SUMMARY OF APPLICATION

This schedule provides an overview of this Application (Section 1.0), Ontario Power Generation's ("OPG" or the "Company") regulated assets and the Darlington New Nuclear Program ("DNNP") facilities (Section 2.0), priority issues in the Application (Section 3.0) and the major approvals sought in the Application (Section 4.0).

1.0 OVERVIEW

This Application lays the foundation for Ontario's energy supply over the next 25 years and beyond. The investments set out in this Application amount to over $30 billion of capital work to build, renew, and expand electrical generation assets that are critical to meeting Ontario's energy demand, supporting the province's economic growth over the decades that follow.

Ontario's Integrated Energy Plan ("IEP") is clear: the province's economy and its population are growing, and the use of electricity is increasing.[1] The Province of Ontario expects that Ontario's population will increase by over 30% by 2051, and that substantial investment in the province's industrial sector will continue. At the same time, Ontarians and businesses are relying more and more on electricity for transportation, heating, and to enable industrial processes and other drivers of economic growth.[2] The significant investments in nuclear and regulated hydroelectric facilities set out in this Application are foundational to meeting Ontario's energy needs in a manner that is affordable, secure, reliable, and clean.

The scale of the investments planned for the 2027-2031 period (the "IR term") is immense. Each of the major capital projects planned for the IR term are among the largest capital projects in Canada:

- The Pickering Refurbishment Program ("PRP") is estimated to cost $26.8 billion, with forecast in-service additions of $9.9 billion in this Application.[3]

[1] "Energy for Generations: Ontario's Integrated Plan to Power the Strongest Economy in the G7", Ministry of Energy and Mines, June 2025, p. 20.
[2] *Ibid*.
[3] Excludes interest amounts after January 1, 2026, as interest amounts will be recovered separately pursuant to Ontario Regulation 53/05. See Ex. D2-3-1 for detailed information on PRP.

- The DNNP will deliver the first grid-scale small modular reactor ("SMR") in the G7. The first of four units planned for the DNNP facilities is expected to enter commercial operation in October 2030, with forecast in-service additions of $6.6 billion.[4]
- Replacing turbine rotors at Darlington generating station, with forecast in-service additions in the IR term of $1.7B.[5] The need for this project arose from detailed inspections conducted during the Darlington Refurbishment Program ("DRP") of components not typically accessible during regular planned outages and that could not be completed within the planned DRP refurbishment window.
- Over the IR term, OPG plans to invest approximately $4.8 billion in sustaining the regulated hydroelectric assets, including $2.2 billion in turbine-generator refurbishment projects. Through these investments, OPG expects to sustain approximately 1,500 MW of existing regulated hydroelectric fleet capacity and add an estimated incremental capacity of approximately 50 MW. This includes turbine-generator refurbishments at OPG's three largest hydroelectric generating stations (Sir Adam Beck 1 GS, Sir Adam Beck 2 GS, and R.H. Saunders GS).[6]

OPG's demonstrated expertise at managing large complex refurbishment projects makes the Company uniquely qualified to simultaneously execute this suite of mega-projects. In the course of delivering the Darlington Refurbishment Program ("DRP"), OPG has developed processes and skilled resources that enable it to effectively plan and deliver the work program for the IR term. The Company has applied lessons learned on the successful execution of the DRP to these new mega-projects, helping mitigate risks and enhance project execution. As an indicator of this success, OPG is currently forecasting to deliver the DRP under-budget.[7]

At the same time, delivering the capital work program over the IR term will be a significant undertaking. Delivering multiple projects of this scale requires thorough project planning, a comprehensive resourcing strategy, and financial tools to deliver the work cost-effectively. To that end, OPG has developed a plan and ensured that necessary resources are available to

[4] Excludes interest amounts after January 1, 2026, as interest amounts will be recovered separately pursuant to Ontario Regulation 53/05. See Ex. D2-4-1 for detailed information on DNNP.
[5] Ex. D2-1-3, p. 15.
[6] Ex. F1-1-1.
[7] See Ex. D2-2-1 for detailed information on the DRP.

deliver these projects on-time, on-budget, safely, and with quality. As detailed below in Section 3.0 of this schedule, this Application and OPG's 2025-2031 Business Plan (the "Plan")[8] reflect the extensive preparation undertaken for the major investments over the IR term. The Application includes detailed evidence on planning for each of the PRP, DNNP, and the range of sustaining capital investments in OPG's nuclear and regulated hydroelectric fleets. OPG has developed a detailed resourcing strategy, redeploying resources within the Nuclear business over the IR term, allowing it to make the best use of existing skilled staff to support PRP and to enable a smooth and cost-effective transition back to operations once Pickering returns to commercial operations. Despite the significant demands on OPG resources over the IR term, the Company's workforce is expected to remain stable over the period.

