

May 12, 2020

OPG REPORTS 2020 FIRST QUARTER FINANCIAL RESULTS

OPG supports our essential workers, achieves significant milestones on the Darlington Refurbishment Project and completes acquisition of natural gas-fired assets

[Toronto] Today Ontario Power Generation Inc. (OPG or Company) reported its first quarter financial results, reaffirming its commitment to continuing to provide a safe and reliable supply of cost effective electricity to Ontario during the current public health crisis.

"The COVID-19 pandemic has forced all of us to question many aspects of our lives that we may have taken for granted. As millions of Ontarians continue to do their part to help slow the spread of this virus, they may be feeling uncertain about the future," said Ken Hartwick, OPG's President and CEO. "I want to assure Ontarians that OPG's dedicated workers continue to safely generate reliable electricity to power our homes, hospitals, care facilities and businesses, while managing the impact of spring freshet at our hydroelectric plants. In these difficult times, the entire electricity sector is working to do everything we can to help meet our communities' essential needs, while ensuring necessary measures to protect our employees, communities and partners. In response to needs across the province, OPG has donated 1 million surgical masks, 75,000 N95 masks, 17,500 Tyvek suits, and \$900,000 to food banks and is supporting production of plastic face shields utilizing our 3D printing capabilities."

For the first quarter of 2020, OPG reported net income attributable to the Shareholder of \$309 million.

As OPG focuses on maintaining a stable supply of electricity while prioritizing work to limit the number of people at its facilities during the pandemic, it continues to progress, where possible, critical projects and initiatives with added safety measures. Enhanced measures to protect workers' health include physical distancing, increased cleaning and sanitization protocols at work sites and a work-from-home strategy for employees not directly involved in operating the generating facilities.

In March 2020, the Company completed construction on the refurbishment of the Darlington nuclear generating station's (GS) Unit 2 reactor. The unit is currently in the restart process and safely achieved first criticality on April 9, 2020. Unit 2 is expected to return to service in May 2020 once full power has been achieved. In response to the COVID-19 pandemic, the commencement of refurbishment execution for the station's

Unit 3 reactor has been temporarily delayed from May 2020, with the unit continuing to generate electricity to the grid. Subject to the state of the pandemic, OPG is preparing to resume on-boarding and other pre-requisite activities beginning in May 2020 in order to facilitate the safe commencement of the Unit 3 refurbishment, with de-fuelling beginning in September 2020.

On April 29, 2020, OPG, under a new subsidiary operating as Atura Power, closed the previously announced acquisition of a portfolio of combined-cycle natural gas-fired plants in Ontario from TC Energy Corporation for approximately \$2.8 billion, subject to customary closing adjustments. The portfolio includes the 900 MW Napanee GS, the 683 MW Halton Hills GS, and the remaining 50 per cent interest in the 550 MW Portlands Energy Centre. The electricity generation from these assets is an important component of maintaining the current and future reliability of Ontario's electricity system and enabling renewable electricity generation sources.

Net income attributable to the Shareholder was \$309 million for the first quarter of 2020 compared to \$213 million for the same period in 2019. The increase in net income is primarily attributable to higher nuclear electricity generation in the quarter.

Generating and Operating Performance

Electricity generated in the first quarter of 2020 was 20.7 terawatt hours (TWh) compared to 19.1 TWh for the same quarter in 2019. The increase was primarily due to higher generation from the Regulated – Nuclear Generation business segment.

Regulated – Nuclear Generation Segment

Higher nuclear generation of 1.3 TWh during the first quarter of 2020 compared to the same quarter in 2019 primarily reflected fewer planned outage days at the Darlington GS, partially offset by a higher number of planned outage days at the Pickering GS.

At the Darlington GS, the unit capability factor increased to 99.3 per cent for the first quarter of 2020, compared to 72.6 per cent for the same quarter in 2019. The increase was due to fewer planned outage days in line with the station's cyclical maintenance schedule. Total outage days for the station's three units that are not currently undergoing refurbishment decreased to two days in the first quarter of 2020 compared to 74 days in the same quarter of 2019.

At the Pickering nuclear generating station (Pickering GS), the unit capability factor decreased to 79.9 per cent for the first quarter of 2020, compared to 86.7 per cent for the same quarter in 2019. The decrease was due to a higher number of planned outage days in line with the station's cyclical maintenance schedule. Total outage days for the station's six operating units increased to 110 days in the first quarter of 2020 compared to 72 days in the same quarter of 2019.

Regulated – Hydroelectric Segment

Electricity generation from the regulated hydroelectric stations of 8.2 TWh during the first quarter of 2020 was comparable to the same quarter in 2019.

Availability of 89.8 per cent at these stations for the first quarter of 2020 was largely comparable to availability of 90.1 per cent for the same quarter in 2019. The marginal decrease was primarily due to a higher number of unplanned outages at regulated hydroelectric generating stations in the south-central and eastern Ontario regions, largely offset by fewer planned outages at the regulated hydroelectric generating stations in the eastern Ontario region.

Contracted and Other Generation Segment

Higher generation from the Contracted and Other Generation business segment of 0.3 TWh during the first quarter of 2020 compared to the same quarter in 2019 was primarily due to electricity generated from hydroelectric facilities in the United States that were acquired in October 2019.

Availability of the Ontario-based hydroelectric stations within the segment was 89.5 per cent for the first quarter of 2020 compared to 86.5 per cent for the same quarter in 2019. The increase was primarily due to fewer planned outage days at the contracted hydroelectric generating stations in the northeastern Ontario region.

Total Generating Cost

The Enterprise Total Generating Cost (TGC) per megawatt hour (MWh) was \$45.70 for the first quarter of 2020 compared to \$52.12 for the same quarter in 2019. The decrease in Enterprise TGC per MWh was primarily due to higher electricity generation and lower operations, maintenance and administration expenses from the Regulated – Nuclear Generation business segment.

Generation Development

OPG is pursuing a number of generation development and other projects in support of Ontario's electricity system. In line with enhanced safety measures implemented in response to the COVID-19 pandemic, a number of project activities have been delayed or temporarily suspended. OPG is assessing the impact of the evolving public health situation on project timelines and is preparing plans to mitigate the effects on project timelines as deferred work resumes.

Significant developments during the first quarter of 2020 were as follows:

Darlington Refurbishment

The Darlington Refurbishment project is expected to extend the operating life of the four-unit Darlington GS by at least 30 years.

The final major segment of the Unit 2 refurbishment commenced in November 2019 and is currently underway. New fuel was loaded into the reactor in November 2019, the Primary Heat Transport System was successfully filled with heavy water in January 2020 and Vault Restoration was completed in March 2020, signifying the completion of

construction work and transition to start-up activities. On April 5, 2020, OPG received approval from the Canadian Nuclear Safety Commission (CNSC) to proceed with the removal of the Unit 2 Guaranteed Shutdown State, which occurred on April 8, 2020 with first criticality achieved on April 9, 2020.

