CCC Interrogatory #52

Interrogatory

Reference: Exhibit G2/T1/S1/pp. 1-3

OPG currently produces Cobalt -16 at Pickering (Units 6,7 and 8) for use in the sterilization of surgical and medical supplies. How are the revenue forecasts derived and how are they treated in the IR plan? Why has the forecast been redacted? What relief is OPG seeking through this Application regarding the production of Cobalt-60 at Darlington? Please explain why Total Non-Energy Revenues are so much higher in 2024 and 2026 relative to 2022?

Response

As in prior OPG payment amounts proceedings, Pickering Cobalt-60 revenue forecasts are based on estimated volumes associated with the timing of each harvest and also reflect the price at which OPG sells Cobalt-60 to Nordion (Canada) Inc. ("Nordion") under a long-term agreement. Forecasted non-energy revenue from Cobalt-60 production at Pickering is included as an offset in the calculation of OPG's revenue requirement (Ex. G2-1-1, p. 1).

The forecast has been redacted as it contains commercially sensitive information. The confidential treatment of this type of information was granted by the OEB in previous OPG payment amounts applications and has been granted in this application on the same basis.

OPG is not seeking any relief in this Application regarding the production of Cobalt-60 at Darlington. As discussed at Ex. G2-2-1, Section 3.1.1.1, while OPG is moving forward with the opportunity to produce Cobalt-60 at Darlington, subject to CNSC approval, the first harvest and associated revenues and related operating costs will not occur until after the end of the IR Term. No revenue, operating costs or capital in-service amounts for Cobalt-60 production at Darlington are included in the proposed revenue requirements in this Application.

Total non-energy revenues are higher in 2024 relative to 2022 primarily due to increased heavy water processing in 2024 as a result of an expected increase in tritium removal facility ("TRF") availability compared to 2022, plus one unit at Pickering is expected to harvest Cobalt-60 in 2024, compared to none in 2022, resulting in increased Cobalt-60 sales.

Total non-energy revenues are higher in 2026 relative to 2022 primarily due to increased heavy water processing and Cobalt-60 sales. Increased heavy water

processing in 2026 is due to an expected increase in TRF availability. Cobalt-60 will be harvested in 2026 following the planned shutdown of Pickering at the end of 2025 (Ex. G2-1-2, p. 2).