The Application will also deliver value for ratepayers. It includes rate-setting mechanisms that will adequately fund the investments planned for the IR term, while incorporating stretch reductions reflecting appropriate expectations of continuous improvement over the IR term. Rate-setting and financial mechanisms supporting the Application include:

- A concurrent cost recovery ("CCR") mechanism established under Ontario Regulation 53/05 ("O. Reg. 53/05") that would help provide the cash flow necessary to fund the PRP and DNNP, while also lowering borrowing requirements and associated costs for these projects, to the long-term benefit of the ratepayer. Details on the CCR mechanism are set out in Ex. I1-1-3.
- The Application proposes forms of custom incentive rate-setting ("Custom IR") that build on the rate-setting frameworks previously approved by the OEB, adjusted to reflect the amount of planned capital investments in both the hydroelectric and nuclear fleets. Details on the propose Custom IR frameworks are provided in Ex. A1-3-2.
- The Application also proposes a payment amount-shaping proposal to mitigate customer bill impacts in the first year of the IR term. Reflecting customer engagement research conducted by Innovative Research Group, an independent public opinion research expert, OPG proposes to defer recovery of $500 million of nuclear revenue requirement by one year, from 2027 to 2028. This approach will reduce bill impacts on a typical residential

[8] A detailed overview and copy of the Plan are provided at Ex. A2-2-1.

customer's 2027 monthly bill by approximately $2.50. Details on the rate-shaping proposal are set out in Ex. I1-3-2.

Consistent with the Province of Ontario's expectations, during the IR term, OPG plans to continue planning and preparation activities for potential new hydroelectric and nuclear generation on OPG's sites. The proposed revenue requirements in the Application do not include non-capital or capital costs related to potential new generation facilities other than the DNNP. Any such costs with respect to nuclear development opportunities incurred by OPG during the IR term would be recorded in the Nuclear Development Variance Account.

Furthermore, the federal government has proposed a 15% refundable tax credit for certain clean electricity investments ("CEITC") that could be available to OPG and would reduce borrowing requirements. At the time of filing the Application, no legislation implementing this credit is in place and the CEITCs are not reflected in OPG's 2025-2031 Business Plan. OPG will account for such credits as a reduction in the capital costs of the underlying projects. The Application proposes to return to customers the revenue requirement of the CEITCs, once available, through a series of variance accounts. The CEITCs are discussed further in Ex. F4-2-1, Section 3.6.1.

1.1 A Made-in-Ontario Plan

OPG's operations are supported by a robust, Ontario-based supply chain that has been developed and refined over decades. This network provides the specialized expertise required to maintain and operate nuclear and hydroelectric facilities safely and reliably, while ensuring continuity of supply and mitigating risk in an increasingly complex global environment.

The strength of OPG's supply chain is fundamental to meeting Ontario's long-term electricity needs. By maintaining a localized procurement focus, OPG reduces exposure to international supply disruptions and ensures timely access to critical components, services, and skilled labor. This approach safeguards the reliability of Ontario's electricity system and supports the production of power to Ontarians, consistent with the procurement process measures outlined in Ex. F3-3-1.

OPG's supply chain also provides significant economic benefits to Ontario. Each year, OPG invests approximately $4.5 billion in procurement, with the majority directed to Ontario-based suppliers. More than 10,000 suppliers across the province contribute to nuclear and hydroelectric projects, sustaining thousands of skilled jobs and generating substantial economic activity. For example, the DRP – a $12.8 billion investment – will extend the life of four nuclear units to 2055, securing 20 percent of Ontario's electricity supply and contributing an estimated $75 billion to Ontario's GDP over the life of the station, while supporting an average of 14,200 jobs annually.

The investments planned for the IR term continue the trend set by the DRP, contributing both to Ontario's electrical needs and energy security, but also the province's economic strength. The PRP will create and sustain thousands of high-quality jobs and strengthen the province's nuclear supply chain. The Conference Board of Canada projects the full refurbishment will create 11,000 jobs per year and contribute $19.4 billion to Ontario's GDP over 11 years, with approximately 90% of spending occurring in Ontario. The DNNP will similarly contribute to the province's economic strength, with operation and maintenance of the four units will add $38.5 billion to Canada's GDP over the next 65 years, with 80% of project spending going to Ontario companies. Construction and operations will sustain, on average, an estimated 3,700 highly skilled jobs for the next 65 years. In keeping with OPG's Reconciliation Action Plan, OPG has committed to significant procurement with Indigenous businesses within the supply chain.

Similarly, OPG's hydroelectric capital program will redevelop and refurbish stations across Ontario, securing up to 830 MW of clean generation capacity and creating more than 1,000 skilled jobs.

These initiatives demonstrate OPG's ability to leverage its supply chain to deliver projects on time and on budget, while driving economic growth and supporting the province's electricity needs. OPG's contribution to Ontario's supply chain ecosystem helps ensure the province remains a leader in clean energy generation, while supporting long term economic growth.

