UNDERTAKING JT2.30

Undertaking

TO PROVIDE THE LIVE EXCEL SPREADSHEETS USED FOR THE NPV CALCULATIONS

Response

Attachment 1 (entirely confidential) contains the NPV calculations of the financial evaluation for the Clarington Corporate Campus business decision in Excel format. While OPG has endeavored to furnish a stand-alone working model underpinning the current NPV calculations for the purposes of this response, OPG draws the parties' attention to the Notice tab of the Excel workbook regarding the limitations of the information provided, including that the factors captured in this model may change with time.

In providing the model, OPG identified two partially offsetting inaccuracies in the calculations underpinning the approximately $65M NPV savings cited in the Clarington Corporate Campus business case (Ex. D3-1-2, Attachment 2). The first inaccuracy related to the project cash flows, which were originally set equal to the capital in-service amounts in the in-service years (i.e., 2024-2025), rather than to the project expenditure amounts beginning in 2020. The second inaccuracy related to the understatement of the forecasted operating costs for 889 Brock Road over the evaluation period relative to the 2020-2026 Business Plan. Both of these items have been updated in Attachment 1, yielding revised $73M NPV savings.

Additionally, in preparing this response, OPG identified that, in error, the IR term operating costs in this Application do not include occupancy costs associated with the leased property at [redacted] for 2025 and 2026, which are included in Attachment 1 as part of the preferred alternative.[1] These OM&A amounts for the nuclear facilities are $3.7M in 2025 and $3.8M in 2026. Similarly, OPG identified, in error, that the nuclear facilities have not been allocated any costs during the IR term for [redacted] As shown at Chart 2 of Ex. JT2.33, these OM&A amounts for the nuclear facilities are $0.6M in 2022, $0.6M in 2023 and $0.3M in 2024.

[1] The savings associated with vacating the [redacted] property were captured in the portion of the lease and utility savings arising post-2026 in Ex. L-F3-01-Society-017 (b).

OPG proposes to reflect the above corrections in preparing the draft payment amounts order up to the amount by which they would offset any separate corrections reducing the total of the proposed revenue requirements over the IR term, such as those summarized in Ex. L-I1-01-Staff-341. OPG will not reflect the above corrections to the extent they would increase the total of the proposed revenue requirements over the IR term beyond that in the pre-filed evidence.