On May 2, 2020, OPG received approval from the CNSC to increase reactor power above one per cent up to 35 per cent of full power. The project is currently working toward the next regulatory approval from the CNSC, which will allow OPG to increase reactor power above 35 per cent, paving the way for Unit 2 to return to full power and return to service in May 2020.

Prior to the COVID-19 pandemic, readiness activities were on track to begin refurbishment execution on the station's Unit 3 in May 2020 as scheduled. As part of response measures to the pandemic, and to help ensure a stable supply of electricity to Ontario during the crisis, OPG announced its decision to postpone the start of the Unit 3 refurbishment on March 26, 2020. Subject to the state of the pandemic, OPG is preparing to remobilize project vendors and resume training and on-boarding activities in May 2020 and resume pre-requisite fieldwork activities in June 2020, in order to facilitate the safe commencement of Unit 3 refurbishment, with de-fuelling beginning in September 2020. The revised timeline will maintain the project's overall schedule to refurbish all four units by 2026. As of March 31, 2020, \$602 million has been invested in planning and pre-requisite activities related to the Unit 3 refurbishment.

Total life-to-date capital expenditures on the project were approximately \$6.9 billion as at March 31, 2020. The overall project is currently tracking to the \$12.8 billion budget.

Ranney Falls Hydroelectric GS

OPG continued commissioning activities on the new 10 MW single-unit powerhouse on the existing Ranney Falls GS site during the first quarter of 2020. The new unit will replace an existing unit that reached its end of life, doubling the total station generating capacity. Due to enhanced safety measures implemented beginning in the second half of March 2020 in response to the COVID-19 pandemic, project site work has been delayed and OPG is assessing resulting impacts to project timelines. The project continues to track on budget of \$77 million. The Ranney Falls GS is reported in the Regulated – Hydroelectric business segment.

Little Long Dam Safety Project

In January 2019, OPG initiated a plan to improve dam safety along the Lower Mattagami River in Ontario, primarily through the Little Long Dam Safety project. The project will increase the discharge capacity and make other reliability and operational improvements at the Little Long Main Dam, helping the Company to comply with updated dam safety requirements established by the Province of Ontario. During the first quarter of 2020, the project continued the procurement of critical materials and advanced detailed engineering, construction design and permitting activities. In line with enhanced safety measures implemented beginning in the second half of March 2020 in response to the COVID-19 pandemic, project site work has been temporarily suspended and OPG is assessing any resulting impact to the project. The project's currently scheduled in-service date is in 2023, with a budget of \$650 million. The Little Long Dam supports OPG's hydroelectric generating stations on the Lower Mattagami River, which are reported in the Contracted and Other Generation business segment.

Sir Adam Beck I Hydroelectric GS Units G1 and G2 Replacement

OPG has initiated a project to replace two older generating units at the Sir Adam Beck I GS that used outdated line frequency technology of 25 Hz prior to being decommissioned in 2009. The conversion of these units to standard generator technology of 60 Hz is expected to add approximately 125 MW of incremental generating capacity, providing many more decades of cost effective, clean power from one of OPG's flagship stations in the hydroelectric fleet. During the first quarter of 2020, OPG continued front-end engineering design activities and procurement of long lead materials. Project site work has been temporarily suspended since the second half of March 2020 in response to the COVID-19 pandemic, and OPG is currently assessing any resulting impact to the project. The project's currently scheduled in-service date is in 2022, with a total estimated cost in the range of \$120 million to \$150 million. The Sir Adam Beck I GS is reported in the Regulated – Hydroelectric business segment.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Three Months Ended March 31		
<i>(millions of dollars – except where noted)</i>	2020	2019
Revenue	1,720	1,426
Fuel expense	153	148
Operations, maintenance and administration	708	749
Depreciation and amortization	314	266
Accretion on fixed asset removal and nuclear waste management liabilities	264	255
Earnings on nuclear fixed asset removal and nuclear waste management funds	(171)	(220)
Other net gains	-	(15)
Income before interest and income taxes	452	243
Net interest expense	52	18
Income tax expense	87	8
Net income attributable to the Shareholder	309	213
Net income attributable to non-controlling interest ¹	4	4
Earnings (loss) before interest and income taxes		
Electricity generation business segments	541	271
Regulated – Nuclear Waste Management	(90)	(32)
Other	1	4
Earnings before interest and income taxes	452	243
Cash flow		
Cash flow provided by operating activities	717	575
Capital expenditures ²	449	474
Electricity generation (TWh)		
Regulated – Nuclear Generation	11.1	9.8
Regulated – Hydroelectric	8.2	8.2
Contracted and Other Generation ³	1.4	1.1
Total electricity generation	20.7	19.1
Nuclear unit capability factor (per cent) ⁴		
Darlington Nuclear GS	99.3	72.6
Pickering Nuclear GS	79.9	86.7
Availability (per cent)		
Regulated – Hydroelectric	89.8	90.1
Contracted and Other Generation – hydroelectric stations ⁵	89.5	86.5
Equivalent forced outage rate		
Contracted and Other Generation – thermal stations ⁶	4.4	6.8
Enterprise Total Generating Cost (TGC) per MWh (\$/MWh) ⁷	45.70	52.12
Return on Equity Excluding Accumulated Other Comprehensive Income (ROE Excluding AOCI) for the twelve months ended March 31, 2020 and December 31, 2019 (per cent) ⁷	8.4	8.2

¹ Relates to the following: the 25 per cent interest of Amisk-oo-Skow Finance Corporation, a corporation wholly-owned by the Moose Cree First Nation in Lower Mattagami Limited Partnership; the 33 per cent interest of Coral Rapids Power Corporation, a corporation wholly-owned by the Taykwa Tagamou Nation, in PSS Generating Station Limited Partnership; the 15 per cent and 5 per cent interests of corporations wholly-owned by Six Nations of Grand River Development Corporation and the Mississaugas of the Credit First Nation, respectively, in Nanticoke Solar LP; and non-controlling interests in certain stations in the United States.

² Includes net changes in accruals.

³ Includes OPG's proportionate share of electricity generation from co-owned facilities and minority-held facilities.

⁴ Excludes nuclear unit(s) during the period in which they are undergoing refurbishment.

⁵ Reflects the availability of contracted hydroelectric generating stations in Ontario.

⁶ Reflects the reliability of wholly-owned thermal stations, other than the Brighton Beach GS acquired in August 2019.

⁷ Enterprise TGC per MWh and ROE Excluding AOCI are non-GAAP financial measures and do not have any standardized meaning prescribed by US GAAP. Additional information about the non-GAAP measures is provided in OPG's Management's Discussion and Analysis for the three months ended March 31, 2020, in the section, *Key Operating Performance Indicators and Non-GAAP Financial Measures*.

