

SEC Interrogatory #003

Interrogatory

Reference:

Question(s):

Please provide a copy of all third-party benchmarking analyses, studies, reports, and/or similar documents, undertaken for, by, or that include OPG, since 2021, that are not already included in this application, regarding any aspect that directly or indirectly relates to a material aspect of OPG's budget, or aspect of its regulated business.

Response

This question is overly broad and therefore OPG declines to answer on the basis of relevance. OPG interprets the question as seeking information on all third-party reviews, assessments or audits undertaken over the past 5 years. OPG undertakes a wide range of third-party reviews and generates a large quantity of documents that may be captured by the question asked in this interrogatory that are not relevant to this Application. If the question was refined to reference specific materials relating to an issue on the approved Issues List, OPG could further consider the request and search for any such potentially relevant materials.

SEC Interrogatory #014

Interrogatory

Reference:

A1-3-2, Attachments 4 and 5

Question(s):

With respect to the 2024 Performance Scorecards:

- a) Please explain how the target for OM&A Unit Energy Cost (\$/MWh) is determined.
- b) Please explain how the target for OM&A Unit Energy Cost (\$/MWh) promotes efficiency.
- c) Please explain how the Total Generating Cost per Net MWh (\$/MWh) for Nuclear is normalized

Response

- a) OM&A Unit Energy Cost (“UEC”) is a measure of financial productivity, as defined in Ex. F1-1-1, Section 4.4.1. It measures the OM&A costs per unit of energy produced (MWh). The target is set annually based on Base OM&A and Project OM&A costs and regulated hydroelectric generation in the approved business plan.
- b) Refer to Ex. L-F1-Staff-161, part b). UEC promotes efficiency by providing a clear measure of the cost of a unit of energy. This metric helps show the relationship between energy production and cost management. By focusing on UEC, OPG can identify areas where costs can be reduced, or where generation can be optimized.
- c) Refer to Ex. F2-1-1, Section 3.2.1, and in Ex. F2-1-1, Attachment 4.

SEC Interrogatory #015

Interrogatory

Reference:
A1-3-2, p. 35-36

Question(s):

Does the proposed ESM include DNNP? If not, please explain why not?

Response

No, as stated at Ex. A1-3-2, p. 35, lines 29-31, DNNP LP is not proposing an earnings sharing mechanism (“ESM”). For clarity, OPG’s proposal to continue its existing ESM is for its prescribed assets, as set out at Ex. A1-3-2, p. 35, lines 15-27, and excludes DNNP LP, which is a separate entity.

DNNP LP does not believe that an ESM is necessary in the 2027-2031 IR term. With DNNP Unit 1 planned to be in operation for less than 18 out of the 60 months of the period, the main source of potential over-earning would be an earlier than planned Unit 1 in-service date. However, such an impact would be captured for refund to customers through the Darlington New Nuclear Project Variance Account re Development (“DNNPVARD”), which, as described in Ex. H1-1-1, Section 6.1, will record, in accordance with Section 11(1) of O. Reg. 53/05, any net revenues earned (or foregone) by DNNP LP due to variances between the OEB-approved forecast in-service date for any DNNP unit and such actual in-service date (together with the impact thereof on DNNP LP’s nuclear fuel costs and outage OM&A expenses).

Board Staff Interrogatory #014

Interrogatory

Reference:

Ref 1: Exhibit A1 / Tab 4 / Schedule 1 / Attachment 4, pp. 49-52

Preamble:

Reference 1 summarizes the “Nuclear Work Order Materials Management” audit, which has a Not Effective (Red) rating.

Question(s):

- a) Please identify the outages that were the scope of this audit or related to this audit.
- b) The first finding appears to state that at the time of the audit, OPG Nuclear management was not monitoring the difference between the materials requisitioned and the materials used. If OPG disagrees with this characterization of the first finding, please correct and explain as necessary. Please estimate the difference in costs between what was requisitioned and what was used, as referenced in the audit, and identify the outages and/or the time period relating to that difference.

