CCC Interrogatory #10

Interrogatory

Reference: Exhibit A2/T2/S1

The Business Plan sets out performance targets including a forced loss rate of 1% for Darlington and 3.5% for Pickering. Are these targets tied to incentive pay? If so, please explain in what way.

Response

Yes, performance against nuclear forced loss rate ("FLR") targets impacts incentive pay, as discussed below.

As noted in Ex. L-A1-03-CCC-008, OPG's Stakeholder Return Program ("SRP") for eligible Management employees ties to the company's annual Corporate Balanced Scorecard ("Scorecard"). The measures on the Scorecard align with OPG's focus on driving improved performance while maintaining an emphasis on safety and business operations. Each performance measure on the Scorecard has defined threshold/target/stretch goals. A partial payout requires at least a threshold level of performance. Target is the expected performance level, typically consistent with the business plan. Stretch is set to be a challenging goal to incent and reward exceptional performance.

OPG's total production from its Ontario-based generating facilities is a key performance measure ("KPI") of the Scorecard, typically weighted at 20% each year. The "target" for the production KPI reflects the production impact of the FLR targets set in the business plan. Actual FLR performance will capture the loss or gain of actual generation resulting from FLR impacting events as compared against this set target. As such, any deviation from the target will have an impact on the overall corporate score, and thus the applicable pay-for-performance payout.