Amended 2020-2026 Business Planning Instructions

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Finance – Corporate Business Planning

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ONTARIOPOWER GENERATION

CONTACT INFORMATION

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1.0 BUSINESS PLANNING CYCLE SNAPSHOT

1.1 PLANNING CONTEXT

Ontario Power Generation's (OPG, Company) 2020-2026 Business Plan was approved by the Board of Directors in January 2020. Beginning in March 2020, in response to the onset of COVID-19, OPG took a number of measures to mitigate risks to the health and safety of its workers and essential operations in order to ensure a continued safe and stable supply of electricity to Ontario. In addition to implementing physical distancing, enhanced sanitization protocols and other operational changes, this included deferring the commencement of Darlington Unit 3 refurbishment activities to later in the year and temporarily suspending or deferring non-essential site work on other projects. OPG's preparedness plans and response actions to date have been effective in managing the risks of COVID-19 and ensuring sustainable operation of the Company's generating fleet. At the time of writing, OPG is focused on safely restarting deferred work while continuing to monitor the evolving public health situation.

Due to changes in certain planning assumptions resulting from its COVID-19 response, OPG has withdrawn the 2020-2026 Business Plan and is updating the 2020-2026 Business Plan for these and other necessary changes (Amended 2020-2026 Business Plan or Amended Business Plan). The Amended 2020-2026 Business Plan will include a re-casting of the 2020 budget to reflect changes from the pandemic response actions and an updated plan for the 2021-2026 period.

Generating value to the Province of Ontario (the Shareholder) through appropriate financial returns and continuous operational improvement remains a focus of the Amended Business Plan. Of equal importance is maintaining OPG's commitment to generating reliable, safe, cost effective and environmentally sustainable energy for the benefit of customers. The Amended Business Plan will be developed to reflect these integral objectives and to demonstrate OPG's industry leadership as a sustainable electricity producer that supports economic recovery and growth and positions Ontario for the future of energy.

The period up to 2026 is one of significant change for OPG and includes completing the Darlington Refurbishment Program, the Pickering end of commercial operations (PECO), continued re-alignment of the Company's operating structure and maximizing the value of recently acquired unregulated assets. OPG will continue investing in existing assets and business development initiatives and will evaluate potential growth opportunities where aligned with the strategic objectives.

The Amended 2020-2026 Business Plan is expected to underpin OPG's upcoming application to the Ontario Energy Board (OEB) to set the Company's regulated rates covering the 2022-2026 period. It will also serve as the basis for the operating and financial targets and reporting base for the 2021 year and inform performance tracking for the 2020 year.

Further details on OPG's business planning environment and corporate strategic goals can be found in sections 1.4 and 2.0.

1.2 SCHEDULE

CONTACT: ARCHANA SRIJEYANATHAN

The schedule of key activities for the current business planning cycle is provided below. The schedule has been accelerated in order to meet an earlier targeted date for Board of Directors' review and approval of the Amended Business Plan in October 2020. The timelines for various activities, including BU submission deadlines and executive level reviews, have been adjusted accordingly. To help meet the accelerated schedule and subject to the planning assumptions set out in these instructions, BUs should leverage the outputs of last year's 2020-2026 business planning process where possible.

Business planning activities require significant coordination amongst various organizations during the business planning timeframe. The same planning information may be used by different users but at different times during the business planning process. It is critical to the integrity of the consolidated OPG plan that information provided to different business planning users be consistent.

Date	Deliverable	Accountability
May / Early June *(Completed)*	• Historical labour data submission by Pay Services to Corporate Business Planning • Business planning approach endorsed by Enterprise Leadership Team (ELT) • Standard labour rates updated in BPC version W01 • Business planning instructions and targets issued	Corporate Business Planning
June 5, 2020	Submission of Nuclear provision funding and headcount to Nuclear Liability Provision Management. More details in section 3.1.5.	Nuclear Finance Controllership and Corporate Controllership to provide to Nuclear Liability Provision Management
June 19, 2020	Sign-offs on budget transfers between business units (BUs). More details in section 3.7.	All business units to Corporate Business Planning
	Identification and communication of annual resources for inter-business unit service needs, with signed service level agreements (SLAs) provided to respective Controllership organization. More details in section 3.7.	All business units with indication of sign-off to Corporate Business Planning
June 19, 2020	Submission of signed SLAs from SAFSTOR program. More details in section 3.1.5.	Nuclear Decommissioning Division to Corporate Business Planning
June 24, 2020	Submission of Long Term Headcount input into BPC system. More details in section 3.1.1.	All business units into BPC system
June 26, 2020	Template for CEO/CFO review presentations available on the Finance – Business Planning SharePoint site. More details in section 3.1.3.	Corporate Business Planning
	Any changes to resources requiring work space, space accommodation changes and other real estate and facility requirements, as well as any changes to OPG's facilities that could potentially impact the property taxation communicated to Corporate Real Estate. More details in section 3.7.3.	All business units to Corporate Real Estate
	BU submissions of inputs into the Energy Production and Revenue Plan. More details in section 3.2.	All business units to Generation & Revenue Planning
July 3, 2020	BUs submit planned contract revenue cost inputs. More details in section 3.2.	All business units to Commercial Market Strategy
	Property tax expense business plan submitted (separately showing amounts to be charged against nuclear and thermal decommissioning provisions).	Corporate Real Estate to Corporate Business Planning
July 6, 2020	Calculations of nuclear fuel bundles (Darlington and Pickering only). More details in section 3.1.1.	Supply Chain to Nuclear Liability Provision Management
July 17, 2020	BU submissions of BPC planning input. More details in section 3.1.a.	All business units to Corporate Business Planning
	Submissions of corporate level information including employee incentive costs and other centrally-held costs. More details in sections 3.5.a to 3.5.e.	All business units to Corporate Business Planning

Date	Deliverable	Accountability
	Submission of cost allocations for Support Services and Renewable Generation (RG). More details in section 3.1.4.	Corporate Controllership and RG Controllership to Finance – BUS Team
July 17, 2020	Submission of business plans by self-sustaining subsidiaries. More details in section 3.4.	Subsidiaries / RG – Business Integration to Corporate Business Planning
	Submission of materials and supplies continuity.	Nuclear and RG Controllership to Corporate Business Planning
	Submission of fuel inventory continuity.	Nuclear Controllership to Corporate Business Planning
	Submission of inputs for income attributable to non-controlling interest. More details in section 3.4.	RG Controllership – Central to Corporate Business Planning
July 24, 2020	Submission of supplementary financial information, analyses, and reconciliations including plan-over-plan, and year-over-year analyses. More details in section 3.1.b.	All business units to Corporate Business Planning
	Review of contract revenue plans. More details in section 3.2.	Finance staff
	Updates to Pension and OPEB costs. More details in section 3.5.g.	Business Planning & Reporting – Actuarial to Corporate Business Planning
July 31, 2020	Review and adjustments – Final BPC load	All business units to Corporate Business Planning
	Submission of Energy Production and Revenue Plan. More details in section 3.2.	Generation & Revenue Planning to Corporate Business Planning
	Submission of project information portfolio listings, supporting planning BCS or equivalent documentation.	All business units submission to BU Controllers and Corporate Business Planning
	Submission of variance and deferral account forecast. More details in section 3.5.h.	Regulatory Finance to Corporate Business Planning
	Finance reviews and sign-offs	All business units to Corporate Business Planning
	Finalize and submit monthly trending in BPC system.	All business units to Corporate Business Planning
	Communicate planned resources related to Indigenous communities program details to Indigenous Relations. More details in section 4.3.	All business units to Indigenous Relations
	Updates to risk registers including plan-over-plan changes to planning assumptions, existing and new risks, risk controls and risk treatment plans (RTPs). More details in section 4.1.	All business units input to GRC Resolver

Date	Deliverable	Accountability
	Submission of nuclear asset retirement obligation, accretion, and nuclear segregated funds balance projection.	Nuclear Liability Provision Management to Corporate Business Planning
	Submission of CEO/CFO business plan review materials and Energy Production and Revenue plan presentation. More details in section 3.1.3.	All business units to Corporate Business Planning
August 2020	Draft consolidated business plan financial results prepared.	Corporate Business Planning
	Prepare and review cost allocations.	Finance – BUS Team
	CEO/CFO reviews of BU business plans.	All business units
August 31, 2020	Revisions to BU BPC submissions based on CEO/CFO reviews (as required).	All business units
September 28, 2020	Submission of trended BPC input for Energy Production and Revenue plan. More details in section 3.6.	Generation & Revenue Planning to provide details. Input by Revenue Accounting
	Submission of trended BPC input for deferral and variance accounts. More details in section 3.6.	Regulatory Finance to Corporate Business Planning
	Consolidated OPG business plan completed for Board of Directors' approval.	Corporate Business Planning
October 2020	Review and approval of Amended Business Plan	Board of Directors
	Finalization of cost allocations (as required) and loading of budgets into reporting systems.	Finance – BUS Team
	Conversion of planning information to Shareholder's fiscal basis.	Corporate Business Planning

4.1.3 1.2.1 Finance Review and Sign-off

CONTACT: ARCHANA SRIJEYANATHAN

The following senior Finance staff will complete and submit to Corporate Business Planning a financial review and sign-off for the applicable business planning submissions:

Date	Deliverable	Accountability
July 31, 2020	Submission of OM&A expenses, capital expenditures, and in-service amounts, provision expenditures, and non-generation revenue.	BU Controllers
	Review / signoff planning level BCS or equivalent. More details in section 3.8.1.	BU Controllers
	Review / signoff of contract generation/capacity revenue calculations.	Jointly by Director, RG Controllership, Director, Generation & Revenue Planning, and Director, Business Planning & Regulatory Finance
	Review / sign-off of depreciation & amortization (excluding amortization of deferral and variance accounts) and centrally-held costs per section 3.5	Senior Manager, Corporate Accounting and Policy
	Review / signoff of nuclear decommissioning and waste management obligations	Director, Nuclear Liability Provision Management

Date	Deliverable	Accountability
	Review / signoff of pension and OPEB assumptions, calculations and accounting treatment	Jointly by VP, Business Planning & Reporting and Senior Manager, Actuarial & Financial Evaluations
	Review / signoff of deferral and variance account assumptions, calculations and accounting treatment	Senior Manager, Regulatory Finance

Sign-offs by the Director, Taxation on income taxes and the Assistant Treasurer for treasury inputs will be requested as required.

