

UNDERTAKING J3.11

Undertaking

To advise how much of planned reduction in total generating cost per megawatt-hour for Pickering A is due to cost reductions, and how much is due to forecast increases in capability factor.

Response

The undertaking is in reference to the 5-Year Performance Plan in the Nuclear Business Plan (Ex. F2-T1-S1, Attachment 1, page 10), as extracted from the ScottMadden Phase 2 Report.

As shown in Ex. F2-T1-S1, Attachment 1, the actual 3-year total generating cost per megawatt-hour ("TGC/MWh") in 2008 for Pickering A is \$92.27/MWh. This figure represents the average of Pickering A's TGC/MWh over three years. It is made up of a TGC/MWh of \$72.05 in 2006, \$130.86 in 2007 and \$73.90 in 2008.

As shown in Ex. F2-T1-S1, Attachment 1, the target TGC/MWh for 2014 for Pickering A is \$70.81.

For purposes of this undertaking, OPG has calculated the impact on total generating cost ("TGC") resulting from forecast increases in capability factor and cost reductions by referencing the specific years of 2008 and 2014. As referenced above, the actual TGC in 2008 is \$73.90/MWh and the target TGC in 2014 is \$70.81/MWh, for a projected decrease of \$3.10. The planned reduction in TGC/MWh resulting from forecast increases in the capability factor (one year) in 2014 compared to 2008 is \$12.81. This is offset by forecasted cost increases from 2008 - 2014 of \$9.72/MWh. The factors that contributed to the forecast cost increase are discussed at Ex. L-12-029.