Ontario Power Authority

2010-2012 Business Plan

September 2009

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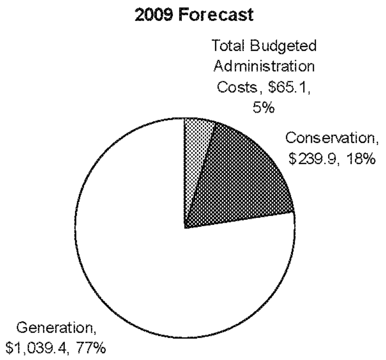
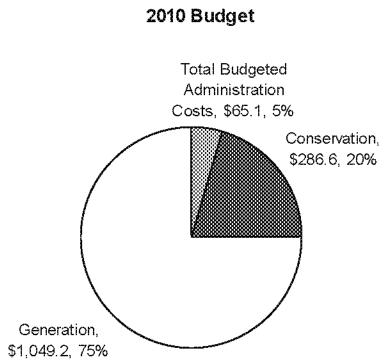
Highlights of the 2010-2012 Business Plan

In the 2010-2012 business planning period, the Ontario Power Authority (OPA) will continue its efforts to ensure the reliability, sustainability and cost-effectiveness of the province's electricity system for the benefit of Ontario's consumers.





Total spending = $1,344.4M

Total spending = $1,400.9M

OPA administration costs remain flat year-over-year at $65.1 million, despite a significant change in activity needed to implement initiatives related to the Green Energy Act.

The most significant initiatives planned for the 2010-2012 period are:

- managing and optimizing the Feed-in Tariff (FIT) Program and its associated initiatives to encourage the development of renewable energy in Ontario
- participating in regulatory processes and policy development to support the implementation of the *Green Energy and Green Economy Act* (Green Energy Act)
- developing provincial and community integrated plans and electricity service options for remote communities
- integrating conservation into planning Ontario's electricity system by identifying cost-effective potential; anticipating contributions from codes, standards and smart meters; and supporting program implementation
- providing appropriate, sufficient and effective support to facilitate local distribution companies in meeting their conservation targets, and developing funding, support and training resources for all partners to help build the skills and capacity of market participants to deliver conservation

- implementing an energy-efficiency program for directly connected industrial electricity users that will drive lasting improvements in energy use
- establishing and tracking progress against meaningful indicators of a conservation culture, and continuing to track and report progress on meeting Ontario's electricity conservation goals
- contracting for a potential of 11,800 MW of electricity generation resources, through the FIT Program as well as through competitive and bilateral opportunities
- reducing barriers and facilitating involvement in renewable energy projects for households, community groups, municipalities and First Nation and Métis communities
- implementing strategies to improve productivity and develop a culture and structure that drives the achievement of organizational goals
- delivering enhanced community relations to meet communities' needs to be more informed about electricity matters
- doubling the megawatts under contract to more than 23,000 MW and tripling investment in the sector to $44 billion by 2012.

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Message from the Chief Executive Officer

I am pleased to present the Ontario Power Authority's (OPA) business plan for 2010 to 2012.

The environment in which we operate has changed considerably since the OPA developed its first three-year business plan a year ago. The global economic crisis has resulted in a much tighter credit environment for those looking to invest in Ontario's electricity sector, both in conservation and generation. Environmental issues, particularly the need to respond to the climate-change challenge, have sharpened the focus on how the province plans its electricity system.

Of particular significance, government policy has placed a much higher priority on renewable energy and conservation through the introduction of the *Green Energy and Green Economy Act*. The Feed-in Tariff (FIT) Program, a key element of the Act, is the primary vehicle to increase the amount of and participation in renewable energy in Ontario. Aside from encouraging billions of dollars of investment in Ontario's electricity sector, this push for more renewable energy is enabling us to eliminate coal from our supply mix – North America's single largest climate-change initiative. In fact, Ontario is the only jurisdiction in the world to be getting out of coal entirely. Also with the Act, responsibilities for conservation have been redistributed, with local distribution companies (LDCs) taking on a greater role in helping to achieve our aggressive 6,300-megawatt conservation target – once again leading North America in our joint ambition.

These changes have had a profound effect on our operations. The FIT Program shifts the bulk of our procurement activity away from being driven by discrete requests for proposals to more of a focus on standard offer contracting. We have expanded our efforts to engage with First Nation and Métis communities, focusing on building capability and facilitating involvement in potential generation and transmission projects. In addition, we are helping households, community groups and municipalities to participate more than ever in Ontario's electricity sector.

The Power Authority's operations are also increasing in complexity. This is reflected in the significant increase in the number and value of electricity contracts we manage, as well as in the move to a more dynamic, scenario-based planning approach. The OPA continues to have a role in emerging issues, but the issues themselves are more complex – smart grid, carbon mitigation, bioenergy, to name a few.

To assist us in navigating this changing environment, earlier this year we re-examined and restated the Power Authority's vision, mission and guiding principles. These can be found beginning on page 7. In taking a fresh look at these fundamental statements, we incorporated some concepts important to us as an organization – partnership, adaptability, looking forward. In our guiding principles, we included some important themes that we identified as imperative to the OPA – transparency, accountability, collaboration and flexibility.

The Power Authority's role in the electricity sector has evolved into that of facilitator, collaborator and enabler. This could be seen earlier this year in the increased levels of consultation and collaboration in the development of the FIT Program – more so than we have ever undertaken before. We met extensively with stakeholders; LDCs; First Nation, Métis and other communities; as well as with other electricity agencies, particularly the Independent Electricity System Operator, Hydro One and the Ontario Energy Board. As another example, the OPA is working closely with and supporting the LDCs to ensure they can assume their new responsibilities for conservation and distributed generation, as well as take full advantage of the opportunities now afforded them as small-scale generators.

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In this context, during the 2010-2012 business planning period, the Power Authority will be making strategic investments that are aligned with the government's green energy initiative. We expect to place a greater emphasis on building relationships and partnerships, and to approach communications in a more proactive, integrated way.

By 2012, conservation savings are expected to increase by more than 40 percent, and electricity generation contracts under OPA management will double in megawatts, representing an additional $30 billion, or tripling, in investment in the sector.

Mindful of the times, we will undertake an increased level of activity in 2010 from within a flat-lined expense budget, despite the rising complexity of issues and the additional roles that the OPA is assuming. Our 2010 expense budget is $65 million, which represents 4.6 percent of our total spending and reflects an increase in staff of 38 people, 33 of which are directly related to new responsibilities under the Green Energy Act. Spending on compensation and benefits will be offset by a decrease in professional and consulting expenses, as the OPA plans to rely less frequently on external consultants.

Conservation costs will decrease on a year-over-year basis as the Power Authority's role in planning and implementing programs evolves to supporting the LDCs in delivering programs. This will be offset by additional investment related to the FIT Program, conservation awareness and engagement with First Nation and Métis communities.

In everything it does, the Power Authority strives to operate in an open and transparent manner. In 2009, the OPA complied with all government initiatives regarding procurement, expense and staffing level management. For 2010 and beyond, we will continue to remain proactive in enacting and enforcing appropriate governance policies.

