BUSINESS PLANNING AND BUDGETING

1. PURPOSE

This evidence presents an overview of OPG's business planning and budgeting objectives, and the planning process that underpins this application.

2. OVERVIEW

The nuclear revenue requirement requested in this application is based on OPG's Amended 2020-2026 Business Plan (the "2020-2026 Business Plan") as approved by OPG's Board of Directors, which is filed as Attachment 1 to this schedule.[1] The 2020-2026 Business Plan covers a period of transformative change for OPG, including the planned shutdown of the Pickering nuclear generating station ("Pickering") and completion of the Darlington Refurbishment Program ("DRP"). It also reflects OPG's commitment to climate change action, workforce equity, diversity and inclusion ("ED&I"), and other corporate priorities.

The 2020-2026 Business Plan spans the seven-year period of the IR term and bridge years in this application. The plan reflects and is organized around OPG's four business imperatives: operational excellence, project excellence, financial strength and social licence. These imperatives support the company's corporate mission statement, "Providing low cost power in safe, clean, reliable and sustainable manner for the benefit of our customers and our shareholder." The 2020-2026 Business Plan also reflects customer input received through OPG's first formal customer engagement process as discussed in Section 6 below.

The 2020-2026 Business Plan reflects the actions implemented by OPG to date in response to the COVID-19 pandemic. OPG continues to closely monitor and respond to the evolving pandemic but, given its uncertainties, has not assumed additional impacts to the business in

[1] As detailed in section 4.2 of this schedule and in the Executive Summary of the plan document, the Amended 2020-2026 Business Plan comprises the plan for the period 2021 to 2026 developed during the annual business planning process in 2020, as well as a restated 2020 budget to reflect the known impacts of the COVID-19 pandemic. The 2020 budget has also been restated to reflect changes to the company's organizational structure following the realignment that the company undertook in the second half of 2020. Throughout the application, the Amended 2020-2026 Business Plan is referred to as the 2020-2026 Business Plan, unless otherwise noted.

developing the plan. The 2020-2026 Business Plan also reflects the organizational realignment implemented by OPG in the second half of 2020, as discussed in Section 3 below.

The 2020-2026 Business Plan covers a range of important events and initiatives for OPG's regulated generating facilities, including:

- Successfully executing the DRP and positioning the Darlington nuclear generating station ("Darlington") for strong post-refurbishment performance.
- Optimizing the remaining operating life of Pickering in a safe, reliable, and economically effective manner.
- Achieving a post-Pickering cost structure that mitigates, to a significant extent, the diseconomies of scale that will result within OPG from the Pickering shutdown.
- Where possible, minimizing the impact of transitioning the workforce to a post-Pickering organization, with an expected reduction of over 3,000 employees following the station's shutdown.
- Investing in continued reliability, resilience and value of the regulated hydroelectric fleet.

In support of advancing the company's objectives, the 2020-2026 Business Plan sets a suite of ambitious performance targets applicable to the nuclear facilities. In addition to cost performance, the targets focus on safety, reliability, sustainability and other performance outcomes to ensure the company continues to delivers value to Ontarians. These targets include:

- Base OM&A cost reduction targets intended to mitigate reallocation of about 90%, or $460M, of the corporate and operations support costs tied to Pickering. In addition to reductions directly resulting from shutting down the station, this target includes approximately $180M in cumulative savings between 2020 and 2024, on an inflation adjusted basis.
- Ensuring strong generation reliability performance for Darlington and Pickering, with a forced loss rate ("FLR") target of 1.0% for Darlington[2] and 3.5% for Pickering.

[2] Excluding the temporarily higher FLR expected immediately after refurbishment based on industry operating experience, as described in Ex. E2-1-1.

- Investing approximately $2.5 billion through the Darlington sustaining capital program in support of the station's ongoing strong performance for the next 30 years, with projects to be delivered safely, on time, on budget, and with high quality.
- Achieving high standards of workplace safety, including total recordable injury frequency of less than 0.10 (per 200,000 hours worked) for the nuclear facilities by the end of IR term.
- Achieving second quartile normalized Total Generating Cost ("TGC") per MWh performance for Darlington by 2026, positioning the station for further improvement in the post-refurbishment period.[3]
- Progressing OPG's climate change goal of net-zero carbon emissions by 2040, including initial planning and preparation activities for the deployment of a small modular reactor ("SMR") generating station at the Darlington site, subject to regulatory approvals.[4]
- Advancing the company's ED&I strategy, with a goal of OPG being recognized as one of Canada's Best Diversity Employers by 2023.
- Maintaining OPG's investment grade corporate credit rating to support the company's continued ability to access cost effective financing.

Financial information in the plan is presented on the basis of generally accepted accounting principles in the United States ("US GAAP"), which is OPG's financial reporting framework as discussed in Ex. A2-1-1.

The remainder of this schedule is organized as follows:

- Section 3 summarizes major elements of the 2020-2026 Business Plan.
- Section 4 summarizes OPG's business planning process.
- Section 5 summarizes planning for the Pickering shutdown.
- Section 6 summarizes the incorporation of customer input into OPG's business planning process.

3. BUSINESS PLAN SUMMARY

[3] The methodology for normalizing the TGC per MWh metric is discussed in Ex. F2-1-1.
[4] The planned costs during the IR term do not assume development of an SMR generating station pending an investment decision on the project upon completion of the initial planning and preparation phase over 2020-2021. See Ex. F2-8-1 for further information.

This Business Plan Period will encompass fundamental changes to OPG, which will significantly affect the company's revenues and cost structure. During this period, OPG will complete the DRP and take important steps toward re-aligning the company's cost structure and workforce with the end of commercial operations at Pickering. OPG will continue to focus on prudent cost management and productivity improvement, while ensuring that it operates in a safe, reliable, and environmentally and socially responsible manner. OPG will also advance its recently released Climate Change Plan through a range of de-carbonization and adaptation strategies.

Key elements and assumptions of the 2020-2026 Business Plan related to the nuclear facilities are summarized below, in addition to the post-Pickering cost structure and workforce transition goals discussed in Section 5:

- **Successful Execution of the DRP:** The 2020-2026 Business Plan reflects capital expenditures to complete the DRP by the end of 2026, based on an adjusted schedule in response to the COVID-19 pandemic. Upon conclusion, the refurbishment of the station will secure clean energy to supply over 20% of Ontario's electricity needs for the next 30 years and beyond. In preparation for the refurbishment of Unit 3, OPG has incorporated lessons learned from the successful refurbishment of Unit 2, and has made strategic improvements to its work on the next units. Following a deferral due to the onset of the COVID-19 pandemic in March 2020, OPG has now commenced the refurbishment of Unit 3 and has advanced planning for Units 1 and 4. Excluding the ultimate impact of COVID-19 on the project, Darlington refurbishment continues to track to the $12.8 billion budget. DRP-related elements of this application are set out in Ex. D2-2-1 to D2-2-11.

