Minister's Short Remarks: Treasury Board
Event Date: Tuesday, April 10, 2018
Location and Venue: X
Words: 680 words

- Thank you [X] for that overview.

- It's a pleasure to be here today to speak to Ontario Power Generation's (OPG) 2018 - 2021 Business Plan…

- A plan I'm pleased to say, that is consistent with the Government of Ontario's expectations.

- It's evident that this Business Plan covers an important time period for OPG.

- A time period that includes:

    - The Darlington Nuclear Refurbishment Program – which continues to track on time and on budget…

    - With Unit 2 scheduled to return to service in 2020…

    - As well as refurbishment planning for the next unit – Unit 3 – underway.

- In addition, this Business Plan reflects the ongoing investment and work that will support continued operations at Pickering Nuclear Station until 2024.

    - Of course, that is pending on regulatory approvals from the Canadian Nuclear Safety Commission – the federal regulator of nuclear power and materials.

- This Business Plan also highlights a number of efficiency measures at Pickering to ensure the plant is performing at a high level through its end of life.

- These efficiencies are expected to lead to a 5.4 Terawatt increase in electricity production – driven by efficiency improvements at Pickering Nuclear Generating Station.

- While OPG is confident there will be continued improvement at Pickering, it also recognizes that long-term planning is required for when the station is retired in 2024…

- This long-term planning has begun through the OPG25 initiative which involves:

    - The design and implementation of an optimal, cost-effective organization for OPG…

  - Post-Pickering shutdown…
  - And the completion of the Darlington Refurbishment.

- In turn, this will leave OPG financially and operationally strong and well-positioned for future growth opportunities.

- Added to this, several efficiency measures can be identified in the Business Plan's financial and operating targets.

- Specifically, with respect to the company's financials, OPG is forecasting total net income to reach $1.37 billion in 2021, up from $860 million in 2017.

- Including net income, return to the shareholder and payments-in-lieu of taxes – range from $1.1 billion to $1.7 billion over the three year period covered by the Business Plan.

- These increases in net income are driven by:
  - Efficiency improvements leading to higher nuclear production output;
  - Higher revenue from regulated hydroelectric production;
  - And company-wide reductions in operation, maintenance and administration costs – including a $600 million total decrease relative to last year's business plan…
  - Along with annual operating costs decreasing by $280 million in 2021 compared to 2018.

- Of course, this plan is not without risks…

- The plan's optimistic revenue forecasts require OPG to deliver on efficiency improvements…

- As well as the timely completion of major projects, namely the Darlington Refurbishment.

- And of course, OPG's ability to lower operating maintenance and administration costs is impacted by the results of collective bargaining…

- Namely, the expanded use of term employees, in addition to the continued progress in managing wage increases and pension costs.

- To successfully meet the plan's savings forecasts, OPG has noted the use of term employees to mitigate downsizing costs that will result from the retirement of the Pickering Nuclear Generating Station.

- Reducing future workforce costs – including pensions and benefits – and managing wage increases will help OPG achieve this objective.

- Finally, to ensure OPG is well-positioned both financially and operationally for life after the closure of Pickering…

- The plan outlines the company's intent to grow its business both inside and outside Ontario.

- OPG hopes to do this by investing in near-commercial technologies, in addition to project developments and acquisitions that align with government priorities.

- The Business Plan also reflects OPG's role as a Financial Services Manager for the Fair Hydro Trust.

- And OPG's successful issuance of secured debt in February 2018 will help keep borrowing costs for the Fair Hydro Plan low.

- The Ministry appreciates OPG's continued work and support in providing relief to Ontario ratepayers.

- I am pleased with OPG's direction – outlined in the 2018-21 Business Plan – and I will be providing concurrence with the plan.

- I will now pass this off to Jeff Lyash, President and CEO of Ontario Power Generation, who will provide more details on OPG's 2018 - 2021 Business Plan.

- Thank you.