

ONTARIO POWER GENERATION



# Transforming OPG's Finance Function

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# Outline

## OPG's journey to a World-Class Finance organization... and beyond

- Achieving World-Class (2000-2007)
- Continuous Improvement (2008-2010)
- The Journey Beyond



# OPG's Corporate Profile

- 100% owned by the Province of Ontario
- 19,791 MW generating capacity
- 65 hydroelectric, 3 nuclear, 5 thermal stations
- Produce ~60% of Ontario's electricity
- 11,000 employees
- Investment Grade credit ratings



# ACHIEVING WORLD-CLASS PERFORMANCE

# Achieving World-Class Performance

## Decentralized & Full-Service

- Multiple locations
- Different application platforms
- Manual processes



## Centralized Services & Decentralized Controllership

- Leading edge technology & high process automation
- Ease of access to information
- Valued business partner



# Improvement Initiatives

- Invest in technology
  - Consolidate applications to one common platform
  - Increase process automation
  - Exploit leading edge technology
- Centralize transaction processing
- Standardize and simplify processes
- Optimize resource allocation
- Improve access to information



# 1<sup>st</sup> Quartile Efficiency & Effectiveness

	Finance Processes	Efficiency	Effectiveness
Transaction Processing	Cash Disbursements	●	●
	General Accounting & External Reporting	●	●
Compliance & Risk Mgmt.	Tax Management	●	●
	Treasury Management	●	●
	Compliance Management	●	●
Planning & Analysis	Planning & Performance Management	●	●
	Business Analysis	●	●