- **Optimizing Remaining Operating Life of Pickering:** The 2020-2026 Business Plan reflects OPG's plan for optimized operations at Pickering, as supported by the Province of Ontario (the "Province"), subject to the regulatory approvals by the Canadian Nuclear Safety Commission. OPG plans to safely operate the generating units until the planned shutdown in 2024 for Unit 1 and Unit 4 and at the end of 2025 for Units 5-8. Optimizing Pickering shutdown will mitigate the capacity uncertainties during the refurbishments of the Darlington and Bruce stations.[5] The optimized shutdown of Pickering is discussed in in Ex. F2-1-1.

- **Realigned Organizational Structure:** In the second half of 2020, OPG redesigned and consolidated several elements of the organization, combining a number of operations groups to facilitate increased collaboration, realize efficiencies, and make progress towards the company's planned post-Pickering organization. As part of the realignment, OPG centralized engineering and other operations support groups across the former Nuclear and Renewable Generation business units, which were combined under an Enterprise Operations organization. Additionally, OPG integrated major project execution responsibilities under the Enterprise Projects Organization ("EPO"), originally established in 2018, and amalgamated business development and other strategic activities under a new Enterprise Strategy organization. A summary overview of OPG's new organizational structure is provided in Ex. A1-5-1.

These changes are designed to facilitate increased innovation and talent development across the enterprise, improve collaboration and enable the company to leverage best practices across its generating operations and project functions. For example, while OPG will need to retain separate expertise on the unique characteristics of hydroelectric and nuclear operations, centralizing Nuclear and Hydroelectric engineering, asset management, innovation and data analytics functions enables OPG to create a two-fold efficiency improvement in the areas where both operations use similar equipment for similar functions. First, centralizing these functions allows a person or team to manage the engineering requirements for both hydroelectric and nuclear operations, which reduce resource

[5] Compensation-related aspects of Pickering Optimization are provided in Ex. F4-3-1. The Pickering Closure Costs Deferral Account established pursuant to O. Reg. 53/05 is addressed in Ex. H1-1-1.

requirements. Second, the increased collaboration allows OPG to leverage and scale innovations to implement operational efficiencies and asset management improvements more quickly to both hydroelectric and nuclear operations. As discussed in Ex. F2-1-1, OPG is installing sensors and remote monitoring technologies on both hydroelectric and nuclear plant equipment, which will provide real time data and analysis to ensure maintenance is done promptly and resource utilization is maximized. By having centralized engineering and strategic support teams, OPG will be able to apply such innovations to both operations more efficiently.

Integrating all major project execution groups from across the Nuclear and Renewable Generation business units into the EPO will further strengthen OPG's project management and execution performance in line with the Enterprise-Wide Project Excellence Initiative (Ex. D2-1-1). The Enterprise Strategy organization will support advancement of OPG's priorities including planning and preparation work for the SMR project, optimizing nuclear waste material management and decommissioning strategies, and advancing the OPG's Climate Change Plan.

By implementing the organizational realignment, OPG has taken significant steps toward achieving a desired post-Pickering organizational structure and reduced management roles across the organization by over 10%. The resulting cost reductions are reflected in the 2020-2026 Business Plan.

Throughout the application, OPG has restated the presentation of actual (2016-2019) and EB-2016-0152 OEB-approved (2017-2021) OM&A costs and associated full-time equivalents ("FTEs") for the new organizational structure and other changes in order to enable comparability with Business Plan period information.[6] Details on the normalization of OPG's nuclear OM&A are provided in Ex. A1-3-1, Attachment 1.

Operating Efficiencies: As discussed in Section 5.1.1, OPG has set top-down targets to drive significant cost reductions by 2026, in order to ensure strong cost performance of

[6] Capital costs are not presented using an organizational structure view in the application and therefore are not impacted.

remaining operations upon reallocation of shared costs currently tied to Pickering. OPG will work to achieve these targets over the Business Plan period through the development and implementation of a range of sustainable efficiencies, including technology-based and other productivity improvements, resourcing efficiencies, and streamlining of work programs. Greater use of technology and innovation enabled by OPG's Digital Strategy will be particularly critical to the successful implementation of the targets, necessitating the increased investments in information technology tools and infrastructure reflected in the 2020-2026 Business Plan (Ex. D3-1-1).

With respect to compensation, the OM&A targets reflect the requirements of Bill 124: *Protecting a Sustainable Public Sector for Future Generations Act, 2019* ("Bill 124"), which limits increases in wages and total compensation for OPG's unionized and non-unionized employees over a three-year period (Ex. F4-3-1 and Ex. A1-6-1).

- **Climate Change Plan and Small Modular Reactors:** OPG believes that clean power is fundamental to a healthy environment and a strong, sustainable economy. Having delivered one of the world's single largest climate change actions to date by ending coal-fired generation at its unregulated operations, OPG's planned investments and initiatives will continue to facilitate a supply of clean power and electrification. In November 2020, OPG released its Climate Change Plan, which includes a goal of achieving net-zero carbon emissions from the Company's operations by year 2040 and being a catalyst for helping markets in which OPG operates to do the same by 2050.[7] The Climate Change plan identifies a range of near-term and long-term potential actions that OPG can take to advance decarbonisation efforts. It also sets out some of the actions that OPG may take to ensure ongoing resilience of its generating assets to the changing climate.

[7] Online at http://www.opg.com/documents/opg-climate-change-plan-2020.

OPG expects SMRs will be a central element of the climate change plan for Ontario, and continues to advance the potential deployment of this new technology at the Darlington site, subject to regulatory approvals. The 2020-2026 Business Plan includes expenditures toward initial planning and preparation activities for the project over 2020 and 2021. Further information on these activities can be found in Ex. F2-8-1.

As OPG continues to progress its climate change adaptation and resilience efforts, it will likely need to increase investment over time. During the Business Plan Period, the company will continue to assess and target climate risks to help strengthen the resilience of its generating assets and ultimately ensure an efficient and sustainable electricity sector. In the near term, OPG is investing in projects and initiatives aimed at addressing immediate physical adaptations as part of its sustaining capital portfolio, such as the advanced algae early warning system at Pickering.

- **Response to COVID-19 Pandemic:** From the onset of the pandemic in the first quarter of 2020, OPG has recognized the importance of its role as Ontario's largest electricity producer and community partner. The 2020-2026 Business Plan includes the impact of the actions taken to date by the company in response to COVID-19, including through a generation plan that reflects a deferred Darlington refurbishment schedule and other associated changes in Darlington outages, and certain incremental expenditures being incurred in the course of the pandemic.[8] OPG continues to participate in the OEB's ongoing *Consultation on the Deferral Account – Impacts arising from the COVID-19 Emergency* (EB-2020-0133).

