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Alberta Securities Commission
Autorité des marchés financiers
British Columbia Securities Commission
Financial and Consumer Services Commission, New Brunswick
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Nova Scotia Securities Commission
Nunavut Securities Office
Office of the Superintendent of Securities, Newfoundland and Labrador
Ontario Securities Commission
Office of the Superintendent of Securities, Northwest Territories
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

Re: Invitation to Comment on the Proposed National Instrument 51-107 *Disclosure of Climate-related Matters*

Ontario Power Generation Inc. (OPG or the Company) is pleased to submit its comments on the Canadian Securities Commission (CSA) proposed National Instrument 51-107 *Disclosure of Climate-related Matters* (Proposed Instrument) and its companion policy (Proposed Policy).

OPG is an Ontario-based electricity generation company whose principal business is the generation and sale of electricity in North America. As at September 30, 2021, the Company had a total in-service generating capacity of approximately 18,910 megawatts and owned and operated two nuclear generating stations, 66 hydroelectric generating stations, two thermal generating stations, one solar facility and four combined cycle gas turbine plants in Ontario, Canada. Through its wholly-owned subsidiary based in the United States (US), OPG Eagle Creek Holdings LLC, OPG also wholly or jointly owned and operated 86 hydroelectric generating stations and held minority interests in 14 hydroelectric and two solar facilities in the US. In addition, OPG owns two nuclear generating stations in Ontario, the Bruce A GS and the Bruce B GS, which are leased on a long-term basis to, and operated by, Bruce Power L.P.

OPG is wholly owned by the Province of Ontario (Shareholder), its sole shareholder, and has an active public debt platform in Canada. OPG is one of Canada's largest corporate green bond issuers and also became the first company in the Canadian power and utilities sector to incorporate sustainability targets into a corporate credit facility by entering into a sustainability-linked credit facility agreement in 2020. Since 2018, the Company has voluntarily provided certain disclosures in-line with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

We appreciate the opportunity to provide comments on the specific questions related to the Proposed Instrument. Our responses to certain of the questions contained in the Invitation to Comment section are provided in the enclosed Appendix A. Subject to these comments, OPG supports the Proposed Instrument and Proposed Policy, and believes that it will lead to an improvement in the quality of financial reporting on climate-related matters.

Yours truly,

Alec Cheng (signed)
Vice President, Chief Controller and Accounting Officer
ONTARIO POWER GENERATION INC.

APPENDIX A

Ontario Power Generation Inc.

Response to the Proposed National Instrument 51-107 Disclosure of Climate-related Matters

General Comments

Location of disclosure

The Proposed Instrument anticipates that the climate-related disclosures are to be included in a reporting issuer's management information circular (MIC), and for issuers that do not send a MIC to its security holders, in the issuer's annual information form (AIF) or its annual management's discussion and analysis (MD&A), if the issuer does not file an AIF.

Currently, OPG provides its voluntary climate-related disclosures within its MD&A, which aligns with the objectives of the TCFD, in that it provides investors with insights as to how climate change risks are managed and how financially-driven metrics and targets are impacted as part of OPG's quarterly external filings. Climate-related disclosures in OPG's AIF, where appropriate, are incorporated by reference to OPG's MD&A to reduce repetition.

Experience with TCFD Recommendations

1. ***For reporting issuers that have provided climate-related disclosures voluntarily in accordance with the TCFD recommendations, what has been the experience generally in providing those disclosures?***

Providing climate-related disclosures requires cross-collaboration between many business functions and beyond finance at OPG. Regular communication and education of the TCFD recommendations and how they are addressed across the corporate governance, risk management, treasury, strategy and environment functions, among others, was required in order to develop the recommended disclosures, including Scope 1 and 2 greenhouse gas (GHG) emissions and other climate change metrics.

OPG's experience with implementing the recommendations as it relates to governance was already an integral part of OPG's existing governance framework. The responsibility of OPG's Board of Directors (Board) includes oversight of climate-related risks and opportunities over both the near and long-term, and more broadly, oversight of OPG's approach to Environmental, Social and Governance (ESG) matters. The Board engages with OPG's senior management on the Company's near-and long-term business strategy, including climate-related matters. In 2020, OPG launched its Climate Change Plan (CCP), which is an integral part of the Company's overall business strategy and was reviewed and approved by OPG's Board. The CCP underpins OPG's corporate strategic planning process and outlines the goals and actions OPG is taking to meet its net-zero carbon commitments.

