires, include, in addition to the Application, the written responses to interrogatories and technical conference undertakings, and other components of the record up to and including the date hereof, including additional information included by the Parties in this Settlement Proposal and the attachments to this document (the "**Attachments**").

The supporting Parties for each settled issue agree that the evidence in respect of that settled issue, as applicable, is sufficient in the context of the overall settlement to support the proposed settlement, and the sum of the evidence in this proceeding provides an appropriate evidentiary record to support acceptance by the OEB of this Settlement Proposal.

There is an Appendix (the Draft Payment Amounts Order) to this Settlement Proposal which provides further support for the Settlement Proposal. The Parties acknowledge that the Appendix was prepared by OPG. While the Intervenor has reviewed the Appendix,

the Intervenor is relying on the accuracy of the Appendix and the underlying evidence in entering into this Settlement Proposal.

The final agreements of the Parties following the Settlement Conference are set out below. The Parties explicitly request that the OEB consider and accept this Settlement Proposal as a package. None of the matters in respect of which a settlement has been reached is severable. Numerous compromises were made by the Parties with respect to various matters to arrive at this Settlement Proposal. Reductions or increases to the agreed-upon amounts may have financial consequences in other areas of this Settlement Proposal, which may be unacceptable to one or more of the Parties. If the OEB does not accept the Settlement Proposal in its entirety, then there is no agreement, unless the Parties agree, in writing, that the balance of this Settlement Proposal may continue as a valid settlement subject to any revisions that may be agreed-upon by the Parties.

It is further acknowledged and agreed that none of the Parties will withdraw from this agreement under any circumstances, except as provided under Rule 30.05 of the OEB's *Rules of Practice and Procedure*.

In the event that the OEB directs the Parties to make reasonable efforts to revise the Settlement Proposal, the Parties agree to use reasonable efforts to discuss any potential revisions, but no party will be obligated to accept any proposed revision. The Parties agree that all of the Parties must concur with any revised settlement proposal, or take no position, prior to its resubmission to the OEB for its review and consideration as a basis for making a decision.

Unless otherwise expressly stated in this Settlement Proposal, the agreement by the Parties to the settlement of any item shall be interpreted as being for the purpose of settlement of this case only and not a statement or acknowledgement of principle applicable in any other situation. Where, if at all, the Parties have agreed that a particular principle should be applicable generally, this Settlement Proposal states so expressly. The Parties understand this to be consistent with OEB policy, under which settlements and their approval by the OEB are considered to be specific to the facts of the particular case, and not precedents or statements of principle unless clearly so stated.

In this Settlement Proposal, where any of the Parties "accept" the evidence of OPG, or "agree" to a revised term or condition, including a revised budget or forecast, then, unless expressly stated to the contrary, the words "for the purpose of settlement of the issues herein" shall be deemed to qualify that acceptance or agreement.

It is also acknowledged and agreed that this Settlement Proposal is without prejudice to any of the Parties or the OEB re-examining the items settled herein in any subsequent proceeding and taking positions or rendering decisions inconsistent with the resolution of these items in this Settlement Proposal. However, none of the Parties will, in any subsequent proceeding, take the position that the resolution therein of any issue settled in this Settlement Proposal, if contrary to the terms of this Settlement Proposal, should be applicable to OPG for any part of the period prior to the effective date of the OEB's

payment amounts order for OPG's next rebasing application for the prescribed facilities, unless otherwise required by applicable laws.

5. SETTLEMENT PROPOSAL OVERVIEW

The Parties are pleased to advise the OEB that they have reached agreement on all issues in this proceeding, specifically:

"Complete Settlement" means an issue for which complete settlement was reached by all Parties, and if this Settlement Proposal is accepted by the OEB, the Parties will not adduce any evidence or argument during the oral hearing in respect of these issues.	Issues settled: 1 through 6 (all issues)
"Partial Settlement" means an issue for which there is partial settlement, as OPG and the Intervenors who take any position on the issue were able to agree on some, but not all, aspects of the particular issue. If this Settlement Proposal is accepted by the OEB, the Parties who take any position on the issue will only adduce evidence and argument during the hearing on those portions of the issues not addressed in this Settlement Proposal.	Issues partially settled: None
"No Settlement" means an issue for which no settlement was reached. Unless otherwise noted in this Settlement Proposal, OPG and the Intervenors who take a position on the issue will adduce evidence and/or argument at the hearing on the issue.	Issues not settled: None

Calculation Methodology for SBGVA and HIM

OPG has requested approvals in three areas based on expected changes to Ontario's electricity market that will be made under the IESO's MRP. While the MRP covers a broad scope of changes, the impacts on ratemaking methodologies related to production from OPG's prescribed hydroelectric generating facilities as approved by the OEB ("Regulated Framework") that are addressed in this application are primarily due to:

- Replacement of the current two-schedule market with a single schedule market ("SSM") and the introduction of a Locational Marginal Price ("LMP");
- Introduction of a financially binding day-ahead market ("DAM"); and
- Changes to Make Whole Payments ("MWP").

The key areas of OPG's Regulatory Framework impacted by MRP's implementation are:

- **SBGVA:** Transition to a single schedule market will affect the calculation of surplus baseload generation ("SBG") spill amounts with the elimination of the uniform market clearing price used in the current methodology.

- **HIM:** The HIM and HIM adjustment for unintended benefit (due to SBG spill) will need to be revised to reflect new market features including LMPs and settlement of the new day-ahead and real-time markets.
- **MWP:** MRP will make changes to MWPs that are not currently considered in OPG's Regulated Framework.

Specifically, OPG has sought in the Application:

- (i) The approval to revise the calculation of amounts booked in the SBGVA to record the financial impact of forgone production due to SBG conditions based on LMP as further described in Ex. M1-1-1, Section 2.0.
- (ii) The approval of revisions to the HIM to incorporate separate incentives for the day-ahead timeframe and real-time timeframe, settled on LMP, and to replace the monthly production averaging currently used with a daily average as further described in Ex. M1-1-1, Section 3.0.
- (iii) The approval to revise the HIM adjustment for spill (unintended benefit) to align with proposed changes to the calculation of SBG spill amounts and the HIM as further described in Ex. M1-1-1, Section 3.3.
- (iv) The approval to continue to retain real-time MWPs as further described in Ex. M1-1-1, Section 4.0.

The Parties agree with OPG's proposed changes to the Regulated Framework as described above for the period from the effective date of the MRP until the effective date of the OEB's payment amounts order for OPG's next rebasing application for the prescribed facilities, with the following adjustment:

- For the period from the effective date of the MRP until the effective date of the OEB's payment amounts order for OPG's next rebasing application for the prescribed facilities ("Initial MRP Period"), OPG will record a credit entry of \$600,000 per month to offset debit additions to the SBGVA determined as proposed by OPG in the Application (provided, for greater clarity, that this adjustment shall not result in a total net credit entry, excluding interest, amortization and any prior period adjustments, to the SBGVA over the Initial MRP Period).

The Parties' agreement to the above changes to the Regulated Framework for the period noted is without prejudice to any position that a Party may take on these or other elements of OPG's Regulated Framework, in connection with the MRP or otherwise, in the next rebasing application for OPG's prescribed facilities, on a prospective basis.

Deferral and Variance Accounts

In the Application, OPG has requested recovery of the audited December 31, 2022 balances in a number of but not all deferral and variance accounts, less amortization amounts previously approved by the OEB in EB-2020-0290 for the 2023-2026 period, together with the income tax impacts associated with the recovery of the Pension & OPEB Cash Versus Accrual Differential Deferral Account, through payment amount riders effective from July 1, 2024 until December 31, 2026. OPG has proposed to calculate separate hydroelectric and nuclear payment riders for the period from July 1, 2024 to December 31, 2026 in the form of \$/MWh rates consistent with the form of payment riders approved in decisions and payment amounts orders in prior OPG proceedings. OPG has proposed to recover the deferral and variance account balances on a straight-line basis, over the 30-month period from July 1, 2024 to December 31, 2026.