The sign-off will confirm that the Finance staff have reviewed the planning submissions and agree with the following in respect of the submissions, as applicable, taking into account the nature of the item, risk of error, materiality, degree of judgment required, and the complexity of underlying accounting:

- Appropriateness and consistency of financial/economic assumptions and calculations and their compliance with applicable contractual, legal and regulatory requirements, and OPG governance
- Compliance of submissions with US Generally Accepted Accounting Principles (GAAP), including:
  - Planned costs have been appropriately classified as capital, OM&A or provision expenditures in the appropriate period
  - Consistency of US GAAP application and any material implications of known or anticipated accounting policy changes
  - Derivative financial instruments have been identified and appropriately recognized/valued
  - Planned contractual milestone accruals have been budgeted in the appropriate period
  - Underlying assumptions and valuations for provisions included in the plan are based on appropriate measurability and probability of occurrence criteria
  - Valuation of materials and supplies inventory is appropriate
- Completeness and accuracy of the financial submissions on the basis of known or anticipated operational decisions or assumptions
- Inputs into calculations of planned contract generation/capacity revenue and deferral and variance account impacts are consistent with costs and other planning submissions
- Basis of investment decisions identified in the plan and review of planning BCS or equivalent documentation for the projects included in the plan
- Compliance with these business planning instructions

As in prior years, the sign-off may take the form of a memorandum or e-mail addressed to Vice-President, Business Planning & Reporting and/or Director, Business Planning & Regulatory Finance.

1.3 Process Highlights

Key highlights of the Amended 2020-2026 Business Plan process include:

- **Seven-year business plan:** For this planning cycle, the business plan will cover a period of seven years, including a detailed re-casting of the 2020 budget to reflect changes arising from the COVID-19 response measures and an updated plan for the 2021-2026 period. Business units are to plan in line with these planning instructions, using supportable and internally consistent assumptions that reasonably represent expectations of future work programs and resourcing levels over the business planning period.

- **Re-casting of 2020 budget**: The re-casting of the 2020 budget is to be limited to COVID-19 impacts and will be used to inform performance tracking for the year. All BUs are to reflect COVID-19 related changes by utilizing specified project numbers and Local fields to identify any incremental costs within the BPC system. An offline balancing reconciliation of schedule shifts due to COVID-19 is to be submitted to Corporate Business Planning.

- **Customer engagement**: In its December 2017 decision and order on OPG's rate application, the OEB stipulated that OPG's future rate applications should include evidence demonstrating that the

business plan reflects customers' feedback. In anticipation of OPG's 2022-2026 rate application, the Company undertook a customer engagement initiative to gather feedback related to key business priorities and decisions. BUs are expected to continue to consider these findings as part of their business planning submissions. While specific business planning decisions depend on the circumstances of the respective BU, each BU should demonstrate how the priorities identified through the customer engagement process continue to inform the business plan. Further details can be found in section 1.6.

- **Planning for Pickering end of life:** The business planning period encompasses the planned end of life for the six currently operating Pickering units, which will result in a reduction in the Company's workforce. BU planning submissions for the period through PECO should continue to reflect resourcing plans based on work program demands and should be aligned with the OPG25 objectives and targets discussed in section 1.5. Where possible, resourcing should be planned to minimize future layoffs and disruption resulting from PECO, while supporting continued safe and effective operations. Downsizing and transition impacts will be estimated and planned at the corporate level, taking into account BU resourcing plans. Any incremental transition resources planned to manage the downsizing and transition processes should be identified by the BUs under Project #84503 in the PECO project group.
- **Targets input into BPC and Microsoft Forms ("MS Forms") for budget transfers & SLAs:** To help standardize and streamline planning processes, new tools have been rolled out for the Amended 2020-2026 Business Plan. This includes targets being entered into the BPC system in a separate folder called "BU Targets" within the Planning module and ability for planners to view the underlying audit trail and to execute submission-to-target comparison reports. Additionally, BUs are now required to use MS Forms to record budget transfer and SLA data, which will be routed electronically for approval once submitted. MS Forms will act as a database housing the budget transfer/SLA information, which will be reflected automatically in the BPC system once appropriate approvals are received. Only budget transfers affecting all planning years are currently housed in MS Forms. Please contact local Finance support for further information.
- **SAVH Planning:** To ensure consistency in the use of the BPC system, all regular labour sickness, accidents, vacation and holiday time (SAVH) will be planned as part of total hours or FTEs (dollars/hours) beginning with the current planning cycle. BPC 'productive hours' will now be equal to total hours. Refer to section 3.1.1 for further details.
- **Continued focus on monthly trending:** As part of detailed budgeting for 2021, particular focus should continue to be directed to ensuring representative monthly trending (for all funding streams including capital in-service amounts) to support effective budget-to-actual reporting.

1.4 BUSINESS PLANNING ENVIRONMENT

OPG's operating environment continues to demand significant organizational agility to respond to changing conditions. Major factors expected to impact OPG during the business planning period include:

Darlington Refurbishment	Building on the milestone return to service of Darlington Unit 2 in June 2020, successful completion of the refurbishment of the three remaining units as planned. The units are scheduled to be returned to service by the end of the business planning period.
Pickering End of Life	Execution of enabling work programs in support of Pickering extended operations and optimization of shut down sequence based on end of life assumptions, followed by the SAFSTOR project to defuel, dewater and place the units in safe storage.

Nuclear Waste Strategy	Continued importance of a permanent solution for the safe long-term management of low and intermediate level waste (L&ILW) following the January 2020 vote by Saugeen Ojibway Nation members not to support OPG's proposed deep geologic repository. OPG will explore alternative long-term solutions while continuing to focus on waste minimization and reduction.
Major Hydroelectric Projects	Execution of a significant multi-year capital program across the RG fleet, including Sir Adam Beck G1 and G2 Replacement, Little Long Dam Safety, Calabogie and other planned redevelopments, and a major unit overhaul and upgrade program at a number of regulated facilities.
Post-Pickering Cost Structure	Continued implementation of initiatives to optimize the Company's cost structure, resources and organizational design in anticipation of transitioning to a post-PECO operating environment and in support of continuous improvement.
Recovery from COVID-19	Economic recovery from COVID-19 will be a key focus for policymakers in the near term. As an essential service, OPG is well positioned to support the economic recovery within its communities through continued execution of planned projects and work programs.
IESO Market Renewal	IESO's Market Renewal program will introduce fundamental reforms to the province's electricity markets in the supply, schedule and pricing of electricity, and is scheduled for implementation during the planning period.
Electricity Costs	Ongoing pressure over electricity cost increases in Ontario, including continuing scrutiny of the electricity sector by stakeholders and the public, is expected to continue. In March 2020, the Government of Ontario proposed to freeze OPG's 2022-2026 regulated hydroelectric rates at the 2021 level.
Low Carbon Economy & Climate Change Adaptation	There is an increased focus by policymakers, stakeholders and the public on commitments to reduce the carbon intensity of the economy, including through investments in lower-carbon electricity systems, technologies and resources. Mitigating against climate change related risks and increasing the resilience of infrastructure is equally a priority.

1.5 ALIGNMENT WITH OPG25 OBJECTIVES

CONTACT: MATT MACDONALD

Over the business planning period, OPG will continue to focus on managing a range of operational, financial and workforce planning impacts associated with PECO, including on shared resources that indirectly support Pickering's operations. OPG has developed OPG25 financial and organizational targets with the objectives of optimizing the Company's longer-term operating model, business strategies and organizational design to help mitigate PECO impacts and support an energy sector leadership focus through value creation, innovation and growth. Business units should develop business plans that are aligned with, and continue to advance the organizational transformation consistent with the OPG25 objectives, enabling safe, reliable and cost effective operations into the future. The targets for this business plan set out in section 1.8 are consistent with the OPG25 objectives and support the achievement of the targeted OPG25 organizational design and cost structure post PECO.

In particular, BU leaders are requested to continue to work with BU Controllers and OPG25 contact to ensure that their business plan submissions, including any proposed reorganizations, are consistent with:

- Operating model and organizational designs applicable to post-PECO operations; and
- Current initiatives to support achievement of financial and organizational targets over the business

planning period.

Business units should communicate to **Matt MacDonald** any proposed changes to underlying assumptions identified for the post-PECO organizational design through the business planning process.

1.6 CUSTOMER ENGAGEMENT

CONTACTS: PHILIP HO / EVELYN WONG

In its December 2017 decision and order, the OEB stipulated that OPG's future rate applications should include evidence demonstrating that the business plan reflects customers' feedback. In anticipation of OPG's 2022-2026 rate application, the Company undertook a customer engagement initiative to gather feedback related to OPG's values and strategic imperatives, business decisions and future investments. OPG will be required to demonstrate how this customer input informed the Amended 2020-2026 Business Plan.

Overall Priorities

OPG's first phase of engagement sought customers' feedback on OPG's strategic imperatives and the nuclear values framework. Customers found that each component of OPG's strategic imperatives and values framework is important.

When asked to rank the Company's priorities, most customers said that OPG's top priorities should be:

- producing low-cost power
- ensuring safe and environmentally responsible disposal of nuclear waste
- minimizing OPG's impact on the environment,
- operating in a safe manner, and
- ensuring reliable energy production for Ontario.

OPG's business plan should continue to demonstrably reflect these priorities. While specific business planning decisions depend on the circumstances of the respective BU, each BU should demonstrate how these priorities have informed decisions throughout the Amended 2020-2026 Business Plan.

Specific Investment and Other Decisions

The first phase of the engagement informed the content of the second phase of the engagement, which focused on specific capital investment and other decisions that OPG is considering as part of the business plan. In particular, OPG sought customer input on the following decisions:

<u>General</u>

- Rate Smoothing Options
- Making the Pickering Station Site Available for Other Uses after Shutdown

<u>Capital Investments</u>

- Overhauling Hydroelectric Stations
- Niagara Frequency Conversion Project (i.e., Sir Adam Beck G1 and G2 Replacement Project)
- Darlington Vapour Recovery System
- Darlington Air Compressors Replacement
- Darlington Crane Project

<u>Innovation</u>

- Investing in Technology to Create Efficiencies

Additional details on the customer engagement process can be found from the "OPG Customer Engagement Placemat" available on the Finance – Business Planning SharePoint site.

