COMPARISON OF OTHER REVENUES
REGULATED HYDROELECTRIC

1.0 PURPOSE

This evidence presents period-over-period comparisons of Other Revenues for OPG's regulated hydroelectric facilities based on actuals for 2016-2024 and forecast for 2025-2027. Corresponding Other Revenues are provided on Ex. G1-1-2, Table 1.

The treatment of potential impacts of the IESO's Market Renewal Program ("Renewed Market") are described within Ex. G1-1-1. The expected impacts of the Market Renewal Program have generally not resulted in any material annual variances in the forecast of Other Revenues.

Consistent with the OEB's letter dated September 17, 2024, issued in EB-2024-0136, OPG has included nine years of historical data for its regulated hydroelectric business below, for the period 2016-2024. As there is no OEB-approved other revenues information for 2015 onwards, OPG has only provided year-over-year variance analysis for the historical (2016-2024), bridge (2025-2026), and test year (2027).

2.0 PERIOD-OVER-PERIOD CHANGES – TEST YEAR

2027 Plan versus 2026 Budget

The 2027 Plan Hydroelectric Incentive Mechanism ("HIM") revenues are expected to be $2.4M lower than 2026 Budget due to lower average price spreads forecasted for most of 2027 when compared to 2026.

3.0 PERIOD-OVER-PERIOD CHANGES – BRIDGE YEARS

2026 Budget versus 2025 Budget

2026 Budget HIM revenues are expected to be $9.7M higher than 2025 Budget due to higher average forecast Locational Marginal Prices in 2026 compared to 2025.

2025 Budget versus 2024 Actual

The 2025 Budget HIM revenues are expected to be $17.8M lower than 2024 Actual due to lower average budgeted price spreads in 2025 compared to actual 2024 price spreads.

The 2025 Budget WT revenue is expected to be $2.2M lower than 2024 Actual. The 2025 Budget is established based on the average of the 2020-2024 actuals.

The 2025 Budget ICAP revenue is expected to be $2.0M lower than 2024 Actual. The 2025 Budget is established based on the average of the 2020-2024 actuals.

4.0 PERIOD-OVER-PERIOD CHANGES – HISTORICAL YEARS

2024 Actual versus 2023 Actual

The 2024 Actual HIM revenue is $13.6M higher than 2023 Actual due to higher average price spreads and lower inflows during freshet which lead to a lower unintended benefit adjustment in 2024 compared to 2023.

The 2024 Actual WT revenue is $1.9M higher than 2023 Actual due to lower unit availability at R.H. Saunders GS, resulting in more water available to transfer to New York Power Authority (“NYPA”).

The 2024 ICAP revenue is $1.5M higher than 2023 Actual mostly due to OPG clearing New York Independent System Operator’s (“NYISO”) capacity auction for more commitment months in 2024 compared to 2023.

2023 Actual versus 2022 Actual

The 2023 Actual Ancillary Services revenue is $9.3M lower than 2022 Actual mostly due to lower Operating Reserve (“OR”) and Regulation Service revenues.

The 2023 Actual SMO revenue is $7.7M lower than 2022 Actual due to lower energy prices in 2023 coupled with decreased volume of SMO transactions.

The 2023 Actual ICAP revenue is $1.5M higher than 2022 Actual mostly due to OPG clearing NYISO's capacity auction for more commitment months in 2023 compared to 2022.

The 2023 Actual WT revenue is $1.0M higher than 2022 Actual due to decreased unit availability at R.H. Saunders GS in 2023, resulting in higher water availability to NYPA.

There are no reportable variances for HIM revenues in 2023 Actual vs. 2022 Actual.

2022 Actual versus 2021 Actual

2022 Actual Ancillary Services revenue is $21.5M higher than 2021 Actual. While Reactive Support and Voltage Control ("RSVC") revenues in 2022 were lower due to lower system utilization of the service, there was a net increase in 2022 ancillary revenues due to OR and Regulation Service revenues. The OR revenues increased as a result of significantly higher OR prices. The Regulation Service revenues increased mainly due to higher production costs associated with providing the service.

The SMO transactions resumed in 2022 following the COVID-19 pandemic. The SMO revenues in 2022 reached $8.0M which is higher than achieved in trailing historical years. In 2022 demand was higher than typical due to colder than normal winter weather, coupled with higher energy prices in Québec and Ontario. These higher energy prices are due to strong natural gas demand in 2022 driven from the conflict in Ukraine.

The 2022 Actual HIM revenue is $2.5M lower than 2021 Actual due to higher average off-peak HOEP in 2022 compared to 2021.

2021 Actual versus 2020 Actual

The 2021 Actual HIM revenue is $11.7M higher than 2020 Actual due to higher average price spreads in 2021 compared to 2020.

The 2021 Actual Ancillary Services revenue is $5.4M lower than 2020 Actual predominantly due to lower OR and Regulation Service revenues partially offset by higher RSVC revenues.

There are no reportable variances for SMO, WT, and ICAP revenues in 2021 Actual vs. 2020 Actual. SMO revenues for both years were $0M primarily due to lack of commercial opportunity resulting from the COVID-19 pandemic.

5.0 PERIOD-OVER-PERIOD CHANGES – EXTENDED HISTORICAL YEARS

Pursuant to the OEB's letter dated September 17, 2024, issued in EB-2024-0136, OPG has included four additional years of historical data.

2020 Actual versus 2019 Actual

The 2020 Actual Ancillary Services revenue is $16.3M lower than 2019 Actual primarily due to lower Regulation Service revenues, as a result of new contract terms with the IESO.

