

1 **UNDERTAKING J8.2**

2
3 **Undertaking**

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5 To provide a summary of the key elements related to used fuel disposal,
6 decommissioning, depreciation, waste management, asset retirement costs and the
7 extent to which the costs of existing assets influence the LUEC.
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10 **Response**

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12 LUEC is an economic measure which considers actual cost outflows associated with an
13 economic decision. Neither non-cash items nor sunk costs are factored into a LUEC
14 calculation. For this reason, neither past expenditures on the Darlington station, nor any
15 remaining depreciation associated with those past expenditures are factored into LUEC.
16 The individual elements of costs in the undertaking are considered separately below:
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- 18 • Used Fuel Management Costs: Used fuel management costs are included in the
19 LUEC for Darlington refurbishment at 0.04 cents/kWh (2010 dollars) as noted in the
20 response to Interrogatory L-07-038.
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- 22 • Decommissioning: The LUEC for Darlington Refurbishment is based on zero
23 contributions to the decommissioning fund for Darlington during its post-
24 refurbishment life. During the development of Economic Feasibility Assessment of
25 Darlington Refurbishment, the decommissioning fund for all of OPG's nuclear
26 stations was fully funded. A decision to extend the life of Darlington results in a
27 reduction in the present value of the decommissioning costs, thereby reducing the
28 required contributions (if any) to the decommissioning fund.
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- 30 • Depreciation: As stated above, depreciation is not factored into LUEC as
31 depreciation is a non-cash item. An extension of the end-of-life date of the Darlington
32 units results in a reduction in depreciation expense in the test period. The annual
33 depreciation expense related to Darlington is reduced by \$64 million (Ex. F4-T1-S1,
34 Attachment 1). OPG also confirms that the change in Darlington end-of-life results in
35 depreciation expense on existing assets being recovered in the post-refurbishment
36 period.
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