The deferral and variance accounts for which disposition is sought in this Application are as follows¹:

Hydroelectric:

- Hydroelectric Water Conditions Variance Account;
- Ancillary Services Net Revenue Variance Account;
- Hydroelectric Incentive Mechanism Variance Account;
- Hydroelectric Surplus Baseload Generation Variance Account;
- Income and Other Taxes Variance Account;
- Capacity Refurbishment Variance Account;
- Niagara Tunnel Project pre-December 2008 Disallowance Variance Account;
- Pension and OPEB Cost Variance Account;
- Pension & OPEB Cash Payment Variance Account;
- Pension & OPEB Cash Versus Accrual Differential Deferral Account;
- Pension and OPEB Forecast Accrual Versus Actual Cash Payment Differential Variance Account – Carrying Charges Sub-Account; and
- Hydroelectric Deferral and Variance Over/Under Recovery Variance Account.

Nuclear:

- Nuclear Liability Deferral Account;

¹ OPG is not seeking clearance of balances in the following accounts: components of the nuclear portion of the Capacity Refurbishment Variance Account (“CRVA”) pertaining to the Darlington Refurbishment Program (“DRP”) other than those related to the Heavy Water Storage and Drum Handling Facility and the impact of accelerated investment incentive property rules on DRP-related capital cost allowance amounts, the Pickering B Refurbishment Feasibility Assessment, and the Optimization of Pickering Shutdown; the 2022 additions to the regulated hydroelectric portion of the CRVA; the Fitness for Duty Deferral Account; the Rate Smoothing Deferral Account; and the Pickering Closure Costs Deferral Account. Additionally, the following deferral and variance accounts have a zero balance as at December 31, 2022: Gross Revenue Charge Variance Account, Hydroelectric Incentive Mechanism Variance Account, Clarington Corporate Campus Deferral Account, Earnings Sharing Deferral Account, and Impact for IFRS Deferral Account. While OPG is not seeking disposition of the credit balance tracked in the Sale of Unprescribed Kipling Site Deferral Account, the Parties have agreed to a settlement adjustment related to this balance, as described in this Settlement Proposal.

- Nuclear Development Variance Account;
- Ancillary Services Net Revenue Variance Account;
- Capacity Refurbishment Variance Account;
- Bruce Lease Net Revenues Variance Account
- Income and Other Taxes Variance Account;
- Pension and OPEB Cost Variance Account;
- Pension & OPEB Cash Payment Variance Account;
- Pension & OPEB Cash Versus Accrual Differential Deferral Account;
- Pension and OPEB Forecast Accrual Versus Actual Cash Payment Differential Variance Account – Carrying Charges Sub-Account;
- Nuclear Deferral and Variance Over/Under Recovery Variance Account;
- SR&ED ITC Variance Account;
- Impact Resulting from Changes to Pickering Station End-of-Life Dates (December 31, 2017) Deferral Account; and
- Impact Resulting from Optimization of Pickering Station End-of-Life Dates Deferral Account.

The total of the balances in the deferral and variance accounts and the income tax impacts associated with the recovery of the Pension & OPEB Cash Versus Accrual Differential Deferral Account sought for recovery in the Application is a debit amount of \$226.4M² for the regulated hydroelectric facilities and a debit amount of \$276.2M for the nuclear facilities.³ On the basis of the recovery periods and straight-line amortization as proposed in the Application, OPG requested the following incremental payment riders on regulated hydroelectric and nuclear production for the July 1, 2024 to December 31, 2026 period:

	July 1 to December 31, 2024	January 1 to December 31, 2025	January 1 to December 31, 2026
Nuclear Payment Rider	\$3.25/MWh	\$3.55/MWh	\$5.04/MWh
Hydroelectric Payment Rider	\$2.75/MWh	\$2.75/MWh	\$2.75/MWh

The Parties agree to the recovery of the deferral and variance account balances and the income tax impacts associated with the recovery of the Pension & OPEB Cash Versus Accrual Differential Deferral Account as proposed by OPG in the Application, subject to the following adjustments and the settlement terms outlined under Issue 5:

² Ex. H1-2-1, Table 1, line 18, col. (j).

³ Ex. H1-2-1, Table 1, line 28, col. (j).

	Requested Amount Recoverable (\$M)	Settlement Adjustment (\$M)	Settlement Amount Recoverable (\$M)
Capacity Refurbishment Variance Account – Hydroelectric	56.5	(4.743)	51.7
Nuclear Development Variance Account	108.4	(0.091)	108.3
Capacity Refurbishment Variance Account – Nuclear – Non-DRP	116.0	(4.174)	111.8
Sale of Unprescribed Kipling Site Deferral Account	0.0	(12.7)	(12.7)

OPG had not proposed as part of the Application the disposition of any of the balance tracked in the Sale of Unprescribed Kipling Site Deferral Account. However, for purposes of settlement, the Parties have agreed on the disposition of the account in the manner described under Issue 5 below.

As a result of the above adjustments, the total agreed deferral and variance account balances for recovery, together with the income tax impacts associated with the recovery of the Pension & OPEB Cash Versus Accrual Differential Deferral Account, are \$215.3M for the regulated hydroelectric facilities and \$265.5M for the nuclear facilities. On the basis of the recovery periods and straight-line amortization as proposed in the Application and agreed by the Parties, the following incremental payment riders on regulated hydroelectric and nuclear production result for the July 1, 2024 to December 31, 2026 period:

	July 1 to December 31, 2024	January 1 to December 31, 2025	January 1 to December 31, 2026
Nuclear Payment Rider	\$3.13/MWh	\$3.42/MWh	\$4.85/MWh
Hydroelectric Payment Rider	\$2.61/MWh	\$2.61/MWh	\$2.61/MWh

SECTION 2 – SETTLEMENT BY ISSUE

- Issue 1** Is the proposed Hydroelectric Surplus Baseload Generation Variance Account spill calculation methodology appropriate?
- Issue 2** Is the proposed Hydroelectric Incentive Mechanism (“HIM”) methodology and HIM adjustment for spill appropriate?
- Issue 3** Is the proposed treatment of real-time make whole payments appropriate?

Complete Settlement

The Parties agree, for the period from the effective date of the MRP until the effective date of the OEB's payment amounts order for OPG's next rebasing application for the prescribed facilities, to OPG's proposed changes to the calculation of amounts recorded in the SBGVA as the financial impact of production foregone due to SBG conditions (i.e., SBG spill calculation methodology), OPG's proposed HIM methodology and adjustment for spill (unintended benefit adjustment) (i.e., incorporating separate incentives for the day-ahead timeframe and real-time timeframe, settled on LMP, and to replace the monthly production averaging currently used with a daily average), and the proposed treatment of real-time MWPs, all in connection with the implementation of the MRP, with the following adjustment:

For the period from the effective date of the MRP until the effective date of the OEB's payment amounts order for OPG's next rebasing application for the prescribed facilities, OPG will record a credit entry of \$600,000 per month to offset debit additions to the SBGVA determined as proposed by OPG in the Application (provided, for greater clarity, that this adjustment shall not result in a total net credit entry, excluding interest, amortization and any prior period adjustments, to the SBGVA over the Initial MRP Period).⁴ The Parties agree to this aspect in recognition of the inherent uncertainty in outcomes from the implementation of the MRP and its impact on the SBGVA amounts.

Settlement with respect to the above Issues is without prejudice to any position that a Party may take on these or other elements of OPG's Regulated Framework, in connection with the MRP, or otherwise, in the next rebasing application for OPG's prescribed facilities, on a prospective basis. As set out under Issue 5, the Parties also agree that OPG will file additional information when it seeks to dispose of the amounts recorded in the SBGVA.

