



# 2011-2013 Business Plan October 2010

*The photo of the Halton Hills generating station that appears on the cover page as the fourth image from the top and on page 9 is used courtesy of TransCanada.*

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## Highlights of the 2011-2013 Business Plan

In the 2011-2013 business planning period, the Ontario Power Authority (OPA) will continue its efforts to ensure the reliability, sustainability and cost-effectiveness of the province's electricity system for the benefit of Ontario's consumers.

The most significant initiatives planned for the 2011-2013 period are:

- implementing province-wide conservation and energy-efficiency programs in partnership with local distribution companies and achieving forecasted conservation savings in an efficient manner
- delivering a long-term energy plan that facilitates the development of a cost-effective, reliable and sustainable electricity system, while integrating conservation and renewable generation
- achieving Feed-in Tariff (FIT) and microFIT program performance objectives by managing and optimizing these programs and their associated initiatives to encourage the development of renewable energy in Ontario
- achieving forecasts for generation procurement contracts for a potential of greater than 6,600 megawatts of electricity generation resources through the FIT and microFIT programs, as well as through competitive and bilateral opportunities, and increasing the megawatts under contract to more than 25,000 megawatts, representing an additional investment of more than \$22 billion in Ontario's electricity infrastructure
- managing the OPA's demand-response initiatives to optimize their performance during the planning period, with a focus on refining and growing an important new initiative for energy-efficiency improvements in large transmission-connected industrial facilities
- increasing public understanding of the electricity sector and keeping First Nation and Métis communities, customers, industry partners and stakeholders engaged in and informed about all elements of planning and other key organizational initiatives
- attracting, engaging and retaining people with the skills needed to enable the organization to best serve Ontario's ratepayers.



The OPA's five strategic objectives and their corresponding milestones for both the first year of the business planning period and the end of this period are summarized starting on page 40.

As shown in Figure 1 below, 2011 operating expenses as a percentage of program spending are three percent. This is consistent with 2010 levels and demonstrates the OPA’s ability to contain organizational spending while delivering on an expanded mandate. The OPA’s net revenue requirement spending is further reduced after consideration of the incremental registration revenue forecasted from the FIT Program.

**Figure 1: OPA’s Administration Costs as a Percentage of Total Spending**

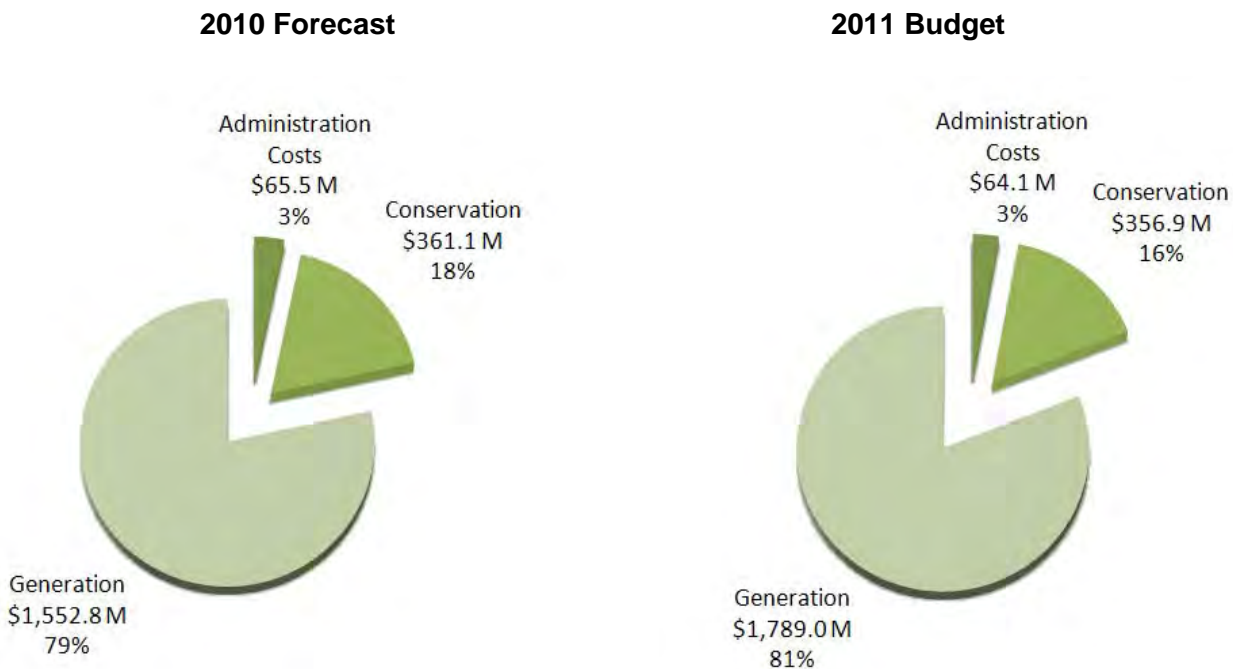
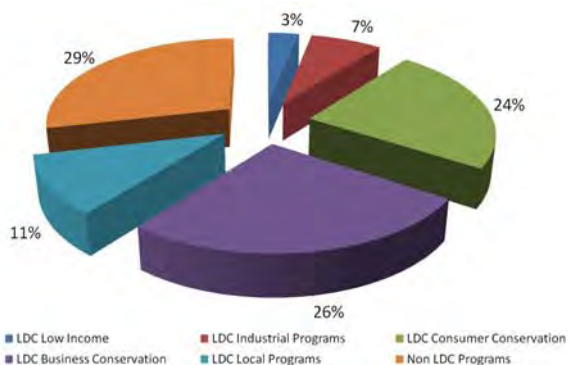


Figure 2 displays the conservation program costs by program type. Figure 3 shows the electricity charges by resource type. Note that these charts capture the proportion of contractual costs paid to generators and not the actual megawatts produced.

**Figure 2: 2011 Program Costs – Conservation**



**Figure 3: 2011 Program Costs – Generation**



## Message from the Chief Executive Officer

I am pleased to present the Ontario Power Authority's (OPA) business plan for 2011 to 2013.

Ontario residents and businesses are currently enjoying the benefits of reliable, sustainable electricity supply. This is significant progress when we consider the tight supply situation the province faced just a few years ago. The turnaround reflects the importance of having a long-term electricity plan to ensure that the system remains reliable, sustainable and cost-effective.



Ontario's long-term electricity plan is a blueprint for clean, reliable supply that considers all aspects of our electricity system – conservation, generation and transmission. Initiatives in the plan are transforming the electricity sector in this province and have allowed us to turn our primary focus from restoring reliability to making our system greener, cleaner and smarter. Key elements include phasing out coal-fired generation, increasing the contribution of renewable resources and promoting conservation and energy efficiency. During the business planning period, we will continue to update and refresh the plan to reflect new opportunities and changes that occur in our electricity system and in the broader economy.

To date, initiatives flowing from this long-term energy planning process have resulted in more than 8,000 megawatts of new generation. This investment in generation is a significant accomplishment – one that has restored system reliability, eliminated the supply deficit and stimulated a broad-based renewable energy sector. It has also laid the foundation for the replacement of coal-fired generation by the end of 2014. Eliminating coal in Ontario is currently North America's single largest climate-change initiative. We're also one of the first jurisdictions in the world to do this.

The primary means of increasing the amount of renewable energy generated in Ontario is through the Feed-in Tariff (FIT) Program. A cornerstone of the Green Energy Act, this program was designed and launched by the OPA in 2009. It is the first of its kind in North America – and one that has attracted worldwide attention.

More resources are in the pipeline. The number and value of electricity supply contracts managed by the OPA will have greatly increased to more than 18,600 megawatts of new and existing supply by the end of 2010. This represents an investment of more than \$28 billion in electricity infrastructure under way in the province. By the end of 2013, OPA-managed supply contracts will exceed 25,000 megawatts. This will include both new and existing resources as we continue to replace aging infrastructure and to optimize our use of existing assets.

The essential improvement of our aging electricity system to make it greener, cleaner and smarter will inevitably affect the cost of electricity as new essential facilities come into service and older infrastructure is replaced.

On other fronts, we're working to achieve what is one of the most ambitious conservation targets in North America – a reduction of peak demand by 6,300 megawatts, or the equivalent of removing one in five electricity users from the grid by 2025. Conservation will always be our first priority, since it's our least-cost resource and the most effective way consumers can manage their electricity bills. We're working hard to develop new and better programs and tools to help consumers use electricity more efficiently, manage their costs and generate electricity and revenue – so that all Ontarians will share in the benefits that come from a reliable, sustainable electricity system and a cleaner environment.

Local distribution companies now have their own conservation targets contributing to the provincial target and they'll soon be playing an even larger role in helping Ontario meet its goals. We are working closely with

them as they assume their new responsibilities for conservation and distributed generation. Together, we've been revamping our conservation programs to make them more consumer-focused and accessible to communities and households; First Nation and Métis Peoples; and municipalities, universities, schools and hospitals. We'll be re-launching these programs province-wide in January 2011, making it easier for Ontarians to become engaged in conservation. In 2011, the OPA will also introduce new tools for businesses and a new multi-component conservation program for low-income Ontarians.

Another major focus during this business planning period will be on our growing roles as facilitator, collaborator and enabler. Consultation and collaboration are prominent features of all our major initiatives – within the ongoing management of the FIT and microFIT programs, the conservation programs and all our planning processes. We meet extensively with stakeholders and partners across the province and continually strive to strengthen these relationships.

We will also continue to play a role in emerging developments and initiatives, such as carbon mitigation, the smart grid, and vehicle and transit electrification.

In 2011 and beyond, we will remain proactive in enacting and carrying out governance policies. In 2010, the OPA complied with all provincial government initiatives. We will continue to be rigorous in finding ways to contain our expenses and manage the impacts of our operations on ratepayers – despite an increasingly broad and complex mandate. Our 2011 expenses will be reduced by \$1 million or 1.5 percent from the 2010 budget. This includes a decrease of \$4.4 million in consulting expenses from 2010. In addition, our OPA revenue requirement fee rate will be reduced by 2.8 cents per megawatt-hour or five percent from 2010.

In 2011, we will freeze the number of our regular full-time equivalent staff at 2010 levels, and by the end of the planning period, we will reduce our regular full-time equivalent staff by five percent. At the same time, we'll continue to focus on employee engagement and our ability to attract, engage and retain individuals with the skills required to carry out the vital work we do on behalf of Ontario's ratepayers. We will continue to build and enhance a corporate culture and work environment that promotes a high-performing and engaged workforce. We will work as well to build our organizational capacity to manage change.

