BUSINESS PLANNING AND BUDGETING PROCESS

1.0 PURPOSE
This evidence presents an overview of OPG’s business planning and budgeting process.

2.0 OVERVIEW
OPG’s business planning and budgeting process is relevant to this Application because the revenue requirement requested for the regulated hydroelectric and nuclear facilities is based on OPG’s 2010 – 2014 Business Plan.

Section 3.0 provides an overview of the business planning and budgeting process. Section 4.0 sets out the business planning guidelines for the 2010 – 2014 Business Plan and section 5.0 sets out how expenditures are classified, the objectives of OPG’s investment programs and how project portfolios are developed across the company’s business units. Section 6.0 describes the business case requirements for project release and section 7.0 describes the post-implementation review process following the completion of a project.

3.0 BUSINESS PLANNING AND BUDGETING – PROCESS OVERVIEW
OPG’s business planning and budgeting process is a decentralized annual process undertaken within a consistent corporate framework of strategic objectives, resource guidelines, and costing assumptions. The key elements of this corporate framework are identified to the business units through business planning instructions provided by Finance. Within this framework, the individual business units develop their specific strategic and performance objectives, and then identify and plan the work required to achieve these objectives.

The key elements of the business planning process are as follows:

- The communication of the planning context.
- The identification of key operating, economic and other planning assumptions to be used in development and costing of plans, including:
  - Forecast escalation rates and burden rates for labour costing.
• The communication of the business planning framework is as follows:
  o Communication of the business planning schedule including key timelines, milestones
    and activities, through business planning instructions typically issued by Finance
during the second quarter.
  o Communication of the regulatory framework, including variance and deferral
    accounts, pricing structures, and any incentive mechanisms.

• Development of a consolidated revenue, sales and production forecast by OPG’s Energy
  Markets business unit, along with associated scenarios and sensitivities. This forecast
  incorporates key production and reliability parameters from the nuclear and hydroelectric
  business units.

• The preparation of a consolidated financial outlook by Finance, based on inputs received
  from across the organization. Business units provide their planned OM&A, capital and
  provision-funded expenditures. Finance develops a comprehensive financial outlook by
  supplementing this information with the following elements:
  o Forecast depreciation expense based on existing assets and forecasts of new
    additions to the asset base.
  o Forecast borrowing requirements and associated financing costs, which are reviewed
    with OPG’s Treasury department.
  o Nuclear liabilities, which are based on the lifecycle cost estimates for nuclear waste
    management and decommissioning programs, and the associated required
    decommissioning and used fuel fund contributions.
  o Income taxes payable which are forecast in conjunction with the Taxation
    department.

• Each business unit’s plan also identifies key risks to forecast results and mitigation
  initiatives.
Depending on the operational and/or financial issues facing OPG at the time, alternative planning scenarios may be identified and modelled once the base case forecast has been established.

Individual business unit plans are reviewed with the President and Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) through a series of presentations, usually during September and early October. Business units incorporate feedback and redirection from these sessions into updated submissions, typically in early November.

The draft consolidated business plan, based on these updated submissions, is reviewed by OPG senior management. The plan is also reviewed with shareholder representatives. The 2010 – 2014 Business Plan was finalized for submission to the OPG Board in November 2009 for approval.

3.1 2010 - 2014 Business Planning Objectives

The 2010 - 2014 Business Planning Instructions, issued on June 3, 2009, are provided in Attachment 1. In setting the context for the planning process, the Instructions recognized the significant challenges facing OPG as it enters a transition phase for much of its generation, and the challenges its customers face in terms of significant economic turmoil. Major initiatives that impact OPG’s regulated operations include: the Darlington Refurbishment Project (see Ex. D2-T2-S1), the Pickering B Continued Operations initiative (see Ex. F2-T2-S3) and incorporating a “gap-based” approach to business planning in Nuclear (see Ex. F2-T1-S1).

In response to the financial environment, business units were directed to be aggressive in managing their costs while maintaining their critical performance objectives. Specifically, the business planning guidelines for 2010 required an $85M reduction in OM&A, compared to previously planned levels for that year. Management’s commitment to this reduction helped offset the loss in revenue resulting from the deferral of the rate application.
Guidelines for subsequent years in the plan recognized the need to maintain strict expenditure control, and included:

- The continuation, into future years, of the 2010 cost reductions implemented by Nuclear.
- A direction to all corporate support groups that they freeze their future years’ expenditure at 2010 levels.

OPG’s business units responded by submitting plans that have met the financial targets. The cost reduction targets set by Finance are expected to be exceeded, with estimated savings across all business units of $278M in 2011 - 2012, compared to the previous business plan.

At the same time, OPG faced a number of cost increases for new initiatives, including increased expenditures on Pickering B Continued Operations. These increases total $150M during 2011 - 2012, with the result that in 2011 - 2012, the total business unit expenditures are forecast to be $128M lower than in OPG’s previous business plan. Lower burden rates, primarily due to lower pension and Other Post-Employment Benefits (“OPEB”) expense resulting from more favourable economic conditions, contribute an additional $193M reduction to business unit costs over the two years.

4.0 BUSINESS UNIT ACTIVITIES

Business planning within the business units starts in the spring of the year prior to the period covered by the business plan with internal reviews of the current planning framework and confirmation and updating of business objectives and priorities. The business units also review the status of operational and performance plans and related capital and OM&A expenditures, as well as identification of emerging issues. This process is supplemented by additional planning direction identified at the corporate level. For example, as noted previously, the 2010 - 2014 corporate business planning guidelines identified a requirement to reduce 2010 OM&A by $85M compared to the levels established in the previous plan. Out of this process, business unit objectives and priorities are determined.

Over the course of the early summer, initial plant and site business plans are developed. Business unit management reviews these proposals and prioritizes projects and expenditures to establish a preliminary business unit plan. Further details regarding business
planning and budgeting processes within the business units are provided in Ex. F1-T1-S1 and Ex. F2-T1-S1.

The business units present their preliminary plans to the CEO and CFO in late September or early October. These presentations identify key assumptions, operational or functional objectives, key risks and uncertainties, resource requirements and analyses of year-over-year changes in requirements, as well as changes from previous plans. During these sessions, the CEO or CFO provides redirection on these plans as required.

Business units then resubmit their plans, typically in October or early November, and plans are consolidated into a final draft corporate plan. The updated corporate plan is then presented to the OPG Board for approval.

5.0 INVESTMENTS/PROJECTS

5.1 Classification of Expenditures

Expenditures on investments or projects are classified in accordance with Canadian GAAP (“GAAP”) as capital, OM&A, or charges against a previously established liability. Previously established liabilities include the liability for fixed asset removal and nuclear waste management (as discussed in Ex. C2-T1-S1).

Expenditures that are classified as capital are recorded as either fixed or intangible assets. Specifically, OPG capitalizes the following types of expenditures:

- Acquisition and construction of new assets: expenditures related to the purchase, design, development, construction or commissioning of a new asset that will provide benefits beyond the current year and meet or exceed the defined materiality threshold are capitalized.
- Rehabilitation/improvement/maintenance of existing assets: expenditures related to existing assets must meet all of the following criteria to be capitalized:
  - The benefits must extend beyond the current year.
  - The level of expenditure must meet or exceed the materiality threshold.
  - The expenditure must either extend the life or increase the output of the asset.
• Replacement: expenditures for the replacement of a significant component/complete
capital asset are capitalized when the expenditures are expected to provide benefits
beyond the current year and meet or exceed the materiality threshold.

OPG capitalizes only those overhead costs that are directly attributable to the acquisition or
construction of an asset. Overhead costs that are not directly attributable to the acquisition or
construction of an asset such as the costs of the OPG Board, senior management, and most
of the costs of support functions including finance, legal, office management and
administration, and human resources, are expensed as incurred.

Expenditures that relate to a previously established liability are applied against the liability as
incurred. The most significant example of such expenditures relates to nuclear
decommissioning and used fuel management.

OM&A expenditures include general maintenance, repairs (up to and including major
disassembly/overhaul), operating costs and other expenditures that do not meet the criteria
for capitalization and do not relate to previously established liabilities. In addition, project
development costs incurred prior to the date that an alternative is selected for
implementation are charged to OM&A. The only exception is that payments to obtain an
option to acquire property, plant, and equipment are capitalized when the option is exercised.

Subject to the capitalization criteria above, project development costs are capitalized once
the preferred alternative for a new capital asset or capital improvement to an existing asset is
selected.

OPG’s capitalization policy is summarized in the decision tree below:
OPG applies the following thresholds for the materiality assessment included in the decision tree:

- Generating Asset Classes: $200k per generating unit
- Administrative/Service Buildings: $25k per building
- Telecom Equipment: $25k per item
- Minor Fixed Assets*: $25k per item
- Software: $200k per application

*Minor fixed assets include portable assets used in OPG’s administrative, construction, transport or maintenance/service activities unless they are used directly for the generation of energy or form integral components of a building.

Materiality thresholds are applied on individual items rather than on an aggregated basis. Projects and/or work orders cannot be aggregated to qualify for capitalization. The exception to this principle applies to aggregated identical items purchased for a single generating unit,
or items that are part of a capital project where the project as a whole is evaluated against
the materiality threshold.

Following the adoption of CICA Handbook Section 3064 effective January 1, 2009, OPG
reclassified certain items previously considered to be fixed assets to intangible assets. These
items primarily included computer software. These intangible assets continue to be included
in OPG’s rate base (Ex. B1-T1-S1) and as a result, this reclassification has no impact on
OPG’s proposed revenue requirement.

5.2 Asset Management

OPG’s investments and initiatives are targeted at programs that will result in increased
generating capacity, extended service lives, improved performance, and reduced long-term
operations and maintenance costs.

In addition to improving performance of its existing assets, OPG also evaluates development
initiatives with respect to its regulated facilities which can include plant life extensions, plant
redevelopments or new supply developments. These development initiatives are typically
larger in size, have higher risk profiles and longer time horizons than the projects held within
the business unit portfolios. These potential investments are subject to more rigorous internal
evaluations and scrutiny during the approval process and, often, external third party reviews,
prior to the decision to proceed. Examples for the regulated facilities include Darlington
Refurbishment, Pickering Continued Operations, and the Niagara Tunnel.

5.3 Project Portfolios and Supporting Documentation

As part of the business planning process, business units submit project lists that have been
prioritized to maximize value and address regulatory requirements while considering risks,
corporate business objectives, asset management processes, and preliminary funding
guidelines. All projects necessary to meet work program requirements and having cash flows
within the business plan time horizon are listed. The total cost of the projects must be within
the preliminary funding guidelines.
The project list is a snapshot of the project work intended to be done over the business plan horizon. As time progresses, priorities may be re-set and the project list may change as dictated by the needs of the business. Details regarding the prioritization process are provided later in this schedule.

5.3.1 Planning Business Cases

“Planning” business cases, or project screening forms in nuclear, are required for major projects (projects with cash flows of at least $1M during the budget year and/or at least $4M in any of the future years of the business planning horizon) that are planned to commence over the first two years of the plan. Inclusion of a project in the business plan does not constitute approval to proceed with the project. Request for project approval and release of funds to commence work on a project is a separate process and requires a more comprehensive business case summary ("BCS"). Business case requirements for project release are discussed later in this schedule. Planning business cases are a preliminary and usually more condensed version of the full BCS.

Planning business cases are prepared by the project sponsor, with assistance and review provided by the local controller. The extent of information provided in planning business cases is commensurate with the nature of the project, the level of expenditure, and its stage of development (and thus the level of information availability) at the time of inclusion in the project listing.

Key information requirements for planning business cases include:

- need for the project
- the project’s contribution to meeting OPG’s business objectives
- results to be delivered
- quantifiable benefits
- alternatives considered

1 Project sponsor is the individual responsible for issuing a project charter, managing and communicating the ongoing business requirements related to the project and ensuring that a post implementation review is conducted as required.
• cash flow requirements
• impacts of not proceeding/deferrals
• other considerations that can be used to establish a relative ranking and to facilitate investment trade-offs as needed

5.3.2 Project Categorization

Investments must also be categorized according to the type of benefit they are expected to produce. Investments fall within the following three categories established by OPG:
• Value Enhancing – Discretionary investments that promise value creation or strategic opportunities, such as added revenues, reduced costs, increased efficiencies, or new business opportunities.
• Regulatory – Expenditures required to satisfy environmental, safety or other requirements in law or regulation to allow the continued operation of existing facilities.
• Sustaining – Required to maintain existing infrastructure and facilities at their current performance level.

5.3.3 Project Prioritization Process

As the business units compile their project lists, the total cost of all initially identified work may exceed funding guidelines and/or the unit's capacity to undertake the work during the planning period. Prioritization processes are then applied to assist with the selection of the highest priority projects while remaining within the funding guidelines and resource capabilities. Since business units manage different assets, prioritization approaches are also unique to each business unit. The approach for regulated hydroelectric facilities is presented in Ex. D1-T1-S1 and that for nuclear projects is presented in Ex. D2-T1-S1. However, business unit prioritization approaches have common elements such as value, consideration of risks, and regulatory compliance.

Business unit funding guidelines are established based on corporate strategies and priorities. Corporate prioritization of specific projects is undertaken only if there are corporate constraints with respect to spending or borrowing, or if the funding guidelines are exceeded in the business unit plan submissions. The information submitted by the business units (e.g.,
planning BCSs, business unit prioritized project listings, business plan presentations) generally provide sufficient information to allow trade-offs at the corporate level should the need arise.

6.0 BUSINESS CASE REQUIREMENTS FOR PROJECT RELEASE

Approval is required for the release of funds to undertake project work. The documentation for seeking approval consists of a BCS, which provides a detailed analysis of alternatives and the rationale for the recommended alternative.

Requests for releases of funds are approved in accordance with the OPG Organizational Authority Register (“OAR”), which is provided in Attachment 2. The OAR sets out delegated authorities within OPG, and defines approval limits for decisions made on behalf of the corporation. Approval requirements for capital and OM&A projects are based on the amount of funds being released, with more restrictive requirements for projects of a strategic nature or unplanned work (projects not identified in the project portfolio during business planning). The OAR also specifies authorities for approval of variances for previously released projects, and for superseding releases where projects must be reconsidered due to significant scope and/or cost changes.

There is also a process for functional review of a BCS to ensure that it meets the criteria for the quality and completeness of the information required to enable an informed decision on approval of the project release. The functional review is required where there is a significant impact on the function or its deliverables. For example:

- Projects with substantial IT requirements should be reviewed by the Chief Information Officer’s (“CIO”) Department.
- Projects with significant legal or contractual issues should be reviewed by Law Division.
- Projects involving real estate transactions or leasing of office spaces should be reviewed by Corporate Real Estate.
- Projects with significant labour relations or health and safety issues should be reviewed by Human Resources.
Business Case Summaries are prepared using the format established in OPG’s BCS Guidelines to ensure a consistent approach to developing investment proposals. The BCS Guidelines establish the discount rates for OPG’s economic evaluations for regulated assets. The discount rate is currently 7 per cent, which is based on the OEB’s approved formula for determining the cost of capital and the deemed capital structure approved by the OEB in EB-2007-0905 as well as OPG’s long term view of the financial markets.

OPG uses a number of measures to assess development initiatives. As an initial screening tool, a Levelized Unit Energy Cost (“LUEC”) is developed for the investment and compared to the LUEC of other investment options. A LUEC expresses all the future costs of a generation option on a per unit of energy basis and is typically expressed as ¢/kWh in constant dollars for a given year. The use of LUECs allows for comparison across different investment options.

To assess an investment’s value in the context of the overall Ontario electricity system, its cost is evaluated against the estimated value to the electricity system of the additional capacity and energy expressed on $/MWh basis - the system economic value (“SEV”). OPG’s develops the SEV based on a number of inputs including forecast demand, fuel prices, CO2 offset cost, cost of new generation (typically combined cycle and simple cycle gas plants) and publicly available information on committed generation plans in Ontario (e.g., OPA contracts). OPG also considers relevant environmental legislation and policies (e.g., air emission limits on SO2, NOx, particulates, mercury).

To test sensitivities, high and low values of the inputs are used to produce a range of forecast SEV. OPG’s SEV forecasts are benchmarked against those developed by external agencies as part of the internal validation process.

7.0 POST IMPLEMENTATION REVIEW PROCESS

The post implementation review (“PIR”) process is used by OPG on a corporate-wide basis to assess achievements following completion of capital and OM&A projects. Specifically, a PIR is an appraisal process designed to evaluate whether planned results of a given
investment have been met following project completion. The two main objectives of the PIR process are to verify whether the benefits stated in the project business case were realized, and to capture the lessons learned from each project so that they can be applied to improve future projects and investment decisions.

Post implementation reviews follow a simplified or comprehensive format depending on the size and scope of the investment involved.

7.1 Simplified PIR

Focuses on validating if the stated benefits/results are realized as presented in the business case for the project. All projects greater than $200k must undergo a simplified PIR as specified in the PIR plan, ideally within six months of the project being completed. Exclusions are those projects that have been earmarked by senior management to undergo a comprehensive PIR because of high value (greater than $25M) or due to other factors.

7.2 Comprehensive PIR

A comprehensive PIR is an independent and broad review of a completed project. It is an intensive exercise requiring a multi-disciplinary team, ideally independent from the project team, to review all phases of a project. It provides detailed feedback on how the project was developed, planned, and executed to help gather lessons for future investments. It is only performed on a small number of projects due to the high resource requirements.
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<td>Attachment 1: 2010 - 2014 Business Planning Instructions, June 3, 2009</td>
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<td>Attachment 2: Organizational Authority Register</td>
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2010 – 2014
Business Planning
Instructions

Issued by:
Corporate Business &
Investment Planning
Corporate Finance

June 3, 2009
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## 1.0 INTRODUCTION

## 2.0 PLANNING CONTEXT

- **2.1 Vision, Core Business and Strategy**
- **2.2 Operating Assumptions**
- **2.3 Support Function Review**
- **2.4 Regulatory Requirements**
- **2.5 Schedule**

## 3.0 SPECIFIC BUSINESS PLANNING & BUDGETING INSTRUCTIONS

- **3.1 Information Submissions**
- **3.2 Resource and Performance Planning Guidelines**
- **3.3 Costing Assumptions**
- **3.4 Instructions for Use of BPS**
- **3.5 Budgeting for Service Providers**
- **3.6 Capital and OM&A Projects**
- **3.7 Business Unit Risk**
- **3.8 Integrated Staff Planning Requirements**
- **3.9 Corporate Safety Guidelines**
- **3.10 First Nations Initiatives**
- **3.11 Environment / Sustainable Development Plans**
- **3.12 Emergency Preparedness**
1.0 INTRODUCTION

This year’s Business Planning process is occurring against a backdrop of unique financial circumstances. Ontario has been particularly hard hit by the global financial meltdown and the restructuring of the domestic automobile industry. At the same time, 2010-2014 Business Plan will span a critical period for OPG, during which we will see dramatic changes in our operations and assets, as we reshape the generation portfolio to meet future needs. Key elements of this transition include:

• Extending the “Continued Operations” program at Pickering B, intended to confirm the feasibility and enhance confidence in being able to operate that plant beyond its current nominal service life.
• Establishing the plans and approval milestones for refurbishing Darlington
• Continuing to build the infrastructure required to support the new nuclear build project
• Ongoing pursuit of medium and large-scale hydro-electric developments

The challenges associated with planning and executing these initiatives would be daunting at any time; the fact that this year’s process is occurring during a period of unprecedented economic turmoil, compounds our task this year. The fact that many Ontario businesses are fighting for survival, and ratepayers are facing economic hardship, means that we can expect unprecedented pressure to aggressively manage our costs, while maintaining safe and prudent operations.

