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SIR ADAM BECK IN A MODERN CONTEXT

Good afternoon. I'd like to start by showing you a picture of one of Ontario's most important figures.

It's not Wayne Gretzky. Or Mike Myers. Or Shania Twain.

Although the person I'm about to show you was probably as important in his field as these folks are in theirs.

[SLIDE: Photo of Adam Beck]

This is a picture of Sir Adam Beck. He's in the middle wearing the derby.

He's considered the parent of public power in Ontario -- and the driving force behind much of the electricity system that we rely on today.

Adam Beck was an impressive individual.

He had a vision for Ontario.

It's a vision that could easily be applied to Canada as well.

He believed that publicly-owned institutions matter.

He believed that they can contribute significantly to economic growth and to social well-being.

And he created a public power company that made that vision reality -- the Hydroelectric Power Commission of Ontario (later known as Ontario Hydro).

Beck was so dedicated to his vision that he travelled around the Province in a truck -- demonstrating how electricity could change people's lives for the better.

[SLIDE: Map of Ontario -- with OPG facilities]

I'm a big fan of Adam Beck.

I admire his commitment, his drive and the legacy of service he left behind.

The company I'm privileged to lead -- OPG -- is part of that legacy.

We're owned by the people of Ontario. We have a workforce of highly experienced and dedicated people. And we operate diverse and reliable assets that are historically and strategically important to this Province.

Like Adam Beck, I've also travelled across Ontario.

When I came here eight years ago to join OPG, I promised myself I would try to learn as much about my new home as I could.

I have since visited many parts of the province -- including many of our generating sites and host communities.

And while I haven't covered as much ground as Sir Adam, as a new Canadian I've seen a lot ...and I know one thing as a result.

Despite the impact of the recent recession, Ontario is still a great province in a great country.

Its strengths are considerable:

- outstanding universities;
- a dynamic high-tech sector; and
- home to one of the strongest and most stable financial systems in the world.

But Ontario's biggest strength is its people.

They are well educated, hard working and pragmatic. They have made this Province one of the world's true success stories. Regardless of current economic conditions, I know they will do so again.

I believe that a great Province like Ontario deserves a great power company and a great power sector -- to help drive its future and serve as a model of the rest of the world.

[SLIDE: "The world needs Ontario to lead the way -- not only to provide goods and services that the global economy demands, but to provide the example of a good, strong, compassionate society the world needs." Ontario Speech from the Throne, March 8, 2010]

I believe that future was summed up pretty well in the Speech from the Throne earlier this month.

The quote on the screen is from that speech.

It reflects what many of us want for Ontario -- and for Canada.

We want our provinces to be economically successful, provide opportunity, and to be leaders in the key industries of tomorrow.

We want them to be environmentally strong – with clean air, clean water, and healthy habitats.

And we want them to have an outstanding quality of life.

This is a vision worthy of a great province and nation – a vision capable of commanding the world’s attention.

How do we achieve this vision?

As with any major social objective, you need strong, healthy institutions for that to happen.

In the case of Ontario, I would argue that having strong public power companies -- like Ontario Power Generation – is important.

OPG is a publicly owned company with a deep-seated commercial focus.

We produce two-thirds of Ontario’s power.

We have a presence in scores of communities across the Province.

We employ 12,000 people and manage over \$27 billion worth of assets.

[SLIDE: “The question we’re grappling with is --are our assets being maximized to the advantage of all Ontarians” Ontario Finance Minister, Dwight Duncan, March 5, 2010]

We have, in short, an enormous capacity to create value for Ontario -- and in the process help it achieve its ambition of becoming one of the world’s great jurisdictions.

I see our role as maximizing that value.

Every Ontarian has a right to ask us (1) whether we are doing that, and (2) how we are doing that.

And we better have good answers for them, because they own us and are the people whom we serve.

Today, I want to explore this role in a way that I hope will better define what a public power company like OPG should be – and should do -- for Ontarians in today’s modern context.

While the examples I use are from Ontario, I believe the overall observations I will make could apply to other jurisdictions and companies as well.

[SLIDE: Maximizing Our Value – “Providing an Appropriate Return”]

I want to start by showing you a phrase that most of you probably have seen before. Everyone with investments or assets expects them to deliver an “appropriate rate of return.”

The people and Province of Ontario are no different. They expect and deserve a decent “bang for their buck.”

I want to say that without a doubt OPG is delivering significant value in this area.

The net income that we earn is reinvested, in one form or another, back into the Province.

In 2009, we had a net income of \$623 million. All of it was applied to the Ontario government’s bottom line.

In addition, we made payments to the government in lieu of corporate taxes.

We also made payments on a portion of the revenues from our hydroelectric stations.

