



POWER NEWS

SEPTEMBER 12 2008

volume ten • issue fourteen



WATER IN THE BASEMENT



that saves energy

A reservoir – containing seven million litres of water – enough to fill 80 residential swimming pools – is the secret behind 700 University's advanced heating and air conditioning system.

The thermal energy storage system uses chilled and warm water produced and stored at night and during off-peak periods, reducing energy requirements at times of maximum demand on the electricity system. Considered revolutionary when first designed, the building's heating, ventilation and air conditioning equipment is still 30 per cent smaller than in buildings of a similar size. In December 1975, Canadian Building magazine called 700 University Avenue "the world's most energy-efficient office building." More than a quarter century later, it is still a marvel.

OPG divers Jamie Sanza (left, holding a diving helmet) and Richard Hayward prepare to descend into the underground storage reservoir at 700 University Avenue to carry out some repairs.

Q2 2008 PERFORMANCE

While our second quarter operational performance was essentially equal to the second quarter of 2007, earnings on the nuclear funds and consequently our financial results were significantly affected by the continued decline in the capital markets.

–Jim Hankinson

OPG's second quarter net income of \$99 million was lower than last year's second quarter net income of \$125 million. The decrease was mainly caused by lower earnings from the nuclear fixed asset removal and nuclear waste management funds, partly offset by an increase in unregulated hydroelectric generation.

During the quarter nuclear production decreased primarily because of outages at Pickering B, hydroelectric production rose due to higher river flows and fossil production declined because of the higher hydroelectric production. In the first six months of 2008, higher hydroelectric and nuclear production, partly offset by lower fossil production, contributed to total production of 55.3 TWh, compared to 54.2 TWh in 2007.

Of note was completion of the first phase of the Portlands Energy Centre ("PEC"), a 550 MW high-efficiency, combined cycle, natural gas generation plant – on time and on budget. In June, the Ontario government selected OPG as the operator of two nuclear units to be located at the Darlington site. "OPG takes great pride in being selected to operate two new nuclear units at our Darlington site," Hankinson said.



OPG's credit rating raised



Standard & Poor's Ratings Services recently raised OPG's long-term corporate credit rating to 'A-' with a stable outlook from 'BBB+' with a positive outlook.

S&P said the upgrade in OPG's long-term credit rating "reflects a closer relationship with its shareholder, and a slightly stronger credit profile, given regulatory support and an expected improvement in cash flow metrics." The rating agency noted that oversight by the OEB with respect to establishing regulated prices for OPG's nuclear and baseload hydroelectric assets, a diverse generation portfolio, and cost competitive position support OPG's strong business risk profile.

"While this is significant news for OPG, and will result in lower borrowing costs for any issued corporate debt, the report also cautions that OPG faces potential risks and challenges," said OPG Chief Financial Officer Donn Hanbidge. "Immense effort has been taken towards achieving financial sustainability for OPG, and an improvement in our credit rating shows that we are making great strides and we should be proud of our progress."

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COMMUNICATIONS AND EVENTS



2008 Charity Campaign

Make a Difference Today!

OPG's 2008 Charity Campaign will run from September 18th to October 24th. This year's goal is to increase the 2007 amount (over \$2 million) and get more people involved in the overall campaign. Through a variety of campaign support materials including the 2008 Charity Campaign video, and site special events, Charity Campaign Chair Cara Clairman and the campaign coordinators hope to inspire employees and pensioners to get involved so that they can make a difference in the lives of others.

Considering donating? Remember the following:

- 100% of your donation is sent where you direct it.
- There are 2,400 registered charities in our database and further charities of choice can be easily added.
- Contributions are confidential, there is no minimum donation.
- Employees make their pledge online through Employee Self-Service (ESS).
- Pensioners make their pledge by returning their completed pledge form.

For more information visit: Human Resources > Employee Programs and Events > Community Involvement > Charity Campaign.

ZERO INJURIES



Corporate Safety Rules

Coming Soon – Revisions to the Corporate Safety Rules

It is hard to believe that the last version of the Corporate Safety Rules was issued almost five years ago! All good things need to be kept up to date, so over the last year the Corporate Safety Rule Advisory Group of Peter Falconer (PWU), Dave Romanowicz (Society) and Cathy Catton (Corporate Safety) has revised the rules. The 2008 version was recently approved by Jim Hankinson, Don MacKinnon and Rod Sheppard. Although the rules have a fresh new face and cover, there are changes to only 14 rules. These changes incorporate feedback from employees

TALENT MANAGEMENT



Student Coverage

Students Get Hands-On Experience at Kipling

As part of the student program, 55 OPG students and interns spent a day at the OPG Kipling site, touring a full-size mockup of the Pickering A calandria vault and a number of feeder inspection projects.

These projects provide inspection tooling to meet the needs of the stations and the mockups are designed to commission the tools, demonstrate the procedures and train staff.

The tour helps students achieve a better perspective on the workings of a



nuclear reactor and the range of jobs available at OPG. "The size of the vault and the fact that we would never get to walk through the middle of the real thing made the mockup one of the highlights of the day," said University Co-Op student, Ninochka DSouza, Performance Engineering, Pickering B.

The tour also taught Inspection, Maintenance and Control Service (IM&CS). "Most of the students on the tour are studying engineering or are working in an

engineering-related position, so they were excited to see the design and innovation involved in these projects," said DSouza.

Students also got some hands-on experience with the Remote Manipulator Arm simulation, ultrasonic inspections, and were introduced to "Rovver", a tiny four-wheeler equipped with a video camera for inspecting the calandria vault.

COMMUNICATIONS AND EVENTS



Aboriginal Day

Aboriginal Day Celebrations

This year's National Aboriginal Day celebration in June expanded to a four-day series of events at OPG's Darlington, Pickering, Niagara and Head Office locations.

National Aboriginal Day, an annual celebration of Canada's Aboriginal heritage, provides employees with an opportunity to learn about native culture and the partnerships OPG is building with Ontario's Native Peoples. This year's events were organized by the Native Circle and Aboriginal Relations and supported by Corporate Human Resources and site Diversity Committees.