- **Equity, Diversity and Inclusion, and Indigenous Relations:** OPG will continue to advance workplace ED&I as part of a culture in which all employees, contractors and business partners are treated fairly and respectfully, and each individual is able to reach their full potential. OPG believes that ED&I is integral to fostering an innovative, healthy and engaged workforce, and is therefore fundamental to the achievement of the company's

[8] As a result of the deferred DRP schedule, OPG moved an outage from 2020 to 2021 and also added a regular planned outage in 2021 to support Unit 4 operation until its start of refurbishment. See Ex. E2-1-2 for further discussion.

strategic goals. Over the Business Plan Period, OPG will build on its actions to date, with the goal of becoming one of Canada's Best Diversity Employers by 2023.

Additionally, OPG will continue to build mutually beneficial working relations with Indigenous communities proximate to its current and planned future operations through proactive engagement, consultation, fostering opportunity and other efforts. OPG believes in establishing and maintaining these relationships through dialogue founded in respect and aimed at preserving openness, transparency and trust. These strong relationships and partnerships are important to maintaining OPG's social licence in the communities.

- **Maintaining Investment Grade Credit Rating:** OPG expects its credit metrics, as used by the rating agencies to assess the company's credit risk, to be more pressured during the earlier years of the Business Plan Period. This includes the effects of lower nuclear generation during the remainder of the DRP, which will reduce operating cash flow due to rate smoothing deferrals, and the planned capital investment program. OPG's rate smoothing proposal in this application has been developed to balance the impacts on customers and OPG's credit metrics, using the criteria adopted by the OEB in EB-2016-0152. The 2020-2026 Business Plan and this application reflect borrowing costs consistent with OPG's current investment grade credit rating. The rate smoothing proposal is discussed in Ex. I1-3-2 and the long-term cost of debt is presented in Ex. C1-1-2.

- **IESO Market Renewal:** As stated in Ex. A1-3-1 and Ex. A1-6-1, the 2020-2026 Business Plan, and this application, do not include any rate-setting impacts resulting from changes to OPG's role in the IESO-administered market given the inherent uncertainty associated with the final design and implementation of a number of key features.

- **Nuclear Liabilities:** OPG recognizes the importance of adopting optimal decommissioning strategies and the safe and effective stewardship over nuclear material throughout its entire lifecycle. Over the Business Plan Period, OPG will complete the detailed planning and, upon shutdown of the units, begin execution of the Pickering SAFSTOR project to de-water, de-fuel and place the units in a safe storage state. Nuclear decommissioning and waste

management activities will continue to be charged against OPG's nuclear liabilities and, as applicable, funded from the nuclear segregated funds under the Ontario Nuclear Funds Agreement ("ONFA"). The 2020-2026 Business Plan and the application reflect the OEB-approved recovery methodology for the nuclear liabilities, based on the current approved 2017-2021 ONFA Reference Plan.[9] The 2022-2026 ONFA Reference Plan is currently under development and not expected to be finalized for the Province's approval until later in 2021.[10] OPG's nuclear liabilities and the ONFA are discussed further in Ex. C2-1-1.

4. BUSINESS PLANNING PROCESS

4.1. Planning Approach

The 2020-2026 Business Plan was approved by OPG's Board of Directors in November 2020. It sets out OPG's operational, financial and other performance goals and targets for the 2021-2026 period; a current forecast of performance for the 2020 year based on year-to-date information; and, to reflect pandemic-related impacts since the beginning of the year, an amended 2020 budget.[11] The 2020-2026 Business Plan has been submitted for concurrence to the shareholder pursuant to the Memorandum of Agreement (Ex. A1-4-1, Attachment 2).

In line with the period covered this application, the 2020-2026 Business Plan spans a total of seven years – longer than any prior OPG business plan. For each year of the plan, OPG prepared detailed plans for generation performance, resource requirements, asset lifecycle investments, major project execution, and operational costing for the nuclear facilities. Although the plan's term required OPG to set operational and financial targets, and to make operational and financial assumptions, to a level of detail not previously not previously employed for this duration of planning horizon, OPG followed the same approach, process and rigour as applied to prior business plans. This included comprehensive company-wide planning instructions, top-

[9] This is the same ONFA Reference Plan that was reflected in the EB-2016-0152 Payment Amounts Order.
[10] The corresponding revenue requirement impact of the approved 2022-2026 Reference Plan will be recorded in the Nuclear Liability Deferral Account for the prescribed facilities and the Bruce Lease Net Revenues Variance Account for the Bruce facilities.
[11] When presenting IR term information in this application that requires direct continuity of balances from 2020, such as rate base values, OPG has used the 2020 current forecast information from the 2020-2026 Business Plan, rather than the restated budget.

down target setting for key resource envelopes, application of consistent assumptions, and identification of risks and mitigation measures.[12]

OPG's business planning process is underpinned by the following four business imperatives, around which the 2020-2026 Business Plan is itself organized:

Operational Excellence – Continuing to safely and efficiently operate and maintain the generation fleet through a high-performing, engaged workforce is OPG's core priority.

Project Excellence – In addition to continuing to approach the execution of the DRP as a destiny project, OPG strives to deliver all projects safely, on time, on budget, and with high quality.

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, while prudently managing risks.

Social Licence – Maintaining public trust, building relationships with communities and upholding high standards of corporate citizenship is essential to OPG's ongoing social licence. This includes stakeholder expectations related to impacts on the cost of electricity and reduction of carbon emissions.

4.2. Business Plan Process

As in prior payment amounts applications, OPG's business planning and budgeting process continues to be a decentralized annual process undertaken within a consistent, top-down framework of strategic objectives, resource guidelines, and costing assumptions. Within this framework, the individual businesses and support groups develop their specific strategic and

[12] The key assumptions and risks associated with the 2020-2026 Business Plan are set out at Attachment 1, pages 41 and 42, respectively

performance objectives, and then identify and plan the work required to achieve these objectives.

Using the above approach, OPG issued corporate-wide business planning instructions ("Instructions") for the preparation of the 2020-2026 Business Plan in June 2020.[13] The Instructions provided guidance to lines of business and functions across the organization on the preparation of planning submissions for 2021 to 2026, as well as direction for the preparation of a restated 2020 budget to reflect known impacts of COVID-19. The Instructions are filed as Attachment 2 to this schedule.

In addition to setting out resource targets, the key elements of the Instructions included:

- A summary of the strategic planning context and goals, and key factors of the external and internal business planning environment
- Identification of key operating, project, economic, staffing and other planning assumptions to be used in the development and costing of plans
- Establishment and communication of information submission requirements, business planning schedules, milestones and activities, and instructions for use of internal business planning tools
- Instructions for the identification and reporting of key business plan risks and development of risk mitigation measures
- An outline of environment, health and safety compliance requirements in the Business Plan Period, and instructions for planning for climate change related initiatives and impacts

The Instructions also included the results of OPG's customer engagement process. Business units were required to consider customer input when preparing their respective business plan submissions. More information on the role of customer engagement in the 2020-2026 Business Plan is provided in Section 6.1 below.

[13] As in prior applications, OPG's corporate business planning process was coordinated by the Finance organization.