To sum it up – Ontario is one of the few jurisdictions to take such a holistic or systemic approach in transforming its electricity system to meet the economic and environmental challenges of today. With substantive initiatives underway in every part of the sector – ambitious conservation, greener generation, significant transmission and long-term planning – Ontario will reap economic benefits and involve more engaged consumers in a smarter, more reliable, cost-effective and sustainable electricity system.

The Ontario electricity sector has come a long way in the past year. So has the Ontario Power Authority. We have enjoyed many successes to date, but there remains much to be done to realize a cleaner and greener supply of electricity for Ontarians. The OPA is ready to fulfill its role in helping to transform the electricity sector in Ontario, to support the rebuilding of critical infrastructure for the economy of tomorrow. This is both a great challenge and a great opportunity. We remain committed to delivering on our mandate and helping Ontario become a world-leading green energy jurisdiction.

Colin Andersen
September 2009

OPA Efficiency Metrics

The Ontario Power Authority sets targets for various measures related to generation and conservation, and tracks its progress toward the targets. The chart below shows that many areas of operations will see both a significant increase in activity year over year as well as improvements in efficiency. Staffing levels will rise in 2010 but will be outpaced by activity levels, resulting in improved metrics for megawatts attained through either procurement or conservation per full-time equivalent staff member.

	2009 Forecast	2010 Budget	% Change
OPA budget, $ millions	$65.1	$65.1	0
Total program spending on conservation & generation, $ millions	$1,279	$1,336	4
OPA budget, % total program spending	4.8%	4.6%	-0.2
Number of full-time equivalent (FTE)	199.7	231.2	16
Generation under OPA management (MW)	12,029	16,594	38
per FTE (MW/FTE)	60	72	19
per OPA budget (MW/million budget $)	185	255	38
In-service capacity under contract (MW)	6,217	14,457	133
per FTE (MW/FTE)	31	63	101
per OPA budget (MW/million budget $)	96	222	132
Conservation – net cumulative savings (MW, 2005 base)	1,889	2,172	15
per FTE (MW/FTE)	9	9	0
per OPA budget (MW/million budget $)	29	33	15
Conservation – net savings (MWh)	357,977	523,565	46
per FTE (MW/FTE)	1,793	2,265	26
per OPA budget (MW/million budget $)	5,501	8,039	46
Budget $/MWh (excluding FVDA, RCSDA & GPCDA)	$0.448	$0.469	5
Budget $/MWh	$0.485	$0.551	14

FVDA = Forecast Variance Deferral Account
RCSDA = Retailer Contract Settlement Deferral Accounts
GPCDA = Government Procurement Cost Deferral Account

Conservation figures for 2009 and 2010 are projections at this time and are subject to verification.

The Ontario Power Authority

The Ontario Power Authority (OPA) is responsible for ensuring a reliable, long-term supply of electricity for Ontario. Its key areas of focus are: leading and coordinating conservation efforts across the province, planning the power system for the long term and ensuring the development of needed generation resources.

The OPA was established by the *Electricity Restructuring Act, 2004* (amending the *Electricity Act, 1998,* and the *Ontario Energy Board Act, 1998).* It is governed by an independent Board of Directors and reports to the Ontario Legislative Assembly through the Minister of Energy and Infrastructure. The OPA is licensed and regulated by the Ontario Energy Board.

Vision

Leading Ontario in the development of North America's most reliable, cost-effective and sustainable electricity system.

Mission

Together with our partners, we ensure that electricity needs are met for the benefit of Ontario both now and in the future. We plan and procure electricity supply from diverse resources and facilitate the measures needed to achieve ambitious conservation targets.

Guiding Principles

Transparency: We carry out our work with openness and integrity.
- Our processes and outcomes are open and clear to both internal and external stakeholders.
- We treat our business partners with fairness and integrity.
- We strive to earn the trust and respect of all those with whom we deal.
- Our communications both internally and externally are clear, candid, open and reliable.

Accountability: We take responsibility for our actions.
- We carry out our responsibilities fairly and with integrity.
- We can be held accountable for our decisions.

Collaboration: We work together toward common goals.
- We combine our strengths to achieve our goals.
- We use our internal and external resources as effectively and efficiently as possible.
- We encourage and reward the contributions of everyone on the team, communicating and celebrating our successes clearly.

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Flexibility: We adapt quickly and effectively to changing circumstances.

- We evaluate circumstances objectively and understand the need to respond to changes in our environment.
- We are able to alter our course when and where needed.
- We balance short-term needs with our long-term goals.

Mandate

The Ontario Power Authority was established by *The Electricity Restructuring Act, 2004,* which set out the following objectives for the organization:

1) to forecast electricity demand and the adequacy and reliability of electricity resources for Ontario for the medium and long term

2) to conduct independent planning for electricity generation, demand management, conservation and transmission and develop integrated power system plans for Ontario

3) to engage in activities in support of the goal of ensuring adequate, reliable and secure electricity supply and resources in Ontario

4) to engage in activities to facilitate the diversification of sources of electricity supply by promoting the use of cleaner energy sources and technologies, including alternative energy sources and renewable energy sources

5) to establish system-wide goals for the amount of electricity to be produced from alternative energy sources and renewable energy sources

6) to engage in activities that facilitate load management

7) to engage in activities that promote electricity conservation and the efficient use of electricity

8) to assist the Ontario Energy Board by facilitating stability in rates for certain types of customers

9) to collect and provide to the public and the Ontario Energy Board information relating to the medium- and long-term electricity needs of Ontario and the adequacy and reliability of the integrated power system to meet those needs.

2010-2012 Strategic Objectives

The Ontario Power Authority's 2010-2012 Business Plan is based on the following six strategic objectives:

1. Plan for and facilitate the development of a cost-effective, reliable and sustainable electricity system.

2. Together with our partners, plan, procure and support the development of verified conservation/energy-efficiency resources as identified in the integrated plan and its subsequent iterations. Build capability and enable partners to achieve targets and contribute to a culture of conservation in Ontario.

3. Plan and design standardized tariff-based, competitive and bilateral procurement processes and enter into procurement contracts for generation resources. These procurements and contracts will meet the requirements identified in the integrated plan, ministerial directives and legislation, and incorporate world-class contracting and settlement practices that support investment in electricity.

4. Identify barriers and limitations; develop and/or define methods and solutions to deliver enhanced generation developments through innovation, analysis, assessment and benchmarking, with a view to economic efficiency and environmental sustainability.

5. Develop and maintain organizational capacity to achieve the strategic objectives and be recognized as a strategic partner.

6. Be a trusted and respected source of information in the electricity sector.

Strategic Objective 1

Plan for and facilitate the development of a cost-effective, reliable and sustainable electricity system.

Strategic Context

The power system planning function at the Ontario Power Authority (OPA) develops and maintains integrated power system plans for Ontario in accordance with government policies. These plans are at both a provincial and community level. Implementing components of these plans requires ongoing planning input. This input is most visible at public consultations, procurement process rollout and at some regulatory proceedings.

The most significant electricity policy development that has had an impact on the planning of Ontario's electricity system is the Green Energy Act. The Act provides for an increased emphasis on conservation and renewable energy. It is designed to meet the needs of Ontarians for a cost-effective, reliable and sustainable electricity system and stimulate both economic growth and job creation.

