VECC Interrogatory #26

Interrogatory

Reference:
Exhibit F2-04-01, Table 1

a) OPG makes the point that "[O]*utage OM&A costs will vary year over year depending on the number and scope of outages and therefore cannot be trended over time*." However, a review of Table 1a appears to show that with two exceptions (Pickering in 2018 and 2020 Budget) OPG overestimated the annual cost of outage OM&A costs. Please explain what changes have been made to OPG's forecasting methodologies which would suggest a more accurate forecast over the new plan term.

Response

a) As discussed below, OPG is not overestimating annual outage costs and current forecasting methodologies remain appropriate to produce accurate forecasts. OPG provided an appropriate forecast of outage OM&A costs in EB-2016-0152.

As further discussed in Ex. F2-4-2 and Ex. L-F2-04-Staff-238, Pickering outage OM&A variances were primarily due to a change in the outage cycle from 24 months to 30 months, Pickering Unit 6 outage deferral due to resource constraints and moving the Vacuum Building Outage (VBO) from 2021 to 2022. The change in the outage cycle resulted in two fewer regular planned outages a reduction at Pickering planned over the 2017-2021 Custom IR term. The actual average outage OM&A costs per regular planned outage at Pickering over the period were $60M, compared to the EB-2016-0152 plan of $57M, and therefore were not overestimated.

Additionally, Pickering Extended Operations Enabling planned outage costs are lower primarily due to further definition of Pickering Extended Operations scope, resulting in a decrease in Outage OM&A offset in Base OM&A and Capital. As discussed in Ex. F2-2-2 and Ex. L-F2-02-Staff-229, the overall Pickering Extended Operations initiative remains on budget of $307M as set out in EB-2016-0152.

The Darlington outage program was impacted by adjustments to the Darlington Refurbishment Program ("DRP") schedule in response to COVID-19, with one regular planned outage moved from 2020 to 2021 and another added to 2021. Fuel Channel Life Extension Ongoing planned outage costs were higher due to added scope for Single Fuel Channel Replacement, Waterlancing, Scrape Sample

Analysis and inspection in line with work required to demonstrate continued major component fitness for service.