1.7 Operating and Other Planning Assumptions

Contact: Philip Ho

The following assumptions form the basis for the Amended 2020-2026 Business Plan:

Amended 2020-2026 Business Plan Assumptions	
Pickering Operations	• End of life for Pickering Unit 1 – September 2024, Unit 4 – December 2024, Units 5-8 – December 2025 • Maintenance and operating activities support the safe and reliable operation of the units with outages planned, as appropriate, to facilitate operations through the planned end of life dates • Vacuum Building Outage takes place in 2022 • The SAFSTOR project transitions to execution phase in 2024 after the first Pickering units are taken offline
Darlington Operations	• Outage plans and plant investments take into consideration life cycle plans and regulatory requirements and commitments, and are aligned with unit refurbishments • Unit 2 Turbine Generator Controls replacement outage is scheduled starting in 2025 • Post-refurbishment unit forced loss rate performance reflects industry operating experience, with small-scope post-commissioning outages planned to ensure equipment reliability and address any emerging issues

Darlington Refurbishment	• The refurbishment of the three remaining Darlington units is completed in line with the following schedule. Planning, preparation and procurement activities are undertaken accordingly, as appropriate.
	  ○ Unit 3: September 2, 2020 – December 31, 2023
	  ○ Unit 1: February 15, 2022 – April 18, 2025
	  ○ Unit 4: September 15, 2023 – October 16, 2026

Nuclear Waste Management	• A waste minimization and reduction program continues to be implemented • Loading of dry storage containers is maintained at the Darlington and increased at the Pickering Waste Management Facilities, and proceeds at a sustainable level for Bruce Power • Used fuel and L&ILW volumes from the Bruce units are based on information received from Bruce Power; the receipt of feeder waste from Major Component Replacement (MCR) for Bruce Unit 6 begins in August 2020, with a similar arrangement assumed for subsequent Bruce units • The long-term management of used nuclear fuel is consistent with the NWMO's Adaptive Phased Management program • Alternatives continue to be assessed for permanent disposal of L&ILW, including engagement with Indigenous communities and interested municipalities as part of any new site selection process
New Nuclear	• The Darlington site preparation license for potential nuclear new build is renewed and maintained throughout the planning period • Activities continue to advance the development of Small Modular Reactors
Hydroelectric	• Ranney Falls GS redevelopment project is placed in service in 2020 • Little Long Dam Safety project is completed by [redacted] • Sir Adam Beck I G1 & G2 Replacement project is placed in service by 2022 • Planned Calabogie and Coniston redevelopments begin and are completed during the planning period as part of regulated assets • Unit major overhauls are planned using a condition and risk-based approach

Thermal	• [redacted] • [redacted] • [redacted] The timing of Lambton GS demolition to be determined through the business plan process • [redacted]
Real Estate	• Clarington Campus is in place by 2024, as planned • Steps continue to be taken to reduce and consolidate the real estate footprint, with certain leases not renewed during the planning period and options evaluated to maximize the value and use of the [redacted] site, an asset of unregulated business • Relocation costs are planned by respective BU organizations
Information Technology	• Investments continue to be made in digital solutions and infrastructure as enablers of productivity and performance improvement initiatives • Digital Strategy costs, including cyber security and automation, are planned by the Chief Information Officer organization
Self-sustaining Subsidiaries	• [redacted] • [redacted]
Nuclear Segregated Funds and Nuclear Liabilities	• Investments in nuclear segregated funds earn 5.15% • The plan will not reflect any potential impacts on the Nuclear Segregated Funds and nuclear waste and decommissioning liabilities that may arise as a result of the 2022 ONFA Reference Plan update process, which is currently expected to conclude by the end of 2021
Accounting Service Lives of Nuclear Stations	• The business plan will reflect current approved accounting end-of-life dates • Accounting service lives for Pickering units will be reassessed in the future as applicable regulatory and technical work in support of the shutdown optimization plan is progressed
Interest Capitalization Rules	• Assumed non-project specific (i.e. corporate borrowing funded) interest capitalization rate of 4% applies over the planning period • Any project specific (i.e. project financing) interest capitalization rates are to be derived in consultation with Treasury
Foreign Exchange Rates	• USD/CAD foreign exchange rate of 1.36 applies to transactions over the planning period • Foreign exchange rate for translation of Eagle Creek business plans to be determined through the business plan process

1.7.1 Collective Agreements and Strategic Resourcing

OPG's current collective agreement with the Power Workers' Union (PWU) expires on March 31, 2021 and with the Society of United Professionals (Society) on December 31, 2021. The next round of collective bargaining is expected to take place during 2021 and will be subject to current legislated compensation constraints for a three-year moderation period upon expiry of the current agreements. Due to inherent uncertainties in future collective bargaining outcomes, the business plan will continue to be based on applicable existing collective agreement provisions and purchased services agreements. Please contact **Jon Wolfe** (PWU matters) and **Carissa Nowak** (Society matters) in Labour Relations with any questions.

The Amended 2020-2026 Business Plan will assume continued utilization of Temporary Employees, PWU Term Employees and Society Extended Temporary Employees in accordance with existing agreement provisions. Where applicable and aligned with BU needs, staffing plans should continue to identify opportunities to utilize these categories of employees in accordance with collective agreement provisions, in consultation with HR Business Partners. The HR Workforce Analytics team will provide BU Controllers and HR Business Partners with workforce planning analysis and tools to assist in evaluating and cost effectively addressing staffing needs. Please contact **Myola Alvares** or **Kesavan Jeyaveerasingam** in Workforce Analytics for further information.

1.8 RESOURCE TARGETS

CONTACT: PHILIP HO

Resource targets for the Amended 2020-2026 Business Plan include ***Operating OM&A, Project OM&A, Sustaining Capital Expenditures*** and ***Nuclear Provision Expenditures***. The targets are based on the assumptions outlined in section 1.7. Material developments affecting planning assumptions may necessitate revisions to the targets. Targets for the 2020 year represent an initial estimate of identified COVID-19 impacts as applied to the 2020 budget.

Operating OM&A targets reflect OPG's ongoing commitment to operational excellence and customer value. In particular, OPG remains focused on driving cost efficiency and productivity improvements, while ensuring that there is no adverse impact to the safety, reliability and environmental sustainability of operations. This includes continuing to realign the Company's cost structure and operating model in preparation for and leading up to post-PECO operations, in line with the OPG25 objectives discussed in section 1.5. The Operating OM&A targets for the Amended Business Plan support achievement of the targeted post-PECO organizational design by 2026.

Project OM&A and sustaining capital expenditures targets are aimed at continuous improvement of project outcomes and forecast accuracy in support of effective management of the Company's capital investment portfolio, taking into consideration resourcing capacity.

The resource targets for the Amended 2020-2026 Business Plan, which were provided to BU planners in an advance communication, are outlined below.

Business Unit Operating OM&A Targets

$ millions	2020	2021	2022	2023	2024	2025	2026
Nuclear Base**	1,287	1,285	1,318	1,326	1,306	1,082	611
Nuclear Incremental Outage**	229	376	245	331	191	185	57
Nuclear Pickering Extension/Optimization Enabling Cost	63	40	13	8	17	0	0
Nuclear Fuel Channel Life Extension and Related Costs	22	37	33	18	2	0	0
Renewable Generation	[redacted]						
Total Operations	[redacted]						
Finance	91	93	95	96	99	98	84
Finance Operations	*46*	*47*	*47*	*46*	*48*	*45*	*45*
Insurance	*45*	*46*	*48*	*50*	*51*	*53*	*39*
Corporate Business Development and Strategy	18	18	20	21	22	22	22
Law	20	18	16	16	17	16	16
Law Excl. Fitness for Duty	*19*	*18*	*16*	*16*	*16*	*16*	*15*
Fitness for Duty	*1*	*1*	*1*	*1*	*1*	*1*	*1*
Chief Administrative Office	349	344	340	336	330	315	257
Chief Information Officer	*145*	*147*	*147*	*146*	*141*	*142*	*114*
Real Estate & Services	*83*	*80*	*76*	*75*	*76*	*70*	*53*
Supply Chain	*56*	*47*	*46*	*46*	*45*	*38*	*33*
Human Resources Excl. Fitness for Duty	*29*	*29*	*29*	*28*	*27*	*26*	*21*
Fitness for Duty	*0*	*6*	*6*	*6*	*6*	*4*	*4*
Environment, Health and Safety	*25*	*24*	*24*	*24*	*25*	*25*	*19*
Regulatory Affairs	*8*	*9*	*10*	*8*	*8*	*8*	*10*
Other	*3*	*2*	*3*	*3*	*3*	*3*	*3*
Corporate Office (incl. Corporate Affairs)	25	21	21	21	21	20	18
Total Support Services	**502**	**495**	**492**	**490**	**489**	**472**	**397**
Total Business Unit Operating OM&A	[redacted]						

* Operating OM&A excludes Project OM&A

** Includes Enterprise Projects Organization

Ongoing Operations Project OM&A Targets *

$ millions	Targets						
	2020	2021	2022	2023	2024	2025	2026
Nuclear Project Portfolio	65	92	81	85	81	77	65
Nuclear Pickering Extension/Optimization Enabling Project Costs	36	4	8	-	-	-	-
Nuclear Fuel Channel Life Extension and Related Project Costs	10	3	-	-	-	-	-
Enterprise Projects Organization - Renewable Generation (or RG)	1	1	1	1	1	1	1
Regulated Hydroelectric	53	88	97	89	105	94	95
Contracted Generation	[redacted]						
Chief Administrative Office	28	23	25	27	27	25	21
Corporate Business Development and Strategy	4	4	1	1	1	0	0
Finance	0	0	0	0	1	1	-
Total Ongoing Operations Project OM&A	[redacted]						

* Excluding Darlington Refurbishment and New Nuclear

Sustaining Capital Expenditures Targets *

$ millions	Targets						
	2020	2021	2022	2023	2024	2025	2026
Nuclear Operations	**411**	**419**	**413**	**521**	**343**	**303**	**221**
Regulated Hydroelectric	207	275	188	257	239	263	256
Contracted Generation	[redacted]						
Little Long Dam Safety Project							
Smoky Falls Sluicegate Project							
Other Projects							
Total Renewable Generation							
Enterprise Projects	**5**	**2**	**2**	**3**	**3**	**2**	**2**
Corporate Business Development and Strategy	36	57	55	145	134	122	131
Chief Administrative Office	142	149	140	193	87	87	111
*Chief Information Officer ** *	*112*	*112*	*93*	*106*	*83*	*83*	*106*
*Supply Chain ** *	*1*	*1*	*1*	*1*	*1*	*1*	*1*
*Real Estate & Services ** *	*28*	*36*	*45*	*86*	*3*	*2*	*4*
*Environment Health and Safety ** *	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Total Support Services	**178**	**205**	**195**	**338**	**221**	**209**	**242**
Total Sustaining Capital	[redacted]						

* Including Minor Fixed Assets
** Excluding Darlington Refurbishment

Nuclear Provision-Funded Project Targets (Excl. ONFA funded)

$ millions	Targets					
	2021	2022	2023	2024	2025	2026
Internally-Funded Nuclear Provision Projects	**81**	**113**	**107**	**93**	**60**	**50**

1.8.1 Targets for Nuclear Waste Management and Decommissioning Expenditures

Contact: Banh Tran

In addition to the targets for internally funded provision project expenditures on nuclear waste management provided in section 1.8, targets for ONFA-eligible provision project expenditures on nuclear waste management and decommissioning activities and all operating expenditures for these activities will be provided by Nuclear Liability Provision Management in a separate communication.