Ontario is on a new and clear course to a cleaner energy future, but more remains to be achieved. Much will depend on how our economy evolves – on how the industrial sector rebounds, how consumers respond to growing choices for transportation and other potential electricity tools, and on the policies that are put in place to address carbon emissions in our economy as a whole.

Substantive initiatives are under way in every part of the electricity sector – ambitious conservation targets, cleaner generation, significant transmission investment and long-term planning – that will realize economic benefits and involve increasingly engaged consumers in a smarter, more reliable, cost-effective and sustainable electricity system.

Our efforts are dedicated to transforming the electricity sector in Ontario, and to the rebuilding of critical infrastructure to make Ontario a world-leading clean energy jurisdiction to support the economy of tomorrow.



Colin Andersen  
October 2010

## The Ontario Power Authority

The Ontario Power Authority (OPA) is responsible for ensuring a reliable, long-term supply of electricity for Ontario. Its key areas of focus are strategic coordination of conservation efforts across the province, planning the power system for the long term and ensuring the development of needed generation resources.

The OPA was established by the *Electricity Restructuring Act, 2004* (amending the *Electricity Act, 1998*, and the *Ontario Energy Board Act, 1998*). It is governed by an independent Board of Directors and reports to the Ontario Legislative Assembly through the Minister of Energy. The OPA is licensed and regulated by the Ontario Energy Board.

### Vision

Leading Ontario in the development of North America's most reliable, cost-effective and sustainable electricity system.

### Mission

Together with our partners, we ensure that electricity needs are met for the benefit of Ontario both now and in the future. We plan and procure electricity supply from diverse resources and facilitate the measures needed to achieve ambitious conservation targets.

### Guiding principles

**Transparency:** We carry out our work with openness and integrity.

- Our processes and outcomes are open and clear to both internal and external stakeholders.
- We treat our business partners with fairness and integrity.
- We strive to earn the trust and respect of all those with whom we deal.
- Our communications both internally and externally are clear, candid, open and reliable.

**Accountability:** We take responsibility for our actions.

- We carry out our responsibilities fairly and with integrity.
- We can be held accountable for our decisions.

**Collaboration:** We work together toward common goals.

- We combine our strengths to achieve our goals.
- We use our internal and external resources as effectively and efficiently as possible.
- We encourage and reward the contributions of everyone on the team, communicating and celebrating our successes clearly.



**Flexibility:** We adapt quickly and effectively to changing circumstances.

- We evaluate circumstances objectively and understand the need to respond to changes in our environment.
- We are able to alter our course when and where needed.
- We balance short-term needs with our long-term goals.



## Mandate

The Ontario Power Authority was established by *The Electricity Restructuring Act, 2004*, which set out the following objectives for the organization:

- 1) to forecast electricity demand and the adequacy and reliability of electricity resources for Ontario for the medium and long term
- 2) to conduct independent planning for electricity generation, demand management, conservation and transmission and develop integrated power system plans for Ontario
- 3) to engage in activities in support of the goal of ensuring adequate, reliable and secure electricity supply and resources in Ontario
- 4) to engage in activities to facilitate the diversification of sources of electricity supply by promoting the use of cleaner energy sources and technologies, including alternative energy sources and renewable energy sources
- 5) to establish system-wide goals for the amount of electricity to be produced from alternative energy sources and renewable energy sources
- 6) to engage in activities that facilitate load management
- 7) to engage in activities that promote electricity conservation and the efficient use of electricity
- 8) to assist the Ontario Energy Board by facilitating stability in rates for certain types of customers
- 9) to collect and provide to the public and the Ontario Energy Board information relating to medium- and long-term electricity needs of Ontario and the adequacy and reliability of the integrated power system to meet those needs.

## **2011-2013 Strategic Objectives**

The Ontario Power Authority's 2011-2013 business plan is based on the following five strategic objectives.

1. Plan for and facilitate the development of a cost-effective, reliable and sustainable electricity system.
2. Together with our partners, plan, procure and support the development of verified conservation/energy-efficiency resources as identified in the integrated plan and its subsequent iterations. Build capability and enable partners to achieve targets and contribute to a culture of conservation in Ontario.
3. Plan and design standardized tariff-based, competitive and bilateral procurement processes and enter into procurement contracts for generation resources that meet the requirements identified in the integrated plan, ministerial directives and legislation, and incorporate world-class contracting and settlement practices that support investment in electricity. Identify barriers and limitations; develop and/or define methods and solutions to deliver enhanced generation developments through innovation, analysis, assessment and benchmarking, with a view to economic efficiency and environmental sustainability.
4. Develop and maintain organizational capacity to achieve the strategic objectives and be recognized as a strategic partner.
5. Be a trusted and respected source of information in the electricity sector.

## Strategic Objective 1

### Plan for and facilitate the development of a cost-effective, reliable and sustainable electricity system.

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#### Strategic context

The power system planning role of the Ontario Power Authority (OPA) is to develop and maintain integrated power system plans for Ontario that implement government policies and directives and reflect emerging sector circumstances. These plans are at both provincial and community levels. Planning updates are needed on an ongoing basis to implement components of these plans. Updates are provided in the form of advice to government, information at public consultations, analysis and assessment associated with electricity resource procurements and regulatory proceedings.

*A key focus in the planning period is developing the second long-term energy plan to meet the needs of Ontarians for a cost-effective, reliable and sustainable electricity system.*

A key focus in the planning period is developing the second long-term energy plan<sup>1</sup> to meet the needs of Ontarians for a cost-effective, reliable and sustainable electricity system. This requires a coordinated effort that considers all aspects of the electricity system.

Using electricity efficiently, phasing out coal-fired generation and increasing the contribution of renewable resources are key elements of the plan. The focus has widened from restoring system reliability and replacing coal to include additional drivers for resources arising from a decline in current capacity or demand growth, nuclear unit outages during their refurbishment, or to complement wind and solar generation and to provide a source for the electrification for cars and transit.

A wide-ranging information and consultation process is planned leading up to receiving direction from the government on planning. This will be followed by development of the plan itself, which will be filed with the Ontario Energy Board in 2011 and reviewed in a public process.

The OPA develops scenarios based on a range of assumptions to better understand the implications of the uncertainties. Through this approach, it assesses the outlook for electricity demand and supply in light of changes in policy, as well as potential economic futures, to identify options for further consideration.

Factors considered in the OPA's scenario-based approach to planning include progress on conservation, the nature of the economic recovery, the amount of renewable energy development, electric vehicles and electric mass transit, and anticipated policies on carbon. The OPA monitors trends and conditions that are relevant to Ontario's electricity planning, including plans in other jurisdictions, as added context for planning.

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<sup>1</sup> The first long-term energy plan, referred to as the Integrated Power System Plan, was developed by the OPA and filed with the Ontario Energy Board in August 2007.

These scenarios suggest that Ontario will need to keep certain options open to maintain flexibility across a range of potential futures and, when required, to make major strategic choices to remain competitive in its electricity services.

The OPA is also developing methods and processes, as part of the FIT Program, to determine the economic level of investment in transmission to connect renewable energy.

### **Power system planning – key divisional goals**

The power system planning division has the following key goals:

- To plan for and facilitate the development of a cost-effective, reliable and sustainable electricity system.
- To develop a long-term energy plan.
- To engage customers, industry partners, First Nation and Métis groups and stakeholders in planning.
- To be the proponent of planning issues at regulatory proceedings.
- To fulfill planning obligations to electricity reliability standard-setting authorities.



*Halton Hills Generating Station*

### **Strategic initiatives**

The OPA's strategic initiatives in support of these goals are in three areas: conservation integration, resource integration and transmission integration.

#### **Conservation integration**

Significant efforts are being made to integrate conservation into planning Ontario's electricity system. These include developing longer-term conservation potential assessments and forecasts and integrating them into planning. They also include supporting the implementation of conservation programs, the development of codes and standards and innovation in conservation.

The OPA's power system planning division will develop planning scenarios and demand forecasts, add insights and analysis to patterns of electricity use in each sector, including transportation. It will also develop an understanding of how the smart grid may affect the demand for electricity both at a provincial and a customer level.

The OPA will evaluate the impacts of the changes in the electricity system on the cost of electricity to Ontario consumers and will provide analyses of and insights into these costs.

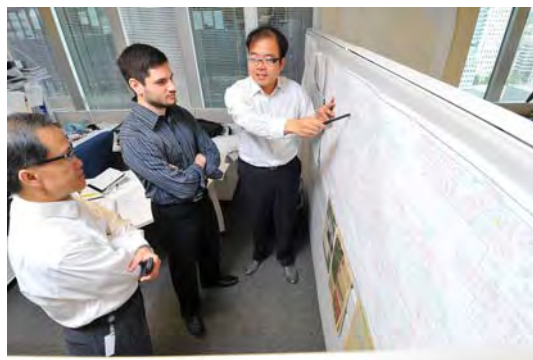
## Resource integration

Planning for resource integration involves evaluating the implementation of current supply initiatives, supporting assessments of plans for existing assets, evaluating system needs for supply and developing strategies for emerging issues.

Specific resource integration options that will be evaluated include the replacement of coal-fired generation by 2014, the integration of intermittent resources, options for the continued operation and refurbishment of existing nuclear units, the potential for nuclear new builds and the reuse and re-powering of existing sites. This involves working with owners and operators of various existing sites around the province. Plans for northwestern Ontario, the deployment of natural gas generation (doubling in size from 2005 and providing approximately 30 percent of Ontario's capacity by 2014), the potential for electricity imports and carbon dioxide emission strategies are all factors to be considered.

## Transmission integration

During the planning period, the OPA will identify and support the implementation of transmission system development plans to enable the required forms of electricity resources to come online. As part of its activities in this area, it will work with project proponents and assist in scoping work and regulatory proceedings, including the long-term energy plan.



The OPA will also support the development and implementation of integrated regional and local area plans, including the development of supply options for remote communities.

A key area of focus will be supporting the FIT Program for renewable energy projects through the ongoing design and implementation of various tests, including a transmission availability test, distribution availability test and economic connection test. These tests will help identify available transmission and distribution capacity to connect potential FIT Program projects. They also will help identify areas for economic expansion of the transmission system. The OPA will work with electricity transmitters, local distribution companies and proponents throughout the testing processes.

The power system planning division also will continue to provide information and support for the development of government policy during the planning period.

As the supply mix and transmission facilities across North America evolve to facilitate the incorporation of intermittent, renewable electricity resources, the standards used by electricity utilities also have to evolve. The OPA will work with the Independent Electricity System Operator to ensure that Ontario's specific needs and circumstances are part of that evolution through appropriate participation in the North American Electric Reliability Corporation (NERC) and Northeast Power Coordinating Council (NPCC) committees.

