UNDERTAKING JI1.2

Undertaking

TO PROVIDE A CONSOLIDATION OF ALL THE COVID PANDEMIC-RELATED COSTS IN A SINGLE SPOT.

Response

With the exception of the Darlington Refurbishment Program ("DRP") capital costs, OPG's estimated COVID-19 cost and revenue impacts for 2020 (actual) and 2021 (projected) can be found at Ex. L-A2-02-CCC-013, Attachment 1, which is reproduced in Attachment 1 to this response.

With respect to the DRP capital costs, Ex. L-A2-02-Staff-018 parts (a)-(c) and Ex. JT3.5 provide additional detail on the forecasted $150M impact associated with OPG's response to the pandemic. In addition to the actual costs of $82M incurred toward this impact in 2020, there are forecasted impacts in 2021 and future years, as a result of the cascading changes to the schedule for executing the Units 3, 1, and 4 refurbishment outages. None of these costs have been placed in service to date and none are included in the 2022-2026 capital in service amounts requested in this application. OPG continues to seek ways to manage the total cost of the project, including the COVID-19 impacts, within the $12.8 billion budget. In line with O. Reg. 53/05 requirements, any ultimate cost impact of the COVID-19 pandemic to the total DRP in-service amounts over the $12.8 billion budget would be subject to the Capacity Refurbishment Variance Account and a future prudence review.

With respect to non-DRP capital costs, Ex. JT3.5 explains that OPG considers that there are no impacts of the COVID-19 pandemic on the 2022-2026 rate base amounts, as OPG has managed such impacts incurred to date (totaling $8.4M as of year-end 2020) within existing project portfolio budgets.

Ex. L-A2-02-Staff-019, Attachment 1, Tables 4 and 5 detail the impact of the COVID-19 cost and revenue impacts on OPG's 2020 (preliminary actual) and 2021 (projected) regulatory return on equity for regulated operations. In summary, this impact is +5.4% for 2020 and -4.2% in 2021.

OPG's proposed treatment of the 2020-2021 COVID-19 impacts, referenced against the categories of these impacts found in Attachment 1 to this undertaking, is set out in detail in Ex. JT2.34.