Based on the key planning assumptions, the Instructions set out annual OM&A and sustaining capital expenditure targets for the Business Plan Period.[14] The OM&A targets were established with a view to driving productivity and efficiency improvements and aligning OPG's future operating cost structure with post-Pickering operations, while ensuring continued safe, reliable and environmentally sustainable operations. Sustaining project capital targets were set in support of effective execution of asset management strategies and continuous improvement of project outcomes, taking into consideration resourcing capacity and expenditure targets. The operating cost targets reflected in the 2020-2026 Business Plan are further discussed in Section 5.1.1 below.

Based on the Instructions, each business and function identified objectives, performance targets, resources, key initiatives and risk mitigation strategies that informed the development of their business plan input. This included work programs and projects required to achieve the objectives, taking into account the corporate targets and results of customer engagement. Where necessary, trade-offs were made to deal with emerging issues. Reviews were undertaken within each of the businesses and functions such that the resulting plans reflected the highest priority work needed to meet the applicable safety and social licence goals, regulatory commitments, operational targets, project milestones and strategic objectives. Project portfolios of both OM&A and capital investments, maintained and prioritized within each business, allowed the highest priority investments, comprising those related to safety, regulatory commitments and equipment reliability, to be incorporated into the business planning submissions.[15] Nuclear, hydroelectric and other generation plans were developed based on outage requirements, reliability parameters, water flow forecasts and other applicable technical, operational and external variables.

[14] For 2020, the targets included as an initial estimate of identified COVID-19 impacts as applied to the year's original budget.

[15] An overview of enterprise-wide project categorization and project review processes is provided in Attachment 3. Investment identification and project management processes for nuclear and support services projects are set out in Ex. D2-1-1 and Ex. D3-1-1, respectively.

Through the summer of 2020, OPG held a series of review meetings with the senior leaders of each business function on their respective plans. Additionally, briefings and challenge sessions were held on business and functional plans with senior leaders of the Finance team, including reviews of planning submissions against targets and strategic objectives. The challenge sessions included a focus on identifying any opportunities for further optimization of the proposed plans. As necessary, updates were also made to reflect the implementation of the organizational realignment in the second half of 2020.

Based on submissions received from across the organization and any subsequent revisions through the review process above, a consolidated generation and financial plan (and restated 2020 budget, based on an updated estimate of the known COVID-19 impacts) was prepared. The information in the planning submissions was supplemented by corporate-level financial inputs including depreciation expense, nuclear liabilities impacts, borrowing requirements, income taxes and deferral and variance account additions for the remaining years of the current IR term.

Upon finalization, the draft consolidated Business Plan was reviewed with the President and Chief Executive Officer, Chief Financial Officer and other members of the Enterprise Leadership Team. In October 2020, the final consolidated Business Plan was submitted to and subsequently approved by OPG's Board of Directors.

5. PLANNING FOR PICKERING END OF COMMERCIAL OPERATIONS

Preparing for the end of Pickering commercial operations and the transition from a 10-unit nuclear fleet to a 4-unit fleet is a crucial focus area for OPG and a significant driver of the 2020-2026 Business Plan. The company's overarching goals for the Pickering shutdown are:

1) Realigning the company's cost structure in recognition of the reduced nuclear business;
2) Preparing the workforce for transition to post-Pickering operations; and
3) Positioning Darlington toward top quartile operational performance upon entering steady-state, post-refurbishment operations.

The first two goals are summarized below. The third goal is addressed in Ex. F2-1-1.

Realigning the Cost Structure

OPG seeks to realign its cost structure to enable strong cost performance for its remaining operations following Pickering shutdown, by reducing the effects of the diseconomies of scale. By definition, as OPG's business shrinks, its post-Pickering cost structure will be greater than its current baseline cost due to the fixed nature of some costs. Just as a growing business may benefit from certain economies of scale, a shrinking company faces the opposite effect of a reduced asset base requiring many of the same functions. In recognition of this reality, OPG identified the risk to future cost performance posed by the significant diseconomies that could occur due to the end of commercial operations at Pickering.

While recognizing that it will not be possible to fully offset these impacts, OPG set out to mitigate them by targeting sustainable structural and efficiency improvements across shared functions and processes in the corporate and nuclear support organizations. Developing and beginning to implement these efforts has been and continues to be an area of significant focus for OPG's management team leading up to the Pickering closure.[16] As discussed below, the 2020-2026 Business Plan targets for base OM&A expenses have been set to drive this outcome.

Preparing the Workforce

In preparing the workforce for transition to the post-Pickering organization, OPG has two main planning goals:

1) Minimize the organizational and cost impact of reducing the workforce, while ensuring safe and reliable operations over the station's remaining life and through post-shutdown activities
2) Ensure that the workforce is well positioned and appropriately resourced to implement and sustain the transformational changes targeted in the 2020-2026 Business Plan

As noted above, OPG expects that over 3,000 positions occupied by unionized (regular and term-based) and management employees to be eliminated as a result of the Pickering

[16] At OPG, this work is sometimes referred to as preparing for "OPG25" or "OPG 2025".

shutdown. For unionized employees, this will be a complex process undertaken pursuant to collective agreement provisions, resulting in some regular employees transferring from former Pickering positions to positions at Darlington or other parts of the organization. Beyond the financial implications, OPG will also need to manage any operational risks that may arise as a result of a transitioning and shrinking workforce.

Staffing and other plans underpinning the 2020-2026 Business Plan have been developed with a view to facilitate, within safety and operational constraints, the above objectives through such strategies as optimizing the resource mix, leveraging attrition and facilitating the transfer of regular employees from Pickering to Darlington ahead of the Pickering shutdown. Some of the strategies, such as continued ability to hire term-based employees into unionized positions, are dependent on collective bargaining outcomes over the planning period, which are inherently uncertain. As discussed in Ex. F4-3-1 and Ex. H1-1-1, OPG does not seek recovery of costs arising from any Pickering closure activities in this application and will record them in the Pickering Closure Cost Deferral Account pursuant to Ontario Regulation 53/05.

As further discussed in Ex. F4-3-1, OPG must also ensure that its workforce is sustainable, enabling the company to continue operating at a high standard of performance both during and beyond the Business Plan Period. This includes equipping employees with the skills and qualities needed to support organizational needs and to achieve the objectives of the 2020-2026 Business Plan. Leveraging the organizational realignment in the second half of the year, the business plan was developed with a view to reinforce a cultural focus on collaboration, innovation and agility.[17]

5.1.1 Base OM&A Targets

The base OM&A targets in the 2020-2026 Business Plan were set in recognition of the fact that OPG must sustainably adjust its operating expenditure profile to mitigate post-Pickering diseconomies of scale. Given the magnitude of the required organizational change in the years leading up to the station's planned shutdown, OPG employed a "top down" approach to establishing the targets. In setting the trajectory, OPG sought to balance cost goals with other

[17] At OPG, this work is referred to as the "One OPG" initiative.

critical priorities, including continued safe and effective operation of the facilities, a substantial capital work program, and the completion of the DRP. As such, the final targets also reflected close consultation with the lines of business.

