

Attention News Editors:

OEB Sets Payment Levels for OPG's Large Hydro and Nuclear Facilities

TORONTO, Dec. 2 /CNW/ - The Ontario Energy Board (the Board) today approved Ontario Power Generation's (OPG) payment levels for the electricity output of its regulated nuclear and hydroelectric generating assets.

The Board approved the new payment amounts after deciding cost reductions were needed in a number of areas of OPG's application including: nuclear operating costs, the return on equity, the debt/equity ratio and the treatment of nuclear liabilities.

For Regulated Price Plan (RPP) consumers, about one-third of the impact was already included in the November 1, 2008 RPP price and the remaining impact of just over 2% or about \$2.40 per month will be incorporated in RPP prices on May 1, 2009. OPG payments represent one of a number of factors that will affect RPP prices.

For consumers that are not on the RPP, the new payment amounts will take effect on December 1, 2008, adding approximately 3.25% (or \$3.65 per month) to the bill of a consumer using 1,000 kWh per month.

The Ontario Energy Board regulates the province's electricity and natural gas sectors in the public interest. It envisions a viable and efficient energy sector with informed consumers, and works towards this vision through regulatory processes that are effective, fair and transparent.

For more information on the Board or to view the transcript of the Board's ruling, please visit our website at www.oeb.gov.on.ca or contact the Consumer Relations Centre at 416-314-2455 or toll-free at 1-877-632-2727.

Ce document est aussi disponible en français.

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Backgrounder

December 2, 2008

Ontario Power Generation Regulated Assets Payments

What OPG Asked for - In its application, Ontario Power Generation's (OPG) asked the Ontario Energy Board (OEB or the Board) for a 14.8% increase (or about \$798 million) in the payments received by the regulated stations.

What the OEB Approved - The Board approved payments reflect approximately 75% of OPG's application, a reduction of about \$200 million from the original amount. The Board's decision will mean an 11.1% increase in the payments per kWh made to OPG including:

- 7.6% increase in the 'base' payments; and
- 3.5% 'temporary' increase in payments to recover costs that have built up over the past few years in deferral and variance accounts. It states in the Board's Decision recovery of these costs is required by a regulation.

- The new payment amounts are based on a 21-month period from April 1, 2008 to December 31, 2009.

- The approved payments for OPG include nuclear and hydroelectric operating costs as well as nuclear waste

management and decommissioning costs.

- What is the impact for consumers
- All Ontario consumers will be equally affected whether on:
 - the Regulated Price Plan (RPP);
 - a retailer contract; or
 - the spot market price.
 - For RPP consumers, about one-third of the impact was already included in the November 1, 2008 RPP price and the remaining impact of just over 2% or about \$2.40 per month will be incorporated in RPP prices on May 1, 2009.
 - For non-RPP consumers, the new payment amounts will take effect on December 1, 2008, adding approximately 3.25% (or \$3.65 per month) to the bill of a consumer using 1,000 kWh per month.
 - The monthly impact on consumer bills quoted above differs from figures included in the Board's Order. The figures included in the Order were calculated by OPG based on the full 21 month period (April 1, 2008 to Dec. 31, 2009). The monthly impact above takes into account the shorter recovery period of 13 months (Dec. 1, 2008 to Dec. 31, 2009).
 - OPG payments represent one of a number of factors that will affect May 1, 2009 RPP prices.

- Background
- Under Bill 100, the Electricity Restructuring Act, the government has been setting the payments for the output of OPG's regulated assets since April 2005. These assets include the Adam Beck and De Cew hydro stations at Niagara Falls, the R.H. Saunders hydro station near Cornwall, and the Pickering and Darlington nuclear stations. These assets provide much of the province's baseload generation, operating on a nearly constant basis to provide Ontario's homes and businesses with power.
 - Effective April 1, 2008, the government transferred the authority to the OEB to set payments for electricity generated from OPG's regulated assets.
 - OPG's regulated assets represent approximately 60% of its annual output, and almost 45% of the total generation in Ontario.

- Next Price Adjustment
- OPG's next application is expected to be submitted to the OEB in 2009.
 - That application will be for the period beginning January 1, 2010.

- For more information
- Details on today's announcement are available via the Board's website at www.oeb.gov.on.ca.
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