

## 1           **PROJECT OM&A COSTS – REGULATED HYDROELECTRIC**

### 2 3   **1.0    PURPOSE**

4   This evidence provides a summary of the Operations, Maintenance and Administration  
5   (“OM&A”) project expenses (“Project OM&A”) within the regulated hydroelectric portfolio for  
6   the historical period (2016-2024), bridge period (2025-2026), and test year (2027).

7  
8   Consistent with the OEB’s letter dated September 17, 2024, issued in EB-2024-0136, OPG  
9   has included nine years of historical data for its regulated hydroelectric business below, for the  
10  period 2016-2024.

### 11 12  **2.0    OVERVIEW**

13  The OM&A projects within the regulated hydroelectric portfolio are largely sustaining  
14  expenditures for repairs and maintenance, including turbine-generator overhaul projects and  
15  projects related to aging civil infrastructure. OPG defines a project (whether capital or OM&A)  
16  as a temporary, unique endeavour undertaken outside the routine base activities of the normal  
17  work program. The final decision on whether work will be classified as a capital project or an  
18  OM&A project is based on OPG governance. OPG’s capitalization policy is set out in Ex. D4-  
19  1-1.

20  
21  OPG is requesting the approval of forecasted regulated hydroelectric Project OM&A  
22  expenditures of \$127.0M for the 2027 test year. This represents an increase of \$46.8M from  
23  the annual average of the 2022-2026 term of \$80.2M, and reflects the increased Project OM&A  
24  portfolio necessary to maintain aging assets, as described in Ex. F1-1-1. Summaries of the  
25  regulated hydroelectric Project OM&A expenditures for the historical period, bridge period, and  
26  test year can be found in Ex. F1-3-1, Table 1.

27  
28  As detailed in Ex. F1-1-1, Section 3.2.3.4, Renewable Generation has aligned the  
29  management of its OM&A project portfolios with the rest of the company, which includes  
30  establishing an unallocated OM&A project portfolio to provide funding in the business plan for

1 potential projects expected to start in the future but that are not yet fully scoped or approved.  
2 Allocated Tier 1 OM&A projects are listed in Ex. F1-3-3.

3  
4 Unallocated regulated hydroelectric OM&A projects amount to \$68.8M in expenditures in the  
5 test year, and are primarily composed of planned major maintenance investments to sustain  
6 existing site assets and equipment. Unallocated OM&A projects with a potential cost over \$5M  
7 are presented in Ex. F1-3-3, Tables 4a and 4b. OPG expects that throughout the forecast  
8 period, some of these projects (or other projects yet to be identified) will move from the project  
9 identification and initiation phases into the project planning and execution phase as part of the  
10 ongoing portfolio management process (refer to Ex. D2-1-1, Section 3.1), thus transitioning  
11 from unallocated projects to allocated projects. All projects, both allocated and unallocated,  
12 have been reviewed and approved to be entered into OPG's business plan in alignment with  
13 its asset management and investment planning processes (Ex. D2-1-1, Section 3.2).

14  
15 The management of regulated hydroelectric OM&A projects uses the same process as for the  
16 capital projects as described in Ex. D1-1-1 and Ex. D2-1-1.

### 17 18 **3.0 MAJOR CATEGORIES OF OM&A PROJECTS**

19 Regulated hydroelectric Project OM&A expenditures are organized into three categories:  
20 portfolio projects, conceptual work for regulated hydroelectric development initiatives, and  
21 infrastructure expenditures.

#### 22 23 **3.1 Portfolio Projects**

24 Project portfolios are developed and tailored to ensure the safety and reliability of OPG's  
25 assets, address issues of obsolescence, optimize unit/station generation, or meet regulatory  
26 requirements. The regulated hydroelectric Project OM&A portfolio primarily consists of routine  
27 sustaining investments to ensure ongoing equipment reliability, with major categories including  
28 turbine-generator unit overhaul projects and concrete restoration.

