

## VI. Concluding thoughts on building success

We have sought in this report to reply fully to the questions put to us by the government with respect to the future role, structure and governance of OPG, as well as the return to service of Unit 1 at the Pickering A nuclear generating station.

Almost from the outset of our work it was clear to us that the biggest problem facing Ontario's electricity sector right now is supply. While most of the recommendations in our report require OPG to take action, we believe that the key to a healthy electricity sector, so fundamental to a strong economy, rests in actions that the Government of Ontario must take.

We say without hesitation that we are in a supply crisis. We cannot rely solely on markets to solve our problem: no jurisdiction in the world has ever done so successfully. We need a core competency in the public sector now, more than ever. We need a strong and stable OPG.

To build success, we urge the government to act quickly on the following matters:

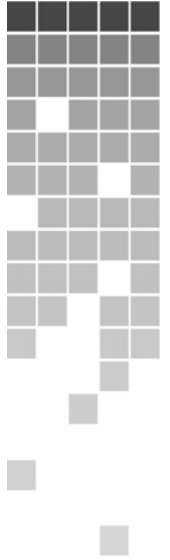
1. Stabilize the electricity sector.

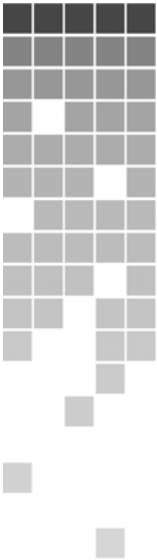
The government must establish the policy environment in the sector and start planning immediately on meeting future supply needs.

While we were not given the specific task of offering our views on the design of the sector going forward, we have clearly offered some advice in this area, particularly as it concerns regulating OPG.

Whether or not that particular view is accepted, it is key that the policy framework be clearly articulated and, if necessary, legislated in the near future, to create a stable policy environment for the electricity sector.

While we recognize the need to encourage conservation and develop renewable energy sources, it is also imperative that the government put in place a competent authority, at arm's length from it, to forecast future supply needs and begin the steps to meet them.





Achieving the goals of self-sufficiency, diversity of fuel source, reliability, and reasonable prices will require careful and thoughtful planning, as well as some crucial decisions. There is truly no time to waste.

## 2. Stabilize OPG

OPG is simply too important to Ontario for it not to be run well. The government must therefore declare, quickly and credibly, that it will allow OPG to function free of political interference.

We have made many recommendations about clarity of mandate and improved governance at OPG. For these measures to succeed, the company must have the right leadership. As well, ensuring the success of the Unit 1 project will require the highest level of diligence on the part of the OPG board. For these reasons, the government must ensure a strong and certain leadership at OPG. Given the problems of the recent past, the current interim arrangement for the board and CEO is understandable. If the major renewal of the company and refurbishment of Unit 1 are to be carried out properly, however, the interim arrangement must end.

We therefore urge the government to confirm the Chair and appoint additional qualified directors to the OPG board without delay. They can then get on with the job of moving OPG forward. The Chair and the board must have the right to hire and fire senior managers and make all key decisions affecting them. The Chair and senior management will then build the team needed to move OPG forward. They will lead in bringing about the change in OPG culture that is crucial if the company is to improve.

## 3. Finalize a decision on Pickering A Unit 1, and establish independent monitoring

We have identified the refurbishment of Pickering A Unit 1 as the quickest and least costly source of additional electricity supply available to Ontario. Given the supply challenges the province faces, we have recommended that the project go ahead. The government should consider as soon as possible our recommendation, and if it agrees, the project should proceed with the least possible delay.

If the Pickering A Unit 1 project goes ahead, the government, as shareholder, should set up a process to ensure ongoing oversight. Given the recent history of cost overruns, taxpayers deserve this additional protection of their interests. The government should seek to have regular independent reports on how the project is progressing, whether

milestones are being met, and how closely OPG is adhering to schedule and cost estimates.

### **Serving the public interest**

Ontario has a long and proud history of public ownership of power generation assets. Unfortunately, public ownership is not, in and of itself, a guarantee that the public interest will be well served.

We believe, however, that it is possible for a government-owned electricity generating company to be empowered and accountable to reach a standard that matches the world's leading performers. Citizens of Ontario have the right to expect nothing less.