1.2 The Applicants

This Application is filed jointly by OPG and DNNP LP. DNNP LP is a limited partnership formed under the laws of the Province of Ontario, and DNNP GP Inc. ("DNNP GP") is the managing general partner of DNNP LP with the authority to act on behalf of DNNP LP. DNNP LP will be a newly prescribed generator subject to certain conditions set out in section 8 of O. Reg. 53/05 and is entering into a lease for the DNNP facilities with OPG. DNNP LP will undertake the development, construction, and operation of the DNNP facilities, with OPG contracted to act as the project manager and operator of the facilities. The Application assumes that DNNP LP enters into the lease and associated agreements and that the DNNP asset transfer from OPG all occur at the end of 2025. DNNP LP will not have its own workforce and will contract for all applicable services with OPG, and will therefore reimburse OPG for its fully allocated costs of providing the services. An overview of DNNP LP is provided in Ex. A1-4-4. In this Application, "DNNP facilities" denotes the elements associated with DNNP LP's requests in the Application such as the components of its revenue requirement and its production forecast.

An overview of the DNNP, including the roles of the relevant stakeholders, is provided at Ex. D2-4-1. The approvals sought with respect to each applicant are set out in Ex. A1-2-2.

2.0 REGULATED ASSETS

The basis for the application can be found in O. Reg. 53/05 and section 78.1 of the *Ontario Energy Board Act, 1998* (the "Act").

OPG's prescribed generating facilities consist of both hydroelectric generating stations and nuclear generating stations (the "prescribed facilities" or the "regulated facilities"), all of which participate in the electricity market administered by the Independent Electricity System Operator ("IESO") in accordance with the Ontario Market Rules. The regulated facilities consist of two nuclear generating stations with a capacity of 3,094 MW at the Pickering Nuclear Generating Station ("Pickering")[9] and 3,512 MW at the Darlington Nuclear Generating Station

[9] Combined capacity of Pickering Units 1, 4, and 5-8.

("DNGS"), and 54 hydroelectric generating stations (the "regulated hydroelectric facilities") with a total capacity of 6,566 MW for a combined regulated generating capacity of 13,172 MW.

DNNP LP's prescribed generating facilities during the IR term will consist of the first of four units at the DNNP site. Once complete, the DNNP is expected to have a total capacity of approximately 1,200 MW across the four units.

The budgeting and business planning process that underlies this Application is described in Ex. A2-2-1 (Corporate), Ex. F1-1-1 (Hydroelectric), and Ex. F2-1-1 (Nuclear).

3.0 PRIORITY ISSUES

In its Decision and Order in EB-2010-0008, the OEB encouraged the participating parties to focus their attention in future applications on the highest priority issues. Accordingly, this Application has been crafted in such a way as to highlight its highest priority issues. This section summarizes those issues.

3.1 Pickering Refurbishment Program

The PRP is a multi-year, multi-phase program at Pickering to enable the replacement or rehabilitation of life-limiting critical components and the completion of upgrades to meet regulatory requirements within Units 5-8. The PRP, when completed, will allow Units 5-8 to continue safe and reliable operation for an additional 38 years.

Pickering Units 1-4 have ceased commercial operation. Without refurbishment, Pickering Units 5-8 would also cease production in 2026.

OPG is conducting its planning for PRP over approximately five years, relative to ten years for the Darlington Refurbishment Program ("DRP"). This comparatively shorter timeframe is enabled by OPG's ability to leverage the successful planning and execution of DRP, including the processes already in place, supply chain infrastructure that was built for DRP, DRP's commercial structure as applicable to PRP, as well as significant operational experience and

lessons learned. This has created efficiencies for PRP, allowing it to complete the necessary diligence, detailed planning and cost and schedule estimation in the shorter timeframe.

The PRP also thoroughly reflects inherent differences between the two refurbishment programs. In many ways, the PRP is a much more complex undertaking than the DRP given the older age of the station and its technology, and the resulting need for much more significant replacements. In particular, OPG is removing all 12 boilers in each of Units 5-8 and replacing them with new boilers, whereas the DRP only conducted inspections and water lancing of the boilers. This is a significant and complex undertaking that includes needing to cut two holes at the top of the roof of the reactor containment dome to create access points to extract the existing boilers out of the station. In addition, OPG is also constructing a Deep Water Intake to draw water from deep below the surface of Lake Ontario to ensure a stable supply of clean, cooler water to the forebay. This work involves the tunnelling and construction of an offshore intake tunnel, cofferdam and offshore intake shaft and is expected to improve thermal efficiency, support increased electrical power output, reduce biofouling events, decrease fish impingement and entrainment, and enhance resilience to climate change.

