Energy Probe Interrogatory #41

Interrogatory

Reference:
Exhibit D2, Tab 2, Schedule 11, Attachment 3, Page 5

a) Were any forms of contract other than EPC considered by Bates White? Please explain your answer.

b) Please confirm that under an EPC contract, the contractor assumes more risk than under alternative forms of contract and that as a result EPC contracts are generally more costly than other forms of contract.

Response

This response was prepared by Bates White:

a) No. Bates White was tasked with developing an independent cost estimate for the D2O Storage Project. Its task did not involve evaluating other types of contract that OPG may have considered. Bates White developed its estimate without regard to a choice of contract vehicle.

b) Not confirmed. While it is true that the "sticker price" of a project may vary depending on the form of contract utilized, reflecting in part (but only in part) the division of risk in the contract, two factors should be underscored. First, merely labeling a contract "EPC" versus any of a variety of alternatives provides insufficient detail to make the generalization implied by the question. Second, the underlying cost of construction (as calculated, for example, in the Bates White report) is generally independent of the form of contract.