All told, OPG’s contribution to the Ontario government in 2009 through taxes, interest and other charges -- as well as through net income -- totalled approximately \$1.4 billion on revenues of \$5.6 billion.

OPG also contributes to Ontario through:

- our community initiatives;
- the salaries and taxes we pay;
- the procurements we source; and
- the capital investments we make in our existing generating stations and new generation projects.

In 2008, these initiatives contributed nearly \$4 billion to Ontario’s economy. Again, all of it directly or indirectly benefitting Ontario – helping to create jobs and opportunity.

We provide value to Ontario consumers as well.

About 70 per cent of the electricity we generate is rate regulated by the Ontario Energy Board in an open, transparent, and accountable process.

The prices we receive for this power are below those received by other generating companies.

Our prices help hold down the overall costs for electricity paid by consumers.

We’re the only power company in Ontario that you can say this about.

We also add value from a taxpayer perspective...

We're building a value-for-money culture across the company that puts a premium on fiscal prudence.

Last year we reduced our discretionary spending by 20 per cent.

We reduced our 2010 OM&A expense budget by \$100 million.

Over the next four years, we intend to reduce it even further – by over \$600 million.

We also made some tough operational choices – like our recent business decision not to refurbish our Pickering B nuclear station and our proactive decision to retire four coal-fired units from service this year.

We'll operate Pickering for about another 10 years and then start the longer-term process of safe storage and decommissioning -- working in close cooperation with the community.

In short, we are a commercially-focussed company dedicated to operating efficiently, effectively and responsibly for the people of Ontario.

We're reducing waste.

We're controlling costs.

To stay on track in these areas, we're implementing across OPG a “rate of return” business model.

Its purpose is to make sure that every aspect of our operations is focussed on answering this one question: “are OPG's assets being maximized to the advantage of Ontarians?”

I believe they are.

[SLIDE: Maximizing Our Value – Contributing to a Better Environment]

One important area where we're working to maximize the value of our assets is the environment.

We all want a cleaner, healthier environment. That's what this conference is about. And that's the direction Ontario is moving.

I believe OPG can help make that vision real. We have an excellent environmental story to tell.

In 2009, almost 90 per cent of the electricity we generated came from sources -- nuclear and hydroelectric -- that produced virtually no emissions contributing to smog or global warming.

That percentage could go higher as a result of additional steps that we're taking.

These steps include our recent announcement to proceed with planning studies to refurbish Darlington nuclear. If approved, refurbishment would provide Ontario with a continued supply of virtually emission-free baseload power for the next 25-30 years.

In addition, we're expanding Ontario's supply of clean, renewable hydropower through initiatives like the Niagara Tunnel and the redevelopment of several of our hydro stations in northern Ontario.

All told, our hydro expansion program will add about 600 MW of clean, renewable hydropower to Ontario's supply.

Much of the new supply we're developing is a direct result of partnerships between OPG and other groups in Ontario – including the private sector.

We're also improving our hydro assets. Our runner upgrades and other programs have contributed over 450 MW of additional hydropower to Ontario since 1992. And they'll contribute another 66 MW over the next five years.

On the coal-front, OPG has committed to stop burning coal at our thermal stations after 2014. In advance of that date, we're closing four coal units on October 1 of this year. Our action to stop burning coal is the most significant step to fight climate change in North America.

To help preserve the value of these assets to Ontario, we are also exploring options to repower some of them with dispatchable renewable biomass and other forms of cleaner energy such as natural gas.

Two weeks ago, we issued a call to potential biomass suppliers to service our Atikokan generating station. If biomass proves practical, Atikokan will be the first plant in our thermal fleet to burn this fuel. The project has the potential to create a new, Ontario-based industry for the agriculture and forestry sectors.

In addition, we are very interested in seeing the deployment of electric vehicles as a means of time-shifting energy. We believe it's best to ensure that cars would be charged at night using emission free hydroelectric, nuclear and wind sources. This will avoid adding to demand during the day, when electricity use is higher.

I also want to mention OPG's strong energy efficiency performance.

Since our formation in 1999, we have continued to operate our highly successful energy efficiency program, launched by Ontario Hydro. Under this program, OPG has saved a total of approximately \$935 million dollars in energy, and avoided approximately 20 million tonnes of CO₂.

We are also a leader in biodiversity. With our environmental partners, we've planted over 4 million trees and shrubs across Ontario since 2000. It's one of the largest programs of its kind in the Province. Over their lifetime, the trees we plant potentially can trap and offset nearly 2 million tonnes of carbon dioxide to help mitigate global warming.

That's in addition to the contribution made by our nuclear plants. Under OPG's operation, for the past 10 years they have avoided more than 470 million tonnes of CO₂. That's equivalent to taking 13 million cars off the road.