Another key difference between the PRP and the DRP is that OPG will be executing all four units in parallel, which creates both resourcing and execution challenges, and a unique opportunity to leverage Pickering's existing operational staff. The PRP is leveraging a workforce strategy that blends OPG's existing workforce with contractor staff where appropriate. This strategy seeks to redeploy existing OPG operational staff with critical expertise and knowledge of the station to certain PRP work, such as radiation protection, maintenance and fuel handling. That strategy ensures timely access to sufficient and proficient labour to meet project schedules, fulfilling resource demands particularly during overlapping units, leverages skilled employees familiar with the station for safe and efficient execution, and mitigates the risk of potential labour shortages in the market. To enable the full extent of this workforce strategy, OPG successfully negotiated the necessary redeployment agreements with the PWU and Society and optimized jurisdictional terms for the PWU, with the Building Trades Unions. Further details on these labour arrangements are discussed in Ex. F4-3-1,

Sections 2 and 5. Further description of this workforce strategy is provided in Ex. D2-3-4, Section 2.3.

The PRP is currently in the Definition Phase, which has advanced scope and design maturity. The completion of detailed engineering deliverables as well as risk analysis and contractor input have provided increased certainty on technical requirements and material quantities, all of which were used to finalize contracting and procurement strategies and secure and award all of the major PRP contracts.

As a result of this detailed planning conducted to date, on November 14, 2025, OPG's Board of Directors approved the PRP Release Quality Estimate ("RQE"). The RQE to refurbish all four Units 5-8 at Pickering is $26.8B including interest, escalation and contingency. In approving the RQE, the OPG Board of Directors approved the full release of PRP to complete definition deliverables prior to moving into execution for all units. Risk identification and contingency modelling has also confirmed adequate contingency for the overall program. Also embedded within the RQE is OPG's workforce strategy as described above, which provides significant cost and schedule benefits and efficiencies.

On November 26, 2025, the Province of Ontario announced that it had approved OPG's plan to refurbish Units 5-8 at Pickering, which will support the government's plan to protect Ontario workers and the province's long-term energy security.

The Application includes 10 schedules setting out extensive detail on the PRP and the planning process undertaken. The project has in place the resources, organization and processes necessary to execute PRP in its entirety, safely, on time, on budget, and with the required quality level.

3.2 Darlington New Nuclear Program

The DNNP is an SMR project at the eastern portion of OPG's Darlington New Nuclear site. This first-of-a-kind program includes the design, licensing, site preparation, construction, and commissioning of four SMR facilities (referred to as units) using the BWRX-300 reactor

technology. During the 2027-2031 IR term, the first of the four SMR units is scheduled to enter commercial operation. The construction of this first unit is currently in progress. Planning and preparations are ongoing for the remaining three units, with future construction subject to requisite approvals.

The DNNP will help Ontario meet its demand for reliable, cost effective and clean energy. The Province of Ontario has noted that:

> With electricity demand in Ontario set to soar by at least 75 per cent by 2050, the Ontario government has approved Ontario Power Generation's (OPG) plan to begin construction on the first of four small modular reactors (SMRs) at the Darlington nuclear site. Once complete, this SMR will be the first of its kind in the G7, producing enough reliable, affordable and clean electricity to power the equivalent of 300,000 homes, supporting thousands of good-paying jobs across the province and helping secure Ontario's energy supply for decades to come.[10]

On September 11, 2025, Prime Minister Mark Carney announced that the DNNP was under consideration as one of the nation-building projects that the Federal Government will support through the newly established Major Projects Office. The Federal Government's announcement noted that:

> This project will make Canada the first G7 country to have an operational small modular reactor (SMR), accelerating the commercialization of a key technology that could support Canadian and global clean energy needs while driving $500 million annually into Ontario's nuclear supply chain. Once complete, Darlington's first of four planned SMR units will provide reliable, affordable, clean power to 300,000 homes, while sustaining 3,700 jobs annually, including 18,000 during construction, over the next 65 years.[11]

[10] Province of Ontario, News Release: Ontario Leads the G7 by Building First Small Modular Reactor, May 8, 2025 <https://news.ontario.ca/en/release/1005889/ontario-leads-the-g7-by-building-first-small-modular-reactor>.

[11] Prime Minister of Canada, Prime Minister Carney announces first projects to be reviewed by the new Major Projects Office, September 11, 2025 <https://www.pm.gc.ca/en/news/news-releases/2025/09/11/prime-minister-carney-announces-first-projects-be-reviewed-new>.

In 2018, OPG began the initial planning and preparation phase for a SMR facility at the Darlington New Nuclear site. The early planning work focused on a review of available technologies and in 2021, OPG selected GE-Hitachi's BWRX-300 Boiling Water Reactor as the best technology for the DNNP. The BWRX-300 SMR is a 300 MW water-cooled, natural circulation design with passive safety systems. It leverages the existing Economic Simplified Boiling Water Reactor design certification, utilizing licensed and proven nuclear fuel, incorporating proven components and supply chains. Once operational, the staffing for the station will be based on a minimum complement strategy, leveraging the BWRX-300 plant design to optimize the workforce required to operate and maintain the plant.

