

1 **UNDERTAKING JT 1.6**

2
3 **Undertaking**

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5 To provide answer to Mr. Shepherd's question re issue 4.5, SEC interrogatory no. 16.
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8 **Response**

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10 This undertaking was made in reference to L-12-16 which asked if an economic
11 feasibility study had been undertaken which provides the net present value of the
12 project.
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14 As noted in L-12-13, OPG uses Levelized Unit Energy Costs ("LUEC") as an economic
15 screening tool for comparing generation options with similar characteristics. OPG
16 considers the Darlington refurbishment project economic as the LUEC is consistently
17 lower than the LUEC for other baseload options with similar load meeting characteristics
18 across a full range of input variables (L-7-29). OPG believes that a LUEC for Darlington
19 refurbishment which is consistently lower than the LUEC for other baseload generation
20 would translate to a lower cost for ratepayers.
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22 This approach is consistent with the view of the Ontario Power Authority, as set out in
23 Ex. F2-S2-T3, Attachment 2, which states:
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25 *With respect to Darlington NGS:...*

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27 *2. OPG has expressed a high degree of confidence that the project will*
28 *have a Levelized Unit Energy Cost (LUEC) of between 6 and 8 cents per*
29 *kilowatt-hour (2009\$). If this proves to be the case, refurbishment of*
30 *Darlington would be an economic alternative in comparison to the cost of*
31 *other baseload resources.*
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33 The approach was also endorsed by the Minister of Energy in his letter provided at Ex.
34 D2-T2-S1 Attachment 3, which states:
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36 *The government is satisfied that the detailed technical, regulatory and risk*
37 *analyses performed by OPG resulted in the optimal decisions regarding*
38 *refurbishment and future operation of the Darlington and Pickering B units*
39 *respectively, and concurs with the November 19, 2009 decision by the OPG*
40 *Board of Directors.*
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