Board Staff Interrogatory #247

Interrogatory

Reference:
Exhibit F2 / Tab 8 / Schedule 1 / p. 1

Preamble:

OPG noted that its revenue requirement for the 2022-2026 Custom IR term includes costs to preserve the option to build new nuclear generation at the Darlington NGS. This is consistent with prior government direction that OPG should continue with the environmental process and site licensing process given long lead times for nuclear procurement and construction.

OPG noted that it is seeking approval of annual OM&A costs of $2.2 million, $2.2 million, $2.3 million, $2.3 million, and $2.3 million for the years 2022-2026. OPG further stated that the forecast OM&A costs during the Custom IR term are for work to preserve the option to build new nuclear at Darlington NGS, and do not assume development of a Small Modular Reactor (SMR) generating station, pending the investment decision on the project.

Question(s):

a) Please provide a copy of the government direction referenced for the record of this proceeding.

b) For the same category of costs as requested in the current proceeding (i.e. preserving option to build new nuclear at Darlington NGS excluding any SMR-related costs), please provide the actual / estimated and OEB-approved amounts for the 2017-2021 Custom IR term. Please discuss any variances.

Response

a) The 2013 Long Term Energy Plan[1] provided direction to OPG to maintain the necessary approvals should future construction of new reactors at Darlington be required, as follows:

> Ontario continues to have the option to build new nuclear reactors in the future, should the supply and demand

[1] 2013 Long Term Energy Plan, Archived - 2013 Long-Term Energy Plan (ontario.ca)

> picture in the province change over time. The ministry will work with OPG to maintain the licence granted by the Canadian Nuclear Safety Commission, to keep open the option of considering new build in the future (p. 29).

The Province of Ontario has since approved OPG's business plans, which include these costs.

b) Chart 1 below provides the actual and estimated costs for preserving the option to build new nuclear at the Darlington site for 2017 to 2020, and the forecast costs for 2022-2026.

Chart 1 – Darlington New Nuclear OM&A

2017 OEB Approved	2018 OEB Approved	2019 OEB Approved	2020 OEB Approved	2021 OEB Approved
2.3	1.4	1.7	1.8	1.8
2017 Actual	**2018 Actual**	**2019 Actual**	**2020 Actual**	**2021 Budget**
0.7	2.4	4.3	5.7	5.0

Costs incurred in the 2017-2020 period and forecast for 2021 are for maintaining the existing approved Environmental Assessment and CNSC site preparation licence; and the development and submission of an application to renew the site preparation licence which will expire in August 2022. Variances are explained below.

2017 – The actual cost is lower than the EB-2016-0152 forecast based on a revised projection from the CNSC for the cost of the site preparation licence, and the cancelation of construction of an artificial nesting habitat for bank swallows when the location became unavailable.

2018 – The actual cost is higher than the EB-2016-0152 forecast as OPG investigated opportunities to accelerate the renewal of the site preparation licence in order to ensure the licence renewal timeline for 2022 would be met. This work included mobilizing staff and contractors, completing the Darlington New Nuclear Licence Mid-term Report required by the CNSC, and preparation for public review of the report. In addition, two alternative potential sites for bank swallows habitat testing were assessed.

2019 – The actual cost is higher than the EB-2016-0152 forecast as additional work was required to update the EA to reflect new baseline data, and update program documentation for current codes and standards to support the renewal of the CNSC site preparation licence.

2020 – The actual cost is higher than the EB-2016-0152 forecast due to a CNSC Licence renewal application that was filed in June 2020. The 2020 spending covers the staffing and expenses necessary to perform that work.

2021 – The projected higher spending is to prepare for the CNSC site preparation licence renewal hearing planned for June 2021.