

Board Staff Interrogatory #268

Interrogatory

Reference:

Ref 1: Exhibit I1 / Tab 4 / Schedule 1

Ref 2: EB-2020-0290, OPG Letter RE: Interim Payment Amounts and Timing of Final Payment Amounts Order, December 23, 2021

Preamble:

With Reference 1, OPG provides a description of the IESO settlement process used for OPG's regulated generation facilities and the Darlington New Nuclear Program (DNNP) facilities. The evidence states that a final rate order establishing new payment amounts would have to be issued by the 20th day of the second month prior to the implementation month. Reference 1 provides the example that a rate order would have to be issued by January 20 to implement payment amounts for March 1:

OPG and DNNP LP understand that in order for revised payment amounts and riders to be implemented on the first of a given month, a final rate order establishing the new payment amounts and riders would have to be issued by the 20th of the second month prior to the implementation month. This timing is necessary for the IESO to update their systems and perform the settlement without retroactive adjustment. For example, for implementation on March 1st, the rate order would have to be issued in January, before the 20th.

Reference 2 is a letter from OPG in the EB-2020-0290 proceeding. In that letter, OPG states that it conferred with the IESO as to the latest date that a final payment amounts order could be issued to avoid additional riders to recover foregone revenue. That letter provides the example that a payment amounts order would have to be issued by February 20 to ensure that the IESO could implement payment amounts for January 1.

OPG has conferred with the IESO as requested. The IESO indicated that issuance of the final payment amounts order by February 20, 2022 will ensure that the IESO will be able to implement an effective date of January 1, 2022 without the need for a separate shortfall mechanism.

1 Question(s):
2

- 3 a) Please confirm the latest date for the OEB to issue a payment amounts order so
4 that the IESO could implement payment amounts for January 1, 2027 without
5 additional riders to recover foregone revenue.
6

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8 **Response**
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10 The settlement process outlined in Ex. I1-4-1 describes the IESO's use of a retroactive
11 adjustment and the associated settlement timeline with respect to the implementation
12 date of a revised payment amount. In contrast, OPG's EB-2020-0290 letter referenced
13 in the question outlines timing consideration applicable to a separate shortfall
14 mechanism (e.g., a payment amount rider), which is required if the IESO is unable to
15 utilize retroactive adjustments to reflect a particular effective date.
16

17 As part of the IESO's Replacement of the Settlement System project, which was
18 implemented in 2023, the use of manual retroactive adjustments was replaced by the
19 Recalculated Settlement Statement ("RCSS") process. As OPG expects that the use
20 of the RCSS would impact the timing constraints around the implementation of any
21 separate shortfall mechanism, OPG has conferred with the IESO, as requested, to
22 determine the associated "latest date".
23

24 To avoid the need for additional riders for the Applicants to recover forgone revenues,
25 the IESO indicated a 23-month limitation period following the OEB payments amounts
26 order issue date with an effective date of January 1, 2027. This limitation period is set
27 out in the IESO's Market Rules Ch. 9, Section 6.9.2. Within this limitation period, the
28 IESO would use RCSS process, which is designed to reflect changes for prior month(s)
29 such as the payment amounts order in this proceeding, from an effective date of
30 January 1, 2027 to the implementation date without the need for a separate shortfall
31 recovery mechanism.
32

33 While the IESO could theoretically resettle the period up to 23 months past January 1,
34 2027, a delay in the Applicants collecting revenue of such magnitude would have
35 substantial implications on the Applicants' financial position and would not be in
36 keeping with the OEB's performance standards for processing applications. The
37 Applicants therefore do not believe that such an approach would be reasonable.