

VIA EMAIL

October 18, 2024

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

Dear Nancy Marconi:

**Re: Ontario Power Generation (OPG) – 2022 and 2023 Actual Earnings
Off-Ramp Provision for 2022-2026 Rate Term
OEB File No. EB-2020-0290**

The Ratepayer Groups (Association of Major Power Consumers in Ontario, Canadian Manufacturers & Exporters, Consumers Council of Canada, School Energy Coalition, and Vulnerable Energy Consumers Coalition) have reviewed Ontario Power Generation's (OPG) annual reporting regarding its achieved return on equity (ROE). It appears that OPG has earned in excess of 300 basis points above the OEB-approved ROE in both 2022 and 2023.

In 2022, OPG's actual ROE, for the combined nuclear and hydroelectric businesses, was 12.68% (12.94% for nuclear and 12.39% for hydroelectric).¹ This compares to a deemed ROE of 8.98% (or approximately 370 basis points above the OEB-approved ROE).²

In 2023, OPG's actual ROE, for the combined nuclear and hydroelectric businesses, increased to 13.8% (17.23% for nuclear and 9.71% for hydroelectric).³ This compares to a deemed ROE of 8.97% (or approximately 483 basis points above the OEB-approved ROE).⁴

¹ [OPG 2022 RRR – Annual Regulatory Return](#), Table 1.

² [OPG 2022 RRR – Annual Regulatory Return](#), Table 5. Rate base-weighted average approved ROE of 9.33% for Hydroelectric and 8.66% for nuclear.

³ [OPG 2023 RRR – Annual Regulatory Return](#), Table 1.

⁴ [OPG 2023 RRR – Annual Regulatory Return](#), Table 5. Rate base-weighted average approved ROE of 9.33% for Hydroelectric and 8.66% for nuclear.

OPG's approved rate framework⁵ includes an off-ramp for the situation where its actual ROE is outside the +/- 300 basis point trigger established by the Renewed Regulatory Framework for determining whether a regulatory review may be initiated.⁶

The Ratepayer Groups request that the OEB initiate a regulatory review of OPG's 2022-2026 rate framework as OPG has earned well in excess of 300 basis points above the OEB-approved ROE for each of the first two years of the rate term. This would appear to indicate that OPG's payment amounts may no longer be just and reasonable.

A regulatory review would be consistent with the OEB's previous approach to OPG's regulatory results. In 2019, OPG earned in excess of 300 basis points above the OEB-approved ROE. In 2020, after receiving OPG's annual reporting, the OEB, on its own motion, initiated a regulatory review.⁷

Yours truly,



Shelley Grice

Consultant for the Association of Major Power Consumers in Ontario



Scott Pollock

Counsel for the Canadian Manufacturers & Exporters

⁵ The approved EB-2020-0290 Settlement Proposal accepted OPG's proposed rate-framework subject to various modifications (See EB-2020-0290, Decision and Order, Schedule A – Approved Settlement Proposal, p. 17)

⁶ EB-2020-0290, Exhibit A1, Tab 3, Schedule 2, p. 13:

Each year, OPG is required to file an analysis of the actual annual regulatory return, after tax on rate base, both dollars and percentages, for the combined regulated business (i.e., both hydroelectric and nuclear). This analysis includes a comparison of the regulated business' achieved ROE against the approved ROE included in the payment amounts. OPG proposes that this reporting requirement continue to be the basis for determining if its actual ROE is outside the +/-300 basis point trigger established by the RRF for determining whether a regulatory review may be initiated.

⁷ EB-2020-0248

Lawrie Gluck

Lawrie Gluck
Consultant for the Consumers Council of Canada

Mark Rubenstein
Counsel for the School Energy Coalition

Mark Garner
Consultant for the Vulnerable Energy Consumers Coalition

cc: Ontario Power Generation