The objective of the 2010-2014 planning process is to develop a 5-year consolidated business plan that:

• Establishes medium term (2010-2014) operational and financial targets, and resource requirements, consistent with OPG’s strategic objectives.
• Establishes the budget and accountability base for the first year (2010).
• Documents OPG’s medium-term financial and operational outlook to be shared with financial stakeholders (e.g., shareholder, banks, credit rating agencies, regulators) in order to maintain access to capital markets.

Once approved by the OPG Board of Directors, the 2010-2014 Business Plan will form the basis of our application to the Ontario Energy Board (OEB) for the determination of new rates for the output from OPG’s regulated facilities for the January 1, 2011 to December 31, 2012 period. Corporate Finance and Regulatory Affairs will continue to integrate business planning and regulatory information requirements.

Recognizing the scope and complexity of the challenges we face this year, a number of changes are being made to the business planning process. These improvements include:

• Earlier roll out of process instructions
• Two step process for top-down establishment of OM&A targets
• Improving the transparency of plans – eg through benchmarking and gap analyses
• Increased management oversight during the process
• Earlier approval of the corporate plan (to facilitate preparation of the OEB application)

The overall timing of key elements of the business planning process is as follows:

• Early May – Instructions issued, 2010 OM&A targets set
• June – status reports on BU business plan development; OM&A targets for 2011 and beyond set
• Early September – BU business plan submissions provided to Corporate Finance
• Late September -- Senior Management reviews of BU plans
• Mid October - Updated submissions to Finance
• November – OPG Board approves 2010-2014 plan

A more detailed schedule is shown in section 2.5.
2.0 PLANNING CONTEXT

2.1 VISION, CORE BUSINESS AND STRATEGY

Over the last five years, OPG has established itself as a performance-driven company and has regained the confidence of its Shareholder. Today, OPG is seen as a responsible and credible generator, an important contributor to the economy of Ontario, and a positive force in the communities in which it operates. This perception is backed up by strong performance across a number of areas, including:

• consistently strong safety results;
• high levels of hydroelectric availability;
• better environmental performance;
• continuing world class performance at Darlington and ongoing improvements at Pickering A&B; and
• higher levels of net income - although a number of challenges remain on the road to financial sustainability.

These accomplishments reflect a successful execution of the vision that has guided OPG over the last five years. Looking forward, OPG’s mandate is to cost-effectively produce electricity from its diversified generating assets, while operating in a safe, open, and environmentally responsible manner.

**OPG’s goal is to be a leader in clean energy generation and to have a major role in leading Ontario’s transition to a more sustainable energy future.**

To achieve this goal, OPG is focused on three corporate strategies

• performance excellence;
• generation development; and
• developing and acquiring talent

Performance Excellence

Performance excellence is essential to OPG. Every business segment and corporate function exhibits our commitment to generation, safety, the environment, and fiscal performance. It is through our focus on performance excellence that OPG is able to efficiently and reliably provide electricity to the province and deliver value to its Shareholder.

**Nuclear Generating Assets**

Performance excellence for OPG nuclear means safe, efficient and cost effective operations, with prudent investments to improve reliability. Programs and initiatives have been implemented that will continue to:

• improve safety performance; increase equipment reliability to reduce generation interruptions;
• plan and execute outages more efficiently to realize optimal generation potential;
• mitigate technological risks through essential and effective inspection and testing programs; and
• address workforce planning issues.

These initiatives, combined with ongoing cost control efforts, are expected to result in lower production unit energy costs.

**Hydroelectric Generating Assets**

Performance excellence at OPG’s hydroelectric generating assets is defined as improving production in a cost-effective and efficient manner. Programs and initiatives are underway to replace aging equipment such as turbines, generators and transformers.

• OPG plans to increase the capacity of existing stations by 87 MW over the next five years by replacing existing turbine runners with more efficient equipment. The replacement of control equipment will also improve efficiency and accommodate market dispatch requirements. Aging civil structures will be repaired, rehabilitated or replaced.
• The hydroelectric business segment is strengthening its relationships with First Nations and local communities.
• OPG is meeting the demographic challenges faced by its hydroelectric business unit by training staff to perform new roles and by hiring new staff, including graduate trainees.

Fossil-Fuelled Generating Assets

Safety

OPG’s safety culture is rooted in the belief that zero injuries can be a reality. OPG is committed to achieving performance excellence in employee, contractor and public safety through continuous improvement in its safety management systems and risk control programs and a corporate commitment to achieving the goal of zero injuries in the workplace. OPG strives for continuous improvement through visible leadership and commitment to safety, a strong safety culture where employees take personal responsibility for safety, and maintaining effective safety management systems. To improve OPG’s AIR going forward and to strive for zero injuries, OPG is committed to reducing the number of workplace injuries through targeted risk reduction programs.

Environmental Performance

OPG’s Environmental Policy states that “OPG will strive to continually improve its environmental performance”, and commits OPG to meet all legal requirements and voluntary commitments, with the objective of exceeding those standards where appropriate and feasible. Other goals include integrating environmental factors into business planning and decision-making, and maintaining environmental management systems which improve transparency in monitoring and reporting of OPG’s environmental performance. OPG monitors emissions into the air and water and regularly reports the results to regulators that include the Ministry of the Environment, Environment Canada and the CNSC, as well as the public. OPG also continues to address historical land contamination through its voluntary land assessment and remediation program.

Financial Sustainability

OPG’s financial priority, operating as a commercial enterprise, is to achieve a sustainable level of financial performance. Inherent in this priority are the objectives of: earning an appropriate return on OPG’s regulated assets; receiving market prices for production from unregulated assets; identifying and exploring efficiency improvement opportunities; and ensuring that sufficient funds are available to achieve OPG’s strategic objectives of performance excellence and generation development. OPG has employed a number of strategies to achieve a level of sustainable financial performance.

Generation Development

With the aging of OPG’s generating fleet, it is essential that focus be placed on generation development. OPG pursues capacity expansion or life extension opportunities where it makes good business sense. Increasing the production potential of existing infrastructure reduces the environmental impact of meeting Ontario’s electricity demands. Pursuing opportunities to leverage existing sites and assets will enable OPG to realize the additional benefits from these assets. OPG’s ongoing and planned major projects include nuclear plant refurbishment, new nuclear generation, new hydroelectric generation and plant upgrades,
**Pickering Refurbishment Project**

Work is proceeding on the feasibility study to refurbish the Pickering B nuclear generating station. This includes an assessment of the station’s condition, an EA, and an Integrated Safety Review ("ISR"), which is designed to ensure safe and secure operations of the station for the proposed future period. OPG has submitted all required Safety Factor Reports to the CNSC. The CNSC continues to review these reports and OPG is providing additional information as required. OPG is preparing the final ISR for submission in late 2009.

**Darlington Refurbishment Project**

Planning work for the assessment of the feasibility of refurbishing the Darlington nuclear generating station began in early 2008. Planning for the plant condition assessment commenced in the second quarter of 2008 and will continue throughout 2009. In addition, a number of technical studies are underway to evaluate the condition of critical plant components in order to finalize the project’s scope. In late 2008, OPG commenced the ISR process. The ISR Basis Document, which identifies the ISR scope and methodology, was submitted to the CNSC in November 2008. The ISR is expected to be completed for submission to the CNSC by late 2011.

**New Nuclear Generating Units**

In March 2008, the Minister of Energy announced a two-phase competitive Request For Proposal ("RFP") process to select a nuclear reactor vendor for two units of baseload generation to provide 2,000 to 3,500 MW of generating capacity to the Ontario electricity grid.

- Phase one of the RFP process assessed the ability of the invited vendors to support a successful construction licence application in compliance with Canadian regulatory requirements and to successfully deliver the overall project, as well as to ascertain their financial strength and legal position. Phase one was completed in June 2008 with Areva NP, Atomic Energy of Canada Limited, and Westinghouse Electric Company advancing to phase two.
- Phase two of the competitive RFP process was launched in June 2008 to select a nuclear reactor vendor who will design, develop, construct, and provide licensing and commissioning support, and fuel supply, to a stand-alone two-unit nuclear power plant at the Darlington site. It is expected that the preferred vendor will be announced in the late spring of 2009.

**Niagara Tunnel**

The progress of the tunnel boring machine continues to be slower than what was expected under the original contractor schedule, primarily due to excess overbreak of the Queenston shale in the tunnel crown. A dispute review hearing process was initiated earlier in 2008 to assess, among other things, whether the actual subsurface conditions encountered are materially different from those that were anticipated as part of the design-build contract. The Dispute Review Board issued its non-binding recommendations in late August 2008. OPG and the contractor are using the Dispute Review Board recommendations as a basis for negotiating revisions to the design-build contract. These revisions are expected to have a significant impact on the project completion schedule and the cost estimate. The negotiations are underway and are targeted for completion in the first quarter of 2009.

**Upper Mattagami and Hound Chute**
Lower Mattagami

OPG is proceeding with a development plan to increase the generating capacity of four hydroelectric

Biomass Generation Opportunities

2.2 OPERATING ASSUMPTIONS

2.2.1 Fossil Long-term Asset Strategy

2.2.2 Interim Nuclear Operating and Investment Decisions

Nuclear’s 2010 plan assumes implementation of Pickering B Continued Operations program over the years 2009-2013. The program is intended to ensure the plants’ ability to operate through 2018. Continued operations will extend the “window” within which decisions regarding Pickering Refurbishment can be made.

Planning for the Darlington refurbishment continues to assume a 2016 date for the initial refurbishment outage.

2.3 SUPPORT FUNCTION REVIEW

The dispositioning process for SFR opportunities was completed during 2008, and there are no specific business plan-related reporting or analytical requirements. Business plans will reflect benefits from opportunities implemented during the last two planning cycles.

2.4 REGULATORY REQUIREMENTS

The 2010-2014 Business Plan will form the basis of OPG’s next rate submission to the OEB, which is planned for March 2010 and will cover rate years 2011-2012. In preparing their plans and submissions, business units should review issues raised in last summer’s hearing and subsequent OEB decision (November 3, 2008) as they develop performance objectives and expenditure plans.
If you require additional information regarding requirements for preparation of the OEB application, please call Barb Reuber at 416-592-5419.

2.5 SCHEDULE

As noted earlier, the business planning process features a number of changes this year in response to the planning challenges we are facing. Key changes and new elements include the following;

- Approval of the business plan is targeted for November 2009, one month earlier than in previous years, to facilitate preparation of the corresponding OEB rate submission for filing on March 15, 2010. This entails compressing activities at the back end of the schedule and will have little impact on BU schedules.
- Business plan instructions are being issued earlier than in previous years and expenditure guidelines for OM&A are being established.
- There will be a mid-process status report due to the Chief Financial Officer and Vice-President, Business and Investment Planning, due late in June, to communicate the status of each Business Units' business plan development.
- The Executive Committee will review and approve 2011 OM&A guidelines in July after consideration of planning progress and issues.

<table>
<thead>
<tr>
<th>Date</th>
<th>Business Planning Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 31</td>
<td>Executive Committee approves 2010-2014 Business Planning Process proposal and confirms 2010 OM&amp;A targets</td>
</tr>
<tr>
<td>May (early)</td>
<td>Business Plan instructions issued</td>
</tr>
<tr>
<td>May (mid)</td>
<td>Preliminary Energy Production Plan released</td>
</tr>
<tr>
<td></td>
<td>Board approves Fossil Asset Strategy (coal unit shutdown schedules)</td>
</tr>
<tr>
<td>June</td>
<td>BU status updates provided to Senior Management (details to be provided)</td>
</tr>
<tr>
<td></td>
<td>Updated Energy Production Plan reflecting May Board decision regarding Fossil Asset Strategy</td>
</tr>
<tr>
<td>July</td>
<td>Executive Committee approves 2011 OM&amp;A targets</td>
</tr>
<tr>
<td>June – August</td>
<td>Continuing site and BU plan development</td>
</tr>
<tr>
<td>September</td>
<td>Initial submissions to Finance Sept 8</td>
</tr>
<tr>
<td></td>
<td><strong>CEO/COO/CFO reviews Sept 21 – Oct 9</strong></td>
</tr>
<tr>
<td></td>
<td>Potential Status report to OPG Board (Sept. 30)</td>
</tr>
<tr>
<td>October</td>
<td>Revised revenue &amp; energy plan Oct 15</td>
</tr>
<tr>
<td></td>
<td>Revised submissions to Finance Oct. 15</td>
</tr>
<tr>
<td></td>
<td><strong>EC review Oct. 27</strong></td>
</tr>
<tr>
<td>November</td>
<td>EC review Nov. 3 (if necessary)</td>
</tr>
<tr>
<td></td>
<td>Board mail out Nov 11</td>
</tr>
<tr>
<td></td>
<td><strong>Board approval Nov 19</strong></td>
</tr>
</tbody>
</table>

Following the OPG Board’s approval of the plan, completion of submission templates and other evidence for the 2011-2012 rate submission will commence.
3.0 SPECIFIC BUSINESS PLANNING & BUDGETING INSTRUCTIONS

3.1 INFORMATION SUBMISSIONS

Business Plan Submissions are required from each business unit, and consist of two primary elements:

- A quantitative resource and financial submission package, submitted through BPS, and accompanied by supporting analysis material; and
- Business Plan power point presentations, to be made to senior management starting in the second half of September, and which must be provided to Corporate Business and Investment Planning in advance of the review with senior management.

The initial resource and financial submission packages are due to Financial Planning on September 8 and consist of the following elements:

- Resource and financial information, including OM&A, non-electricity revenues and costs, capital, minor fixed assets, staff, and provision expenditures, which are to be submitted with work program and resource type/cost element detail through the Business Planning System (BPS). Monthly detail is required for 2010 and 2011. Summarized quarterly detail is sufficient for the remaining years, and may be submitted by email by October 15; this information must reconcile to the annual information contained in BPS.
- Interest capitalization, removal costs and in-service addition forecasts are required, consistent with capital project plan details submitted in BPS and Project listings, (see Section 3.6). Quarterly details for the all years must be submitted on September 8
- BU’s are reminded of the importance of appropriate forecasts for working capital items, including fuel inventory and material and supplies inventory.
- Cost allocation – Business units must allocate all their costs to the station level, within regulated and non-regulated OPG. See section 3.4.2 following.
- An accompanying analysis package which addresses significant changes in resources and performance from both plan-over-plan and year-over-year perspectives. Changes of $5 million or 10% in business plan resources (OM&A, capital, fuel, and non-electricity revenues) should be addressed, as well factors influencing year over year performance. As in the past, this analysis should be provided to Financial Planning through an email, Excel (preferred) or Power Point file.

Similar to previous years, the Business Plan Presentations should identify objectives, performance targets, resources, key initiatives, and risks and mitigation strategies. Comparisons to the current business plan, with analyses of changes in resources and targets, are required. The presentations must also specifically address two new information requirements, intended to promote greater transparency in our operational plans:

- Operational Benchmarking
  - Business units are to indicate how benchmarks/benchmarking have been utilized in assessing operational performance, and their consideration in establishing performance objectives and/or cost targets. Where relevant or comparable benchmarks may not exist, businesses should indicate what other externally-based references are utilized to assess performance and identify potential improvements.

- Marginal Resource Analysis
  - Budget guidelines incorporate the targeted $85 million reduction for 2010. Business plans also need to provide a marginal resource analysis that indicates the impact of having to reduce planned in 2010 and 2011 by a further 5% below guidelines. The analysis for each year should be done separately. The analysis can be provided on a layered basis, eg “the first 1% or $X million would impact programs abc…., the next 2% would require the deferral of xyz, etc”. Implications of program reductions or project deferrals are to be identified.
3.2 RESOURCE AND PERFORMANCE PLANNING GUIDELINES

The OPG Board’s approval in February of the 2009-2013 Business Plan incorporated a deferral of the next rate application from 2010 to 2011. Management committed at that time to reduce 2010 OM&A by $85 million from levels in the current plan in order to ameliorate the financial impact of deferring the application. The resulting OM&A guidelines for 2010, as endorsed by the Executive Committee, are shown in the following table.

Guidelines for 2011 OM&A expenditures will be established and approved by the Executive Committee in June. The decision on guidelines will be made after considering a number of factors, including:

- The progress BUs are making on meeting their 2010 expenditure targets, and
- The continuing need to prudently reduce or defer expenditures, to reduce ratepayer costs

Until guidelines for 2011 and beyond are set, the interim guidelines are the planned OM&A levels for 2011-2013 as approved in the 2009-2013 business plan, as indicated in the table below.

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009</td>
<td>2010</td>
<td>Reduction</td>
<td>Guideline</td>
<td>Interim Guideline</td>
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<tr>
<td>Nuclear Operations</td>
<td>1,610</td>
<td>1,679</td>
<td>(40)</td>
<td>1,639</td>
<td>1,578</td>
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<tr>
<td>NGD and NNB</td>
<td>77</td>
<td>11</td>
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<td>11</td>
<td>15</td>
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<tr>
<td>Hydro</td>
<td>217</td>
<td>237</td>
<td>(5)</td>
<td>232</td>
<td>236</td>
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<tr>
<td>BS &amp; IT</td>
<td>232</td>
<td>232</td>
<td>(12)</td>
<td>220</td>
<td>244</td>
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<tr>
<td>Finance</td>
<td>91</td>
<td>93</td>
<td>(1)</td>
<td>92</td>
<td>95</td>
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<tr>
<td>Human Resources</td>
<td>56</td>
<td>58</td>
<td>(1)</td>
<td>57</td>
<td>60</td>
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<tr>
<td>Corporate Affairs &amp; Energy Markets</td>
<td>53</td>
<td>53</td>
<td>-</td>
<td>53</td>
<td>51</td>
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<tr>
<td>ESLA</td>
<td>31</td>
<td>31</td>
<td>-</td>
<td>31</td>
<td>25</td>
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<tr>
<td>Business Unit OM&amp;A</td>
<td>2,818</td>
<td>2,832</td>
<td>(79)</td>
<td>2,753</td>
<td>2,730</td>
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<tr>
<td>Corporately Held Costs</td>
<td>170</td>
<td>185</td>
<td>(6)</td>
<td>179</td>
<td>256</td>
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<tr>
<td>Total OM&amp;A</td>
<td>2,988</td>
<td>3,017</td>
<td>(85)</td>
<td>2,932</td>
<td>2,986</td>
</tr>
</tbody>
</table>

* before reductions

3.3 COSTING ASSUMPTIONS

Services provided to others and associated revenues should be identified and held at the business-level along with direct costs through Cost of Goods Sold.

Financial Planning is accountable for obtaining and/or developing forecasts for the following financial items:

- Interest expense, depreciation costs and income taxes – based on input from businesses. **It is critical that BU's provide accurate interest capitalization and realistic, trended in-service addition details for capital projects, to facilitate this.** For hydroelectric, the split between regulated and non-regulated assets must be carefully reviewed. The forecasts for regulated assets will form the basis for submission to the OEB, and therefore both the estimates, and the trending must be defensible.

