Board Staff Interrogatory #201

Interrogatory

Reference:
Exhibit F2 / Tab 1 / Schedule 1 / Attachment 3 / p. 1

Preamble:

ScottMadden recommended that OPG focus on site-level comparisons of performance for Pickering NGS and Darlington NGS rather than operator-level comparisons in the future. This represents an evolution in ScottMadden's guidance from 2009.

Question(s):

a) Please provide the excerpt of ScottMadden's guidance from 2009 with respect to the issue of operator-level and site-level comparisons (including a reference to the application in which this guidance was filed).

Response

In 2009, OPG undertook a major new nuclear benchmarking initiative in conjunction with the development of its 2010-2014 nuclear business plan. This initiative was undertaken by OPG Nuclear, with the assistance of ScottMadden. ScottMadden prepared a 2009 Benchmarking Study (EB-2010-0008, Ex. F5-1-1) which is the basis on which OPG has prepared subsequent benchmarking studies.

The first section of the 2009 Benchmarking Study included detailed site and in some cases unit comparisons to industry peers. The last section of the 2009 Benchmarking Study (Section 5) provided an operator level summary across a few high-level metrics (EB-2010-0008, Ex. F5-1-1, Phase 1, p. 10). ScottMadden noted in Section 5 of the 2009 Benchmarking Study that the major operator summary was provided to supplement the site comparisons as the operator comparisons "provide additional context but all of the detail data in the previous sections provide the more complete picture of plant by plant performance" (EB-2010-0008, Ex. F5-1-1, p. 140).

ScottMadden's recommendation now (Ex. F2-1-1, Attachment 3, p. 1) that OPG focus on site level comparisons rather than operator level comparisons is based on their observation that site level comparisons provide a more complete picture of performance, and further reflects an evolution in their expert opinion that the usefulness of operator level comparisons have declined for the reasons set out below:

Operator-level comparisons include companies of significantly different scales, particularly given consolidation in the industry over the last decade, and comprise many fewer data points. Variance in scale from one site to the next, while still significant, is less prominent than from one operator to the next. Site-to-site comparisons provide a larger data set resulting in a more robust and accurate view of OPG performance relative to the industry, which better informs the target-setting process (Ex. F2-1-1, Attachment 3, p. 3).