**In the first year of the planning period we will have reached the following milestones:**

- Developed the second long-term energy plan and supported public information, consultation and stakeholder engagement leading to regulatory proceedings.
- Developed regional plans, such as for the Greater Toronto Area, the Kitchener-Waterloo-Cambridge-Guelph region, northwestern Ontario, and Simcoe South.
- Supported the FIT Program through the transmission availability test, distribution availability test, the economic connection test, and operability assessments.
- Provided planning context to public policy development, stakeholder discussions and regulatory proceedings.

**By the end of the planning period we will have reached the following milestones:**

- Incorporated into planning new initiatives from northern Ontario developments, smart grid/mini-grid deployment, electrification of transit/vehicles and evolving reliability standards.
- Updated scenarios or plans to reflect FIT Program uptake and the latest electricity market outlook.
- Developed methods to assess the implications of Ontario's carbon cap-and-trade market on the province's electricity market outlook.
- Prepared for the third long-term energy plan.



*Melancthon 2 Wind Plant near Shelburne*

## Strategic Objective 2

**Together with our partners, plan, procure and support the development of verified conservation/energy-efficiency resources as identified in the integrated plan and its subsequent iterations. Build capability and enable partners to achieve targets and contribute to a culture of conservation in Ontario.**

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### Strategic context

Ontario's long-term conservation and demand management (CDM) goal of a 6,300-megawatt peak demand reduction by 2025 – equivalent to removing about one in five customers from the electricity grid – is among the most aggressive targets in North America. Since its inception in 2005, the OPA has played a key role in designing and delivering CDM programs. In fewer than five years, the OPA and local distribution companies have successfully developed and delivered some of the most innovative CDM programs in North America. The OPA has adopted a long-term conservation market-transformation strategy<sup>2</sup> to ensure that CDM is sustainable, reliable, cost-effective and more customer-focused.

*Since its inception in 2005, the OPA has played a key role in designing and delivering CDM programs. In fewer than five years, the OPA and local distribution companies have successfully developed and delivered some of the most innovative CDM programs in North America.*

The Green Energy Act, passed in 2009, has significantly changed the conservation landscape in Ontario. In late March 2010, the Minister of Energy (the Minister) issued a directive to the Ontario Energy Board requiring it to establish individual CDM targets for local distribution companies, and to include these as a condition of the distributors' licences. The total of these targets is to equal 1,330 megawatts of provincial peak demand reduction and 6,000 gigawatt-hours of energy savings from 2011 to 2014. The Ontario Energy Board was also directed to issue a code that includes rules relating to the planning, design, approval, implementation, reporting and evaluation of CDM programs. The targets will take effect as of January 1, 2011.

Local distribution companies may meet their CDM targets through the delivery of Ontario Energy Board-approved CDM programs in the local distribution companies' service areas (referred to as board-approved CDM programs), through the delivery of CDM programs made available by the OPA to local distribution companies for delivery in their service areas (referred to as OPA-contracted province-wide CDM programs), or through a combination of both types of programs.

In April 2010, the Minister issued a corresponding directive to the OPA that states that the OPA will play a key role in coordinating and facilitating the successful implementation of the new CDM opportunities provided to local distribution companies through the Act. The directive sets

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<sup>2</sup> The OPA's long-term strategy consists of acquiring resources, building capability in the sector and transforming the market. This three-tier approach leverages incentive-based programs to prime the market, while changes to codes and standards subsequently lock in the savings from the programs.

out three areas of focus for the OPA in implementing the Green Energy Act during the planning period. These are:

1. Strategic coordination of CDM programs with local distribution companies and the Ontario Energy Board, including:
  - providing advice to the Ontario Energy Board, following consultations with local distribution companies, on the appropriate allocation of CDM targets among them
  - providing advice to the Ontario Energy Board on the administration of local distribution companies' CDM activities, including cost-effectiveness tests, evaluation, measurement and verification
  - designing and funding OPA-contracted province-wide CDM programs for delivery by local distribution companies to general residential consumers, commercial and institutional facilities (including agricultural and multi-family buildings) and industrial facilities.
2. Designing and coordinating delivery of CDM programs for First Nation and Métis communities.
3. Continuing to provide support and funding of CDM research and innovation to assist local distribution companies and others in their conservation efforts.

In July 2010, the OPA received a directive to design, implement and fund an electricity CDM program for low-income residential consumers as part of its suite of OPA-contracted province-wide CDM programs for the 2011 to 2014 period.



The OPA will continue to design and deliver conservation programs for transmission-connected customers in the planning period, in accordance with the Integrated Power System Plan and a Minister's directive issued to the OPA in early March to create and deliver an industrial energy-efficiency program. The OPA will remain responsible for meeting or exceeding the overall provincial conservation goals for peak-demand reduction and energy savings identified by government directives and the Integrated Power System Plan.

The government's policy direction described above has positioned Ontario as a conservation leader in North America. As part of this changed landscape, the OPA has been working with the Ministry of Energy, the Ontario Energy Board and the Electricity Distributors Association to develop the implementation framework for the conservation elements of the Act.

Working groups of local distribution companies and the OPA were established to design four OPA-contracted province-wide CDM programs for the consumer, business and industrial sectors and low-income consumers respectively. The consumer, business and industrial groups were formed in December 2009 and the low-income group was formed in May 2010. The design of



these programs relied on the significant experience and learnings of the OPA and its local distribution company partners over the past few years.

Key improvements to CDM program designs for the period from 2011 to 2014 include:

- Taking a more comprehensive approach by:
  - focusing on both energy savings and peak-demand reduction
  - emphasizing longer lasting and deeper savings – going beyond the “low-hanging fruit”
  - removing current gaps in program availability across province.
- Adopting a more customer-focused approach by:
  - driving program participation through sector-specific marketing initiatives and compelling value propositions
  - repositioning the programs from being “end-use” focused (e.g., lighting, appliances, etc.) to “end-user”-focused (e.g., consumers, businesses, etc.)
  - standardizing program eligibility rules, forms and incentives across the province
  - reaching all electricity users.
- Undertaking enabling initiatives to:
  - integrate training, education and other enabling activities to support program delivery and uptake
  - empower participants with information, training and tools needed for holistic energy management.

The CDM programs have been designed to help all local distribution companies achieve their mandatory conservation targets under the Act. With an investment of about \$1.4 billion over the 2011 to 2014 period, the programs are forecasted to generate more than 1,000 megawatts of demand reduction by 2014 and to realize more than 5,400 gigawatt-hours in cumulative energy savings from 2011 to 2014 across the province. This reduction is expected to provide approximately \$2.7 billion in benefits in terms of avoided electricity supply costs, representing a net benefit of close to \$1.4 billion to Ontario ratepayers.<sup>3</sup> Conservation from all activities province-wide is expected to produce a net benefit of \$6 billion



<sup>3</sup> Ratepayers benefit from conservation investments since they can defer or avoid the need for investment in more expensive forms of electricity supply infrastructure. In addition, conservation can facilitate a reduction in the amount of electricity produced, thereby reducing costs associated with electricity generation. From a customer’s perspective, conservation can provide tools to manage electricity consumption.

over the period from 2011 to 2015. With a projected levelized<sup>4</sup> cost of \$63 per megawatt-hour, Ontario’s conservation portfolio of province-wide programs is significantly cheaper than nearly all forms of electricity supply.

During the business planning period, the OPA must be able to respond to changes in the conservation sector and to provide sufficient resources to support local distribution company efforts. As part of its strategic coordination role in implementing the Green Energy Act, the OPA will manage provincial data tracking, report against the planned targets and provide support services needed in the transition to a greater role for local distribution companies in the delivery of conservation initiatives. The OPA will also work closely with industry participants to identify and quantify the impacts of important conservation tools, such as smart meters and time-of-use rates, as these rely on behavioural changes to cause a reduction in electricity use.

The OPA will continue working to improve codes and standards relating to conservation and energy efficiency and will continue building capability for a more robust conservation services industry. The OPA has also enhanced its efforts by increasing funding for innovative conservation and energy-efficiency technologies through its Conservation Fund and Technology Development Fund.

### Conservation – key divisional goals

The OPA’s conservation division has set the following key goals for the planning period:

- To achieve forecasts for demand and energy savings in a cost-effective manner and to report on the results achieved.
- To implement the OPA-contracted province-wide CDM program portfolio in partnership with local distribution companies.
- To implement CDM initiatives for industrial transmission-connected customers.
- To promote conservation awareness and to track the development of a “culture of conservation” in Ontario.
- To monitor and report on all provincial conservation energy savings and demand-reduction progress against provincial conservation goals as set out in the Integrated Power System Plan and government directives.
- To manage and grow the Conservation and Technology Development funds.
- To support the development of an updated long-term energy plan in the regulatory process with the Ontario Energy Board.



<sup>4</sup> The costs of delivering conservation programs (customer incentives, marketing, program management, etc.) are typically all borne “up front”, while the benefits of conservation programs – avoided energy and supply costs – are accrued over a number of years into the future. The levelized cost of conservation represents the *annualized* delivery cost over the lifetime of a conservation resource.

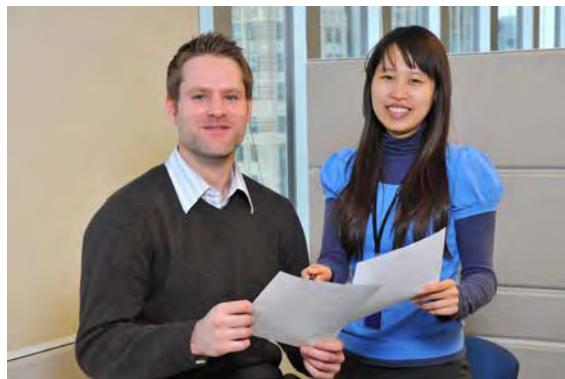
## Strategic initiatives

Strategic initiatives planned to achieve these goals are described below. They can be grouped into four areas or business units within the OPA: local distribution company conservation, demand response and industrial programs, conservation marketing, and innovation and evaluation.

### Local distribution company conservation

In the business planning period, the OPA will focus on managing the implementation of its portfolio of CDM programs, including the OPA-contracted province-wide programs and programs for transmission-connected customers, to meet the near-term conservation forecast for demand and energy savings. As part of this work, it will monitor and report on the results of the portfolio's performance and its cost-effectiveness against planned results. It will also continue to develop and enhance its conservation information and tracking systems – both customer-facing and internal – collectively known as iCon.

The OPA will engage in a number of activities relating to the management of the OPA-contracted province-wide programs for delivery by local distribution companies. These include monitoring the performance of the consumer, low-income and business programs against targets, as well as enhancing the province-wide program design to reflect and incorporate the findings of the OPA's evaluation, measurement and verification processes. Under the new conservation framework, any program design enhancements and/or changes are expected to be coordinated jointly between local distribution companies and the OPA. The OPA will also ensure that province-wide programs are delivered effectively through quality assurance, quality control processes and financial audits.