The Head Office event began with an opening prayer by a Native Elder and welcoming words from OPG COO Pierre Charlebois, and several directors and managers. This was followed by a performance of traditional native singing and dancing from the Native Canadian Centre of Toronto's Visiting Schools Cultural Program. While watching the performance, employees sampled wild rice casserole, bannock, fried bread and strawberry juice. Employees also had an opportunity to join in the intertribal dancing throughout the lunch hour. The event closed with remarks from the elder.

Vendors displayed a wide array of art, jewellery and clothing. Similar activities were held at the other three locations with support from local management.;



Left to Right: Dave Heath, Niagara Plant Group Manager, with dancers Cindilee Ecker-Flagg, Steven Baranaya, and Adrienne Smoke of the Native Canadian Centre & the Fort Erie Friendship Centre.

clarifying the intent of some rules, ensuring consistency with new legislation, and, where necessary, adding several new requirements in key risk areas including musculoskeletal disorder (MSD) prevention.

Employees will receive their own copy of the new Corporate Safety Rules this fall at a safety meeting along with an explanation of the rule changes. "OPG's Corporate Safety Rules are a fundamental element of our safety culture, setting the standard of safety for all of us. I encourage all employees to take the time to examine the revised book and renew their personal commitment to follow them each and every day to create a safer workplace in OPG," says Mary Lou Sinclair, Director of Corporate Safety.

These revised Corporate Safety Rules will come into effect on March 31, 2009. For more information visit the Corporate Safety website.



JIM TWOMEY, EXECUTIVE VICE PRESIDENT, FOSSIL

“WHAT’S NEXT FOR FOSSIL?”

Jim Twomey Talks to POWERNews on the Future of OPG’s Coal Plant Operations



In May, the Ontario government announced new annual limits on CO₂ emissions from OPG’s coal-fired stations that would require OPG to reduce them to one-third of 2003 levels by 2011. POWERNews talked to Fossil EVP Jim Twomey, who is just wrapping up a series of employee meetings, about the impact of these new limits on OPG’s Fossil operations.

Q. POWERNews: How will this affect OPG Fossil?

A. Twomey: The new limits mean that by 2011 our coal plants will do about half the generation as in 2007. This will have a significant impact on operations. Our approach will be to ensure that these plants are reliable during peak summer and winter demand periods. That’s about 10 per cent of the year. Maintaining reliability at other times of the year is important, but our focus will be on the high-demand periods. We will be judged on our ability to deliver during this period.

Q. POWERNews: What effect will this have on individual coal plants?

A. Twomey: With reduced loads, we’ll be able to devote more time to maintenance and outage work during the off-peak seasons to enhance reliability. In the past, we didn’t always have time to do all the maintenance we may have wanted to do on a given unit.

On the negative side, reduced loads will increase the practice of “two-shifting” – which means we’ll start and stop our units a lot more. This will intensify the physical stress on plant equipment which is a threat to reliability.

A key challenge over the next few years will be to manage this situation so that we maintain high levels of reliability during the peak periods when we’re needed.

Q. POWERNews: What about the impact on employees?

A. Twomey: Some people’s workload may shift a bit over the next few years, but there will be little dramatic change.

The best approach for employees will be to stay the course and focus on their jobs as they always have. Continue to focus on maintaining high levels of safety. Continue to focus on improved reliability. Continue to strive for excellent performance during the summer and winter peaks.

There will be challenges for employees, which is typical during any major transition, but there will also be many opportunities – for both OPG Fossil and OPG staff.

Q. POWERNews: Are there immediate plans to shut down units or reduce staff?

A. Twomey: The simple answer is no. There are no immediate plans to shut down units or reduce staff. With the requirement to be off coal by the end of 2014 we are actively pursuing other options for these plants. For example, we are seriously looking at 100 per cent biomass on a number of units given the recent successful tests at Atikokan. We will also look at other options that respond to needs identified by the Ontario Power Authority. As a result, it is too early to predict when coal units will be taken out of service.

We will continue to maintain our plants and invest in our people to ensure that OPG’s Fossil stations are reliable suppliers for as long as they are needed.

Q. POWERNews: Since we have to keep the coal plants running, what are we doing to attract and retain people to run them?

A. Twomey: Between now and the end of 2014 when these plants are scheduled to stop burning coal, we intend to maintain staff complements across Fossil. This means having high levels of recruitment where necessary and providing high levels of training to our people.

We also want employees to feel secure in staying with Fossil. Accordingly, we developed agreements with the Power Workers’ Union and the Society that allow employees to continue their careers at OPG if a fossil station they work at should close.

Q. POWERNews: What can Fossil offer a young employee?

A. Twomey: We continue to attract very good young people and very good mid-career people from other industries. We offer the opportunity to develop significant skills, plant experience, and high levels of responsibility at an early career stage. Some of our young Fossil engineers are in charge of two or three systems at a plant. They assess conditions; develop maintenance programs; determine capital improvements; and manage complex risks. These competencies will serve them in good stead wherever they go – inside or outside OPG.

I encourage OPG employees to consider a job rotation or secondment to Fossil ... or to join us on a longer term basis. There’s a wealth of opportunity here for employees willing to take advantage of it.

Q. POWERNews: Any final thoughts to leave with employees?

A. Twomey: I think it’s important that all employees know that Fossil will continue to play an important role in OPG’s operations. We contribute significantly to OPG and to Ontario and we have lots to be proud of.

As we move into a new and challenging period, it will be critical for our fossil stations to continue to deliver excellent performance and service. We have already seen an immense amount of change in Ontario’s electricity market in the past 10 years. There may be more changes to come. Keeping our stations reliable, productive and efficient for as long as they are needed will significantly help OPG adjust to any new changes that may arise. I’m confident we can meet the challenge.

ENERGY CURRENTS SEPTEMBER 12 2008

REPORT: CANADA SAFEST FROM CLIMATE CHANGE A British consultancy group has concluded Canada is the safest place to survive global climate change, while the Comoros Islands is least equipped.