2020 Actual HIM revenue is $1.1M lower than 2019 Actual due to lower average price spreads in 2020 compared to 2019.

2019 Actual versus 2018 Actual

The 2019 Actual HIM revenue is $4.7M lower than the 2018 Actual due to lower average price spreads in 2019 compared to 2018.

The 2019 Actual SMO revenue is $2.7M lower than 2018 Actual. There were no net revenues for 2019 due to lack of commercial opportunity resulting from the COVID-19 pandemic.

The 2019 Actual Capacity Exports revenue is $2.2M lower than 2018 Actual due to a decrease in the amount of capacity clearing the NYISO capacity auction in 2019.

2018 Actual versus 2017 Actual

The 2018 Actual Ancillary Services revenue is $8.1M lower than 2017 Actual mostly due to lower OR and RSVC revenues.

The 2018 Actual ICAP revenue is $1.7M higher than 2017 Actual due to more capacity commitments being made to NYISO.

The 2018 Actual HIM revenue is $1.4M lower than 2017 Actual due to lower average price spreads in 2018 compared to 2017.

2017 Actual versus 2016 Actual

The 2017 Actual Ancillary Services revenue is $8.5M higher than 2016 Actual due to higher Regulation Service, OR, and RSVC revenues.

The 2017 Actual SMO revenue is $2.7M higher than 2016 Actual due to higher energy prices in 2017 compared to 2016.

The 2017 Actual HIM Revenue is $1.7M lower than 2016 Actual due to higher inflows throughout the freshet and summer months of 2017, which lead to a higher unintended benefit adjustment when compared to 2016.

Table 1
Comparison of Other Revenues - Regulated Hydroelectric ($M)

Line No.	Business Unit	2016 Actual	(c)-(a) Change	2017 Actual	(e)-(c) Change	2018 Actual	(g)-(e) Change	2019 Actual	(i)-(g) Change	2020 Actual	(k)-(i) Change	2021 Actual
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	**Ancillary Services[1]**	70.1	8.5	78.7	(8.1)	70.5	1.3	71.8	(16.3)	55.5	(5.4)	50.1
2	**Segregated Mode of Operation[2]**	0.4	2.7	3.1	(0.4)	2.7	(2.7)	0.0	(0.0)	0.0	0.0	0.0
3	**Water Transactions[3]**	1.1	(0.3)	0.9	0.7	1.6	(0.7)	0.9	(0.7)	0.2	0.4	0.6
4	**Capacity Exports[4]**	0.1	0.4	0.6	1.7	2.3	(2.2)	0.2	(0.2)	0.0	0.4	0.4
5	**Total Ancillary Services**	71.8	11.4	83.2	(6.1)	77.1	(4.3)	72.8	(17.2)	55.7	(4.6)	51.1
6	**HIM Revenue**	14.0	(1.7)	12.3	(1.4)	10.9	(4.7)	6.2	(1.1)	5.1	11.7	16.8
7	**Total of Other Revenues**	85.8	9.7	95.5	(7.5)	88.0	(9.0)	79.0	(18.3)	60.7	7.1	67.8

Line No.	Business Unit	2021 Actual	(c)-(a) Change	2022 Actual	(e)-(c) Change	2023 Actual	(g)-(e) Change	2024 Actual	(i)-(g) Change	2025 Budget	(k)-(i) Change	2026 Budget
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
8	**Ancillary Services[1]**	50.1	21.5	71.6	(9.3)	62.3	(3.7)	58.5	(2.4)	56.1	(4.6)	51.5
9	**Segregated Mode of Operation[2]**	0.0	8.0	8.0	(7.7)	0.4	0.9	1.2	0.7	1.9	0.0	1.9
10	**Water Transactions[3]**	0.6	0.0	0.6	1.0	1.6	1.9	3.5	(2.2)	1.3	0.0	1.3
11	**Capacity Exports[4]**	0.4	(0.4)	0.0	1.5	1.5	1.5	3.0	(2.0)	1.0	0.0	1.0
12	**Total Ancillary Services**	51.1	29.1	80.2	(14.4)	65.8	0.5	66.4	(6.0)	60.3	(4.6)	55.8
13	**HIM Revenue**	16.8	(2.5)	14.3	0.5	14.8	13.6	28.4	(17.8)	10.5	9.7	20.2
14	**Total of Other Revenues**	67.8	26.6	94.5	(13.9)	80.6	14.2	94.7	(23.9)	70.9	5.1	76.0

Line No.	Business Unit	2026 Budget	(c)-(a) Change	2027 Plan
		(a)	(b)	(c)
15	**Ancillary Services[1]**	51.5	(2.4)	49.1
16	**Segregated Mode of Operation[2]**	1.9	0.0	1.9
17	**Water Transactions[3]**	1.3	0.0	1.3
18	**Capacity Exports**	1.0	0.0	1.0
19	**Total Ancillary Services**	55.8	(2.4)	53.3
20	**HIM Revenue**	20.2	(2.4)	17.8
21	**Total of Other Revenues[4]**	76.0	(4.8)	62.2

Notes:
1. Ancillary Services related to regulated hydroelectric facilities are discussed in Ex. G1-1-1, Section 3.
2. Segregated Mode of Operation (SMO) net revenues are gross revenues less HOEP, less export fees, transmission charges in other control areas, transmission losses, production losses during the switching process between control areas and costs associated with the non-regulated Trading business.
3. Water Transactions revenues are gross revenues net of accommodation charges and Gross Revenue Charges (GRC).
4. 2027 Total of Other Revenues includes 50% of the HIM Revenue forecast as described in Ex. G1-1-1, Section 7.