The OPA will continue to provide training and resources to support local distribution companies in their conservation efforts. Examples within the planning period include: access to market research studies and services, technical symposiums, a conservation resource planning tool to help local distribution companies develop their individual plans for meeting their CDM targets and a professional development course for local distribution companies and OPA staff on the principles, applications and analysis of CDM.

Another key area of activity in the early part of the planning period will be to ensure a smooth and efficient transition of the 2010 conservation program delivery contracts to the province-wide programs. At a broad level, the OPA will continue to provide technical and policy support to the Ministry of Energy and the Ontario Energy Board relating to implementation of the Green Energy Act.

The conservation division will also provide significant support to the power system planning and legal, aboriginal and regulatory affairs divisions in the design of a First Nation and Métis conservation program, as well as in the development of an updated long-term energy plan.

### **Demand response and industrial programs**

Demand response and industrial programs have a very important role to play in achieving conservation targets in Ontario. These programs are designed to help customers manage their demand for electricity and deliver significant megawatt savings to the electricity system. Energy-efficiency gains contribute to increased environmental sustainability, maintaining Ontario's competitive advantage and job creation.

The OPA will continue to manage its demand-response initiatives and will work to optimize their performance during the planning period. It will also continue to research and evolve its demand-response programs to increase market uptake, taking lessons learned in other jurisdictions into account where applicable. It will put into place a demand-response change-management process for local distribution company programs and will ensure that the programs evolve based on evaluation and market intelligence.

Refining and growing the Industrial Accelerator, an important new initiative for energy-efficiency improvements in large transmission-connected industrial facilities that launched in June 2010, will be a key area of focus. Emphasis during the initial phase of the program will be on ensuring that it attains the desired CDM results. The program will evolve to achieve continued improvements over time.

Another area of focus for the OPA during the period is managing its industrial accounts. The OPA will develop reference tools and best practices for its account managers. To measure the effectiveness of its account-management activities, it will develop a customer satisfaction survey of transmission-connected industrials and will work closely with its evaluation, measurement and verification team.



Long-term program success relies on the leadership and commitment of industrial executives as they pursue permanent efficiency improvements. The OPA will therefore also develop its industrial business leadership initiative. This initiative is intended to inform industrial leaders about the benefits of and engage them in investing in process-efficiency improvements and planning policies that can lead to improved plant-wide practices and behaviours.

Similar to its work on consumer and business programs, the OPA will provide support for local distribution companies delivering the province-wide industrial program. This support will include program monitoring and quality improvement, reviewing the effectiveness of the program's energy managers, and developing and offering technical training to internal staff,

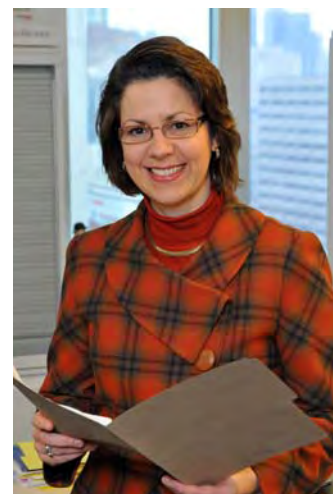
industrial energy managers and local distribution company staff as appropriate. As part of the energy managers' review, the OPA will develop and offer support tools to increase the capability of these managers and will work to increase the savings potential and persistence of this important resource. Any changes and/or enhancements to the program design will follow the same process as described above under local distribution company conservation.

### **Conservation marketing**

The OPA's conservation marketing team will provide marketing leadership to support the delivery of province-wide conservation program initiatives. It will work to ensure that the design of its strategic market approach and implementation plans for the conservation programs is integrated, smart and efficient.

The OPA will use market intelligence and analysis and take a customer-focused approach in all key steps of the program design process. It will ensure that province-wide programs are branded with a consistent province-wide conservation brand that is well-recognized in target markets, and co-branded with local distribution companies' brands. There are also plans to extend this initiative to include conservation at gas and water utilities.

As part of its support of local distribution companies in achieving their conservation targets, the OPA will provide effective sector-specific marketing tools for local implementation. A centralized website will be developed to communicate the province-wide conservation programs to all Ontarians, and will provide links and customization for local distribution company websites. Coordination of OPA province-wide campaigns with local distribution companies' marketing efforts will be another key component of conservation marketing delivery.



The OPA will work to further develop a "culture of conservation" in Ontario. Activities in support of this goal include creating and promoting increased conservation awareness, as well as program education through integrated, innovative and meaningful marketing communications. These are intended to empower audiences and to lead to lasting behavioural changes.

The OPA will continue measuring the results of its marketing efforts and refining its newly established "culture of conservation" metric. This metric will be expanded to include a broader concept of energy that will include natural gas. Over the longer term of the planning period, the OPA will evolve its market research from individual conservation program advertising to a more integrated whole home and business energy-management marketing approach.

With respect to relationship and contract management, procurement and marketing financial management, the OPA will continue to exercise effective budget management and control mechanisms to ensure that its resources are spent prudently and in compliance with government directives.

## **Innovation and evaluation**

The OPA will continue to provide financial support to innovative conservation projects and pre-commercial energy-efficient technologies through its Conservation and Technology Development funds. It will develop and manage the two growing fund portfolios over the planning period. Effective in 2010, the combined annual grant budget grew to \$9.5 million from \$4.5 million (\$5 million for the Conservation Fund and \$4.5 million for the Technology Development Fund).

For the first time, local distribution company pilot projects will be eligible for the Conservation Fund. This will lead to more collaboration on innovative conservation pilots for future province-wide programs. The Technology Development Fund's new industrial emerging technologies stream will help spur process innovation in Ontario's industrial sector.

The OPA will continue to drive a number of capability-building initiatives. It will continue to lead efforts to develop, coordinate and implement a series of initiatives to build electricity consumer and supply-chain capability to undertake conservation and energy-efficiency activities. These initiatives will focus on providing incentives for energy efficiency-related training and on providing specific market segments with energy-efficiency knowledge support. Following the development of a coordinated and comprehensive approach to energy-efficiency training targeting post-professionals in 2011, the OPA will develop an approach for the post-secondary sector and pre-professional workers. Together, these strategies will help to build the short- and long-term capacity needed to develop Ontario's workforce to the level required to meet or exceed Ontario's conservation targets.

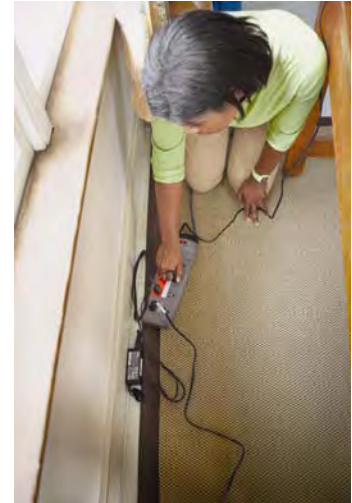
The OPA will also continue to influence and support government processes that drive conservation. These include municipal policy, policy co-funding and mapping projects; Quality Urban Energy Systems of Tomorrow (QUEST); the development of codes and standards; and work with sustainable communities. Options for supporting the development of sustainable communities at the municipal level will be evaluated.



The OPA will remain an active participant in the Smart Grid Forum. In this capacity, it will help evaluate opportunities to achieve more effective and reliable electricity delivery through the enhanced distributed generation, energy efficiency and demand management initiatives that will be made possible by the development of a smart grid.

The OPA will continue to place emphasis on the rigour of its evaluation, measurement and verification processes. It will perform high-quality program evaluations using industry best practices, advise the Ontario Energy Board on evaluation, measurement and verification as requested and ensure that its evaluation, measurement and verification framework and protocols remain up-to-date.

The OPA also will provide engineering support for the conservation programs to internal program staff, as well as externally to local distribution companies and other conservation delivery agents and channels. This will include both internal and external support on energy use, conservation and technology. The Industrial Accelerator initiative will be supported through technical review and approval of projects. Technical symposiums have been effective tools for training local distribution companies in end-use technologies and they will continue in 2011.



The OPA will conduct research to guide its conservation efforts. This research will include market characterization studies that provide a snapshot of current end use by sector, and market transformation activities that provide a long-term overview of the electricity sector from end-use and end user perspectives. It will also include in-depth research into specific issues such as upstream conservation opportunities for manufacturers. Learning opportunities from this research will be provided to all OPA staff and local distribution company partners through seminars and other presentations.

### **In the first year of the planning period we will have reached the following milestones:**

- Implemented a portfolio of newly designed 2011-2014 province-wide conservation programs, and worked with local distribution companies and other delivery agents to make progress toward long-term peak-demand reduction and energy-savings conservation targets.
- Supported local distribution companies and program delivery partners through implementing information technology systems (e.g., iCon 2011); funding pilot projects and the commercialization of emerging energy-efficient technologies; and training, marketing, and engineering, as well as evaluation, measurement and verification support.
- Supported conservation-oriented changes in municipal policy, codes and standards.
- Delivered the business leadership program in support of industrial energy efficiency and conservation.

### **By the end of the planning period we will have reached the following milestones:**

- Enhanced 2011-designed province-wide conservation programs and prepared situational analyses for a 2015 program redesign to make progress toward long-term peak-demand reduction and energy-savings conservation targets.
- Supported local distribution companies and program delivery partners through enhancing information technology systems (e.g., iCon 2011); funding pilot projects and the

commercialization of emerging energy-efficient technologies; and training, marketing, and engineering, as well as evaluation, measurement and verification support.

- Supported conservation-oriented changes in municipal policy, codes and standards.
- Upgraded Industrial Accelerator programs based on program evaluations to further support industrial energy efficiency and conservation.



## Strategic Objective 3

**Plan and design standardized tariff-based, competitive and bilateral procurement processes and enter into procurement contracts for generation resources that meet the requirements identified in the integrated plan, ministerial directives and legislation, and incorporate world-class contracting and settlement practices that support investment in electricity. Identify barriers and limitations; develop and/or define methods and solutions to deliver enhanced generation developments through innovation, analysis, assessment and benchmarking, with a view to economic efficiency and environmental sustainability.**

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### Strategic context

The Feed-in Tariff (FIT) Program, launched by the OPA in October 2009, is a cornerstone of the Green Energy Act, and a central part of the province's overall clean energy vision. It is the first comprehensive program of its kind in North America. With its standard prices based on project size and technology and its simplified rules for a long-term contract, the program is intended to provide stability and investor confidence for developers.

