

**Society Interrogatory #001**

**Ref:** Ex. F2-T1-S1, page 6

**Issue Number: 6.4**

**Issue:** Is the benchmarking methodology reasonable? Are the benchmarking results and targets flowing from those results for OPG's nuclear facilities reasonable?

**Interrogatory**

The Application indicates that the transmittal letter provided by Scott Madden with the Phase 1 Benchmarking Report noted the impact of factors influencing OPG's performance gap against best quartile. The letter stated:

In our opinion the comparisons provided in this report present a fair and balanced view of OPG operating and financial performance compared to other operators in the nuclear generation industry. However, it would be inappropriate to generalize regarding OPG's absolute performance based solely upon comparison to industry averages. Differences in design technology, the number of reactors on site, the geographic size of the site, reactor age, operational condition and other factors all influence OPG's operational and financial performance. Benchmark data can be useful for highlighting performance gaps relative to other nuclear generation operators but prescriptive conclusions regarding OPG's ability to narrow such performance gaps will require further analysis.

**Questions:**

- a) Please provide benchmarking data that is adjusted to take into account the factors identified above which ScottMadden identified as contributing to OPG's performance gap (i.e. differences in design technology, the number of reactors on site, the geographic size of the site, reactor age, and operational conditions) as well as the following factors: the greater regulatory/licensing requirements that must be met by OPG and the special technical expertise required to operate CANDU reactors.
- b) If no such benchmarking data exists, please explain why OPG has not sought benchmarking data that would more appropriately adjust for these factors, especially as they relate to Pickering A and B.

**Response**

- a) ScottMadden performed a preliminary review of the factors identified in the quote above, but was unable to validate their impact on the benchmark data. As such, this information was not included in the final 2009 Benchmarking Report.

- 1 b) As ScottMadden notes, there are many potential reasons for the gap between OPG and
- 2 industry performance. ScottMadden cautioned against defensive attempts to modify the
- 3 benchmarks to adjust for differences. Instead they recommended that OPG work to close
- 4 the gaps identified by focusing on those factors that OPG can control. Though OPG
- 5 continues to investigate all potential differences to understand and normalize their impact
- 6 on performance, the objective is to begin narrowing the gap where gains can be made.