The Maplecroft group’s “The Climate Change Risk Report” studied likely climate change effects in 168 countries and ranked survivability on six factors: the economy; natural resources and ecosystems; poverty, development and health; agriculture; population, settlement and infrastructure; and institutions, governance and social capital.

The Independent newspaper in Britain quoted the report as ranking the top five countries as Canada, followed by Ireland, Norway, Denmark and Sweden. The United States ranked 11th, while Britain was 12th.

Dr. Andy Thow, one of the report’s authors, said “Canada is extremely well equipped to adapt to changes in climate.” The report can be seen online at www.maplecroft.com. –UPI

GHG CONCERNS MAY LIMIT COAL AS POWER PLANT FUEL IN CANADA: NEB Coal-fired plants remain a key electricity source in Canada,

accounting for 13% of installed generation capacity and 17% of the power produced in 2006, but environmental concerns “could limit its wider development” says the National Energy Board in a new report.

Canada’s coal reserves are equivalent to its oil reserves, but are three times as large as natural gas reserves, the report said.

NEB expects coal use will decline – with the retirement of plants, only about 10,000 MW of installed capacity likely will be in place in 2030 – but will continue to maintain a key role in meeting Canada’s energy requirements, the report said. Even with the most up-to-date technology and low-sulphur coal, coal-fired plants emit about twice the greenhouse gas of gas-fired plants, the report said.

“Uncertainty about the direction of future GHG regulations and the cost and reliability of newly developed, clean-coal technologies limit the opportunity for increased coal-fired generation,” says the NEB. “Time will tell whether carbon capture and storage technology will prove viable for coal-fired power plants.” –National Energy Board

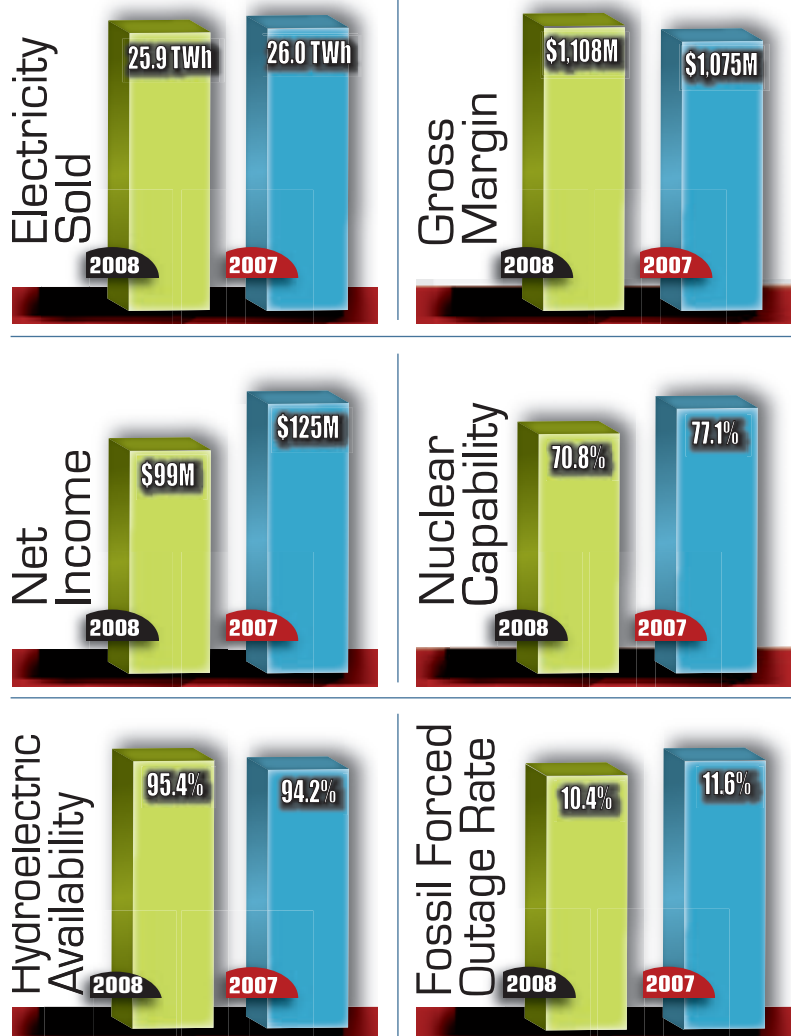


OPG President and CEO Jim Hankinson, (r) and Niagara Plant Group Manager Dave Heath (centre) stop to chat with Gary Krajcik, PWU Chief Steward for Niagara and the Training & Development Centre. Hankinson was visiting the Niagara Plant Group for an employee face-to-face.

Q2 2008 PERFORMANCE

During the second quarter of 2008, electricity production of 25.9 TWh decreased by 0.1 TWh over the same period in 2007. The decrease was primarily due to lower generation from the nuclear and fossil-fuelled generating stations, largely offset by higher production from the unregulated hydroelectric facilities. During the six months ending June 30, 2008, production of 55.3 TWh was slightly higher than the 54.2 TWh generated for the same period in 2007. The increase was primarily due to higher generation from the nuclear and unregulated hydroelectric generating stations, partly offset by a decrease in production from the fossil-fuelled stations.

SECOND QUARTER RESULTS



Detailed Results: Go to www.opg.com



Ask Finance... How will the upgrade to OPG's long-term credit rating affect the company?

A credit rating reflects a company's financial performance and its ability to repay its debt. The credit rating upgrade will enable OPG to borrow money at lower interest rates.

Do you have a question about OPG's results?

Write to us at: investor.relations@opg.com



Left to Right: Jimena Nunez, Mark Ciufu, Jorge Mejia Saavedra, Alana Osmond, Michael Kbelawan, Trish Petric, Ivan Arsenault, and Jana Ratnam.