- Energy revenues and non-current pension and OPEB components of the Payroll Burden Rate for regular staff will be kept at the corporate level.

- Guarantee fee on nuclear liability will be calculated and held at the corporate level.

While these items are consolidated at a corporate level, they will each continue to be allocated to sites and lines of business for purposes of segmented and management reporting.
**Escalation and other economic indices** required for calculating expenditures can be found by taking the following link to the Business Planning / Economic outlook web page. Q3 2008 forecasts are currently posted and these will be updated for the March 2009 outlook once it is available, expected to be early May.

**Interest capitalization rates** are assumed to be 6% pa for the business planning horizon.

### 3.4 INSTRUCTIONS FOR USE OF BPS

**Contact:** Ram Iyer

In order to isolate labour and burden rate impacts, there will be three versions of BPS available to business units, similar to last year’s process. W01 will use current BP09-13 rates, W02 will use new labour rates with old burden rates, and W03 will use new labour and new burden rates. Please coordinate submissions with Karen Mooney. Financial Planning will extract W03 details on September 8, 2009 in order to consolidate the business plan.

- Work Program and Projects should be trended on a monthly basis for 2010 and 2011 which will be picked up through BPS;
- Under-spending trends indicate that planned hiring lag and project initiation assumptions require continuing refinement. Business units **must** ensure that their assumptions in this area reflect actual experience and realistic expectations. Assumptions in this area, and comparison to historical trends are to be highlighted in accompanying analyses.
- Total labour requirements **must** be balanced to total labour supply in the Labour Planning Module of BPS.
- BPS will be locked on the submission days to allow consolidation of data by Financial Planning.

#### 3.4.1 Labour Costs and Staffing

Businesses must use the BPS system for budgeting labour costs:

- The BPS system currently contains labour rates, burden rates and job families. Escalation for Society and PWU are as per the current agreements, and should have been reflected in your 2009 plan. Work is currently underway re the annual review of any necessary changes to job families, and other factors, including the impacts of the new PWU agreement, that will affect rates by job family. Updated rates will be available for review in BPS by early July, and will be finalized by the end of July.

  **NOTE:** Development of updated labour rates in July requires the timely submission of regular and non-regular staff forecasts, as identified in section 3.8.

Controllers will be required to verify and agree to the rates. Corporate burden rates will be updated by the end of July, and will be available in W03. For the final submission, payroll burden rates **MAY** be updated again in October, if there are material changes in staff levels and/or actuarial assumptions.

- Direct costs relating to Goal-sharing and AIP incentive plans will be budgeted at the corporate level.
- As a result of the transition to IFRS, costs charged to capital projects are required to include a SAVH component related to internal labour costs. Effective January 1, 2010, Nuclear, Fossil and BS&IT, will applied a SAVH component to both capital and OM&A projects, Hydroelectric will apply the charge only to capital projects. Business Units are responsible for developing their SAVH costs to be charged to projects. The resulting decrease in OM&A will be reflected in a corresponding change in business unit OM&A guidelines. (Contact: Tom Staines)

#### 3.4.2 Cost Allocations

**Contact:** Paul Chabot

As a result of the automation of the BUS allocation process, there will now be a requirement to load a complete set of P/L financial statement for each year of the Business Plan 2010-14 into BPS. Corporate groups will still required to supply their rationale on management estimates for allocations.  

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this information will be provided by the end of May and will be expected to be submitted one week after the September corporate submission). Preliminary accountabilities for input to BPS are:

- Electricity Generation Revenue (Energy Markets)
- Regulatory account (Regulatory Accounting group)
- Fuel and Fuel-related (Business Units)
- Non-electricity generation (Business Units)
- Cost of Goods Sold (Business Units)
- OM&A (Business Units)
- Centrally held costs (Corporate Support grp)
- Accretion & Earnings (Financial Planning)
- Depreciation & Amortization (Financial Planning)
- Property Tax (Property Tax grp)
- Capital Tax (Financial Planning)
- Interest (Financial Planning)
- Income Tax (Financial Planning)

The Corporate Support group will work with individual groups to transition the input to BPS.

3.4.3 New Resource Classification Detail

Contact: Dave Bell

External Purchased Services Classifications

Segregated information on consultant spending will now be required for both planning and reporting purposes. Currently one resource type (RT), is used to capture a number of expenditures under RT 310.

Current definition:

Contracts for a specifically defined project or service where the consultant establishes a level of resources required to complete, and assumes financial risks associated with successful delivery of project.

This very broad definition would include managed types of task services, professional services, such as audit and legal, and general support services.

The objective for the new definition is to isolate only services pertaining to advice or guidance in a separate RT. The new resource classification for consultants has been established in BPS as RT 300. The new/revised definitions for external purchased services to be used for this planning process are as follows:

Consulting Services --RT 300:

- All costs related to the use of a consultant including labour and non labour related items where the risks associated with successful delivery are with OPG. The nature of this pertains to advice/guidance/recommendations with respect to management of a business function. Typically the engagement is self managed by the consultant. (Examples: Studies, Reviews, E&Y or PWC consultant work in an advisory capacity, support function or operational review)

Managed Task Services/Contract Services --RT 310:

- The tasks/services are incremental to the work force capacity and are normally performed on site by a contractor who has the liability to perform. It includes all materials supplied as part of a fixed price contract; material supplied on Time & Material contracts are charged to the materials resource type. These also include professional, operations, maintenance, and general support services. (Examples:
Construction & Engineering services such as design work and construction associated with Master Services Agreements, professional services for legal and audit work and general operation & maintenance activities provided such as lawn care, snow removal, janitorial, equipment repairs, etc.

**Augmented Staff-- RT 320**

- External labour cost for work under OPG supervision and on OPG premises. Includes rental staff paid by Accounts Payable, but excludes temporary staff paid through payroll. The risks associated with successful delivery are with OPG.

3.5 **BUDGETING FOR SERVICE PROVIDERS**

Contact: Lovleen Bassan

Businesses should work closely with service providers, such as Business Services & Information Technology (BS&IT), Real Estate & Services, Supply Chain, etc., to jointly agree on service requirements and associated costs. The costs should be adequately reflected in the service provider’s plan. As per the cost model, all OM&A and capital resources (including MFA) will generally be held by the service providers on behalf of the businesses. Please ensure that there are no duplications in budgets between the business-levels and service providers.

**Information technology (IT) requirements** should be identified to the BS&IT Office. Generally speaking, they plan for all business-related IT needs, IT projects, and IT components of larger business initiatives where they are identified to them. There are a number of IT expenditures not currently captured in the BS&IT plan. These include:

- Process control hardware and software in Nuclear, Fossil & Hydro generation.
- Engineering tools hardware and new software in Nuclear. (Annual maintenance for most existing software is covered.)
- Engineering tools hardware and software in Fossil & Hydro generation.
- .

Where feasible, requirements for these items should be clearly identified to the BS&IT Office for inclusion in its plan. Where the business is asking the BS&IT Office to assume budget accountability for existing items (e.g., annual maintenance contracts), a list of the items and their related costs should form part of the information provided. Businesses are also reminded that under the OPG OAR, only the BS&IT Office has requisitioning authority for IT services and materials (hardware and software). If there is uncertainty as to whether or not a particular contract is identified in the BS&IT plan, one of the contacts listed below should be consulted.

BS&IT however will continue to plan for the replacement of network printer devices for situations where an MFP device is not justified (typically where only a network printer is required and there is no copier to be replaced).

BS&IT has established a number of joint IT and business Asset Investment Screening Committees (AISC) to prioritize and plan IT project proposals. There are currently more Business Unit requests for IT project funding than the budget envelope and the AISC approach will allow OPG to prioritize projects across the company for inclusion in the five year business plan. The

BS&IT has identified points of contact for each business as follows:

- Nuclear Customer Relationship Manager – Chris Woodcock
- Hydroelectric Customer Relationship Manager – Howard Mintz
- Energy Markets – Howard Mintz
- Corporate Groups Customer Relationship Manager – Howard Mintz
• Darlington Nuclear New Build and Refurbishments – John Witherspoon

Accommodation requirements (e.g. new leases, lease renewals, facility enhancements/modifications, new furniture, etc.) outside the generating stations should be identified to Real Estate & Services. Real Estate & Services generally plans for all accommodation costs in accordance with an overall leasing strategy and will identify any costs to be charged to the businesses.

Businesses are reminded that under the OPG OAR, only Real Estate & Services has requisitioning authority for the acquisition, leasing and disposal of real estate. Real Estate & Services has identified the following contacts by service area:

• Real Estate Services – Sony Lim (x1818 at 700U)
• Facility & Project Services – Don Seedman (x3289 at 700U)
• Business Services – Barb Smith (x7790 at 700U)
• Fleet Services – Joe Werb (416-231-4111 x6048 at Kipling)

3.5.1 WORK FOR OTHERS

Contact: Tom Staines

The Cost Transfer Model states that organizations are to budget for all of the resources that they control. During the 2010-14 business plan period, Support Groups may be requested to provide dedicated services to Darlington New Nuclear, or Nuclear Refurbishment. It has been agreed that for these specific projects, that an exemption will be made to the Cost Model, to allow for direct attributed labour costs to be transferred out to these projects. Accounting will provide direction on the cost that can be classified as directly attributed costs. Head counts will remain in the support group.

The support groups must reach agreement and obtain concurrence with Finance on the costs being transferred, prior to their business plan submission. For presentation purposes, both originating and receiving groups will show the gross and net costs and head-counts associated with these transfers. This will ensure that there are no duplications in budgets between the project and service providers.

3.6 CAPITAL AND OM&A PROJECTS

Contact: Dorothy Lau Barton

This section specifies the requirements and the schedule for submission of the 2010-2014 capital and OM&A project portfolio listing and supporting Planning Business Cases (BCSs). Business Units are requested to provide their project information before August 31, 2009 to Jack Fong in Corporate Business & Investment Planning.

Section 3.6.1 specifies the listing requirements for the project portfolios. Section 3.6.2 provides the criteria for projects requiring Planning BCSs and the information requirements for Planning BCSs. Questions on these requirements should be directed to Dorothy Lau Barton (access 400, extension 4580) or Jack Fong (access 400, extension 4655).

3.6.1 Prioritized List of Capital and OM&A Projects

Business Units are requested to identify all capital and OM&A projects having cash flows within the Business Plan time horizon (2010-2014). The submitted projects must be prioritized to maximize value, while considering risks and OPG’s business objectives as well as alignment with business unit strategies and facility Life Cycle Plans (as applicable).

The listing format and full information requirement are provided in the Project Listing Template, available on Corporate Finance’s Business Planning Webpage. Definitions and explanations for the various fields in the template are provided in the worksheet called Guidelines. To facilitate corporate review, consolidation and
reporting, it is essential that Business Units provide all information and in the format specified in the listing template.

To support the development of a 10 year integrated staff resourcing plan and an affiliated analysis underway related to skilled craft from the construction trades, an additional categorization of projects has been added to this year’s project listing template. This categorization is being used to identify the type and number of skilled craft we will need from the various construction trades. For additional information on these categorizations, and how this information will be used, please contact Donna Rees (access 400, extension 4942).

In cases where the portfolio listing of projects do not add up to the total requested funding envelope, separate justification for the planned level of expenditures should be provided – e.g., benchmarking, historical spending, etc.

3.6.2 Planning Business Cases

Business Units are required to submit Planning BCSs for unreleased projects listed in their portfolio and meeting the following criteria:

- Projects planned for release in 2010 with cash flow greater than $1M
- Projects planned for release in 2010 or 2011 with total project cost greater than 4M

For the purpose of these instructions, unreleased projects include:

- Projects with no previous releases
- Projects with developmental (preliminary) and/or partial releases but the project has not been fully committed
- Previously released projects that are forecasting significant changes in scope/cost (greater of 10% or $1M) and the change has not been approved

The information requirements for Planning BCSs are specified in the Planning BCS Template and Regulatory Planning BCS Template. Additional information and explanation are also provided in the BCS Procedure. The BCS templates are available on the Finance Business Planning Webpage.

While the Planning BCS template sets out the minimum information requirements, BU will often have existing documents (e.g. Nuclear AISC Form B) that more than meets the specified information requirements. When such documents are available and up-to-date, they can be submitted in place of the Planning BCS.

Planning BCSs are typically less than two pages in length, but the extent of information should be commensurate with the nature of the project, the level of expenditure and its stage of development at the time of submission. Among others, key information requirements for Planning BCSs include: the need for the project, its contribution to meeting OPG business objectives, quantifiable benefits, cash flow requirements, impact of deferring or not proceeding, key project risks and other considerations that can be used to establish a relative ranking. This is to ensure the optimum use of resources and maximum return to the Corporation.

Planning BCSs will need to include a preliminary evaluation of alternatives to illustrate the likely merit of the proposed alternative. If the project scope or cost estimate is highly uncertain due to timing, the use of range estimates is encouraged. For the purpose of setting budgets and evaluating the economics of alternatives, the expected value should be used.

All Planning BCSs should be reviewed and signed-off by the appropriate project sponsor (i.e., Asset Manager, Engineering Director, etc.) and the local Controller.

3.6.3 BCS Preparation Assistance

For assistance with BCS preparation, please contact your local Controller or Business Support group. In addition, BCS training sessions can be arranged between June and August of each year. The 2009 training calendar is posted on the Corporate Finance Website under BCS Toolkit. For registration, please contact Banty Tezazu of Corporate Business and Investment Planning (access 400, extension 5817).
3.7 BUSINESS UNIT RISK SELF ASSESSMENT (“BURSA”)  

Introduction

The unprecedented number and complexity of strategic objectives that OPG faces in the near future requires the company to enhance its risk management processes. At the organizational level, Risk Services is responsible for creating a robust methodology or framework capable of facilitating the identification, assessment, monitoring and reporting of key threats, risks and uncertainties faced by OPG. This framework, together with a number of underlying processes, provides the critical evidence that supports the organization’s ability to execute a holistic and enterprise view of key threats and risks within the context of OPG’s strategic objectives.

One of the key elements of this framework is the BURSA template which has been recently enhanced in order to generate greater insight into key threats and risks that endanger the achievement of corporate business plan objectives. The collective output of these templates will be a key component of OPG’s strategy to respond to challenges and increased scrutiny by stakeholders in the near future.

For this business planning period, the following business units will submit a completed BURSA template to the Risk Services Group by Friday June 12, 2009: Nuclear, Fossil, Hydroelectric, Finance, Energy Markets, BS&IT, Human Resources, Corporate Affairs and Law. Templates are to be submitted to Jody Hamade, Director - Operational & Market Risk, with copies to David Halperin.

While this timing represents a significant advance compared to previous planning cycles, it is necessary to support an enhanced consolidated risk assessment process, in which the Executive Risk Committee will be reviewing and prioritizing corporate risks during July/August. This timing, now in advance of business plan reviews, will provide senior management improved context for assessing the adequacy of business plans’ responses to key risks.

In support of this earlier deadline, Risk Services staff are available to assist each business unit with the completion of the enhanced BURSA template, including pre-population of key risks. Furthermore, the staff will also provide ongoing input and assistance with respect to the regular reporting requirements that are also part of the underlying methodology.

Overview of the 2010 BURSA template

The template is designed to help each business unit identify, assess and rank their threats, risks and uncertainties based on their individual capacity to endanger the achievement of a specific business unit objective. The template records a point in time analysis of nature of the threat in relation to a specific goal, a detailed description of planned mitigation activities, commentary on how such mitigation will be continually evaluated for effectiveness, followed by identification of possible remediation actions if mitigation activities fail or prove to be ineffective. For each of these thought processes the template records key assumptions as well as applicable metrics.

Completing the BURSA template

Each business unit will use the template to generate two (2) groups of (up to*) five (5) most significant or “top” threats, risks or uncertainties. The first group of 5 captures quantifiable impacts on “measurable” goals relating to costs and revenues. Rankings based on impact on revenue or costs will be required.

The second group of 5 captures more qualitative impacts on “strategic” goals such as corporate performance in relation to safety, environmental stewardship or corporate reputation. This list of candidates will not require ranking as with the first group.

Using the template, each business unit will then submit their two “top” lists of (up to) 5 to Risk Services who will collate all the submissions. For the purpose of completing the template, the business units should use the context of one calendar year (i.e. 2010). However, there is some latitude for up to 2 years forward under limited circumstances.
* There is no need to identify a minimum of 5. Five represents the maximum number of components.

**The BURSA process**

This methodology will create two groups of key or top threats, risks or uncertainties, one in relation to measurable objectives and the other in relation to strategic goals. Risk Services will evaluate these lists and validate any outstanding issues with specific business units. Once this process is complete, the contents of both lists will be presented as "candidates" for the “top” list for OPG to the Executive Risk Committee ("ERC") at the upcoming annual summit meeting scheduled for late June / early July.

At that time, the ERC will determine which threat, risk or uncertainty is a “top” priority for OPG at the enterprise level. Once this “top” list is created, each component will then be the subject of close monitoring and reporting as well as quarterly re-evaluation. The output of these re-evaluations will be contained in the quarterly Enterprise wide Risk Management report which is presented to the Audit/Risk Committee of the Board by the Chief Risk Officer.

In addition to the “top” list for OPG, Risk Services will create a supplementary list known as the “monitored” list. This list will contain those candidates for “top” list that were not selected but were nonetheless, identified as threats, risks or uncertainties sufficient to warrant quarterly monitoring.

**Ongoing requirements**

In the event that circumstances or developments cause a significant change* to any component of either the “top” or “monitored” list, the business unit will be responsible for reporting such developments to the Risk Services group who will then facilitate presentation of the issue to the ERC. The ERC will continue to re-confirm the appropriateness of the composition of the “top” list with their review of the Enterprise wide Risk Management report that is submitted to the Audit/Risk Committee every quarter.

Composition of both the “top” and “monitored” list could change in the following circumstances:

i) proposal to move a threat, risk or uncertainty from the “top” list to the “monitored” list due to reduction or decrease in the nature or degree of the threat or risk (i.e. “re-allocation”)*

ii) proposal to move a threat, risk or uncertainty from the “monitored” list to the “top” list due to increase in the nature or degree of the threat or risk (“re-allocation”)

iii) proposal to remove a threat, risk or uncertainty from either the “top” or “monitored” list due to elimination or substantial elimination of nature or degree of threat or risk (“removal”)

iv) proposal to insert into either the “top” or the “monitored” list a new threat, risk or uncertainty not previously identified (“addition”)

* These terms are referenced to the Enterprise wide Risk Management report

A revised (June 2009) BURSA template can be accessed on the Business Planning website.

Additional information on the BURSA process can be accessed on the Risk Services website.
3.8 INTEGRATED STAFF PLANNING INFORMATION REQUIREMENTS

Human Resources is developing a 10 year integrated staff resourcing plan, which will take a comprehensive look at how work is resourced within OPG, including regular and temporary staff plans, as well as purchased services for base and project work. The first 5 years of this 10 year plan will be based on the 2010 business plan, with remaining years obtained through a separate process including consultation with business units.