In addition to building on concerted efforts over the last several years to improve the cost structure, the target-setting process reflected a number of considerations to arrive at what OPG considers to be a challenging-but-realistic cost trajectory leading up to 2026. These included:

- Functional initiatives in place for continuous improvement
- Impact on Darlington's cost performance trajectory
- Ability to leverage investments in technology to drive change and realize efficiencies
- OPG's labour context and the profile of its workforce leading up to and through Pickering shutdown
- Resourcing needs for successful execution of the DRP through multi-unit outages
- The need to support fleet aging management and life extension initiatives, as well as emerging regulatory and other requirements
- Ability to manage potential risks in transitioning to a four-unit fleet
- Resourcing needs and impacts on corporate level strategic priorities
- Known impacts of the COVID-19 pandemic

Consistent with these considerations, the 2020-2026 Business Plan has set an ambitious trajectory to deliver on the following cost goals:

1. Mitigating corporate and operations support costs tied to Pickering by 2026
2. Driving savings in base OM&A costs attributed to the nuclear facilities over the period leading up to the planned Pickering shutdown
3. Targeting second quartile normalized TGC per MWh performance for the Darlington station by the end of the IR term

Each cost goal is summarized below:

Mitigating Support Costs by 2026: OPG plans to mitigate approximately 90% of corporate and operations support costs tied to Pickering by 2026. This is equivalent to removing an estimated $460M (in 2026 dollars) of base OM&A from the corporate

Support Services and Operations and Project Support organizations. In measuring this mitigation impact, OPG has used its 2016 actual cost structure (escalated to 2026 dollars) as the baseline, in recognition of the initiatives that have already begun to be implemented over the present IR term. This calculation of $460M involved the following steps, summarized in Chart 1 and shown in Chart 2 below:[18]

Chart 1 – Description of Corporate and Operations Support Cost Mitigation Calculation[19]

Step	Description
1	Escalating actual allocated corporate Support Services and Operations and Project Support costs for each of Pickering and Darlington in 2016 to 2026
2	Calculating the difference between the amount identified in Step 1 for Darlington and the 2026 planned amount of allocated corporate Support Services and Operations and Project Support for Darlington in this application
3	Comparing the amount for Pickering calculated in Step 1 with the amount calculated in Step 2. To compute the percentage, amount calculated in Step 2 was divided by the Pickering amount calculated in Step 1.

Chart 2 – Corporate and Operations Support Cost Mitigation Calculation

Line	*$ millions*	Reference	2016 Actual	2026 Plan		2016 2026$ [1]	Variance (b) less (c)
			(a)	(b)		(c)	(d)
	Pickering						
1	Pickering- Operations and Project Support	Ex. F2-2-1 Table 1, Note 3	265	0		323	(323)
2	Pickering- Corporate Support Allocated	Ex. F3-1-1 Table 3b, Line 8	156	0		190	(190)
3	Total Pickering		421	0		513	(513)
	Darlington						
4	Darlington- Operations and Project Support	Ex. F2-2-1 Table 1, Note 3	187	247		228	19
5	Darlington- Corporate Support Allocated	Ex. F3-1-1 Table 3a, Line 8	155	223		188	35
6	Total Darlington		342	470		416	54
7	**Total Nuclear (Line 3 + Line 6)**		**763**	**470**		**930**	**(460)**

1 2016 actual costs are converted to 2026 $ at an assumed rate of 2%. Calculated as column (a) x (1.02)^10

[18] All escalation calculation use an assumed 2% rate.
[19] While this calculation does not include the regulated hydroelectric operations, based on the 2020-2026 Business Plan, OPG expects impacts there to be relatively minor.

Reductions have also been achieved in Darlington's direct station Base OM&A costs for 2026 in this application. These costs are approximately $42M less than the 2016 actual amount escalated to 2026.[20]

Driving Base OM&A Savings Leading up to Pickering Shutdown: The 2020-2026 Business Plan targets savings of approximately $180M over the 2020-2024 period in inflation-adjusted total base OM&A costs attributed to the nuclear facilities (Pickering and Darlington stations, Operations and Project Support and corporate Support Services). Shown in Chart 3 below, the calculation involves escalating 2019 actual costs to 2024, and summing the differences across years between this hypothetical cost and the planned cost in this application. The calculation is performed to 2024 only, due to the significant reductions in the planned costs in 2025 and 2026 reflecting the planned Pickering shutdown.

Chart 3 – Inflation-Adjusted Nuclear Base OM&A Savings

Line	*$ millions*	Reference	2019 Actual	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan	Variance sum of (b) to (f)
			(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Nuclear Base OM&A								
1	Nuclear Operations Base OM&A [1]	Ex. F2-2-1 Table 1, line 3 + line 9, col. (d) to (i)	1,252	1,291	1,281	1,311	1,306	1,293	6,482
2	Corporate Support Base OM&A	F3-1-1_Table 3 line 8 + line 9, col. (d) to (i)	343	358	372	362	360	350	1,802
3	Total Nuclear Base OM&A	(line 2 + line 3)	1,595	1,648	1,654	1,673	1,666	1,643	8,284
4	**Inflation Adjusted OM&A (2%)**	2020 = Line 3, col. (a) x (1.02), 2021 onwards = preceeding year value in line 4 x 1.02		1,627	1,659	1,693	1,726	1,761	8,466
5	**Total Nuclear (Line 3 + Line 6)**			**21**	**(6)**	**(20)**	**(60)**	**(118)**	**(182)**

1 Excludes CRVA eligible cost (Ex F2-2-1_Table 1, line 13)

Second Quartile TGC/MWh Performance at Darlington: OPG is working to achieve second quartile normalized TGC/MWh performance for the Darlington station by the end of the IR term, to serve as a jumping off point for continued improvement after transition to steady-state operations and capital investment profile, post refurbishment. This is discussed further in Ex. F2-1-1.

[20] Calculated as: Ex. F2-2-1, Table 1, Line 1, Col. (a) x (1.02)^10 less Ex. F2-2-1, Table 1, Line 1, Col. (k) [$337.2M x (1.02)^10 less $369.4M = $41.6M]

5.1.1. Initiatives to Support Business Plan Targets

While the changes required to meet the above goals will undoubtedly challenge the organization, OPG believes that it is well positioned to deliver on this transformational Business Plan.

During the IR term, OPG will both progress the current initiatives discussed in this application, as well as identify, plan and develop the full range of specific opportunities and strategies needed to meet the targets. Successfully doing so will benefit customers for many years after this IR term through ongoing improved cost performance of the regulated facilities. The progress toward the targets will be monitored at the corporate and functional levels, driven by the same top down approach that established the targets in the current planning cycle.

