UNDERTAKING JT1.3

Undertaking

TO PROVIDE THE INPUTS TO THE CALCULATION FOR THE LUEC ESTIMATE, COMPARING THE 8.1 CENTS PER KILOWATT HOUR TO THE 8.36 CENTS PER KILOWATT HOUR BROKEN OUT BETWEEN THE TWO COMPONENTS, WHICH IS DARLINGTON REFURB AND THEN POST-REFURBISHMENT OPERATIONS.

Response

The current approach to calculating the LUEC remains the same as at the time of the Release Quality Estimate ("RQE"). Chart 1 below provides a summary of the key inputs to the LUEC calculation: (i) at the time of the in RQE in 2015, when the evaluated LUEC was 8.1 ¢/kWh (2015$); and, (ii) at the time of the 2021 Update, when the evaluated LUEC was 8.36 ¢/kWh (2015$).

Chart 1

Input Variable		RQE (2015)	2021 Update
Refurbishment Costs			
Refurbishment Cost ($B)		12.8	12.8
Refurbishment Schedule			
Start Dates	Unit 2	Oct 15, 2016	Oct 15, 2016[1]
	Unit 3	Dec 15, 2019	Sep 3, 2020[1]
	Unit 1	Apr 15, 2021	Feb 15, 2022
	Unit 4	Jan 15, 2023	Sep 15, 2023
Durations (months)	Unit 2	40	43.5
	Unit 3	40	40
	Unit 1	38	38
	Unit 4	37	37
Return-to-Service Dates	Unit 2	Feb 15, 2020	Jun 4, 2020[1]
	Unit 3	Apr 15, 2023	Jan 2, 2024
	Unit 1	Jun 15, 2024	Apr 18, 2025
	Unit 4	Feb 15, 2026	Oct 16, 2026
Post-Refurbishment Costs			
Avg. Post Refurbishment OM&A (2015 $M/yr.)[2]		913	917
Avg. Sustaining Capital & OM&A Projects, plus Minor Fixed Assets ("MFA") (2015$M/yr.)		152	182
Avg. Annual Fuel Costs (2015$M/yr.)		125	109
Other Costs (2015$M/yr.)[3]		77	73
Post-Refurbishment Performance			
Avg. Annual Capacity Factor (%)		88	88
Post Refurbishment Unit Life (yrs.)		30	30
Financial Factors			
Escalation Rates (2015-2020)			
• Post Refurbishment OM&A (%)[4]		2.35	1.6[5]
• Sustaining Capital, OM&A Projects, MFA, Fuel and Other Costs (%)		2.00	1.6[5]
Escalation Rate 2021 Onwards (All Costs)		2.00	2.00
Nominal Discount Rate (%)		7	7
Tax Rate (%)		25	25
Capital Cost Allowance Rate (%)		8	8

Notes:

1. Actual start and finish dates of Unit 2 and actual start date of Unit 3.
2. Avg. Post Refurbishment OM&A includes Station Base and Outage OM&A, and Nuclear and Corporate Support OM&A.
3. Other Costs include standby generator fuel, used fuel management expense, and property taxes.
4. At the time of RQE, in addition to Post Refurbishment OM&A, property taxes were also escalated at 2.35%; all other costs were escalated at 2.0%.
5. For the 2021 Update, actual historical average escalation of 1.6% was applied for the period 2015-2020.