



AUGUST 31, 2021

Ms. Christine Long
Registrar
Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, Ontario
M4P 1E4
registrar@oeb.ca

Dear Ms. Long:

Re: **OAPPA – Final Argument**
Ontario Power Generation Inc. (OPG)
2022-2026 Payment Amounts
OEB File Number: EB-2020-0290

Attached please find the Final Argument of the Ontario Association of Physical Plant Administrators. An electronic copy has been filed through the Board's RESS filing system.

If you have any questions, please contact the undersigned.

Yours truly,

A handwritten signature in black ink, appearing to read "G DeJulio", written over a horizontal line.

GIA M. DeJULIO, LLM, B.A.Sc., P.Eng., C.Dir.
Associate

cc: Ontario Power Generation Inc.
Intervenors in EB-2020-0290

EB-2020-0290

OEB Application for
Payment Amounts for OPG's Prescribed Facilities

Final Argument

Ontario Association of Physical Plant Administrators
(OAPPA)

August 31, 2021

1 **OVERVIEW**

2 On behalf of the Ontario Association of Physical Plant Administrators
3 (OAPPA), Jupiter Energy Advisors provides its Final Argument. OAPPA
4 agrees with the applicant that “[t]his application covers a pivotal
5 moment for OPG and for the trajectory of electric power in Ontario”¹.

6 **DARLINGTON SMALL MODULAR REACTOR**

7 OPG states that “[t]he non-capital costs that OPG has recorded, and
8 proposes to continue recording, in the NDVA are related to planning
9 and preparation for a new nuclear generating facility, including
10 preparing for a construction license application, conducting technology
11 reviews, vendor selection, and establishing initial project cost
12 estimates”². OPG’s list of costs does not specifically or directly include
13 stakeholder or customer consultation.

14 When OPG was asked about any forecast costs of stakeholder
15 consultation for the Small Modular Reactor (SMR) project, Ms. Ladak
16 replied “I don’t have it in front of me. In the grand scheme of things,
17 those would not be the large costs”.³

18 For context, the ‘grand scheme’ of OPG’s revenue requirement for the
19 SMR initiative “includes annual non-capital costs of approximately
20 \$2.3M to continue planning and preparation activities for new nuclear
21 generation at the site”.⁴ Compare this to the \$16.55 Billion in
22 requested revenue requirement for this application, and the amount
23 for stakeholder consultation referred to by Ms. Ladak is less than the
24 amount of rounding errors.

¹ OPG Argument-in-Chief, EB-2020-0290, page 1, lines 3-4.

² Ex. F2-8-1, p. 3.

³ Final Transcript EB-2020-0290 Vol 1 Aug 4, 2021, page 95, lines 15-16.

⁴ OPG Argument-in-Chief, page 4, lines 28-29.

1 However, OPG submits that “a requirement that OPG engage with
2 customers on SMRs as part of the company’s business planning
3 underpinning a payment amounts application is neither appropriate nor
4 practicable”⁵. This statement contradicts what was said in the hearing
5 by Ms. Ladak, and by Ms. MacDonald, who, when asked if she could
6 explain what stakeholder consultation plan OPG has for the SMR
7 project as it has been defined in the evidence, responded “Yes.
8 Actually, since 2006, OPG has had in place an extensive public
9 engagement program with respect to Indigenous communities, the
10 public, and other stakeholders. And OPG will continue to have in place
11 such a program for purposes of educating the broader public, and also
12 taking into consideration the priorities of nearby communities and also
13 proximate Indigenous communities”⁶. OAPPA submits that OPG has
14 not invested and has not planned to invest the necessary level of costs
15 for stakeholder consultation required for this pivotal moment in electric
16 power in Ontario.

17 With all due respect, it’s either disingenuous or naïve for OPG to
18 conclude that “the decision as to the progress and construction of an
19 SMR is a system planning decision that rests with the Ministry of
20 Energy”⁷, implying that it, OPG, has no influence in this decision.