In addition to the 2020 organizational realignment described earlier, some of the initiatives discussed throughout this application include:

- **Digital Strategy**: Leveraging technology solutions such as the implementation of the Monitoring and Diagnostic Centre and other solutions (e.g., use of drones, process automation, and artificial intelligence) to redesign internal processes (Ex. D3-1-1 and Ex. F2-1-1).
- **Resource Optimization**: Optimizing work program resources by leveraging headcount reductions and implementing targeted staffing plans, and developing strategies to ensure increased knowledge retention and transfer in support of a leaner post-Pickering organization (Ex. F2-1-1).
- **Project Management**: Strengthening nuclear project portfolio management, which is now overseen by discrete asset management and project management groups. This structure provides enhanced focus and expertise, enabling more effective and efficient asset management, investment planning, and project management (Ex. D2-1-1).
- **Real Estate and Workplace Transformation**: Reducing real estate footprint and facilitating improved productivity by investing in a new, sustainable corporate campus for OPG's non-plant employees (Ex. D3-1-1).

6. Customer Engagement

This section describes the new formal customer engagement activities that OPG has undertaken to inform the 2020-2026 Business Plan in line with the OEB's expectations, which are set out in Section 6.1. It also reviews the other forms of customer engagement that the company undertakes in the ordinary course of business, as set out in Section 6.2.

6.1 Customer Engagement in Business Planning

6.1.1 Overview

In the EB-2016-0152 payment amounts application, OPG proposed developing a more formal customer engagement process to inform future business planning.[21] The OEB accepted the company's proposal, affirming its expectation that this new customer engagement would inform the company's next payment amounts application.[22]

In the Spring of 2018, OPG engaged Innovative Research Group Inc. ("INNOVATIVE") to conduct a multi-phase customer engagement process to seek input from customers to help inform the company's Business Plan. The goal of the first phase of the customer engagement process was to identify customer needs and preferences regarding certain customer-related outcomes of OPG's regulated facilities. The goal of the second phase was to identify customer feedback on certain specific choices that OPG would likely need to consider in the 2020-2026 Business Plan, such as its approach to rate smoothing and plans for certain projects. Customer input from both phases informed the 2020-2026 Business Plan.

For INNOVATIVE's research, OPG adopted a broad definition of its "customers." Since OPG sells electricity wholesale into the market, it does not have a direct commercial relationship with electricity consumers. Namely, OPG does not perform the transactional and service-related customer activities that a distributor does, nor does it manage customer accounts, respond to service calls, or make investment decisions that directly affect the delivery of electricity to individual customers. Additionally, the reliability of OPG's assets does not typically affect customers' service reliability. Nonetheless, the electricity that OPG generates – and how it

[21] EB-2016-0152, Ex. A-1-3-2, s. 5.
[22] EB-2016-0152, Decision and Order, December 28, 2017, p. 136.

generates that electricity – affects all Ontarians. In that broader sense, all electricity consumers in the province are OPG's customers. Accordingly, INNOVATIVE took a broad approach to its customer engagement research, encompassing residential and business customers throughout the province.

The process and results of both phases of INNOVATIVE's research are summarized below. INNOVATIVE's final report on both phases of the consultation is filed as Attachment 4 to this exhibit ("INNOVATIVE Report").

Phase 1: Outcome Priorities

The first phase of the consultation took place in the fall and winter of 2018. The goal of this phase was to identify customer needs and preferences on the customer-facing outcomes of OPG's regulated facilities.

The first phase was high-level by design. While OPG engages routinely with the communities in which it operates, this was the first consultation in which the company was seeking formal customer input to its business planning process. Before seeking feedback on specific business decisions, OPG needed to know what customers understood about OPG, its role in the province's electricity system, and the outcomes on which they would be consulted. This information is particularly important for OPG given that OPG does not have a direct relationship with customers.

INNOVATIVE employed multiple research methods in this phase. As described in the INNOVATIVE Report, they used focus groups and a public, voluntary online workbook to collect qualitative data, followed by a representative telephone survey of randomly recruited customers. For each method, INNOVATIVE conducted separate streams for both residential and small business customers.

In Phase 1, INNOVATIVE presented participants with nine customer-related outcomes of OPG's operations. Customers were asked to identify the importance of each outcome independently, and also in relation to the other eight.

As shown in Chart 4, customers felt that all nine outcomes were important. They also identified **safety**, **safe disposal of nuclear waste**, and **reliability** as extremely important.

Chart 4 – Customer Outcome Importance[23]

Extremely Important	Very Important	Important
✓ Ensuring safe and environmentally responsible disposal of nuclear waste ✓ Operating in a safe manner ✓ Ensuring reliable energy production for Ontario	✓ Operating in a transparent and accountable manner ✓ Producing low-cost power ✓ Protecting generation stations against physical and cyber threats and attacks ✓ Minimizing OPG's impact on the environment	✓ Making positive contributions to Ontario's economy ✓ Making positive contributions to local communities in which OPG operates

When asked to rank the relative priority of the same nine outcomes, customers ranked the outcomes as shown in Chart 5:

Chart 5 – Customer Outcome Priorities[24]

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

These customer outcome priorities were presented to senior management within the company in order to help inform business planning decisions.[25] As noted above, the customer outcome priorities were incorporated into the Instructions, which directed the company's business units to consider customer outcome priorities as part of their business planning submissions.[26]

[23] INNOVATIVE Report, p. 7.
[24] INNOVATIVE Report, p. 8.
[25] The results from Phase 2 of the customer engagement process were presented to OPG's investment planners through a series of meetings as well as through the Business Planning Instructions.
[26] Attachment 2, sections 1.4 and 3.1.c.

OPG's business priorities are well aligned with the customer priorities identified through the customer engagement process. As is outlined throughout the 2020-2026 Business Plan, OPG is focused on safely and reliably generating electricity and maintaining its position as a lower cost generator in Ontario. In-line with customer priorities, the average cost of OPG's electricity generated over the Business Plan Period is expected to be significantly lower than the average cost of other generators in Ontario. OPG has publicly reaffirmed its commitment to the safe and environmentally response disposal of waste upon launching the Center for Canadian Nuclear Sustainability in the second half of 2020 and will progress its plan to minimize OPG's impact on the environment in-line with the company's climate change goal of achieving net-zero carbon emissions by 2040. Lastly, but of the highest priority for OPG, is the safe operations of its generating fleet. OPG's sets targets to drive a high standard of safety in everything the company does.

Phase 2: Specific Choices

The second phase took place in the Spring of 2019, before the 2020-2026 business planning process began. Based on the outcome priorities that were identified in the first phase, INNOVATIVE solicited customer preferences on specific business decisions that could affect OPG's plan for the 2020-2026 period. INNOVATIVE also provided a "placemat" summarizing the results of the engagement. A copy of the placemat is provided as Attachment 5 to this schedule.

The choices presented to customers covered a range of topics that could potentially be included in the upcoming business plan. The options presented to customers were examples of decision points where "trade-offs" may exist from a customer's perspective. Where possible, OPG presented potential bill impacts for each option.

