SEC Interrogatory #119

Interrogatory

Reference: F2-1-1 p.22-23

With respect to the Right Work, Right Time, Right Value initiative:

a. For each listed action, please quantify the forecast annual savings expected.
b. Please provide the internal business case, program outline, or similar document that outlines the initiative and expected benefits. Please explain each calculation and any assumptions made.

Response

a) Following the 2020 organizational realignment discussed in Ex. A2-2-1, the improvement actions of the Right Work, Right Time, Right Value Initiative have evolved to take on an Enterprise Operations focus. These actions are now part of an initiative called "Equipment Reliability" within the overarching Enterprise Operations' priority, "Our Plant". A full description of each key improvement action is provided at Ex. F2-1-1, pp. 21-23 and a summary of the expected benefits of each action is provided below.

- Expanding the "Fix it Now" maintenance team and optimizing assessment of minor maintenance: this improvement action is expected to improve work management performance, reduce corrective and deficient backlogs, including critical backlogs, and support improved plant reliability. Pickering and Darlington's backlog targets are shown at Ex. F2-1-1, Chart 3 and Chart 4, pp. 16-17.

- Utilizing the Monitoring and Diagnostic Center ("M&D Center") to support condition-based maintenance: this improvement action is expected to improve plant performance as well as avoid operations and maintenance costs. As part of the continued evolution of the M&D Center, sensors and remote monitoring technologies are being installed on plant equipment, which will provide real time data and analysis to ensure maintenance is done promptly and resource utilization is maximized. This will allow the prioritization of maintenance activities and optimal use of resources to ensure high plant reliability, including early detection of equipment degradation/anomalies to initiate repairs and avoid catastrophic or consequential failures, avoid safety and environmental events, reduce costly time based preventative maintenance tasks and optimize maintenance planning. Additionally, this improvement action is expected to include $1 million in avoided costs associated with early detection of equipment

failures and $2 million annually by improving plant heat rate and reducing thermal performance losses (Ex. L-A2-02-SEC-014).

- A collaborative review of the preventative maintenance ("PM") program will be performed by Engineering, Maintenance, Operations, and Work Management staff: this improvement action is expected to ensure that Maintenance resources are focused on execution of the highest-value activities. Lower risk/lower value work will be removed from the PM program and similar tasks or related activities will be bundled together to increase efficiencies in execution.

- Continue to explore opportunities for using artificial intelligence ("AI") to improve work management: this improvement action is expected to enable both Pickering and Darlington to continually drive improvements to their work management programs, including using AI to maximize maintenance resources by effectively coordinating on-line and outage shift schedules, assisting in the assessment of work packages, and logging and monitoring of foreign material exclusion. OPG has already realized improvements in the outage scoping process with batch work assessing capabilities that reduce human performance issues as errors are automatically corrected.

Unless noted above, OPG has not quantified the specific forecast annual savings attributable to each improvement action over the IR term, as this initiative has varied and, in some cases, overlapping effects on OPG's performance, making it difficult to isolate specific savings. Some improvement actions are focused on operational matters to improve reliability to meet production targets (e.g., Forced Loss Rate and Unit Capability Factor), while others are aimed at offsetting cost pressures. Overall, the successful implementation of these improvement actions are necessary to enable OPG to achieve and sustain the operational and value for money targets listed in Ex. F2-1-1. As discussed in Ex. F2-1-1, p. 20, "in recognition of the transformational period for the organization that is the next IR term, OPG will adopt an agile approach to achieving its performance goals by pursuing a range of potential opportunities, building on successes, and developing alternative plans and mitigation actions as required".

b) Please see Attachment 1 for the Terms of Reference.