Engineering students working at OPG for the summer recently visited the Pickering Learning Centre to learn more about job opportunities after graduation. Section Manager Ivan Arsenault (Authorization Training), gave them a tour of the Darlington Simulator, and imparted first-hand knowledge and experience of the career path taken by an Authorized Nuclear Operator. He also outlined the duties and scope of responsibility of a Shift Supervisor. Instructor

Trish Petric told the students that "passing the torch" to qualified individuals takes years of planning and hard work. "The students' reaction at the thought of continuing studies at OPG was met with some reserved enthusiasm and a bit of disbelief," she said. "The thought of being paid to study certainly made everyone smile." Students got a look at the future for nuclear power generation and the need to train staff for both the existing and new facilities.

TESLA PLAY TELLS STORY OF UNSUNG



He's appeared as a mysterious eccentric genius in movies like "The Prestige" and was Thomas Edison's great rival – but is still largely unknown. Now, a play which has been well-received in the US, Europe, Australia and Vancouver is coming to Toronto's Betty Oliphant Theatre, November 7 and 8. "Nikola Tesla: An Evening with Genius" stars actor Frank Tabbita. Engineer and Tesla enthusiast Vasilj Petrovic points out, "The electrification

of North America and the entire world started after Tesla invented polyphase AC generators and motors." He adds that the play "is for everyone – not just engineers – and there is special student discount pricing."

Learn more about the play, which has been organized by the Professional Engineers of Ontario (PEO) and Institute of Electrical and Electronics Engineers (IEEE), Toronto Section, at <http://www.vasicweb.com/tesla/>

IN MEMORIAM

CATELL, LESLIE BERNARD, 80, on July 19, 2008, retired May 1, 1987, Power Equipment Engineer, Head Office.

HARPER, WILLIAM AITKEN, 69, on July 5, 2008, retired November 1, 1993, Supervising Design Engineer, Bruce NGS.

LAWLOR, JOHN DANIEL, 67, on July 19, 2008, retired November 1, 1993, Training Technician – Transport & Work Equipment, Bruce NGS.

LLOYD, WILLIAM, 83, on July 20, 2008, retired June 1, 1987, Administrative Service Coordinator, Head Office.

KEARNEY, NORMAN ROBERT, 68, on July 28, 2008, retired April 1, 2003, Manager - General Training & Support, Pickering Learning Centre.

MARSHALL, ANNE LOUISE, 68, on July 18, 2008, retired March 1, 1991, Secretary.

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OPG's
Evolving
Relationship
with
Aboriginal
Peoples





Respect

In November 2007, OPG's Board of Directors approved a new Aboriginal Relations Policy. The policy sets out OPG's commitment to build and maintain positive relationships with Aboriginal

Peoples in Ontario. The focus is on developing long-term, meaningful relationships between OPG and individual Aboriginal communities — relationships based on being open, transparent and respectful while furthering the interests of the company.

The long-term goal is to sustain the relationship between OPG and First Nation communities as both the communities and the company evolve. The foundation of these relationships starts with individual employees and the people that are current Chiefs and Councils of Aboriginal communities close to our facilities. OPG has had considerable success in developing these relationships.

Implementation of the policy will happen over time. While the Aboriginal Relations Department is there to guide the building of the relationship, employees at OPG who interact with Aboriginal communities will be key players in making this policy implementation successful. The policy is in place, and the process of phasing it in has begun with an initial focus on hydro operations. Our hope is that by building a foundation of positive working relationships with Aboriginal communities we will develop ways of working together that will further our business interests and help the communities achieve their goals in mutually beneficial ways. In the following interviews David Brennan, Carlo Crozzoli, Janice Dunlop, John Murphy, Emad Elsayed and Bob Yap help us to better understand the background leading up to the policy, and the policy itself. I encourage you to read it and keep it as a reference.

PIERRE CHARLEBOIS
Executive Vice President and Chief Operating Officer

freedom developing history respect

A youth dancer at the 2008 Neyaashiingmiing Traditional Pow Wow held at the Cape Croker Tent & Trailer Park in Wiarton. OPG was one of the event sponsors.

First Nations around Lake Nipigon toured Alexander GS last Fall to learn more about hydroelectric generation.

Pierre Charlebois spoke at the National Aboriginal Day event in June, at 700 University Avenue.



THE LAW AND ABORIGINAL RELATIONS

Supreme Court decisions since the enactment of Section 35 in the Constitution continue to define the nature and scope of Aboriginal rights. Some notable examples are:

- **Delgamuukw (1997)** – defined the scope of Aboriginal title as being held communally by the Aboriginal nation, decisions upon which are made by the community. Laws which infringe an Aboriginal right, including title, must be justified by compelling and substantial legislative objectives which include the development of forestry, mining and hydroelectric power. The Crown is under a moral, if not legal, duty to negotiate in good faith.
- **Mikisew Cree (2005)** – duty to consult and possibly accommodate arises notwithstanding the treaty acknowledges that lands may be taken up by the Crown. Consultation must be in good faith with the intention of substantially addressing their concerns.
- **Haida Nation (2004)** – the Crown has a duty to consult when it has knowledge of the potential existence of an Aboriginal right and it contemplates conduct that might adversely affect that right. The right need not be proven to trigger the duty to consult.

Why are we moving ahead with an Aboriginal Policy at this particular time?

PIERRE CHARLEBOIS:
Executive Vice President and
Chief Operating Officer

Over the past few years, there have been changes both in Canadian law and within our company that suggested the time was right for OPG to have a policy stating the principles on which OPG's relations with Aboriginal Peoples would be built on. Changes in law over the last few years have made it extremely difficult for new development with the potential to impact on Aboriginal lands or rights, to proceed without the involvement of Aboriginal Peoples. New hydroelectric projects, new nuclear, and nuclear waste management projects are all subject to the evolving legal framework.

In the same timeframe, in 2005, OPG was given a mandate from the Government of Ontario to expand, develop and/or improve our hydroelectric generation capacity. We knew that good relationships with Aboriginal Peoples would be essential if OPG was to be successful in achieving this mandate. The work to resolve past grievances, and to build positive relationships with Aboriginal Peoples has been ongoing since the early 1990s. What we lacked, prior to last November, was a governing document that defined the principles for building relationships with Aboriginal Peoples.

