Energy Probe Interrogatory #25

Interrogatory

Reference:
Exhibit D2, Tab 2, Schedule 7, Attachment 2, Page 8

Preamble: "Contingency: The DR Team has reduced contingency on Unit 3 from $524M at RQE to $305M for its U3EE."

Please explain why the contingency on Unit 3 was decreased by that precise amount.

Response

OPG provided a description of the factors driving the need for reduced contingency since the Release Quality Estimate ("RQE")/ Unit 2 Execution Estimate ("U2EE") in Ex. D2-2-6, Sections 3.1 and 3.2, pp. 5-8.

In Chart 1, below, OPG provides a comparison of the amounts allocated to the major risk areas of cost estimate uncertainty, schedule estimate uncertainty and discrete risks. As discussed in EB-2016-0152, at the time of RQE, OPG had not specifically allocated its contingency for Unit 3 into the categories below.[1] By the U2EE, analysis on Unit 3 contingency had progressed. Chart 1 compares the U2EE completed in August 2016 to the U3EE risk assessment. At the time of the U2EE, the amount of contingency assigned to Unit 3 was $557M, thus the difference is $252M.

As shown in Chart 1 below, the largest percentage reduction was in cost uncertainty.

Chart 1: Comparison of U2EE to U3EE Contingency in Ex. D2-2-7 Attachment 2, p. 8

Contingency Category	U2EE ($M) (Aug 2016)	U3EE ($M) (Mar 2019)	Difference ($M)	Reduction
Discrete Risks	302	182	120	40%
Cost Uncertainty	67	27	40	60%
Schedule Uncertainty	143	60	83	58%
Interest and Escalation	45	36	9	20%
Total	557	305	252	45%

[1] EB-2016-0152, Ex. L-4.3-2-AMPCO-074.