The FIT Program, along with its microFIT Program stream designed for very small projects 10 kilowatts and less in size, has experienced an extremely high uptake that exceeded the expectations of many. As of August 31, 2010, there were more than 2,900 FIT Program applicants with projects representing over 15,000 megawatts of potential renewable energy. Solar photovoltaic projects represent 86 percent of the total applications and 27 percent of the total megawatts, while eight percent of the applications and 69 percent of the megawatts are wind projects. There were more than 19,000 microFIT Program applicants with projects representing a potential 177 megawatts. More than 99 percent of these were for solar photovoltaic projects. And the OPA has executed contracts for more than 1,800 projects representing over 2,100 megawatts of electricity – enough to power almost 2.1 million homes.

As part of the OPA's efforts to ensure that Ontario has a sustainable supply of renewable energy through administering and managing the FIT and microFIT programs, it will continually assess the various elements of these programs and adapt them to changing circumstances.

The OPA's responsibilities also include facilitating greater involvement in the electricity sector by First Nation and Métis communities and community-based groups, and supporting municipalities in hosting renewable energy projects, through the three funds created for these groups by the Green Energy Act.

The OPA will continue to negotiate, manage and settle an increasing volume of contracts for various forms of other clean electricity generation, which can include new and existing nuclear, natural gas, combined heat and power and storage. An additional 6,600 megawatts could potentially be contracted over the business planning period. This would mean an additional investment of about \$22 billion in Ontario's electricity infrastructure. These estimates, along with all the other

***By 2013, the OPA expects the megawatts under contract to increase by more than 30 percent to more than 25,000 megawatts, with investment in the sector increasing by more than 75 percent to about \$50.6 billion.***

estimates in this document, align with current recommendations regarding the electricity sector, and consider work-in-progress activity already directed through the Ministry of Energy.

At the end of August 2010, the OPA had more than 15,500 megawatts under contract and was managing more than 2,000 contracts, including more than 950 contracts under the FIT Program and over 850 contracts under the microFIT Program. Nearly 8,900 megawatts are in commercial operation, with the remainder under development. Of the total under contract, 6,700 megawatts are for renewable energy, with nearly 3,000 megawatts of that in commercial operation, while the rest are under development. By 2013, the OPA expects the megawatts under contract to increase by more than 30 percent to over 25,000 megawatts, with investment in the sector increasing by more than 75 percent to about \$50.6 billion.<sup>5</sup>

As Ontario's electricity sector continues to evolve through policy, regulatory, legislative and market rule changes, the OPA will facilitate and participate in this transformation process. The OPA will continue to coordinate and work with the Ministry of Energy, the Independent Electricity System Operator, the Ontario Energy Board and other industry participants to further the understanding and evolution of the sector in issues such as carbon mitigation strategies, electricity demand levels and environmental impacts. The challenge for the OPA will be to create, adapt, negotiate and integrate these elements into new and existing procurement contracts as required.

The OPA will provide objective and professional advice, develop and implement initiatives that are aligned with government policy and result in efficient outcomes for Ontario's ratepayers. It will identify barriers and limitations to delivering cost-effective, reliable and sustainable generation development and provide solutions that maintain value for the ratepayer.

A key initiative taking place during the planning period is policy development with respect to carbon mitigation. At this time, carbon policies are being developed by federal, provincial and regional governments in Canada and the United States. The OPA will monitor developments and assess their impacts on the OPA's mandates and the sector as a whole. Options for the treatment of environmental attributes will be explored as government policies on climate change and carbon mitigation evolve.

As both the value and volume of contracts under its management continue to grow, the OPA will endeavour to bring reliable and sustainable megawatts of electricity online in Ontario. It will use best practices for continuous improvement. It will also continue to contribute to and align its work with the evolving electricity sector and the environmental and commercial forces that shape it to provide value to the ratepayer.



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The numbers in this report have been adjusted to reflect the transmission plans for the southwest Greater Toronto area as of October 2010.<sup>5</sup>

## Electricity resources – key divisional goals

The electricity resources division of the OPA has five key goals during the planning period:

1. To procure and contract for new build and existing facility generation using procurement exercises and contract management principles that are clear, offer broad participation and transparency and provide ratepayer value.
2. To manage all aspects of the FIT and microFIT programs, from application to settlement, while facilitating the participation of First Nations, Métis Peoples and communities, and supporting municipalities in Ontario's renewable energy sector.
3. To monitor, analyze and assess policy development, especially relating to carbon mitigation, market-rule changes, pricing and renewable energy, with risk and mitigation strategies identified as needed and appropriate.
4. To build leadership capability, facilitate team/group cohesion and performance, enable effective change and transition management, and develop a culture and organizational structure that drive success.
5. To communicate effectively and openly at all levels, internally and externally, to employees and all other stakeholders.

## Strategic initiatives

The strategic initiatives relating to electricity procurement and contract management to meet these goals are described below.

### Generation procurement

Generation procurement initiatives will focus on achieving the FIT and microFIT program performance objectives, as well as on meeting forecasts for all other OPA generation procurements. All of these activities will be carried out in compliance with the terms of government directives.

The OPA will deploy the necessary resources to achieve the performance objectives of the FIT and microFIT programs. These objectives include program review, administration and contract revisions. It will also work to ensure successful negotiations of power purchase agreements for projects that result from the green energy investment agreement negotiated by the government.



*Wolfe Island Wind Project*

In addition to the FIT and microFIT programs, there are a number of other procurement directives under which the OPA is operating and will continue to operate. Throughout the planning period, the OPA will work to ensure the terms of these directives are carried out in a timely manner.

These procurement initiatives will include stakeholder consultations, procurement process design, procurement completion and contract execution with proponents. The OPA will continue to assess its procurement techniques proactively with a view to continuous improvement. During the planning period, the OPA anticipates procuring a variety of new generation resources, or contracting for the continued operation of such resources. These resources may include: new or refurbished nuclear facilities, new or continued operation of gas-fuelled facilities such as the Lennox facility, conversion of coal-fuelled facilities to biomass or natural gas, re-contracting of hydroelectric facilities, combined heat and power projects, expiring non-utility generators and energy-from-waste opportunities.

Throughout these procurement processes, the electricity resources division will coordinate with the power system planning and conservation divisions to ensure that adequate resources are procured to meet the operability needs of the electricity system.

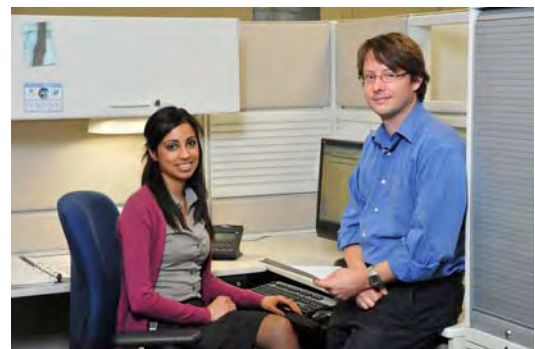
### **Contract management**

The OPA's contract management group will focus on managing all existing and new contracts executed as a result of various procurement initiatives. It will also manage the risk exposure under these contracts. It will continue to manage the contracts in place from prior procurements and their risk exposure.

Investigation, negotiation and completion, if required, of any outstanding contract amendments for combined-cycle gas facilities, especially those related to Independent Electricity System Operator market-rule changes, will be ongoing. In particular, the OPA will address the requests of suppliers for amendments and provide thorough analysis and appropriate responses to them as they learn of the impacts of current and future rule changes.

Renewable energy supply contracts also will be reviewed, as discussions continue between the Independent Electricity System Operator, the OPA and renewable energy suppliers on the integration of their facilities into an increasing renewable supply mix consisting of intermittent resources. These discussions are a subset of a broader discussion on the integration of renewable energy, including contracted FIT Program resources.

Due to the unexpectedly large number of FIT and microFIT applications, the OPA's contract management group will need to enhance its staffing and information technology support in this area. Revisions to the FIT and microFIT contracts will be made based on the operational experience gained in 2010. A critical success factor in this area will be the enhanced use of information technology for contract management and settlement systems in the ongoing administration of contracts.



During the planning period, the OPA will continue to review the FIT and microFIT program application and contract management processes to optimize their efficiency and effectiveness.

This will include determining which activities are best performed by the OPA and which can be carried out more efficiently and effectively through other means.

The OPA will continue to build and improve its collaborative business relationships with contract counterparties. Internally, the group will coordinate its contract-management activities with other OPA business units.

### **Policy and analysis**

The OPA's policy and analysis group will continue to monitor and assess sector, market and policy developments within and outside of Ontario, including the actions of other agencies affecting the operations of the OPA, such as the Independent Electricity System Operator's market-rule changes. The OPA will participate in and facilitate sector-wide discussions on key issues, ranging from the integration of renewable energy to understanding choices for sector evolution.

Options and solutions will be provided to address any changes taking place in the sector while, at the same time, ensuring ratepayer value. In addition, work will also focus on monitoring, analyzing and assessing the impacts and trends related to economic, cost and pricing issues.

This group will continue to monitor, assess and quantify developments with respect to carbon policies and to provide advice to provincial ministries and agencies in the design of a provincial cap-and-trade system. Options will be assessed for reflecting and incorporating changes into the OPA's procurements and contracts.

The OPA currently holds the environmental attributes associated with its renewable energy contracts on behalf of Ontario ratepayers. It will continue to assess its treatment of these environmental attributes, including exploring near- and mid-term issues and impacts. Furthermore, as government policies on climate change and carbon mitigation develop, options for the treatment of environmental attributes will be explored.

The policy and analysis group will provide guidance and advice for evolving procurement and contracting strategies to ensure efficient solutions for the sector.

The group will also manage the three support programs enabled by the Green Energy Act: the Aboriginal Energy Partnerships Program, the Community Energy Partnerships Program and the Municipal Renewable Energy Program. These initiatives, all designed and launched by the OPA in 2010, are important for encouraging the development of Aboriginal and community-based renewable energy projects across the province. They provide funding for development costs of eligible Aboriginal and community projects, and reimbursement of direct costs to municipalities hosting renewable energy projects. These funds will require administration, maintenance, review and refinement during the planning period.



*Healey Falls Generating Station*

**In the first year of the planning period we will have reached the following milestones:**

- Carried out Green Energy Act-related procurement initiatives and contract negotiations for renewable energy, conducted a comprehensive review of the FIT and microFIT programs and incorporated improvements based on this review and operational experience.
- Enhanced the operation and management of the Aboriginal Energy Partnerships Program, the Community Energy Partnerships Program and the Municipal Renewable Energy Program.
- Completed procurement initiatives and contract negotiations as directed for other clean energy projects, including natural gas, nuclear, combined heat and power, coal conversion, etc.
- Planned for the incorporation of a cap-and-trade system and other policy and market changes into sector development and electricity resource contracts and initiatives.
- Improved contract management through implementation of information technology systems for contract settlement and contract management.