2.0 STRATEGIC GOALS

CONTACT: JAMES BREWER

The current business plan will align with the Company's four strategic objectives:

- People Powering the Future: Building a diverse, committed, heathy and agile workforce that thrives in a dynamic and changing industry
- Value Through Innovation and Efficiency: Delivering industry leading sustainable electricity production, providing exceptional value to our customers and shareholder
- Putting Customers and Communities First: Being the energy partner of choice for customers, suppliers and Indigenous and local communities
- Energy Industry Leader: Demonstrating clean energy leadership by driving economic growth and prosperity for Ontario

These goals reflect OPG's strategic direction and will focus the organization on the right work for the Company's long-term success.

To best position itself for success in the strategic areas, OPG must continue to demonstrate excellence in each of its business imperatives. The four business imperatives are summarized below:

Operational Excellence – Continuing to safely and efficiently operate and maintain the generation fleet through a high-performing, engaged workforce is fundamental to OPG's success. This includes targeting industry leading operating performance for the Darlington station post refurbishment, maximizing the value of the Pickering station through the remaining life, and increasing the output from the hydroelectric fleet. Investments in asset reliability and technological solutions will continue to support operational excellence.

Project Excellence – OPG must continue to execute Darlington Refurbishment, a destiny project, safely, on time, on budget and with high quality. OPG also strives for a similar level of success in delivering all capital, maintenance and provision projects, leveraging planning and execution expertise within the Enterprise Projects Organization, industry best practices, and a common, scalable project delivery model.

Financial Strength – OPG seeks to ensure a consistent level of strong financial performance that delivers an appropriate level of return on the Shareholder's investment and positions the Company for future growth. Included in this imperative is a focus on increasing revenues and sustainably reducing costs, supporting commercially-based investment and innovation opportunities, and prudently managing risks. Outcomes of OEB rate applications will continue to be a significant determinant of OPG's financial health.

Social Licence – The Company continues to focus on maintaining public trust, building relationships with communities and customers, and upholding high standards of corporate citizenship, including Indigenous relations and environmental stewardship. OPG's diverse operations are well positioned to meet stakeholder expectations related to reductions of carbon emissions while supporting economic recovery and growth.

3.0 BUSINESS PLANNING AND BUDGETING INSTRUCTIONS

3.1 BUSINESS UNIT INFORMATION SUBMISSIONS

CONTACT: ARCHANA SRIJEYANATHAN

Business planning submissions are required from each BU for each of the years of the business plan by the dates specified in the business planning schedule (see section 1.2). The submissions will reflect the following reporting segment structure for the Company:

- Regulated – Nuclear Generation
- Regulated – Nuclear Waste Management
- Regulated – Hydroelectric
- Contracted and Other Generation
- A new segment for Atura Power's gas-fired fleet
- Other category

Further details on cost allocations, including for the RG facilities, are discussed in section 3.1.4.

BUs will use BPC to submit the majority of financial and headcount information. All other information will continue to be submitted through the Finance – Business Planning SharePoint site. Representatives from each applicable BU were previously identified for purposes of SharePoint access, with responsibility rights granted accordingly. As in the past, individual BU folders will only be accessible by members of that specific BU, as well as the Finance – Business Planning team. For questions regarding SharePoint access, contact **Mark Baker** in Corporate Business Planning**.**

Each of the self-sustaining subsidiaries is required to submit a comprehensive business plan, as discussed further in section 3.4.

The BU submissions should include the following:

3.1.a Quantitative resource and financial information

- Submitted through the BPC system, in accordance with the details in section 3.6
- By Responsibility Centre (RC) and Resource Type (RT), in line with the direction provided in sections 3.1.4, 3.3, and 3.6

- The submission must contain summarized monthly detail for 2020-2022, with added emphasis on forecast accuracy for the first quarter of each year (for Shareholder's fiscal year-end purposes) and annual information for the remaining years
- Any changes to planning submissions subsequent to the BU submission deadline of **July 17, 2020**, other than those explicitly contemplated by these instructions, must be reported to, and confirmed with Corporate Business Planning

3.1.b Supplementary financial information and supporting detailed year-over-year, plan-over-plan and plan-to-target analyses

- Year-over-year analysis of changes in resources (e.g., regular/temporary/Term/ETE Employee headcount, base OM&A, project OM&A, outage OM&A, capital expenditures, capital in-service additions, non-generation revenues and cost of goods sold, and provision expenditures).
    - Analysis should be provided in the form of a year-over-year continuity (roll) in a level of detail that is sufficient to fully explain the major drivers contributing to the change
    - Work program changes should be separated from rate changes
    - Analysis should include current year-end projections assumed in preparing year-over-year changes
- Pickering extension enabling, Pickering optimization enabling, Fuel channel life extension and Fitness for duty costs should be separately identified
- Plan-over-plan comparison for 2021 to 2026 (i.e. relative to the original 2020-2026 Business Plan), and comparison of 2020 forecast to re-casted 2020 budget
- Plan-to-target reconciliations for applicable funding streams for 2021 to 2026
- Plan-over-plan and plan-to-target reconciliations should reflect any budget transfers effective in the 2021 business planning year – i.e. prior year business plan and current targets should be restated to the current state of the organization for comparison purposes
- A reconciliation of COVID-19 impacts reflected in the re-casted 2020 budget to the original budget
- Submitted through the Finance – Business Planning SharePoint site in the form of Excel spreadsheets and/or other documents

4.1.4 3.1.1 Information Requirements for Specific Items

Contact: Archana Srijeyanathan

OM&A Expenses

- OM&A expenses reconciled to BU base, outage, and project OM&A targets per section 1.8
    - If the submission exceeds targets, reconciliations should identify specific sources of variance from targets, underlying drivers, and mitigation measures considered and taken
- Year-over-year and plan-over-plan analyses should identify material changes driven by outage profiles, non-standard projects, or non-recurring or infrequent events
    - Significant drivers for non-labour resource changes should be separately identified
    - Nuclear outage OM&A analysis should be provided including a summary of scope, outage duration and incremental OM&A costs
- Quarterly trending of annual years (i.e. 2023-2026) for BU OM&A expenses which will be used for reflowing the plan on the Shareholder's fiscal basis

Staffing

- Through input into the BPC system, details of regular and non-regular year-end headcount (where 'non-regular' includes temporary and Term/ETE Employees) and associated FTE funding
    - To support workforce management, headcount is to be planned at the occupation code and JF level using Long Term Headcount input and Long Term Labour Supply input
    - Refer to "BPC_Module 11" document on the Finance – Business Planning SharePoint site and/or BPC training manual for methodology on use of BPC templates for headcount planning
- Year-over-year and plan-over-plan analyses should identify material changes in key staffing **plans to meet work program** demands
- A reconciliation of year-end headcount and FTE trends over the planning period is required

SAVH Planning

- BPC entry is being streamlined this year by eliminating the following integrated elements to ensure consistency in the use of the system:
  - SAVH % will be eliminated from "5" series Job Family Level 2 (JF2) making it consistent with "7" series. Planners should eliminate entries to "7" series JF2 and exclusively use the "5" series JF2
  - The need for separate planning for regular labour SAVH is eliminated by including it as part of total hours/FTEs, by funding:
    - When planning using hours (i.e. for capital, OM&A or provision projects), planners need to ensure that planned labour is inclusive of all SAVH
    - Regular labour contribution for Nuclear Outages should continue to be planned as 'productive hours' only in the budget year

Capital

- Capital expenditures, including intangible assets and capital spares, as directed in section 3.8, and expenditures on minor fixed assets, together reconciled to capital expenditure targets outlined in section 1.8
  - Reconciliations should identify reasons for variance and underlying drivers
- Expenditures on capital spares should continue to be identified and input into the BPC system as a separate classification
- Consistent with the capital project plan, BPC details and project lists, the following is to be provided:
  - Capitalized interest forecasts on a monthly basis for 2020-2022 and annually thereafter
  - In-service addition forecasts input in the BPC system (major and constructed minor fixed assets), including both a re-casted budget and most recent forecast for 2020**.**
    - For in-service additions >$50M, forecast month of in-service should apply instead of the half-year rule
    - Instructions for inputting in-service additions forecast in the BPC system are available in module 10 of the BPC manual, which is accessible on the BPC start page, under "Documents".
  - Quarterly asset retirements/write-offs forecasts for all years of the planning period.

Revenue and Gross Margin

- As outlined in section 3.2

Fuel Expense

- The following fuel expense details must be submitted to Generation & Revenue Planning as part of the inputs into the Energy Production and Revenue Plan, by the due date specified above:
  - Nuclear fuel
  - GRC and related costs – both excluding and including forgone production due to surplus baseload generation conditions
  - Gas/biomass fuel and building heating for thermal stations
  - Costs associated with carbon pricing program

Provision Expenditures/Provisions

- Nuclear decommissioning and waste management provision expenditures, in line with guidance provided in section 3.1.5
  - Expenditures should be provided for:
    - Decommissioning:
      - Pickering Safe State of Units 2 & 3
      - Pickering Safe Storage of Units 1 & 4, and Units 5-8
      - Decommissioning Program
    - Used Fuel Interim Storage and Disposal
    - Low and Intermediate Level Waste Operations and Disposal
  - Expenditures should be reconciled to targets provided by Nuclear Waste Management – Nuclear Liability Provision Management (see section 1.8.1)

    - If submissions exceed targets, reconciliations should identify specific sources of variance and underlying drivers
- New provisions or provision updates expected during the planning period, where estimable
- Drawdowns of existing provisions (including thermal decommissioning, environmental, etc.)

Nuclear Segregated Funds

- Submission of planning information for reimbursements from the nuclear segregated funds must be consistent with the planned drawdowns of the nuclear decommissioning and waste management provision, and will be coordinated by Nuclear Liability Provision Management.