A resourcing template has been created to capture the information requirements related to staffing and non-project (or base) purchased services. The project related information needed will be collected through the existing project listing templates, and simply requires each project to be categorized. Please refer to the instructions provided for the project listing template for more information.

The resourcing template contains 3 parts:

Part A: Regular Staff complement and demand (excluding apprentice, trainee & seasonal staff)
Part B: Apprentice, Trainee, Seasonal & Temporary complement and demand
Part C: Non-Project External Purchased Services ($)

A preliminary submission is due on Jun 30, capturing Part A of the template.

The full template (Part A, B & C) is to be completed & submitted with your final business plan submission.

Note that for both the preliminary and final submissions, business units may utilize the Business Planning System (BPS) in lieu of this template for Parts A & B. However, Part C of the template must be completed for all business units, by planning unit. Please note that punctual submission of this preliminary Schedule A information in June is critical to developing a timely update of pay and burden rates.

Organization-specific templates will be available on the web, or through Donna Rees (access 400 extension 4942). The organization specific templates will have actual headcount information and data from the approved 2009 budget pre-populated in the template.

For Project Instructions:

To support the development of a 10 year integrated staff resourcing plan and an affiliated analysis underway related to skilled craft from the construction trades, an additional categorization of projects has been added to this year’s project listing template. This categorization is being used to identify the type and number of skilled craft we will need from the various construction trades. For additional information on these categorizations, and how this information will be used, please contact Donna Rees (access 400, extension 4942).

The template for each business unit is available on-line at the Business Planning Website.

For copies of the nuclear template, please contact Donna Rees.
3.9 **CORPORATE SAFETY GUIDELINES**  

Contact: Cathy Catton

OPG has achieved excellent safety performance with a strong safety culture and robust safety management systems. The Business Planning Guidelines for Corporate Safety, to be available shortly, include Strategic Objectives and Directions from our five year Strategic Plan that clearly define OPG's continuous improvement objective and will drive OPG's breakthrough to the next level of excellence in safety performance including maintaining top quartile safety performance. The Guidelines will include details of planned initiatives associated with meeting these goals as well as a description of regulatory issues and an assessment of their impact on OPG. These must be considered by the Businesses in development of their plans.

The Safety Business Planning Guidelines are posted on the Human Resources website under “Safety”

---

3.10 **FIRST NATIONS INITIATIVES**  

Contact: Bob Yap

OPG’s Aboriginal Relations Policy, approved in November 2007, has the following primary objectives:

- A commitment to deal with aboriginal communities in a respectful way;
- A commitment to resolving past grievances;
- A willingness by OPG to enter into commercial partnership with aboriginal communities;
- A commitment to building relationships with aboriginal communities including community outreach, capacity building, employment and contracting opportunities.

All affected business units and support functions are required to develop programs in support of this Aboriginal Relations Policy. Program implementation is being staged over five years to facilitate an initial focus on the most critical areas. For this business planning period, the Fossil Business Unit is being added to the list of Business Units that are being requested to prepare an Aboriginal Relations Program. Programs should be developed with a view to reporting results to the First Nation Steering Committee on periodic basis.

For this Business Planning period, the following Business Units will develop programs consistent with the guidelines:

- Hydro - including the Development Group
- Fossil
- Nuclear New Build and Pickering Refurbishment projects
- Other Line Organizations that have regular contact with Aboriginal Communities

Nuclear Operations will be expected to develop First Nations Programs in future plans based on experiences gained from the organizations listed above.

For further guidance on program requirements, please visit the Hydroelectric web-site:

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3.11 **ENVIRONMENT / SUSTAINABLE DEVELOPMENT (ENV/SD) PLANS**  

Contact: Rob Lyng

Ontario Power Generation’s Environmental Policy identifies the sustainable development policy framework within which all OPG business plans are to be developed. The Environment/Sustainable Development business plan input is an important part of Ontario Power Generation’s environmental management.

The following instructions outline the requirements that business units are expected to consider and document in their Environment/Sustainable Development plans. These are plans to be submitted to the Vice President, Sustainable Development by **September 30th, 2009**.

Questions regarding these instructions should be directed to Rob Lyng, (416) 592-3193, rob.lyng@opg.com
PLANNING ASSUMPTIONS

- The regulation of greenhouse gas emissions is expected to begin during the business planning period, most likely in 2010 and no later than 2012. Reporting of greenhouse gas emissions will be required for all sites emitting greater than 25,000 tonnes of greenhouse gases per year.

- The Federal Framework for conventional air pollutants SO₂, NOₓ, particulate and mercury, if implemented, will have no effect on OPG operations.

- Definition of best management practices for fish entrainment and impingement at nuclear and fossil plants began in 2008-2009. Implementation of these BMP must be initiated within the business planning period.

- The Ontario Endangered Species Act 2007 will come into effect as proposed and the planned lists of endangered species will be produced during the business planning period.

REQUIREMENTS

The following is a synopsis of Environment/Sustainable Development Business Plan reporting requirements. Additional detail is available on the Sustainable Development website:


- Environment SD Business Plan Instructions 2010-2014:

- In addition, a template is available on the Sustainable Development website, that may be used to submit the Env/SD Plan. Businesses are free to use their own format as long as all the relevant information is provided. This template is available on the Environment website under Environmental Planning Guidelines.

- All business units and functions are to identify planned activities and programs to fulfill relevant elements of the Environmental Policy and support Operations in fulfilling the policy. Include reference to planned initiatives to enhance environmental awareness for new and current employees as appropriate.

- Nuclear, Fossil, Hydroelectric, NWMD, and Real Estate businesses will identify planned activities and programs to fulfill relevant elements of the OPG Greenhouse Gas Management Plan policies as they apply to their respective operations:

  - Nuclear, Hydroelectric, NWMD, Real Estate plans should include description of programs or operational control measures to address:
    - Non-renewable CO₂ emission management;
    - Heat rate management/improvement;
    - Hydroelectric conversion efficiency; and/or
    - Internal energy efficiency.

  - Nuclear, Fossil, Hydroelectric, NWMD, Real Estate must include plans to document, for each site, inventories of greenhouse gas emissions expressed in CO₂e based on global warming potentials. Business plans should assume that all sites emitting greater than 25,000 tonnes CO₂e per year will have to report 2010 emissions in 2011 and annually thereafter.

  - Nuclear, Fossil, Hydroelectric, NWMD, Real Estate businesses should identify planned activities and programs to fulfill relevant elements of the following Ontario Power Generation policies as they apply to their respective operations:
Biodiversity Policy

Policy on Land Assessment and Remediation

Policy for Use of Ozone-Depleting Substances

Policy for Management of Polychlorinated Biphenyls (PCB's)

- **Nuclear, Fossil, Hydroelectric, NWMD, and Real Estate** plans should address the following in their Environment/Sustainable Development plans:
  - Changes in Significant Environmental Aspects (SEA).
  - “Other Requirements” such as Wildlife Habitat Certification or other environmental commitments that the plant / plant group have adopted.
  - Programs or operational control initiatives aimed at continued improvement of management of one or more SEA or element of the environmental management system (EMS).
  - Objectives and targets to be used by the business unit to assess program delivery and overall environmental EMS effectiveness.

- **Nuclear, Fossil, and Hydroelectric** are expected to have programs to manage fish impingement/entrapment in order to satisfactorily manage the regulatory risk of the Fisheries Act. Environment/Sustainable Development plans should include a description of these programs.

- **Nuclear** is expected to have programs to reduce tritium emissions and the quantity of low and intermediate solid radioactive waste produced. Environment/Sustainable Development plans should include a description of these programs.

### 3.12 EMERGENCY MANAGEMENT PLANS

Business Units are to provide the following information directly to Gian Di Giambattista, by September 15, 2009.

- Nuclear, Hydro, Fossil and Energy Markets are to identify staff and funding towards the Emergency Preparedness Market Rules compliance requirements, including, training, Key Facilities Critical Components testing (NPCC and Black Start requirements), developing and participating in workshops and exercises, reviewing standards and other drills to test emergency, business and operational continuity plans.

- All Business Units are to identify staff and funding for the review and update of their pandemic documents including findings from the H1N1 outbreak in order to maintain pandemic readiness. This will include conducting drills, participating in CMCC Pandemic exercises and planning meetings.

- Business are to identify any specific funding required as part of ongoing mitigation of risks associated with supply chain dependencies, or other identified continuity of operations vulnerabilities.

- Business Units are to identify staff and funding in 2010 for assessing their emergency preparedness/business continuity plans against the CSA Z1600 Standard using the Gap Assessment tool.

- Hydro and Fossil are to identify funding and staff requirements for the implementation of WebEOC and Mir3 software for their respective Emergency Operations Centres (EOC) in 2010. If there are no benefits for implementing these programs, it should be stated and not included in their submission.

Questions regarding these instructions should be directed to Gian Di Giambattista, Director Emergency Management (416 592-8460), g.digiambattista@opg.com.
TITLE
ORGANIZATIONAL AUTHORITY REGISTER

PURPOSE
The Ontario Power Generation (OPG) Organizational Authority Register (OAR) provides a common framework of delegated authorities and position holders who can exercise those authorities. Authority is the right to order and make final decisions, including the right to approve a transaction and execute any documents related to the approval.

EXCEPTIONS
Subsidiary Operations - the OPG OAR will be used to define approval limits for financial decisions made on behalf of a subsidiary, business venture with partners or related business alliance (SUB) where an OPG employee is acting as a director/officer of said SUB regardless of the OPG employee’s title or approval levels within that SUB unless specific approval authority is granted by the CEO.

AUTHORIZATION

SINGLE POINT OF CONTACT: C. Sillman
Manager, Internal Control and Reporting Systems

GOVERNING DOCUMENT OWNER: N. Reeve
Vice-President, Financial Services

DOCUMENT RELATIONSHIP

Receives Authority from: Financial Management and Internal Control Policy
Review Date: 2 Years
ORGANIZATIONAL AUTHORITY REGISTER

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Title: ORGANIZATIONAL AUTHORITY REGISTER

2.3 Position Holders

2.4 Supervisors

2.5 Site Controller/Local Finance Manager

2.6 Manager Internal Control and Reporting Systems

3.0 DEFINITIONS AND ACRONYMS

3.1 Definitions

3.2 Abbreviations and Acronyms

4.0 RECORDS AND REFERENCES

4.1 Records

4.2 References

4.2.1 Performance References

4.2.2 Developmental References

5.0 REVISION SUMMARY

APPENDIX

Appendix A: Authority Level Position Holders List with Mapping to Position Title, Management Group Band (for Levels 3 to 8)
1.0 DIRECTION

1.1 Exercise of Authority

1.1.1 Authority belongs to the position and not the incumbent.

1.1.2 Authorities for operational and transactional authorities may be delegated on a temporary basis for a maximum of 3 months.

1.1.3 Authority is not to be delegated where there is a significant possibility of conflict of interest or of collusion.

1.1.4 Authority delegations are effective on the date approved unless otherwise specified in the approval.

1.1.5 An incumbent occupying two positions may exercise the authority of both of those positions, even when they are in the same line, except where doing so would violate an established control system, policy, or procedure.

1.1.6 The delegator may continue to exercise a position’s authorities that have been temporarily delegated; however, temporary delegations are not to be used to circumvent the permanent delegation process.

1.1.7 Authority is to be exercised in relation to the total known requirement unless documented otherwise. A transaction with a known (or estimated) total dollar amount should not be split into smaller pieces to allow approval at a lower level and should represent a proper bundling of work.

1.1.8 All positions have authority over their subordinate positions, including positions to which authority has been delegated to expect accountability for results and work performance.

1.1.9 Position holders should exercise adequate due diligence prior to all decisions, including proper documentation and proper review and sign-off at the appropriate level.

1.1.10 All authority limits are Canadian dollar denominated, inclusive of PST within an approved or amended planning document (business plan, budget, performance contract). Conversion should be done using the exchange rates posted on the Financial Planning website under Economic Outlook.

1.2 Constraints on Authority

The delegation and exercise of all authorities are further governed by:

(a) Policies and procedures that govern the transaction.

(b) Standard Segregation of Duties – The original initiator of a transaction cannot be the approver – except for energy or certain treasury transactions which have other compensating controls - even if the transaction is within their assigned authority limits.

(c) Supplementary reviews and approvals are required for certain transactions. Where other units have specific authority for secondary approvals, early involvement with those units is recommended.
1.3 Authority Tables

1.3.1 Financial Transactions Common to All Managers

Position holders are delegated the following authorities.

**1.0 AUTHORITIES FOR ALL MANAGERS**

<table>
<thead>
<tr>
<th>Element Number</th>
<th>Financial Transactions</th>
<th>Authority Level – by Standard Position</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>CEO</td>
</tr>
<tr>
<td>-</td>
<td>Authority Level</td>
<td>8</td>
</tr>
<tr>
<td>1.1</td>
<td>Project in Budget</td>
<td>$25M</td>
</tr>
<tr>
<td>1.2</td>
<td>Project Not In Budget</td>
<td>$15M</td>
</tr>
<tr>
<td>1.3</td>
<td>Strategic Project</td>
<td>$10M</td>
</tr>
<tr>
<td>1.4</td>
<td>Project Over Variance</td>
<td></td>
</tr>
<tr>
<td>1.5</td>
<td>Requisitions</td>
<td>&gt;$25M</td>
</tr>
<tr>
<td>1.6</td>
<td>Business Travel and Expense</td>
<td>&gt;$100K</td>
</tr>
<tr>
<td>1.6.1</td>
<td>Employee-Requested External Tuition Assistance</td>
<td>&gt;$100K</td>
</tr>
<tr>
<td>1.7</td>
<td>Asset Write-off</td>
<td>$10M</td>
</tr>
<tr>
<td>1.8</td>
<td>Research Funding</td>
<td>&gt;$10M</td>
</tr>
<tr>
<td>1.9</td>
<td>Local Sale Excess Material</td>
<td>&gt;$25K</td>
</tr>
<tr>
<td>1.10</td>
<td>General Sales (not energy)</td>
<td>&gt;$40M</td>
</tr>
</tbody>
</table>

*For this element only the level 7 authority applies to all members of the Executive Management Team (EMT).
1.3.2 Financial Decisions – Authorities for Specific Units

The following authorities are unique to specific organizations as indicated. Only these units have authority to authorize these transactions.

<table>
<thead>
<tr>
<th>Element Number</th>
<th>Financial Transactions</th>
<th>Authority Level – by Standard Position</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>CEO</td>
</tr>
<tr>
<td>2.1</td>
<td>Corporate Donations and Not for Profit Sponsorships (to registered charities and non-profit organizations) are unique to the Corporate Citizenship Program and can only be made by the Director Research/Brand and Communication Services, VP Public Affairs, SVP Corporate Affairs and the CEO.</td>
<td>&gt;$25K</td>
</tr>
<tr>
<td>2.2</td>
<td>Sponsorships for Brand building</td>
<td>&gt;$100K</td>
</tr>
<tr>
<td>2.3</td>
<td>Requisitioning of Advertising – Corporate Affairs</td>
<td>&gt;$4M</td>
</tr>
</tbody>
</table>

3.0 REQUISITIONING OF INFORMATION TECHNOLOGY (IT) SERVICES AND EQUIPMENT (Restricted to Business Services and Information Technology – IT Group)

<table>
<thead>
<tr>
<th>Element Number</th>
<th>Financial Transactions</th>
<th>Authority Level – by Standard Position</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>CEO</td>
</tr>
<tr>
<td>-</td>
<td>Authority Level</td>
<td>8</td>
</tr>
<tr>
<td>3.1</td>
<td>Requisitioning of IT equipment</td>
<td>&gt;$15M</td>
</tr>
<tr>
<td>3.2</td>
<td>IT Consultants, Contract Staff, Services</td>
<td>&gt;$5M</td>
</tr>
</tbody>
</table>
### 4.0 REQUISITIONING OF LEGAL SERVICES (Restricted to Law and General Counsel)

<table>
<thead>
<tr>
<th>Element Number</th>
<th>Financial Transactions</th>
<th>Authority Level – by Standard Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>Authority Level</td>
<td>8 7 6 5 4 3 2 1</td>
</tr>
<tr>
<td>4.1</td>
<td>Requisition of Legal Services &gt;$25M N/A $4M N/A $1M N/A N/A N/A N/A N/A</td>
<td></td>
</tr>
</tbody>
</table>

### 5.0 AUTHORITY TO IMPLEMENT DECISIONS WHERE PRIOR APPROVAL EXISTS

<table>
<thead>
<tr>
<th>Element Number</th>
<th>Financial Transactions</th>
<th>Authority Level – by Standard Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>Authority Level</td>
<td>8 7 6 5 4 3 2 1</td>
</tr>
<tr>
<td>5.1</td>
<td>Payroll related transactions – bulk &gt;$200M N/A $150M $100M $50M $50M $40M N/A</td>
<td></td>
</tr>
<tr>
<td>5.1.1</td>
<td>Payroll related transactions - individual employee &gt;$3M N/A $3M $3M $2M $2M $1M $300K</td>
<td></td>
</tr>
<tr>
<td>5.2</td>
<td>Tax, proxy tax remittances and similar payments N/A &gt;$30M N/A $30M $6M $4M N/A N/A</td>
<td></td>
</tr>
<tr>
<td>5.3</td>
<td>Accounts Payable and Accounting transactions &gt;$25M $25M $15M $8M $4M $1M $50K $10K</td>
<td></td>
</tr>
<tr>
<td>5.4</td>
<td>Relocation Assistance  &gt;$2M N/A $1.5M $1M $400K $200K N/A N/A N/A</td>
<td></td>
</tr>
<tr>
<td>5.5</td>
<td>Payments not related to purchase orders but within defined contracts or regulation &gt;$25M $25M $15M $8M $4M $1M $50K $10K</td>
<td></td>
</tr>
<tr>
<td>5.5.1</td>
<td>Energy Markets – Settlements &gt;$25M $25M N/A $8M $4M $2M $50K $10K</td>
<td></td>
</tr>
<tr>
<td>5.5.2</td>
<td>Energy Markets – Swaps  &gt;$25M $25M N/A $8M $4M N/A N/A N/A N/A</td>
<td></td>
</tr>
<tr>
<td>5.5.3</td>
<td>Energy Markets – Fuel   N/A N/A N/A N/A &gt;$1M $1M $50K N/A N/A</td>
<td></td>
</tr>
<tr>
<td>5.6</td>
<td>Payments related to an Aboriginal Settlements agreement approved in accordance with OAR Element 14. &gt;=25M $25M* N/A $500K* N/A N/A N/A</td>
<td></td>
</tr>
<tr>
<td>5.7</td>
<td>Insurance premium payment approved in accordance with the OAR Element 10.5.3 N/A &gt;$30M N/A $30M N/A N/A N/A N/A</td>
<td></td>
</tr>
</tbody>
</table>

---

* For Element 5.6, level 7 authority only applies to the CFO; level 5 authority applies only to the Chief Controller.
## 6.0 FUEL AUTHORITIES (Restricted to EVP-CNO Nuclear (Heavy Water), CFO Supply Chain (Nuclear Fuel) and SVP Corporate Affairs (Coal, Natural Gas and Residual Fuel) and EVP Hydro (Water Rentals))