**By the end of the planning period we will have reached the following milestones:**

- Completed procurement initiatives and contract negotiations as directed for clean energy projects, including natural gas, nuclear, combined heat and power, coal conversion, etc.
- Reviewed the operation and management of the Aboriginal Energy Partnerships Program and the Municipal Renewable Energy Program, and evaluated the partnership relationship for the Community Energy Partnerships Program.
- Provided advice on the evolution of a cap-and-trade system, Ontario's options for electricity export, and other policy and market issues.
- Integrated the OPA's operations into the requirements of a potential cap-and-trade system and implemented agreements with local distribution companies for their participation in standard offer programs.

## Strategic Objective 4

### Develop and maintain organizational capacity to achieve the strategic objectives and be recognized as a strategic partner.

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#### Strategic context

As a knowledge-based organization, the OPA must implement effective processes and a governance structure that enables its success.

The OPA has developed internal service groups that provide it with the support and guidance the organization requires to fulfill its mandate. These include finance and procurement, information technology and project management, planning and reporting, office and facility services, human resources, First Nation and Métis relations, and legal services and regulatory affairs. These groups perform core business functions, provide decision and solution support and act as strategic partners with other business units of the organization and the electricity sector.

Over the next three years, the OPA will continue to ensure that its existing employees and new staff acquire or have the skills required to meet the changing needs of the electricity sector. It will also implement business processes that will enable the organization to grow and change as needed. Better tools will be developed to manage these processes across the organization.

#### Business strategies and solutions – key divisional goals

As a support group to the OPA as a whole, the business strategies and solutions division has a strong customer-focused orientation. Its primary goals are:

1. To support its customer-focused orientation by developing value-added partnerships and collaboration across the OPA's business units
2. To ensure the OPA has the right people with the right skills, and that these skills are appropriately deployed.
3. To enable informed decision-making and action through effective business processes, governance and tools, including accessible data and information.

***Over the next three years, the OPA will continue to ensure that its existing employees and new staff acquire or have the skills required to meet the changing needs of the electricity sector.***

#### Strategic initiatives

The initiatives in the planning period of each of the groups within the division are set out below.

## Finance and corporate procurement

This group will work to improve the internal OPA customer experience by enhancing skills and knowledge, identifying and executing productivity improvements and building a roadmap for customer assistance.

Functional improvements will be made, including cash flow modelling, investment alternatives for FIT Program financial deposits, procurement contracting and, for the renewable energy technology vendor list, an online service that identifies qualified vendors created by the OPA.

The OPA will work to increase the value of its internal audit program through functional audits, action recommendations and value-for-money audits to improve the OPA's performance.

There will be a continued focus on strategic risk management. This group will advise the OPA on both reactive and proactive risk issues through broader OPA partnerships and will build sector relationships. These efforts are required to align the risk-mitigation efforts of various sector participants and to ensure they are mutually supportive to the extent possible.



As part of its risk-management process, the finance and procurement group will continue to lead the OPA's review of its enterprise-wide risks. This is done on an ongoing basis to identify both the internal and external factors that may impede achievement of the organization's mandate. This assessment ensures that the OPA develops appropriate plans for achieving its objectives for the benefit of ratepayers. Emerging program implementation issues, rising energy costs and a changing economic and policy environment are areas of ongoing focus. The OPA's risk-management efforts are governed by its risk charter, which sets out responsibilities for assessment, monitoring and mitigation through predefined activities.



Over the course of the planning period, there will be a continued focus on strategic management and the risk-identification process will continue to be linked with the annual business planning process. This ensures alignment of planned performance objectives and activities with the organization's strategic objectives and consideration of both reactive and proactive management. In addition, these efforts will be aligned with the risk-management efforts of various sector participants to ensure they are mutually supportive.



## Information technology and project management office

The focus for the information technology group over the next three years is strategic and sustainable transformation. The key objective is to transition from a group that provides support to one that works as a collaborative partner to add value to the organization. By assembling a flexible pool of skilled resources, encouraging an environment where business sponsors and the information technology group share accountability and establishing transparent and collaborative decision-making processes, this group will become a valued business partner to enable the OPA to reach its strategic goals.

Three key initiatives required to achieve these objectives are:

- maturing the project management office from simply delivering projects that meet specifications on time and within budget to providing solutions that are more progressive, proactive and aligned with organizational objectives
- establishing a sustainable enterprise information-technology architecture with clear standards and policies to support the OPA's increasingly complex operations
- managing information technology assets to ensure improved cost control and value to the organization.

The ability of the project management office to develop and focus on strategy rather than tactical activity is crucial to ensuring that the information technology group becomes a strategic partner. The office must have a clear understanding of the OPA's mandate and strategic objectives. Consistent and disciplined application of project management best-practice processes is key to achieving project success and alignment with the OPA's strategy.

Effectively managing a diverse portfolio of information technology assets, including applications, infrastructure and solutions, is critical to success and requires continuous monitoring and refining of the portfolio to ensure value and to manage risk. The economic value of the total information technology portfolio must be transparent, credible and focused on delivering valuable business benefits. This approach supports effective decision-making processes and enables sound decisions to be made on trustworthy data.



The primary goal for information technology is to identify value opportunities with and ahead of our partners in the OPA by:

- identifying ways to improve management of day-to-day activities to optimize business value
- making better use of existing OPA information technology assets – data, systems and infrastructure
- enabling the OPA to achieve its strategic objectives.

This goal can only be achieved by forming strong relationships within the organization, developing and enhancing the skills of staff, establishing a scalable and sustainable information technology architecture and continually applying industry best practices, processes and knowledge at every opportunity.

### **Planning and reporting/office and facility services**

The OPA's planning and reporting team will focus on delivering high-quality analysis, decision support and business insights to its customers. The team's core goal is to provide reporting and analytical information consistently and on a timely basis to enable sound decision making by management.

A key initiative to achieve these goals is to continually improve the group's business intelligence software. Enhancements will enable greater access to information by a wider group of employees. In addition, the system will allow the OPA to improve its management reporting and to enhance its collaboration with other divisions in the OPA in annual planning and quarterly forecasts. It will also help to increase communications relating to the organization's performance and to broaden its relationships with counterparties in other agencies.

The office and facilities service group will focus on delivering quality support services to the OPA, as well as on process and efficiency improvements. It will work to ensure success in meeting the organization's goals through several strategies, including achieving efficiency improvements, greater employee engagement and environmental leadership.

The group will take steps to ensure that all OPA divisions receive high-quality service by increasing consultation and communication. Process improvements, such as an online tracking system for requests, will provide greater clarity in managing multiple customer priorities. The group also will increase staff awareness of the services available, and will monitor feedback to improve performance.



This group will also take a leadership role in implementing the OPA's internal environmental policy. The policy identifies metrics in seven key areas of environmental performance: energy use, resource consumption, recycling, disposal of waste, transportation, suppliers, and staff engagement. These metrics will be used to evaluate the OPA's performance. Operational changes are planned to reduce the organization's environmental footprint and to follow best practices.

The group will, as well, lead a review of the OPA's records management program and of its policies and procedures. In 2012, the OPA will commence a formal review process of the organization's office space to ensure rental competitiveness, space efficiency and value.

## Human resources

The OPA places a very high value on attracting, engaging and retaining individuals who have or who are able to develop the skills required to ensure the ongoing success of the organization.

The first step in achieving this is to provide an enabling work environment. The OPA will finalize and implement a training and development strategy, identify job and job family-specific professional and technical skills and competencies in two organizational divisions, and select and implement performance management software.

The OPA will work to build its organizational capacity for change and transition. This will involve establishing and maintaining a talent database for all employees, and partnering with other public sector agencies to establish a learning consortium and to facilitate inter-agency secondments.

The OPA will continuously improve its human resource systems, programs and processes through a process of evaluation, review, redesign and documentation.



The organization will realize ratepayer savings through compliance with all provincial government initiatives, while continuing to develop engaged and highly motivated staff. These initiatives include the *Public Sector Compensation Restraint to Protect Public Services Act, 2010*, that freezes net compensation structures for non-bargaining employees in the Ontario Public Service and the broader public sector until March 31, 2012.<sup>6</sup> It will also realize ratepayer savings through compliance with procurement and travel, meal and hospitality expenses directives.

In addition, the OPA will freeze the number of regular full-time equivalent staff in 2011 at 2010 levels, and will reduce its regular full-time equivalent staff by five percent by the end of the planning period.

### **Legal, aboriginal and regulatory affairs – key divisional goals:**

The OPA's legal, aboriginal and regulatory affairs division has three areas of focus:

1. To provide high-quality legal services and support for the Board of Directors and clients within the OPA.
2. To develop the new long-term energy plan and guide it through the regulatory process.
3. To facilitate First Nation and Métis community participation in renewable energy and conservation programs.

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<sup>6</sup> The legislation is retroactively effective from March 25, 2010.

## Strategic initiatives

Described below are the initiatives in the planning period for each of the business groups in the division.

### Legal services

To achieve its goal of providing high-quality legal services and support for the Board of Directors and internal OPA clients, the legal services division will provide training for various business units within the OPA on contracting processes and contract management. It will also work to improve methodologies for contract drafting and its processes for requests for proposals and contracting practices. The OPA's standard-form documentation will be reviewed and updated, including request for proposal documentation and standard-form contracts.

Another initiative of this division is to increase the level of legal expertise within the OPA to make it possible for the OPA to do more of its legal work internally. Legal staff will receive cross-functional training and project management and internal communication methods will be reviewed and improved.

### Regulatory affairs

The regulatory affairs team will continue to manage the OPA application's to the Ontario Energy Board. This team will coordinate the preparation of long-term energy plan evidence for filing in 2011 and will manage the regulatory proceedings for the new plan.

The team will also coordinate the preparation of the OPA's annual revenue requirement submission to the Ontario Energy Board and manage the regulatory proceeding as needed.

The OPA will also provide regulatory support for applications by other entities to the Ontario Energy Board as needed, such as leave to construct applications, transmitter designations and the Ontario Power Generation's prescribed asset hearings. It will lead the OPA's participation in other regulatory processes and consultations as required, including those with respect to changes to Ontario Energy Board codes.



### First Nations and Métis relations

Created in 2009, the OPA's First Nations and Métis relations group is working to facilitate First Nations and Métis community participation in renewable energy and conservation programs. Initiatives to gain input from First Nation and Métis communities include an Aboriginal Advisory Committee that provides guidance on the Aboriginal Energy Partnerships Program. This program is made up of three components: the Aboriginal Renewable Energy Network, the Aboriginal Renewable Energy Fund and the Aboriginal Community Energy Plans program.

