

REGULATED HYDROELECTRIC PAYMENT AMOUNTS

1. PURPOSE

This evidence presents OPG's requested payment amounts for the regulated hydroelectric facilities.

2. PREVIOUSLY REGULATED HYDROELECTRIC PAYMENT AMOUNT

OPG is seeking approval of a payment amount for the previously regulated hydroelectric facilities, effective January 1, 2014, of \$44.20/MWh for the average hourly net energy production (MWh) from the previously regulated facilities in any given month (the "hourly volume") for each hour of that month. The difference between the hourly volume and the average hourly net energy will receive the market price from the Independent Electricity System Operator ("IESO")-administered energy market, adjusted as described at Ex E1-2-1.

The basis for the requested payment amount is presented in Ex. I1-T2-S1 Table 1. This table also presents the proposed regulated hydroelectric payment rider of \$3.11/MWh effective January 1, 2015, as calculated in Ex. H1-T2-S1 Table 1.

3. NEWLY REGULATED HYDROELECTRIC PAYMENT AMOUNT

The expected effective date of regulation of the newly regulated hydroelectric assets is July 1, 2014. In order to calculate the payment amount for the newly regulated hydroelectric facilities, OPG has created an eighteen month revenue requirement from July 1, 2014 to December 31, 2015 by adding together one half of the 2014 revenue requirement and all of the 2015 revenue requirement shown at Ex I1-1-1, Table 1, line 24 and divided this amount by the forecast production amounts specific to July 2014 through December 2015, as shown in Ex. I1-2-1 Table 2 and Ex. E1-1-1 Table 2.

OPG is seeking approval of a payment amount for the newly regulated hydroelectric facilities, effective July 1, 2014 of \$47.08/MWh for the average hourly net energy production (MWh) from the newly regulated facilities in any given month (the "hourly volume") for each hour of that month. The difference between the hourly volume and the average hourly net energy will

1 receive the market price from the IESO-administered energy market, adjusted as described
2 at Ex E1-2-1.

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4 OPG notes that many of the newly regulated hydroelectric stations are not connected directly
5 to the IESO-controlled grid but are instead embedded at the distribution level. As the IESO
6 does not currently have access to production data for these stations for settlement purposes,
7 OPG will work with the IESO and the distributor to develop a settlement solution to enable
8 implementation of this proposal.

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10 The basis for the requested payment amount is presented in Ex. I1-T2-S1 Table 2.