Unlike a distributor, only some OPG's business decisions presented clear trade-offs for customers. As an example, rate-smoothing options presented a clear value trade-off between: (i) paying less in the near term, but more in the long-term due to increased carrying costs, or (ii) paying more in the near-term, but less overall. INNOVATIVE also presented customers with examples of capital investment decisions on major initiatives and projects. However, OPG's

investment decisions for its generating facilities do not present a clear value trade-off. Unlike a distributor, OPG's capital investments do not directly affect customer service quality and hence present no readily discernable trade-offs between electricity reliability and price. In addition, many of OPG's capital investments are required for safety, security, environmental and other regulatory, compliance and asset sustaining purposes. Consequently, OPG often has little discretion to offer customers meaningful optionality among investments. Notwithstanding these limitations, OPG included capital investment options where trade-offs exist and where customer feedback could affect investment decisions and customer outcomes.

Similar to the results from the first phase of customer engagement, the customer feedback on the specific choices presented in the second phase was communicated through the rollout of the Instructions, the kick-off of the business planning process, and meetings with nuclear investment planners and other internal stakeholders. Chart 6 summarizes the feedback that OPG received on the specific choices, and how it informed the 2020-2026 Business Plan and this application.

Chart 6 – Specific Customer Feedback in Business Plan and Application

Topic	Customer Input Impact
Rate Smoothing Options	As part of OPG's request for feedback, rate smoothing was explained to customers as a balance of maintaining stable rates versus deferring collection of amounts to the future that would attract interest costs. Customers indicated support for a moderate level of smoothing. OPG's rate smoothing proposal results in an average increase in the company's weighted average payment amounts ("WAPA") of 1.6% over the 2022-2026 period, which is in the range of inflation and consistent with the average WAPA increase approved by the OEB in EB-2016-0152. OPG believes that this proposal is consistent with customer feedback, as discussed in Ex. I1-3-2, Section 5.4.

Making the Pickering Station Site Available for Other Uses after Shutdown	OPG's customer engagement process explored customers' willingness to pay more for an accelerated decommissioning process for the Pickering station site that would take approximately 25 years, making the site available for use sooner, as compared to the current standard approach that would make the site available for other uses after approximately 45 years. The majority of customers indicated that they would be willing to pay something additional on their monthly bill for the faster approach. These results will inform OPG's assessment of decommissioning strategy options going forward, without compromising OPG's focus on safety. In the near term, OPG will continue to conduct studies on the strategic evaluation of potentially moving to an accelerated decommissioning program that will take into consideration: experience from other nuclear station decommissioning programs, safety and security considerations, social and environmental impacts, availability of resources and infrastructure for waste management, and regulatory policies and framework, amongst other stakeholders' needs.
Hydroelectric Projects	*Overhauling Hydroelectric Stations*: Most customers prefer a faster or moderate pace over a slower pace for overhauling hydroelectric stations. Accordingly, the 2020-2026 Business Plan reflects a moderate pace of major hydroelectric sustaining projects (i.e. overhauls), which aligns with customers' priorities of producing low cost power and operating in a safe and reliable manner. *Niagara Frequency Conversion Project*: OPG has begun the project to replace the previously decommissioned 25 Hz Units G1 and G2 at the Sir Adam Beck 1 station with 60 Hz units. This is consistent with the customers' preference that OPG proceed with this project, as opposed to delaying the work.

Nuclear Projects	*Darlington Vapour Recovery System ("VRS")*: While customers supported a more expensive plan to replace the VRS at Darlington, OPG has determined that it would be optimal to focus investment on improving the existing system. This approach addresses a critical operational and safety risk. Improving the existing system would provide redundancy related to breathing air restrictions when two units are undergoing refurbishment, whereas replacement would not provide this redundancy and would extend system down time. Moreover, improving the existing VRS is expected to result in substantial savings compared to replacement. *Darlington Air Compressors Replacement*: OPG is planning to proactively replace all 19 air compressors at Darlington in alignment with customer feedback. This investment would mitigate operational risk as the current compressors' condition is expected to deteriorate. *Darlington Crane Project*: OPG is planning to refurbish 14 cranes and defer refurbishment of six cranes, in alignment with customer feedback. These three projects presented to customers are listed in Ex. D2-1-3, Tables 5a and 5b, as Portfolio Projects (Unallocated). Further information on OPG's planned nuclear projects, including the impact of the customer feedback, are set out in Ex. D2-1-3.
Investing in Technology to Create Efficiencies	Customers were supportive of investments in new and innovative technologies that would lead to guaranteed savings, but did not support further investing in pilot projects. During the Business Plan Period, OPG will invest in technologies to enable cost savings across the organization, such as the implementation of the Monitoring and Diagnostic Centre and other digital solutions (e.g., process automation, artificial intelligence). OPG is confident that there is a high likelihood that these investments will lead to cost savings, with many of the investments in technological solutions included in the plan supported by experience at other organizations. Investing in technological solutions is one of the company's key enabling strategies to reduce nuclear and corporate support costs in line with the post-Pickering shutdown targets.

	OPG's planned investments in information technology are discussed in Ex. D3-1-1, s. 2.1 (OPG's Digital Strategy for corporate support technologies), and Ex. F2-1-1, s. 3.4 (Nuclear-specific investments).

6.2 Overview of "Ordinary-Course" Community Engagement

This section reviews the various ways in which OPG typically engages with the individuals, businesses and institutions that consume electricity in Ontario and considers customers when planning work and operating its generating facilities. OPG has always considered customers' interests in business planning. As described in this section, OPG engages with customers when planning projects, making operational decisions, and participating in communities.

This schedule summarizes the various forms of customer engagement that OPG executes during the course of its normal business operations, divided into three broad categories, each of which is discussed separately in this schedule:

i. Community Partnerships,
ii. Indigenous Community Relations, and
iii. Public Information and Safety Programs.

6.2.1 Community Partnerships

This section describes how OPG works with communities to help ensure that the company's projects are planned and executed in a manner that reflects the preferences of local communities, and that its operations minimally affect local communities. OPG considers and accommodates community feedback in various aspects of its regular operations, including the company's ongoing Nuclear Community Advisory Councils, Community Leader Engagement, Waterway Coordination programs, Project Planning and Execution, and Academic Collaboration. Each area is discussed below.

6.2.1.1 Community Leader Engagement

In addition to the specific community engagement processes described below, OPG generally engages with local leaders in communities where the company's generating facilities are

located. Engaging with community leaders helps OPG ensure that it has a clear, unbiased perspective on the issues that matter to major segments of the local community.

OPG identifies local leaders in government, business, academic, media and other sectors that reflect a spectrum of views on OPG's role in the community. Discussions may cover a number of topics, ranging from safety and environmental issues to upcoming company projects at local facilities. In order to encourage interviewees to speak frankly and comprehensively, OPG commits that any discussions will be kept confidential.

Being qualitative in nature, engagement with community leaders provides directional indication of community views from informed individuals from a spectrum of sectors and interests. OPG's senior management is able to draw upon these views when making business decisions.