<table>
<thead>
<tr>
<th>Element Number</th>
<th>Financial Transactions</th>
<th>Authority Level – by Standard Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>Authority Level</td>
<td>CEO 8 EVP 7 CNO 6 CFO 5 SVP 4 VP 3 Director 2 Manager 1</td>
</tr>
</tbody>
</table>

6.1 Requisition Fuel, emission allowances
Approval of fuel requisition or plan as outlined in Business Plan by SVP or higher

6.2 Purchase/Sale of Nuclear Fuel, Natural Gas, Ignition Fuel, Component, Water Rental, Coal, Residual Fuel, Ignition Oil, Emission Reduction Credits/Allowances

- Authority Level 8 7 6 5 4 3 2 1

6.3 Sale/lease of Surplus Heavy Water

### 7.0 PURCHASING (Restricted to CFO and Business Unit Supply Chain)

<table>
<thead>
<tr>
<th>Element Number</th>
<th>Financial Transactions</th>
<th>Authority Level – by Standard Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>Authority Level</td>
<td>CEO 8 CFO 7 Chief Controller 5 SVP 6 VP 5 Director 4 Manager 3 Section Manager 2 Supervisor 1</td>
</tr>
</tbody>
</table>

7.1 Strategic and Evergreen Contracts

7.2 Purchase Order based transactions and Agreements

- Authority Level 8 7 6 5 4 3 2 1

7.3 Low Value Purchases (including Purchase Card)
Up to $10K per transaction; Note Low Value Purchasing is a delegated authority by the CFO

### 8.0 DISPOSAL OF ASSETS (Restricted to CFO and Business Unit Supply Chain)

<table>
<thead>
<tr>
<th>Element Number</th>
<th>Financial Transactions</th>
<th>Authority Level – by Standard Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>Authority Level</td>
<td>CEO 8 CFO 7 SVP 6 VP 5 Director 4 Manager 3 Section Manager 2 Supervisor 1</td>
</tr>
</tbody>
</table>

8.1 Disposal of Assets

Note: For this element only, Level 5 authority has been delegated to the Director, Fossil Supply Chain, Director, Hydroelectric Supply Chain.
## ORGANIZATIONAL AUTHORITY REGISTER

### 9.0 REAL ESTATE (Restricted to SVP Business Services and Information Technology – Real Estate and Services)

<table>
<thead>
<tr>
<th>Element Number</th>
<th>Financial Transactions</th>
<th>Authority Level – by Standard Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>Authority Level</td>
<td>CEO: 8</td>
</tr>
<tr>
<td>9.1 and 9.2</td>
<td>Real Estate Requisition, Acquisition, Management and Disposal</td>
<td>&gt;$10M</td>
</tr>
</tbody>
</table>

### 10.0 TREASURY CYCLE

<table>
<thead>
<tr>
<th>Element Number</th>
<th>Financial Transactions</th>
<th>Authority Level – by Standard Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>Authority Level</td>
<td>CEO: 8</td>
</tr>
<tr>
<td>10.1</td>
<td>Banking Services</td>
<td></td>
</tr>
<tr>
<td>10.1.1</td>
<td>Banking Service Costs (bank charges, service fees, etc.)</td>
<td>&gt;$0.5M</td>
</tr>
<tr>
<td>10.2</td>
<td>Investing</td>
<td></td>
</tr>
<tr>
<td>10.2.1</td>
<td>Money Market – Transaction amount/investment</td>
<td>&gt;$100M</td>
</tr>
<tr>
<td>10.2.2</td>
<td>Money Market – Cumulative daily amount</td>
<td>&gt;$200M</td>
</tr>
<tr>
<td>10.3</td>
<td>Financing/Investing</td>
<td></td>
</tr>
<tr>
<td>10.3.1</td>
<td>Lines of Credit – Agreement Execution</td>
<td>Board</td>
</tr>
<tr>
<td>10.3.2</td>
<td>Lines of Credit/Overdraft – Par value of borrowing</td>
<td>&gt;$50M</td>
</tr>
<tr>
<td>10.3.3</td>
<td>Letters of Credit – Transaction face amount</td>
<td>&gt;$25M</td>
</tr>
<tr>
<td>10.3.4</td>
<td>Guarantees – Transaction face amount &lt;$5M</td>
<td>CEO or CFO or Treasurer</td>
</tr>
<tr>
<td>10.3.5</td>
<td>Guarantees – Transaction face amount &gt;$5M &lt;$150M Controlled/wholly owned Subsidiaries</td>
<td>CEO Plus CFO or Treasurer</td>
</tr>
<tr>
<td>10.3.6</td>
<td>Commercial Paper – Aggregate Daily Amount</td>
<td>&gt;$100M</td>
</tr>
<tr>
<td>10.3.7</td>
<td>Leasing Arrangement – Transaction face amount</td>
<td>&gt;$50M</td>
</tr>
<tr>
<td>10.3.8</td>
<td>Project Financing – Transaction face amount</td>
<td>Board</td>
</tr>
<tr>
<td>10.3.9</td>
<td>Debt – Servicing Expenses and Related Costs</td>
<td>&gt;$100M</td>
</tr>
<tr>
<td>10.3.10</td>
<td>New Debt – Issuance and Related Costs</td>
<td>Board</td>
</tr>
</tbody>
</table>
## 10.0 TREASURY CYCLE

### 10.4 Foreign Exchange Transactions

<table>
<thead>
<tr>
<th>Element Number</th>
<th>Financial Transactions</th>
<th>Authority Level – by Standard Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.4.1</td>
<td>Foreign Exchange Transactions &lt;=1 year – Transaction face amount</td>
<td>CEO</td>
</tr>
<tr>
<td></td>
<td>&gt;$75M</td>
<td>8</td>
</tr>
<tr>
<td>10.4.2</td>
<td>Foreign Exchange Transactions &gt;1 year, or non-hedge transactions – Transaction face amount</td>
<td>&gt;$60M</td>
</tr>
<tr>
<td>10.4.3</td>
<td>Interest Rate Transactions (e.g., Swaps, Forward Rate Agreements (FRAs), other derivatives) covered by an approved strategy – Transaction face amount</td>
<td>&gt;$100M</td>
</tr>
<tr>
<td>10.4.4</td>
<td>Interest Rate Transactions (e.g., Swaps, FRAs, other derivatives) not covered by an approved strategy – Transaction face amount – requires R1 co-signature</td>
<td>&gt;$100M</td>
</tr>
<tr>
<td>10.4.5</td>
<td>Risk Management Expenses (premiums, Swap payments, etc.)</td>
<td>&gt;$10M</td>
</tr>
</tbody>
</table>

### 10.5 Surety/Liability/Insurance

<table>
<thead>
<tr>
<th>Element Number</th>
<th>Financial Transactions</th>
<th>Authority Level – by Standard Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.5.1</td>
<td>Public Liability, Property Damage Claim (Settlement)</td>
<td>CEO</td>
</tr>
<tr>
<td></td>
<td>$5M</td>
<td>8</td>
</tr>
<tr>
<td>10.5.2</td>
<td>Bond Agreement (Surety/Performance/Bid/Indemnity)</td>
<td>CEO</td>
</tr>
<tr>
<td></td>
<td>&gt;$2M</td>
<td>8</td>
</tr>
<tr>
<td>10.5.3</td>
<td>Insurance premium negotiation and approval</td>
<td>&gt;$5M per program</td>
</tr>
</tbody>
</table>

## 11.0 ACCOUNTING (Restricted by the CFO)

### 11.1 Customer Accounting – Controller Energy Markets, Credit Risk

<table>
<thead>
<tr>
<th>Element Number</th>
<th>Financial Transactions</th>
<th>Authority Level – by Standard Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.1</td>
<td>Customer Accounting – Controller Energy Markets, Credit Risk</td>
<td>CEO</td>
</tr>
<tr>
<td></td>
<td>&gt;$2M</td>
<td>8</td>
</tr>
</tbody>
</table>

### 11.2 Customer Accounting – Financial Processing

<table>
<thead>
<tr>
<th>Element Number</th>
<th>Financial Transactions</th>
<th>Authority Level – by Standard Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.2</td>
<td>Customer Accounting – Financial Processing</td>
<td>CEO</td>
</tr>
<tr>
<td></td>
<td>&gt;$500K</td>
<td>8</td>
</tr>
</tbody>
</table>

### 11.3 Inventory/Asset Adjustments and Write-downs

<table>
<thead>
<tr>
<th>Element Number</th>
<th>Financial Transactions</th>
<th>Authority Level – by Standard Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.3</td>
<td>Inventory/Asset Adjustments and Write-downs</td>
<td>CEO</td>
</tr>
<tr>
<td></td>
<td>&gt;$10M</td>
<td>8</td>
</tr>
</tbody>
</table>

### 11.4 Requisition for retention of external auditors, accounting firms and financial consultants – Financial Services

<table>
<thead>
<tr>
<th>Element Number</th>
<th>Financial Transactions</th>
<th>Authority Level – by Standard Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.4</td>
<td>Requisition for retention of external auditors, accounting firms and financial consultants – Financial Services</td>
<td>CEO</td>
</tr>
<tr>
<td></td>
<td>&gt;$25M</td>
<td>8</td>
</tr>
</tbody>
</table>

## ORGANIZATIONAL AUTHORITY REGISTER

### 12.0 ENERGY PRODUCTS AND SERVICES

#### 12.0.1 Financial Transactions

<table>
<thead>
<tr>
<th>Element Number</th>
<th>Financial Transactions</th>
<th>Authority Level – by Standard Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>Authority Level</td>
<td>CEO</td>
</tr>
<tr>
<td>12.1</td>
<td>Enabling agreements/Master Agreements[^3]</td>
<td>All</td>
</tr>
<tr>
<td>12.2</td>
<td>Trading and Origination Activity[^2]</td>
<td>-</td>
</tr>
<tr>
<td>12.2.1</td>
<td>Current Day (Real Time)</td>
<td>&gt;1,500 MW</td>
</tr>
<tr>
<td>12.2.2</td>
<td>Balance of Month/1Month (Short Term)^[^5]</td>
<td>&gt;1,500 MW</td>
</tr>
<tr>
<td>12.2.3</td>
<td>HQ Segregated Transactions (applies to Real Time and Short Term)</td>
<td>&gt;1,500 MW</td>
</tr>
<tr>
<td>12.2.4</td>
<td>Term from Deal Entry Date – Beyond End of Month (Long Term) and MW</td>
<td>5 years</td>
</tr>
<tr>
<td>12.3</td>
<td>Bidding/Offering Activity – Domestic[^6]</td>
<td>OPG Installed Capacity</td>
</tr>
<tr>
<td>12.4</td>
<td>Sale of Ancillary Services[^4]</td>
<td>&gt; $48M</td>
</tr>
<tr>
<td>12.5</td>
<td>Other Products and Services[^4]</td>
<td>&gt; $32M</td>
</tr>
<tr>
<td>12.5.1</td>
<td>Physical Transmission and Financial Transmission Rights</td>
<td>&gt; $32M</td>
</tr>
</tbody>
</table>

### 13.0 CREDIT AUTHORITY

#### Note:

These authorities are documented separately.

---

[^2]: All dollar limits noted are in Canadian dollars. Limits below apply to external deals only and specifically exclude interbook deals. The limits in the Organizational Authority Register establish the authority to enter into and approve individual transactions. The authority limits are to be used in conjunction with the risk limits in the OPG Energy Markets Risk Policy which establish limits on cumulative open positions over various time buckets at a point in time, typically, end of day. Approval of a transaction does not provide approval to bypass or ignore a risk limit. Even in the event of the Special System Condition, an authorized exception under the OPG Energy Markets Risk Policy, OAR transaction approval is required. All relevant policies, procedures and limits must be adhered to.

[^3]: Authority is subject to all appropriate policy or procedural limits or restrictions.

[^4]: Authority established by delegation to specific individuals based on assessed capabilities.

[^5]: Short Term refers to balance of current month plus the following month when current month is beyond the halfway point.

[^6]: Limit applies to all bids/offers into the Ontario administered market in any hour. Authority applies only to those individuals allocated a valid digital certificate and duly authorized by the Director, Portfolio Management.
### ABORIGINAL SETTLEMENTS

<table>
<thead>
<tr>
<th>Element Number</th>
<th>Financial Transactions</th>
<th>Authority Level – by Standard Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>Authority Level</td>
<td>CEO: 8, EVP: 7, SVP: 6, VP: 5, Director: 4, Manager: 3, Section Manager: 2, Supervisor: 1</td>
</tr>
<tr>
<td>14.1</td>
<td>Aboriginal Settlement Agreements</td>
<td>$5M, N/A, N/A, N/A, N/A, N/A, N/A</td>
</tr>
</tbody>
</table>

- Filed: 2010-05-26
- EB-2010-0008
- Exhibit A2-2-1
- Attachment 2
1.4 Element Definitions

1.4.1 Element 1.0 – Authorities for All Managers

<table>
<thead>
<tr>
<th>Element 1.1 – Project in Budget</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Authority to approve, amend scope, defer or cancel (and write-off charges to current operations) projects and investments. Projects are temporary endeavours undertaken to create a unique product or service. Projects have the following characteristics:</td>
<td></td>
</tr>
<tr>
<td>• Limited in time to a prescribed time limit and has start and finish dates.</td>
<td></td>
</tr>
<tr>
<td>• Has a specific objective that conforms to specified requirements, including a cost constraint.</td>
<td></td>
</tr>
<tr>
<td>• Involves a series of coordinated and controlled activities.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Applicability</th>
<th>All position holders.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Approval Criteria</th>
<th>The project approval submission must consist of either a Business Case Summary (BCS), or if it is submitted to the Board, a Board memo supported by an approved BCS.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• All business cases for hydroelectric, fossil, corporate projects and related variances must be approved by the local business unit controller.</td>
</tr>
<tr>
<td></td>
<td>• All business cases for nuclear projects and related variances must be approved by Director Investment Management – Nuclear.</td>
</tr>
<tr>
<td></td>
<td>• All business cases &gt;$4M must also be approved by the VP Nuclear Finance or the Director of Finance Fossil or the Director of Finance Hydroelectric or Controller Energy Markets or Director of Finance Corporate Functions as may be appropriate.</td>
</tr>
<tr>
<td></td>
<td>• All nuclear business cases &gt;$15M must be approved by the VP Corporate Business and Investment Planning.</td>
</tr>
<tr>
<td></td>
<td>• All other business cases &gt;$10M must be approved by the VP Corporate Business and Investment Planning.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scope</th>
<th>Projects should be submitted for approval as a full release, however in exceptional circumstances partial releases may be appropriate.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Full Release</td>
<td>This is the approval of the total amount required to execute and complete the project.</td>
</tr>
<tr>
<td>(b) Partial Release</td>
<td>This is the approval to fund the implementation of a specific part of a total project, where the full project has not been released by the appropriate authority. Since, in most cases, part of a project has only limited or no value without the balance; such approvals are considered exceptions to the rule and should be used only in limited situations. Any partial release must be stand-alone to the extent that the balance is not committed or the subset completion does not force the commitment of the balance of the project. All partial releases must be able to be put in service independently of the balance of the project (with the exception of long lead-time releases for materials).</td>
</tr>
<tr>
<td>(c) Development Release</td>
<td>A development project or preliminary release may be required to adequately determine scope, verify site conditions, conduct investigations and produce an estimate of costs. The developmental project authorities are subject to the following limits.</td>
</tr>
<tr>
<td></td>
<td>• 10% of first $100 million of project/investment cost.</td>
</tr>
<tr>
<td></td>
<td>• 5% of plan cost above $100 million to 1 billion.</td>
</tr>
<tr>
<td></td>
<td>• 2% of plan cost above $ 1 billion to $ 5 billion.</td>
</tr>
<tr>
<td></td>
<td>• 1% of plan cost above $ 5 billion.</td>
</tr>
</tbody>
</table>

Exceptions to these limits require specific justification in the project submission. Management may elect to "risk" the investment of additional funds to get better information, or may elect to recognize the variability in information and adjust the project contingency accordingly. Development releases are approved according to the value of the release alone, not the full estimated cost of the project.
### ORGANIZATIONAL AUTHORITY REGISTER

<table>
<thead>
<tr>
<th>Constraints/Exclusion</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excludes projects not in budget – see Element 1.2</td>
<td>Project Approval, both OM&amp;A and capital, is based on all expected releases and cost flows to be incurred by the company including internal resources.</td>
</tr>
<tr>
<td>Excludes strategic projects – see Element 1.3</td>
<td>(a) Full Release</td>
</tr>
<tr>
<td></td>
<td>The value of the full release is calculated as the sum of all releases associated with the project to date, and which includes the development release, any prior partial release, and the current submission</td>
</tr>
<tr>
<td></td>
<td>(b) Partial Release</td>
</tr>
<tr>
<td></td>
<td>Approval authority is to be identified by the value of the total project.</td>
</tr>
<tr>
<td></td>
<td>(c) Multi-Cost Center Budgets Making Up One Project</td>
</tr>
<tr>
<td></td>
<td>Full release means approval of all of the cash flows associated with the project, regardless of where they are to be budgeted. The organization responsible for identifying the need for the work in their life cycle or strategic plan is responsible for initiating a BCS in conformance with that plan and coordinating the approval process amongst stakeholders and the approval authority. This requirement applies to all releases where multi-cost centre budgets make up one project: full, partial or development release.</td>
</tr>
<tr>
<td></td>
<td>(d) Cost Recovery Projects and Joint Projects</td>
</tr>
<tr>
<td></td>
<td>Approval of cost recovery projects is based on OPGs liability exposure related to the project. Where a customer or a partner will pay for or contribute funding, approval is based on the total project cost. Where OPG is a partner in an externally managed project and only accountable for its own contribution, the appropriate authority is based on OPGs contribution to the project, not the total project cost.</td>
</tr>
<tr>
<td>Governance</td>
<td>OPG-PROC-0050, Developing and Documenting Business Cases</td>
</tr>
<tr>
<td></td>
<td>FIN-PROG-PA-001, Investment Management Program</td>
</tr>
<tr>
<td></td>
<td>FIN-PROC-PA-013, Project Accounting and Reporting Procedure</td>
</tr>
</tbody>
</table>
## Element 1.2 – Project Not in Budget

Authority to approve, **on an exception basis**, projects that are not listed in the original approved business plan and current year budget.

**Applicability**
All position holders.

**Approval Criteria**
The project approval documentation should outline the impacts on the budget/business plan, including where appropriate, projects or OM&A work in the approved business plan that will be displaced as a consequence of proceeding with this project.

- (a) All business cases for hydroelectric, fossil, corporate projects and related variances must be approved by the local business unit controller.
- (b) All business cases for nuclear projects and related variances must be approved by Director Investment Management – Nuclear.
- (c) All business cases >$2M must also be approved by the VP Nuclear Finance or the Director of Finance Fossil or the Director of Finance Hydroelectric or Controller Energy Markets or Director of Finance Corporate Functions as may be appropriate.
- (d) All nuclear business cases >$7.5M must be approved by the VP Corporate Business and Investment Planning.
- (e) All other business cases >$5M must be approved by the VP Corporate Business and Investment Planning.

**Scope**
Includes projects identified in the business plan for a future year that are being advanced by more than one year to the current year, regardless of whether they can be accommodated in the budget through reprioritization of work.

