Mr. Bernard Lord
Chair
Ontario Power Generation
1900-700 University Avenue
Toronto ON M5G 1X6

Dear Mr. Lord,

Thank you for your submission of Ontario Power Generation's (OPG) 2017-2019 Business Plan ("the Plan"). We have reviewed the Plan and find it to be consistent with our government's expectations.

I support the operational and financial targets set by OPG in its business plan. We recognize the substantial cost reductions that OPG has recently achieved and expect OPG to work closely with the Province to fully realize the additional efficiencies incorporated in the Plan in a manner that is consistent with the continued safe and environmentally responsible operation of OPG's facilities.

We commend OPG on its successful start to the Darlington Refurbishment Project, a key objective of Ontario's 2013 Long-Term Energy Plan (2013 LTEP). As a priority project for the government, I expect that OPG will continue to focus on delivering the project as per the schedule and budget contained in the Release Quality Estimate approved by the OPG Board and by the government. I also expect OPG to continue to minimize project risks consistent with the nuclear refurbishment principles set out in the 2013 LTEP, and seek concurrence prior to commencing subsequent unit refurbishments after Unit 2 is successfully returned to service.

We continue to support the planned operation of Pickering units up to 2024 as the station's output will provide reliable, cost-effective and emission-free electricity supply during the Darlington and initial Bruce refurbishments. I expect OPG to seek concurrence to proceed with ongoing Pickering operation after the necessary regulatory approvals are complete.

I understand that the recently approved Ontario Nuclear Funds Agreement (ONFA) Reference Plan has resulted in a reduction of costs to consumers for future decommissioning and long-term management of waste from Ontario's nuclear plants. In addition, the segregated nuclear funds set aside under ONFA have reached fully funded status. With many decades of nuclear generation in the Province's future, the decision to fund these costs now provides security for future generations of Ontarians.

I appreciate the efforts of OPG staff, management and the Board of Directors to date as we worked to develop a plan to refinance the Global Adjustment (GA). Refinancing the GA would provide significant and immediate rate relief by spreading the cost of electricity investments over the expected lifecycle of the infrastructure that has been built. OPG will be instrumental to the success of this initiative and we plan to introduce legislation that would, if passed, enable OPG to work with the Independent Electricity System Operator (IESO) to implement this plan.

I expect OPG to continue to keep the government informed with regard to the company's key ongoing and emerging initiatives and progress in achieving its financial and operational performance commitments. As OPG's performance directly impacts Ontario's fiscal plan, we note the importance of achieving or exceeding OPG's financial performance commitments.

This letter constitutes our concurrence with OPG's Board approved 2017-2019 Business Plan as provided for under the Memorandum of Agreement between OPG and the Shareholder dated July 17, 2015.

Sincerely,

Glenn Thibeault
Minister of Energy

c: Jeff Lyash, President and Chief Executive Officer, OPG
Serge Imbrogno, Deputy Minister, Ministry of Energy