Disclosure of GHG Emissions and Scenario Analysis

2. ***For reporting issuers, do you currently disclose GHG emissions on a voluntary basis? If so, are the GHG emissions calculated in accordance with the GHG Protocol?***

As part of existing federal and provincial legislation, OPG is required to report annually on Scope 1 GHG emissions where there are more than 10,000 tonnes of carbon dioxide equivalent (CO_2 eq.) emitted from a regulated facility.

OPG's mandatory quantification and reporting of Scope 1 GHG emissions from regulated facilities are in accordance with the methodologies prescribed by the federal Greenhouse Gas Reporting Program (GHGRP), which aligns with the GHG Protocol with respect to Scope 1 GHG emissions. The GHGRP provides prescriptive methodologies to quantify and report annual GHG emissions from a regulated facility in the Canadian climate policy context for Scope 1 GHG emissions, whereas the GHG Protocol provides guidance on preparing a GHG emissions inventory (Scope 1, 2 and 3) and is policy neutral.

As part of OPG's support of the TCFD recommendations, OPG has begun voluntarily disclosing annual Scope 2 GHG emissions in the Company's MD&A and on its website. OPG's approach for calculating Scope 2 GHG emissions aligns with the GHG Protocol. Currently, OPG does not report on Scope 3 GHG emissions. The Company continues to assess plans to capture this information over the long term, prioritizing areas that are relevant to the users of the financial reports.

3. ***For reporting issuers, do you currently conduct climate scenario analysis (regardless of whether the analysis is disclosed)? If so, what are the benefits and challenges with preparing and/or disclosing the analysis?***

OPG performs qualitative analyses which consider different climate change scenarios to inform the Company's overall strategic direction. The challenges of preparing scenario analysis included defining the number of scenarios, the time-horizon to apply to each scenario and the frequency of updating certain factors, including key drivers and the scenarios themselves.

With respect to the disclosure of scenario analysis, further guidance would be beneficial to implement an element of consistency among issuers, where possible, and enhance the value of the disclosure to users and investors.

4. ***Under the Proposed Instrument, scenario analysis would not be required. Is this approach appropriate? Should the Proposed Instrument require this disclosure?***

As the Proposed Instrument does not provide specific guidance on executing scenario analysis, OPG agrees that its disclosure should not be mandatory. Without a standardized set of processes and assumptions, it will be challenging to compare such analyses among different issuers.

5. ***The TCFD recommendations contemplate disclosure of GHG emissions, where such information is material. The Proposed Instrument contemplates issuers having the option to disclose GHG emissions or explain why they have not done so. Is this approach appropriate?***

Yes, disclosure of GHG emissions is an opportunity for greater transparency and clarity for stakeholders and investors. Providing complete and accurate GHG emissions disclosures enables better decision making and helps monitor a company's progress towards addressing climate change.

As an alternative, the CSA is consulting on requiring issuers to disclose Scope 1 GHG emissions. Is this approach appropriate? Should disclosure of Scope 1 GHG emissions only be required where such information is material?

Yes, issuers should be required to disclose Scope 1 GHG emissions where such information is material.

Should disclosure of Scope 2 GHG emissions and Scope 3 GHG emissions be mandatory?

OPG has begun to voluntarily disclose annual Scope 2 GHG emissions, and agrees that disclosure should be mandatory, where such information is material.

Disclosing Scope 3 GHG emissions are more complex than disclosures relating to Scope 1 and 2 GHG emissions, as these emissions result from assets not owned or controlled by OPG, but are in the Company's value chain, both upstream with suppliers and downstream with customers. Identification and collection of data and the time and resources required to report the information are additional challenges to ensuring consistent and accurate reporting of Scope 3 GHG emissions.

OPG suggests that Scope 3 GHG emissions that are sector-specific would provide more value to investors than reporting on all 15 categories as outlined by the GHG Protocol. OPG is supportive of screening Scope 3 GHG emission categories and identifying focus areas. Given these factors, OPG encourages issuers to report on industry-specific categories as a voluntary disclosure where information can be reliably provided.

For those issuers who are already required to report GHG emissions under existing federal or provincial legislation, would the requirement in the Proposed Instrument to include GHG emissions in the issuer's AIF or annual MD&A (if an issuer elects to disclose these emissions) present a timing challenge given the respective filing deadlines? If so, what is the best way to address this timing challenge?

OPG is required to report GHG emissions under existing federal and provincial legislation by June of each year for the prior year-end. Given these timelines, OPG reports Scope 1 and 2 GHG emissions on a two-quarter lag (i.e. GHG emissions for the year-ended December 31, 2021 would be reported in the MD&A of the second quarter of 2022). Aligning the timing of GHG reporting with the AIF or annual MD&A will pose a timing challenge and should be addressed as the CSA forms guidance for the Proposed Instrument.