⁴ For example, assuming the current effective date of May 1, 2025 for the MRP as targeted by the IESO and an effective date of January 1, 2027 for the payment amounts order for OPG's next rebasing application for the prescribed facilities, the maximum reduction to the SBGVA debit balances would be \$12.0M. Interest on the SBGVA balances shall be calculated using account additions as reduced by the above noted credit entries.

Additionally, for the above Issues, in its next rebasing application for the prescribed facilities, OPG will provide written evidence with respect to any quantitative results or outcomes for the prescribed facilities following the effective date of the MRP, where available; otherwise, OPG will provide qualitative evidence on its actual experience in the new market for the prescribed facilities following the effective date of the MRP.

Approval

Parties in Support: AMPCO, CCMBC, CCC, Environmental Defence, SEC
Parties Taking no Position: IESO, Society

Evidence

The evidence in relation to Issue 1 includes the following:

Exhibits	Ex. M1-1-1, Section 2.0
Interrogatories	Ex. L-M-CCMBC-05, Ex. L-M-ED-10, Ex. L-M-IESO-02, Ex. L-M-IESO-03, Ex. L-M-Staff-15, Ex. L-M-Staff-17, Ex. L-M-Staff-18, Ex. L-M-Staff-23
Undertakings	N/A

The evidence in relation to Issue 2 includes the following:

Exhibits	Ex. M1-1-1, Section 3.0
Interrogatories	Ex. L-M-CCMBC-07, Ex. L-M-CCMBC-08, Ex. L-M-IESO-01, Ex. L-M-SEC-06, Ex. L-M-SEC-09, Ex. L-M-SEC-10, Ex. L-M-Staff-08, Ex. L-M-Staff-09, Ex. L-M-Staff-10, Ex. L-M-Staff-11, Ex. L-M-Staff-12, Ex. L-M-Staff-13, Ex. L-M-Staff-14, Ex. L-M-Staff-15, Ex. L-M-Staff-16
Undertakings	N/A

The evidence in relation to Issue 3 includes the following:

Exhibits	Ex. M1-1-1, Section 4.0
Interrogatories	Ex. L-M-Staff-19, Ex. L-M-Staff-20, Ex. L-M-Staff-21
Undertakings	N/A

Issue 4 *Are the amounts recorded in the applicable deferral and variance accounts for the regulated hydroelectric facilities and nuclear facilities appropriate?*

Complete Settlement

The Parties accept that the amounts in the applicable deferral and variance accounts for the regulated hydroelectric facilities and nuclear facilities that are sought for disposition in the Application were appropriately recorded, pursuant to the approved scope and methodologies of these accounts. As discussed under Issue 5, however, the Parties are not agreeing that all these amounts are appropriate for recovery. For clarity, the Parties are also not agreeing, nor is agreement required, on the appropriateness of recording of the balances in the deferral and variance accounts for the regulated hydroelectric facilities and nuclear facilities that OPG is not seeking to dispose of in this proceeding, other than the Sale of Unprescribed Kipling Site Deferral Account as discussed under Issue 5.

Approval

Parties in Support: AMPCO, CCMBC, CCC, SEC

Parties Taking no Position: IESO, Society, Environmental Defence

Evidence

The evidence in relation to this issue includes the following:

Exhibits	Ex. H1-1-1
Interrogatories	Ex. L-H-CCC-01, Ex. L-H-CCC-02, Ex. L-H-CCMBC-02, Ex. L-H-ED-01, Ex. L-H-Staff-03
Undertakings	N/A

Issue 5 *Are the balances for recovery in each of the deferral and variance accounts for the regulated hydroelectric facilities and nuclear facilities appropriate?*

Complete Settlement

The Parties agree that the balances for recovery in each of the deferral and variance accounts for the regulated hydroelectric facilities and nuclear facilities, and the income tax impacts associated with the recovery of the Pension & OPEB Cash Versus Accrual Differential Deferral Account, sought for disposition in the Application are appropriate, subject to the following adjustments and requirements:

Capacity Refurbishment Variance Account – Hydroelectric

- A \$4,743,000 reduction to the hydroelectric CRVA balance sought for recovery in the Application.
- As part of its next rebasing application for the prescribed hydroelectric facilities, OPG will provide evidence demonstrating where compensation arising from the liquidated damages for the Manitou Falls Generating Station – Auto Sluice System Replacement project, identified in Ex. JT1.3, was applied to regulated hydroelectric work.

Hydroelectric Surplus Baseload Generation Variance Account

- In support of future requested clearances of the SBGVA, OPG will file, as part of its pre-filed evidence:
 - The same information as set out in Ex. L-H-SEC-04, Attachment 1.
 - The same information as set out in Ex. L-H-SEC-05, Attachment 1 together with the following additional information by facility (as applicable): i) the regulated hydroelectric payment amount, ii) Gross Revenue Charge (specific to the facility), iii) pre-MRP, the HOEP, and iv) post-MRP, the LMP(s) (specific to the facility).
- OPG shall study options to reduce SBGVA amounts on a going forward basis and in light of MRP with the aim of minimizing total electricity system costs to ratepayers including market payments and regulated payments, with assistance from the IESO as available and necessary. The study shall consider reasonable options to better incentivize OPG to minimize total system costs, utilizing the Sir Adam Beck Pump Generating Station to reduce spillage at OPG's hydroelectric facilities, and other structural changes, including changes that may require OEB approval. OPG shall fund a stakeholder process to obtain input on the study options to consider. OPG shall file its report as part of its next rebasing application for the prescribed facilities.

Capacity Refurbishment Variance Account – Nuclear

- A \$4,174,000 reduction to the nuclear CRVA balance sought for recovery in the Application, which, for the purposes of settlement, includes a reduction of \$3.8M representing 50% of the non-capital cost of \$7.6M recorded in the account due to the retirement of the Algae Mitigation Bubble Curtain Project.⁵

Nuclear Development Variance Account

- A \$91,000 reduction to the Nuclear Development Variance Account balance sought for recovery in the Application.

⁵ The nuclear rate base and the nuclear CRVA reference amounts approved in EB-2020-0290 included the impact of the forecasted capital in-service amounts of the Algae Mitigation Bubble Curtain Project. By virtue of the project no longer being in-service upon being retired in 2022, the nuclear CRVA compares a zero actual revenue requirement impact following the retirement to a forecasted revenue requirement impact of the project reflected in EB-2020-0290, resulting in a credit entry to the CRVA in the full amount of such forecasted revenue requirement impact. On this basis, the Parties agree that no further adjustment is necessary to the CRVA to account for the project being retired.

Sale of Unprescribed Kipling Site Deferral Account

- The Sale of Unprescribed Kipling Site Deferral Account was previously established to track 23% of the net proceeds arising from any sale of OPG's unprescribed site located at 800 Kipling Avenue in Toronto ("**Kipling Site**") during the 2022-2026 period. Notwithstanding that OPG had not proposed disposing of any of the balance tracked in this account as part of the Application because its position is that the net proceeds and net gain on the sale of this unregulated property should accrue entirely to OPG, for purposes of settlement, the Parties agree that the Sale of Unprescribed Kipling Site Deferral Account shall, to the benefit of ratepayers, be disposed of with an agreed-upon balance of \$12.7M as of December 31, 2022. This balance represents 50% of the 23% of the after-tax gain recognized by OPG in 2022 associated with the sale of the Kipling Site. The Parties also agree to the same treatment of any after-tax gain on such sale recognized by OPG during the 2023-2026 period, to be disposed of in a future application through the Sale of Unprescribed Kipling Site Deferral Account. No other amounts shall be tracked or recorded in the Sale of Unprescribed Kipling Site Deferral Account, other than amortization. Settlement with respect to this aspect is without prejudice to any position that a Party may take on the sale of any future OPG properties.

