Rate Smoothing

In terms of the Fair Hydro Plan, OEB staff had argued that the rationale for smoothing OPG's payment amounts would seem to be diminished by the Fair Hydro Act, and that the OEB should consider whether the Fair Hydro Plan alleviates some of the concerns that might otherwise justify a significant smoothing of OPG's Weighted Average Payment Amounts. OEB staff also stated that since the Fair Hydro Plan appears to be a form of payment amount smoothing, the payment amount smoothing proposed in the application would be unnecessary.

As a matter of law it would be incorrect for the OEB to interpret the payment amount smoothing provisions in regulation differently because of the introduction of the Fair Hydro Act. Payment amount smoothing requirements stand on their own. The OEB's decision on payment amount smoothing should be based on the legislated requirements of O.Reg. 53/05 and the evidence in the proceeding.

All parties agree that the implementation of the OEB's decision on payment amount smoothing would be better deliberated after a final revenue requirement has been set by the OEB. OPG will reserve its comments on the payment amount smoothing mechanics proposals by intervenors until that time.

If you would like information or clarification on any of the items above or on ones not covered in the email, let me know.

Thanks.

Maia

Maia Chase | Regulatory Affairs, IESO | T: 905.403.6906 | Email: maia.chase@ieso.ca|

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