6. ***The Proposed Instrument contemplates that issuers that provide GHG disclosures would be required to use a GHG emissions reporting standard in measuring their GHG emissions, being the GHG Protocol or a reporting standard comparable with the GHG Protocol (as described in the Proposed Policy). Further, where an issuer uses a reporting standard that is not the GHG Protocol, it would be required to disclose how the reporting standard used is comparable with the GHG Protocol.***

As issuers have the option of providing GHG disclosures, should a specific reporting standard, such as the GHG Protocol, be mandated when such disclosures are provided?

Yes, mandating a specific reporting standard, such as the GHG Protocol, would be helpful to ensure disclosed information is reliable, consistent and comparable between issuers. OPG reports Scope 1 GHG emissions based on the federal and provincial guidelines as per the GHGRP, which aligns with the GHG Protocol. Where the GHG Protocol is not used, OPG recommends that issuers disclose how the reporting standard used is comparable to the GHG Protocol.

Is the GHG Protocol appropriate for all reporting issuers? Should issuers be given the flexibility to use alternative reporting standards that are comparable with the GHG Protocol?

OPG agrees that the Proposed Instrument should provide issuers with the flexibility to use an alternative reporting standard that is comparable with the GHG Protocol, particularly as there may be nuances between existing legislative regulations and the GHG Protocol.

Are there other reporting standards that address the disclosure needs of users or the different circumstances of issuers across multiple industries and should they be specifically identified as suitable methodologies?

OPG also considers the International Organization for Standardization (ISO) 14064 standard a compatible methodology that could be included in the list of suitable standards used for disclosure. The ISO 14064 standard supports the participation of organizations in both regulated and voluntary programs, such as emissions trading schemes, and public reporting using a globally recognized standard that also aligns with the GHG Protocol. The ISO 14064 standard consists of three parts:

1. ISO 14064-1 specifies requirements for designing and developing organisation or entity-level GHG inventories.
2. ISO 14064-2 details requirements for quantifying, monitoring and reporting emission reductions and removal enhancements from GHG projects.
3. ISO 14064-3 provides requirements and guidance for the conducting of GHG information validation and verification.

7. ***The Proposed Instrument does not require the GHG emissions to be audited. Should there be a requirement for some form of assurance on GHG emissions reporting?***

OPG's Scope 1 GHG emissions from regulated facilities are audited as part of the federal and provincial legislative reporting requirements. The Company does not believe an audit of the metrics should be required, but may be considered best practice instead.

8. ***The Proposed Instrument permits an issuer to incorporate GHG disclosure by reference to another document. Is this appropriate? Should this be expanded to include other disclosure requirements of the Proposed Instrument?***

OPG agrees that the Proposed Instrument should permit an issuer to incorporate GHG disclosures by reference to another document (i.e. a Company's ESG report). The CSA should consider additional guidance regarding the timing challenges raised in Question 5 as ESG reports, for example, may also be filed after the AIF and annual MD&A.

Usefulness and benefits of disclosures contemplated by the Proposed Instrument

9. ***What climate-related information is most important for investors' investment and voting decisions? How is this information incorporated into these decisions? Is there additional information that investors require?***

OPG is Canada's largest corporate issuer of green bonds and discloses the value and use of net proceeds from green bond offerings in its MD&A and annual Use of Proceeds Report. As of September 30, 2021, OPG's green bond issuances totalled $2.15 billion. OPG issues an annual Green Bond Impact Report outlining the environmental benefits of new issuances and projects approaching completion from previous issuances. OPG updates investors annually in regards to the use of proceeds by OPG and its subsidiaries. The report includes qualitative and quantitative environmental performance indicators such as GHG emissions reduced/avoided, renewable energy generation, and capacity of renewable energy plant constructed or rehabilitated. OPG currently has two credit facilities, both of which have sustainability performance measures.

10. ***What are the anticipated benefits associated with providing the disclosures contemplated by the Proposed Instrument? How would the Proposed Instrument enhance the current level of climate-related disclosures provided by reporting issuers in Canada?***

OPG believes that the disclosures in the Proposed Instrument will enhance the current level of climate-related disclosures to reporting issuers in Canada. Anticipated benefits of the Proposed Instrument include:

- Alignment of Canadian disclosure standards with the expectations of international investors;
- Assisting investors and stakeholders in making more informed investment decisions; and
- Facilitating the comparability and consistency of disclosures among issuers.

Furthermore, OPG will be able to evaluate its own risks, compare them to other organizations, as well as leverage any disclosures from suppliers or vendors as they relate to GHG emissions.