The DNNP is a large, complex, first-of-a-kind, new build project. To manage the work, OPG developed an overall commercial strategy as well as contracting strategies for specific scopes of work. The primary commercial strategy selected by OPG to deliver Unit 1 and the common scope facilities is an Integrated Project Delivery ("IPD") model in which the key parties involved in the design, fabrication and construction of a project are joined together under a single agreement. The IPD model is a delivery method that enhances project collaboration and integration between the parties, and employs risk sharing rather than risk transfer. It also establishes incentives to promote the best outcomes for the project, with a focus on cost management, schedule adherence and generation performance. Under this model, OPG engaged four non-owner parties, and together the parties worked towards establishing the project scope and design, schedule, cost, and quality, ultimately improving the definition and maturity of the project.

On March 6, 2025, after the extensive, detailed planning completed in the Definition Phase (also referred to as the Validation Phase), OPG's Board of Directors approved the $7.7B Release Quality Estimate ("RQE") for Unit 1 and Common Scope Facilities, transitioning Unit 1 into the Execution Phase. On May 8, 2025, the Ontario Government announced its approval of OPG's plan to proceed with construction on the first of four SMRs at the DNNP site.[12]

[12] Province of Ontario, News Release: Ontario Leads the G7 by Building First Small Modular Reactor, May 8. 2025 <https://news.ontario.ca/en/release/1005889/ontario-leads-the-g7-by-building-first-small-modular-reactor>.

The Application includes 10 schedules setting out extensive detail on the DNNP Unit 1 and Common Scope Facilities and the planning process undertaken. The project has in place the resources, organization and processes necessary to execute safely, on time, on budget, and with the required quality level.

3.3 Hydroelectric and Nuclear Sustaining Investment

OPG must continue investing to sustain the regulated hydroelectric and nuclear generating facilities over the IR term, maintaining the stations' capacity to operate safely and reliably.

3.3.1 Hydroelectric Sustaining Investments

OPG's regulated hydroelectric generating facilities are a central pillar of Ontario's renewable, low-cost, practically zero-emissions electricity supply. Over the IR term, OPG's hydroelectric sustaining program consists of concrete structure and dam rehabilitation works to address degradation related to age and environmental factors, dam safety, water control, civil rehabilitation, station service and transformer upgrade projects, and work to ensure ongoing equipment reliability.

With the age of OPG's regulated hydroelectric assets averaging 90 years, many degraded components are at or approaching end-of-life and require significant investment during the forecast period to ensure that the assets can continue to help meet the province's energy needs for decades to come. The Plan reflects these important investments, which accounts for $2,193.6M of capital expenditures on refurbishment projects in the 2027-2031 forecast period, and $39.7M in Project OM&A expenditure for overhaul projects in the 2027 test year.

Over the IR term, OPG expects to make capital investments to sustain approximately 1,500 MW of the existing regulated hydroelectric fleet capacity and add an estimated incremental capacity of approximately 50 MW. This includes turbine-generator refurbishments at OPG's three largest hydroelectric generating stations (Sir Adam Beck 1 GS, Sir Adam Beck 2 GS,[13] and R.H.

[13] Province of Ontario, News Release: *Ontario Refurbishing Hydroelectric Stations in Niagara*, April 16, 2024.

Saunders GS),[14] supported by recent announcements from the Province of Ontario and reaffirmed in the IEP.[15]

OPG plans to invest approximately $318.4M capital in the 2027-2031 forecast period and $25.3M Project OM&A in the 2027 test year to address concrete deterioration through rehabilitation and restoration projects. Over time, civil structures deteriorate due to various environmental factors such as thermal expansion-contraction, water seepage, freeze-thaw damage, corrosion of reinforcements, and abrasion. An additional cause of deterioration is the unexpected expansion of concrete due to long-term chemical reactions, specifically Alkali Aggregate Reaction. Examples of such capital projects include Otto Holden GS Refurbish Stop Log Sluice Piers and Aguasabon Dam Rehabilitation. Further details on concrete rehabilitation capital projects are provided in Ex. D1-1-2.

Details on OPG's planned investments at the regulated hydroelectric facilities are set out in Ex. D1-1-1.

3.3.2 Nuclear Sustaining Investments

In addition to the nuclear mega-projects planned for the IR term, OPG must continue to invest to sustain the existing facilities, including Pickering infrastructure that can be efficiently executed while the station is being refurbished.

The Pickering capital program represents a change from recent years, when very limited sustaining work was conducted at the station due to the assumed upcoming end of commercial operation. Over the business plan period, a larger Pickering program is planned to focus on sustaining work that is more efficiently executed during the multi-unit refurbishment window, supports improved post refurbishment unit reliability, and renews necessary station infrastructure. These projects are planned to be managed separately from the PRP, which will be focused primarily on the rehabilitation or replacement of critical life-limiting components and the completion of upgrades to meet regulatory requirements. This approach is consistent with

[14] Province of Ontario, News Release: *Ontario Refurbishing Hydroelectric Station in Cornwall*, May 10, 2024.
[15] IEP, p. 9, 40, 54.

the Darlington Refurbishment – it positions the units for strong performance while balancing the need for more extended planned outages in the future with managing the complexity of the refurbishment scope. OPG will continue to develop and prioritize the Pickering sustaining portfolio to ensure it optimally supports post-refurbishment operations and successful execution of the PRP.

