

UNDERTAKING J8.2

Undertaking

To provide a summary of the key elements related to used fuel disposal, decommissioning, depreciation, waste management, asset retirement costs and the extent to which the costs of existing assets influence the LUEC.

Response

LUEC is an economic measure which considers actual cost outflows associated with an economic decision. Neither non-cash items nor sunk costs are factored into a LUEC calculation. For this reason, neither past expenditures on the Darlington station, nor any remaining depreciation associated with those past expenditures are factored into LUEC. The individual elements of costs in the undertaking are considered separately below:

- **Used Fuel Management Costs:** Used fuel management costs are included in the LUEC for Darlington refurbishment at 0.04 cents/kWh (2010 dollars) as noted in the response to Interrogatory L-07-038.
- **Decommissioning:** The LUEC for Darlington Refurbishment is based on zero contributions to the decommissioning fund for Darlington during its post-refurbishment life. During the development of Economic Feasibility Assessment of Darlington Refurbishment, the decommissioning fund for all of OPG's nuclear stations was fully funded. A decision to extend the life of Darlington results in a reduction in the present value of the decommissioning costs, thereby reducing the required contributions (if any) to the decommissioning fund.
- **Depreciation:** As stated above, depreciation is not factored into LUEC as depreciation is a non-cash item. An extension of the end-of-life date of the Darlington units results in a reduction in depreciation expense in the test period. The annual depreciation expense related to Darlington is reduced by \$64 million (Ex. F4-T1-S1, Attachment 1). OPG also confirms that the change in Darlington end-of-life results in depreciation expense on existing assets being recovered in the post-refurbishment period.