Customer Engagement Update

OPG RGET Meeting | June 20, 2019

ONTARIO POWER GENERATION

Customer Engagement Status Update

Refresher

- In OPG's next rate application to the OEB, OPG will be required to clearly demonstrate how customer input informed the business plan underpinning the application.
- Accordingly, for purposes of OPG's 2022-2026 rate application to the OEB, OPG undertook a customer engagement initiative to gather feedback related to OPG's values and strategic imperatives, key business decisions and investments.
- OPG's business plan should demonstrably reflect these priorities. While specific business planning decisions depend on the circumstances of the business unit, each business unit should be able to demonstrate how these priorities have informed decisions throughout the business plan.

OPG Customer Engagement: Needs and Preferences Planning Placemat

What priorities are most important to customers?

Customers identified nine outcomes that they feel are important for OPG

Overall safety, safely disposing of nuclear waste and reliability are the most important of these, but all nine are seen as important in their own right.

Extremely Important

- ✓ Ensuring safe and environmentally responsible disposal of nuclear waste
- ✓ Operating in a safe manner
- ✓ Ensuring reliable energy production for Ontario

Very Important

- ✓ Operating in a transparent and accountable manner
- ✓ Producing low-cost power
- ✓ Protecting generation stations against physical and cyber threats and attacks
- ✓ Minimizing OPG's impact on the environment

Important

- ✓ Making positive contributions to Ontario's economy
- ✓ Making positive contributions to local communities in which OPG operates

What outcomes do customers prioritize?

When asked to rank all priorities by importance, relative to others, price, environmentally friendly disposal of nuclear waste, minimizing OPG's environmental impact, and operating in a safe manner are identified as the top priorities for both residential and small business customers.

When ranked relative to other OPG priorities, price moves to the top of the list.

1st	Producing low cost power
2nd	Ensuring safe and environmentally responsible disposal of nuclear waste
3rd	Minimizing OPG's impact on the environment
4th	Operating in a safe manner

What investment trade offs do customers value most?

Despite price concerns, customers are generally willing to consider paying more to invest in renewing aging equipment and proactively invest in system capacity.

- When making concrete investment decisions, customer choices reflect their initial importance rating of priorities with safety and reliability taking precedence over keeping the price down.
- Generally, small business customers are less willing to consider paying more to make these investments.

Hydroelectric Stations

- Although customers were informed the provincial electricity system does not currently need additional capacity, most customers prefer to invest in hydro capacity and reliability now rather than delay.

Nuclear Stations

- In specific choices, customers tend to place more priority on incremental safety, reliability and environmental benefits over price.

Rate Smoothing

- Customer concern about price is reflected in views on rate smoothing. Customers prefer at least a moderate level of smoothing to keep prices down.

Customer Engagement Methodology
These findings are based on representative surveys (telephone and online) conducted by Innovative Research Group among residential and business customers.

Field Dates: Dec. 18/ Jan. 19 (telephone); April 19 (online)

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Specific Investment Options

- The 2018 engagement informed the content of the 2019 engagement, which identified specific capital investment decisions that OPG is considering as part of this upcoming business plan. OPG sought customer input on the following investment options:
  - Making the Pickering Station Site Available for Other Uses after Shutdown
  - **Overhauling Hydroelectric Stations**
  - **Niagara Frequency Conversion Project**
  - Darlington Vapour Recovery System
  - Darlington Air Compressors Replacement
  - Darlington Crane Project
  - **Investing in Technology to Create Efficiencies**
- We will be meeting with the specific BUs which are impacted by the findings to discuss the results and how they can be incorporated in the upcoming business plan.

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Online Survey Results – Key Takeaways

Supports Current Plan

- The majority of Ontarians are willing to pay something for an accelerated approach to making the Pickering Station site available for other uses.
- **Most customers prefer a faster or moderate pace over a slower pace for overhauling hydroelectric stations. For the Niagara Frequency Conversion Project, the majority wants to convert both units now.**
- Customers want OPG to be proactive and replace all 19 air compressors.
- **The preferred option is for OPG to only invest in new technology if savings are guaranteed.**

Not Support Current Plan

- Customers want OPG to be proactive and replace the VRS.
- Customers preferences are divided when it comes to refurbishment options for the cranes at Darlington Station.