6.2.1.2 Project Planning and Execution

OPG's projects are often significant endeavours that have the potential to affect local communities in a number of ways. These impacts range from practical impacts during construction, to driving economic growth.

OPG's projects require significant logistical coordination in host communities, such as altering traffic flows or requiring safety-related restrictions on access to areas of land and waterways. Projects often require an influx of personnel, either on a temporary or permanent basis. OPG also takes measures to mitigate risk to a community's environment, archeological record or heritage sites.

In order to address these various potential effects, OPG consults with host communities throughout the planning and execution of projects. The elements and scale of a project-specific consultation depend on the nature of the project and its potential to affect the local community. The appropriate form and the extent of community engagement activities will also depend on the circumstances of a given project.

For example, when OPG plans to carry out sustaining capital work at a generating station, the company assesses the potential for the project to affect the local community and identifies what

forms of consultation and information sharing may be required. Each project is different, and OPG makes these assessments on a case-by-case basis.

For larger projects, OPG's community outreach can be quite broad, including town hall meetings to discuss potential impacts and solicit customer input. The specific forms of outreach vary with the nature of the project, its location, and other factors. Where possible, community feedback will be taken into account and reflected in the project plan. OPG also makes use of dedicated websites for major projects, providing information and soliciting input from the widest possible audience.

Not all projects require dedicated consultations; it would not be efficient or cost effective for OPG to hold town hall meetings for smaller projects that occur exclusively within OPG's facilities and have no material impact on the community. When OPG identifies a potential community impact in connection with a smaller project, such as road closures, it takes appropriate measures to inform local residents and businesses. As part of this process, OPG provides contact information for individuals or organizations who may have questions or concerns.

6.2.1.3 Nuclear Community Advisory Councils

OPG's nuclear generating stations have a significant role to play in the Clarington and Pickering communities. OPG strives to understand host communities' concerns and to be transparent in providing residents with information about the company's nuclear facilities. To that end, OPG has established Community Advisory Councils ("CAC") for both the Darlington and Pickering generating stations.

The Nuclear CACs were established in the 1990s, and are comprised of members from a large number of sectors from across the community. CAC membership includes community associations, municipal government, health, environment, education, youth, business and members at large. CAC members live or work in the vicinity of the plants, and serve on a voluntary basis.

The CACs meet between six and eight times per year. During those meetings, the members receive briefings from OPG staff and other experts. Although meetings focus on environment, public health, safety and economic issues, the topics vary depending on the issues of interest to the community. CAC members have opportunities to question OPG and to discuss what they have heard.

The CACs are an important bridge between OPG and the communities where the company's nuclear generating stations are located. It allows OPG's senior management to hear directly from members of the community, giving the community a direct connection to the company and allowing the company to better understand and respond to community questions, concerns and preferences.

6.2.1.4 Waterway Coordination

OPG's hydroelectric facilities rely on the same waterways that many Ontarians live near, and rely on for their water supply, work and leisure. OPG operates its hydroelectric generating facilities in coordination with communities and governmental agencies to support public safety during high water events, emergencies and in the course of normal operations. For many rivers, water management plans have been established to account for the needs of the various groups that use and rely on the river. OPG also modifies some of its operations at hydroelectric generating stations to accommodate other users of Ontario's waterways both on an on-going basis and for special circumstances.

OPG coordinates its use of Ontario waterways with organizations and government bodies including the Ontario Ministry of Natural Resources and Forestry, local conservation authorities, local municipalities, Indigenous communities, the Federal Department of Fisheries and Oceans, and Parks Canada. In times of extreme watershed conditions, OPG may be able to play a moderating role. When there is potential for flooding, OPG helps to manage the release of water to mitigate risks to local communities (both up-stream and down-stream from the company's generating facility, depending on the location of the flood risk). Similarly, OPG may be called upon during periods of drought to support conservation efforts and aquatic habitat. OPG also

maintains an extensive Waterway Public Safety Program to mitigate public safety risks associated with the company's facilities.

6.2.1.5 Academic Collaboration

OPG works with academic and other industry partners to research and promote public safety in connection with electricity generation. By collaborating and sharing information with these parties, OPG is able to promote public benefits, like flood prevention and innovation, and reduce costs for researchers.

As an example, OPG collaborates with Natural Sciences and Engineering Research Council of Canada ("NSERC") Canada FloodNet, a multi-disciplinary research network that is partly funded by NSERC. FloodNet allows efficient coordination between stakeholders, connecting researchers from across Canada and pooling data from OPG and other industry and government partners. FloodNet is then able to develop enhanced flood forecast tools and flood management capacity, which ultimately reduce the damage, socio-economic impacts and human distress caused by flooding, and help protect community water systems and the environment.

6.2.2 Indigenous Community Relations

OPG is committed to building and fostering mutually beneficial working relationships with Indigenous communities near its current and planned future operations. These relationships are built on a foundation of respect for the culture and customs of Indigenous peoples, and established and maintained through ongoing dialogue aimed at preserving openness, transparency and trust.

Where appropriate, OPG pursues prospective generation-related developments with Indigenous communities that can provide the basis for long-term, mutually beneficial, commercial arrangements.

OPG's commitment to engagement and consultation has been beneficial to both the company and to Indigenous communities. By working to resolve grievances and to build relationships,

OPG believes that future projects and continued operation will be able to proceed more efficiently and deliver the best outcomes for Indigenous communities, customers, and the company.

6.2.3 Emergency Management and Public Safety Programs

Public safety is a critical concern for OPG. In addition to the community engagement processes described above, OPG keeps the general public informed about and prepared for emergencies and other safety-related issues through several programs.

- Public safety around OPG's dams and hydroelectric generating facilities is critical to OPG. In addition to physical safety measures (e.g., signage, fences, booms and buoys), OPG maintains a proactive dam safety communications program.

- Each of OPG's regions has an Emergency Response Plan that is developed and continually maintained in coordination with community leaders (e.g., mayors' offices, Indigenous Communities, MPPs, fire services and other first responders). OPG meets regularly with these community leaders to review the emergency plans and to help the company's community partners conduct their own Hazard Identification and Risk Assessment processes.

- OPG also conducts annual dam safety exercises. These exercises involve simulated emergencies that unfold over a number of hours or even multiple days, requiring responses from OPG and other groups. For example, a simulated dam leak could require the OPP to set up barricades and road blocks while OPG's teams draw down the dam sluice gates or otherwise respond to the simulated conditions. In order to make the simulation effective, OPG may arrange to have individuals attempt to bypass barricades or otherwise complicate the emergency.

- OPG regionalizes its safety signage to help effectively communicate safety hazards in local communities.

LIST OF ATTACHMENTS

Attachment 1:	2020-2026 Business Plan
Attachment 2:	2020-2026 Business Planning Instructions
Attachment 3:	Project Categorization and Review Processes
Attachment 4:	INNOVATIVE Customer Engagement Report
Attachment 5:	INNOVATIVE Customer Engagement Placemat