



BY EMAIL and RESS

Mark Rubenstein
mark@shepherdrubenstein.com
Dir. 647-483-0113

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

June 25, 2024
Our File: EB20240136

Attn: Nancy Marconi, Registrar

Dear Ms. Marconi:

Re: EB-2024-0136 – Review of the OPG Filing Guidelines– SEC Reply Comments

We are counsel to the School Energy Coalition ("SEC"). These are SEC's brief reply comments on the proposed updates to the Filing Guidelines for Ontario Power Generation ("OPG") in response to the comments filed by OPG.

Year-Over-Year Variance Analysis

OPG proposes that it continue to provide year-over-year variance analysis for OM&A but not for Project OM&A or capital. SEC agrees with this proposal, as there is a much more limited benefit to a year-over-year variance analysis for capital or Project OM&A. If, in the context of a specific application, a variance analysis (or more likely a more limited one) is required because of the evidence, that can be asked as an interrogatory.

However, SEC's agreement that a year-over-year variance analysis is not required for capital and Project OM&A is tied to the issue of the appropriate project materiality threshold. If the OEB changes the materiality threshold for pre-filed evidence information, then a year-over-year variance analysis for both capital and Project OM&A becomes essential in understanding and assessing the proposed spending levels and must be retained.

Materiality Threshold

SEC strongly urges the OEB to reject the proposal made by OPG to double the project materiality thresholds for the reasons set out in our initial comments.

SEC is not aware of the basis for the thresholds when originally set, but considering the actual level of information provided for each threshold, they remain entirely appropriate. Only at the highest threshold does OPG file more than just the briefest description of the project, and even then, it is a copy of its own existing internal Business Case. If the OEB increases the Tier 1 threshold anywhere close to that proposed by OPG (from \$20M to \$40M), it will simply result in parties asking interrogatories to seek much of the same information, probably leading to more lengthy requests due to limited opportunities for follow-up (i.e., the Technical Conference).

OPG also proposes that the variance analysis on Tier 1 project costs be increased from the current 10% to a 20% threshold. OPG argues that this is more aligned with the expectation of the AACE project estimate range and its own internal project governance. SEC disagrees and believes the 10% threshold remains appropriate. OPG's approach seems to suggest, at least implicitly, that if the variance in costs is below 20%, then that project's costs are appropriate. SEC disagrees, as the OEB does not approve a 'range' of costs when it approves OPG's forecast budget, but a specific number. Intervenor and the OEB need to understand what occurred. The existing 10% threshold strikes the appropriate balance of regulatory efficiency and appropriate oversight of what may be a material amount.

Historical Year and Hydroelectric Rebasing

OPG proposes that the OEB limit the number of historical years to no more than five. SEC disagrees. The OEB must require that OPG provide information back to the Board-approved years in its last application. There is no reason why OPG should be treated differently than any other regulated utility, which is required to provide information back to that point.¹ The information is critical in understanding historic trends, variance between Board-approved and actual amounts, and often for capital, will involve specific variances which the company then seeks to add to its rate base. If the company is on a price-cap, as OPG's hydroelectric assets had been in the past, then for capital, it is seeking to add those assets from historic years to its rate base for the first time.

For OPG's regulated hydroelectric assets, the amount of time is unusually long, and that has led to specific problems with respect to the availability of data. SEC understands there are some limitations, but the company must be required, as much as reasonably practical, to provide information back to the 2014 and 2015 years, which were the last Board-approved amounts at some level (i.e., category or overall capital or OM&A level).

Yours very truly,
Shepherd Rubenstein P.C.

Mark Rubenstein

cc: Brian McKay, SEC (by email)
OPG and interested parties (by email)

¹ See for example, [Filing Requirements For Electricity Distribution Rate Applications - 2023 Edition for 2024 Rate Applications](#), Chapter 2, p.5