UNDERTAKING J2.8

Undertaking

TO PROVIDE THE 2020 TO 2026 PERIOD, WHICH IS REDACTED IN THE MAIN EVIDENCE, LOOKING AT THE HEAVY WATER PROCESSING REVENUE SPECIFICALLY SPLIT OUT INTO TOTAL VOLUMES PER YEAR AND THE VOLUMES SPLIT OUT BETWEEN WHAT WOULD BE REGULAR VOLUMES AND INCREMENTAL VOLUMES ASSOCIATED WITH THE HEAVY WATER STORAGE FACILITY BEING IN OPERATION, AND THEN WITH RESPECT TO THE SEC IR, THE INFORMATION AND CALCULATIONS UNDERPINNING THE ALLOCATION OF COSTS TO THE PRICE THAT BRUCE PAYS AND THE PRICE THAT BRUCE PAYS FOR ALL OF IT

Response

The Bruce Power ("Bruce") heavy water processing volumes and its usage ratio for the 2020 to 2026 period are set out in Chart 1 below. Because of the interdependent nature of the systems, it is not possible to break out the portion of the heavy water revenue (and the corresponding volume) that is attributable solely to the incremental processing volume associated with the D2O Storage Project. As Mr. Reiner stated, the incremental TRF processing volume associated with the D2O Storage Project is a result of the removal of the bottleneck on TRF operations and this incremental processing volume enables OPG to more efficiently use the TRF to meet its existing operational needs and obligations to process Bruce heavy water (Tr. Vol. 2, p. 19). The heavy water processing revenue forecast considers the overall impact of all of these competing factors (e.g., TRF operation and performance, obligations to process Bruce heavy water and OPG operational needs).

Chart 1: Bruce Power Heavy Water Processing Volumes and Usage Ratio

	2020	2021	2022	2023	2024	2025	2026
Bruce Heavy Water Processing Volume (Mgs)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
TRF Processing Ratio (% Usage)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

* The value in 2020 reflects actual volume and usage and the remaining years are forecasted figures.

As noted in Ex. L-D2-02-SEC-091, OPG recovers a portion of capital costs for the D2O Storage Project through a unit rate that Bruce pays for heavy water processing based on a forecast of the heavy water processing volumes and costs. The unit rate calculation includes a true-up mechanism that adjusts for any over or under recovery in the previous period based on actual usage and costs.

To determine the portion of the D2O Storage Project cost that Bruce pays, a percentage of the facility's cost is first assigned to heavy water management services based on a review of the

facility's use. That percentage, [redacted], results in [redacted] of the total D2O Storage Project capital cost being attributed to heavy water management services (i.e. [redacted] of $509.3M = [redacted]). The [redacted] is then straight line depreciated over the period to 2055 and a return on capital is applied on the undepreciated asset balance. Together, this results in an average capital recovery amount of approximately [redacted] per year over the 2022-2026 period, which is then allocated to Bruce based on the relative usage of heavy water processing service using the percentages in Chart 1 above.