Energy Probe Interrogatory #19

Interrogatory

Reference:
Exhibit D2, Tab 2, Schedule 1, Pages 6 and 7

Preamble: "Any ultimate variance to the $12.8B caused by the COVID-19 pandemic would be tracked separately and addressed through the CRVA in a future proceeding."

a) Please describe the process that OPG plans to use to track and record COVID-19 variances.

b) Does the schedule for the remaining units assume that COVID-19 pandemic will end in 2021? Please explain your answer.

Response

a) In recognition that there would be incremental cost impacts due to the deferral of the Unit 3 refurbishment, OPG established a process with appropriate guidelines to define, identify, track, review, challenge and record COVID-19 impacts for the DRP shortly after the onset of the pandemic. To facilitate separate tracking and recording of the COVID-19 impacts, a detailed set of accounts was issued to project staff, based on the DRP's work breakdown structure.

As part of the process, only expenditures considered incremental are eligible for recognition as a COVID-19 impact, such as those related to re-planning and ensuring readiness for the Remaining Units' refurbishment outages as a result of the Unit 3 refurbishment deferral, as well as the costs of retaining highly trained trades during the period of delay. Resources working on deliverables that were originally scheduled later in the project plan were not considered a COVID-19 impact. Amounts captured in the COVID-19 related accounts are subject to review by Project Managers, Project Controls and Finance controllers, as appropriate.

Vendors must quantify and itemize any proposed COVID-19 impact, demonstrating that such costs could not be avoided or mitigated. Vendor-submitted force majeure/delay claims are only allowed as a COVID-19 related excusable delay upon proper review and challenge by the OPG Project Manager, with any appropriate concurrence and guidance from Supply Chain or Commercial Management.

COVID-19 related interest impacts are calculated as the difference in interest costs between the pre-COVID-19 and post-COVID-19 project baseline. Similarly, COVID-

19 related escalation impacts are determined with reference to the incremental annual cash flows for the years 2021 onwards.

b) To date, the major impact on the DRP of the COVID-19 pandemic has been OPG's decision to defer the start dates of the refurbishment outages of Units 3, 1, and 4, by four months each, thereby also deferring the end dates of those refurbishment outages (see Ex. L-D2-02-Staff-135). This deferred schedule is the underlying basis of the Unit 3 Execution Estimate. To date, there has been no assumption of overall increased refurbishment outage durations in OPG's plans for Units 3, 1, and 4 as a result of the pandemic, although some schedule impacts have been observed within the Unit 3 refurbishment outage. As OPG notes in Ex. D2-2-7, given the inherent uncertainty associated with the on-going pandemic, its ultimate impact on the DRP cannot be forecasted.