OPG is the largest electricity generator in the province, providing almost half of the power Ontarians rely on every day. It is also one of the most diverse generators in North America, with expertise in nuclear, hydroelectric, biomass, solar and natural gas technologies.

Ontario Power Generation Inc.'s unaudited interim consolidated financial statements and Management's Discussion and Analysis as at and for the three month period ended March 31, 2020 can be accessed on OPG's web site (www.opg.com), the Canadian Securities Administrators' web site (www.sedar.com), or can be requested from the Company.

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ONTARIO POWER GENERATION INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
2020 FIRST QUARTER REPORT

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ONTARIO POWER GENERATION INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) should be read in conjunction with the unaudited interim consolidated financial statements and accompanying notes of Ontario Power Generation Inc. (OPG or Company) as at and for the three months ended March 31, 2020. OPG's unaudited interim consolidated financial statements are prepared in accordance with United States generally accepted accounting principles (US GAAP) and are presented in Canadian dollars.

For a complete description of OPG's corporate strategies, risk management, corporate governance, and the effect of critical accounting policies and estimates on OPG's results of operations and financial condition, this MD&A should also be read in conjunction with OPG's audited consolidated financial statements, Annual Information Form, and MD&A as at and for the year ended December 31, 2019.

As required by *Ontario Regulation 395/11*, as amended, a regulation under the *Financial Administration Act* (Ontario), OPG adopted US GAAP for the presentation of its consolidated financial statements, effective January 1, 2012. Since January 1, 2012, OPG has also received exemptive relief from the Ontario Securities Commission (OSC) that allows OPG to apply US GAAP instead of International Financial Reporting Standards (IFRS). The current exemption allows the Company to continue to apply US GAAP up to January 1, 2024. The term of the exemption is subject to certain conditions, which may result in the expiry of the exemption prior to January 1, 2024. For details, refer to the section, *Critical Accounting Policies and Estimates* under the heading, *Exemptive Relief for Reporting under US GAAP* in OPG's 2019 annual MD&A. This MD&A is dated May 12, 2020.

Additional information about OPG, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com and the Company's website at www.opg.com.

FORWARD-LOOKING STATEMENTS

The MD&A contains forward-looking statements that reflect OPG's current views regarding certain future events and circumstances. Any statement contained in this document that is not current or historical is a forward-looking statement. OPG generally uses words such as "anticipate", "believe", "budget", "foresee", "forecast", "estimate", "expect", "schedule", "intend", "plan", "project", "seek", "target", "goal", "strategy", "may", "will", "should", "could" and other similar words and expressions to indicate forward-looking statements. The absence of any such word or expression does not indicate that a statement is not forward-looking.

All forward-looking statements involve inherent assumptions, risks and uncertainties, including those set out in the section, *Risk Management*, and forecasts discussed in the section, *Corporate Strategy, Core Business and Outlook*. All forward-looking statements could be inaccurate to a material degree. In particular, forward-looking statements may contain assumptions such as those relating to OPG's generating station (GS) performance, availability and operating lives, fuel costs, surplus baseload generation (SBG), cost of fixed asset removal and nuclear waste management and associated funding requirements, performance and earnings of investment funds, refurbishment of existing facilities, development and construction of new facilities, acquisition transactions, performance of acquired businesses, defined benefit pension and other post-employment benefit (OPEB) obligations and funds, income taxes, proposed new legislation, the ongoing evolution of electricity industries and markets in Ontario and the United States (US), the continued application and renewal of energy supply agreements and other contracts for non-regulated facilities, foreign currency exchange rates, commodity prices, wholesale spot electricity market prices, environmental and other regulatory requirements, operating licence applications to the Canadian Nuclear Safety Commission (CNSC) and the Federal Energy Regulatory Commission (FERC), health, safety and environmental developments, the COVID-19

pandemic, changes in the Company's workforce, renewal of union collective agreements, business continuity events, the weather, financing requirements and liquidity, funding sources, applications to the Ontario Energy Board (OEB) for regulated prices, the impact of regulatory decisions by the OEB, forecasts of earnings, cash flow, earnings before interest, income taxes, depreciation and amortization (EBITDA), gross margin, Return on Equity Excluding Accumulated Other Comprehensive Income (ROE Excluding AOCI), Total Generating Cost (TGC) per megawatt-hour (MWh), operations, maintenance and administration (OM&A) expenses and project and other expenditures, retention of critical talent, and supplier and third party performance. Accordingly, undue reliance should not be placed on any forward-looking statement. The forward-looking statements included in this MD&A are made only as of the date of this MD&A. Except as required by applicable securities laws, OPG does not undertake to publicly update these forward-looking statements to reflect new information, future events or otherwise.

Use of Non-GAAP Financial Measures

The Company uses the following non-GAAP financial performance measures in the MD&A:

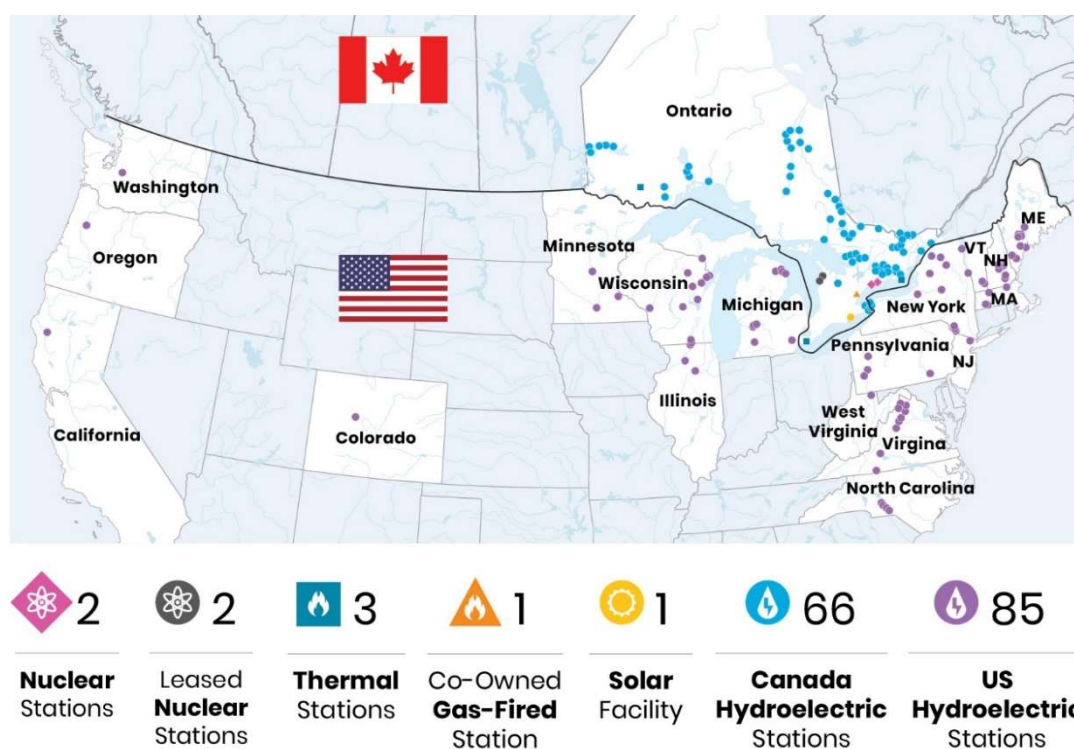
- "Return on Equity Excluding Accumulated Other Comprehensive Income";
- "Enterprise Total Generating Cost per Megawatt-Hour";
- "Earnings before Interest, Income Taxes, Depreciation and Amortization"; and
- "Gross Margin".