To enable and accelerate the development of renewable sources of energy, a different approach to power system planning is being adopted. It begins with assessing the availability of transmission capacity in detail and making that information transparent and accessible to developers and community proponents. The second stage in the approach is to develop additional transmission in response to renewable energy projects when and where it is economic to do so. The third stage is to coordinate other resources that will complement renewable resources. These include other types of generation, storage and contracts to maintain the operability and reliability of the electricity system.

Ontario's plans are being developed in a context of several uncertainties – first, in predicting demand and, second, in anticipating the amounts and location of renewable supply. This is in addition to the significant transformation already underway to replace coal-fired generation and refurbish nuclear units.

A global recession has reduced demand in Ontario, particularly in the industrial sector, and the nature of the economic recovery is not clear. Additionally, as the economy recovers and restructures, unprecedented levels of investment in conservation are taking hold. Investments made by the Power Authority since 2005, as well as the results of government initiatives, have accounted for 40 percent of the current decline in demand. The Green Energy Act increases the emphasis on conservation by making it a core activity of local distribution companies (LDCs) and by focusing on energy efficiency in the building code.

The success of conservation, the nature of the economic recovery, the amount of renewable energy development, the introduction of new uses such as electric vehicles and electric mass transit, and anticipated policies on carbon use all further emphasize the need for a scenario-based approach to planning and close monitoring of trends and conditions as they evolve.

Initiatives

The planning division will focus on implementing a larger role for decentralized generation, storage and renewable energy technologies, taking into account the early participants in the new Feed-in Tariff (FIT) Program. Ongoing support to developing projects will continue through analysis and assistance during regulatory and environmental assessments.

The Power Authority will also continue to develop scenarios and strategies to identify and mitigate risk, as well as address cost and operability issues, with a focus on areas of the province with urgent and emerging reliability issues. Community service plans will still be developed, refined and implemented. Engagement will continue with First Nation and Métis communities on planning the province's electricity system, and the OPA will continue to participate in regulatory proceedings related to power system planning.

The Power Authority is responsible for performing the transmission availability test for applicants to the FIT Program. If transmission is not available for applicants to connect a project that is deemed economic through an economic connection test, the proposed projects will serve as input to planning where upgrades to transmission infrastructure are required.

Other initiatives that will continue include working with all levels of government to integrate electricity service into official plans, developing remote community electricity service options, supporting infrastructure development through the regulatory process and stakeholder engagement, and planning and integrating conservation into the demand forecast and as a resource option. The Power Authority will also continue to fulfill its obligations to electricity standards authorities as a planning coordinator for Ontario.

The projection of electricity costs and analysis on carbon policy options as they apply to the electricity sector are expected to be other significant issues during the planning period.

The OPA will work with Ontario's nuclear operators on developing reasonable refurbishment schedules and options to ensure a reliable supply of electricity.

LDCs will figure more prominently in planning the province's electricity system as they implement several initiatives contained in the Green Energy Act. In doing so, they take on additional responsibilities, which include strengthening their individual distribution systems, achieving conservation targets, incorporating distributed generation and investing in smart grid technologies. In addition, LDCs will be involved in integrating renewable energy projects in their service territories and will provide information on load forecasts. To maintain a provincial perspective, the Power Authority will seek to establish closer relationships with the LDCs to share information needed for electricity planning and to support them as necessary in their new and expanded roles.

The development of a smart grid will be better defined in the near term as the province develops a strategic map for its evolution in Ontario. It will enable the increasingly distributed nature of the electricity system as more local generation and conservation are implemented.

We will achieve Strategic Objective 1 by:

- developing provincial and community integrated plans and electricity service options for remote communities
- supporting the development of transmission projects
- integrating conservation into planning Ontario's electricity system by identifying cost-effective potential; anticipating contributions from codes, standards and smart meters; and supporting program implementation
- providing information on cost, price, operability and reliability to provide context and support decisions about infrastructure development over the long term
- contributing to ongoing FIT Program implementation by providing transmission system availability information and conducting economic connection tests
- participating in regulatory processes and policy development to support the implementation of the Green Energy Act.

By 2012, you will see that we have achieved this objective when:

- Required generation, conservation and transmission options are being developed and implemented to meet Ontario's electricity needs for the period after 2014.
- Provincial and community integrated plans and remote community electricity service options have been developed with sufficient consultation. Scenarios that recognize uncertainties and opportunities are developed, and flexibility is preserved to respond to a wide range of futures.
- Information on cost, price, operability, conservation opportunities and reliability has been provided to enable sound decisions about the electricity infrastructure development over the long term.
- Renewable energy supply is being successfully integrated into Ontario's electricity system, and transmission infrastructure upgrades are being planned when and where it is economic to incorporate more renewable energy sources.
- Ontario's planning obligations to electricity reliability standards authorities are being met.

By year-end 2010, we will have achieved these milestones:

- The OPA is conducting economic connection tests in support of the FIT Program.
- A planning outlook has been provided to stakeholders.

- The Power Authority is supporting the implementation of the integrated plan by working with project proponents in regulatory proceedings.

- The OPA is supporting the implementation of local area plans.

Strategic Objective 2

Together with our partners, plan, procure and support the development of verified conservation/energy-efficiency resources as identified in the integrated plan and its subsequent iterations. Build capability and enable partners to achieve targets and contribute to a culture of conservation in Ontario.

Strategic Context

The Green Energy Act has introduced significant changes to the way conservation is implemented in Ontario. In the future, local distribution companies (LDCs) will be responsible for their own individual conservation targets and for initiatives to meet those targets. The Power Authority remains responsible for meeting or exceeding the overall provincial target, which is a peak-demand reduction of 6,300 megawatts (MW) by 2025. The OPA will play a key role in facilitating the implementation of the government's green energy vision by working closely with the LDCs as they broaden their conservation responsibilities.

During the planning period, the Power Authority must remain flexible to respond to an evolving marketplace and be able to mobilize resources in support of LDC efforts. Conservation savings are expected to increase by more than 40 percent to 2012. Supporting the implementation of the Green Energy Act will see the OPA managing data tracking, reporting against the planned targets and providing support services as necessary, as the design and delivery of retail conservation initiatives migrates to the LDCs. The Power Authority will also work to better understand and verify the impact of smart meters and time-of-use rates on conservation, because these tools depend on a behavioural change to affect a decrease in electricity use.

The OPA will continue its work on conservation initiatives for transmission-connected customers, improving codes and standards, and building capability for a more robust conservation services industry.

Initiatives

Working together with LDCs will be critical to achieving Ontario's conservation objectives. Power Authority initiatives during the planning period will include collaborating with LDCs to address local reliability requirements through integrated solutions as well as developing a plan to roll out small renewable energy projects under the microFIT Program (for projects 10 kilowatts or less in capacity). Working with the LDCs, the OPA will also establish and update risk mitigation plans to provide for conservation reserves/buffers for the overall provincial target.

Together with its partners, the OPA will work with LDCs to provide conservation initiatives and other appropriate, sufficient and effective support to help them meet their individual conservation targets. Funding, support and training resources will be developed for all partners to help build skill and capacity to deliver conservation.