Working Capital Items

- Monthly detail for the initial budget year and annual detail thereafter for the following:
    - Fuel inventory
    - Materials and supplies inventory

4.1.5 3.1.2 Use of Responsibility Centres and Local Identifiers

Contacts: Archana Srijeyanathan / Andrew Costa

As in previous planning cycles, BU Controllers are required to review all existing RCs to ensure that planning/budgeting occurs only for RCs that have at least 20 employees **and** $5M in combined financial activity (OM&A, capital expenditures, revenues, and provision expenditures). Planning/budgeting can also occur for RCs that meet the following exceptions:

i) Direct reports of ELT members
ii) Facilities with energy supply agreements/commercial contracts
iii) Requirements exist to separate rate-regulated activities

All other exceptions require prior written justification from the local Controller to be forwarded to Director, Business Planning & Regulatory Finance. Exceptions approved in prior years should be reviewed to ensure that justifications remain valid for the current planning period.

As in previous years, BU Controllers are also requested to review the planning/budgeting "Local" identifiers for opportunities to reduce the level of detail. BU Controllers should ensure that the use of "Locals" is consistent within the respective BUs and, in particular, is limited to instances where such identifiers are necessary for reporting and analysis of actual results.

4.1.6 3.1.3 Business Plan Materials for CEO/CFO Review

Contacts: Philip Ho / Archana Srijeyanathan

The CEO/CFO review of BU business plans are expected to take place in **August 2020** and will be based on the BPC submissions. The review materials must be based on the standardized presentation template, which will be updated and made available on the Finance – Business Planning SharePoint site by **June 26, 2020**. The template will contain the minimum requirements to be included in the presentation material. A reasonable amount of additional information may be included in appendices. Completed templates are to be submitted to Corporate Business Planning through the Finance – Business Planning SharePoint site.

Generation & Revenue Planning is required to submit a presentation summarizing the Energy Production and Revenue Plan, including key assumptions, dependencies, risks and major changes from last year's plan.

4.1.7 3.1.4 Cost Allocations

Contact: Andrew Costa

Business units are required to assign/allocate all submitted costs on the basis of OPG's cost model and using OPG's cost allocation methodology. This includes utilizing the appropriate client code under the cost model, a key element by which costs are directed to business segments at OPG. For RG specifically, this

includes allocation between regulated and contracted plants, which must be applied consistently across RG Operations in accordance with the established methodologies.

Cost allocation templates are required to be inputted into BPC for those Base OM&A costs that have been planned using client 0000. The template for this information for use by RG and Support Services organizations will be provided by Finance – BUS Team.

BU Controllers are encouraged to refer to the BUS Business Plan checklist to help with the accuracy of the segment reporting process. A copy of the checklist can be found on the Finance – Business Planning SharePoint site and is titled "BUS Business Plan Checklist 2021".

Any proposed changes to any allocation methodologies must be submitted to Business Planning & Reporting for review and approval prior to any change being applied.

The submission date for the above information is **July 17, 2020**.

4.1.8 3.1.5 Nuclear Provision Expenditures

Contact: Banh Tran

Planning for nuclear decommissioning and waste management provision expenditures requires the same rigour and change management process as OM&A and capital expenditures. Similar to OM&A, provision programs are classified as either Base or Project. The executive sponsors responsible for scope of work and annual expenditures, including VP, Nuclear Waste Management and VP, Nuclear Decommissioning, Nuclear SAFSTOR Division, will submit the respective consolidated budgets for approval to the Chief Nuclear Officer, Nuclear President or Chief Project Officer, as applicable.

Only expenditures that are directly attributable to nuclear waste management and decommissioning activities and included in the provision should be planned as provision expenditures.

For staffing, 'directly attributable' is defined as follows:

- Base Programs (e.g. Used Fuel Storage and L&ILW Operations)
  - Normal part of employee's function
  - For Support Services (e.g., HR, Finance, Real Estate & Services, Supply Chain, Law, Environment and others), employees who are fully dedicated in support of the Base Programs. Timesheet tracking of part-time support from multiple employees does not qualify.
- Projects (including SAFSTOR)
  - Employees working on nuclear waste management and decommissioning specific project activities and tracked within the time reporting system.

Business units are required to identify inter-business unit requirements for the SAFSTOR project, including staffing demand moving from Operations to the SAFSTOR project, through an SLA process. The SLAs should identify both expenditures and staffing requirements.

Nuclear Controllership and Corporate Controllership are required to submit nuclear provision funding and headcount requests to Nuclear Liability Provision Management by **June 5, 2020**, as specified in section 1.2. The Nuclear Liability Provision Management group will coordinate reviews/approvals and provide the approved consolidated funding and headcount levels to the Nuclear business planning team and Corporate Controllership for inclusion in the respective business plans by **June 19, 2020**.

Any changes to planning submissions for provision expenditures after the BU submission deadline, other than those explicitly contemplated by these instructions, must be reported to, and confirmed with Corporate Business Planning and Nuclear Liability Provision Management.

3.2 REVENUE AND GROSS MARGIN SUBMISSIONS

CONTACTS: EDMUND TAM / ARCHANA SRIJEYANATHAN

The accountabilities for revenue and gross margin information submissions to Corporate Business Planning are outlined below (excluding self-sustaining subsidiaries, see section 3.4). Any expected sources of revenue not listed below should be identified to Corporate Business Planning and, as applicable, Generation & Revenue Planning, by the responsible Controller.

BU submissions of inputs into the Energy Production and Revenue Plan are to be provided to Generation & Revenue Planning by **June 26, 2020**. Some specific information requirements for the inputs may be required earlier and will be communicated separately by Generation & Revenue Planning.

Cost inputs for determining applicable planned contract revenues must be submitted to Commercial Markets Strategy by **July 3, 2020**. If there are changes to these inputs following the specified deadline, updated information must be provided as soon as possible.

Contract revenue plans, including inputs and assumptions, will be jointly reviewed by Commercial Markets Strategy, RG Controllership, Corporate Business Planning, and Generation & Revenue Planning by **July 31, 2020**.

Unless otherwise specifically noted in the schedule in section 1.2, the below revenue and gross margin submissions are due to Finance – Business Planning at the general BU BPC submission date of **July 17, 2020**.

REVENUE SOURCE	BUSINESS PLANNING ACCOUNTABILITY
Generation/Capacity Revenue (incl. new projects) • Regulated generation revenue • Contract and market-based revenue • Ancillary and other revenues • Trading margins (incl. OPGET)	Generation & Revenue Planning *(as part of Energy Production and Revenue Plan)* Corporate Business Planning will apply regulated rate assumptions to compute regulated generation revenues
Nuclear Non-Generation Revenue • Bruce Lease Rent and L&ILW Services	Nuclear Waste Management – Bruce Relationship
Nuclear Non-Generation Revenue* • Isotope Sales • Heavy Water Sales, Detritiation Services • Other	Nuclear
Real Estate Rentals*	Corporate Real Estate
RG Non-Generation Revenue*	RG
Training and Other Revenue*	Human Resources

** For marked items, the respective Controllership organization is responsible for inputting the planning submission into the BPC system, including monthly trending.*

3.3 PLANNING VERSUS BUDGETING

CONTACT: ARCHANA SRIJEYANATHAN

For the current planning period, BPC system rollover capability will maintain information from the previously approved business plan for OM&A, capital expenditures and provision expenditures, updated for organizational changes as applicable. This information is then updated for new standard labour rates. As a result, in many instances, it will be appropriate to develop this year's planning submissions by making adjustments to the copied BPC data from last year's planning information.

For the initial BPC data load on **July 17, 2020**, labour costs must be planned for all years at the detailed RT level. As in prior years, BUs have the option, for their initial submission only, of using the following higher Major Resource Type levels in making non-labour adjustments to copied data in BPC:

- Managed Tasks	- Facilities & Utilities	- Augmented Staff	- Operating License
- Materials	- Real Estate	- Business Expenses	- Other

If this higher level approach is adopted, BUs may plan against one (or more) RT within each Major Resource Type that is most meaningful to their organization. For a detailed RT listing within each Major Resource Type, refer to the Finance – Business Planning SharePoint site.

Irrespective of the approach adopted, the following specific RTs must also be planned during the initial data load, for tax purposes:

- 240 & 241: Computer Equipment & Hardware
- 242: Computer Software & Licences
- 245: Service Equipment < $25,000
- 246: Transport & Work Equipment

For the initial BPC data load, the BUs also have the option of making adjustments to last year's planning data at higher level RCs, as follows:

- For Nuclear and RG, station or support group level RCs can be used
- For Support Services, ELT direct report level RCs can be used

In all circumstances, the principle for the initial BPC data load is to plan in detail sufficient to provide meaningful plan-over-plan and year-over-year analyses.

Budgeting to enable reporting for the 2021 budget year and facilitate the rollover of planning details of subsequent budget years into future plans must be completed by **July 31, 2020**. Budgeting requires the pushing down of higher-level planning data to the detailed RT and RC levels, and the use of "Locals" to the extent necessary to enable reporting and analysis of actual results.

No changes to annual planned amounts (OM&A, capital expenditures, revenue, provision expenditures, capital in-service additions, etc.) will be made from the final BPC data load on **July 31, 2020** (subject to CEO/CFO reviews of BU business plans).

3.4 NON-CONTROLLING INTEREST AND SELF-SUSTAINING SUBSIDIARIES

CONTACT: ARCHANA SRIJEYANATHAN

OPG is required to report a non-controlling interest in its financial results to reflect partners' equity ownership in certain generation development partnerships. For the planning period, RG Controllership – Central will identify the revenues and costs for calculating income attributable to non-controlling interests. In addition, any cash distributions attributable to non-controlling interests must be identified.

OPG is required to consolidate the results of its controlled subsidiaries. Each of OPG's self-sustaining subsidiaries, including Eagle Creek and Atura Power, is required to submit a comprehensive business plan consisting of a detailed income statement, balance sheet, cash flow statement, generation plan and staffing plan as well as a summary of key financial and operating assumptions. Underlying details should be provided for planned revenues, operating costs, capital expenditures and distributions. Planning submissions should separately identify requirements and assumptions for purchases of services from OPG and any other intercompany transactions. Submission of planning information for Eagle Creek and Atura Power will be coordinated by RG – Business Integration, taking into account any restrictions on sharing of information consistent with any OEB licencing requirements.

The above information must be submitted to Corporate Business Planning by **August 16, 2020**.