Response

- a) The completed outages pertaining to the scope of this audit were:
 - i. Pickering: Unit 7 in 2021; Unit 5, Unit 1, Unit 7 and Vacuum Building Outage in 2022.
 - ii. Darlington: Unit 2 in 2022.
- b) OPG disagrees with the characterization of the first audit finding. OPG management did monitor and continues to monitor the material usage difference between materials requisitioned and materials used. This audit identified specific instances of opportunities for lessons learned for outage and online work. The audit (refer to Ex. L-A1-CCC-009) noted positive observations, including that management proactively identified opportunities to cancel demand and avoid unnecessary procurement. OPG implemented and closed all corrective actions from the audit to enhance the controls of these monitoring mechanisms and controls.

The estimated difference in costs between what was requisitioned and what was used (i.e., materials requested, not issued, or “MRNI”), as referenced in the audit

1 for the outages described in part a) of this response, is approximately \$35.5M. The
2 remaining materials are retained in inventory for future use (refer to Ex. L-B1-CCC-
3 019).

1 **Society Interrogatory #001**

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3 **Interrogatory**

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5 **Reference:**

6 **Exhibit A1-3-2, Rate-Setting Framework and Performance Reporting, Section 5.0**
7 **Performance Scorecards and Other Reporting, p38 Ins 8-10**

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9 **Preamble:**

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11 “The scorecard performance measures are consistent with the Operational
12 Effectiveness outcomes contemplated in the RRF, including measures of reliability,
13 cost performance, safety, and environmental performance.”

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15 **Question(s):**

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17 a) Do any of the performance measures or indicators explicitly capture climate related
18 operational risks or resilience outcomes, such as performance during extreme
19 weather events? If not, why not?

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22 **Response**

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24 a) None of the performance measures directly capture operational or resilience risks
25 driven by extreme weather events or other climate factors, as these measures were
26 not designed for this purpose.

1 **Society Interrogatory #003**

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3 **Interrogatory**

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5 **Reference:**

6 **Exhibit A1-4-1, Attachment 3 MEMORANDUM OF AGREEMENT BETWEEN Her**
7 **Majesty the Queen in right of Ontario, as represented by the Minister of Energy**
8 **(the "Shareholder" or "Minister") And OPG, Section 6 Performance**
9 **Expectations, 6.1 Operational Expectations, p8**

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11 **Preamble:**

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13 "6.1.2 OPG shall pursue cost-effective and efficient operational improvements that
14 maintain the reliability of operations, the safety and security of OPG assets, employees
15 and the public. This includes integrating considerations for projected impacts of climate
16 change into operations and planning."

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18 **Question(s):**

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20 a) What actions has OPG taken to integrate considerations for projected impacts of
21 climate change into operations and planning?

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24 **Response**

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26 The integration of climate change considerations into operations and planning is an
27 ongoing process. Some examples include:

- 28 • the incorporation of climate change into flood assessments as part of dam safety
29 reviews,
30 • the incorporation of an elevated tailrace deck based on flood assessments in
31 the Matabitchuan GS redevelopment project, and
32 • consideration of climate change in the context of CNSC licensing requirements
33 for the DNNP, including system-by-system assessments and both design and
34 procedural actions to address flooding and other extreme weather hazards.

Society Interrogatory #004

Interrogatory

Reference:

Exhibit A1-5-1, OPG Corporate Organizational Chart, p1

Question(s):

- a) Which specific executive or management function in Exhibit A1-5-1 is accountable for climate change adaptation and physical climate change risk management for regulated hydroelectric and nuclear assets?

Response

- a) Climate change adaptation and physical climate change risks for hydroelectric and nuclear assets are the accountability of the Chief Operations Officer.

AMPCO Interrogatory #006

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Interrogatory

Reference:
Ref: A2-2-1 p.11

Question(s):

OPG reflected procurement-related inflation considerations into the capital plan based on existing commercial agreements or supplier estimates and otherwise applied standardized 4.5% escalation rate.

Please explain the basis of the 4.5% escalation rate.

Response

Refer to Ex. L-A2-CCC-015.