For a detailed description of each of the non-GAAP measures used in this MD&A and a detailed reconciliation to the most directly comparable measure under US GAAP, refer to the section, *Key Operating Performance Indicators and Non-GAAP Financial Measures*. The non-GAAP financial performance measures set out in this MD&A are intended to provide additional information to investors and do not have any standardized meaning under US GAAP, and therefore may not be comparable to other issuers, and should not be considered in isolation or as a substitute for measures of performance prepared under US GAAP.

THE COMPANY

OPG is an Ontario-based electricity generation company whose principal business is the generation and sale of electricity. OPG was established under the *Business Corporations Act* (Ontario) and is wholly owned by the Province of Ontario (Province or Shareholder). OPG's electricity generation portfolio had an in-service generating capacity of 17,018 megawatts (MW) as at March 31, 2020.

As of March 31, 2020, OPG and its wholly-owned subsidiaries owned and operated two nuclear generating stations, 66 hydroelectric generating stations, three thermal generating stations and one solar facility in Ontario, Canada. Through its wholly-owned subsidiaries in the US, the Company also wholly or jointly owned and operated 85 hydroelectric generating stations and held minority shareholdings in 13 hydroelectric and two solar facilities in the United States. In addition, as at March 31, 2020, OPG and TC Energy Corporation (TC Energy) co-owned the 550 MW Portlands Energy Centre combined-cycle natural gas-fired GS (PEC), located in Ontario. OPG also owns two nuclear generating stations in Ontario, the Bruce A GS and the Bruce B GS (together, the Bruce nuclear generating stations), which are leased on a long-term basis to Bruce Power L.P. (Bruce Power). As at March 31, 2020, OPG did not operate PEC, the Bruce nuclear generating stations, and the minority-held facilities in the United States.



Represents OPG's fleet of electricity generating assets as at March 31, 2020, excluding acquisitions completed subsequent to quarter end.

On April 29, 2020, OPG acquired a portfolio of natural gas-fired assets in Ontario, including the remaining 50 percent interest in PEC, which will add three thermal generating facilities to the Company's operations. For additional discussion, refer to the details in the section, *Recent Developments* under the heading, *Recent Developments in Financial Strength – Acquisition of Portfolio of Natural Gas-Fired Assets in Ontario*.

Income from the co-owned and minority-held facilities is accounted for using the equity method of accounting, with OPG's share of income included within income from investments subject to significant influence in the Contracted and Other Generation business segment. OPG's proportionate share of the in-service generating capacity and electricity generation volume from the co-owned and minority-held facilities is included in the Company's generation portfolio statistics set out in this MD&A.

Income from the stations leased to Bruce Power is included in revenue under the Regulated – Nuclear Generation segment. The leased stations are not included in the Company's electricity generation and other operating statistics set out in this MD&A.

In-Service Generating Capacity

OPG's in-service generating capacity by business segment as at March 31, 2020 and December 31, 2019 was as follows:

(MW)	As At	
	March 31 2020	December 31 2019
Regulated – Nuclear Generation ¹	5,728	5,728
Regulated – Hydroelectric	6,420	6,420
Contracted and Other Generation ^{2,3}	4,870	4,869
Total	17,018	17,017

¹ Excludes Unit 2 of the Darlington GS. The unit, which has a generating capacity of 878 MW, was taken offline in October 2016.

² Includes OPG's proportionate share of in-service generating capacity from co-owned and minority-held electricity generating facilities.

³ OPG's total in-service generating capacity in the US was 628 MW as at March 31, 2020 (December 31, 2019 – 627 MW), all of which is reported in the Contracted and Other Generation business segment.

HIGHLIGHTS

Overview of Results

This section provides an overview of OPG's unaudited interim consolidated operating results for the three months ended March 31, 2020, compared to the same period in 2019. A discussion of OPG's performance by business segment can be found in the section, *Discussion of Operating Results by Business Segment*.

<i>(millions of dollars – except where noted)</i>	Three Months Ended March 31	
	2020	2019
Revenue	1,720	1,426
Fuel expense	153	148
Operations, maintenance and administration	708	749
Depreciation and amortization	314	266
Accretion on fixed asset removal and nuclear waste management liabilities	264	255
Earnings on nuclear fixed asset removal and nuclear waste management funds	(171)	(220)
Other net gains	-	(15)
Earnings before interest and income taxes	452	243
Net interest expense	52	18
Income tax expense	87	8
Net income	313	217
Net income attributable to the Shareholder	309	213
Net income attributable to non-controlling interest ¹	4	4
Electricity production (TWh) ²	20.7	19.1
Cash flow		
Cash flow provided by operating activities	717	575
Capital expenditures ³	449	474
Earnings (loss) before interest and income taxes by segment		
Regulated – Nuclear Generation	264	20
Regulated – Hydroelectric	197	180
Contracted and Other Generation	80	71
Total electricity generating business segments	541	271
Regulated – Nuclear Waste Management	(90)	(32)
Other	1	4
Earnings before interest and income taxes	452	243
Enterprise TGC per MWh (\$/MWh) ⁴	45.70	52.12
ROE Excluding AOCI for the twelve months ended March 31, 2020 and December 31, 2019 (percent) ⁴	8.4	8.2

¹ Relates to the following: 25 percent interest of Amisk-oo-Skow Finance Corporation, a corporation wholly owned by the Moose Cree First Nation, in Lower Mattagami Limited Partnership; the 33 percent interest of Coral Rapids Power Corporation, a corporation wholly owned by the Taykwa Tagamou Nation, in PSS Generating Station Limited Partnership; the 15 percent interest of a corporation wholly owned by Six Nations of Grand River Development Corporation in Nanticoke Solar LP; the 5 percent interest of a corporation wholly owned by Mississaugas of the Credit First Nation in Nanticoke Solar LP; and non-controlling interests in certain electricity generating facilities in the US.