The Power Authority will continue to be involved in the design and delivery of conservation initiatives during the planning period; however, its role is expected to transition as LDCs take on greater responsibility for these functions. It is anticipated that the OPA will continue to provide province-wide programs and conservation initiatives for industrial customers that are directly connected to the transmission grid.

Other initiatives planned for this period include activities to both increase awareness and increase the Power Authority's ability to measure awareness, as well as new strategies to accelerate conservation savings. In this initiative, the OPA will actively seek information from other jurisdictions (such as California, British Columbia and Vermont).

A key focus for the planning period will be to implement a program that will provide financial incentives for industrial consumers that are directly connected to Ontario's transmission system to support their effects in "greening" their operations and practices. These industries will receive incentives to invest in equipment retrofits, adopt innovative process changes and commit to achieve and maintain specified conservation targets. The program is configured to drive lasting improvement in energy use with an estimated total savings of 250 to 300 MW after five years.

The OPA will also develop a strategy to ensure the development of a more robust conservation service industry, one which is able to deliver and install the range and volume of conservation measures needed to meet the provincial conservation target, by helping to build capability in the industry.

The Power Authority intends to work closely with the Ministry of Energy and Infrastructure and others to coordinate and consolidate conservation program offerings into a "one-stop shop" for Ontario consumers to access information and participate in these initiatives. This will include coordinating with natural gas companies on opportunities for conservation.

A key ongoing initiative is building and maintaining public awareness of the importance of electricity conservation with consistent messaging to support the development of a culture of conservation. This will continue to be a focus during the planning period and will include OPA-developed marketing initiatives, materials, advertising campaigns and events where appropriate. The momentum that began with a province-wide Energy Conservation Week in 2008 and 2009, together with the Count Me In! pledge drive and Community Challenge Day in 2009, will be fostered in the coming years with similar province-wide campaigns as well as local initiatives undertaken by the LDCs.

The evaluation, measurement and verification (EM&V) of conservation initiatives will continue to be a key focus during the 2010-2012 period. The OPA has been a leader in developing an EM&V framework that provides a consistent and systematic methodology for tracking and evaluating the effectiveness and impacts of conservation programs funded by the Power Authority. Other provinces are considering adopting the Power Authority's framework. The Ontario Energy Board has endorsed the OPA's Measures and Assumptions List, which provides standard assumptions about conservation measures (e.g., energy savings, costs) for use by LDCs in the design and screening of potential conservation programs. The Power Authority will continue to update and enhance this list and will also provide other resources, such as market research and training, to support LDCs in designing and delivering their own initiatives.

The OPA will continue to administer the Conservation Fund and the Technology Development Fund during the planning period. The Conservation Fund provides funding for action-oriented, sector-specific electricity conservation pilot projects that inform the development of future conservation programs and build marketplace capability. Both unsolicited pilot projects and those in response to topic-specific calls for expressions of interest will be considered for funding.

The Technology Development Fund supports projects that promote the development and commercialization of technologies or applications that have the potential to improve electricity supply or conservation. It will focus on funding projects that align with the OPA's market transformation plan, as well as those that have the potential to result in innovations that maximize impacts on conservation and supply.

The Power Authority will also continue to work for more efficient building codes and appliance and equipment standards of all kinds, but particularly for those applications that most affect the growth in peak demand. These changes require long lead times and involve enacting regulations or legislation, but they will make a significant contribution to achieving Ontario's conservation target in the long term.

We will achieve Strategic Objective 2 by:

- providing appropriate, sufficient and effective support to help LDCs to meet their conservation targets
- providing conservation initiatives for transmission-connected customers
- developing funding, support and training resources for all partners to help build the skills and capacity of market participants to deliver conservation
- establishing and tracking progress against meaningful indicators of a conservation culture
- continuing to track and report progress on meeting Ontario's electricity conservation goals
- establishing risk mitigation plans to provide for conservation reserves/buffers.

By 2012, you will see that we have achieved this objective when:

- Annual conservation/energy-efficiency savings, as identified in the integrated plan and subsequent iterations, are achieved.
- Effective relationships are built with conservation partners and stakeholders in which collaboration, guidance, satisfaction and education objectives are met.
- Internal expertise and knowledge of best practices are built to effectively support the evolving skill needs of partners.

- The energy-efficiency program for directly connected industrial users continues to achieve expected results and is driving lasting improvements in energy use through the installation, commissioning and operation of energy-efficiency measures.
- Year-over-year increases in conservation awareness are observed.
- Risk mitigation plans are updated annually to provide for conservation reserves/buffers.

By year-end 2010, we will have achieved these milestones:

- An LDC support and development plan is established, and its implementation is underway.
- The Power Authority, LDCs and other delivery agents are working together to ensure that a robust portfolio of ratepayer-funded conservation programs continues to be available in the Ontario marketplace and is delivering electricity savings and contributing to peak demand and energy savings.
- The energy-efficiency program for directly connected industrial users is implemented and achieving expected results.
- Meaningful indicators of conservation awareness by sector are established to track the achievement of a culture of conservation.
- Risk mitigation plans are established to provide for conservation reserves/buffers.
- A plan for developing funding, support and training resources for all partners to help build the skills and capacity of market participants to deliver conservation is established, and its implementation is underway.

Strategic Objective 3

Plan and design standardized tariff-based, competitive and bilateral procurement processes and enter into procurement contracts for generation resources. These procurements and contracts will meet the requirements identified in the integrated plan, ministerial directives and legislation, and incorporate world-class contracting and settlement practices that support investment in electricity.

Strategic Context

The introduction of the Feed-in Tariff (FIT) Program in 2009 has changed the way the Ontario Power Authority procures and contracts for renewable energy. With this development, the organization is moving away from designing and executing discrete procurements with a known outcome to administering and managing an ongoing program with variable uptake.

The Power Authority designed and is administering the FIT Program, a crucial element of the Green Energy Act. Launched in September, it is the first comprehensive FIT program in North America. It offers different prices for projects of different sizes and technologies, with simplified rules over a long-term contract. It is intended to provide stability for developers and financiers and give them confidence to invest in Ontario.

The FIT Program is a central part of the government's green energy vision. The Power Authority will need to continually assess the success of the FIT Program and adapt it to changing circumstances. In addition, the OPA will facilitate greater involvement in the electricity sector by municipalities, First Nation and Métis communities and community-based groups as part of the Green Energy Act.

Many other elements in Ontario's electricity sector also continue to evolve. These include carbon mitigation strategies, electricity demand levels and environmental expectations. The challenge for the Power Authority will be to create, adapt, negotiate and integrate these elements into new and existing procurement contracts as required.

The OPA will continue to manage and settle an increasing volume of contracts each month for all different types of generation. An additional 11,800 megawatts (MW) could potentially be contracted over the business planning period (assuming new nuclear and further Bruce refurbishment). This would mean doubling the number of megawatts under management and tripling the current investment, with an additional investment of $30 billion in Ontario's electricity infrastructure. The value of contracts under Power Authority management will also continue to grow. The OPA aims to bring reliable, cost-effective megawatts into the Ontario electricity system in a continuous improvement framework.