**Constraints/Exclusion**
- Excludes strategic projects – see Element 1.3.
- Excludes scope changes on projects already released – see Element 1.1.

**Calculation**
Same as Element 1.1.

**Governance**
FIN-PROC-PA-001, Business Case Summary Guidelines

## Element 1.3 – Strategic Projects

Authority to approve strategic projects and investments.

**Applicability**
Only the President or the Board of Directors has the authority to approve projects that are defined as strategic.

**Approval Criteria**
Same as Element 1.1.

**Scope**
This authority refers to projects and investments, which include those with strategic implications or sensitivities to the Corporation, as identified by the President/CEO, including, but not restricted to:

- Asset sales/Redis that could impact shareholder agreement.
- Asset development such as major plant rehabs/closures.
- New product development including participation into newer markets or products not previously approved.
- Major acquisitions, mergers, divestitures, business ventures with partners, any significant departure from established strategies of the Corporation.

**Constraints/Exclusion**
Business ventures with partners require CEO approval.

**Calculation**
Project Approval, both OM&A and capital, must capture all expected releases and expenditures to be incurred by the company.

**Governance**
- OPG-PROC-0050, Developing and Documenting Business Cases
- FIN-PROC-PA-014 Procedure for Managing Business Ventures with Partners
### Element 1.4 – Project Over Variance

**Authority to approve a variance to an approved project, plan or investment.**

<table>
<thead>
<tr>
<th>Applicability</th>
<th>All position holders.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval Criteria</td>
<td>Approval must be obtained prior to a project exceeding its approved budget. The project should not continue until approval is obtained. Project variances require approval by the original approval authority. Higher authority approval is required if the variance results in total project cost exceeding approval limit for the approval authority. The extent of approval documentation will require judgment by the approver and should be commensurate with the complexity of the decision, the size and duration of the project, and the additional funds being requested.</td>
</tr>
<tr>
<td>Scope</td>
<td>Variance refers to forecast overspending.</td>
</tr>
<tr>
<td>Constraints/Exclusion</td>
<td>Excludes significant scope changes – see Element 1.1</td>
</tr>
<tr>
<td>Calculation</td>
<td>Approval is based on the total cumulative cost variance, whether previously approved or not, from the originally approved amount. If the cumulative project release plus the variance results in an amount that exceeds the original project approver’s authority limit the variance must be approved by a higher authority level as determined by total project cost per Element 1.1, 1.2 or 1.3 as appropriate.</td>
</tr>
<tr>
<td>Governance</td>
<td>OPG-PROC-0050, Developing and Documenting Business Cases</td>
</tr>
</tbody>
</table>

### Element 1.5 – Requisitions

**Authority to approve requisitions or amended requisitions for material, supplies, contracted services and consultants. A requisition is a request for resources and specifying the characteristics and conditions relevant to those resources.**

<table>
<thead>
<tr>
<th>Applicability</th>
<th>All position holders.</th>
</tr>
</thead>
</table>
| Approval Criteria | • All requisitions for consulting services greater than $250K must be approved by the CEO.  
• Requisitions must be within an approved budget/plan.  
• Fleet Services must sign off on all line requisitions for fleet services.  
• Emergencies: The authority to requisition material, fuel, and contracted service in an emergency rests with the accountable manager at the Station Manager, Service Manager or Director (Authority Level IV) level. Both requisitioning and purchasing approvals must be obtained after the emergency has occurred.  
• Brand building requisitions require secondary approval under Element 2.2. |
| Scope | • Includes releases from strategic contracts.  
• Includes the authority to amend a requisition brought about by changes in quantity, specifications, or commercial condition.  
• Includes Corporate Memberships in external organizations: (1) When:  
  • They increase access to external knowledge, information sources and "contacts".  
  • They satisfy community and industry responsibilities.  
(2) The following costs must be considered in determining value and will be covered:  
  • Membership fees, including initiation fees, annual fees, membership fees and any other assessments – these must be approved under general requisitioning authority (Element 1.5).  
  • Cost of using OPG facilities, including sponsorship of conferences – these must be approved under general requisitioning authority (Element 1.5).  
  • Expenses associated with participation in business meetings, executive meetings and committees – these expenses must be approved under the Travel and Expense Authority. |

OPG-TMP-0001-R001 (Microsoft® XP)
### ORGANIZATIONAL AUTHORITY REGISTER

<table>
<thead>
<tr>
<th>Constraints/Exclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>(3) Membership in an organization does not automatically carry approval for the time-off or the expenses to participate in an organization’s activities. Each event must be assessed on its own merits.</td>
</tr>
<tr>
<td>(4) Memberships will normally be registered in the name of OPG or a designated position. Only in special circumstances will the membership be vested in a person rather than position where it is important to OPG to provide continuity of representation. In such cases, the membership is then treated as a special function assigned to the individual.</td>
</tr>
<tr>
<td>(5) All memberships will be consistent with and meet OPGs Code of Conduct.</td>
</tr>
<tr>
<td>(6) Managers will approve corporate memberships in accordance with the General Requisitioning authority of the OPG OAR. A Purchase Order must be used for all memberships over $10K. Method of payment will be to use the VISA card or VISA cheque for memberships under $10K.</td>
</tr>
</tbody>
</table>

- Sourcing of potential vendors is restricted to business unit supply chains – see Element 7.
- The requisitioning unit will pay for the membership; with the exception of the following memberships which Corporate Affairs will coordinate requisitioning approval and pay for the following corporate memberships:
  - Canadian Electricity Association
  - American Public Power
  - The Conference Board of Canada
  - Organization for Economic Cooperation and Development
  - Public Policy Forum
  - Ontario Chamber of Commerce
  - C.D. Howe Institute
  - Canadian Standards Association
  - Centre for Ethics and Corporate Policy
  - Alliance of Manufacturers & Exporters
  - Council for Business and the Arts in Canada
  - The Toronto Board of Trade
  - The Founders Club
  - The Japan Society
  - The Empire Club of Canada
  - Business Council on National Issues
- Constraint: No commitments may be made to a supplier without a purchase order number except:
  - Where a purchasing card is used.
  - The requirement is an emergency (as defined in the OPG procurement procedures).
  - Where authority has been obtained from the Vice President Supply Chain.
- Constraint: Local Purchasing is a payment method delegated under Element 7.3 for which requisition approval is still required by a position holder.
- Constraint: All requisitions for IT related materials and services must be approved by BS&IT except those directly tied to station process control which are not available through existing IT commodity contracts and the related systems are not connected to a BS&IT controlled network – see Elements 3.1 and 3.2.
- Excludes: Memberships for employees in licensing bodies – see Element 1.6.
- Excludes advertising, IT, legal, real estate and insurance requisitions – see Elements 2.0, 3.0, 4.0, 9.0 and 10.5 respectively.
- Excludes Fuel Authorities Element 6.1.
- Excludes requisitions related to external auditors, accounting firms and financial consultants Element 11.4.
ORGANIZATIONAL AUTHORITY REGISTER

Calculation

- Approval is based on the cumulative total of the original and subsequent requisitions, packaged consistently with the approved budget/plan.
- Requisitions should not be fragmented to circumvent delegated authorities.

Governance

- OPG-PROC-0058, Procurement Activities

Element 1.6 – Business Travel and Expense

Authority to approve employee business travel and expenses.

Approval Criteria

Written pre-approval as specified in OPG-PROC-0052 Business Travel and Expenses is required for any travel not required to perform regular job duties (e.g., personal car mileage to attend a conference), conference/seminar attendance, rail or air travel and business class air travel and the written approval must be included in the receipts package.

Receipts must be attached as specified in OPG-PROC-0052 Business Travel and Expenses.

Scope

- Business travel and expenses.
- Employee Relocation Interim Expenses: Interim expenses associated with employee relocations such as travel back and forth to new location, hotel, phone, laundry will be processed through the Travel and Expense system and approved as per the authority register for travel and expense after review by Employee Services – Relocation Assistance Benefits Unit. All other employee relocation expenses will be approved by Employee Services – Relocation Assistance Benefits Unit.
- Membership fees of employees.

Constraints/Exclusion

- Excludes employee relocation assistance.
- Excludes employee-requested external tuition assistance - see Element 1.6.1.
- Excludes corporate memberships – see Element 1.5

Calculation

Pre-approval is based on the total cost of the business trip, conference or training. Expense report approval is based on the total amount of the expense report.

Governance

- OPG-PROC-0052, Business Travel and Expenses

Element 1.6.1 – Employee-Requested External Tuition Assistance

Authority to approve employee training fees for employee-requested external tuition assistance.

Approval Criteria

- Pre-approval is required for assistance.
- Passing grade is required for reimbursement.
- Approval of executive MBA is restricted to Executive Management Team members and requires concurrence of Human Resources (HR) VP.

Scope

Expenses covered under this element include registration, tuition, and examination fees as well as textbooks and applicable taxes.

Constraints/Exclusion

Excludes OPG directed training – see Element 1.6.

Calculation

Approval is based on the total cost of the course.

Governance

- Human Resource LEGACY – Extramural Training Governing Document
- External Tuition Assistance Frequently Asked Questions
Element 1.7 – Asset Surplus

Authority to declare an asset surplus.

**Applicability**: All position holders.

**Scope**: Minor and Major Assets.

**Constraints/Exclusion**: None

**Calculation**: Approval is based on the lower of market value or original cost of the asset. Where market value is difficult to obtain, net book value at the time of surplus will be used. In the case of inventory parts where obsolescence charges apply, the authority is based on original cost net of any obsolescence charge.

**Governance**:
- FIN-PROC-PA-002, Investment Recovery Procedure
- FIN-PROC-PA-005, Fixed Asset Accounting Procedure

Element 1.8 – Research Funding

The authority to approve the granting of financial non-charitable contributions or other assistance by the Corporation in support of projects, studies or other activities which are relevant to the Corporation’s activities and which are considered to be of advantage to the Corporation in carrying on its business or in meeting its objectives.

The authority to enter into agreements related to information exchange with third parties that involve forms of collaboration and mutual assistance.

**Applicability**: All position holders.

**Approval Criteria**: The signing of the information exchange agreements is subject to approval by Law Division.

**Scope**: Contributions in support of research may include but are not restricted to entering into collaborations, information purchases or contributions to agencies or individuals for research, which is of direct benefit to the Corporation and support of its objectives. Fee for service contract/agreement must be in place. No charitable tax receipt will be issued by the recipient for the contribution. If a charitable tax receipt will be issued, then the Corporate Donations authority Element 2.1 applies. Information exchange with third parties includes: forms of collaboration and mutual assistance. Information exchange, expert assistance, provision of training and shared research and development are some of the possible components of such agreements.

**Constraints/Exclusion**:
- Constraint: This authority cannot be delegated below the level of Director.
- Excludes sales of information - see Element 1.10.

**Calculation**: Approval is based on the total cumulative cost as per agreement or grant.

Element 1.9 – Local Sale of Excess Material

Authority to declare and receive payment for surplus material.

**Applicability**: All position holders.

**Calculation**: The basis of the authority is market value as determined by Investment Recovery or by independent experts.

**Governance**:
- FIN-PROC-PA-002, Investment Recovery Procedure
- Invoices must be processed in accordance with OPG-PROC-0026, Billing and Recording of Accounts Receivable
Element 1.10 – General Sales

Authority to approve and execute agreements, contracts, collaborative agreements and proposal submissions to domestic and foreign clients for sales other than energy services and surplus sales.

Applicability: All position holders.

Approval Criteria: Where an approved contract exists, the authority to execute the invoice requisition is granted to position holders within accountable units in accordance with local governance processes approved by the appropriate VP or designate.

For all sales contracts >$5M (this includes any agreements, memorandum of understanding, letters or intent or other legal documents associated with or leading up to the transaction) stakeholder approval is also required by Legal, Risk Services – Credit Risk, VP Nuclear Finance or Director of Finance Fossil or Director of Finance Hydroelectric or Controller Energy Markets or Director of Finance Corporate Functions as appropriate and Taxation.

For contracts outside the normal course of day to day business but within defined accountabilities up to $5M stakeholder approval is also required by Legal, Site controller and Taxation.

Scope: Such sales include, but are not restricted to sale of by-products and associated services to parties external to OPG, both domestic and foreign.

By-products include among other things cobalt, flyash, and tritium

Associated service includes:
- Material and services which may be temporarily rented or leased on a temporary basis without affecting delivery of electricity such as renting facilities for film crews.
- Sale or release of information to parties external to the organization (excluding information under the Freedom of Information and Protection of Individual Privacy Act).

Constraints/Exclusion: Excludes energy sales – see Element 12.

Governance: Invoices must be processed in accordance with FIN-PROC-RV-002 Billing and Recording AR Procedure.

1.4.2 Element 2.0 – Corporate Donations, Advertising and Sponsorships for Brand Building

Element 2.1 – Corporate Donations and Not-For-Profit Sponsorships (to registered charities and non-profit organizations)

Authority to approve donations and not for profit support as part of Corporate Citizenship Program (CCP).

Applicability: Corporate Affairs

Approval Criteria: The budget for donations and not for profit support is held at the Corporate level and is not delegated. CCP is centrally managed to ensure stability and to track direction with respect to OPGs strategic goals and social responsibilities, while maintaining a strong local or site-specific component to allow sites the flexibility and accountability for local initiatives.

Scope: CCP funding focuses on the categories of environment, education and community initiatives as a means of demonstrating good corporate citizenship. Community initiatives include support of the following sectors: health/hospitals (with preference given to hospitals located near OPG facilities and in site emergency plans), arts and culture, and youth amateur sport.

Constraints/Exclusion: Excluded are: political parties, religious organizations, professional sports organizations, individuals (with the exception of student awards/scholarships), third party fund raising initiatives, trips or tours, any profit driven organization, any conference except for those that fall within the primary funding guidelines.

Governance: CCP Procedures and Guidelines
Element 2.2 – Sponsorships for Brand Building

Authority to approve sponsorships and financial support to activities that are business based and are not charitable or not for profit initiatives.

Applicability: Corporate Affairs

Scope: Sponsorship support will enhance awareness of OPGs operations as an energy organization. The sponsorships would be consistent with related business objectives for example, sponsorship of business associations’ annual meetings, symposiums, recruitment career fairs. Sponsorships would raise the profile of OPG in the energy industry and will be consistent with the corporation’s brand building strategy.

Constraints/Exclusion: Excludes registered charities/not for profits – see Element 2.1.

Element 2.3 – Requisitioning of Advertising

Authority to requisition advertising services.

Applicability: Corporate Affairs

Approval Criteria: Approvals must be within Corporate and Environmental Affairs advertising budget.

Scope: Includes planning, designing, producing (printing etc) purchasing (as in media time/space) of the following list of services: Broadcast advertising; Point of purchase displays; Print advertising; Exhibit design; Public Relations kits; Trademarks or logos; Telemarketing; Annual reports; Direct Mail; Video or audio/visual presentation; Brochures, booklets, flyers, leaflets; Magazines or Newsletters.

Constraints/Exclusion: • Excludes vacancy advertising (includes campus advertising) – see Element 1.5. • Excludes Investment recovery advertising - see Element 1.5.

1.4.3 Element 3.0 – Requisitioning of Information Technology Services and Equipment

Element 3.1 – Requisitioning of IT Equipment

Authority to approve requisitions for IT equipment (hardware and software) and related services.

Applicability: Business Services and Information Technology (IT Group)

Approval Criteria: The element applies to internal or externally sourced items.

Scope: This element covers all information technology hardware or software. Services refer to maintenance contracts.

Constraints/Exclusion: • Excludes materials or related services directly tied to station process control which are not available through existing IT commodity contracts and where the related systems are not connected to a BS&IT controlled network • Excludes IT contract staff, consultants, contracted services (e.g., telecom) and outsourcing – see Element 3.2.

Governance: • IT-STD-001, IT Infrastructure Standards End User • IT-STD-007, IT Infrastructure Standards - Enterprise
Element 3.2 – Requisition IT Consultants and Contracted Services

Authority to approve requisitions for IT contractors, consultants, outsourced services, and contracted services (e.g., telecom).

Approval Criteria

Same as Element 1.5

Applicability

Business Services and Information Technology (IT Group)

Constraints/Exclusion

• Excludes services directly tied to station process control where the related systems are not connected to a BS&IT controlled network.
• Excludes maintenance contracts – see Element 3.1

Governance

• IT-STD-001, IT Infrastructure Standards End User
• IT-STD-007, IT Infrastructure Standards - Enterprise

1.4.4 Element 4.0 – Requisitioning of Legal Services

Element 4.1 – Requisition of Legal Services

The authority to approve requisitions for legal services.

Applicability

Law Division

1.4.5 Element 5.0 – Authority to Implement Decisions Where Prior Approval Exists

Authority to approve low-risk decisions where the terms, amounts, parties, timing etc. have been defined in prior decisions or by statute or regulation.

Element 5.1 – Payroll-Related Transactions – Bulk Transactions
Element 5.1.1 – Payroll-Related Transactions – Individual Transactions

• Authority to approve payroll deductions and associated payment of remittances.
• Authority to approve Corporate payroll contributions/refunds.
• Authority to approve payroll related transactions.
• Authority to issue cheques through manual payroll and to make necessary manual pay adjustments due to errors in payroll.

Applicability

Payroll

Approval Criteria

Implementation of decisions where prior approval exists.

Scope

Includes:
• Corporate remittances for UIC and income tax; payment as directed by individuals for term insurance, tax demands, garnishees, family support, union initiation fees, welfare, Financial Service Organizations, Union/Society dues, etc; miscellaneous receivables such as occupational tools and safety shoes.
• Contributors’ pension contribution resulting from termination.
• Direct deposits through the banking system to employee accounts payments to Revenue Canada for taxes; payments to third parties of payroll deduction amounts.
• Element 5.1 covers Payroll direct deposit, union dues, statutory payments, etc.
• Element 5.1.1 covers Manual pay cheque, vacation payout, etc.