1    3.1.1   Turbine-Generator Overhaul Projects

2    Turbine-generator overhaul projects (“overhaul projects”) consist of OM&A maintenance  
3    activities to sustain reliable operations of the turbine-generator equipment and related  
4    systems. Overhaul projects involve work on components that do not yet require replacement  
5    but require maintenance to ensure continued operability. Overhaul projects are generally  
6    performed every 25-30 years. Over the business plan period, many units will undergo  
7    equipment overhauls executed in parallel with capital refurbishments to minimize the number  
8    of required outage days.

9  
10   OPG plans to progress approximately 20 overhaul projects in support of the turbine-generator  
11   refurbishment program in the test year, with significant projects at Otter Rapids GS, R.H.  
12   Saunders GS, and Stewartville GS. For more information on turbine-generator overhaul  
13   projects, refer to Ex. F1-1-1, Section 3.2.1.

14  
15   3.1.2   Concrete Restoration

16   OPG plans to progress approximately 30 concrete restoration initiatives in the 2027 test year,  
17   with significant work taking place at Stewartville GS and R.H. Saunders GS.

18  
19   The OM&A work performed as part of concrete restoration programs involves repairs of aging  
20   concrete, such as crack repairs and parging,<sup>1</sup> which do not extend the overall life of an asset  
21   but allow it to perform its intended function. Conversely, capital work performed to rehabilitate  
22   concrete structures involves extensive work including major demolition, concrete replacement,  
23   and the integration of new structural supports. Details on capital concrete projects are provided  
24   in Ex. D1-1-2.

25  
26   As discussed in Ex. F1-1-1, Section 3.2.3, concrete restoration work is a critical aspect of  
27   OPG’s regulated hydroelectric portfolio, particularly in addressing the phenomenon of Alkali-  
28   Aggregate Reaction at stations including the R.H. Saunders GS, Otto Holden GS, and Chats

---

<sup>1</sup> Concrete parging is the application of mortar over walls to provide durability and protection against environmental factors.

1 Falls GS. OPG is required to spend significant amounts of effort and funding to mitigate the  
2 impacts of Alkali-Aggregate Reaction, which has led to increased Project OM&A expenditures.

### 3 4 **3.2 Conceptual Work for Hydroelectric Development Investments**

5 In alignment with the Province's expectations detailed in the 2023 Powering Ontario's Growth  
6 report<sup>2</sup> and the 2025 Integrated Energy Plan,<sup>3</sup> OPG is continuing to assess the viability of  
7 potential development investments in regulated hydroelectric assets. This includes evaluating  
8 the options to redevelop stations at or nearing end of life, as well as opportunities to add  
9 substantial generation capacity to an existing regulated asset (e.g., via adding new units at  
10 existing generating stations).

11  
12 This conceptual work includes site selection, feasibility analysis, interfacing with key  
13 government stakeholders, and engaging with Indigenous communities. Once an investment is  
14 deemed viable for progression, it proceeds from the identification and initiation phases into the  
15 project planning and ultimately execution phase as part of the ongoing portfolio management  
16 process. OPG forecasts to spend \$3.7M in Project OM&A on regulated hydroelectric  
17 development initiatives in the test year. A summary of historical and forecasted expenditures  
18 is provided in Ex. F1-3-1, Table 1.

### 19 20 **3.3 Infrastructure**

21 Regulated hydroelectric infrastructure expenditures consist of removal costs associated with  
22 capital projects. Removal costs include costs associated with dismantling, crating, tearing  
23 down, or disassembling equipment formerly in service. These costs are expensed to Project  
24 OM&A in accordance with OPG's capitalization policy (Ex. D4-1-1, Section 2.0). A summary of  
25 historical and forecasted removal costs can be found in Ex. F1-3-1, Table 1.

---

<sup>2</sup> Government of Ontario, *Powering Ontario's Growth: Ontario's Plan for a Clean Energy Future*, July 10, 2023  
<<https://www.ontario.ca/page/powering-ontarios-growth>>.

<sup>3</sup> Government of Ontario, *Energy for Generations: Ontario's Integrated Plan to Power the Strongest Economy in the G7*, June 12, 2025, p. 56 <<https://www.ontario.ca/page/energy-generations>>.

