

**Regulation - LGIC**

# **Proposed Amendment to O. Reg. 53/05 (Payments under Section 78.1 of the Act), made under the Ontario Energy Board Act, 1998**

**Ministry:** Ministry of Energy

**Regulation  
Number(s):** 53/05

**Bill or Act:** Ontario Energy Board Act, 1998





**Summary of  
Proposal:** Section 78.1 of the Ontario Energy Board Act, 1998 (OEBA) requires the IESO to make payments to any generator in the province that is prescribed by regulation. In 2005, the Government prescribed OPG's large baseload hydroelectric and Darlington and Pickering nuclear assets under Ontario Regulation 53/05, made under s.78.1 of the OEBA.

OPG owns and operates 59 hydroelectric stations that are currently not regulated by the OEB. Eleven of these stations are under contract with the Ontario Power Authority. The Ministry of Energy proposes amending Ontario Regulation 53/05 in order to prescribe OPG's remaining 48 hydroelectric generation facilities that are unregulated and not under contract. This would subject these facilities to economic regulation by the OEB. The regulatory process to establish and update rates for these assets would be determined by the OEB according to its processes and mandate, subject to Ontario Regulation 53/05.

OPG's unregulated, non-contracted hydroelectric facilities represent the last significant generators in Ontario that receive payment for their output based entirely on HOEP. HOEP is the wholesale market price for electricity in Ontario, and is designed to reflect the marginal cost of electricity based on variable costs of the price-setting generator. Other generators receive payments in addition to HOEP through power purchase contracts or regulation by the OEB.

Prescribing OPG's unregulated, non-contracted hydroelectric assets would improve OPG's ability to properly plan for and maintain these important hydroelectric assets. These facilities are critical to the operation of Ontario's electricity market, as they represent about 3,000 megawatts of reliable, clean generation that are able to respond to changing load demands in the province.

The proposed amendment would improve regulatory efficiency by providing the OEB with the authority to regulate nearly all of OPG's assets. This new process would leverage the OEB's existing, open and transparent rate setting process that it uses to establish rates for OPG's currently prescribed hydroelectric and nuclear assets. Providing for the amendments now makes sense since the OEB is in the midst of updating its processes for regulating OPG's existing regulated assets.

**Further  
Information:**  Ontario Power Generation's Hydroelectric Assets to Become Regulated by Ontario Regulation 53/05 (Download Adobe Reader) (Refer to page 3 of this document)  
 Ontario Energy Board  
 Ontario Energy Board Act, 1998  
 Ontario Regulation 53/05

**Proposal  
Number:** 13-ENE005

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**Ontario Power Generation's Hydroelectric Assets to Become Regulated by Ontario  
Regulation 53/05**

Arnprior	Big Chute
Barrett Chute	Big Eddy
Calabogie	Bingham Chute
Mountain Chute	Coniston
Stewartville	Crystal Falls
Chats Falls	Elliot Chute
Chenau	Eugenia Falls
Des Joachims	Frankford
Otto Holden	Hagues Reach
Abitibi Canyon	Hanna Chute
Otter Rapids	High Falls
Lower Notch	Lakefield
Matabitchuan	McVittie
Indian Chute	Merrickville
Aguasabon	Meyersberg
Alexander	Nipissing
Cameron Falls	Ragged Rapids
Caribou Falls	Ranney Falls
Kakabeka Falls	Seymour
Manitou Falls	Sidney
Pine Portage	Sills Island
Silver Falls	South Falls
Whitedog Falls	Stinson
Auburn	Trethewey Falls