Governance

Local governance processes approved by the appropriate VP or designate.
<table>
<thead>
<tr>
<th>Element</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Element 5.2 – Property/Gross Revenue Charge Commodity and Income Taxes</strong></td>
<td>Authority to approve tax and proxy tax remittances and similar statutory payments.</td>
</tr>
<tr>
<td><strong>Applicability</strong></td>
<td>CFO and Taxation</td>
</tr>
<tr>
<td><strong>Approval Criteria</strong></td>
<td>Implementation of decisions where prior approval exists.</td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td>Local governance processes approved by the appropriate VP or designate.</td>
</tr>
<tr>
<td><strong>Element 5.3 – Accounts Payable and Accounting-Related Transactions</strong></td>
<td>Authority to approve accounts payable and accounting related transactions.</td>
</tr>
<tr>
<td><strong>Applicability</strong></td>
<td>Accounts Payable</td>
</tr>
<tr>
<td><strong>Approval Criteria</strong></td>
<td>Implementation of decisions where prior approval exists.</td>
</tr>
<tr>
<td><strong>Scope</strong></td>
<td>Includes statutory remittances, garnishments, payments to 3rd parties, stop payments/redeposit, disbursements (daily cheque register/wired funds), adjustments of invoices, cheque requisitions, and write-off of vendor credits.</td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td>Local governance processes approved by the appropriate VP or designate.</td>
</tr>
<tr>
<td><strong>Element 5.4 – Relocation Assistance</strong></td>
<td>Authority to approve relocation assistance.</td>
</tr>
<tr>
<td><strong>Applicability</strong></td>
<td>Employee Relocation Services, Compensation &amp; Benefits Department</td>
</tr>
<tr>
<td><strong>Approval Criteria</strong></td>
<td>Implementation of decisions where prior approval exists.</td>
</tr>
<tr>
<td><strong>Scope</strong></td>
<td>Includes payment/reimbursement by the Corporation of financial, legal, realtor and transfer expenses including miscellaneous cost as deemed appropriate arising as a result of an employee transfer.</td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td>Local governance processes approved by the appropriate VP or designate.</td>
</tr>
<tr>
<td><strong>Element 5.5 – Payments Not Related to Purchase Orders but within Contracts or Regulation</strong></td>
<td>Authority to authorize non-purchase order payments within approved contracts or regulation.</td>
</tr>
<tr>
<td><strong>Applicability</strong></td>
<td>- Element 5.5 - All position holders. - Elements 5.5.1, 5.5.2 and 5.5.3 restricted to Energy Markets</td>
</tr>
<tr>
<td><strong>Approval Criteria</strong></td>
<td>Implementation of decisions where prior approval exists.</td>
</tr>
<tr>
<td><strong>Scope</strong></td>
<td>Element 5.5 Regulated acquisitions includes: fees for various services such as insurance premiums, legal and audit fees, utility payments, sales tax payment, water rental agreements, real estate payments for option agreements, compensation for expropriated rights etc, insurance premium purchases (including Nuclear Liability), exhibitions and trade shows, rental staff, regulatory payments such as Atomic Energy of Canada Limited (AECL) licensing fee, National Energy Board (NEB) export fee, health and dental plan coverage, payments in-lieu-of-taxes or similar commitments, obligations.</td>
</tr>
<tr>
<td><strong>Constraints/Exclusion</strong></td>
<td>Does not apply to CFO – Taxation</td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td>Local governance processes approved by the appropriate VP or designate.</td>
</tr>
</tbody>
</table>
Elements 5.5.1, 5.5.2, and 5.5.3 – Payments Related to Energy Markets Settlements, Swap, and Fuel

Authority to authorize payments for settlements for all Ontario and interconnected markets physical and financial energy product transactions as authorized under Energy Markets Risk Policy and Element 12 Energy Products and Services.

**Applicability**

Elements 5.5.1, 5.5.2 and 5.5.3 restricted to Energy Markets.

**Approval Criteria**

Implementation of decisions where prior approval exists.

**Scope**

- 5.5.1 Energy Markets – Settlements
- 5.5.2 Energy Markets – Swap
- 5.5.3 Energy Markets – Fuel

**Constraints/Exclusion**

Restricted to Energy Markets

**Governance**

FIN-POL-RM-008, OPG Energy Markets Risk Policy

Element 5.6 – Aboriginal Settlements

Authority to approve payments related to approved aboriginal settlements.

**Applicability**

CEO, CFO and Chief Controller

**Approval Criteria**

Implementation of decisions where prior approval exists.

**Scope**

Includes only the payments related to an approved settlement agreement.

**Constraints/Exclusion**

Excludes process related costs which are approved as part of the Hydro Business Plan and the individual process costs related to payments are approved by the Manager Water Resources.

1.4.6 Element 6.0 – Fuel Authorities

**Element 6.1 – Requisition Fuel, Emission Allowances**

Authority to requisition fuel and emission allowances.

**Applicability**

Fossil, Energy Markets

**Approval Criteria**

Approvals must be SVP or higher.

**Constraints/Exclusion**

Constraint: Must be within business plan
### Element 6.2 – Purchase/Sale of Nuclear Fuel, Natural Gas, Ignition Fuel Component, Water Rentals, Coal, Residual Fuel Oil, Ignition Oil, Emission Reduction Credits

The authority to purchase fuels and fuel components, including water rentals and to sell/lease surplus fuel and fuel components including environmental emission trading.

#### Applicability
Fossil, Hydroelectric and Energy Markets

#### Approval Criteria
Approval authorities apply to fuel transactions that commit OPG to a financial obligation and do not apply to Master agreements with standard terms. See Element 7.2 approval criteria for additional requirements.

#### Scope
Includes expenditures directly related to purchase e.g., rail, vessel or other transportation costs, testing costs, etc.

Fuel components include environmental emission trading

#### Constraints/Exclusion
Constraint: Multi-year fuel contracts cannot be signed by any position below CFO/SVP.

#### Calculation
Multi-year contract value for purposes of determining authority level is calculated as the present value of the total contract value (typically leases and settlements, not projects).

#### Governance
OPG-PROC-0058 Procurement Activities

### Element 6.3 – Sale/lease of Heavy Water

The authority to sell/lease heavy water.

#### Applicability
Nuclear

#### Approval Criteria
See Element 1.10 approval criteria for additional requirements.

#### Scope
Heavy water sales from the Heavy Water Sales Pool.

#### Constraints/Exclusion
Constraint: Heavy water is sold to outside parties only if it can be demonstrated that OPG has inventory surplus to the needs of the operating system.

#### Calculation
Approval is based on Market value. Multi-year contract value for purposes of determining authority level is calculated as the present value of the total contract value (typically leases and settlements, not projects).

### 1.4.7 Element 7.0 – Purchasing

#### Element 7.1 – Strategic and Evergreen Contracts

Authority to procure strategic and evergreen contracts.

#### Applicability
CFO and Business Unit Supply Chain.

#### Approval Criteria
Same as Element 7.2.

#### Scope
Strategic contracts are those contracts that affect more than one business unit and have an estimated total value over the life of the contract of more than $5 million. Evergreen contracts are contracts that are renewed/rolled over annually or have no expiry date.

#### Calculation
Multi-year contract value for purposes of determining authority level is calculated as the present value of the total contract value (typically leases and settlements, not projects).
## Element 7.2 – Purchase Order-Based Transactions and Agreements

Authority to approve the purchase of goods (materials) and contracted services; purchases using a non-competitive procurement method and contract amendments.

### Applicability

<table>
<thead>
<tr>
<th>Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>CFO, Chief Controller and Supply Chain; SVP Law and General Counsel for the retention of outside legal services</td>
</tr>
</tbody>
</table>

### Approval Criteria

(a) For all purchase contracts ≥$5M, or contracts with total estimated value ≥$5M, the following stakeholders must review and sign-off on areas related to their respective areas of expertise:

- Law Division – participate in drafting and negotiating of agreement to achieve objectives of requisitioner, including the use of non-standard terms; enforceability of agreement.
- Risk Services – Credit Risk – supplier financial security requirements and credit worthiness.
- VP Nuclear Finance or Director of Finance Fossil or Director of Finance Hydroelectric or Controller Energy Markets or Director of Finance Corporate Functions as appropriate – overall business advice and guidance including ensuring consistency with business case and organizational authority register; appropriate accounting treatment.
- Commodity Tax department – duties, importer of record, GST and ORST matters.
- Income Tax department – withholding tax and income tax matters.
- Business Unit original approval authority in accordance with Element 1.5 Requisitioning Authority.
- Treasury – Risk Management and Insurance – for appropriate insurance coverage and indemnities, performance bonds and sureties.

(b) Stakeholder approval by Treasury is required for all contracts with non-standard payment terms (e.g., payment on other than the 25th of month).

(c) Where CFO and President/CEO approval is required (i.e., all strategic contracts, evergreen contracts and PO based transactions that exceed Business Unit Supply Chain purchasing authority), relevant President/CEO Direct Report sign-off is also required.

(d) If a non-competitive procurement method is used for non-consulting services or goods (materials) prior approval of the procurement method is required from the respective Supply Chain Manager as follows: (i) for non-consulting services prior approval is required if the total estimated contract value is ≥ $10K; and (ii) for goods (materials) approval is required if the total estimated contract value is ≥$100K. Additional prior approvals are also required from the applicable authority level set out in Section 1.3 – Authority Tables, if applicable, whenever a non-competitive procurement method is used for non-consulting services or goods (materials).

(e) Consulting service contracts with total estimated contract value <$100K awarded through a non-competitive procurement method must be approved by the Supply Chain Manager.

(f) Consulting service contracts with total estimated value ≥$100K awarded through a non-competitive procurement method require prior approval from the Supply Chain Manager or a higher Supply Chain authority, the CEO, the Deputy Minister of Energy and Infrastructure, and the Minister of Energy and Infrastructure.

(g) Consulting service contracts with total estimated contract value ≥$1M awarded through a non-competitive procurement method require prior approval according to 7.2(f) above and the Treasury Board/Management Board of Cabinet.
Initial approval is based on the total contract value. Any required increase to the original approved value during the execution of the work, e.g., through subsequent amendments, requires re-approval based on the revised total estimated value. Multi-year contract value for purposes of determining authority level is calculated as the present value of the total contract value.

Approval for increases to approved total estimated contract values must be sought prior to proceeding with or continuing the procurement. Where there is a change in value to a contract for consulting services and the PO value increases to $100K or more, the contract shall be re-tendered or approved according to 7.2(e) and 7.2(f) above.

**Element 7.3 – Low Value Purchases**

Authority to make low value purchases including those on the procurement card.

**Applicability**

Low Value Purchasing is a delegated authority by the CFO.

**Approval Criteria**

Low Value Purchase authority must be approved by the Site Controller. The VISA Purchase Card/Check Program shall be used for local purchases. Low Value Purchasing and the Purchase Card have a transaction limit of $10K. Purchases made on the Purchasing Card are to be pre-approved and must be minimum R1 and have OAR element 1.5 requisitioning authority in the position holder's grid.

**Constraints/Exclusion**

Excludes requisitioning authority – see Element 1.5.

**Governance**

FIN-PROC-CC-001, Purchasing Card Procedure

**Element 8.0 – Disposal of Assets**

Authority to approve the sale and/or disposal of assets and the authority to sell written off assets.

**Applicability**

Unique to CFO and Business Unit Supply Chain.

**Constraints/Exclusion**

- Excludes sale of surplus fuel or fuel components - see Elements 6.2 and 6.3.
- Excludes real estate disposal - see Element 9

**Calculation**

Approval is based on market value as determined by Investment Recovery.

**Governance**

FIN-PROC-PA-002, Investment Recovery Procedure
### Element 9.0 – Real Estate

#### Element 9.1 – Real Estate Requisition, Acquisition, Management, and Disposal

<table>
<thead>
<tr>
<th>Applicability</th>
<th>SVP Business Service and Information Technology – Real Estate and Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval Criteria</td>
<td>Where line management identifies a real estate need, requisition approval by the Real Estate function is required in addition to line approvals. If a write-down in value is required then the approval for the write-down is based on the asset write-off authority.</td>
</tr>
<tr>
<td>Scope</td>
<td>Approval and payment of related costs required to accomplish and complete the transactions:</td>
</tr>
<tr>
<td></td>
<td><strong>Acquisition</strong>: Includes the purchase, lease and license of real estate. Real estate includes real property, other property rights and related interests (land transfer tax, associated legal and conveyancing fees, survey costs, appraisal costs and real estate commissions).</td>
</tr>
<tr>
<td></td>
<td><strong>Management</strong>: Includes real property, other property rights and related interests (marketing studies, environmental assessments, surveys, appraisals, planning initiatives, real estate commissions, tenant's improvement allowances, consulting fees and construction costs). Where OPG owns or has an interest in a facility or site, the element includes the authority to approve and manage leases, easements and licenses including associated incomes and costs. Includes approving, granting and releasing rights such as easements, leases and licenses on OPG owned lands or where OPG has real property interest. Includes the authority to collect or recover all amounts due to OPG under such leases, licenses or easements.</td>
</tr>
<tr>
<td></td>
<td><strong>Disposal</strong>: Dispose of real estate interests or rights including the authority to demolish or sell surplus buildings. Includes property rights associated with vacant lands, buildings and chattels, and rights automatically declared surplus. Related costs include legal and conveyancing fees, survey costs, appraisal costs, real estate commissions, demolition costs and environmental remediation costs. Includes the authority to initiate foreclosure or other remedies to recover amounts due OPG under a mortgage, lease, license or other real estate instrument in default.</td>
</tr>
</tbody>
</table>

| Calculation                             | Approval is based on purchase price or the net present value of the lease payment/income stream. |
### Element 10 – Treasury Cycle

**Authority to approve treasury transactions.**

<table>
<thead>
<tr>
<th>Approval Criteria</th>
<th>Scope</th>
</tr>
</thead>
</table>
| Non Routine transactions require prior review by the Risk Oversight Committee. | **Element 10.1.1 Banking Service Costs:** The authority to make payments relating to banking services covered under banking service agreements such as: deposits, cheque clearing, Electronic Funds Transfer and wire transfer services.  
**Element 10.2.1 and 10.2.2 Money Market – Transaction Face Amount and Cumulative Daily Amount:** The authority to buy and sell money market instruments including term deposits, commercial paper (CP), Asset Backed Securities (ABS), Bankers Acceptance (BAs), Bearer Deposit Note (BDN), Treasury Bills (federal or provincial), Promissory Note, Repurchase Agreement (Repo) and any other security having a term of less than 1 year. Allowable securities also include long-term debt instruments (such as bonds, notes and debentures, zero coupon and strips (coupon and residuals)) having a remaining term to maturity of less than 1 year. The transaction amounts will be limited to the lesser of the OAR authority limit or the Approved Credit limit of the Counterparty.  
**Element 10.3.1 Lines of Credit – Agreement Execution:** The authority to enter into agreements with financial institutions to provide credit and bank overdraft facilities.  
**Element 10.3.2 Lines of Credit/Overdraft – Par Value of Borrowing:** The authority to draw and make repayments on authorized lines of credit and bank overdraft facilities.  
**Element 10.3.3 Letters of Credit – Transaction Face Amount:** The authority to execute letters of credit as made available under pre-authorized and established credit facilities.  
**Element 10.3.4 Guarantees – Transaction Face Amount <$5M CAD or USD equivalent:** The authority to issue a parental guarantee to a wholly owned/controlled company or a non-wholly owned/controlled company in support of funding requirements of that company. Only one signature of CEO/CFO/Treasurer is required for wholly owned/controlled company. Two signatures are required and one must be CFO or Treasurer in the case of non-wholly owned/controlled company. Board approves guarantees over $5M for uncontrolled subs.  
**Element 10.3.5 Guarantees – Transaction Face Amount >$5M CAD or USD equivalent:** The authority to issue a parental guarantee to only a wholly owned or controlled company in support of funding requirements of the company. Two signatures are required and one must be CFO or Treasurer.  
**Element 10.3.6 Commercial paper – Aggregate Daily Amount:** The authority to enter into external financing agreements using OPG short term corporate notes.  
**Element 10.3.7 Leasing Arrangement – Transaction Face Amount:** The authority to enter into an external financing arrangement using capital and operating leasing agreements (including sale and leaseback).  
**Element 10.3.8 Project Financing – Transaction Face Amount:** The authority to enter into external financing agreements with financial institutions in order to secure project specific financing or vendor financing.  
**Element 10.3.9 Debt Servicing, Related Costs and Transaction Face Amounts:** The authority to issue debt (as approved by the Board under 10.3.10), make any payment required to service short-term, medium term notes (MTN) and long-term debt issued under authorities 10.3.8 and 10.3.10 including interest, principal repayments, and principal maturities.  
**Element 10.3.10 New Debt - Issuance Expenses-Related Costs:** The authority to pay arranger, commitment, and underwriting fees and to make any payment required to service debt including, legal fees, paying and registration agent fees, trustee fees, and other out-of-pocket expenses as associated with the initial issuance of any new Long term debt or indenture/MTN. While only the Board can approve issuance expense and related cost schedules, actual payment and execution are approved under element 5. |
Element 10.4.1 Foreign Exchange Transactions – Transaction Face Amount: The authority to buy and sell foreign currency under spot, forward or option contracts with a term up to 1 year.

Element 10.4.2 Foreign Exchange Transactions – Transaction Face Amount: The authority to buy and sell foreign currency under forward or option contracts with a term greater than 1 year and non-hedge spot, forward or option contracts of any term. Must have R1 co-signature on any and all contracts. In the case of the President, either the CFO or Treasurer must co-sign.

Element 10.4.3 and 10.4.4 Interest Rate Transactions – Transaction Face Amount: The authority to enter into interest rate Swap transactions, basis Swaps, FRAs, interest rate options, cross currency Swaps or other similar derivative transactions as approved by the Risk Oversight Committee. An interest rate transaction not covered by an approved strategy must have R1 co-signature. In the case of the President, either the CFO or Treasurer must co-sign.

Element 10.4.5 Risk Management Expenses (e.g., Premiums, Swap Payments, etc): The authority to make any payment required, such as premiums and interest differentials, relating to such transactions.

Element 10.5.1 Public Liability, Property Damage Claim – Settlement/Payment: The approval to make settlement and payment of physical damage and bodily injury claims made by third parties against OPG. Public liability/property claims are to be forwarded to the Manager, Risk and Insurance, Treasury Division for processing. This element also includes the authority to approve payment associated with claim investigation and adjustment expenses.

Claims may be for personal injury, unanticipated property damage arising as a result of incidents involving failure of utility equipment or negligence of utility personnel, or contractual liability. Also applicable upon any failure of OPG to properly fulfill its legal duty of care.

There is no delegation of authority for approving First Nation’s settlements below the President/CEO level. Execution of approved settlements is made under element 5.6.

Element 10.5.2 Bond and Indemnity Agreements - Face Amount of Coverage: The authority to approve the issuance of various types of Bond Agreements, such as surety, performance and bid bonds. The authority to approve Indemnity Agreements wherein OPG agrees to pay the Surety all amounts which may result from payment under an issued bond. In addition, the automobile liability insurer requires an indemnity for payments made under the self-insured or “fronted” portion of OPGs automobile liability insurance.

Element 10.5.3 Insurance Premium Negotiation and Approval: The authority to negotiate and approve insurance programs. For premium payments, see Element 5.7.

Constraints/Exclusion
- Constraint: Plan and limits as approved by the Board of Directors/Audit and Risk Committee/ROC.
- Constraint: Program oversight to be provided by the ROC/CFO

Calculation
See authority table by element for transaction approval determination.

Governance
- FIN-PROC-TR-001, Accounting for Foreign Exchange and Interest Rate Hedge Contracts
- FIN-PROC-TR-002, Cash Management Procedure
- FIN-PROC-TR-003, Corporate Financing Procedure
- FIN-PROC-TR-004, Financial Compliance Procedure
- FIN-PROC-TR-006, Risk and Insurance Procedure
### Element 11 – Accounting

#### Element 11.1 – Customer Accounting - Payment Adjustments, Late Payment Charges, Write-Off of Bad Debts

Authority to approve customer accounting energy transactions.