Another important aspect of this policy is that with good relationships there is an ability to deal with emerging issues.

We know from news reports how strained relationships can negatively impact businesses, communities and individuals. If we have a good relationship with a neighbouring Aboriginal community, and if they understand what we are doing and why, our operations are less likely to be impacted.

There may still be actions that could interfere with our operations, even though they are not directed at OPG. If disruptive actions are taken by some, it will nevertheless be solid working relationships between OPG and the Aboriginal Peoples and communities built over time that ultimately make it possible to work through these challenges to better outcomes in the future.

Can you give us a history lesson in Canada's relations with Aboriginal Peoples?

BOB YAP: Director of Aboriginal Relations

The history of Canada and the Aboriginal communities goes back to the late 1500's when alliances were formed between the Crown and the Aboriginal Peoples. It was a tradition among the First Nations of the northeast woodlands to create a wampum belt to commemorate important agreements, events and treaties. So, when a flourishing trading arrangement began between the Five Nations Iroquois and the Dutch settlers, both parties agreed to use the Two Row Wampum to record the event and to symbolize their relationship as equals. It was renewed with the French and later again with the English. To this day, it serves to document the relationship between the Europeans and the Aboriginal Peoples – two people moving together on parallel paths but not interfering with each other.

In November 2007, OPG and the Taykwa Tagamou Nation announced the past grievance settlement which redresses past wrongs and paves the way for future development on the Abitibi River.

The Canadian Aboriginal Festival at SkyDome brought together First Nation people including Aboriginal RCMP officers.

OPG's Bob Yap meets with Assembly of First Nations Grand Chief Phil Fontaine at the Canadian Aboriginal Festival.



For Aboriginal Peoples, the two row wampum is one of the first treaties and represents the historical and ongoing relationship between Aboriginal communities and the Crown.

The English documented the relationship between Aboriginal Peoples and the Crown in the Royal Proclamation of 1763, which is the first time that the Crown articulated the understanding between the parties. It is the Crown's version of the two row wampum and it is still applicable today as stated in Section 25 of the Canadian Constitution. The Proclamation establishes the concept of "Aboriginal Title" which recognizes Aboriginal Peoples' unique interest in the land. This Aboriginal title can only be surrendered to the Crown with the signing of treaties.

From the beginning in Canada, the relationship has been one of two peoples negotiating. The Crown also took on the role of ensuring that Aboriginal communities were dealt with fairly and justly.

The British North America Act of 1867 is also important, in that it divides powers between the Provinces and the Federal Government. The Federal Government was assigned the responsibility for "Indians and lands reserved for Indians."

From the mid 1800s through to the 1930s, the relationship between Aboriginal communities and Canada moved to one of negotiating treaties so that development could take place, including railways, lumbering and mining.

These treaties are unique and contain solemn promises between Nations, in this case Canada and Aboriginal Peoples.

This relationship has evolved over more than four hundred years, culminating in the recognition of Aboriginal Rights in 1982. The patriation of the Constitution in 1982 is perhaps the most significant development in recent times. Section 35 of the Canadian Constitution states: "The existing Aboriginal and Treaty Rights of the Aboriginal Peoples of Canada are hereby recognized and affirmed." Both the Royal Proclamation and Section 35 of the Canadian Constitution are important and are reflected in many of the recent decisions of the Supreme Courts which continues to shape the evolution of Aboriginal Law.

Hasn't the Province made some statements in recent years regarding relations with Aboriginal Peoples?

BOB YAP:

In 1991, Ontario and the Chiefs of Ontario signed the Statement of Political Relationship. "This agreement provided the basis of establishing 'government-to-government' relations between the Province and Aboriginal communities, and committed these parties

to negotiate the exercise and the implementation of Aboriginal communities jurisdiction and self-reliance."

The Government of Ontario re-affirmed this statement in June 2005. Attorney General, and Minister Responsible for Native Affairs, the Honourable Michael Bryant said at the time: "Ontario's approach focuses on building a new relationship with Aboriginal Peoples, a relationship based on co-operation and mutual respect.

This forum promotes effective government-to-government relations among Aboriginal communities, Canada and Ontario."

Recent Supreme Court Decisions talk about "consultation with Aboriginal Peoples". Can you describe what consultation is?

DAVID BRENNAN: Senior VP Law and General Counsel

Consultation is a dialogue between parties for the purpose of understanding respective interests. It begins with a conversation with Aboriginal Peoples and the sharing of information of what is being proposed for the purpose of understanding how the proposal may affect Aboriginal interests. It is an ongoing process that will be shaped by the respective parties. To be effective, we need to make an effort to engage Aboriginal communities at the very early stages of project planning, or when we are thinking about changing our existing stations. As a number of First Nation leaders have suggested: "Don't come to us with a fait accompli, come with ideas." At OPG, we believe the earlier we engage Aboriginal Peoples in discussions and partnerships the better.

relationships notiations

The audience at Pickering's National Aboriginal Day event watch a traditional dancer.



OPG's Chairman Jake Epp and OPG Aboriginal Relations Senior Advisor Joe Heil (2nd left and 3rd left) share a light moment with members of the Long Lake 58 Community during a ceremony to sign a past grievance settlement.



Pat Oakes, John Murphy, Chief Lorraine Cobiness of the Ochiichagwe'babigo'ining First Nation community, Jake Epp, and the community's lead negotiator John Henry at the formal ceremony held to deliver OPG's apology. The settlement recognized the impact of the construction of Whitedog GS in the 1950s.



For consultation to be effective, we need to develop good relationships beforehand, especially with those Aboriginal communities that are located near our facilities. And when difficulties arrive, as they inevitably will, working them out provides an opportunity to deepen and strengthen our relationship. This is our approach.

Consultation can also take place in the context of conducting the Environmental Assessment, and consequently it is important that the parties understand the legal requirements to ensure consultation is being conducted appropriately. However, all consultation starts with relationship building and people talking.