For clarity, OPG shall not seek recovery, in any future proceeding, of any of the agreed upon reductions to the deferral and variance account balances sought for recovery in this Application.

Approval

Parties in Support: AMPCO, CCMBC, CCC, Environmental Defence, SEC
Parties Taking no Position: IESO, Society

Evidence

The evidence in relation to this issue includes the following:

Exhibits	Ex. H1-1-1
Interrogatories	Ex. L-H-CCC-03, Ex. L-H-CCC-04, Ex. L-H-CCC-05, Ex. L-H-CCC-06, Ex. L-H-CCC-07, Ex. L-H-CCC-08, Ex. L-H-CCMBC-03, Ex. L-H-SEC-01, Ex. L-H-SEC-02, Ex. L-H-Staff-01, Ex. L-H-Staff-02, Ex. L-H-Staff-04, Ex. L-H-Staff-05, Ex. L-H-Staff-06, Ex. L-H-Staff-07, Ex. L-H-ED-02, Ex. L-H-ED-04, Ex. L-H-SEC-04, Ex. L-H-SEC-05, Ex. L-H-Staff-22
Undertakings	Ex. JT1.2, Ex. JT1.3, Ex. JT1.4, Ex. JT1.5, Ex. JT1.6, Ex. JT1.7, Ex. JT1.8, Ex. JT1.9, Ex. JT1.10, Ex. JT1.11, Ex. JT1.12, Ex. JT.1.14, Ex. JT1.15, Ex. JT1.16,

Issue 6 *Are the proposed rate riders and disposition periods for the account balances appropriate?*

Complete Settlement

The Parties agree that the disposition periods for the deferral and account balances and the income tax impacts associated with the recovery of the Pension & OPEB Cash Versus Accrual Differential Deferral Account proposed in the Application are appropriate. With respect to the settled amount for disposition of the Sale of Unprescribed Kipling Site Deferral Account as described under Issue 5, for administrative simplicity, the Parties agree that the resulting credit amortization shall be split evenly between the regulated hydroelectric and nuclear payment riders. Subject to this and other adjustments set out under Issue 5 above, the Parties agree that the rate riders proposed in the Application are appropriate.

Approval

Parties in Support: AMPCO, CCMBC, CCC, Environmental Defence, SEC
Parties Taking no Position: IESO, Society

Evidence

The evidence in relation to this issue includes the following:

Exhibits	Ex. H1-1-1
Interrogatories	Ex. L-H-Staff-24, Ex. L-H-SEC-02
Undertakings	N/A

APPENDIX A – DRAFT PAYMENT AMOUNTS ORDER

EB-2023-0336

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S. O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF an application by Ontario Power Generation Inc. for an order or orders relating to impacts from the Market Renewal Program on prescribed generating facilities, and the disposition of balances in its deferral and variance accounts as of December 31, 2022.

BEFORE: XXXX
 Presiding Member and Commissioner

 XXXX
 Commissioner

 XXXX
 Commissioner

DRAFT PAYMENT AMOUNTS ORDER

May 3, 2024

Ontario Power Generation Inc. (“OPG”) filed an application with the Ontario Energy Board (“OEB”) on December 13, 2023 (the “Application”). The Application was filed under section 78.1 of the *Ontario Energy Board Act, 1998* (the “Act”) seeking approval of the following:

- an order or orders approving changes to the calculation of amounts for the Hydroelectric Surplus Baseload Generation Variance Account (“SBGVA”) and the hydroelectric incentive mechanism, and approving the treatment of real time make whole payments, resulting from the implementation of the Independent Electricity System Operator’s (“IESO”) Market Renewal Program; and

- an order or orders approving the disposition of audited December 31, 2022 deferral and variance account balances less amortization amounts previously approved by the OEB in EB-2020-0290 for the 2023-2026 period, together with the income tax impacts associated with the recovery of the Pension & OPEB Cash Versus Accrual Differential Deferral Account.

A full listing of approvals sought by OPG was filed as Ex. A1-2-2.

The OEB issued and published a Notice of Hearing on January 29, 2024 and Procedural Order No. 1 on February 22, 2024. Pursuant to Procedural Order No. 1, the Interrogatories process took place in March 2024 and the parties engaged in a Technical Conference in April 2024.

On April 15 and 16, 2024, a settlement conference was held and a comprehensive settlement was achieved by intervenors and OPG with respect to all issues. There are no outstanding issues among the parties.

OPG filed Ex. O1-1-1 (the “Settlement Proposal”) with the OEB on May 3, 2024 and OEB staff submitted written comments on the Settlement Proposal on **[insert month, day (no later than May 10)]**, 2024 in accordance with Procedural Order No. 1.

The OEB issued a decision on **[insert month, day]**, 2024 in which the OEB **[insert finding]** the Settlement Proposal as filed on **[insert month, day]**, including resulting payment riders effective July 1, 2024 to December 31, 2026. The settlement proposal is attached as Appendix C to this Order.

OPG filed the EB-2023-0336 Draft PAO on May 3, 2024 which had been reviewed and agreed to by parties to the Settlement Proposal.

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Effective on the implementation date of the IESO’s Market Renewal Program, OPG’s revenues from the hydroelectric payment amount shall be adjusted by the following hydroelectric incentive mechanism, with the hydroelectric payment amount approved in the EB-2020-0290 payment amounts order continuing to apply to the average hourly net energy

production (MWh) from the regulated hydroelectric facilities in any given month for each hour of that month:

- For the resource(s) at regulated hydroelectric facilities, for each hour where the IESO day-ahead market energy schedule (the “Day-Ahead Energy Schedule”) differs from the average hourly energy schedule from the IESO’s day-ahead market for that day (the “Average Day-Ahead Energy Schedule”), OPG’s revenues will be adjusted by the difference between the Day-Ahead Energy Schedule and the Average Day-Ahead Energy Schedule, multiplied by the day-ahead locational marginal price for the resource for that hour. For the resource(s) at regulated hydroelectric facilities, for each hour where (i) the difference between the net energy production supplied to the IESO’s real-time market and the Day-Ahead Energy Schedule (“Real-Time Energy Difference”) differs from (ii) the difference between the average hourly net energy production over that day and the Average Day-Ahead Energy Schedule for that day (“Average Real-Time Energy Difference”), OPG’s revenues will be adjusted by the difference between the Real-Time Energy Difference and the Average Real-Time Energy Difference, multiplied by the real-time locational marginal price for the resource for that hour, calculated on a five-minute basis.

2. Recovery of Balances in Deferral and Variance Accounts: OPG shall recover or repay the December 31, 2022 audited balances in the following deferral and variance accounts in accordance with Appendix A, over the 30-month period from July 1, 2024 to December 31, 2026:

- Hydroelectric Water Conditions Variance Account;
- Ancillary Services Net Revenue Variance Account – Hydroelectric and Nuclear Sub-Accounts;
- Hydroelectric Incentive Mechanism Variance Account;
- Hydroelectric Surplus Baseload Generation Variance Account;
- Income and Other Taxes Variance Account;
- Capacity Refurbishment Variance Account¹;

¹ The clearance of the following balances in the Capacity Refurbishment Variance Account is deferred to a future application: Darlington Refurbishment Program (“DRP”) related variances other than those related to the Heavy Water Storage and Drum Handling Facility Project and the impact of accelerated investment incentive property rules on DRP-related capital cost allowance amounts, the Pickering B Refurbishment Feasibility Assessment related variances, the Optimization of Pickering Shutdown related variances, and the 2022 regulated hydroelectric variances.