What's more, the better we operate these plants the greater their environmental contribution.

And we do operate them well.

Many of our reactors consistently rank among the top performing CANDUs not just in Ontario – but in the world. Our Darlington plant has been recognized internationally for its outstanding performance and reliability. Pickering's performance is also improving – a result of using the same techniques we have implemented at Darlington.

Likewise with our hydroelectric stations... Every terawatt hour of energy those plants produce avoids 1 million tonnes of CO₂. In 2009, they generated over 36 TWh. That's 36 million tonnes of carbon avoided in one year.

And while I'm on the subject of the environment, there's another area where OPG is committed to delivering maximum value.

It's in the area of nuclear waste management.

Never has a member of the public been harmed by a radiation emission from any of our nuclear plants or waste management facilities.

Moreover, we know exactly where our used nuclear fuel is at all times -- down to the gram

We know how much of it there is.

And we know what it's doing – because we monitor it constantly.

Equally important, we've set aside in segregated funds more than \$10 billion to cover the costs of managing our nuclear waste and decommissioning our nuclear plants.

Few industries or companies make this kind of financial commitment to the control of their waste.

We do.

[SLIDE: Maximizing Our Value -- Open, Transparent, Accountable, Community Focussed]

There's one other area where I believe OPG is maximizing its value.

I've talked about how OPG contributes economic value.

I've talked about how OPG contributes environmental value.

Now I want to talk about how OPG contributes social value.

We all want a better Ontario -- a human and humane place that allows people to live their lives, realize their dreams, and work together to build a civil society that makes us proud.

I don't believe you can have a civil society without civil institutions.

We think OPG is a civil institution.

Openness...Accountability...Transparency...Service... Corporate Citizenship....

These are values that define OPG -- and that we are committed to implementing.

They take many forms.

Among the First Nations of northern Ontario, we are helping to foster economic opportunity and success through our hydroelectric development and expansion programs.

In education, we fund university research chairs and help support institutions like Durham College and the University of Ontario Institute of Technology.

We also provide support for science camps, robotics competitions, scholarships and literacy programs.

Our electricity education kits for grades 1, 6 and 9 will reach 250,000 students across the Province.

In communities across Ontario, we helped support in 2009 over 1,100 not-for-profit grass-roots initiatives. This is in addition to the approximately \$2 million our employees and pensioners annually contribute to our Charity Campaign to help worthy causes throughout the Province.

As for our employees themselves, I'm proud of them.

They're active in local government.

They volunteer as coaches, fund-raisers and mentors.

They do *pro-bono* work for charities, schools and other not-for-profit groups.

Plus, they work to keep Ontario's lights on – even under the most challenging circumstances....Like they did during the 2003 blackout.

This is all part of the value we contribute.

Beyond being a service-oriented company, we know we also have to be an open company.

At the corporate level, we endeavour to communicate with our stakeholders as much as possible in a timely, open and transparent way. We regularly update community and other stakeholders on our operations and performance.

In addition, we go through a very open, transparent and fully accountable process when it comes time for the rates on our regulated generation to set by the regulator.

We appear before the Ontario Energy Board. And as part of that process, we have to be ready to answer questions on any and all aspects of our operations. It's a real example of accountability -- and democracy -- in action.

Openness and transparency are cornerstones to maintaining the trust and goodwill we have built up with our stakeholders over the years. For a public power company like OPG, trust is oxygen. We can't operate without it. Nor would we deserve to.

Our commitment to service and to being a company that's open, accountable, transparent -- and trustworthy -- represents a key contribution OPG can make to creating and sustaining a civil society.

It's one more way we maximize value to Ontario...One more reason why we can make a difference.

[SLIDE: Adam Beck Statue]

Sir Adam Beck got it right. He understood the tremendous value a public power company could provide.

The organization he built was critical to shaping Ontario as we know it.

Today, we are building a new Ontario...and a new Canada.

A cleaner, more sustainable society that aspires to be a leader...

...A society that provides the best for its people and citizens.

Electricity is one of the key infrastructure components of any modern society.

All of us in the industry will be called upon to contribute.

It will not be business as usual for any of us.

As many of the speakers today have suggested, it's a new world for energy companies. In many respects, it's a world quite different from the one Sir Adam Beck knew.

But it's also a world where many of Sir Adam's beliefs are still valid. These are:

- Service.
- Confidence in our industry – and its importance to job creation.
- A commitment to Ontario and Canada.
- A compelling vision for the future -- and the will to make it happen.

We live in challenging times. But we also live in exciting times.

These beliefs will carry us forward.

And I am certain that as an industry we can -- and we will -- make a difference.

Thank you.