At the end of June 2009, the Power Authority had a total of 11,998 MW under contract. Most of these, 10,579 MW, are in large-scale contracts, and 1,419 MW were contracted under the Renewable Energy Standard Offer Program. Almost half, 5,431 MW, of the total is in commercial operation, with the remaining under development. Of the total under contract, 3,144

MW are for renewable energy, with 1,264 MW of that in commercial operation and 1,880 MW under development.

The Power Authority currently holds the environmental attributes associated with new renewable energy contracts on behalf of Ontario ratepayers. As government policies on climate change and carbon mitigation develop, options for the treatment of environmental attributes will be explored and the necessary contract adjustments will be made.

Initiatives

During the business planning period, a key focus will be to continue to evolve and refine the FIT Program and manage FIT contracts.

The Power Authority will also continue to fulfill policy objectives to maintain nuclear generation in the province. This may include, as appropriate, working towards new nuclear units at Darlington and the refurbishment of existing units nearing the end of their service lives. The new build procurement was suspended by the Ontario government in June 2009 because the competitive bidding process did not provide a suitable option for the province, but the government remains committed to the modernization of Ontario's nuclear fleet.

The Power Authority currently manages a contract with Bruce Power for the refurbishment of four nuclear units that will provide 3,000 MW at the Bruce Nuclear Generating Station. A total of 6,300 MW is expected to be supplied from the Bruce site over the long term. The OPA will enter into negotiation with Bruce Power for the remaining 3,300 MW from the refurbishments of four units at its B station.

Storage technologies will be considered over the planning period, particularly in connection with variable renewable energy sources, to explore their potential in enabling power to be delivered at peak periods.

Large-scale gas-fired generation has been identified as necessary in certain supply-constrained areas of the province, particularly in northern York Region and the southwest Greater Toronto Area. The Power Authority will continue to manage contracts with the developers of those facilities, as well as others being built in the Greater Toronto and Golden Horseshoe areas, to ensure timely delivery of needed generation.

The OPA expects to engage in procurements for renewable-fuelled and gas-fired cogeneration projects, both large and small; district energy facilities; and initiatives that generate energy from waste. Activities that support the possible conversion of coal facilities to cleaner fuel technologies will also be undertaken, and additional contracts are expected to be executed for hydroelectric facilities.

Some non-utility generation contracts, established by the former Ontario Hydro, will expire during this business planning period and may require the negotiation of new contracts with the

Power Authority. Cross-border imports and exports will continue to be monitored and negotiated as required, depending on the planning requirements.

A number of initiatives are planned that will help ensure the smooth settling of contracts with generators. These include refining and optimizing the OPA's settlement systems to reduce the time required to complete the monthly settlement processes and further increase the systems' security, as well as building and maintaining data and models to monitor, analyze and assess generation development and operation in Ontario.

We will achieve Strategic Objective 3 by:

- contracting for a potential of 11,800 MW of electricity generation resources, through the FIT Program as well as through competitive and bilateral opportunities with non-utility generators and for combined heat and power, biomass and energy-from-waste projects.

- managing and optimizing the FIT Program and its associated initiatives to encourage the development of renewable energy in Ontario

- designing and optimizing contracts that are efficient vehicles for procuring large- and small-scale generation, including incorporating required changes due to climate-change initiatives, market rule changes, etc.

- managing the growing volume and value of contracts, including ensuring accurate and efficient financial settlements and incorporating potential environmental and market impacts.

By 2012, you will see that we have achieved this objective when:

- With its partners, the OPA has facilitated and enabled the execution of a robust, effective process to contract for:
  - approximately 4,000 MW or more of renewable generation, procured through the FIT Program
  - approximately 2,100 MW of other generation, procured through competitive procurements, standard offers or by ministerial directive
  - approximately 5,700 MW of nuclear projects at the Bruce and Darlington nuclear generating stations with efficient and appropriate oversight, in accordance with government policy direction.

- The procurement exercise is clear and offers broad participation and transparency.

- Procured facilities are monitored and achieve commercial operation within requisite timetables.

- In-service facilities under contract are settled accurately and in a timely fashion.

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By year-end 2010, we will have achieved these milestones:

- The FIT Program and associated initiatives have been successfully launched with 2,500 MW of renewable generation contracted.
- Approximately 11,950 MW of contracted generation is in service, in addition to the 2,500 MW or more contracted through the FIT Program.
- Considerable progress has been made on contracting for new nuclear facilities and nuclear refurbishments, in accordance with government policy direction.
- Financial settlements for 2010 have been completed accurately and on time under a new settlement system.

Strategic Objective 4

Identify barriers and limitations; develop and/or define methods and solutions to deliver enhanced generation developments through innovation, analysis, assessment and benchmarking, with a view to economic efficiency and environmental sustainability.

Strategic Context

As Ontario's electricity sector continues to evolve, the Ontario Power Authority must be ready to facilitate the transformation taking place with appropriate advice, initiatives and processes that align with government policy direction and that deliver the best overall solution for Ontario ratepayers.

The Power Authority will continue to work with the Ministry of Energy and Infrastructure, the Independent Electricity System Operator, the Ontario Energy Board and other industry participants to further understanding of the changes being undertaken in the sector. The OPA will work to implement tools and mechanisms to continue to evolve Ontario's electricity system to be more economically efficient and sustainable and to have minimal environmental impact.

Program elements related to carbon mitigation strategies are expected to be implemented during the planning period; however, carbon policies and their impact are not yet known and are dependent on federal, provincial and U.S. policy implementation.

The OPA will continue to be an active participant in the Smart Grid Forum to help evaluate opportunities for enhancing more effective and reliable electricity delivery through distributed generation, energy efficiency and demand management initiatives offered by the future development of a smart grid.

Initiatives

The Power Authority will continue to monitor and analyze program uptake for both standard offer and competitive procurements to ensure program objectives are being met and generation is being developed in alignment with broader electricity sector policy goals. Similarly, the OPA will also analyze and assess the operation of contracted resources to ensure they are efficiently integrated into the evolving market.

The OPA will investigate its role in carbon mitigation policy development, including exploring options for possible transactions involving environmental attributes. This will include working with the government and other industry participants to monitor the progress of the carbon mitigation policy and the treatment of environmental attributes and evaluate their impact on the OPA's contracts for supply, energy efficiency, conservation and demand management. Adjustments will be made where necessary to align activities with policy aims.

The Power Authority will also work to understand, analyze and respond to Ontario's evolving electricity market structure, including market rule changes, with a view to identifying barriers to developing economically sustainable electricity supply and conservation. Particular attention will be paid to cogeneration and distributed generation.

A key activity in this planning period will be to establish and manage support programs to encourage involvement in the FIT Program by municipalities, and community and Aboriginal groups. The program for community groups, called the Community Energy Partnership Program (CEPP), will cover some of the soft costs associated with the development of renewable energy projects up to 10 megawatts. A third party, competitively procured by the OPA, will provide "one-window access" to the program and will receive applications, determine selection criteria and provide funding to qualified applicants.

The municipal program, called the Municipal Renewable Energy Partnership Program, will reimburse direct costs incurred related to hosting renewable energy projects. Examples of eligible costs under the program could include:

- infrastructure affected by construction or installation phases of projects, including roads, drains, easements, parklands, cultural and natural heritage sites
- traffic management
- surface drainage to protect adjacent property and roads
- emergency management costs, including details respecting on-site safety and measures to ensure emergency services personnel are adequately trained.