<table>
<thead>
<tr>
<th>Applicability</th>
<th>Controller Energy Markets and Credit Risk Units</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope</strong></td>
<td></td>
</tr>
<tr>
<td>(a) Write-off and Upward/Downward Adjustments of Customer Accounts</td>
<td>The authority to effect the following changes to customer accounts:</td>
</tr>
<tr>
<td></td>
<td>• Write-offs of customer receivables including late payment interest charges, bad debts, uncollectible balances (Credit Risk).</td>
</tr>
<tr>
<td></td>
<td>• Upward/downward adjustments to invoices brought about by subsequently updated source information entered into non-Accounts Receivable source systems (financial processing) based on the specific circumstances of the situation and on the judgment of those involved (Controller Energy Markets).</td>
</tr>
<tr>
<td>(b) Administration of Customer Accounts</td>
<td>The authority to clear overpayments and other credit balances to customer accounts receivable balances (Controller Energy Markets)</td>
</tr>
<tr>
<td>(c) Cancellation of Energy transactions</td>
<td></td>
</tr>
</tbody>
</table>

#### Element 11.2 – Customer Accounting

Authority to approve customer accounting non-energy transactions.

<table>
<thead>
<tr>
<th>Applicability</th>
<th>Financial Processing and Credit Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope</strong></td>
<td></td>
</tr>
<tr>
<td>(a) Write-off and Upward/Downward Adjustments of Customer Accounts.</td>
<td>The authority to effect the following changes to customer accounts:</td>
</tr>
<tr>
<td></td>
<td>• Write-offs of customer receivables including late payment interest charges, bad debts, uncollectible balances (Credit Risk).</td>
</tr>
<tr>
<td></td>
<td>• Upward/downward adjustments to invoices brought about by subsequently updated source information entered into non-AR source systems (financial processing) based on the specific circumstances of the situation and on the judgment of those involved (Financial Processing).</td>
</tr>
<tr>
<td></td>
<td>• Employee receivables (Financial Processing)</td>
</tr>
<tr>
<td>(b) Administration of Customer Accounts</td>
<td>The authority to clear overpayments and other credit balances to customer accounts receivable balances (Financial Processing)</td>
</tr>
</tbody>
</table>
Element 11.3 – Adjustments and Write-Downs

Authority to approve inventory and asset adjustments and write downs.

**Applicability**

Fixed Asset Accounting; Accounting

**Scope**

(a) Changes to Book Value of Major Fixed Assets Including Fuel Inventories

The approval to make changes to the original capital value of major fixed assets, as defined by FIN-PROC-PA-005, that arise from damage, theft and loss discovered at any time. Major fixed assets include power system facilities for generation, communication facilities, heavy water, administration and service buildings. An example of the source of these adjustments includes net shortage/overage adjustments to the recorded capital value of heavy water inventories. The reference value for this authority is the lower of market value or original cost of the asset.

(b) Materials and Supplies

The approval of the net shortage/overage adjustments to the net book values of materials and supplies, as defined by FIN-PROC-PA-010, that arise from damage, theft, loss, stock keeping errors, etc. discovered during the annual materials and supplies inventory certification process. The approval authority applies to the cumulative annual write-off or adjustment of materials and supplies. This authority should be applied within the Corporate requirements and practices for control of inventories.

(c) Other Assets

The approval to make changes to the book value of assets (eg goodwill, construction in progress). This would also include the approval of adjustments such as impairment.

**Governance**

- FIN-PROC-PA-005, Fixed Asset Accounting Procedure
- FIN-PROC-PA-010, Materials and Supplies Inventory Accounting Procedure

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Element 11.4 – Retention of External Auditors, Accounting Firms and Financial Consultants

Authority to requisition external auditing, accounting, financial firms and consultants.

**Applicability**

In order to ensure compliance with external reporting and securities requirements, the approval authority for retention of auditing, accounting and financial consulting services is limited to the Director Accounting and VP Financial Services and for services to be performed by OPGs external auditor, requires pre-approval by the Audit and Risk Committee.
1.4.12 Element 12 – Energy Products and Services

<table>
<thead>
<tr>
<th>Element 12 – Energy Products and Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>These authorities are documented separately and are currently governed by limits defined by the Risk Oversight Committee and supplemented by operational limits documented in the OPG Energy Markets Risk Policy.</td>
</tr>
<tr>
<td>Applicability</td>
</tr>
<tr>
<td>Approval Criteria</td>
</tr>
<tr>
<td>Scope</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Calculation</td>
</tr>
<tr>
<td>Governance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Element 12.1 – Enabling Agreements – Electricity Products and Services including Derivatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>This element provides the authority to approve enabling agreements which establish a framework for transacting in electricity products and services including derivatives.</td>
</tr>
<tr>
<td>Applicability</td>
</tr>
<tr>
<td>Approval Criteria</td>
</tr>
<tr>
<td>Scope</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
Element 12.2 – Trading and Origination Activity – Sales or Purchases of Electricity Products including Derivatives

This element provides the authority to approve the sale or purchase of electricity products including derivatives with wholesale utilities, industrial or commercial end use counterparty or energy retailers, aggregators, brokers, marketers and trading entities, in the domestic and interconnected markets. This element would also cover authority to exercise an option and the limit would be applied to the quantity (and duration if applicable) available for exercise at the particular point in time.

Applicability | SVP – Corporate Affairs
---|---
Approval Criteria | The authority element for a transaction covering all three categories would require approval by the authority specified in the authority element at the time the transaction is entered into.
Scope | Typical products include, but are not limited to, fixed forward block, profiled forward block, option on a forward block, Swap, and option on Swap.
This element is divided into three categories covering the term of the transaction: current day (Real Time), balance of month (Short Term), and beyond the end of the month (Long Term).
Where Real Time and/or Short Term managed transactions already entered into under authority Element 12.2.3 (Long Term), these transactions would not be reassessed against the limits as specified under element 12.2.1 (Real Time) and Element 12.2.2 (Short Term).

Element 12.3 – Bidding/Offering Activity – Domestic – Sales or Purchases of Electricity Products and Services

This element provides the authority to approve the bids/offers on electricity products in the domestic administered market (IESO). For example, spot market activity, operating reserve.

Applicability | SVP – Corporate Affairs
---|---
Approval Criteria | Authority applies only to those individuals allocated a valid digital certificate and duly authorized by the Director Portfolio Management.
Scope | Authority to approve transactions that are bid/offer into an administered market would be applied to the quantity committed in each hour to the specific administered market. The limit would apply independently to the administered market and to the position with authority to engage in bid/offer activity in that market.
Calculation | Approval is based on the total contract value, including all amendments.

Element 12.4 – Sale of Ancillary Services Contracts

This element provides the authority to approve the sale of ancillary services contracts in the domestic market.

Applicability | SVP – Corporate Affairs
---|---
Approval Criteria | Ancillary services provided through a market process would be approved through the authority element covering bidding/offering activity.
Scope | Ancillary services are those services defined as such by the IESO, and include operating reserve, regulation, voltage control/reactive support and blackstart capability.
## Element 12.5 – Other Products and Services – Sales or Purchases of Other Electricity Products and Services including Derivatives

This element provides the authority to approve the sale or purchase of electricity products and services not captured by the other authority elements.

### Applicability

**SVP – Corporate Affairs**

### Approval Criteria

All services to be provided by OPG as part of the product, must also be approved by the unit that will provide the service. The authority level required would follow the levels established in the authority element on operational decisions as well as any requirements established in the relevant organizational unit.

All transactions that involve operational changes must also be approved by the unit whose operations are affected. The authority level required would follow the levels established in the authority element on operational decisions as well as any requirements established in the relevant organizational unit.

### Scope

Transactions in this element include, but are not limited to, the following:

- A transmission right or similar product (limit would apply to total amount bid in a specific auction). *Limits covered separately under element 12.5.1.*
- A scheduled transmission service *Limits covered separately under element 12.5.1.*
- An information service, such as, settlement verification or load analysis.
- A contracting service, such as, contracting hardware or meter installation.
- A consulting service, such as, customer procurement strategy.
- Weather derivative.
- Environmental attributes and green products.
- Purchase or sale of an outage.
- Energy software product, such as EnVision.

All services to be provided by OPG as part of the product, must also be approved by the unit that will provide the service. The authority level required would follow the levels established in the authority element on operational decisions as well as any requirements established in the relevant organizational unit.

All transactions that involve operational changes must also be approved by the unit whose operations are affected. The authority level required would follow the levels established in the authority element on operational decisions as well as any requirements established in the relevant organizational unit.

### 1.4.13 Element 13 – Credit Authority

#### Element 13 – Credit Authority

These authorities are documented separately and are currently governed by limits defined by Credit Risk.

**Applicability**

CFO – Risk Services

### 1.4.14 Element 14 – Aboriginal Settlements

#### Element 14 – Aboriginal Settlements

Authority to establish aboriginal settlement agreements.

**Applicability**

The President approves all settlements up to $5M and the Board approves all settlements greater than $5M.
1.5 Operational Decisions

All position holders are delegated these authorities. The decisions are governed either by Rule of One approval which applies to routine decisions or Rule of Two approval which applies to non-routine decisions. The definitions below provide a detailed listing of the types of decisions that fall in each category.

1.5.1 Rule of One – Routine Operational Decisions

Rule of One position holder approves items relating to a direct report.

1.5.1.1 Business Plans, Budgets, Major Plans

The authority to approve business plans, budgets and over variances, corporate development plans and other major plans relevant to the authority’s position and amendments to them defined in either scope or amount. Approval of the plan includes approval of the predictions and assumptions on which the plan is based and which are identified in the plan. The business plan/budget may contain major sub-plans for major areas. Where senior management requires a major sub-plan, it requires approval under this section. The CEO has approval authority for all business units, corporate business unit plans. Approval by the Board is required for Corporate Business Plans. Prior to any over variance at the business unit level, R1 approval is required.

1.5.1.2 Routine Human Resource and Payroll Decisions

The authority to approve routine human resource decisions including entitlements of and payment to employees for regular work hours, overtime, vacation, sick time, adjustments to sick leave credits resulting from maternity leave and long-term service re-accumulation, payment of wages and adjustments to pay, and leave of absence without pay less than 3 months and with pay less than or equal to 5 days.

1.5.1.3 Strategies and Objectives

Strategies and Objectives for a unit are approved on an R1 basis.

1.5.1.4 Policies, Procedures, Standards

The OPG Board of Directors or the President approves OPG policies. The SVP Corporate Affairs is responsible for the OPG policy framework. Any proposed changes to OPG policy should be sent to the Director Corporate Affairs.

Each EVP or President’s direct report is responsible for putting in place appropriate governance documentation to ensure effective implementation of OPG policy. The OPG Governance Working Group maintains a common framework for development and implementation of governance material. Each Business Unit is accountable for governance documents to clarify approval process within the specific function.
1.5.1.5 Compliance with Policies, Procedures, Standards

Managers are responsible for monitoring compliance of their employees with governance documentation and taking appropriate corrective action where non-compliance is an issue.

1.5.1.6 Agreements with Employees, including Grievances with Employee Groups

The authority to approve procedures and agreements with employee groups. Agreements include agreements and revisions to agreements reached with any recognized union representing a population of employees. Employee groups may include, but are not restricted to PWU, the Society and various building trade unions. Board approval is required to set the bargaining limits within which negotiations can be made for major agreements. The VP of Labour Relations then signs off these agreements on behalf of the company. The VP of Labour Relations must sign off on any Letters of Understanding or Midterm Agreements which modify the collective agreement. Human Resources must be consulted and sign-off prior to any settlement or agreement.

This element also includes the authority to settle grievances with employee groups, and is governed by Labour Relations processes for such resolution. Labour Relations must be consulted prior to settlement of any grievances. Contact - Human Resources.

1.5.1.7 Authority Delegation

Each EVP or President’s direct report will approve position holder’s list for the unit. Rule of one approval can be used for temporary delegation of authority up to 3 months. The President approves any change to the authority levels in the OAR.

1.5.2 Rule of Two – Non-Routine Operational Decisions

Rule of Two position holder approves items relating to a direct report of a direct report.

1.5.2.1 Organizational Structure or Function

The authority to approve or change the organizational structure of a business unit including reporting relationships and lines of direction and control. The organizational structure consists of the units within a business unit including reporting relationships and lines of direction and control. The organizational function consists of the functions for which responsibilities are assigned to the positions.

1.5.2.2 Non-Routine Human Resource Decisions including Appointments, Terminations, Setting/Changing Rate Classification, Leave of Absence

The authority to approve appointments including acting appointments (greater than 3 months), terminations, setting or changing rate/classification, and leave of absence without pay beyond 3 months and with pay beyond 5 days. The authority applies to all staff categories: Management Group, Performance Paid and Non-Performance Paid.
The CEO approves all reports to the CEO’s direct reports.

This element includes Employment Contracts for Band A-H level positions. The Employment Contract or offer letter must be reviewed with Law prior to signoff.

**Special Circumstances**

(a) The Hiring Unit EMT member must approve the re-hiring of all former employees who received a severance package and the severance period is still in effect at the time of the proposed re-hire date.

(b) In cases where the position is two levels below the approval authority but is a direct report, e.g., secretary to an EVP, the R1 approval by the EVP (or equivalent position) may be appropriate subject to confirmation with Human Resources.

(c) **External Hires– Hiring Unit SVP/EVP** must approve all external hires following approval from VP Human Resources, Compensation and Benefits if the employment contract terms differ materially from normal compensation terms for a similar position in OPG and from Director, Taxation if the employment contract is with a non-resident individual and the employment contract terms include a tax equalization clause to address the tax differential to the individual between Canada and individual’s foreign country of residence.

(d) **Law** must review employment contracts for senior management group positions (Band H and above) prior to execution.

1.5.2.3 **Appointment of Subsidiary Directors and Related Decisions**

Only the President can make these appointments and the authority to appoint directors to subsidiaries of OPG, business ventures with partners and related business alliances not appointed by the OPG Board of Directors. Related decisions authorities include increasing or decreasing the number of directors on the Board, the issue of shares, and appointments to other related companies.

1.5.2.4 **Assistance**

The authority to approve special payments to employees, employee groups and pensioners including: employee recreation funds, Quarter Century Club, Retirement Bonus, Workers Compensation Support Grants, withholding Worker's Compensation Support Grants if claim is suspect; payments to pension and insurance fund members and beneficiaries; and reciprocal transfer agreements. Human Resources must be consulted and sign-off on all grants, awards, assistance.

2.0 **ROLES AND ACCOUNTABILITIES**

Management **must** ensure direct reports comply with OAR authority limits.
2.1 **Chief Executive Officer**

Approves Organizational Authority Register Standard and authorities for CEO direct reports.

2.2 **Chief Executive Officer Direct Reports**

Approve generic position holder lists for their organization. Any exceptions to the standard authority levels also require CFO approval.

2.3 **Position Holders**

Comply with authority limits and related governing documents in performing their job functions. Defined responsibilities and related governing documents and must exercise appropriate due diligence in the exercise of authorities.

2.4 **Supervisors**

Ensure direct reports comply with OAR authority limits in the course of performing review and approval function.

2.5 **Site Controller/Local Finance Manager**

Responsible for implementation of the OAR, providing advice to staff and ensuring authority limits is adhered to.

2.6 **Manager Internal Control and Reporting Systems**

Responsible for managing the development, implementation and maintenance of the OPG OAR and maintaining element definitions.

3.0 **DEFINITIONS AND ACRONYMS**

3.1 **Definitions**

None

3.2 **Abbreviations and Acronyms**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABS</td>
<td>Asset Backed Securities</td>
</tr>
<tr>
<td>AECL</td>
<td>Atomic Energy of Canada Limited</td>
</tr>
<tr>
<td>AR</td>
<td>Accounts Receivable</td>
</tr>
<tr>
<td>BA</td>
<td>Bankers Acceptance</td>
</tr>
<tr>
<td>BCS</td>
<td>Business Case Summary</td>
</tr>
<tr>
<td>BDN</td>
<td>Bank Deposit Notice</td>
</tr>
<tr>
<td>CCP</td>
<td>Corporate Citizenship Program</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
</tbody>
</table>

Filed: 2010-05-26

EB-2010-0008

Exhibit A2-2-1

Attachment 2
4.0 RECORDS AND REFERENCES

4.1 Records

Documentation of temporary delegations must be retained by the delegator in acceptable media and for an appropriate period (consult audit if in doubt with respect to your area).

Acceptable media for approvals and temporary delegations are signatures on paper; email routed out of the mailbox of the authority holder and sign offs in electronic applications for which the authority holder has a login and password.

4.2 References

4.2.1 Performance References

See element definitions for governing document references.

4.2.2 Developmental References
5.0 REVISION SUMMARY

This is an Intent revision.

R005 – Intent revision

- Element 9 – Real Estate – to assign authority to the SVP of $10M and to correct an oversight by including an additional approver at the executive level

- Element 12 – Energy Markets – to correct an oversight by including an additional authority at the executive level
### Appendix A: Authority Level Position Holders List with Mapping to Position Title, Management Group Band (for Levels 3 to 8)

<table>
<thead>
<tr>
<th>Name</th>
<th>Authority Level</th>
<th>Nuclear</th>
<th>Mgmt Group Band</th>
<th>Fossil, Hydroelectric</th>
<th>Mgmt Group Band</th>
<th>Head Office Functions</th>
<th>Mgmt Group Band</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>8</td>
<td>CEO</td>
<td>A</td>
<td>CEO</td>
<td>A</td>
<td>CEO</td>
<td>A</td>
</tr>
<tr>
<td>COO</td>
<td></td>
<td>EVP Chief Nuclear Officer</td>
<td>B C</td>
<td>EVP</td>
<td>B</td>
<td>CFO</td>
<td>C</td>
</tr>
<tr>
<td>EVP CFO CNO</td>
<td>7</td>
<td>SVP Stratum VI VP</td>
<td>C D</td>
<td>SVP</td>
<td>C</td>
<td>SVP</td>
<td>C D</td>
</tr>
<tr>
<td>SVP VP</td>
<td>6</td>
<td>Stratum V VP</td>
<td>D E</td>
<td>VP Fossil and Hydroelectric and Plant/Plant Group Managers</td>
<td>D E</td>
<td>VP</td>
<td>D E</td>
</tr>
<tr>
<td>VP Director</td>
<td>5</td>
<td>Stratum V Director</td>
<td>E F</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Director</td>
<td>4</td>
<td>Directors, Stratum IV Managers</td>
<td>F G</td>
<td>Directors</td>
<td>F</td>
<td>Director</td>
<td>F</td>
</tr>
<tr>
<td>Manager</td>
<td>3</td>
<td>Stratum III - Managers and Section Heads, Superintendents, Supervisors where no superintendent exists</td>
<td>G H</td>
<td>Managers</td>
<td>G H</td>
<td>Manager</td>
<td>G H</td>
</tr>
<tr>
<td>Section Manager</td>
<td>2</td>
<td>Stratum II - Supervisory and other (i.e., Trades Maintenance Supervisors, Purchasing Specialists)</td>
<td>-</td>
<td>First Line Managers</td>
<td>-</td>
<td>Section Head, Treasury Analyst (re Treasury Authorities), Traders</td>
<td>-</td>
</tr>
<tr>
<td>Supervisor</td>
<td>1</td>
<td>Purchasing Agent</td>
<td>-</td>
<td>FLMa Buyers/Material Support Workers</td>
<td>-</td>
<td>Buyers, Development Traders</td>
<td>-</td>
</tr>
</tbody>
</table>

7 HR, Energy Markets, Corp. Affairs, Law & General Counsel, Corp. Secretary, Finance