



News Release

For Immediate Release

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Darlington Refurbishment Project Being Diligently Monitored by OPG, But Still Faces Future Risks: Auditor General

(TORONTO) Ontario Power Generation (OPG) has put a clear accountability structure in place to monitor that the Darlington Nuclear Generating Station remains on track to meet the cost and time estimates set by OPG; however, it still faces significant risks that could impact those estimates, Auditor General Bonnie Lysyk says in her *2018 Annual Report* released today.

“OPG has applied lessons learned from the preliminary work on the project to its current undertakings,” Lysyk said after the Report was tabled. “However, there are several significant risk factors that could make the Project late and over budget.

“For example, OPG has performed refurbishment work on only one nuclear reactor unit to date, and may face more challenges than it expects when, in 2021, it starts working on the refurbishment of more than one nuclear reactor unit at the same time.”

OPG, wholly owned by the Province, generates more than half of Ontario’s electricity, primarily through more than 60 hydroelectric stations and two nuclear generating stations.

Darlington, one of the nuclear stations, began operating in 1990 with four nuclear reactor units now nearing the end of their expected useful life. In January 2016, OPG publicly announced that it was ready to launch the Project, which it estimated would cost \$12.8 billion and be completed by 2026. The Project is expected to extend the useful life of Darlington’s four nuclear reactor units to around 2055.

As of June 30, 2018, OPG had spent about \$5 billion on the Project—and had about 980 of its own full-time equivalent staff working alongside another 1,500 contract staff.

Among the more significant findings of the audit:

- OPG will be in competition for skilled trades during several years when the Project will overlap with another refurbishment at the Bruce Nuclear Generating Station. OPG identified the potential shortage of boilermakers, who remove and install nuclear reactor unit components, as posing the biggest risk.
- OPG estimates that over 30% of its management staff and nearly all of its executives from the Darlington Refurbishment group will be eligible to retire by 2025 (before the Project’s expected completion). While OPG has identified internal candidates who can take over most of these positions, it has not yet done this for 13 positions, including six management staff eligible to retire by the end of 2018.
- OPG estimated that it will pay contractors about \$6.1 billion to complete Project work, including over \$800 million related to contractors’ overhead costs and profit. OPG has had to provide more assistance to contractors than it initially estimated to keep the Project on time and on budget. While OPG estimated that it will spend overall almost \$50 million more on Project oversight and support than it initially estimated, it has not considered these additional incurred costs when determining the amount of profit to pay the contractors.

- Prior to starting the main refurbishment work on the four reactors in 2016, OPG started 18 prerequisite projects at a total cost expected to exceed \$725 million, or 75% more than its initial estimate. The main causes for the expected cost overrun include a lack of detailed planning and understanding of the work's complexity, resulting in inaccurate estimates and scoping; poor risk assessment; underweighting technical criteria when selecting contractors; assigning work to staff with limited relevant experience with complex work; and poor project management and oversight of contractors.

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Read the [Darlington Nuclear Generating Station Refurbishment Project](#) audit report at www.auditor.on.ca

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