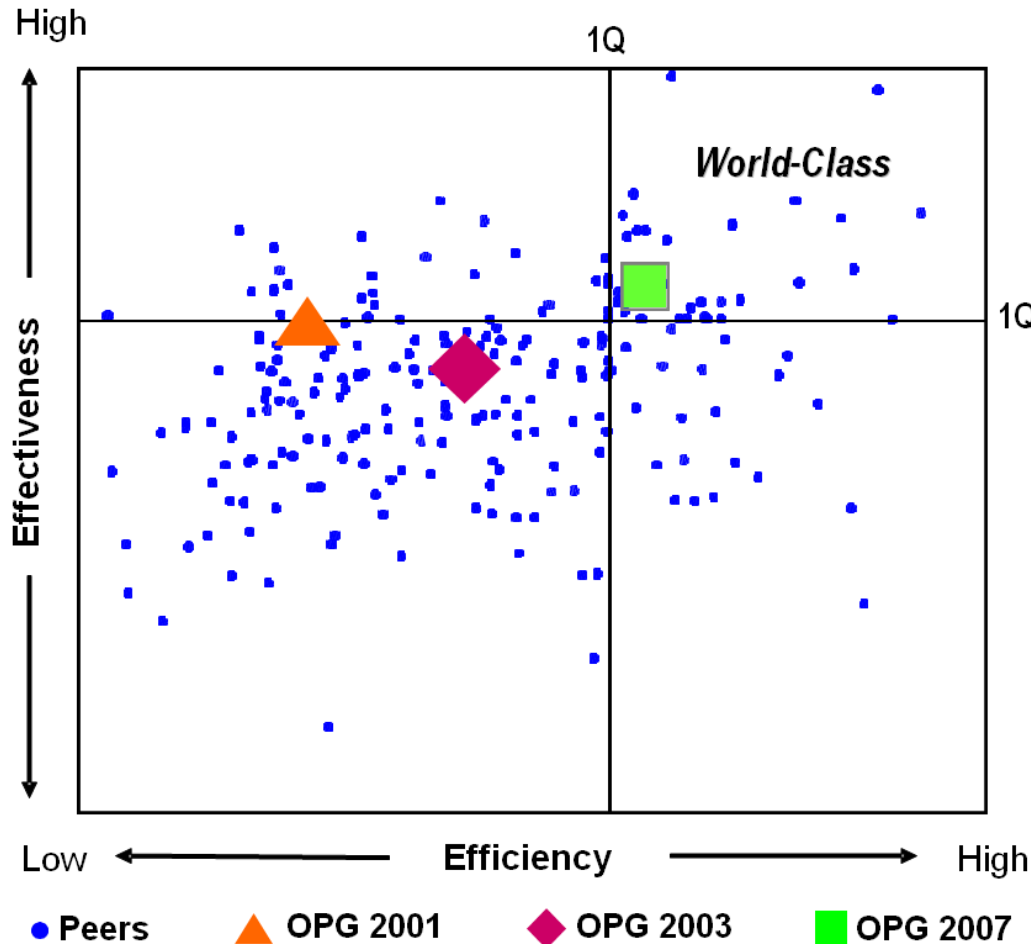
● Most KPIs are at or near World Class

● Some KPIs are at or near World Class

● Most KPIs are far from World Class

# World-Class Performance

## Hackett Value Grid

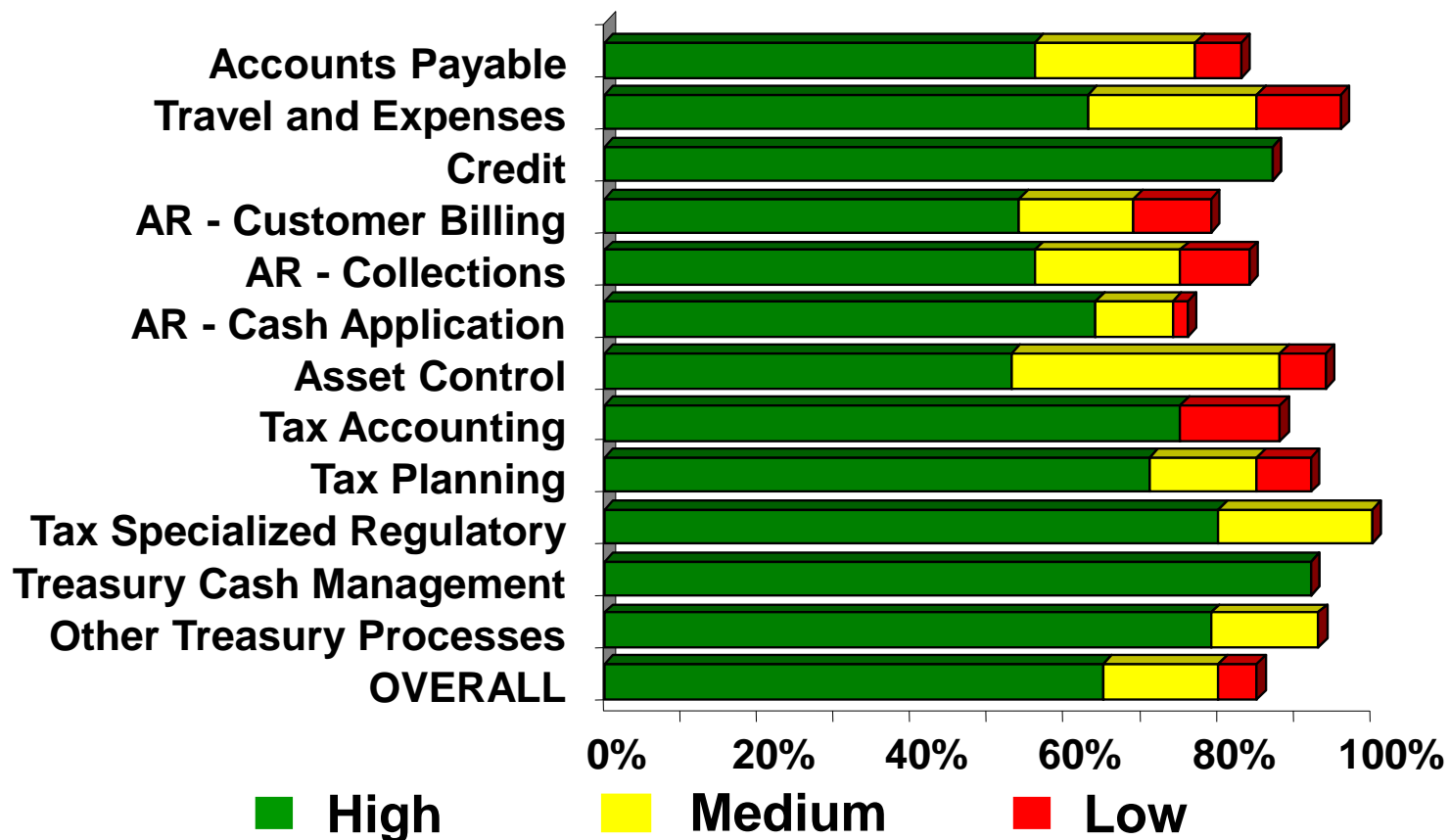


## Key Drivers

- Information Access and Distribution
- Value of Analysis and Quality of Output
- Automated Transactions
- Integrated Technology and Common Architecture

# Focus on Continuous Improvement

Assessed best practices to determine degree of utilization and identify incremental improvement opportunities



# THE JOURNEY BEYOND

# Current Realities

- Low growth for electricity demand
- Low market prices
- Decreasing capacity and electricity generation
- Higher expectations to achieve an appropriate return on equity, while limiting impacts on customer rates
- Need to align declining capacity and production with cost reductions

# Multi-Channel Service Delivery

Self Service	Business Partners	Centre of Excellence	Shared Services Centre	Corporate
Types of Products & Services				
Routine, customer-driven	Unique, customer-specific	Skills-based	Transactional & administrative	Financial strategy, polices & oversight
Services				
<ul style="list-style-type: none"> <li>Standardized management reports</li> </ul>	<ul style="list-style-type: none"> <li>Business planning/ budgeting</li> <li>Financial guidance and decision support</li> </ul>	<ul style="list-style-type: none"> <li>Business planning</li> <li>Standardized cost and performance reporting</li> <li>Investment assessment</li> </ul>	<ul style="list-style-type: none"> <li>AP/AR/BT&amp;E</li> <li>General accounting</li> <li>Business Unit accounting</li> <li>Contractor time reporting</li> </ul>	<ul style="list-style-type: none"> <li>Treasury</li> <li>Funds management</li> <li>External reporting</li> <li>Accounting policy &amp; advice</li> <li>Tax policy &amp; advice</li> </ul>

# World-Class Performance – The Journey

- Research best practices and benchmark against them
- Undertake detailed gap analysis
- Map out journey to World-Class
- Stakeholder involvement and communication
- Commitment to achieving World-Class performance
- Pursue blank sheet approach versus incremental improvements