The network is a web-based resource to help Aboriginal communities learn how they can participate in developing renewable energy generation facilities. The Aboriginal Renewable Energy Fund is designed to provide funding for First Nation and Métis communities to develop renewable energy generation facilities. Aboriginal Community Energy Plans can assist communities in identifying and acting upon their local conservation and renewable energy development opportunities.

Following a 2009 directive from the government, the OPA is developing specialized programs to facilitate First Nation and Métis community participation in energy conservation programs. These include the Aboriginal Conservation Program and the conservation elements of Aboriginal Community Energy Plans.



The OPA will work to maintain effective channels of communication and relationships with First Nation and Métis political, economic and technical bodies and businesses. It will develop a relational database to track all of the participants, projects and related activities of First Nation and Métis communities.

Operational effectiveness within the OPA will be enhanced through the establishment of program and contract management tools, processes and project management mechanisms.

**In the first year of the planning period we will have reached the following milestones:**

- Supported the long-term energy plan through regulatory proceedings.
- Encouraged First Nation and Métis community participation in renewable energy generation and other energy related projects through ongoing development and implementation of the Aboriginal Renewable Energy Fund, the Aboriginal Renewable Energy Network, Aboriginal Community Energy Plans, Aboriginal conservation program and various capacity-building agreements, outreach and engagement activities.
- Realized ratepayer savings through compliance with all provincial government initiatives, while also focusing on the OPA's competitive position and the maintenance of a high-performing and engaged workforce.
- Achieved efficiency improvements through leveraging information technology-based applications and resources.

**By the end of the planning period we will have reached the following milestones:**

- Completed the regulatory proceedings of the long-term energy plan.
- Enhanced First Nation and Métis engagement management by implementing a relational database to track all the participants, projects and activities relating to First Nation and Métis communities, by developing effective program and contract management tools, and by establishing process and project management mechanisms for capacity-building agreements, outreach and engagement activities.
- Realized ratepayer savings through compliance with all provincial government initiatives, while enhancing the OPA's competitive position and high-performing working environment through partnering with public sector agencies to share learning and to facilitate secondments.
- Achieved efficiency improvements through leveraging information technology-based applications and resources.



## Strategic Objective 5

### Be a trusted and respected source of information in the electricity sector.

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#### Strategic context

Introduced in the OPA's 2010-12 business plan, this strategic objective reflects the importance of effective communication in all of the organization's business activities. The audiences for communications from the OPA are diverse and include governments at all levels, generation developers, media, community members, stakeholders and the general public.

The environment in which the OPA is communicating is evolving as more options for people to obtain information are created. These include both traditional media and technologically new ways of communicating.

The overall goal for the OPA's communications division during the period will be to increase awareness of the benefits of conservation and of a cleaner, reliable, cost-effective electricity supply. Its aim will be to foster ongoing, open, transparent and two-way communications that enhance the OPA's reputation as a trusted and respected source of information about electricity issues in Ontario.

*The overall goal for the OPA's communications division during the period will be to increase awareness of the benefits of conservation and of a cleaner, reliable, cost-effective electricity supply.*

#### Communications – key divisional goals

The OPA will continue to play a key role in facilitating the implementation of the government's clean energy vision by proactively communicating the need for conservation, renewable energy and other sources of generation and related transmission investments.

The central goal of the communications division will be to support the organization's core initiatives. In the 2011 to 2013 planning period, these activities will be the long-term energy plan, implementation of the FIT Program and the transition of conservation programs as local distribution companies take on additional responsibilities. Corporate communications will play a pivotal role in each of these activities. There will also be a continued focus on internal communications in the OPA to ensure that the organization maintains a high level of employee engagement and cohesion.

#### Strategic initiatives

There are three broad categories of communications initiatives planned for the period: community and stakeholder relations, corporate marketing and corporate communications. These are described below.

## **Community and stakeholder relations**

Engaging and informing stakeholders on key organizational initiatives is a priority for the OPA. Developing and maintaining community and stakeholder relations are activities that inform virtually all of the organization's work. The OPA works with a broad range of stakeholders and endeavours to integrate stakeholder communications into every phase of its projects.

The OPA will continue to develop opportunities to communicate directly with the public. This will include meetings on specific issues relating to the long-term energy plan as it is developed.

The OPA will undertake a review of its stakeholder groups, including the chief executive officer's Customer Advisory Council to determine if changes need to be made to the mandate, terms of reference and composition of the council. This council of industry experts provides advice to the chief executive officer on key electricity sector issues.



In conjunction with the Electricity Distributors Association and the Association of Municipalities of Ontario, the OPA will develop a comprehensive communication and outreach plan to optimize two-way communication with the members of these organizations through a number of communications platforms. These will include in-person meetings, web events, speaking engagements, etc.

The OPA will review the stakeholder relations areas of its website and the various new social media tools now available to optimize communication with stakeholders. Its goals will be to enhance the website for stakeholder communications and to use the new social media tools as appropriate and effective.

The OPA will identify and document the ways that issues relating to the organization's work are identified and responded to, and it will explore opportunities to be more proactive in addressing and managing these issues. It will also explore how social media can be incorporated into relating to media and managing issues.

In terms of internal communications, the OPA will enhance its internal networks and processes to work more closely with other divisions, to identify issues, to develop approved messaging and to respond to the media in a timely manner. The communications division will continue to focus on its role as the central information and key message repository for the organization.

## **Corporate marketing**

Corporate marketing activities are designed to raise stakeholder/public awareness of the OPA's work and to encourage understanding of and participation in conservation and clean energy. The OPA rebranded in 2010 to reflect the organization's role in helping Ontario move to a cleaner electricity system.



The corporate marketing approach in the planning period will be twofold: to integrate the new OPA brand into all relevant communications materials both internally and through delivery partners, and to develop a strategic sponsorship plan to leverage opportunities to communicate the OPA's roles and responsibilities.

Related activities will be to support the conservation, power system planning, electricity resources and legal, aboriginal and regulatory affairs divisions with their strategic marketing planning, and collaboration to communicate the OPA's contribution to achieving a cleaner and more reliable electricity system for the province.

Marketing efforts also will be directed to strengthening the OPA's relationships with local distribution companies and municipalities to facilitate delivery of Ontario's conservation programs.

Efforts will be made to engage the public in conservation actions that will enable them to manage their electricity prices. This will include refreshing the 2010 province-wide conservation awareness campaign, called The Power Pledge, to engage Ontarians in energy conservation and to help grow a culture of conservation. It will also include supporting the development of an online and social media strategy to meet business objectives.

Related to this, the communications division will collaborate closely with the conservation division to achieve an integrated approach to corporate marketing initiatives and conservation campaigns.

### **Corporate communications**

The corporate communications group will continue to work to support the OPA's key activities through both external and internal communications. Externally, the OPA will refine and enhance the organization's new corporate website through an increased use of multi-media. It will also explore the use of social media as a communications vehicle for the organization. External communications, such as its monthly electronic newsletter to a large group of subscribers, will continue.

The OPA's intranet site for internal communications will be enhanced as well. Its internal newsletter will continue to be refined as a forum to inform employees about OPA activities and to showcase employees within the organization in support of its employee engagement strategy.

The group will continue to support the public-speaking activities of the OPA's chief executive officer and executive team by searching out new speaking engagement opportunities and providing speeches. The texts and videos of these presentations will be posted promptly on the corporate website.



Feedback on all mechanisms of communication will be sought on a regular basis to ensure they are continuously improved and evolve to meet the information needs of the organization and its stakeholders.

**In the first year of the planning period we will have reached the following milestones:**

- Proactively and consistently delivered high-quality stakeholder outreach and engagement activities.
- Developed a comprehensive communication and outreach plan in conjunction with the Electricity Distributors Association and the Association of Municipalities of Ontario.
- Refreshed the Power Pledge Program to engage more Ontarians in energy conservation.
- Enriched the organization's communication infrastructure to include a refined OPA website, revamped intranet, more multi-media content and greater use of social media.

**By the end of the planning period we will have reached the following milestones:**

- Continued to proactively and consistently deliver high-quality stakeholder outreach and engagement activities.
- Further developed, built and maintained effective communications and engagement with stakeholders and the public to grow a culture of conservation in the province.
- Enhanced the OPA's social media capability.



## Summary of Business Plan Milestones

This three-year business plan sets out how the Ontario Power Authority will continue its efforts to ensure the reliability, sustainability and cost-effectiveness of the province's electricity system for the benefit of Ontario's consumers during the period 2011-2013.

The milestones the OPA expects to achieve by year-ends 2011 and 2013 respectively for each strategic objective are set out below. The milestones for each objective also appear at the end of the section for that strategic objective above.

### Strategic objective 1

**Plan for and facilitate the development of a cost-effective, reliable and sustainable electricity system.**

#### **In the first year of the planning period we will have reached the following milestones:**

- Developed the second long-term energy plan and supported public information, consultation and stakeholder engagement leading to regulatory proceedings.
- Developed regional plans, such as for the Greater Toronto Area, the Kitchener-Waterloo-Cambridge-Guelph region, northwestern Ontario, and Simcoe South.
- Supported the FIT Program through the transmission availability test, distribution availability test, the economic connection test, and operability assessments.
- Provided planning context to public policy development, stakeholder discussions and regulatory proceedings.

#### **By the end of the planning period we will have reached the following milestones:**

- Incorporated into planning new initiatives from northern Ontario developments, smart grid/mini-grid deployment, electrification of transit/vehicles and evolving reliability standards.
- Updated scenarios or plans to reflect FIT Program uptake and the latest electricity market outlook.
- Developed methods to assess the implications of Ontario's carbon cap-and-trade market on the province's electricity market outlook.
- Prepared for the third long-term energy plan.

## **Strategic objective 2**

**Together with our partners, plan, procure and support the development of verified conservation/energy-efficiency resources as identified in the integrated plan and its subsequent iterations. Build capability and enable partners to achieve targets and contribute to a culture of conservation in Ontario.**

### **In the first year of the planning period we will have reached the following milestones:**

- Implemented a portfolio of newly designed 2011-2014 province-wide conservation programs, and worked with local distribution companies and other delivery agents to make progress toward long-term peak-demand reduction and energy-savings conservation targets.
- Supported local distribution companies and program delivery partners through implementing information technology systems (e.g., iCon2011); funding pilot projects and the commercialization of emerging energy-efficient technologies; provided training, marketing, and engineering and evaluation, measurement and verification support.
- Supported conservation-oriented changes in municipal policy, codes and standards.
- Delivered the business leadership program in support of industrial energy efficiency and conservation.