- Niagara Tunnel Project pre-December 2008 Disallowance Variance Account;
 - Pension and OPEB Cost Variance Account;
 - Pension & OPEB Cash Payment Variance Account;
 - Pension & OPEB Cash Versus Accrual Differential Deferral Account;
 - Pension and OPEB Forecast Accrual Versus Actual Cash Payment Differential Variance Account – Carrying Charges Sub-Account;
 - Nuclear Liability Deferral Account;
 - Nuclear Development Variance Account;
 - Bruce Lease Net Revenues Variance Account – Derivative and Non-Derivative Sub-Accounts;
 - SR&ED ITC Variance Account;
 - Impact Resulting from Changes to Pickering Station End-of-Life Dates (December 31, 2017) Deferral Account;
 - Impact Resulting from Optimization of Pickering Station End-of-Life Dates Deferral Account;
 - Hydroelectric Deferral and Variance Over/Under Recovery Variance Account;
 - Nuclear Deferral and Variance Over/Under Recovery Variance Account; and
 - Sale of Unprescribed Kipling Site Deferral Account.
3. Hydroelectric Payment Rider (“HPR”): Effective July 1, 2024 to December 31, 2026, the HPR for the recovery of the approved deferral and variance account balances for the regulated hydroelectric facilities, together with the income tax impacts associated with the recovery of the Pension & OPEB Cash Versus Accrual Differential Deferral Account, is \$2.61/MWh (Appendix A, Table 1, line 21, cols. (g) to (i)). The approved disposition amount for this proceeding is a debit of \$212.3M (Appendix A, Table 1, col. (j), line 16) related to hydroelectric deferral and variance accounts, reflecting, as applicable, recovery or repayment of the audited December 31, 2022 balances in deferral and variance accounts less amortization amounts approved in EB-2020-0290 and less amounts deferred to a future application, as adjusted by the Settlement Proposal. The HPR will apply to 50% of the output of OPG’s Chats Falls Generating Station.
4. Nuclear Payment Rider (“NPR”): The NPR for the recovery of the approved deferral and variance account balances for the nuclear facilities, together with the income tax impacts associated with the recovery of the Pension & OPEB Cash Versus Accrual Differential Deferral

Account, shall be \$3.13/MWh for July 1, 2024 to December 31, 2024, \$3.42/MWh for January 1, 2025 to December 31, 2025, and \$4.85/MWh for January 1, 2026 to December 31, 2026 (Appendix A, Table 2, line 31). The approved disposition amount for this proceeding is a debit of \$216.9M (Appendix A, Table 1, col. (j), line 26) related to nuclear deferral and variance accounts, reflecting, as applicable, recovery or repayment of the audited December 31, 2022 balances in deferral and variance accounts, less amortization amounts approved in EB-2020-0290 and less amounts deferred to a future application, as adjusted by the Settlement Proposal.

5. Effective on the implementation date of the IESO's Market Renewal Program, OPG shall make the following modifications to the basis for the entries recorded in the Hydroelectric Surplus Baseload Generation Variance Account, which shall otherwise continue pursuant to the EB-2020-0290 payment amounts order:

- Forgone production at regulated hydroelectric facilities due to surplus baseload generation ("SBG") conditions shall be calculated as follows:²

As detailed in EB-2023-0336, Ex. M1-1-1, Section 2.3.2, OPG shall calculate forgone production due to SBG by starting with the total volume of spill and subtracting the volume of spill due to:

- water conveyance constraints (e.g., Sir Adam Beck Generating Stations tunnel capacity constraints);
- production capability constraints (e.g., unit outages; operating regulatory requirements etc.); and
- contractual obligations (e.g., regulation service).

The remaining spill volume is identified as potential SBG spill. From this potential spill volume, OPG shall exclude spill that occurs when the applicable real-time locational marginal price is above the level of the gross revenue charge. The volume of spill remaining after this adjustment is the forgone production due to SBG that shall be used to record entries in the Hydroelectric Surplus Baseload Generation Variance Account.

- Should OPG receive a real-time make-whole payment from the IESO for any of the forgone production due to SBG that is used to record entries in the Hydroelectric Surplus Baseload Generation Variance Account, OPG shall record

² Per Settlement Proposal, p. 12.

such real-time make-whole payment as a credit entry in the Hydroelectric Surplus Baseload Generation Variance Account.³

- Until the effective date of the next payment amounts order for OPG's prescribed facilities, OPG shall record a credit entry of \$600,000 per month to the Hydroelectric Surplus Baseload Generation Variance Account to offset any debit entries recorded to the account pursuant to the basis approved in EB-2020-0290 and as modified in this proceeding. Where such credit entry would result in an overall net credit amount being recorded to the account for the period from the implementation date of the IESO's Market Renewal Program until the effective date of the next rebasing payment amounts order for OPG's prescribed facilities ("Initial Market Renewal Period"), excluding interest and amortization, this credit entry shall be adjusted such that the overall amount recorded in the account for the Initial Market Renewal Period is zero, excluding interest and amortization.⁴
6. The Sale of Unprescribed Kipling Site Deferral Account shall record 50% of the 23% of any after-tax gain on the sale of the property located at 800 Kipling Avenue in Toronto recognized by OPG during the period from January 1, 2022 to December 31, 2026. The amounts recorded in the account shall be split equally between the nuclear facilities and the regulated hydroelectric facilities. No other amounts shall be tracked or recorded in the account, other than amortization.⁵
7. The IESO shall make payments to OPG in accordance with this order as of July 1, 2024.

DATED at Toronto _____, 2024

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar

³ Ex. L-M-Staff-17.

⁴ Per Settlement Proposal, p. 12.

⁵ Per Settlement Proposal, pp. 15-17.

EB-2023-0336 PAYMENT AMOUNTS ORDER – APPENDICES

TABLE OF CONTENTS

APPENDIX A: CALCULATION OF RIDERS, AMORTIZATION AND IMPACTS

Table 1	Calculation of Deferral and Variance Account Recovery Payment Rider – Regulated Hydroelectric
Table 2	Calculation of Deferral and Variance Account Recovery Payment Rider – Nuclear
Table 3	Annualized Residential Consumer Impact
Table 3A	Annualized Bill Impact for Typical Alectra (PowerStream) Consumers 2024-2026
Table 3B	Annualized Bill Impact for Typical Hydro One Networks Consumers 2024-2026
Table 3C	Annualized Bill Impact for Typical Toronto Hydro Consumers 2024-2026
Table 4	Calculation of Change in Weighted Average Payment Amount

APPENDIX B: EX. 01-1-1 SETTLEMENT PROPOSAL

Numbers may not add due to rounding.

Table 1
Calculation of Deferral and Variance Account Recovery Payment Rider - Regulated Hydroelectric (\$M)