The Darlington capital program will continue to focus on ensuring that the refurbished station is well positioned for sustained strong reliability performance over the long term.

Capital expenditures on the nuclear project portfolio over the IR term are generally stable and averaging approximately $500M annually, with the Darlington portion declining to $204.4M by the end of the IR term, whereas, the annual Pickering portfolio expenditures are planned to increase to $261.1M by the end of the IR term. In addition, there is an increase to the non-portfolio project listing during the IR term for major equipment replacements or rehabilitation or otherwise necessary investments to address risks to achieving Darlington's post-refurbishment operations.

Details on OPG's planned capital expenditures at the nuclear facilities are set out in Ex. D2-1-2.

3.4 Project Excellence

Supporting the forecast capital investments and the mega-projects listed above, OPG has continued to develop and refine its strong project management processes. In particular, OPG has expanded the project management approach historically used in the nuclear business across the enterprise, establishing an Enterprise Project Management Office to standardize this approach across the Company.

OPG employs an enterprise-wide portfolio management approach to assess, prioritize, and deliver all portfolio projects, both capital and OM&A. The portfolio management approach is characterized by two interrelated cycles of Asset Investment Planning and Management (i.e., defining the portfolio) and Portfolio Management and Execution (i.e., delivering the portfolio).

Over the historical period, OPG has further enhanced its project management proficiency programs and established a Construction Centre of Excellence while continuing to seek opportunities to improve and standardize its portfolio management approach.

Details on OPG's expanded, enterprise-wide portfolio management process are provided in Ex. D2-1-1. OPG also provides detailed information on the project management approaches in the PRP and DNNP mega-projects as noted in Sections 3.1 and 3.2 above.

3.5 Workforce and Resource Strategy

In addition to the workforce strategy described above for PRP, OPG must ensure that it has the appropriate resources available to execute the substantial work program planned for the IR term. OPG's regular headcount is forecast to increase by approximately 30% from 2021-2027, then remain stable through the IR term. This is in contrast to the context of EB-2020-0290, at which time OPG was preparing to downsize as a result of then-planned end of commercial operations at Pickering in 2025.

With growing external labour market pressures and a shrinking pool of skilled workers, competition for talent, especially for energy project professionals, has intensified. This is compounded by the demand for major infrastructure projects and the need for project execution excellence, making it increasingly challenging for OPG to secure and retain the skilled workforce needed over the IR term and beyond. To meet the workforce demand during the IR term, OPG has executed various strategies to ensure the Company has the resources required through collective bargaining measures that enable greater resourcing flexibility, proactive workforce planning and strategic hiring.

OPG is focused on ensuring that the Company's employees have the right skills in place to meet future workforce needs. This is done by identifying the necessary skills for OPG's future workforce, strengthening and expanding the skilled trade talent pipeline, expanding early career and career progression opportunities, and strengthening partnerships with educational institutions and programs in the utility and energy industry. Key workforce planning strategies that OPG has undertaken include:

- Enterprise staffing aimed at ensuring that staffing levels and decisions support ongoing operational and project needs, while optimizing the workforce and managing risks for high-demand skills and roles in the market.
- Transition plans to efficiently and effectively manage staff deployment during the completion of the DRP and Pickering Units 5-8 operations in 2026, and the subsequent refurbishment of Pickering.
- Regulated hydroelectric operations have targeted training initiatives for developing proficiency in the workforce. These training and development activities will be a key to success as Renewable Generation brings on additional staff to support the increased work program described in Ex. F1-1-1, primarily the regulated hydroelectric refurbishment projects.
- Re-introduction of early career programs to better attract talent and promote continuity in talent pipelines for ongoing operations and key project.
- Succession planning to ensure leadership development enables a diverse and robust talent pipeline.
- Expanded outreach programs to academic institutions and career fairs to support increased supply in the market for skilled trades and STEM roles.
- Support for various skilled trades initiatives to increase a diverse supply, the creation of an industry-wide resource demand profile, and other efforts to balance supply and demand.

OPG's workforce strategy is detailed in Ex. F4-3-1, Section 5.

3.6 Custom Rate-setting Frameworks

The Application proposes two distinct Custom Incentive Rate-setting ("Custom IR") frameworks for the regulated hydroelectric facilities and the nuclear facilities and the DNNP. These Custom IR frameworks reflect the business context of the facilities and the major capital investments that are being made over the IR term.