### **By the end of the planning period we will have reached the following milestones:**

- Enhanced 2011-designed province-wide conservation programs and prepared situational analyses for a 2015 program redesign to make progress toward long-term peak-demand reduction and energy-savings conservation targets.
- Supported local distribution companies and program delivery partners through enhancing information technology systems (e.g., iCon 2011); funding pilot projects and the commercialization of emerging energy-efficient technologies; provided training, marketing, and engineering and evaluation, measurement and verification support.
- Supported conservation-oriented changes in municipal policy, codes and standards.
- Upgraded Industrial Accelerator programs based on program evaluations to further support industrial energy efficiency and conservation.

### **Strategic objective 3**

**Plan and design standardized tariff-based, competitive and bilateral procurement processes and enter into procurement contracts for generation resources that meet the requirements identified in the integrated plan, ministerial directives and legislation, and incorporate world-class contracting and settlement practices that support investment in electricity. Identify barriers and limitations; develop and/or define methods and solutions to deliver enhanced generation developments, through innovation, analysis, assessment and benchmarking, with a view to economic efficiency and environmental sustainability.**

#### **In the first year of the planning period we will have reached the following milestones:**

- Carried out Green Energy Act-related procurement initiatives and contract negotiations for renewable energy, conducted a comprehensive review of the FIT and microFIT programs and incorporated improvements based on this review and operational experience.
- Enhanced the operation and management of the Aboriginal Energy Partnerships Program, the Community Energy Partnerships Program and the Municipal Renewable Energy Program.
- Completed procurement initiatives and contract negotiations as directed for other clean energy projects, including natural gas, nuclear, combined heat and power, coal conversion, etc.
- Planned for the incorporation of a cap-and-trade system and other policy and market changes into sector development and electricity resource contracts and initiatives.
- Improved contract management through implementation of information technology systems for contract settlement and contract management.

#### **By the end of the planning period we will have reached the following milestones:**

- Completed procurement initiatives and contract negotiations as directed for clean energy projects, including natural gas, nuclear, combined heat and power, coal conversion, etc.
- Reviewed the operation and management of the Aboriginal Energy Partnerships Program and the Municipal Renewable Energy Program, and evaluated the partnership relationship for the Community Energy Partnerships Program.
- Provided advice on the evolution of a cap-and-trade system, Ontario's options for electricity export, and other policy and market issues.

- Integrated the OPA's operations into the requirements of a potential cap-and-trade system and implemented agreements with local distribution companies for their participation in standard offer programs.

#### **Strategic objective 4**

**Develop and maintain organizational capacity to achieve the strategic objectives and be recognized as a strategic partner.**

#### **In the first year of the planning period we will have reached the following milestones:**

- Supported the long-term energy plan through regulatory proceedings.
- Encouraged First Nation and Métis community participation in renewable energy generation and other energy related projects, through ongoing development and implementation of the Aboriginal Renewable Energy Fund, the Aboriginal Renewable Energy Network, Aboriginal Community Energy Plans, Aboriginal conservation program and various capacity-building agreements, outreach and engagement activities.
- Realized ratepayer savings through compliance with all provincial government initiatives, while also focusing on the OPA's competitive position and the maintenance of a high-performing and engaged workforce.
- Achieved efficiency improvements through leveraging information technology-based applications and resources.

#### **By the end of the planning period we will have reached the following milestones:**

- Completed the regulatory proceedings of the long-term energy plan.
- Enhanced First Nation and Métis engagement management through implementing relational database to track all the participants, projects, and activities in the First Nation and Métis sector, by developing effective program and contract management tools, and by establishing process and project management mechanisms for capacity-building agreements, outreach and engagement activities.
- Realized ratepayer savings through compliance with all provincial government initiatives, while enhancing the OPA's competitive position and high-performing working environment through partnering with public sector agencies to share learning and to facilitate secondments.
- Achieved efficiency improvements through leveraging information technology-based applications and resources.

**Strategic objective 5****Be a trusted and respected source of information in the electricity sector.****In the first year of the planning period we will have reached the following milestones:**

- Proactively and consistently delivered high-quality stakeholder outreach and engagement activities.
- Developed a comprehensive communication and outreach plan in conjunction with the Electricity Distributors Association and the Association of Municipalities of Ontario.
- Refreshed the Power Pledge Program to engage more Ontarians in energy conservation.
- Enriched the organization's communication infrastructure to include a refined OPA website, revamped intranet, more multi-media content and greater use of social media.

**By the end of the planning period we will have reached the following milestones:**

- Continued to proactively and consistently deliver high-quality stakeholder outreach and engagement activities.
- Further developed, built and maintained effective communications and engagement with stakeholders and the public to grow a culture of conservation in the province.
- Enhanced the OPA's social media capability.

## OPA Efficiency Metrics

The Ontario Power Authority establishes annual targets for key performance areas in electricity generation and conservation and monitors its progress toward those objectives.

At a time when the OPA's programs are increasing considerably in scope, volume of participants and complexity, the OPA is reducing its impact on Ontario's ratepayers by decreasing its usage fee in 2011 by 5.1 percent.

In 2011, operating expenses as a percentage of program spending are three percent. This is a 9.2 percent decrease year-over-year, and demonstrates the OPA's ability to contain organizational spending while delivering on an expanded mandate.

	2009 Actual	2010 Forecast	2011 Budget	% change 2011 vs. 2010
OPA usage fee (per MWh)	\$0.485	\$0.551	\$0.523	-5.1%
Revenue requirement, \$M	\$64.9	\$64.8	\$62.1	-4.1%
OPA budget, % total program spending	3.8%	3.3%	2.9%	-12.3%
OPA budget, \$M	\$64.1	\$65.5	\$64.1	-2.1%
Total program spending, \$M	\$1,626	\$1,914	\$2,146	12.1%
Number of FTE	197	235	235	0.0%

### CONSERVATION

Conservation - net annual peak demand reduction (MW, 2005 base)†*	1,872	2,285	2,390	4.6%
per FTE (MW/FTE)	10	10	10	4.6%
per OPA budget (MW/\$M)	29	35	37	6.9%
Conservation - net annual energy reduction* (GWh)	1,476	2,146	2,479	15.5%
per FTE (GWh/FTE)	7	9	11	15.5%
per OPA budget (GWh/\$M)	23	33	39	18.0%

### GENERATION

Renewable supply contracted under FIT, and microFIT programs (MW)		2,509	3,359	33.9%
per FTE (MW/FTE)		11	14	33.9%
per OPA budget (MW/\$M)		38	52	36.8%
In-Service capacity under contract (MW)	6,363	11,865	14,583	22.9%
per FTE (MW/FTE)	32	50	62	22.9%
per OPA budget (MW / \$M)	99	181	228	25.6%
All other Generation contracted by the OPA	12,390	16,123	17,180	6.6%
per FTE (MW/FTE)	63	69	73	6.6%
per OPA budget (MW/\$M)	193	246	268	8.9%

† 2010 forecast does not consider 2009 verified results.

\* Annual savings are total savings that occur in a given year. Annual savings equal incremental savings plus savings that are still persisting from previous years.



For 2011, new province-wide conservation programs will begin to be delivered by local distribution companies. 2011 represents a transitional year under this new delivery model. Over the course of the planning period, the rate of conservation achieved is forecasted to increase each year as new programs deliver conservation savings.

## 2011 Financial Outlook

### Ontario Power Authority

#### Pro Forma Statement of Operations (in thousands of dollars)

Year ending December 31, 2011, with comparative figures for the 2010 Projected and the 2009 Actual

	2009 Actual	2010 Projected	2011 Budget
<b>Revenue:</b>			
Fees	\$ 50,350	\$ 61,601	\$ 64,239
Recovery of deferred regulatory account balances	15,665	14,426	15,622
Registration fees	557	3,467	1,400
FIT interest income	-	-	600
Interest income	43	-	-
Other income	12	15	0
	<b>\$ 66,627</b>	<b>\$ 79,509</b>	<b>\$ 81,861</b>
<b>Expenses:</b>			
Compensation and benefits	26,182	30,035	30,963
Professional and consulting fees	23,137	18,887	16,369
General operating costs	9,419	10,316	11,096
Conservation Fund and Technology Development Fund expenses	3,868	3,713	3,866
Amortization of capital assets	1,466	2,632	1,813
Amortization of deferred regulatory assets	15,665	14,426	15,622
	<b>\$ 79,737</b>	<b>\$ 80,009</b>	<b>\$ 79,729</b>
Income before interest:	\$ (13,110)	\$ (500)	\$ 2,132
Operating interest expense (income)	520	-	-
<b>Excess of revenues over expenses</b>	<b>\$ (13,630)</b>	<b>\$ (500)</b>	<b>\$ 2,132</b>
<b>Surplus/(deficit), beginning of the year</b>	<b>11,998</b>	<b>(1,632)</b>	<b>(2,132)</b>
<b>Deficit, end of year</b>	<b>\$ (1,632)</b>	<b>\$ (2,132)</b>	<b>\$ -</b>

## 2011-13 Business Plan

## Ontario Power Authority

### Pro-forma Statement of Financial Position (in thousands of dollars)

December 31, 2011, with comparative figures for the 2010 Projected and the 2009 Actual

	2009 Actual	2010 Projected as of July 2010	2011 Budget
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 19,932	\$ 33,091	\$ 102,153
Accounts receivable	206,530	250,861	263,405
Prepaid expenses	129	304	319
	<u>\$ 226,591</u>	<u>\$ 284,256</u>	<u>\$ 365,877</u>
Capital Assets	7,710	9,483	9,895
Regulatory assets	29,676	16,016	394
<b>Total Assets</b>	<b>\$ 263,977</b>	<b>\$ 309,755</b>	<b>\$ 376,166</b>
<b>Liabilities and Net Assets</b>			
Current Liabilities:			
Accounts payable and accrued liabilities	\$ 214,895	\$ 186,112	\$ 196,603
Contract deposits	35,789	101,016	167,016
	<u>\$ 250,684</u>	<u>\$ 287,128</u>	<u>\$ 363,619</u>
Loan from Ontario Financing Authority	-	-	-
Deferred rent inducement, net	836	691	547
Long term liabilities	-	68	-
Regulatory liabilities	14,089	24,000	12,000
Net assets:			
Internally restricted Conservation and Technology Development Funds	6,671	12,458	18,092
Investment in capital assets	7,710	9,483	9,895
Accumulated operating surplus (deficit)	(16,013)	(24,073)	(27,987)
	<u>\$ (1,632)</u>	<u>\$ (2,132)</u>	<u>\$ 0</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ 263,977</b>	<b>\$ 309,755</b>	<b>\$ 376,166</b>

For additional detail on the OPA's statement of financial position, please refer to the OPA's annual report and the accompanying notes to the financial statements.



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