Aboriginal groups will have access to a program that consists of three parts that together address project development needs and broader capacity building within communities. The three components of the Aboriginal Energy Partnership Program are:

1. support for the development of community energy plans
2. funding for soft costs associated with the development of renewable energy projects (similar to CEPP)
3. establishment of an Aboriginal Renewable Energy Network to facilitate sharing of knowledge and best practices related to First Nation and Métis renewable energy projects.

We will achieve Strategic Objective 4 by:

- providing advice on policy issues that affect Ontario's electricity system and market structure

- working collaboratively to examine better ways to align market rules, Power Authority contracts and regulatory instruments

- examining options for and understanding impacts of potential carbon mitigation policies such as a proposed cap-and-trade system

- assessing the procurement and development of future resources and the operation of contracted resources, including those resources procured under the Feed-in Tariff Program

- reducing barriers to involvement in renewable energy projects for community groups, municipalities and First Nation and Métis communities by establishing support programs.

By 2012, you will see that we have achieved this objective when:

- Solutions are developed to address policy objectives through monitoring, analysis and assessment of resource development.
- Contracts are successfully amended where necessary to reflect legislative changes (e.g., with regard to carbon mitigation policies) and market rule changes.
- Electricity resources evolve by the examination of available data and by participating in global studies to ensure processes and quality are best-in-class.
- The Community Energy Partnership Program, the Municipal Renewable Energy Partnership Program and the Aboriginal Energy Partnership Program are effectively managed.

By year-end 2010, we will have achieved these milestones:

- Policy development is monitored, analyzed and assessed; solutions are identified to reflect new developments in procurement and contract management.
- Contracts are successfully amended where necessary to reflect market rule changes, as required.
- The Community Energy Partnership Program, the Municipal Renewable Energy Partnership Program and the Aboriginal Energy Partnership Program are established and operational.
- An approach for dealing with carbon mitigation policies has been identified.
- A robust process has been developed to facilitate and contract for new combined heat and power projects, including distributed generation projects.

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Strategic Objective 5

Develop and maintain organizational capacity to achieve the strategic objectives and be recognized as a strategic partner.

Strategic Context

As a knowledge-based organization, it is important for the Ontario Power Authority to have processes and a governance structure that enable its success.

Several internal service groups provide the OPA with support and guidance to fulfill its mandate. These include financial accounting, planning and analysis, human resources, business services, legal services and regulatory affairs, and First Nation and Métis relations. These groups perform core business functions, provide decision support and act as strategic partners with other parts of the organization and the sector. Over the next three years, the Power Authority will continue to develop and recruit people to have the skills required to meet the changing needs of the evolving electricity sector, implement processes that will enable the organization to grow as needed and develop better tools as part of those processes.

Initiatives

Finance – accounting, planning and analysis

The financial accounting group is responsible for accounting, transaction processing, payroll, treasury, internal controls, financial reporting and risk management. The planning and analysis group is responsible for management reporting and analysis, budgeting, forecasting and the business planning process.

A key focus for these groups during the planning period is to develop an improved understanding of partner requirements for financial information and support, including the needs of related agencies and other stakeholders, and to implement changes that will ensure customer satisfaction.

Over the next three years, other initiatives will include improving analysis and communications regarding financial performance as well as decentralizing planning and reporting to enhance decision-making. The groups also plan to evolve the organization's metrics for performance accountability, enhance the organizational process for the financial review of projects and programs, and embed risk management and mitigation strategies into all operations to drive further activities. The finance groups will also develop business processes that support the enhancement of internal controls and update the Power Authority's accounting standards to align with changes in generally accepted accounting principles.

Human resources

A key focus during the planning period for the human resources group will be to develop and implement a training and development strategy, following the development of a five-year workforce plan in 2009. The group will further enhance attraction and retention capabilities through employment branding, strategic relationships and improved selection methodologies, and will develop and implement a student employment and development strategy.

In the area of performance management, technical/professional skills, competencies and knowledge requirements will be identified for each job family and embedded in the performance management process. To enhance the Power Authority's reward and recognition system, human resources will conduct a total compensation benchmarking study and implement its approved recommendations.

Other planned initiatives include assisting managers and employees in sourcing appropriate external training and development, and providing tools and supports for self-managed career planning and development. The human resources group also plans to identify the culture, values and behaviours required to achieve organizational goals and objectives, and develop strategies to affect desired changes.

In the area of succession planning and management, semi-annual talent and development plan reviews will be conducted, and a central, computerized inventory of education, skills, capabilities, work experiences and career interests for all employees will be developed and maintained.

Business services

For the business services group, activities over the coming three years will include both foundational and business enablement initiatives to support the Power Authority's knowledge organization, aimed at improving productivity and efficiency.

Business enablement projects for the planning period include upgrading the electricity resources settlement systems to support the ongoing management of the Feed-in Tariff Program, developing a business intelligence system for greater decision support, automating the procurement and invoice approvals process for better efficiency and control, improving the records and content management system, and upgrading the customer relationship management system.

Planned foundational initiatives include enhancing data access and security; reviewing the procurement policy; creating OPA data and architecture standards; developing facility, capital and asset plans; implementing leading practices for data storage and backup; and reviewing all the Power Authority's corporate policies and procedures.

The Power Authority is required to comply with the procurement directive issued by the Management Board of Cabinet in July 2009. As a result of this directive, the OPA has taken and will be taking the following actions:

- The existing procurement policy has been revised to align with the directive. In doing so, the Power Authority took a conservative approach – where the existing procurement rules were more conservative than the new directive, the OPA maintained its existing policy.
- Changes to the procurement policy have been communicated to all staff.
- The OPA will be expanding the use of a "vendors of record" approach to procurement where appropriate and utilizing access to the government's vendors of record website.
- Staff education and training sessions are being scheduled to reinforce understanding of the changes to the procurement policy.

Legal services and regulatory affairs

The OPA's legal services group provides the organization with legal counsel on a variety of matters, including contract development, contract management and procurement processes for the full range of conservation programs and supply procurements that the Power Authority administers.

During the business planning period, legal services plans to expand the breadth of knowledge of client activities, assist with the development of the organization's understanding of the legal issues related to climate change and carbon trading, maintain an appropriate balance of internal and external counsel and continue with improvements in the efficiency of its operations. An increase in professional and consulting expenses is anticipated over the planning period to support the expected filing of a second Integrated Power System Plan (IPSP) in 2011.

The regulatory affairs group supports the Power Authority's participation in regulatory proceedings, which include the review of the IPSP, changes to Ontario Energy Board (OEB) codes and the Power Authority's annual revenue requirement submission. An increasing number of requests are being directed to the OPA to undertake analysis and provide support in regulatory proceedings involving LDCs, transmitters and other stakeholders.

Significant changes are taking place to the regulatory framework that governs Ontario's electricity sector, and the regulatory affairs group is working to ensure that the new framework will support the implementation of the Green Energy Act. The main areas of focus for this group will include identifying key Power Authority regulatory positions in consultation with clients, and actively participating in OEB proceedings to advance and facilitate adoption of OPA positions. Regulatory affairs will also work collaboratively with like-minded intervenors to remove barriers to the development of renewable generation and related transmission and distribution system investments, and work to keep internal clients better informed during a period of rapidly evolving changes to the regulatory environment.

