CME Interrogatory #20

Interrogatory

Reference:
Exhibit D2, Tab 2, Schedule 10

With respect to the D20 Storage Project, OPG stated "One of the other alternatives that scored well was to split the refurbishment storage from the operational improvement storage, but that alternative was ultimately rejected as more expensive and less practical than the current project location. The workshop concluded that the current project location was the preferred site."

(a) Please provide the forecast cost of the split refurbishment storage solution.
(b) Please provide the forecast cost of the other alternatives that scored well but were ultimately rejected.

Response

a) The Value Engineering Workshop did not develop forecast costs for the alternatives (Ex. D2-2-10, pp. 42-43). Instead, an order-of-magnitude cost estimate based on the then current state of knowledge about the project (in April 2011) was assumed. The order-of-magnitude cost estimate assumed was $200M consisting of $150M in construction and other direct project costs ("direct project costs") and $50M in overhead costs. The direct project cost assumption was based on construction occurring at the current site of the D2O Storage Project facility. The costs of alternatives were evaluated based on assumed differences to the $150M. The cost of the split solution alternative (refurbishment storage at an alternative site and the remaining storage and operations at the site of the current facility) was assumed to have order-of-magnitude direct project cost difference of $13M for an assumed total direct project cost of $163M.

b) Using the methodology described in the response to part a, all of the alternatives considered had assumed order-of-magnitude direct project cost estimates of between $150M and $167M, with the top three being between $150M and $164M.