3.5 OTHER CORPORATE-LEVEL INFORMATION SUBMISSIONS

CONTACTS: ARCHANA SRIJEYANATHAN / MARK BAKER

The accountabilities for information submissions related to other cost and income items for this business planning cycle are outlined below. While Corporate Business Planning may initially receive some of these items from groups other than those identified below, it remains the responsibility of the accountable group to make the formal submissions in accordance with the business planning schedule. Key assumptions and dependencies should be identified in the submissions.

ITEM	BUSINESS PLANNING ACCOUNTABILITY
3.5a Depreciation/Amortization – **July 17, 2020** ○ Based on current net book values of fixed/ intangible assets, and station end-of-life dates/ asset class lives expected to be in effect during the planning period	Accounting & Reporting – Central
3.5b Property Tax (separately showing amounts to be charged against nuclear and thermal decommissioning provisions and amounts to be capitalized) – **July 3, 2020**	Corporate Real Estate – Property Assessment and Taxation
3.5c Insurance – **July 17, 2020** ○ Summary of underlying assumptions ○ Amounts to be charged against nuclear and thermal decommissioning provisions and amounts to be capitalized to be shown separately	Finance – Treasury *(costs submitted as part of Finance BPC submission)*
3.5d Employee incentive plans (centrally-held costs) – **July 17, 2020**	HR – Compensation
3.5e Pension Guarantee Fee (centrally-held cost) – **July 17, 2020**	Finance – Treasury
3.5f Accretion on Nuclear Waste Obligations and Earnings on Nuclear Segregated Funds and accretion on non-nuclear decommissioning obligations – **July 31, 2020**	Nuclear Liability Provision Management
3.5g Pension and OPEB Costs update – **July 24, 2020**	Business Planning & Reporting – Actuarial
3.5h Deferral and Variance Accounts – **July 31, 2020**	Regulatory Finance
3.5i Asset Service Fees and Interest Expense	Corporate Business Planning *(for interest, reflecting inputs from Treasury and capitalized interest from BUs)*
3.5j Income Tax inputs	Income Tax

3.6 INSTRUCTIONS FOR USE OF THE BPC BUSINESS PLANNING SYSTEM

CONTACTS: KAREN MOONEY / HEATHER LONG

There will be several different versions of BPC utilized for the current business plan:

- **W01** contains the original 2020-2026 Business Plan information for 2021-2026, rolled over for the current planning cycle and updated for standard labour rates reflecting actual experience, payroll burden rates and Hydro One Share Performance Plan costs. At this time, no further updates to standard labour rates or payroll burden rates are anticipated for this planning cycle. All BUs will use BPC version W01 for planning. SAVH planning changes per section 3.1.1 are reflected in version W01.
- **W02** contains the original 2020-2026 Business Plan information for 2021-2026, rolled over for the current planning cycle, but without the standard labour rate, payroll burden rate and Hydro One Share Performance Plan cost updates. This version can be used to isolate the impact of the rate changes by comparing it to version W01. SAVH planning changes per section 3.1.1 are reflected in version W02.

- **O20** will contain a copy of the 2020 budget year information from the original 2020-2026 Business Plan. All BUs will use BPC version O20 to reflect COVID-19 related changes to the 2020 budget as explained in section 1.3, utilizing specified project numbers and Local fields to identify any incremental costs.

Resource submissions and preliminary business plans are to be completed in versions W01 and O2 by **July 17, 2020**.

Final trended information is required on a monthly basis for 2020-2022. All trending must be completed in W01 by **July 31, 2020**, after which BUs will be locked out of the BPC system. At that point, the trending by the BUs will be considered final and, for the 2021 budget year, ready for upload to the reporting systems (subject to any adjustments arising out of the CEO/CFO reviews of BU business plans).

BU Controllers must ensure that the trended BPC input (BU OM&A, capital expenditures, provision expenditures, capital in-service additions, non-generation revenue as per section 3.2, and headcount) is complete, accurate and based on reasonable assumptions, and agrees to the CEO/CFO-approved resource levels based on BU plan reviews.

Additionally, the following input will be reflected in BPC:

- Nuclear Liability Provision Management will develop trending for accretion expense and earnings on nuclear segregated funds
- In consultation with the responsible groups, Corporate Business Planning will develop trending for applicable centrally-held costs and review depreciation & amortization expense trending calculated in the BPC system based on BU capital in-service inputs
- Trended BPC input for generation revenue will be provided by Generation & Revenue Planning and input by Revenue Accounting & Reporting incorporating regulated revenue assumptions from Corporate Business Planning as required
- Trended BPC input for deferral and variance accounts will be provided by Regulatory Finance

3.7 BUDGETING FOR SERVICE PROVIDERS AND BUDGET TRANSFERS

CONTACT: SUNEETHI VISWANATHAN

OPG's cost model is a company-wide set of business rules that are the foundation of financial planning, budgeting and cost reporting, and define how OPG accounts for resources. All business planning at OPG is to be conducted in accordance with the single OPG cost model. Under the cost model, an organization at OPG plans for all the resources for which it is accountable, regardless of where the resources work or what they work on. This applies to labour, materials, purchased services, and other resources. The cost model also extends to projects, with project managers only budgeting for resources that are under their direct control.

The cost model requires identification, communication, agreement and documentation of inter-business unit service needs by Operating Business Units and Support Services as part of developing their respective business plans. Service recipients (in most cases, the Operating Business Units) are required to identify and estimate the annual resources that they expect to be supplied by other OPG organizations (in most cases, Support Services) for inter-business unit service needs. The identification and communication of this information must occur by **June 19, 2020**, with a signed agreement required between the service providers and service recipients, a copy of which is to be provided to the respective Controllership organizations. To facilitate the sign-offs and integration into BPC, planners should use the new MS Forms tool for SLAs as discussed in Section 1.3 *Process Highlights*. This will ensure that service providers' planning submissions adequately reflect the necessary resource levels (such as OM&A, capital including minor fixed assets, and provision expenditures) in accordance with the cost model. Service needs for which a signed agreement is not reached between BUs are expected to be brought forward to the CEO/CFO/ELT for resolution.

In addition, budget transfers between BUs affecting all planning years require formal sign-offs by **June 19, 2020** through the use of the new MS Forms tool. If an organizational change occurs after **June 19, 2020** and, in particular, after the initial BPC submission date, Corporate Business Planning will evaluate on a case-by-case basis whether the planning system and BU business plans require updating.

Budget transfers between BUs proposed part way through the planning period, including in support of OPG25 organizational targets, require identification through an Excel template and formal sign-offs by **June 24, 2020**. The template will be available on the Finance – Business Planning SharePoint site. To the extent that a budget transfer involves a Support Services group, corporate allocation templates should be updated accordingly.

Resources in support of the Darlington Refurbishment being planned by Support Services require approval by Chief Project Officer.

Additional guidance regarding services provided by certain specific Support Services organizations is provided below. For Environment, Health and Safety requirements, refer to section 4.2.

4.1.9 3.7.1 Information Technology (Chief Information Office) Requirements

IT requirements should be communicated to the appropriate BU Chief Information Office (CIO) contact as identified below. Consistent with the previous plan, the CIO business plan will include resources for business-related IT needs, IT projects, and IT components of business initiatives.

IT project requirements should be communicated as part of the portfolio planning process, wherein BUs must complete the review of their initial list of IT projects provided by the respective CIO contact. The review must be conducted with an emphasis on identifying new projects, revising the timing, scope and dependencies of existing projects, removing projects no longer required, and validating any carryover and regulatory projects. Based on a review of requirements identified enterprise-wide, IT projects will be prioritized in accordance with the Digital Strategy and optimized based on the IT values framework.

The following IT expenditures continue to be included in each BU business plan, rather than in the CIO business plan:

- Process control hardware and software in Nuclear and RG
- Engineering or specialized hardware/software that will not be used on the business network.

Where a BU is requesting CIO to assume budget accountability for existing items (e.g., annual maintenance contracts), a list of these items and their related costs should be provided to CIO for inclusion in their business plan.

Each BU is asked to notify CIO of any initiative or project that relies on 3rd party processing or storage of OPG information.

If there is uncertainty as to whether or not a particular contract or a specific item is identified in the CIO business plan, one of the contacts listed below should be consulted.

- Director IT Strategy Enterprise Architecture and Customer Relationship Management – Heather Young (905-447-6349)
- Nuclear CRM – Alewyn Mouton (905-623-6670 ext. 8992)
- RG and Corporate CRM – Amir Shemranifar (416-592-6981)
- Director IT Projects – Kim Bosselle (416-592-5865)

4.1.10 3.7.2 Supply Chain Requirements

Supply Chain's focus is on providing cost effective acquisition and timely availability of materials and services.

Key OPG initiatives that are expected to have significant Supply Chain requirements over the planning cycle include Darlington Refurbishment, PECO-related activities including the SAFSTOR project, and RG major work programs and projects. During the planning period, Supply Chain will work with Fleet Operations, Maintenance, Engineering and RG to refine and align performance measures across the various internal client groups.

Supply Chain will require, early in the planning process, the fleet wide BU demand information for materials, services and projects in order to support their activities.

BUs should consult the following Supply Chain contacts, by service area, to identify their respective requirements:

- Supply Services Pickering/Nuclear Waste/IRI and Darlington – Dave Hudson (905-421-9494 ext. 3536)
- Supply Chain Materials – Robert De Bartolo (905-839-6746 ext. 5023)
- Centralized Warehouse – Keren Morehead (905-720-1300 ext. 6687)
- Supply Chain Services – Yogender Tagra (905-623-6670 ext. 8416)

4.1.11 3.7.3 Corporate Real Estate Requirements

Any anticipated changes to resources requiring space, space accommodation changes, real estate project requirements and any additional real estate and facility requirements must be communicated to Corporate Real Estate as a component of business planning. This information should be submitted to Corporate Real Estate by **June 26, 2020** for consideration and inclusion in the business plan.

The Corporate Real Estate business plan will include resources for planned space accommodation changes, including external space costs and facility enhancement/modifications. Corporate Real Estate will consolidate all facility costs in accordance with an overall real estate strategy, tracking costs by facility.

Consistent with OPG's centre-led model and under the OPG Organizational Authority Register, ***only*** Corporate Real Estate has requisitioning authority for the acquisition, management, and disposal of real estate rights and interests, and related transactions, as well as home purchases and purchase guarantees.

Any changes to the operating status of OPG's generation facilities as well as dispositions, acquisitions, and leases that could potentially have a financial impact on the property taxation and assessment of any OPG owned property should be communicated to Corporate Real Estate – Property Assessment and Taxation by **June 26, 2020**, in order to capture the corresponding impacts on property taxes in the business plan.