For the regulated hydroelectric facilities, the Application proposes a Custom IR framework that continues to set payment amounts based on a price-cap index, consistent with the approach applied for the 2017-2021 period in EB-2016-0152, but with the addition of a custom capital

factor ("C-factor") and an adjustment to hold the gross revenue charge ("GRC") embedded in payment amounts constant over the IR term. The C-factor is intended to address the substantial incremental capital investments required over the forecast period which would not be funded under the price-cap framework. This approach preserves the efficiency incentives inherent in a price-cap model for "steady state" operations, while ensuring adequate funding for capital projects necessary to address the conditions of the aging assets at the regulated hydroelectric facilities. The proposed inflation factor, productivity factor, and stretch factor are calculated based on independent expert analyses conducted by London Economics International LLC, including econometric total cost benchmarking of the regulated hydroelectric facilities.

For the nuclear facilities, the Application proposes that payment amounts continue to be established using the Custom IR framework approved by the OEB in the EB-2020-0290 proceeding, which includes individual revenue requirements for each of the five years of the 2027-2031 rate term, with some adjustments for the DNNP facilities to reflect the business context of DNNP LP. This approach reflects the unique circumstances of the nuclear operations, including the scale and complexity of major capital initiatives such as the PRP and the DNNP. The Application proposes that cost benchmarking of OPG's nuclear facilities will continue to be used to determine the nuclear stretch factor in respect of the Company's nuclear operations OM&A costs, allocated corporate support OM&A costs and asset service fees, as well as nuclear operations and corporate support services in-service capital additions.

The Application also proposes to continue the earnings sharing mechanism for OPG's regulated facilities introduced in the EB-2020-0290 Settlement Proposal over the IR term. OPG proposes to base the earnings sharing mechanism on its combined regulated nuclear and regulated hydroelectric business on an asymmetrical basis, with a 100-basis point deadband to the OEB-approved ROE rate and 50/50 sharing above the deadband, assessed over a cumulative 5-year period from 2027-2031.

3.7 Deferral and Variance Accounts

The Application proposes to clear the audited balances in all of OPG's deferral and variance accounts as at December 31, 2024, less amortization amounts previously approved by the OEB in EB-2023-0336 and EB-2020-0290 for the 2025-2026 period, except for the hydroelectric components of the Capacity Refurbishment Variance Account, the components of the Nuclear Development Variance Account not related to DNNP, and the Pickering B Variance Account. The basis of this proposal is set out in Ex. H1-1-1.

Adjusted for OEB-approved 2025-2026 amortization amounts, the proposed year-end 2024 account balances for disposition in this application are a net credit balance of $102.4M[16] for OPG's regulated hydroelectric facilities and a net debit balance of $878.8M[17] for OPG's regulated nuclear facilities.[18]

The Application proposes to continue all existing deferral and variance accounts, except for three accounts which are no longer required and which OPG accordingly proposes to terminate. The Application also proposes to expand the scope of OPG's Gross Revenue Charge Variance Account to apply to all of OPG's regulated hydroelectric facilities, along with capturing the revenue requirement impact of any legislated or regulatory changes to the GRC construct, and to align the methodology for the CRVA as it applies to the regulated hydroelectric facilities with the proposed rate-setting framework. The Application also proposes to extend the SR&ED ITC Variance Account (OPG) to include OPG's regulated hydroelectric facilities.

The Application proposes to establish five new deferral and variance accounts for OPG:

- Global Hydroelectric Capital Variance Account
- Clean Electricity ITC Variance Account (OPG)
- DNNP Nuclear Liability Deferral Account

[16] Ex. H1-2-1, Table 1, col. (f) line 16.
[17] Ex. H1-2-1, Table 2, col. (f) line 30.
[18] A debit entry or balance is an amount to be collected from ratepayers. A credit entry or balance is an amount to be returned to ratepayers.

- Payment Amount Shaping Deferral Account
    - Change of Laws Deferral Account (OPG)

The Application also proposes to establish seven new deferral and variance accounts for DNNP LP:

- Income and Other Taxes Variance Account (DNNP)
- Pension and OPEB Cost Variance Account (DNNP)
- Nuclear Deferral and Variance Over/Under Recovery Variance Account (DNNP)
- SR&ED ITC Variance Account (DNNP)
- Impact for IFRS Deferral Account (DNNP)
- Clean Electricity ITC Variance Account (DNNP)
- Impact of Change in Tax Status Variance Account (DNNP)
- Change of Laws Deferral Account (DNNP)

4.0 SUMMARY OF APPROVALS

4.1 Payment Amounts

For the hydroelectric generation facilities, OPG is requesting that the OEB establish a payment amount of $51.39/MWh effective January 1, 2027, to be escalated annually by the custom price-cap index framework set out in Ex. A1-3-2.