How does duty to consult apply to OPG?

DAVID BRENNAN:

OPG operations have the potential to impact Aboriginal and treaty rights and as a company we must be aware of what the law requires. While the Crown has the duty to consult, the procedural aspects of the duty to consult may be delegated to proponents, so in the case of new generation development and changes to operations which might impact Aboriginal and treaty rights, OPG has a critical role to play in carrying out the duty to consult.

OPG is committed to continuing efforts to reach mutually satisfactory resolution of grievances with respect to past hydroelectric development.

PAST GRIEVANCE SETTLEMENTS WITH FIRST NATIONS

- Wabaseemoong, November 1993
- Ochiichagwe'babigo'ining (Dalles), November 1993 and December 2007
- Grassy Narrows, March 1995
- Mattagami, May 1995
- Ginoogaming, August 1998
- Mishkeegogamang, November 1998
- Sand Point, April 1999
- Rocky Bay, September 1999
- Wahta Mohawks, March 2002
- Marten Falls First Nation, November 2004
- Long Lake #58 First Nation, July 2006
- Lac Seul First Nation, November 2006
- Taykwa Tagamou Nation, November 2007

The policy speaks of resolving past grievances. Can you provide some background on that?

JOHN MURPHY: Executive VP, Hydro

In addition to building a large number of generating stations that impacted Aboriginal lands and their way of life, Ontario Hydro did three major diversions, Ogoki, Root River and Long Lake. Based on practice of the day, this work was done with little or no input from Aboriginal Communities. In the late 1980s and into the early 90s, the Demand Supply Plan required new development. Understandably, the Aboriginal communities did not want to discuss new development until the past grievances were resolved. These grievances were associated with the impacts created by flooding of Aboriginal communities, and impacts on Aboriginal and treaty rights, and their way of life.

It is difficult, if not impossible, to build relationships with a legacy of outstanding grievances hovering like a dark cloud overhead. The fact is that OPG's operations over several decades impacted Aboriginal lands and their way of life.

As we went about our work resolving past grievances and dealing with day-to-day issues, it became clear that the future could not unfold in the same way as the past. To continue to do so would be inconsistent with our sense of ourselves as good corporate citizens. As the law evolved, and with the Haida Nation decision in 2004, it was clear that focusing on the need for consultation with Aboriginal communities was critical. It became apparent that the development of new Hydro facilities would not happen unless Aboriginal communities were "on board."

Shortly after, in mid 2005, a couple of things happened in succession: Ontario made it clear that it would be working with Aboriginal communities to develop resources: Minister Bryant stated: "By working together on areas such as lands and resources, we can ensure that our shared goal of improved opportunities and a better future for Aboriginal children and youth is fulfilled." Then, just a couple of months later, OPG received its mandate from the Government of Ontario, "to expand, develop and/or improve its hydroelectric generation capacity."

Settling past grievances with Aboriginal communities, and talking with Aboriginal communities about the possibility of new development became a priority for the Hydro business. And that brings us up to where we are today, and the policy.





OPG HYDROELECTRIC GENERATING STATIONS, POTENTIAL HYDROELECTRIC DEVELOPMENTS, AND FIRST NATION RESERVES

- Development at Existing OPG GS or Dams
- Potential OPG Development at Greenfield Sites (Little Jackfish, Albany, Moose River Basin Control Dams)
- GS - OPG Owned
- GS - Other Owner
- ▬ Dam - OPG Owned
- First Nations Reserve
- International Boundaries
- State/Province Boundaries
- Major Rivers
- Minor Rivers
- Northern River Development (GS sites on these rivers are not in OPG plan except Hat and Chard on the Albany River)
- Hydro One Transmission Line 500 kV
- Hydro One Transmission Line 230 kV
- Hydro One Transmission Line 115 kV

First Nations data is from Department of Indian and Northern Affairs Canada map 2004

Revised January 2007

Views effected business

Hydro staff engage First Nations in new hydroelectric development projects in a meaningful way. Community members and councils are brought into discussions at the earliest possible stage, highlighting project benefits and impacts. Plant tours help First Nation councils and members understand the hydroelectric generating business.

Last August OPG's Chairman Jake Epp, OPG staff, and invited guests joined the Lac Seul First Nation in ceremonies at Lac Seul that recognized the past grievance settlement signed in November 2006. Two memorials were dedicated, one in Ear Falls, the other at the Lac Seul First Nation.

A Fancy Shawl Dancer at the Canadian Aboriginal Festival. The beadwork is all handmade, usually by the dancer.



“Consultation with Aboriginal Peoples is part of the Environmental Assessment process for new build at Darlington. We’ve identified six First Nations and two Métis Associations with relationships to the Regional Study area. These Aboriginal communities have a historical relationship with the lands along the north shore of Lake Ontario as a result of their occupation and traditional use of these lands prior to European settlement and the subsequent signing of treaties.”

Emad Elsayed – SVP Nuclear New Build

Who is affected by the policy?

BOB YAP:

Everyone in the company should have a general awareness that we have an Aboriginal Relations Policy, but those most affected by the policy are staff who interact with Aboriginal communities on a daily basis, particularly hydroelectric plant groups, and the Hydroelectric Development group because for the most part they look after facilities that are near Aboriginal communities or in their traditional territories.

For future projects, we will be increasing our communications with Aboriginal communities. That includes those that are in close proximity to our facilities (present and future) and those that have expressed an interest (through their Aboriginal or Treaty rights) in the project. The key is to improve our communications and consultations with First Nations and Métis; we should be talking with them.

OPG is committed to building long-term mutually beneficial working relationships with Aboriginal communities proximate to its present and future operations.

Can you elaborate on what is meant by relationships?