² Includes OPG's proportionate share of electricity generation from co-owned and minority-held facilities.

³ Includes net changes in accruals.

⁴ Enterprise TGC per MWh and ROE Excluding AOCI are non-GAAP financial measures and do not have any standardized meaning prescribed by US GAAP. Additional information about the non-GAAP measures is provided in the section, *Key Operating Performance Indicators and Non-GAAP Financial Measures*.

Net income attributable to the Shareholder was \$309 million for the first quarter of 2020, representing an increase of \$96 million compared to the same quarter in 2019.

Earnings before interest and income taxes (EBIT) were \$452 million for the first quarter of 2020, representing an increase of \$209 million compared to the same quarter in 2019.

Significant factors that increased EBIT:

- Higher revenue of approximately \$94 million from the Regulated – Nuclear Generation business segment as a result of higher nuclear electricity generation of 1.3 terawatt hours (TWh), primarily due to lower outage-related activity to maintain the nuclear fleet;
- An increase in revenue from the Regulated – Nuclear Generation segment of approximately \$90 million from a higher base regulated price for OPG's nuclear electricity generation and \$72 million from higher amounts deferred in a regulatory account for future collection under rate smoothing, which helps to lower electricity prices for customers in the current period. These increases, approved by the OEB in its March 2018 order on OPG's regulated prices for the 2017-2021 period, include an increase in rate base to allow for recovery of OPG's investment in the Darlington Refurbishment project;
- Higher revenue of \$35 million from the Contracted and Other Generation business segment, primarily from the acquisition of US hydroelectric facilities in October 2019 and from the acquisition of the remaining 50 percent interest in the Brighton Beach combined-cycle natural gas-fired generating station (Brighton Beach GS) in August 2019; and
- A decrease in OM&A expenses of \$41 million, primarily due to lower outage-related activity in the Regulated – Nuclear Generation segment, partially offset by OM&A expenses of the US hydroelectric facilities and the Brighton Beach GS acquired in 2019.

Significant factors that decreased EBIT:

- An increase in depreciation and amortization expenses of \$58 million, excluding amortization expense related to the recovery of regulatory deferral and variance account (regulatory account) balances, primarily due to higher amounts of depreciation expense recorded as refundable to customers through regulatory accounts and depreciation from the facilities in the Contracted and Other Generation segment acquired during 2019; and
- Decrease in earnings on the nuclear fixed asset removal and nuclear waste management segregated funds (Nuclear Segregated Funds) of \$49 million, due to a decrease in the value of investments reflecting weakened financial market conditions during the COVID-19 pandemic.

Net interest expense increased by \$34 million in the first quarter of 2020, compared to the same quarter in 2019. The increase was largely due to higher amounts of interest recorded as refundable to customers through regulatory accounts. The increase in net interest expense also reflected net issuance of debt since the first quarter of 2019, offset by higher interest income.

Income tax expense increased by \$79 million in the first quarter of 2020, compared to the same quarter in 2019. The increase was primarily due to the impact of higher earnings before taxes and a lower amount of income tax expense deferred as regulatory assets in the first quarter of 2020.

Trends

OPG's quarterly electricity generation from the Regulated – Hydroelectric and Contracted and Other Generation business segments is affected by changes in grid-supplied electricity demand. Changes in grid-supplied electricity demand are primarily caused by variations in seasonal weather conditions, changes in economic conditions, the impact of small-scale generation embedded in distribution networks, and the impact of conservation efforts. Historically, there has been greater electricity demand in Ontario during the winter and summer months due to heating and air conditioning demands.

In April 2020, the Independent Electricity System Operator (IESO) reported a reduction in grid-supplied electricity demand in Ontario coincident with the implementation of policy actions in response to the COVID-19 pandemic beginning in the second half of March 2020. The longer term effects of the pandemic and associated response measures on electricity demand are uncertain, and are expected to depend on the length and severity of the current public health emergency and economic slowdown.

OPG's quarterly electricity generation from hydroelectric facilities is impacted by weather conditions that affect water flows. Historically, there have been higher water flows in the second quarter as a result of snow and ice melt entering the river systems. The financial impact of variability in water flows on the Regulated – Hydroelectric segment is mitigated by OEB-authorized regulatory accounts.

The financial impact of variability in electricity generation from the Contracted and Other Generation segment is mitigated by the terms of the applicable Energy Supply Agreements (ESAs) with the IESO and other long-term contracts for the contracted generating facilities in Ontario.

Electricity generation and the financial results of the Regulated – Nuclear Generation business segment are primarily impacted by outage activities at the nuclear generating stations. The frequency and timing of planned outages under a station's outage cycle may result in period-over-period variability in OPG's financial results. The outage cycle at each of OPG's nuclear generating stations determines the number of planned outages in a particular year. Outage cycles are designed to ensure continued safe and reliable long-term operations of the stations and their compliance with the CNSC's regulatory requirements. OPG continues to assess the 2020 planned outage schedule for the nuclear generating stations in response to the COVID-19 pandemic, which is discussed in the section, *Recent Developments* under the heading, *Response to COVID-19*.

The Darlington and Pickering nuclear generating stations have been designed to operate at full power as baseload generating facilities and therefore their electricity production is not intended to vary with changes in grid-supplied electricity demand.

Electricity Generation

OPG's electricity generation for the three months ended March 31, 2020 and 2019 was as follows:

(TWh)	Three Months Ended March 31	
	2020	2019
Regulated – Nuclear Generation	11.1	9.8
Regulated – Hydroelectric	8.2	8.2
Contracted and Other Generation ¹	1.4	1.1
Total OPG electricity generation	20.7	19.1

¹ Includes OPG's proportionate share of electricity generation from co-owned and minority-held facilities.

Total OPG electricity generation increased by 1.6 TWh for the three months ended March 31, 2020, primarily due to higher electricity generation from the Regulated – Nuclear Generation business segment.

The increase in electricity generation of 1.3 TWh from the Regulated – Nuclear Generation segment for the three months ended March 31, 2020, compared to the same period in 2019, was primarily due to fewer planned outage days at the Darlington nuclear GS (Darlington GS) in line with the station's cyclical maintenance schedule, partially offset by a higher number of planned outage days at the Pickering nuclear GS (Pickering GS).

The electricity generation from the Contracted and Other Generation business segment increased by 0.3 TWh for the three months ended March 31, 2020, primarily due to electricity generated from hydroelectric facilities in the US that were acquired in October 2019, partially offset by lower generation from the contracted facilities in Ontario reflecting lower electricity demand.

For the three months ended March 31, 2020, the electricity generation from the Regulated – Hydroelectric segment was comparable to the same period in 2019.