21 While certain strategic decisions and instructions to OPG are made at
22 the level of the Ministry of Energy, presumably via OPG’s Board of
23 Directors and/or Executive Management, the Ministry is significantly
24 influenced by the knowledge, expertise, and experience of OPG
25 through its requested input. Presumably, this knowledge includes
26 information gleaned via stakeholder consultation.

⁵ OPG Argument-in-Chief, page 5, lines 20-22.

⁶ Final Transcript EB-2020-0290 Vol 1 Aug 4, 2021, page 94, lines 21-27

⁷ *Ibid*, page 5, lines 25-26.

1 The Minister of Energy, Todd Smith, in his letter providing concurrence
2 of OPG's 2020-2026 Business Plan, and his expectations for OPG's next
3 business plan, tells OPG to "continue to act in the best interests of
4 Ontarians by being **efficient, effective and providing value for money**
5 **to ratepayers.**"⁸ The Minister goes further by stating that he expects
6 OPG to demonstrate how it meets the priority of the Government by
7 "[i]dentifying and pursuing opportunities for efficiencies and savings"⁹;
8 "[o]utlining an effective process for the identification, assessment and
9 mitigation of risks"¹⁰; and "[i]mproving how OPG uses data in decision-
10 making"¹¹.

11 OPG is aware of the social license needed to own and operate nuclear
12 generating facilities, not just the technical and legal licenses such as
13 that approved by the Canadian Nuclear Safety Commission, which
14 admittedly will require mandatory public and Indigenous community
15 engagement activities.¹²

16 Social license can be lost when vocal and persistent activists opposed to
17 OPG's nuclear generating plans are successful in raising the
18 consciousness and concerns of the local community and possibly the
19 entire Province.

20 Well-organized opposition can create business risks and barriers which
21 might only be mitigated through the expense of significant customer
22 consultation and, frankly, political messaging.

23 If OPG does not take this expensive threat seriously, then it will likely
24 spend its budgeted amounts wastefully, and likely will have to spend
25 millions of dollars more to back-pedal on its original intentions, based

⁸ Ex. L-A2-02-CCC-014, Attachment 1, page 3. Emphasis added.

⁹ *Ibid*

¹⁰ *Ibid*

¹¹ *Ibid*

¹² OPG Argument-in-Chief, pages 5-6, lines 32 and 1.

1 on the revised instructions from the Ministry of Energy, who will be
2 belatedly awoken to the political opposition of the SMR initiative. The
3 result will be a violation of the Minister's expectations which included
4 OPG identifying opportunities for savings, mitigating risks, and
5 improving how it uses stakeholder consultation data in its decision-
6 making. The net result is inefficiency and a failure to provide value for
7 money to ratepayers, which the OEB is responsible for addressing.

8 The OEB, through its Decision in this payments proceeding, can order
9 OPG (and provide advance warning to the Ministry of Energy) that plans
10 for the SMR must include investments in setting the stage for
11 community acceptance via in-depth stakeholder consultation.

12 Without this, OAPPA is concerned that all ratepayers will see their
13 money spent on planning and preparing for an SMR nuclear generating
14 facility at the Darlington site wasted, when OPG and the Ministry of
15 Energy are forced to return to the drawing board due to significant
16 stakeholder opposition.

17 This initiative is politically sensitive, as exemplified by the
18 consciousness-raising efforts of Ontario Clean Air Alliance¹³. OAPPA
19 submits that the OEB ought to consider this issue very carefully,
20 including the requirement that OPG conduct broad stakeholder
21 consultation such that OPG's and its shareholder's decisions on this
22 matter are well-informed.

23 With this requirement placed upon the applicant, OAPPA would be
24 pleased to provide its thoughtful input as part of OPG's future
25 stakeholder consultation on the SMR initiative.

All of which is respectfully submitted.

¹³ Final Transcript EB-2020-0290 Vol 1 Aug 4, 2021, page 95, Lines 17-28