BOB YAP:

Relationships are developed over time; it is a process. These relationships need to be meaningful, and over the long run they need to be solid relationships between OPG and Aboriginal communities. We want to reach a point where the Aboriginal communities close to our sites are very comfortable calling or visiting OPG knowing that they will be heard, and that information will be exchanged openly and honestly. In some cases, that will mean that we will be translating information into traditional languages. We’ve already done this with some of our Stay Clear, Stay Safe signage. We also have to recognize that most communities are different from each other, every one is unique, each has traditions and processes that are different from ours. For example, many have a tradition of the Elder opening a meeting with a traditional prayer in their language. While this is not our tradition, it is one that is openly accepted out of respect for who they are.

Where appropriate, OPG will pursue prospective hydroelectric developments with Aboriginal communities that can provide the basis for long-term mutually beneficial commercial arrangements.

aboriginal ideals ttlements

OPG staff participated in a special “OPG Reading is Cool Camp Day” at Wabaseemoong First Nation (WFN).

Provincial Minister responsible for Aboriginal Affairs, the Honourable Michael Bryant addresses the crowd at the Canadian Aboriginal Festival.

Dick Jessop, Director, Business Development and Northeast Plant Group Human Resources Advisor Jodi Evers provided information to students at the 2008 “Making It Happen” Career Fair sponsored by the Moose Cree First Nation.



How is OPG viewed by Aboriginal leaders?

PIERRE CHARLEBOIS:

We have good positive relationships with those First Nation leaders where we have worked on building relationships and resolving past grievances. OPG is encouraged by the many favourable comments it has received from First Nation leaders regarding its efforts to create a positive and progressive business environment for Aboriginal Peoples in Ontario’s energy sector.

What is our vision as to how we want to be viewed by Aboriginal leaders?

PIERRE CHARLEBOIS:

OPG wants to be seen as a trustworthy neighbour and a dependable business partner that treats Aboriginal Peoples honestly, fairly and with respect. That’s no different than any other partner we would have. We also want to be seen as an equal opportunity employer that is ready to do business with Aboriginal communities.

What about some of the Aboriginal Organizations? Do we have a relationship with them?

BOB YAP:

Yes. It is important to build relationships with Aboriginal communities at all levels, the Assembly of First Nations, The Chiefs of Ontario, Tribal Councils and with individual Aboriginal communities and Aboriginal political organizations. Just as we work with elected officials in non-Aboriginal communities to keep them informed about OPG, so we should be doing the same with Aboriginal communities.

OPG is committed to developing these relationships on a foundation of respect for the languages, customs, and political, social and cultural institutions of Aboriginal communities.

Can you expand on why we are pursuing prospective Hydro developments with Aboriginal communities, and how that fits with operating in a commercial manner?

CARLO CROZZOLI: VP Hydro Development

OPG will do what makes good business sense. Our view is that building new hydroelectric facilities in partnership with Aboriginal communities makes good business sense.

Our approach will be to garner the support of Aboriginal communities before projects are proposed and we recognize that ensuring Aboriginal communities share in the economic benefits of the project is a key component of getting this support. We benefit by the commercial arrangement, and the Aboriginal communities will benefit. We are presently negotiating commercial relationships with Aboriginal communities for hydro development projects.

OPG wants to be known as the developer of choice, and to do that, we must work with Aboriginal communities so that they regard OPG as their partner of choice. In some cases, they have an interest in the land, and a right to develop it. Partnering with Aboriginal communities can open up doors – and facilitate development.

Managers accountable for the development of operational business plans shall develop these plans with a view to implementing this policy in these areas: community relations and outreach, capacity building support within communities and employment/business contracting opportunities.

Terms Initiatives Citizens

Elder Yvonne Beaucage showing her handmade dream catcher at OPG's National Aboriginal Day 2007.

Executive VP Hydro, John Murphy, joins in the fun at OPG's Aboriginal Day celebrations.

The John Wesley Beaver Awards are given annually to one male and one female Aboriginal student. Lee Ann Bomberry and Benjamin Powless were the 2007 award recipients. The award was established to support Aboriginal youth in post-secondary education and to encourage them to consider careers at OPG.



How do you see the policy being incorporated into business plans? What help will I be given to develop a business plan that incorporates the intent of the policy?

BOB YAP:

We are looking at implementation of the policy over a five year period. We're in the process of adding some guidance around the policy in the business plan instructions, and as well, there is a program development document in the works that will be reviewed by the business units across the company before approval. It will provide further guidance. The company has a First Nations Steering Committee and any initiatives will be directed through them for approval.

This is a gradual process. Over the next couple of years, we expect there will be some good initiatives that work and some that may not work. We will learn from experience and those things that work will become models for others. OPG is already doing some of the things that are required under the policy and we need to keep expanding on those initiatives.

How do you see community outreach and community relations working?

BOB YAP:

In non-Aboriginal communities we meet with community leaders to find out what initiatives are important to a community, and update them on our operations.

We also listen to what their concerns are for their community, and what opportunities there are for OPG to make a positive impact. In the past, we have not done this to the same extent with Aboriginal communities, even though some of those communities are located next to our facilities. Applying that model to Aboriginal communities is a good start.

In terms of what we do to support projects/initiatives that are important to Aboriginal communities, we need to recognize that many Aboriginal communities are at different points – so we need to work closely with the community to see what their needs are.

OPG is now well positioned to work closely with First Nation leaders who are themselves best equipped to know the needs of their communities. Positive, information-sharing meetings, both formal and informal, between community leaders and OPG, are critical to building – and maintaining – effective relationships.

We are often the “only game in town” in Aboriginal communities close to our Northern Ontario plants. As good corporate citizens we may look at taking an added step to support community based initiatives as we do in non-Aboriginal communities.

What is meant by “building capacity” – how far will that support extend?

BOB YAP:

Capacity means having the “knowledge and ability to participate”, including having businesses that are

qualified to provide goods and services to OPG, people that have the right training, communities that have the skills to administer funds or negotiate agreements. Sometimes we need to help First Nation communities along by providing funds so they can hire qualified people to work with them on their behalf. We are currently helping First Nation communities understand our business by offering tours of OPG's plants and “Hydro 101” training. As good corporate citizens, it is in OPG's best interest to help communities along. These are the communities that have the potential to partner with us and to provide qualified staff to work in our plants.

