VECC Interrogatory #30

Interrogatory

Reference:
Exhibit F3-02-01, Table 2

a) Information Technology Asset service fees have increased by approximately 65% when compared to 2017 actual costs ($29.4) and 2022 planned costs ($48.5). These costs continue to increase throughout the term of the plan. What are the main drivers of these increases?

Response

a) The increase in the Information Technology asset service fees over the period reflects increased investments to upgrade OPG's IT infrastructure and implement new technology. These investments support the advancement of the company's Digital Strategy as discussed in Ex. D3-1-1 and Ex. L-A2-02-CME-013, which plays a critical role in enabling change as OPG enters a period of transformative cost structure realignment leading up to the planned shutdown of Pickering. OPG is taking advantage of process automation, artificial intelligence and new technological tools to drive efficiencies, redesign work programs, and ultimately, reduce costs across the organization. Additionally, like many other organizations worldwide, OPG is focused on increasing its resilience against growing cyber threats that come with increased use of and reliance on technology, as further discussed in Ex. L-F2-01-Society-015. This high priority area was an important expectation in OPG's customer engagement surveys and must continue to be funded on an ongoing basis.

To achieve the above, OPG has been making additional investments in the IT capital project portfolio. The portfolio expenditures peak in 2021 at over $100M, before decreasing gradually over the IR term from about $90M in 2022 to about $80M in 2023-2026 (Ex. D3-1-1, Table 1). The currently planned projects for completion during the period that give rise to increased asset service fees can be found at Ex. D3-1-2, Tables 1a-2c under the Asset Service Fee headings.

Additionally, the planned IT investment levels take into account that, following implementation of modernized infrastructure and tools, and as the IT environment continues to evolve, future upgrades will serve as a regular form of IT maintenance. Thus, while the portfolio decreases over the IR term, it is expected to remain higher than in prior rate periods in order to allow OPG to continue to sustain the benefits and take further advantage of available technology, while managing cyber risks.

See Ex. L-D3-01-AMPCO-139 regarding the prioritization process for the IT portfolio.