Line No.	Account	Note	Audited Year End Balance 2022	EB-2020-0290 OEB-Approved Amortization (2023-2026)	(a)-(b) 2022 Balance Less Approved Amortization	Settlement Adjustments	Amounts Deferred to Future Applications	(c)+(c1)-(d) Amounts Recoverable in Current Application	Recovery Period (months)	Amortization July - Dec 2024	Amortization Jan - Dec 2025	Amortization Jan - Dec 2026	(g)+(h)+(i) Amortization	(c)+(c1)-(j) Unamortized Balance
			(a)	(b)	(c)	(c1)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
			Note 1	Note 2					Note 8					
1	Hydroelectric Water Conditions Variance		(172.4)	(72.7)	(99.6)		0.0	(99.6)	30	(19.9)	(39.9)	(39.9)	(99.6)	0.0
2	Ancillary Services Net Revenue Variance - Hydroelectric		(34.3)	(22.2)	(12.1)		0.0	(12.1)	30	(2.4)	(4.8)	(4.8)	(12.1)	0.0
3	Hydroelectric Incentive Mechanism Variance		0.0	0.0	0.0		0.0	0.0	30	0.0	0.0	0.0	0.0	0.0
4	Hydroelectric Surplus Baseload Generation Variance		401.8	112.2	289.6		0.0	289.6	30	57.9	115.8	115.8	289.6	0.0
5	Income and Other Taxes Variance - Hydroelectric		(13.3)	(1.8)	(11.5)		0.0	(11.5)	30	(2.3)	(4.6)	(4.6)	(11.5)	0.0
6	Capacity Refurbishment Variance - Hydroelectric	3, 6	80.3	0.0	80.3	(4.7)	23.8	51.7	30	10.3	20.7	20.7	51.7	23.8
7	Niagara Tunnel Project Pre-December 2008 Disallowance Variance Account		8.0	2.5	5.5		0.0	5.5	30	1.1	2.2	2.2	5.5	0.0
8	Pension and OPEB Cost Variance - Hydroelectric - Future Recovery (Dec 31, 2012 Balance)		2.1	2.1	0.0		0.0	0.0	30	0.0	0.0	0.0	0.0	0.0
9	Pension & OPEB Cash Versus Accrual Differential Deferral - Hydroelectric - Registered Pension Plan (RPP) - EB-2018-0243 Approved		33.0	33.0	0.0		0.0	0.0	30	0.0	0.0	0.0	0.0	0.0
10	Pension & OPEB Cash Versus Accrual Differential Deferral - Hydroelectric - Non-RPP - EB-2018-0243 Approved		14.0	14.0	0.0		0.0	0.0	30	0.0	0.0	0.0	0.0	0.0
11	Pension & OPEB Cash Versus Accrual Differential Deferral - Hydroelectric - Post-2017 Additions - EB-2020-0290 Approved		35.3	35.3	0.0		0.0	0.0	30	0.0	0.0	0.0	0.0	0.0
12	Pension & OPEB Cash Versus Accrual Differential Deferral - Hydroelectric - Post-2019 Additions		28.1	0.0	28.1		0.0	28.1	30	5.6	11.2	11.2	28.1	0.0
13	Pension & OPEB Cash Payment Variance - Hydroelectric		(77.0)	(25.7)	(51.3)		0.0	(51.3)	30	(10.3)	(20.5)	(20.5)	(51.3)	0.0
14	Pension and OPEB Forecast Accrual versus Actual Cash Payment Differential Variance - Carrying Charges - Hydroelectric		(2.0)	(0.1)	(1.9)		0.0	(1.9)	30	(0.4)	(0.8)	(0.8)	(1.9)	0.0
15	Hydroelectric Deferral and Variance Over/Under Recovery Variance		16.1	2.3	13.8		0.0	13.8	30	2.8	5.5	5.5	13.8	0.0
16	Total		319.8	78.9	240.8	(4.7)	23.8	212.3		42.5	84.9	84.9	212.3	23.8
17	Tax on Pension & OPEB Cash Versus Accrual Differential Deferral - Hydroelectric - Post-2019 Additions	4			9.4		0.0	9.4	30	1.9	3.7	3.7	9.4	0.0
18	Settlement Adjustment: Sale of Unprescribed Kipling Site Deferral Account	7				(6.3)	0.0	(6.3)	30	(1.3)	(2.5)	(2.5)	(6.3)	0.0
19	Total Recoverable Amount				250.2	(11.1)	23.8	215.3		43.1	86.1	86.1	215.3	23.8
20	Forecast Production (TWh)	5								16.5	33.0	33.0		
21	Regulated Hydroelectric Payment Rider (\$/MWh) (line 19 / line 20)									2.61	2.61	2.61		

- Notes:
- 1From Ex. H1-1-1 Table 1, col (d).
- 2From EB-2020-0290 Payment Amounts Order, App. C, Table 1, sum of cols. (i) (j), (k) and (l).
- 3Col. (d) from Ex. H1-2-1, Table 1, col. (d).
- 4Calculated as: line 12 * tax rate / (1 - tax rate). Tax rate as shown at EB-2020-0290 Payment Amounts Order, App A, Table 19, line 32, col. (c).
- 5From EB-2020-0290 Payment Amounts Order, App. C, Table 1, line 22: col. (j) * 6/12 for 2024, col. (k) for 2025 and (l) for 2026.
- 6Col. (c1) per Settlement Proposal (Ex. O1-1-1), p. 15.
- 7Col. (c1) per Settlement Proposal (Ex. O1-1-1), pp. 16-17.
- 8From Ex. H1-2-1, Table 1, col. (f) for lines 1-17.

Numbers may not add due to rounding.

Table 2
Calculation of Deferral and Variance Account Recovery Payment Rider - Nuclear (\$M)

