COMPARISON OF GROSS REVENUE CHARGE

1.0 PURPOSE
This evidence presents the gross revenue charge ("GRC") that OPG is obligated to pay for the regulated hydroelectric facilities, as well as period-over-period comparisons of the actual or expected GRC imposed on OPG.

2.0 OVERVIEW
The GRC is calculated in accordance with O. Reg. 124/02 under the Electricity Act, 1998. "gross revenue" is calculated under O. Reg. 124/02 as a station’s annual generation (as described in O. Reg. 124/02) multiplied by $40/MWh. For the purposes of this Application, OPG has assumed that the price of $40/MWh will be extended through the proposed test period. As described previously, GRC rates are graduated tax rates through four tiers of production. Exhibit F1-T4-S2 Table 1 shows a comparison of GRC by plant group. The rates and calculation methodology are described in Ex. F1-T4-S1.

3.0 PERIOD-OVER-PERIOD CHANGES – TEST PERIOD
2009 Plan versus 2008 Plan
Given the assumption in this Application that the fixed price of $40/MWh will be extended through the proposed test period, the year-over-year change in GRC is due to changes in the production forecasts for the regulated generating stations. The regulated hydroelectric production is expected to increase from 17.4 TWh in 2008 to 18.5 TWh in 2009 (Ex. E1-T1-S2), resulting in an increase in the GRC from $228.2M to $244.1M.

2008 Plan versus 2007 Actual
Given the assumption in this Application that the fixed price of $40/MWh will be extended through the proposed test period, the year-over-year change in GRC is due to changes in the production forecasts for the regulated generating stations. The regulated hydroelectric production is expected to decrease from 18.2 TWh in 2007 to 17.4 TWh in 2008 (Ex. E1-T1-S2), resulting in a decrease in the GRC from $242.0M to $228.2M.
4.0 PERIOD-OVER-PERIOD CHANGES – BRIDGE YEAR

2007 Actual versus 2007 Budget
Given that the price was fixed at $40/MWh in 2007 by O. Reg. 124/02, the difference in GRC between the 2007 budget and the 2007 actual is due solely to differences in forecast and actual production. The production budget for 2007 was 17.5 TWh versus actual production of 18.2 TWh (Ex. E1-T1-S2). This difference resulted in an increase in the GRC from a budget value of $228.9M to an actual value of $242.0M.

2007 Actual versus 2006 Actual
Given that the price was fixed at $40/MWh in 2006 and 2007 by O. Reg. 124/02, the difference in GRC between 2006 and 2007 is solely due to year-over-year changes in production for the regulated hydroelectric generating stations. The actual production decreased from 18.4 TWh in 2006 to 18.2 TWh in 2007 (Ex. E1-T1-S2). This resulted in a GRC decrease from $245.5M in 2006 to $242.0M in 2007.

5.0 PERIOD-OVER-PERIOD CHANGES – HISTORICAL YEARS

2006 Actual versus 2006 Budget
Given that the price was fixed at $40/MWh in 2006 by O. Reg. 124/02, the difference in GRC between the 2006 budget and the 2006 actual is due solely to differences in forecast and actual production. The production budget for 2006 was 17.7 TWh versus actual production of 18.4 TWh (Ex. E1-T1-S2). This difference resulted in an increase in the GRC from the budgeted $234.2M to actual of $245.5M.

2006 Actual versus 2005 Actual
Given that the price was fixed at $40/MWh in 2005 and 2006 by O. Reg. 124/02, the difference in GRC between 2005 and 2006 is solely due to year-over-year changes in production for the regulated hydroelectric generating stations. The actual production decreased from 18.7 TWh in 2005 to 18.4 TWh in 2006 (Ex. E1-T1-S2). This resulted in a GRC decrease from $251.2M in 2005 to $245.5M in 2006.
2005 Actual versus 2005 Budget

Given that the price was fixed at $40/MWh in 2005 by O. Reg. 124/02, the change in GRC is solely due to changes in actual 2005 production for the regulated hydroelectric facilities from the 2005 production forecasts prepared for budget purposes. The production budget for 2005 was 18.5 TWh versus actual production of 18.7 TWh (Ex. E1-T1-S2). This difference resulted in an increase in the GRC from the budgeted $240.5M to actual of $251.2M.