For the first quarter of 2020, Ontario's electricity demand as reported by the IESO was 34.4 TWh, compared to 35.7 TWh for the same period in 2019, excluding electricity exports out of the province.

Power that is surplus to the Ontario market is managed by the IESO, mainly through generation reductions at hydroelectric and certain nuclear stations, and other grid-connected renewable resources. Baseload generation surplus in Ontario was higher in the first quarter of 2020, compared to the same period in 2019. Production forgone at OPG's regulated hydroelectric stations due to SBG conditions was 0.7 TWh in the first quarter of 2020, compared to 0.3 TWh in the same quarter of 2019. The gross margin impact of production forgone at OPG's regulated hydroelectric stations due to SBG conditions was offset by the impact of a regulatory account authorized by the OEB. OPG did not forgo any electricity production at its nuclear generating stations due to SBG conditions.

Cash Flow from Operations

Cash flow provided by operating activities for the three months ended March 31, 2020 was \$717 million, compared to \$575 million for the same period in 2019. The increase was primarily due to higher cash receipts reflecting increased electricity production and higher OEB-approved base regulated price for the Regulated – Nuclear Generation business segment, and lower cash payments for income taxes.

Capital Expenditures

Capital expenditures for the three months ended March 31, 2020 and 2019 were as follows:

(millions of dollars)	Three Months Ended March 31	
	2020	2019
Regulated – Nuclear Generation – Excluding Darlington Refurbishment Project	81	76
Regulated – Nuclear Generation – Darlington Refurbishment Project	269	294
Regulated – Hydroelectric	58	37
Contracted and Other Generation	25	49
Other	16	18
Total capital expenditures ¹	449	474

¹ Includes net changes in accruals.

Total capital expenditures for the three months ended March 31, 2020 decreased by \$25 million compared to the same period in 2019, primarily due to lower expenditures on the Darlington Refurbishment project and in the Contracted and Other Generation business segment, partially offset by increased capital expenditure in the Regulated – Hydroelectric business segment.

The decrease in capital expenditures on the Darlington Refurbishment project of \$25 million reflected completion of construction activities and the transition to start-up activities on the refurbishment of Unit 2 of the Darlington GS in the first quarter of 2020. The decrease was partially offset by increased planning activities for the refurbishment of subsequent units. Excluding the Darlington Refurbishment project, capital expenditures for the Regulated – Nuclear Generation segment in the first quarter of 2020 were generally comparable to the same quarter in 2019.

The increase in capital expenditures for the Regulated – Hydroelectric segment of \$21 million mainly reflected higher expenditures on the Sir Adam Beck I GS Unit G1 and G2 Replacement and other projects at the Sir Adam Beck generating complex, and sustaining capital investments at the stations in the northwestern Ontario region, partially offset by lower expenditures on the Ranney Falls GS project.

The decrease in the capital expenditures of \$24 million for the Contracted and Other Generation segment primarily reflected lower expenditures as a result of the acquisition of the Little Quinnesec hydroelectric GS in the US in March 2019 and completion of work on the Nanticoke solar facility, which was placed in-service in the first quarter of 2019.

Further details on the Company's major projects can be found in the section, *Corporate Strategy, Core Business and Outlook* under the heading, *Project Excellence*.

Return on Equity Excluding Accumulated Other Comprehensive Income

ROE Excluding AOCI is an indicator of OPG's performance consistent with the Company's strategy to provide value to the Shareholder. ROE Excluding AOCI is measured over a 12-month period. ROE Excluding AOCI for the twelve months ended March 31, 2020 was 8.4 percent, compared to 8.2 percent for the twelve months ended December 31, 2019. The increase in ROE Excluding AOCI was primarily due to higher revenue from electricity generated by the Regulated – Nuclear Generation business segment during the first quarter of 2020.

Enterprise Total Generating Cost per Megawatt-Hour

Enterprise TGC per MWh is a measure of the overall cost performance of OPG's generating operations in Ontario. Enterprise TGC per MWh was \$45.70 for the three months ended March 31, 2020, compared to \$52.12 for the same period in 2019. The decrease in Enterprise TGC per MWh was primarily due to higher electricity generation and lower OM&A expenses from the Regulated – Nuclear Generation business segment, as a result of fewer outage days during the first quarter of 2020.

RECENT DEVELOPMENTS

Response to COVID-19

OPG continues to monitor and respond to the global outbreak of COVID-19, a novel strain of coronavirus, and has taken prompt action to protect the health and safety of the Company's employees, partners and communities against its spread. Although OPG's core business has not been fundamentally affected by the pandemic, the Company remains focused on mitigating the risks to its workers and essential operations posed by COVID-19 in order to ensure a continued safe and reliable supply of electricity to millions of end use consumers, including hospitals, businesses and homes. With enhanced safety measures based on guidance from health and other authorities, OPG continues to sustainably operate its nuclear, hydroelectric, thermal and solar fleet through the current crisis.

Actions taken by OPG in response to the risks posed by COVID-19 include the following:

- In March 2020, OPG launched a corporate wide Crisis Management Communications Centre (CMCC) and activated applicable business continuity and emergency preparedness plans. The primary function of the CMCC is to develop and oversee an enterprise-wide strategic response to an emergency situation and to coordinate related corporate communications. All key decisions related to the Company's response actions to the pandemic and its impact on OPG's operations are promptly routed through the CMCC.
- Beginning in the second half of March 2020, OPG implemented enhanced measures to safeguard the health and safety of its employees and contractors, including physical distancing, increased cleaning and sanitization protocols, a work from home strategy for employees not directly involved in operating the generating facilities and additional security measures. OPG's work from home strategy is supported by the Company's information technology infrastructure and enhanced cyber security protocols;
- On March 26, 2020, OPG announced a temporary delay of the planned start to refurbishment execution activities on Unit 3 of the Darlington GS as part of an effort to limit the number of people at the station, while completing the Unit 2 refurbishment and optimizing the station's operational and health protocols in response to the pandemic. Unit 3 currently continues to generate electricity to the grid;
- During the first of quarter 2020, OPG delayed or temporarily suspended non-essential site work on a number of projects and certain planned outages to limit the number of people at its facilities. Affected projects include the Ranney Falls GS, Sir Adam Beck I GS Unit G1 and G2 Replacement and Little Long Dam Safety projects, the decommissioning of former thermal generating stations, and a number of sustaining projects across the nuclear, hydroelectric and thermal fleet.

OPG is preparing plans to mitigate the effects on project and other activities when deferred work resumes. The Company is also developing contingency plans and operating strategies to support ongoing safe and effective execution of work in the event of an extended pandemic. In the near term, the Company anticipates the COVID-19 response measures to result in lower than planned capital expenditures and, in the second quarter of 2020, higher than planned electricity generation from the temporary delay of refurbishment execution activities on Unit 3 of the Darlington GS and certain other planned outage activities. Further details on the Company's outlook in the context of the COVID-19 pandemic can be found in the section, *Corporate Strategy, Core Business and Outlook* under the heading, *Outlook*.