Line No.	Account	Note	Audited Year End Balance 2022	EB-2020-0290 OEB-Approved Amortization (2023-2026)	(a)-(b) 2022 Balance Less Approved Amortization	Settlement Adjustments	Amounts Deferred to Future Applications	(c)+(c1)-(d) Amounts Recoverable in Current Application	Recovery Period (months)	Amortization July - Dec 2024	Amortization Jan - Dec 2025	Amortization Jan - Dec 2026	(g)+(h)+(i) Amortization	(c)+(c1)-(j) Unamortized Balance
			(a)	(b)	(c)	(c1)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
			Note 1	Note 2					Note 9					
1	Nuclear Liability Deferral		188.3	0.0	188.3		0.0	188.3	30	37.7	75.3	75.3	188.3	0.0
2	Nuclear Development Variance	6	110.9	2.5	108.4	(0.1)	0.0	108.3	30	21.7	43.3	43.3	108.3	0.0
3	Ancillary Services Net Revenue Variance - Nuclear		(13.6)	(2.4)	(11.3)		0.0	(11.3)	30	(2.3)	(4.5)	(4.5)	(11.3)	0.0
4	Capacity Refurbishment Variance - Nuclear - DRP - Excluding D2O Project	3	(47.6)	0.0	(47.6)		(47.6)	0.0		0.0	0.0	0.0	0.0	(47.6)
5	Capacity Refurbishment Variance - Nuclear - Non-DRP	3, 7	49.7	(64.1)	113.8	(4.174)	(2.2)	111.8	30	22.4	44.7	44.7	111.8	(2.2)
6	Capacity Refurbishment Variance - Nuclear - Accelerated Investment Incentive CCA - DRP		(30.9)	(12.8)	(18.1)		0.0	(18.1)	30	(3.6)	(7.2)	(7.2)	(18.1)	0.0
7	Capacity Refurbishment Variance - Nuclear - D2O Project		79.4	0.1	79.3		0.0	79.3	30	15.9	31.7	31.7	79.3	0.0
8	Bruce Lease Net Revenues Variance - Non-Derivative Sub-Account - EB-2018-0243/EB-2016-0152 Approved		84.2	84.2	0.0		0.0	0.0	30	0.0	0.0	0.0	0.0	0.0
9	Bruce Lease Net Revenues Variance - Non-Derivative Sub-Account - Post-2017 Additions		17.1	15.4	1.7		0.0	1.7	30	0.3	0.7	0.7	1.7	0.0
10	Income and Other Taxes Variance - Nuclear		(18.8)	(9.7)	(9.1)		0.0	(9.1)	30	(1.8)	(3.7)	(3.7)	(9.1)	0.0
11	Pension and OPEB Cost Variance - Nuclear - Future Recovery (Dec. 31, 2012 Balance)		42.9	42.9	0.0		0.0	0.0	30	0.0	0.0	0.0	0.0	0.0
12	Pension and OPEB Cost Variance - Nuclear - Post 2021 Additions		(122.6)	0.0	(122.6)		0.0	(122.6)	30	(24.5)	(49.0)	(49.0)	(122.6)	0.0
13	Pension & OPEB Cash Versus Accrual Differential Deferral - Nuclear - Registered Pension Plan (RPP) - EB-2018-0243 Approved		212.8	212.8	0.0		0.0	0.0	30	0.0	0.0	0.0	0.0	0.0
14	Pension & OPEB Cash Versus Accrual Differential Deferral - Nuclear-Non - RPP - EB-2018-0243 Approved		88.2	88.2	0.0		0.0	0.0	30	0.0	0.0	0.0	0.0	0.0
15	Pension & OPEB Cash Versus Accrual Differential Deferral - Nuclear - Post-2017 Additions - EB-2020-0290 Approved		222.5	222.5	0.0		0.0	0.0	30	0.0	0.0	0.0	0.0	0.0
16	Pension & OPEB Cash Versus Accrual Differential Deferral - Nuclear - Post-2019 Additions		164.8	0.0	164.8		0.0	164.8	30	33.0	65.9	65.9	164.8	0.0
17	Pension & OPEB Cash Payment Variance - Nuclear		(383.4)	(116.1)	(267.3)		0.0	(267.3)	30	(53.5)	(106.9)	(106.9)	(267.3)	0.0
18	Pension and OPEB Forecast Accrual versus Actual Cash Payment Differential Variance - Carrying Charges - Nuclear		(12.3)	(0.4)	(11.9)		0.0	(11.9)	30	(2.4)	(4.8)	(4.8)	(11.9)	0.0
19	Nuclear Deferral and Variance Over/Under Recovery Variance		(74.7)	(16.8)	(58.0)		0.0	(58.0)	30	(11.6)	(23.2)	(23.2)	(58.0)	0.0
20	Fitness for Duty Deferral	3	1.6	0.0	1.6		1.6	0.0		0.0	0.0	0.0	0.0	1.6
21	SR&ED ITC Variance		(8.6)	(8.1)	(0.5)		0.0	(0.5)	30	(0.1)	(0.2)	(0.2)	(0.5)	0.0
22	Rate Smoothing Deferral	3	568.9	0.0	568.9		568.9	0.0		0.0	0.0	0.0	0.0	568.9
23	Impact Resulting from Changes to Pickering Station End-of-Life Dates (December 31, 2017) Deferral		(57.5)	(163.9)	106.4		0.0	106.4	30	21.3	42.5	42.5	106.4	0.0
24	Impact Resulting from Optimization of Pickering Station End-of-Life Dates Deferral		(45.0)	0.0	(45.0)		0.0	(45.0)	30	(9.0)	(18.0)	(18.0)	(45.0)	0.0
25	Pickering Closure Costs Deferral	3	2.8	0.0	2.8		2.8	0.0		0.0	0.0	0.0	0.0	2.8
26	Total		1,019.1	274.4	744.6	(4.3)	523.4	216.9		43.4	86.8	86.8	216.9	523.4
27	Tax on Pension & OPEB Cash Versus Accrual Differential Deferral - Nuclear - Post-2019 Additions	4			54.9		0.0	54.9	30	11.0	22.0	22.0	54.9	0.0
28	Settlement Adjustment: Sale of Unprescribed Kipling Site Deferral Account	8				(6.3)	0.0	(6.3)	30	(1.3)	(2.5)	(2.5)	(6.3)	0.0
29	Total Recoverable Amount				799.6	(10.6)	523.4	265.6		53.1	106.2	106.2	265.6	523.4
30	Forecast Production (TWh)	5								17.0	31.1	21.9		
31	Nuclear Payment Rider (\$/MWh) (line 29 / line 30)									3.13	3.42	4.85		

- Notes:
- From Ex. H1-1-1 Table 1, col (d).
 - From EB-2020-0290 Payments Amounts Order, App. D, Table 1, sum of cols. (i), (j), (k), (l).
 - Col. (d) from Ex. H1-2-1, Table 2, col. (d).
 - Calculated as: line 16 * tax rate / (1 - tax rate). Tax rate as shown in EB-2020-0290 Payments Amounts Order, App A, Table 19, line 32, col. (c).
 - From EB-2020-0290 Payment Amounts Order, App. D, Table 1, line 31: col. (j) * 6/12 for 2024, col. (k) for 2025 and (l) for 2026.
 - Col. (c1) per Settlement Proposal (Ex. O1-1-1), p. 15.
 - Col. (c1) per Settlement Proposal (Ex. O1-1-1), p. 15.
 - Col. c(1) per Settlement Proposal (Ex. O1-1-1), pp. 16-17.
 - From Ex. H1-2-1, Table 2, col. (f) for lines 1-27.

Numbers may not add due to rounding.

Table 3
Annualized Residential Consumer Impact
EB-2020-0290 to EB-2023-0336

Line No.	Description	Note	July - Dec 2024 Amount	2025 Amount	2026 Amount
			(a)	(b)	(c)
1	Typical Consumption (kWh/Month)	1	737	737	737
2	Typical Usage of OPG Generation (kWh/Month) (line 1 x line 10)		354	339	291
3	Typical Bill (\$/Month)	1	126.65	126.65	126.65
4	Typical Bill Impact (\$/Month) (line 2 x line 7 / 1000)		1.02	0.05	0.14
5	Typical Bill Impact (%) (line 4 / line 3)		0.8%	0.0%	0.1%
6	Incremental Weighted Average Payment Amount	2	2.87	3.01	3.50
7	Year-over-year Change in Incremental Weighted Average Payment Amount		2.87	0.14	0.49
8	Total OPG Regulated Production (TWh)	3	67.0	64.1	54.9
9	Forecast of 2024 Provincial Demand (TWh)	4	139.2	139.2	139.2
10	OPG Proportion of Consumer Usage (line 8 / line 9)		48.1%	46.0%	39.4%

Notes:

- 1 Typical monthly consumption (700 kWh) and typical monthly bill are based on the OEB "Bill Calculator" for estimating monthly residential electricity bills (using Time of Use pricing), available at: https://www.oeb.ca/_html/calculator/en/electricity/res/, accessed November 2, 2023
Typical Consumption includes line losses (Assumed loss factor of 1.0525)
- 2 From Ex. I1-1-1 Table 2, line 13.
- 3 From Ex. I1-1-1 Table 2: line 4 + line 8.
- 4 Based on forecast demand for 2024 (139.2 TWh) from Table 3-1 of IESO Reliability Outlook Update from October 2023 to March 2025, released September 2023.

Numbers may not add due to rounding.

Filed: 2024-05-03
EB-2023-0336
Draft Payment Amounts Order
Appendix A
Table 3A

Table 3A
Annualized Bill Impact for Typical Alectra (PowerStream) Business & Industrial Consumers 2024-2026

Line No.	Description	Note	July - Dec 2024		2025		2026	
			Medium/Large Business	Large Industrial	Medium/Large Business	Large Industrial	Medium/Large Business	Large Industrial
			(a)	(b)	(c)	(d)	(e)	(f)
1	Typical Consumer Usage (kWh/Month)	1	82,952	2,840,600	82,952	2,840,600	82,952	2,840,600
2	Total OPG Regulated Production (TWh)	2	67.0	67.0	64.1	64.1	54.9	54.9
3	OPG Portion of Consumer Usage	3	48.1%	48.1%	46.0%	46.0%	39.4%	39.4%
4	Consumer Usage of OPG Generation (kWh/Month)		39,912	1,366,758	38,178	1,307,356	32,709	1,120,067
	(line 1 x line 3)							
5	Typical Monthly Consumer Bill (\$)	1	12,666	423,047	12,666	423,047	12,666	423,047
	EB-2020-0290 to EB-2023-0336:							
6	Incremental Weighted Average Payment Amount (\$/MWh)	4	2.87	2.87	0.14	0.14	0.49	0.49
7	Percentage Increase in Consumer Bills		0.90%	0.93%	0.04%	0.04%	0.13%	0.13%
	(line 6 x (line 4/1000) / line 5)							
8	Dollar Increase in Consumer Bills (\$) (line 5 x line 7)		114.55	3,922.60	5.34	183.03	16.03	548.83

Notes:

- Current Approved Rates and Usage (adjusted for line losses) are taken from the Alectra EB-2022-0185 proceeding, Excel File: Alectra_RGM PRZ_20221122_20221208
GS > 50 customer, consumption 80,000 kWh, loss factor 3.69%
Large User customer, consumption 2,800,000 kWh, loss factor 1.45%
- From Ex. I1-1-1 Table 2: line 4 + line 8.
- From Ex. I1-1-1 Table 1, line 10.
- From Ex. I1-1-1 Table 1, line 7.