Please contact Connie Hergert (416-592-7938) for further information.

4.1.12 3.7.4 Other Support Services

The HR organization is responsible for the following human resources services: Labour Relations, Compensation & Benefits, field HR Business Partner support, Enterprise HR Strategy and Talent Programs & Leadership Training.

To facilitate effective business planning and timely availability of services, an estimate of resource levels over the planning period requiring HR services such as training or onboarding must be communicated to HR as part of business planning.

For assistance on HR matters in developing the business plan, BUs should consult with the following contacts:

- Labour Relations – Cynthia Domjancic (905-839-6746 ext. 4215)
- Compensation & Benefits – Saba Zadeh (416-592-2976)
- HR Business Partner (Corporate & RG) – Nirav Patel (416-592-3850)
- HR Business Partner (Nuclear) – Amanda Persaud (905-839-6746 ext. 5133)
- Enterprise HR Strategy – Sarah Hough (416-592-7427)
- Talent Programs & Leadership Training – Roberta Reyns (416-592-3470)

The Law division provides legal advice and solutions to legal issues faced by OPG. For assistance on legal matters in developing the business plan, BUs should contact Evguenia Prokopieva (416-592-3318) or Aimee Collier (416-592-3019).

3.8 CAPITAL, OM&A AND PROVISION-FUNDED PROJECTS

CONTACT: ANGELO PAVIA

This section specifies the requirements for submission of the business plan capital, OM&A and provision-funded project portfolio listings and supporting BCSs or equivalent documentation. BUs are required to provide project information to their respective Business Planning group (if applicable) and local Controllership contact for review by **July 17, 2020**.

4.1.13 *3.8.1 Project Portfolio Review*

BUs are required to identify all capital, OM&A and provision-funded projects having cash flows within the business planning period. The submitted projects must be prioritized considering risks and OPG's business objectives, as well as efficient alignment with BU strategies, facility life cycle plans (as applicable), condition assessments, asset management plans, and Shareholder expectations.

In order to expedite portfolio review and prioritization, and to meet OEB information requirements, BUs are required to maintain documentation to justify projects listed in their portfolio that are ***not fully released*** and also meet the following criteria:

- Projects planned for release during the business plan period with a total project cost greater than or equal to $5M

For the purpose of these instructions, ***not fully released*** projects are projects that meet any of the following criteria:

- Projects with no previous release(s)
- Projects with previous release(s) other than a full execution phase release
- Previously released projects that are forecasting significant changes in scope or cost, and are planned or expected to have a superseding execution phase release

These requirements include projects in support of non-generation business opportunities.

The documentation requirements can be met through any of the following forms:

- Planning BCS (OPG-FORM-0102)
- Nuclear: AIOT (Asset Investment Options Template) unless superseded by a Business Case Summary
- CIO: AISC Part A: Issue Characterization Form - IT-FORM-0022
- OPG-FORM-0076 Business Case Summary
- For RG projects with a total project cost lower than $20M, inclusion in a program catalogue of project investments

All Planning BCSs or equivalent documents are to be reviewed and signed off by the appropriate project sponsor (e.g., Asset Manager, Engineering Director, etc.). The appropriate Finance manager also reviews and provides their concurrence, such as the local Controller (Nuclear, RG and Corporate). Finance's role in the review is intended to ensure that planned activities for not fully released projects are supported by appropriate prioritization methodology and adequate documentation. The Finance manager must receive, review and concur with the Planning BCS or equivalent documentation to support the inclusion of projects within the plan by **July 31, 2020**.

Questions on these requirements or for assistance with BCS preparation and project grouping/bundling, should be directed to the local Business Planning group (if applicable) and local Controllership contact, or Angelo Pavia in Investment Management at 905-995-2139.

4.0 OTHER PLANNING REQUIREMENTS

4.1 BUSINESS PLAN RISKS

CONTACT: ALEXANDER DE ANGELIS

4.1.14 4.1.1 Enterprise Risk Management Process

Enterprise Risk Management (ERM) is an integral part of OPG's system of governance, and BUs' achievement of business plan objectives will be enhanced through the identification, assessment and documentation of risks that could impact the achievement of OPG's strategic objectives or BU objectives over the business planning horizon. This will allow for development and execution of risk treatment activities, support strengthened behaviours and facilitate attainment of organizational objectives. As part of the business planning process, BUs should review key business planning assumptions and ensure significant uncertainties are captured as risk events in respective risk registers.

During the second quarter, BUs should update their existing risks based on any plan-over-plan changes to the business plan assumptions and identify new risks as necessary. Additionally, BUs should review existing risk controls and RTPs (including target completion dates of mitigating actions) for effectiveness in addressing the risks (i.e., minimizing likelihood and/or impacts to achievement of objectives to enable predictable outcomes).

4.1.15 4.1.2 Integrated Risk Informed Decision Making

In developing the business plan, BUs should ensure that risks are considered as part of the decision making process at the strategic, operational, program and project levels. Risks to achieving capital and OM&A budgets should be incorporated, as appropriate. This includes priority setting and allocation/reallocation of resources to develop budgets, taking into consideration regulatory outcomes, and operational, project and financial performance implications.

BUs should have at least one live session with a member of the ERM team, when their business plan is being developed, prior to it being finalized or near finalization. ERM's role is to help support the BU with identification, assessment, treatment and reporting of risks that could affect the business plan. Managing risks can involve trade-offs between competing objectives (such as quality vs. cost). BUs should properly analyze and assess these trade-offs. Assistance from the ERM group is available, if required. Business plans should include funding for risk treatment plans that help mitigate identified risks.

4.1.16 Key Deliverables to be Completed by BUs

BUs should summarize their significant risks and associated treatment plans in the business plan presentations and review with the ERM group.

4.1.3.1 Risk Register Update

Each BU should ensure that risks to their business plan are properly identified and articulated as risk events, and are documented in the applicable risk register. The risk registers should be updated[1] for existing, new and emerging risks and risk treatment activities.

Responsibility: BU Risk SPOC(s) with input from risk SMEs due **July 31, 2020**.

[1] All BU risks that have been migrated into Resolver GRC Cloud should be updated in the system. BU risk registers that have not yet been migrated to GRC Cloud should be updated in a format consistent with previous years. Migration of outstanding BU risk registers to Resolver GRC Cloud will be scheduled for this year. See OPG-PROG-0004: Enterprise Risk Management Program for minimum risk management requirements as part of business planning. Additionally, see OPG-PROC-0094: Enterprise Risk Management Reporting Procedure for enterprise risk prioritization methodology including when to flag significant BU risks for ERM reporting and further information on the ERM process.

4.1.3.2 Business Plan Presentation

The BUs should summarize all significant risks on a separate slide in the CEO/CFO business plan review presentation document, using the business plan presentation risk template. The summary slide(s) should include a brief description of each risk, an assessment of the current risk rating and proposed plans for risk treatment. BUs can also use risk dashboards to summarize significant risks to their business plans.

For further details, please visit the ERM Website (on PowerNet under Business Functions > Ethics, Law, Regulation, Risk & Strategy > Risk) and the Risk Instructions for Business Planning page. Please contact your ERM SPOC with any questions about the risk management process and for quality checks of documenting significant BU risks and associated treatment plans prior to summarizing these in respective BU business plan presentations. ERM can also facilitate the BUs to self-assess effectiveness of their RTPs for significant BU risks.

Responsibility: BU Business Planning / Risk SPOC

4.1.17 Risk Treatment Plans

BUs should update or develop RTPs for addressing their risks. Each RTP should address a root cause or an impact of the risk and represent the actions taken to prevent the risk from occurring or to reduce the impact if the risk occurs. RTPs and timeframe for their implementation should be noted in the applicable risk register. Additionally, implementing RTPs should not introduce new risks.

4.1.18 ERM Risk Reporting Timeline

Enterprise-level risks are reviewed with accountable organizations as a key component of the quarterly ERM reporting cycle. This ensures that risk management is used to inform decision-making while also reporting key risks to the Executive Risk Committee and the Board of Directors. As such, the major risks impacting BU objectives, which are included in the business plans, should flow through the regular quarterly ERM reporting cycle during the second quarter. This includes risk discussions with BU senior leadership teams, Renewable Generation Executive Team and Nuclear Executive Committee.

4.1.19 Risks Impacting Business Continuity and Emergency Management

Risk identification should ensure that all hazards to OPG are considered. A list of these hazards can be found in OPG-PROG-0004. BUs should evaluate their risk mitigation and risk remediation plans to reasonably ensure that:

- Occurrence of applicable hazard does not result in a risk event for OPG.
- At a minimum, critical business processes are resilient enough to continue operations in the event risk scenarios mentioned in OPG-GUID-08115.21-0001 Business Continuity Guideline were to materialize.
- Mitigation and remediation plans have appropriately taken into account vulnerabilities in the context of applicable hazards, including the COVID-19 pandemic.

4.1.20 Risks affected by the Changing Climate

Risk identification should ensure that climate related risks are considered. This includes reassessment of existing risks for potential changes in the intensity, frequency or type of impacts resulting from changing climate parameters. There are two major types of climate related risks – physical risks and transition risks.

Physical risks refer to risks arising from extreme weather events and/or changing climate trend. Projected climate change indicators and potential impacts are available on the Climate Change Adaptation intranet site. For existing risks, BUs should evaluate the assumptions associated with their risk treatment, monitoring and remediation plans to reasonably ensure that:

- Assumptions are still valid within the projected changes in applicable climate parameters

- If an extreme weather event were to occur, critical business processes and/or physical systems are resilient enough to continue operations regardless of the source of the disruption.
- Treatment, monitoring and remediation plans have appropriately taken into account process/asset vulnerabilities in the context of projected changes.
- Potential opportunities created by the changing climate are identified and evaluated.

Transition risks refer to risks arising from changing regulations or socioeconomic conditions resulting from climate change. For existing risks, BUs should evaluate the impact of potential changes in market demand, public perception/acceptance and regulations driven by public and/or government efforts to address climate change.

4.2 ENVIRONMENT, HEALTH AND SAFETY REQUIREMENTS

CONTACTS: JOHN BEAUCHAMP / BARB MEDEIROS

OPG's *Environmental Policy* (OPG-POL-0021) and *Employee Health and Safety Policy* (OPG-POL-0001) establish the Company's commitment to meeting environmental, health & safety compliance obligations and to the prevention of workplace injuries and ill health. These policies specify that BU and Function leaders are accountable for the effective implementation of the Company's Environmental Management System (EMS) and the Health and Safety Management System Program within their respective organizations.

