

GEC Interrogatory #043

Issue Number: 6.5

Issue: Are the test period expenditures related to extended operations for Pickering appropriate?

Interrogatory

Reference:

In EB-2013-0321 F2-2-3, Attachment 2 OPG filed the Ontario Power Authority's assessment of the prudence of operating Pickering until 2020. It stated: "On balance, the OPA's assessment of system cost impacts suggests an expected cost advantage to Pickering continued operation (in the order of approximately \$100 Million). This advantage predominately reflects expected costs savings from reduced natural gas-fired energy production and lower replacement capacity requirements. Based on evaluation to date of the broader uncertainties, the OPA estimates a range of up to approximately \$1.3 billion in potential net-benefit from Pickering continued operation to \$0.76 billion in potential net-cost (dis-benefit). These estimates represent illustrative bookends and explore combinations of factors that together would increase or decrease the cost impacts of Pickering continued operations."

In EB-2013-0321, F2-2-3, Schedule 3, OPG's 2012 assessment of the Pickering continued operation estimates the net present value to be "approximately \$520 million (2012 PV dollars)."

In contrast, EB-2010-0008, Exhibit F2-2-3, Attachment 2 states: "Depending on the amount of gas-fired generation or similarly-priced imports replaced by Pickering NGS generation, the overall system benefit could be up to 1.6 B\$ (104 TWH multiplied by 15 \$/MWh) due to the reduction of system costs."

- a. Please provide a table comparing the demand forecasts used in the OPA's reviews of operating Pickering until 2020 filed in the past cases against actual demand and current forecasts.
- b. Based on actual demand and current demand forecasts until 2020, is the continued operation of Pickering until 2020 a net system benefit or dis-benefit according to the OPA's earlier assessments?
- c. Please define "system benefit" as used in these assessments. In answering this question please describe any differences between OPG and the OPA/IESO's definition of system benefit and explain if and how OPG and/or the OPA/IESO's definitions of "system benefit"

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1 have changed since the earlier assessments.
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3 **Response**
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