Costs and challenges of disclosures contemplated by the Proposed Instrument

11. ***What are the anticipated costs and challenges associated with providing the disclosures contemplated by the Proposed Instrument?***

Anticipated costs and challenges of providing the contemplated disclosures may include hiring/training the appropriate resources, continued development of a structured process for reporting and the integration of data across different technological systems and across different business units to capture climate-related information for reporting.

As OPG has been voluntarily disclosing a number of recommended TCFD disclosures since 2018, most of the costs have been reflected within the Company's existing financial plan.

12. ***Do the costs and challenges vary among the four core TCFD recommendations related to governance, strategy, risk management, and metrics and targets? For example, are some of the disclosures more (or less) challenging to prepare?***

The costs vary among the four core TCFD recommendations and are related to the complexity of reporting. The most challenging disclosures to complete are the metrics and targets for non-regulatory required facilities and scenario analysis.

In particular, Scope 3 GHG emissions are more difficult to measure, as noted in Question 5. Additionally, industry-wide metrics and targets for climate change adaptation are still in development and quantification of adaptation progress and effectiveness remains a challenge. Guidance on relevant industry-specific metrics and targets for climate change adaptation would help facilitate meaningful and comparable disclosures. Scenario analysis is labour and cost intensive due to the complexity of creating, analyzing, and reporting on different scenarios.

Based on OPG's experience, risk management, strategy, and governance disclosures are less challenging to prepare.

13. ***The costs of obtaining and presenting new disclosures may be proportionally greater for venture issuers that may have scarce resources. Would more accommodations for venture issuers be needed? If so, what accommodations would address these concerns while still balancing the reasonable information needs of investors? Alternatively, should venture issuers be exempted from some or all of the requirements of the Proposed Instrument?***

OPG is a venture issuer as defined under the National Instrument 51-102 *Continuous Disclosure Obligations*; however, OPG has adopted many disclosures for non-venture issuers, where applicable. OPG acknowledges that many venture issuers may need accommodations to meet all the requirements of the Proposed Instrument.

Guidance on disclosure requirements

14. ***We have provided guidance in the Proposed Policy on the disclosure required by the Proposed Instrument. Are there any other tools, guidance or data sources that would be helpful in preparing these disclosures that the Proposed Policy should refer to?***

Additional guidance with respect to expectations around GHG reporting given the timing issues noted in Question 5, development of key metrics and targets (tailored by industry) to facilitate comparison across companies, and reviews of current disclosures by reporting issuers to identify and communicate potential gaps to the Proposed instrument would be beneficial.

In addition, the CSA may consider issuing regular public reports on the results of implementing the Proposed Instrument, to assess the effectiveness of the Proposed Instrument in achieving the goals of the CSA and provision of useful and relevant metrics to investors.

Phased-in implementation

17. **The Proposed Instrument contemplates a phased-in transition of the disclosure requirements, with non-venture issuers subject to a one-year transition phase and venture issuers subject to a three-year transition phase. Assuming the Proposed Instrument comes into force December 31, 2022 and the issuer has a December 31 year-end, these disclosures would be included in annual filings due in 2024 and 2026 for non-venture issuers and venture issuers, respectively.**

- **Would the transition provisions in the Proposed Instrument provide reporting issuers with sufficient time to review the Proposed Instrument and prepare and file the required disclosures?**

OPG did not identify any issues with the proposed timeline, other than the challenges noted in Question 5 above.

Future ESG considerations

18. **In its comment letter to the IFRS Foundation's consultation paper published in September 2020, the CSA stated that developing a global set of sustainability reporting standards for climate related information is an appropriate starting point, with broader environmental factors and other sustainability topics to be considered in the future. What broader sustainability or ESG topics should be prioritized for the future?**

OPG has committed to becoming a net-zero carbon company by 2040, while striving to be a leading energy innovation company and advancing technologies and solutions to help the markets where it operates achieve net-zero carbon economies by 2050. As OPG refines its GHG emissions reporting, the following are broader issues that OPG considers important in the future:

- Development of industry-specific climate change adaptation metrics and targets to demonstrate resiliency effectiveness.
- Equity, Diversity and Inclusion – achieving diverse representation at the Board level, including disclosure of targets and metrics of women and minorities at various levels of the business. In addition, investments made towards programs that promote diversity and inclusion.
- Indigenous Relations – disclosing engagement and initiatives that create social and economic benefits for indigenous communities, organizations and businesses. In addition, investments made through OPG's ongoing operations, projects and initiatives.
- Disclosure of other socio-economic factors from reducing carbon emissions such as the impact to host communities and employment opportunities.