The division will also continue to provide corporate secretarial support to the OPA's Board of Directors, board committees and management relating to meetings, minutes, scheduling and administrative support.

First Nation and Métis relations

This new group was formed in 2009 in recognition of the important role that First Nation and Métis communities need to play in the transformation of Ontario's electricity system. The Power Authority is seeking to maintain and enhance positive relationships with these groups, as well as to consider partnership opportunities in generation and transmission projects. The Green Energy Act includes provisions for Aboriginal groups to better enable their involvement in Ontario's electricity system.

Priorities for the Power Authority's First Nation and Métis relations group include building the unit's capabilities and training OPA staff on Aboriginal issues. The group will work to contract with First Nation groups under the FIT or a related generation procurement program. It will also work, in collaboration with the electricity resources division, to develop and administer an Aboriginal program to build capacity to participate in the development of renewable energy, and will help launch both the FIT Program in remote areas and a targeted conservation program for First Nation and Métis communities.

We will achieve Strategic Objective 5 by:

- improving decision support activities to achieve a greater level of engagement with clients
- implementing strategies to build leadership capability, facilitate team/group cohesion and performance, enable effective change and transition management, and develop a culture and organizational structure that drives success
- improving productivity and efficiency by implementing system and business enablement initiatives to support the Power Authority's knowledge organization
- embedding risk management activities into the OPA's day-to-day operations
- providing the organization with high-quality legal counsel on a variety of matters and supporting the Power Authority's active participation in regulatory proceedings
- facilitating the involvement of First Nation and Métis communities in Ontario's electricity sector.

By 2012, you will see that we have achieved this objective when:

- The Power Authority has a workforce with the skills appropriate to the needs of the evolving electricity sector, with the right governance, processes and tools to support informed decision-making and action.

- Rigorous processes and systems are in place to align individual and group performance with organizational goals.

- Data and information are maintained, accessible, secure and can be leveraged.

- The Green Energy Act is successfully implemented through:
    - ongoing development of positive relations with First Nation and Métis communities
    - the development of a supportive regulatory framework
    - provision of timely and high-quality legal services in the development and implementation of the FIT Program and transition of the Power Authority's role in conservation.

- All other aspects of the OPA's activities continue to be supported by:
    - providing timely and high-quality legal services in support of non-FIT generation procurements and contract management
    - continuing to provide superior support to the OPA Board of Directors.

By year-end 2010, we will have achieved these milestones:

- The OPA will have streamlined financial processes and measurement systems to support the implementation of the Green Energy Act.

- Foundational initiatives, which are prerequisites for business enablement projects, have been implemented and result in process improvements.

- A robust policy framework and talent management system that promotes an engaged and high-performing work environment is established.

- The Power Authority will have helped shape a regulatory framework that encourages the development of renewable generation and related transmission and distribution projects.

- The Aboriginal Energy Partnership Program, to assist First Nation and Métis communities to participate in the development of renewable energy generation and related transmission and distribution projects, is established and operational.

- A conservation program tailored to meet the needs of First Nation and Métis communities has been successfully implemented.

Strategic Objective 6

Be a trusted and respected source of information in the electricity sector.

Strategic Context

The Ontario Power Authority has added this new strategic objective to its business plan for the 2010-2012 planning period to reflect the importance of effective communication in all its business activities.

The audiences for communications from the Power Authority are varied and diverse – they range from governments at all levels to generation developers, media, community members, stakeholders and the public at large.

The environment in which the OPA is communicating is evolving – there are more options for people to obtain information, including traditional media and more technology-based ways of communicating.

The overall goal for the communications division during the planning period will be to increase awareness of the benefits of conservation and of a cleaner, reliable, cost-effective electricity supply. The aim is to foster ongoing, open, transparent and two-way communications that enhance the Power Authority's reputation as a trusted and respected source of information about Ontario electricity matters.

Initiatives

The OPA will play a key role in facilitating implementation of the government's green energy vision by proactively communicating the need for conservation, renewable and other sources of generation and related transmission investments.

During the business planning period, the Power Authority will work to develop protocols for proactive and responsive communications. Key stakeholders will be identified, and a greater understanding of their positions and needs will be developed. Progress will be measured to confirm improvements.

The Power Authority will develop programs to help delivery agents build their capacity to become partners in conservation and renewable energy programs. Project management capability will be enhanced, and the use of alternate communications vehicles to optimize outreach and profile, such as social media, will be explored. Integrated community relations plans will be developed to effectively profile the OPA's activities and initiatives.

Helping to foster a culture of conservation in Ontario will continue to be a key focus area. The Power Authority plans to continue the momentum built through Energy Conservation Week activities and the Count Me In! pledge campaign in 2008 and 2009. The theme of the conservation awareness initiative in 2010 will be "Smart Energy Challenge – Small Actions, Huge Savings." It will align closely with other public events that have major name recognition and support, such as Earth Day, Earth Week and others. The campaign will engage the public, businesses and youth to take small actions that will yield huge savings on their electricity bills and collectively have a significant impact on energy conservation and the environment.

During the planning period, the OPA will continue to seek opportunities to promote greater awareness of sustainability and conservation with key community stakeholders and industry partners.

The increased scope of communication activities over the planning period is expected to sustain an increased number of communication staff members, as the group develops more in-house capability and becomes less reliant on external resources.

Recognizing the value of employee engagement, the Power Authority will continue to make improvements in the areas identified in its annual employee survey, including enhancing communication efforts and abilities at all levels of the organization by executing a comprehensive employee communications plan.

The communications group will also continue to support all of the OPA's outreach activities during the planning period, as well as provide communications support to all of the organization's major initiatives.

We will achieve Strategic Objective 6 by:

- identifying key stakeholders and developing a greater understanding of their information needs and associated action plans
- developing, enhancing and enabling broader government engagement to build relationships to achieve common goals
- delivering enhanced community relations to meet communities' needs to be more informed about electricity matters
- gaining broad public and stakeholder acceptance and support of the province's green energy goals and conducting ongoing research with stakeholders to inform improvements in understanding of the Power Authority's role and value to the electricity sector
- conducting enhanced consultation with existing and new stakeholders on electricity system planning
- ensuring superior communications support for major organizational initiatives.

By 2012, you will see that we have achieved this objective when:

- Relationships are developed, built and maintained through effective communications and engagement with industry peers and stakeholders, as well as with all levels of government and the public.
- A strategic communication plan for the planning period has been executed, and a disciplined approach has been adopted to reflect the Power Authority's vision, mission and strategic objectives in all external and internal communications.
- There is greater awareness of the Power Authority's role and contribution to the electricity sector in Ontario.
- An imaginative, creative approach to communication is offered from the inception of an idea to its delivery, ensuring success of organizational priorities, such as implementation of the FIT Program.
- Enhanced employee engagement, organizational alignment and awareness have been achieved through planning and effective internal communications.