To date, OPG's preparedness plans and response actions have been effective in managing the risks of the COVID-19 outbreak and ensuring uninterrupted operation of the Company's generating facilities in support of Ontario's response to this emergency. OPG continues to monitor the evolving public health situation, including any impact on electricity demand, critical vendors and supply chains, the Company's workforce, and financial market conditions, as well as any government policy and regulatory actions.

Recent Developments in Project Excellence

Darlington Refurbishment

In October 2016, OPG commenced the refurbishment of the first Darlington GS unit, Unit 2, as part of the Darlington Refurbishment project. The final segment of the Unit 2 refurbishment commenced in November 2019 and is currently underway. Construction work was completed in March 2020 and the start-up activities are in progress. On April 5, 2020 and May 2, 2020, respectively, OPG received CNSC approvals to proceed with the removal of the Unit 2 Guaranteed Shutdown State and increase reactor power above 1 percent of full power up to 35 percent of full power. The project is currently working toward the next regulatory approval from the CNSC, which will allow OPG to increase reactor power above 35 percent of full power, paving the way for Unit 2 to return to full power. Unit 2 is expected to return to service in May 2020.

Recent Developments in Financial Strength

Acquisition of Portfolio of Natural Gas-Fired Assets in Ontario

On April 29, 2020, OPG, under a new wholly-owned subsidiary operating as Atura Power, closed the previously announced acquisition of a portfolio of combined-cycle natural gas-fired plants in Ontario from TC Energy for approximately \$2.8 billion, subject to customary closing adjustments. The portfolio includes the 900 MW Napanee GS, the 683 MW Halton Hills GS, and the remaining 50 percent interest in the 550 MW PEC. The acquisition closed following receipt of various regulatory approvals and the commencement of commercial operations at the Napanee GS. In connection with the closing of the acquisition, certain post-closing activities were identified at the Napanee GS that, upon occurrence, would be reimbursed by TC Energy.

All of the assets being acquired from TC Energy operate under ESAs with the IESO, with expiry dates ranging from 2029 to 2040. The electricity generation from these assets is an important component of maintaining the current and future reliability of Ontario's electricity system and enabling variable sources of renewable generation in the province.

Since entering into the purchase agreement in July 2019, OPG has been developing and executing on detailed integration readiness plans to prepare for effective and timely transition of the acquired facilities to Atura Power. The initial post-closing integration activities are tracking in accordance with the plans.

In addition to the assets acquired as part of this transaction, the 560 MW combined-cycle natural-gas fired Brighton Beach GS acquired in August 2019 will also be operated under the Atura Power brand. Atura Power will participate in the Ontario electricity market separately from OPG's existing operations.

Green Bond Offering

On April 8, 2020, OPG issued a third and fourth green bond offering under its Medium Term Note Program. The issuance, totalling \$1.2 billion, consisted of \$400 million of senior notes maturing in April 2025 with a coupon interest rate of 2.89 percent and \$800 million of senior notes maturing in April 2030 with a coupon interest rate of 3.22 percent. The net proceeds from the issuance will be used to finance or re-finance eligible projects as defined under OPG's Green Bond Framework, primarily the October 2019 acquisition of Cube Hydro Partners, LLC and affiliate Helix Partners, LLC (collectively, Cube Hydro). OPG's Green Bond Framework encompasses projects that offer tangible environmental benefits.

Recent Developments in Social Licence

Together we will #PowerON

The COVID-19 pandemic is an unprecedented challenge for all Ontarians. OPG's message, "Together we will #PowerON", reflects the Company's commitment to powering Ontario and helping in the fight against COVID-19.

In response to needs across the province, OPG has made a number of contributions to communities, including the donation of more than one million surgical masks, 75,000 N95 masks and 17,500 Tyvek protective suits, and utilizing 3D printing technology to support production of plastic face shields as personal protective equipment for frontline healthcare workers. As of the date of this MD&A, the Company has also made financial donations totalling \$900,000 to Feed Ontario, the Regional Food Distribution Association of Northwestern Ontario and Feed the Need in Durham to provide emergency food support to Indigenous communities and other vulnerable individuals and families impacted by the COVID-19 crisis.

CORPORATE STRATEGY, CORE BUSINESS AND OUTLOOK

The discussion in this section is qualified in its entirety by the cautionary statements included in the section, *Forward-Looking Statements* at the beginning of the MD&A.

OPG's mission is to provide low cost power in a safe, clean, reliable and sustainable manner for the benefit of the customers and Shareholder.

The following sections provide an update to OPG's disclosures in the 2019 annual MD&A related to its four business imperatives – operational excellence, project excellence, financial strength, and social licence. A detailed discussion of these imperatives as part of OPG's corporate strategy is included in the 2019 annual MD&A in the sections, *Corporate Strategy* and *Core Business and Outlook*.



Operational Excellence

Operational excellence at OPG is accomplished by the safe and environmentally responsible generation of reliable and cost-effective electricity from the Company's assets through a highly trained and engaged workforce. Workplace safety and public safety are overriding priorities in all activities performed at OPG.

Electricity Generation Production and Reliability

- In response to the COVID-19 pandemic, OPG activated its Infectious Disease Incident Response Team (IDIRT) during the first quarter of 2020, in addition to the CMCC. The IDIRT supports risk assessments and recommends mitigating actions and corporate level response in an event of an incident involving an infectious disease. Through the IDIRT and the CMCC, OPG has implemented emergency response procedures to ensure that the Company continues to maintain a safe and reliable supply of electricity from its generating facilities, safeguards the health of workers and manages the impact of water conditions through spring freshet during the pandemic, while supporting communities and front-line health-care workers.
- OPG continues to safely and effectively manage the impact of the spring freshet, a seasonal increase in water level due to snow melt and rainfall. During the first quarter of 2020, OPG took a proactive approach to communicating information about the freshet by holding water management plan education sessions and town halls for key stakeholders and communities along the river systems on which the Company operates. In addition, OPG launched an online public education portal explaining OPG's role in water management and the impact on the Company's operations during the freshet period. The portal can be found at www.opg.com/water.



Project Excellence

OPG is pursuing a number of generation development and other projects to maximize the value of and expand its generating fleet to support Ontario's electricity system. OPG strives for excellence in the planning and delivery of all capital and maintenance projects across the Company.

The status updates for OPG's major projects as at March 31, 2020 are outlined below. In line with enhanced safety measures implemented beginning in the second half of March 2020 in response to the COVID-19 pandemic, a number of project activities have been delayed or temporarily suspended. OPG is assessing the impact of the evolving public health situation on project timelines and preparing plans to mitigate the effects of the delays as deferred work resumes.