Numbers may not add due to rounding.

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EB-2023-0336
Draft Payment Amounts Order
Appendix A
Table 3B

Table 3B
Annualized Bill Impact for Typical Hydro One Networks Business & Industrial Consumers 2024-2026

Line No.	Description	Note	July - Dec 2024		2025		2026	
			Medium/Large Business	Large Industrial	Medium/Large Business	Large Industrial	Medium/Large Business	Large Industrial
			(a)	(b)	(c)	(d)	(e)	(f)
1	Typical Consumer Usage (kWh/Month)	1	36,428	1,420,140	36,428	1,420,140	36,428	1,420,140
2	Total OPG Regulated Production (TWh)	2	67.0	67.0	64.1	64.1	54.9	54.9
3	OPG Portion of Consumer Usage	3	48.1%	48.1%	46.0%	46.0%	39.4%	39.4%
4	Consumer Usage of OPG Generation (kWh/Month)		17,528	683,302	16,766	653,604	14,364	559,971
	(line 1 x line 3)							
5	Typical Monthly Consumer Bill (\$)	1	8,245	227,999	8,245	227,999	8,245	227,999
	<u>EB-2020-0290 to EB-2023-0336:</u>							
6	Incremental Weighted Average Payment Amount (\$/MWh)	4	2.87	2.87	0.14	0.14	0.49	0.49
7	Percentage Increase in Consumer Bills		0.61%	0.86%	0.03%	0.04%	0.09%	0.12%
	(line 6 x (line 4/1000) / line 5)							
8	Dollar Increase in Consumer Bills (\$) (line 5 x line 7)		50.30	1,961.08	2.35	91.50	7.04	274.39

Notes:

- Current Approved Rates and Usage (adjusted for line losses) are taken from EB-2021-0110, Excel file: HONI_JRAP_Settlement Proposal_Attachment Update_Attachment 2_Schedule 7.1_20221116
Medium/Large Business: GSd_Avg customer, consumption 34,334 kWh, loss factor 6.1%
Large Industrial: ST_Avg customer, consumption 1,373,443 kWh, loss factor 3.4%
- From Ex. I1-1-1 Table 2: line 4 + line 8.
- From Ex. I1-1-1 Table 1, line 10.
- From Ex. I1-1-1 Table 1, line 7.

Numbers may not add due to rounding.

Table 3C
Annualized Bill Impact for Typical Toronto Hydro Business & Industrial Consumers 2024-2026

Line No.	Description	Note	July - Dec 2024		2025		2026	
			Medium/Large Business	Large Industrial	Medium/Large Business	Large Industrial	Medium/Large Business	Large Industrial
			(a)	(b)	(c)	(d)	(e)	(f)
1	Typical Consumer Usage (kWh/Month)	1	81,331	4,170,520	81,331	4,170,520	81,331	4,170,520
2	Total OPG Regulated Production (TWh)	2	67.0	67.0	64.1	64.1	54.9	54.9
3	OPG Portion of Consumer Usage	3	48.1%	48.1%	46.0%	46.0%	39.4%	39.4%
4	Consumer Usage of OPG Generation (kWh/Month)		39,132	2,006,651	37,432	1,919,438	32,069	1,644,463
	(line 1 x line 3)							
5	Typical Monthly Consumer Bill (\$)	1	12,500	643,955	12,500	643,955	12,500	643,955
	EB-2020-0290 to EB-2023-0336:							
6	Incremental Weighted Average Payment Amount (\$/MWh)	4	2.87	2.87	0.14	0.14	0.49	0.49
7	Percentage Increase in Consumer Bills		0.90%	0.89%	0.04%	0.04%	0.13%	0.13%
	(line 6 x (line 4/1000) / line 5)							
8	Dollar Increase in Consumer Bills (\$) (line 5 x line 7)		112.31	5,759.09	5.24	268.72	15.71	805.79

Notes:

1 Current Approved Rates and Usage (adjusted for line losses) are taken from EB-2022-0065, excel file THESL_2023 Bill Impacts_20221208
Medium/Large Business: GS 50-999 customer, consumption 79,000 kWh, loss factor 2.95%
Large Industrial: Large Use customer, consumption 4,100,000 kWh, loss factor 1.72%

2 From Ex. I1-1-1 Table 2: line 4 + line 8.

3 From Ex. I1-1-1 Table 1, line 10.

4 From Ex. I1-1-1 Table 1, line 7.

Numbers may not add due to rounding.

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Draft Payment Amounts Order
Appendix A
Table 4

Table 4
Calculation of Change in Weighted Average Payment Amount
EB-2020-0290 to EB-2023-0336

Line No.	Description	Note	2023	July - Dec 2024	2025	2026
			(a)	(b)	(c)	(d)
1	Hydroelectric Payment Amount (HPA) (\$/MWh)	1	43.88	43.88	43.88	43.88
2	Hydroelectric Payment Rider EB-2020-0290 (HPRA) (\$/MWh)	2	1.03	1.03	0.69	0.69
3	Hydroelectric Payment Rider EB-2023-0336 (HPRB) (\$/MWh)	3		2.61	2.61	2.61
4	Hydroelectric Production Forecast (HPF) TWh	4	33.0	33.0	33.0	33.0
5	Nuclear Payment Amount (NPA) (\$/MWh)	5	107.79	103.48	102.85	111.33
6	Nuclear Payment Rider EB-2020-0290 (NPRA) (\$/MWh)	6	1.25	1.15	5.34	7.58
7	Nuclear Payment Rider EB-2023-0336 (NPRB) (\$/MWh)	7		3.13	3.42	4.85
8	Nuclear Production Forecast (NPF) TWh	8	31.2	34.0	31.1	21.9
9	Weighted Average Payment Amount (\$/MWh) ((NPA + NPRA + NPRB) x NPF + (HPA + HPRA + HPRB) x HPF) / (NPF + HPF)		76.10	78.10	78.45	77.75
10	EB-2020-0290 Weighted Average Payment Amount (\$/MWh)	9	76.10	75.23	75.44	74.25
11	Incremental Weighted Average Payment Amount (\$/MWh) (line 10 - line 9)		0.00	2.87	3.01	3.50
12	Percentage Change in Weighted Average Payment Amount (Year over Year)			2.6%	0.4%	-0.9%

Notes:

- 1 From EB-2020-0290 Payment Amounts Order, p. 4.
- 2 From EB-2020-0290 Payment Amounts Order, p. 7.
- 3 From Payment Amounts Order, App. A, Table 1, line 21.
- 4 From EB-2020-0290 Payment Amounts Order, App. B, Table 3, line 3.
- 5 From EB-2020-0290 Payment Amounts Order, p. 5.
- 6 From EB-2020-0290 Payment Amounts Order, p. 8.
- 7 From Payment Amounts Order, App. A, Table 2, line 31.
- 8 From EB-2020-0290 Payment Amounts Order, p. 4.
- 9 From EB-2020-0290 Payment Amounts Order, App. B, Table 3, line 9.