Within the EMS, OPG manages its negative and positive impacts on the environment. The most significant environmental aspects of OPG's operations include: spills, fish impingement and entrainment, displacement of fossil fuels, wildlife habitat enhancement/disruption, chemical and thermal emissions to water, radiological emissions, radioactive waste, and water flow and level changes. OPG is also striving to be a leader in climate change mitigation.

With safety as a core company value, OPG is committed to safety excellence, sustaining a strong safety culture, and continuous improvement in pursuing the goal of zero injuries. Corporate-level priorities and initiatives with which BUs can align are: iCare safety culture, field observations, positive recognition of the presence of defenses against high-consequence hazards, safe work planning, improving health performance through engagement with attendance support programs, identification and control of safety and psychosocial hazards, and the improvement of safety value for money through vendor management and innovation.

Key considerations of the current business planning process are as follows:

- BUs should identify and budget for Environment, Health & Safety (EHS) programs, projects and work, including requirements for operational control programs, environmental approvals, and emergency preparedness and response. As part of this process, BUs should work with EHS to identify inter-business unit requirements through the SLA process.
- BUs should also identify any new or changed activities, products, and services that can interact with the environment (e.g. new waste stream, effluent). BUs should also budget for changes in processes and practices to adapt to climate impacts and projects that increase resilience.
- BUs are encouraged to identify priorities that will support the achievement of OPG's safety goals. BUs should maintain and review funding for work-driven safety needs such as personal protective equipment, hazardous material sampling, maintenance and inspection of safety-related equipment, work protection equipment status monitoring programs and programs to manage infectious diseases such as COVID-19.
- BUs and EHS should collaborate and agree upon budgeting decisions. Any plans by BUs to discontinue funding or staffing of environmental and/or safety-related program elements should be previewed and coordinated with EHS, along with transfer plans for any associated budgetary and staffing resources as applicable.

EHS holds the budget for on-site biodiversity programs, ISO 14001 EMS certification and for the development and maintenance of the health and safety program.

4.2.1 Changing Compliance Obligations

The following changing compliance obligations are expected to impact OPG during the business planning period and should be reflected in the business plan.

ITEM	BUSINESS PLANNING ACCOUNTABILITY
Fisheries Act Authorizations	When planning projects with in-water work, consult with Environment about the potential for added costs associated with *Fisheries Act* authorizations. Changes to the *Fisheries Act* in 2019 introduced new prohibitions against causing serious harm to fish and/or fish habitat. Project-specific authorizations may result in costly terms and conditions if harm cannot be avoided. In RG, consult with Environment about regulatory and cost uncertainty associated with hydroelectric operations. At the time of writing, the new regulatory regime has not been fully developed to provide certainty in business planning.
Phase-out of Polychlorinated Biphenyls (PCBs)	Plan to fulfil the phase-out provisions of the PCB Regulations. BUs should consider, where applicable, establishing a systematic process to: • identify and replace electrical oil-filled equipment (transformers, bushings, instrument transformers, pole-top transformers, etc.) containing PCB in a concentration of 50 ppm or greater by 2025; • replace electrical oil filled equipment (transformers, bushings, instrument transformers, pole-top transformers, etc.) by 2025, where PCB concentration cannot be determined; • identify fluorescent light ballasts remaining in service that may be PCB contaminated; and • remove and destroy PCB contaminated fluorescent light ballasts when they are taken out of service or by 2025.
Air Emission Standards	[redacted]
Prohibition of Asbestos and Products Containing Asbestos	Plan to adhere to the Asbestos Regulations (SOR/2018-196) which prohibit the import, sale and use of asbestos and the manufacture, import, sale and use of products containing asbestos in Canada. BUs need to consider that the use or installation of a new asbestos containing product from inventory or new purchase is prohibited, with the following limited number of exceptions: • If the asbestos and products containing asbestos were installed or used prior to December 30, 2018. • If there is no technically or economically feasible asbestos-free alternative available, and the asbestos containing product is required to protect the environment or human health. • If the asbestos containing equipment is used in a nuclear facility. Until December 31, 2022, the use or purchase of new products containing asbestos fibres to service equipment in a nuclear facility is permitted if there is no technically or economically feasible alternative available. • If the processed asbestos fibres and products containing asbestos are for laboratory use. BUs should keep records and seek alternative products as appropriate, and where required work with Environment for submission of permits and annual reports of asbestos used, along with documentation demonstrating that there was no technically or economically feasible asbestos-free alternative. The exception is for Nuclear where the permits are not required until 2022.
Carbon Tax	Plan for added fuel charges (carbon tax) under the federal Greenhouse Gas Pollution Pricing Act for all fossil fuel purchases at OPG sites (with the exception of Lennox's natural gas, residual fuel oil and ignition oil). The purpose of this legislation is to incentivize behavioural change that leads to increased energy efficiency, to the use of

<table>
<tr><td></td><td>cleaner energy, to the adoption of cleaner technologies and practices and to innovation. The rates of charge for fossil fuels from 2020-2027 are as per the table below:
<table>
<tr><th rowspan="2">Period</th><th colspan="4">Rates of Charge for Fossil Fuel</th></tr>
<tr><th>Gasoline*</th><th>Light Fuel Oil* (Diesel)</th><th>Heavy Fuel Oil* (RFO)</th><th>Natural Gas±</th></tr>
<tr><td>April 1, 2019 to March 31, 2020</td><td>4.42</td><td>5.37</td><td>6.37</td><td>3.91</td></tr>
<tr><td>April 1, 2020 to March 31, 2021</td><td>6.63</td><td>8.05</td><td>9.56</td><td>5.87</td></tr>
<tr><td>April 1, 2011 to March 31, 2022</td><td>8.84</td><td>10.73</td><td>12.75</td><td>7.83</td></tr>
<tr><td>After March 31, 2022</td><td>11.05</td><td>13.41</td><td>15.93</td><td>9.79</td></tr>
<tr><td></td><td colspan="2">* (¢/litre)</td><td colspan="2">± (¢/m3)</td></tr>
</table></td></tr>
<tr><td>Excess Soil Management and Records of Site Condition (Brownfields)</td><td>The Government of Ontario has finalized new regulatory changes that aim to make it safer and easier to manage excess soil. The new excess soil regulation is being phased in as follows:
• July 1, 2020: reuse rules, including risk-based standards, waste designation and approvals.
• January 1, 2022: testing, tracking and registration.
• January 1, 2025: restrictions on landfilling soils.
Projects generating or receiving excess soil must meet regulatory requirements as they are phased in.</td></tr>
<tr><td>Safety Training</td><td>BUs should be aware of increased training time associated with regulations related to:
1) Joint Health and Safety Committee representative recertification
2) Working at Heights certification
3) Hazardous materials control</td></tr>
</table>

4.2.2 Planning for a Low-Carbon Future

In support of a low-carbon future, OPG's Climate Change Strategy provides an integrated view of company-wide initiatives under the three pillars of Mitigation, Adaptation and Clean Growth, as identified below. These initiatives are driven by risk management and business planning processes, and are aimed at promoting integration and collaboration across the organization.

PILLAR	BUSINESS PLANNING ACCOUNTABILITY
Mitigation *Darlington Refurbishment, small modular reactors, hydroelectric generation and redevelopments, other renewables, biodiversity program, carbon sequestration*	Business planning considerations associated with OPG's Mitigation initiatives are summarized in section 1.4, Business Planning Environment and section 1.7, Planning Assumptions.
Adaptation *Resiliency (i.e., risk management, water management, infrastructure, biodiversity program) and operational planning (i.e., demand forecasting)*	Increasing resilience is strengthening the organization to adapt to projected future climate conditions. In addition to validating risk assumptions against projections (refer to section 4.1.6, Risks affected by the changing climate), BUs should incorporate costs associated with risk treatment activities. Examples may include: • Changing frequency of inspections or preventative maintenance; • Modifications to prevent equipment flooding; • Changes to minimize impacts of extreme weather/pandemics; or • Activities to mitigate against premature end of life due to harsher or more volatile operating conditions. Increasing resilience includes opportunities. Examples may include:

	• Changes to capitalize on increased streamflows; • Automating sluices to achieve greater efficiency under more frequent volatile conditions and increase worker safety; or • Incorporating nature-based climate solutions for water management, storage and flood control. Expertise to support incorporation of climate projections is available to the BUs through the Climate Change Adaptation intranet site.
Clean Growth *Electrification strategy, renewable generation technologies, financial products such as green bonds*	OPG intends to transition its gas powered fleet to electric vehicles (EVs), where feasible, and facilitate EV adoption by OPG employees by providing access to workplace charging. BUs should plan for replacing OPG fleet vehicles with EVs where possible as they come off their lease and for the installation of EV charging infrastructure, considering the following: • BUs will consult with their local Facilities group for the installation of EV chargers to support their growing fleet. BUs will need to comply with amending O. Reg. 563/17 (Building Code O. Reg. 332/12), which includes provisions to support the smooth implementation of EV charging requirements. • Supply Chain will continue to support the purchase of fleet vehicles in accordance with OPG-PROC-0162, Fleet Management, including the purchase of EVs. • BUs should continue to plan for fleet vehicle costs including the fleet vehicles converted to EVs. • BUs may engage with Electrification Development for information regarding vehicles and charging during the initial planning of their fleet electrification efforts.

4.2.3 Environment, Health and Safety Targets

EHS performance targets for the business plan period will be established by Corporate EHS for Nuclear, RG, Corporate Real Estate and Corporate Functions, in consultation and agreement with these BUs. These targets should be reflected by the BUs in their respective business plans.

4.3 INDIGENOUS RELATIONS INITIATIVES

CONTACT: IAN JACOBSEN

OPG recognizes the importance of continuing to strengthen relationships with the Indigenous Peoples in Ontario. As set out in OPG-STD-0087, *Management of Indigenous Relations*, BU plans should be developed with a view of implementing the requirements of OPG-POL-0027, *Indigenous Relations Policy*, by including appropriate program activities and associated costs. All operating BUs and other line organizations that have regular contact with Indigenous communities are required to develop programs in support of this Policy and include relevant resource requirements in their business plans, using OPG-FORM-0099, *Business Planning and Reporting Form.* In addition, all BUs that have planned for resources related to Indigenous communities are required to provide specific program details to Indigenous Relations by **July 31, 2020.** For further guidance on the information requirements, please contact Ian Jacobsen at 416-231-4111 ext. 5611.