



Association of Major Power Consumers in Ontario

The Voice of Industrial Power Users

Submission to ERO Posting #025-0130

Consultation on regulatory amendments to support Ontario Power Generation Inc. (OPG) in retaining readiness to operate the Pickering “B” Nuclear Generating Station post-refurbishment, pending final government and nuclear regulatory approvals.

February 28, 2025

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Policy Coordination and Outreach Branch
Ministry of Energy and Electrification
77 Grenville Street, 5th floor
Toronto, ON
M7A 2C1

Submitted via portal.

RE: Environmental Registry of Ontario ERO #025-0130 – Consultation on regulatory amendments to support Ontario Power Generation Inc. (OPG) in retaining readiness to operate the Pickering “B” Nuclear Generating Station post-refurbishment, pending final government and nuclear regulatory approvals.

The Association of Major Power Consumers in Ontario (“AMPCO”) would like to thank the Ministry of Energy and Electrification (“Ministry”) for providing an opportunity for comment on the regulatory amendments to support OPG in retaining readiness to operate the Pickering “B” Nuclear Generating Station post-refurbishment

AMPCO is the voice of industrial power users in Ontario. We collectively represent approximately 15 terawatt hours (“TWh”) of annual demand in Ontario, or more than 10 per cent of all power consumed in the province. A reliable and affordable energy supply is critical to the success of our businesses, both today and tomorrow.

Our members believe in ensuring that Ontario industry remains competitive in global markets through an affordably priced electricity sector and promoting

rates that are designed to support ongoing capital investments in Ontario's energy intensive industries.

The below letter responds to the government's request for input on ERO posting #025-1030.f

Please do not hesitate to reach out with any questions on this submission. AMPCO looks forward to working with the government on implementing plans and strategies for Ontario energy consumers that prioritize affordability, reliability, and economic competitiveness.

Sincerely,

A handwritten signature in black ink that reads "Brad Duguid".

Brad Duguid
President

Overview:

AMPCO understands the importance of investing in and building base load capacity assets.

AMPCO recognizes that nuclear generation is a critical component to Ontario's baseload capacity.

AMPCO recognizes that the 2,000 megawatts (MW) of electricity that is estimated to be produced when this project is completed by the mid-2030's will be important in efforts to ensure Ontario can provide industry and all energy consumers with reliable power.

AMPCO recognizes the challenges of increasing demand, driven by electrification and Ontario's efforts to attract industrial projects. Given the IESO determination that generation capacity will need be increased by 75% by 2035, AMPCO recognizes the importance of pursuing a refurbishment of Pickering B.

At the same time, cost prudence and transparency must be practiced throughout the development of this and all energy refurbishment and infrastructure projects. AMPCO will be reviewing, analyzing and monitoring both the Pickering B Extension Variance Account (PEVA) as well as OPG's nuclear rate submissions and estimates beyond 2026 very closely.

AMPCO is pleased to provide comment on clarifying the scope of what can be recorded in the existing Pickering B Extension Variance Account (PEVA) to ensure that OPG can recover prudently incurred Pickering station-level and corporate costs for 2024-2026 which allow it to retain the capacity and readiness to operate the Pickering B units post-refurbishment, pending a final government approval and nuclear regulatory approvals of the refurbishment of Pickering units 5 through 8.

Economic Competitiveness:

Economic competitiveness for industrial energy users in Ontario is at risk as a number of factors are converging which should be of interest to the Government of Ontario. These include the threat of serious cost implications and loss of markets for Ontario industries due to the Trump tariff threat, anticipated corporate tax cuts in the US, the growing impact of carbon prices in Ontario industry energy costs, among other economic variables that are impacting Ontario industries domestically and internationally. Therefore, AMPCO supports the reference in the directive to allow OPG to recover “prudently” incurred Pickering station-level and corporate costs for 2024-25, with the following suggestions and conditions:

- That the condition of considering “prudently incurred” costs only is strongly adhered to.
- That the Government of Ontario commits to continual cost -benefit assessments as the Project Definition Phase proceeds. As this phase develops a final cost and schedule for the project, AMPCO expects the Government of Ontario to assess at every stage whether the cost-benefits of this project exceed or fall short of other alternatives. If the project begins to fall short, AMPCO would expect the Government of Ontario to adhere to Minister of Energy and Electrification Stephen Lecce’s stated and welcomed commitment to affordability as quoted in the [January media release](#), *“Under the leadership of Premier Ford, our government is focused on delivering affordable energy, while we stand firm against the federal carbon tax. This refurbishment would protect those good paying jobs and provide the affordable and reliable power our province will need for decades to come.”*
- What is being suggested in this ERO appears to be a departure from past practices that assets must be in service to attract earnings, and those costs remain in a deferral account. Given the challenging and uncertain

competitive landscape Ontario industries are faced with, it should be understandable that our members are reluctant to support departures from past practices that could result in increased energy costs. As such, AMPCO remains concerned about the intention to defer from the principle that asset costs should not be on the rate base until they are “useful” assets. AMPCO strongly suggests that the costs associated with this departure from normal practices should not be paid for out of the industrial energy rate base. In fact, given the Government of Ontario’s desire to smooth out energy costs to ratepayers and the fact that this action is being taken for the greater good of all Ontarians, it would be appropriate for such costs to be shared out of the general tax base.

Risks of nuclear project cost overruns:

AMPCO was pleased to be informed in the [November, 2024 Press Release](#) that Unit 1 (the third of four units that have been successfully refurbished to date by Ontario Power Generation (OPG) with the overall project *tracking on-time and on-budget* and that Unit 4 is tracking to be completed by 2026.

However, there has been in the past a history of significant cost overruns on nuclear projects in Ontario and around the world. According to Bent Flyvbjerg, based on his work at Oxford University studying megaprojects, nuclear plant construction ranks in the top three types of infrastructure projects that experience significant cost over-runs. In fact, Flyvbjerg’s studies indicate a mean cost over-run of 120% on nuclear project globally. Reference link [here](#).

Therefore, AMPCO urges Ontario to remain vigilant about those risks. In case those costs become unaffordable and unsupportable as the project planning develops, AMPCO strongly recommends that Ontario concurrently maximize opportunities to advance conceivably less costly and more certain generation infrastructure alternatives.

AMPCO supports the Government of Ontario’s commitment to embrace all energy alternatives needed to meet our province’s growing demand needs. AMPCO supports the approach as articulated in [Ontario’s Affordable Energy Future: The Pressing Case for More Power](#) that stated, “...we’re advancing a

competitive all-of-the-above approach to meet growing energy demands while reducing emissions.”

As such, AMPCO continues to urge the Ontario Government to weigh alternative energy infrastructure investments with the cost/benefits of natural gas generation that appears to provide the most secure, risk-averse, affordable and proven alternative to support Ontario’s growing energy demands in particular when it comes to peaking capacity.