Numbers may not add due to rounding.

Updated: 2026-03-10  
 EB-2025-0297  
 Exhibit F1  
 Tab 3  
 Schedule 1  
 Table 1

Table 1  
 Project OM&A Summary - Regulated Hydroelectric (\$M)

Line No.	Business Unit <sup>1</sup>	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Budget	2026 Budget	2027 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	<b>Portfolio Projects (Allocated)</b>												
1	Niagara Region	11.9	6.5	6.1	7.4	7.7	5.0	3.9	11.7	6.5	3.0	3.6	3.3
2	Eastern Region	16.5	24.3	34.6	34.7	26.7	47.9	58.1	51.4	43.8	47.4	35.2	18.0
3	Western Region <sup>2</sup>	9.3	7.3	2.9	1.7	2.9	14.8	4.1	2.0	2.7	3.6	2.9	0.7
4	<b>Subtotal Portfolio Projects (Allocated)</b>	<b>37.7</b>	<b>38.1</b>	<b>43.6</b>	<b>43.8</b>	<b>37.3</b>	<b>67.7</b>	<b>66.1</b>	<b>65.1</b>	<b>53.0</b>	<b>53.9</b>	<b>41.7</b>	<b>21.9</b>
5	Infrastructure <sup>3,4</sup>	0.7	4.1	10.1	10.5	15.5	13.4	7.9	10.0	14.9	29.1	22.1	32.7
	<b>Portfolio Projects (Unallocated)</b>												
6	Niagara Region <sup>4</sup>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.6	2.4	13.5
7	Eastern Region	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.7	19.3	47.9
8	Western Region	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.6	1.3	7.4
9	<b>Subtotal Portfolio Projects (Unallocated)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>7.9</b>	<b>22.9</b>	<b>68.8</b>
10	Small Hydro Redevelopment <sup>4,5</sup>	0.7	0.1	0.0	0.1	0.8	0.0	0.1	0.2	1.8	1.7	3.8	3.7
11	<b>Total</b>	<b>39.0</b>	<b>42.3</b>	<b>53.8</b>	<b>54.3</b>	<b>53.6</b>	<b>81.1</b>	<b>74.1</b>	<b>75.3</b>	<b>69.7</b>	<b>92.6</b>	<b>90.5</b>	<b>127.0</b>

- Notes:
- 1 Operating Region descriptions effective 2021 (see Ex. A1-4-2).
  - 2 Western Region 2021 total includes recognition of a provision of \$9.5M in connection with a Final Settlement Agreement with a First Nation to perform remediation work to address shoreline erosion impacts related to work performed by the Hydro-Electric Power Commission of Ontario (Ontario Hydro) at Lake Nipigon in 1925.
  - 3 Reflects all removal costs regardless of related capital project CRVA eligibility.
  - 4 2027 amounts include \$25.3M of non-capital costs related to CRVA-eligible projects.
  - 5 Conceptual work to assess the viability of proposed regulated hydroelectric development projects. See F1-3-1, Section 3.2.

Numbers may not add due to rounding.

Filed: 2025-12-12  
 EB-2025-0297  
 Exhibit F1  
 Tab 3  
 Schedule 1  
 Table 2

Table 2  
 Project OM&A Summary - Regulated Hydroelectric (\$M) (Allocated)

Line No.	OM&A Project Category	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Budget	2026 Budget	2027 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	<b>Regulatory</b>	3.8	3.3	5.9	3.9	1.9	5.3	3.8	2.5	4.2	4.6	2.6	0.6
2	<b>Sustaining</b>	33.9	34.8	37.8	39.8	35.4	62.4	62.3	62.6	48.7	49.4	39.1	21.3
3	<b>Value Enhancing/Strategic</b>	0.7	0.1	0.0	0.1	0.8	0.0	0.1	0.2	0.4	0.0	0.0	0.0
4	<b>Total</b>	38.3	38.2	43.7	43.8	38.1	67.7	66.2	65.2	53.3	53.9	41.7	21.9