OPG MESSAGE MAP

Rate Smoothing and Price

KEY MESSAGE

Nuclear rate smoothing will defer collection of a portion of regulated revenues until after the end of Darlington refurbishment, moderating price spikes during the period. Cost of power from the refurbished Darlington station is expected to be about 8¢/KWh (2015$).

SUPPORTING FACTS

- The price that OPG receives for its power will continue to be well below the average price paid to other Ontario generators. In 2015 non OPG generation was paid an average price of about 10.5 ¢/kWh, compared to 6.5 ¢/kWh paid for OPG generation.
- A refurbished Darlington brings predictable, stable prices for 30 years and will benefit consumers by moderating their bills.
- In May 2016, OPG filed its submission for its nuclear and hydro regulated rates for 2017 – 2021. In its submission OPG is requesting smooth increases in its nuclear rates over the Darlington refurbishment period to 2026 at which time nuclear rates would start to decline about 3% a year.
- OPG's rate proposal would: reduce volatility in OPG's regulated rates during and following the period of Darlington Refurbishment; permit the orderly recovery of prudently incurred costs; and, reduce the financial risk associated with the Refurbishment Project.
- If accepted by the OEB, OPG's proposal would result in average annual increases in the typical residential monthly bill of 0.7% or $1.05 over the next five years.

QUESTIONS AND ANSWERS

How will rate smoothing benefit Ontario electricity customers?
The impact of OPG's proposal on the average residential monthly bill would be a reduction of $1.29 in 2017, followed by increases of $1.73 in 2018, $1.07 in 2019, $1.86 in 2020, and $1.89 in 2021. Ontario electricity customers will benefit from more stable year-over-year changes in rates over the next 10 years. The actual, allowed rate of increase will be determined by the Ontario Energy Board through a regulatory hearing process.

How will rate smoothing affect OPG's financial position?
The regulation setting out the framework for OEB review and approval of OPG rates ensures that OPG is able to orderly recover the deferred amounts over time including interest.

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