By year-end 2010, we will have achieved these milestones:

- The capacity of the communications team will be further developed to significantly reduce the requirement for external resources.
- Protocols for proactive and responsive communications have been developed and are being used.
- The annual employee survey shows improved scores for communication and employee engagement factors.
- OPA outreach activities and communications support for major initiatives are of high quality and meet organizational and stakeholder needs.

2010 Milestones

This three-year business plan sets out how the Ontario Power Authority will continue its efforts to ensure the reliability, sustainability and cost-effectiveness of the province's electricity system for the benefit of Ontario's consumers during the period 2010-2012.

To put the 2010 financial information presented in the following section in context, included here are the milestones the OPA expects to achieve by year-end 2010 under each strategic objective.

By year-end 2010, we will have achieved these milestones:

Strategic Objective 1: Plan for and facilitate the development of a cost-effective, reliable and sustainable electricity system.

- The OPA is conducting economic connection tests in support of the FIT Program.
- A planning outlook has been provided to stakeholders.
- The Power Authority is supporting the implementation of the integrated plan by working with project proponents in regulatory proceedings.
- The OPA is supporting the implementation of local area plans.

Strategic Objective 2: Together with our partners, plan, procure and support the development of verified conservation/energy-efficiency resources as identified in the integrated plan and its subsequent iterations. Build capability and enable partners to achieve targets and contribute to a culture of conservation in Ontario.

- An LDC support and development plan is established, and its implementation is underway.
- The Power Authority, LDCs and other delivery agents are working together to ensure that a robust portfolio of ratepayer-funded conservation programs continues to be available in the Ontario marketplace and is delivering electricity savings and contributing to peak demand and energy savings.
- The energy-efficiency program for directly connected industrial users is implemented and achieving expected results.
- Meaningful indicators of conservation awareness by sector are established to track the achievement of a culture of conservation.
- Risk mitigation plans are established to provide for conservation reserves/buffers.

- A plan for developing funding, support and training resources for all partners to help build the skills and capacity of market participants to deliver conservation is established, and its implementation is underway.

Strategic Objective 3: Plan and design standardized tariff-based, competitive and bilateral procurement processes and enter into procurement contracts for generation resources. These procurements and contracts will meet the requirements identified in the integrated plan, ministerial directives and legislation, and incorporate world-class contracting and settlement practices that support investment in electricity.

- The FIT Program and associated initiatives have been successfully launched with 2,500 MW of renewable generation contracted.

- Approximately 11,950 MW of contracted generation is in service, in addition to the 2,500 MW contracted through the FIT Program.

- Considerable progress has been made on contracting for new nuclear facilities and nuclear refurbishments, in accordance with government policy direction.

- Financial settlements for 2010 have been completed accurately and on time under a new settlement system.

Strategic Objective 4: Identify barriers and limitations; develop and/or define methods and solutions to deliver enhanced generation developments, through innovation, analysis, assessment and benchmarking, with a view to economic efficiency and environmental sustainability.

- Policy development is monitored, analyzed and assessed; solutions are identified to reflect new developments in procurement and contract management.

- Contracts are successfully amended where necessary to reflect market rule changes, as required.

- The Community Energy Partnership Program, the Municipal Renewable Energy Partnership Program and the Aboriginal Energy Partnership Program are established and operational.

- An approach for dealing with carbon mitigation policies has been identified.

- A robust process has been developed to facilitate and contract for new combined heat and power projects, including distributed generation projects.

Strategic Objective 5: Develop and maintain organizational capacity to achieve the strategic objectives and be recognized as a strategic partner.

- The OPA will have streamlined financial processes and measurement systems to support the implementation of the Green Energy Act.
- Foundational initiatives, which are prerequisites for business enablement projects, have been implemented and result in process improvements.
- A robust policy framework and talent management system that promotes an engaged and high-performing work environment is established.
- The Power Authority will have helped shape a regulatory framework that encourages the development of renewable generation and related transmission and distribution projects.
- The Aboriginal Energy Partnership Program, to assist First Nation and Métis communities to participate in the development of renewable energy generation and related transmission and distribution projects, is established and operational.
- A conservation program tailored to meet the needs of First Nation and Métis communities has been successfully implemented.

Strategic Objective 6: Be a trusted and respected source of information in the electricity sector.

- The capacity of the communications team will be further developed to significantly reduce the requirement for external resources.
- Protocols for proactive and responsive communications have been developed and are being used.
- The annual employee survey shows improved scores for communication and employee engagement factors.
- OPA outreach activities and communications support for major initiatives are of high quality and meet organizational and stakeholder needs.

2010 Financial Outlook

Ontario Power Authority

Pro-forma Statement of Financial Position
(in thousands of dollars)

December 31, 2010, with comparative figures for the 2009 Projected and the 2008 Actual

	2008 Actual	2009 Projected	2010 Budget
Assets			
Current Assets:			
Cash and cash equivalents	$ 50,067	$ 23,754	$ 42,325
Accounts receivable	73,515	112,000	112,000
Prepaid expenses	301	304	304
	$ 123,883	$ 136,058	$ 154,629
Capital Assets	5,484	6,875	5,832
Regulatory assets	44,614	28,949	11,380
Total Assets	**$ 173,981**	**$ 171,882**	**$ 171,841**
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable and accrued liabilities	$ 95,795	$ 143,252	$ 146,614
Contract deposits	532	13,767	13,767
	$ 96,327	$ 157,019	$ 160,381
Deferred rent inducement, net	980	834	690
Long term liabilities	1,488	-	-
Regulatory liabilities	63,188	10,878	10,770
Net assets:			
Internally restricted Conservation and Technology Development Funds	6,039	6,610	7,410
Investment in capital assets	5,484	6,875	5,832
Accumulated operating surplus (deficit)	475	(10,334)	(13,242)
	$ 11,998	$ 3,151	$ (0)
Total Liabilites and Net Assets	**$ 173,981**	**$ 171,882**	**$ 171,841**

Ontario Power Authority

Pro Forma Statement of Operations
(in thousands of dollars)

Year ending December 31, 2010, with comparative figures for the 2009 Projected and the 2008 Actual

	2008 Actual	2009 Projected	2010 Budget
Revenue:			
Fees	$ 52,530	$ 54,541	$ 61,589
Recovery of deferred regulatory account balances	$ -	$ 15,665	$ 14,424
Other income	155	12	12
Registration fees	733	1,720	$375
	$ 53,418	$ 71,938	$ 76,400
Expenses:			
Compensation and benefits	23,942	26,194	29,128
Professional and consulting fees	23,343	24,550	20,774
General operating costs	6,530	8,950	9,049
Conservation Fund and Technology Development Fund expenses	2,743	3,929	3,700
Amortization of capital assets	1,030	1,497	2,476
Amortization of deferred regulatory assets	-	15,665	14,424
	$ 57,588	$ 80,785	$ 79,551
Income before interest:	$ (4,170)	$ (8,847)	$ (3,151)
Operating interest expense (income)	29	-	-
Excess of revenues over expenses	**$ (4,199)**	**$ (8,847)**	**$ (3,151)**
Surplus, beginning of the year	**16,197**	**11,998**	**3,151**
Surplus, end of the year	**$ 11,998**	**$ 3,151**	**$ (0)**

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