SEC Interrogatory #52

Interrogatory

Reference: D2-1-1, p.5

With respect to the BCS component of OPG's project planning process:

a. Does the use of the term "Business Case Summary" indicate that there are more detailed business case for projects? If so, for what types of projects would there be a more extensive business case? Please provide as an example of a more detailed business case other than the DRP.
b. [Figure 2] For any given project, does OPG require approval of 3 separate BCS' at each of the G1, G2 and G3 stage?
c. In a number of the BCS documents included in the application funds are released in steps (i.e. partial release). Please provide further details regarding this process, for example, when does OPG determine a partial versus full finding release is appropriate, how does it determinate the amount of a funding to be released at any given time, etc. Please provide examples to help illustrate.
d. In a number of BCS documents included in the application, there is either no total project costs included (e.g.D2-1-3, Attach 1, Tab 45) or a range is provided (e.g. D2-1-3, Attach 1, Tab 47). Yet, the total project cost has been included in this application. Please explain why a specific total project is not included in a BCS, and in situations where it is not included, how did the Applicant determine the project costs for the purposes of this Application?

Response

a. OPG has only one Business Case Summary ("BCS") template. There are no other type of business cases for projects. However, for major corporate initiatives (e.g., DRP, Pickering Optimized Shutdown), exceptions to using the template are allowed in order to provide additional details. For example, see Ex. L-F2-01-Environmental Defence-013, Attachment 1.

b. For a typical project, OPG does require approval of a BCS to progress through each of the phased gates (G1, G2, and G3). However, exceptions can be made based on the specific circumstances of a project. For example, as indicated in Ex. D2-1-1, Figure 2, for projects where the scope is already well defined, Gates 1 and 2 can be combined into a Planning Phase. Low complexity projects where there are little or no engineering design activities and the costs are understood can progress directly to the Execution phase (G3). A description of the typical project activities

at each project phase is provided in Ex. D2-1-1, Attachment 1, and the scaled delivery approach for projects is described in Ex. L-D2-01-SEC-057, Attachment 1.

c. Refer to Ex. L-D2-01-Staff-096.

d. The total project cost in BCSs reflects the level of project definition. When a BCS is prepared in order to pass through Gate 1, it is usually before preliminary engineering has taken place, and therefore the total project cost is unknown. When a BCS is prepared in order to pass through Gate 2, the project scope is normally sufficiently defined to provide a range estimate. Only when the BCS is prepared in order to pass through Gate 3, when detailed engineering is substantially complete, can a point estimate total project cost be determined within the associated AACE class estimate accuracy range (see Ex. D2-1-1, Attachment 1, Figure 1).

As noted at Ex. D2-1-3, Tables 1a-1d, footnote 2, where there is not yet a point estimate or where a range was provided in the BCS, the estimate represents OPG's most current estimate of total project cost at the time of business planning. This estimate reflects the level of definition and information available prior to detailed engineering and will be revised as it progresses through the gates identified above.