For OPG's nuclear generation facilities and the DNNP facilities, OPG is requesting that the OEB establish blended payment amounts of:

- $206.70/MWh effective January 1, 2027;
- $192.42/MWh effective January 1, 2028;
- $202.74/MWh effective January 1, 2029;
- $199.16/MWh effective January 1, 2030; and
- $219.60/MWh effective January 1, 2031.

In addition, OPG is requesting payment riders for the regulated hydroelectric and nuclear production to amortize the audited balances of the deferral and variance accounts as of

December 31, 2024 as calculated in Ex. H1-2-1. The proposed nuclear payment rider is $7.19/MWh in 2027, $5.04/MWh in 2028, $5.36/MWh in 2029, $2.48/MWh in 2030, and $2.19/MWh in 2031. The proposed hydroelectric payment rider is $(1.17)/MWh in 2027, $(1.17)/MWh in 2028, $(1.17)/MWh in 2029, $0.00/MWh in 2030, and $0.00/MWh in 2031.

As described in Ex. I1-1-2, the forecast combined impacts of the proposed payment amounts and payment riders on the monthly bill of a typical residential customer bill are:

- An increase of $7.94 in 2027;
- An increase of $2.45 in 2028;
- An increase of $1.37 in 2029;
- An increase of $0.74 in 2030; and
- An increase of $4.67 in 2031.

4.2 Rate Base and Capital Structure

The forecast of rate base for the regulated hydroelectric facilities is $9,135.1M in 2027. The forecast of rate base for the nuclear facilities is $15,794.7M in 2027, $16,328.3M in 2028, $16,265.0M in 2029, $16,867.5M in 2030, and $23,587.9M in 2031. The forecast of rate base for the DNNP facilities is $0.0M in 2027, $0.0M in 2028, $2.1M in 2029, $1,371.1M in 2030, and $6,530.0M in 2031. Further discussion of nuclear rate base, including variance explanations, can be found in Ex. B1-1-1.

Additional details on in-service additions for the regulated hydroelectric facilities, nuclear facilities, and corporate capital projects impacting rate base are provided in Exhibits D1, D2 and D3, respectively. Additional detail on depreciation and amortization expense is provided in Ex. F4-1-1. Details on in-service additions for the DNNP facilities are provided in Exhibit D2, Tab 4, Schedule 10.

The Application incorporates a return on equity ("ROE") of 9.11% for OPG and DNNP LP based on the latest rate published by the OEB (October 31, 2025) pursuant to the ROE formula as set out in the OEB's Decision and Order, March 27, 2025, EB-2024-0063. For OPG, this is applied to the regulated rate base using a capital structure of 52% common equity and 48%

debt.[19] This capital structure is supported by the findings of the Common Equity Ratio Study carried out by Concentric Energy Advisors.[20] The proposed capital structure for OPG reflects the heightened risks the company will experience primarily related to the execution of major projects such as the PRP, hydroelectric refurbishments and redevelopments, the continued shift of OPG's rate base to riskier nuclear assets during a period of lower output over which to recover these costs and funding and credit rating risks, among others. Concentric also found that OPG's risk is significantly elevated relative to the proxy groups, as OPG is a pure generation utility with significant nuclear concentration and its nuclear revenue is entirely subject to output variability, all of which distinguishes it from other regulated utilities. Concentric found that such proxy groups for OPG have a mean and median equity ratio ranging from 50% to 53%.

For DNNP LP, as informed by Section 13.(1) of O. Reg. 53/05 which establishes the DNNP Generator Capital Structure Variance Account which requires the OEB to provide, using this variance account, the recovery of the revenue requirement impacts arising from DNNP LP's actual capital structure and cost of debt, subject to such debt being prudently incurred, the Application has applied a 100% equity funded capital structure. This is supported by the expert testimony of Mr. Cliff Inskip.[21] Further information on the proposed capital structures of OPG and DNNP LP are provided in Ex. C1-1-1.

4.3 Revenue Requirement

OPG's 2027 regulated hydroelectric revenue requirement is $1,668.3M, excluding amortization of any deferral and variance accounts. The derivation of regulated hydroelectric revenue requirement is set out in Ex. I1-1-1, Table 1.

OPG's nuclear revenue requirement, net of the proposed stretch factor is $4,062.8M for 2027, $4,257.4M for 2028, $4,677.0M for 2029, $4,882.4M for 2030, and $5,737.6M for 2031,

19 OPG proposes to establish the ROE for the IR term using the prevailing ROE specified by the OEB as of the effective date of the Payment Amounts Order.
20 Ex. C1-1-1, Attachment 1.
21 Ex. C1-1-1, Attachment 3

excluding amortization of any deferral and variance accounts. The derivation of nuclear revenue requirement is set out in Ex. I1-1-1, Table 2.

DNNP revenue requirement is $301.0M for 2027, $378.8M for 2028, $404.9M for 2029, $559.3M for 2030, and $1,042.0M for 2031. The derivation of DNNP revenue requirement is set out in Ex. I1-1-1, Table 2a.