Some plants operating for more than 50 years near First Nation communities have only received electricity in recent memory. In some communities, no one from the First Nation community works at the plant and yet we have staff or contractors traveling for hours to do work there because there is no one qualified in the neighbouring First Nation community to do the work.

Because of their proximity to OPG facilities, it would be a sound, and responsible, economic decision to assist First Nations in enhancing their capacity to work at those plants. In doing so, both OPG and the First Nations will benefit. The relationship will, by necessity, mature into effective and fiscally responsible partnerships that translate into mutual success.

integrated opportunities

John Murphy (seated at left) with former Mattagamí First Nation Chief Willis McKay at the signing of a Memorandum of Understanding in 2006 setting out the objectives and a path forward towards a partnership for future hydroelectric development at OPG's Mattagamí Lake control dam.

Young children at the Canadian Aboriginal Festival proudly show off their colourful apparel.

Lac Seul First Nation (LSFN) members and councillors, and members of the negotiation and implementation teams met in Toronto in November 2006 at the signing of the past grievance settlement agreement. Seated 3rd from left is LSFN Chief Clifford Bull and OPG President & CEO Jim Hankinson. Assistant Deputy Minister of Energy Rick Jennings is seated far right. OPG and the LSFN are currently developing a partnership agreement for the new 12.5 MW generating station at Lac Seul.



Some of the work to build capacity could be as simple as identifying employment needs down the road, and pointing out courses and programs that could qualify Aboriginal Peoples for these positions.

How do we create employment opportunities for Aboriginal communities?

JANICE DUNLOP: Senior Vice President, Human Resources and Chief Ethics Officer

One of our challenges is to remove barriers that make it difficult for Aboriginal Peoples to learn about and access employment opportunities. Something as simple as how we advertise vacancies and how people apply can be a barrier. Many Aboriginal communities do not have Internet or email access so alternative means need to be considered. Sending a vacancy, or hand delivering it to be posted on a bulletin board in the community could help overcome a barrier – and this is often done where OPG sites have a local connection.

In addition, for several years now, OPG has used Equitek Employment Equity Solutions – and their partnership with Ontario First Nations Technical Services Corporation (OFNTSC) – to broadcast our job opportunities to diverse groups.

Through OFNTSC's network of 134 First Nations groups, 15 Tribal Councils and other provincial organizations, we aim to maximize the exposure of careers at OPG across Aboriginal communities.

Another priority is to increase awareness among Aboriginal youth, their parents and their advisors of skills we are looking for in the future, and what opportunities there are for qualified people. By attending Career Fairs, providing tours of OPG facilities and visiting First Nation schools, we can help them understand what skills and training are required to qualify to work at OPG.

This kind of outreach is already underway and we will build on our relationships to strengthen and evolve our programs over the coming years. It's imperative that we continue to encourage youth to stay in school and pursue academic paths that can lead to rewarding futures. Our scholarships, involvement in literacy programs and support for meaningful curricula and learning experiences will all help.

Can you comment on purchasing from Aboriginal communities?

PIERRE CHARLEBOIS:

Over the long term, we will be looking to the Supply Chain business to help remove barriers that prevent Aboriginal businesses from participating in opportunities to supply goods and services. Part of that is having a conversation with Aboriginal businesses to determine what goods and services they can provide now, and in the future, and making sure they have an opportunity to bid on our requirements. Part of this is making sure Aboriginal communities are aware of what they need to be doing to qualify as a supplier. But all this begins by having a conversation with the First Nation to find out more about them. This will help build a meaningful relationship which takes time to accomplish.

PIERRE CHARLEBOIS:

Do you have anything else to add?

A couple of points:

1. The policy will be phased-in and implemented over time, and we will build on our successes.
2. There is work ongoing to incorporate the policy direction into the business planning process. Over time we will have resource information set up to assist people in policy implementation.
3. The Aboriginal Relations Department is there as a resource. People can call Bob Yap, Pat Oakes, or Joe Heil.

For More Information:

Assembly of First Nations: www.afn.ca

Chiefs of Ontario: www.chiefs-of-ontario.org

Indian & Northern Affairs Canada: www.ainc-inac.gc.ca

Metis Nation of Ontario: www.metisnation.org

Ontario Ministry of Aboriginal Affairs: www.aboriginalaffairs.gov.on.ca

Bob Yap 416-592-3533

Policy Statement:

Requirements:

Definitions:

Sponsoring Unit:

Aboriginal Relations Policy

Effective Date: November 15, 2007

OPG is committed to building long-term mutually beneficial working relationships with Aboriginal communities proximate to its present and future operations.

OPG is committed to developing these relationships on a foundation of respect for the languages, customs, and political, social and cultural institutions of Aboriginal communities.

OPG acknowledges the aboriginal and treaty rights of Aboriginal communities as recognized and affirmed in the Constitution Act 1982.

OPG is committed to continuing efforts to reach mutually satisfactory resolution of grievances with respect to past hydroelectric development.

Where appropriate, OPG will pursue prospective hydroelectric developments with Aboriginal communities that can provide the basis for long-term mutually beneficial commercial arrangements.

OPG is committed to operating in a commercial manner, consistent with OPG's Shareholder Agreement.

Responsibility for the implementation of this policy rests with the President and Chief Executive Officer (CEO). The President and CEO or delegate will report regularly to the Board on activities associated with this policy.

The President and CEO or delegate shall ensure a clear delegation of accountabilities and authority for the management and oversight of aboriginal relations activities.

The Chief Operating Officer, on behalf of the President and CEO, will chair a First Nations Steering Committee whose mandate shall be to integrate and oversee the activities associated with the implementation of this policy.

Managers accountable for the development of operational business plans shall develop these plans with a view to implementing this policy in the following areas:

- Community relations and outreach;*
- Capacity building support within communities; and*
- Employment/Business Contracting opportunities.*

Aboriginal Peoples of Canada include the Indian, Inuit and Métis peoples of Canada (Constitution Act 1982, Section 35)