Project (millions of dollars)	Capital expenditures		Approved budget	Expected in-service date	Current status
	Year-to-date	Life-to-date			
Darlington Refurbishment	269	6,933	12,800 ¹	First unit - 2020 Last unit - 2026	The project completed construction work on Unit 2 in March 2020 and is currently executing start-up activities. Unit 2 is expected to return to service in May 2020. In response to the COVID-19 pandemic, the commencement of Unit 3 refurbishment execution activities has been temporarily delayed from May 2020, with the unit continuing to generate electricity to the grid. The overall project is currently tracking to the \$12.8 billion budget.
Little Long Dam Safety Project	6	14	650	2023	OPG continued the procurement of critical materials and advanced detailed engineering, construction design and permitting activities during the first quarter of 2020. Project site work is currently suspended in response to the COVID-19 pandemic, and OPG is assessing any resulting impact to the project.
Ranney Falls Hydroelectric GS	1	71	77	2020	OPG continued commissioning activities on the new 10 MW single-unit powerhouse during the first quarter of 2020. Project site work has been delayed in response to the COVID-19 pandemic, and OPG is assessing resulting impacts to project completion timelines. The project continues to track on budget.
Sir Adam Beck I GS G1 and G2 Replacement	10	27	120-150 ²	2022	During the first quarter of 2020, OPG continued front-end engineering design activities and procurement of long lead materials. Project site work is currently suspended in response to the COVID-19 pandemic and OPG is assessing any resulting impact to the project.

¹ The total project budget of \$12.8 billion is for the refurbishment of all four units at the Darlington GS.

² The project has a total estimated cost in the range of \$120 million to \$150 million. The detailed cost commitments for the project were in the process of being finalized prior to the suspension of site work in response to COVID-19 and will be re-assessed as part of plans to resume the work.

Darlington Refurbishment

The Darlington GS generating units are approaching their originally designed end-of-life. Refurbishment of the four generating units is expected to extend the operating life of the station by at least 30 years. The budget for the four-unit refurbishment is \$12.8 billion, which includes the costs of the pre-requisite projects in support of the execution phase of the refurbishment. The first refurbished unit, Unit 2, is expected to be returned to service in May 2020 and the last unit is scheduled to be completed in 2026. The overall project is currently tracking to the \$12.8 billion budget.

The final major segment of the Unit 2 refurbishment, Power Up, commenced in November 2019 and is currently underway. New fuel was loaded into the reactor in November 2019, the Primary Heat Transport System was successfully filled with heavy water in January 2020, and Vault Restoration was completed in March 2020, signifying the completion of construction work, full reconnection of Unit 2 to the station, and transition of the unit to start-up activities. On April 5, 2020, OPG received approval from the CNSC to proceed with the removal of the Unit 2 Guaranteed Shutdown State, which occurred on April 8, 2020, with first criticality achieved on April 9, 2020. On May 2, 2020, OPG received approval from the CNSC to increase reactor power above 1 percent of full power up to 35 percent of full power. The project is currently working toward the next regulatory approval from the CNSC, which will allow OPG to increase reactor power above 35 percent of full power, paving the way for Unit 2 to return to full power. Unit 2 will return to service after full power has been achieved, supporting a reliable supply of electricity in Ontario through the COVID-19 pandemic.

The 2020 work to fulfil the CNSC requirements set out in the Integrated Implementation Plan (IIP) for the return to service of Unit 2 has been completed. The IIP contains actions previously identified as part of a series of assessments undertaken by OPG in line with applicable CNSC regulatory requirements related to life extensions of nuclear plants.

Prior to the COVID-19 pandemic, readiness activities were on track to begin refurbishment execution on the station's Unit 3 in May 2020 as scheduled. As part of response measures to the pandemic, and to help ensure a stable supply of electricity to Ontario during this crisis, OPG announced its decision to postpone the start of Unit 3 refurbishment on March 26, 2020, with the unit continuing to generate electricity to the grid. This allowed the Company to limit the number of people at the station, while completing construction work on Unit 2 and optimizing the station's operational and health protocols in response to the pandemic. Subject to the state of the pandemic, OPG is preparing to remobilize project vendors and resume training and on-boarding activities in May 2020 and resume pre-requisite fieldwork activities in June 2020, in order to facilitate the safe commencement of Unit 3 refurbishment, with de-fuelling beginning in September 2020. The revised timeline will maintain the project's overall schedule to refurbish all four Darlington GS units by 2026. As of March 31, 2020, \$602 million has been invested in planning and pre-requisite activities related to the Unit 3 refurbishment.

Upgrade and Rehabilitation of Hydroelectric Generating Stations

OPG continues to make investments in its existing hydroelectric generating fleet. In addition to the major projects discussed above, OPG continued work on the following projects during the first quarter of 2020:

- Completed the minimum flow unit at the Swinging Bridge GS, which was placed in service in February 2020;
- Completed the overhaul and upgrade of Unit 2 of the High Rock GS, which was placed in service in February 2020;
- Prior to the temporary suspension of work in response to the COVID-19 pandemic, initiated the execution phase for the redevelopment of the Calabogie GS to install a new 11 MW unit, doubling the storm-damaged station's original capacity to optimize power generation at the site;
- Prior to the temporary suspension of work in response to the COVID-19 pandemic, initiated execution phase work for the overhaul and upgrade of Unit 5 of the Sir Adam Beck I GS to ensure continued reliable operations for the next 30 years; and
- Continued definition phase work on the overhaul and upgrade of the R.H. Saunders GS units.

Deep Geologic Repository for Low and Intermediate Level Waste

On January 31, 2020, Saugeen Ojibway Nation (SON) members voted not to support OPG's proposed project to construct a deep geologic repository (DGR) for low and intermediate level irradiated waste (L&ILW) on lands adjacent to the Western Waste Management Facility (WWMF) in Kincardine, Ontario. Developing a DGR for L&ILW at this site was OPG's preferred solution for the safe long-term management of the L&ILW. OPG respects the decision of the SON community and will uphold its earlier commitment not to proceed with the project at the site without SON's support. OPG will explore alternative solutions for the safe long-term management of L&ILW and will engage with key stakeholders on any new site selection process. Any new site selection process will include engagement with Indigenous communities as well as interested municipalities. Due to significant uncertainties associated with potential alternative solutions and the estimation of their cost at the present time, including factors beyond the Company's control, no adjustment to the Company's nuclear fixed asset removal and nuclear waste management liabilities (Nuclear Liabilities) has been recorded as a result of the SON community vote.



Financial Strength

As a commercial enterprise, OPG's financial priority is to ensure a consistent level of strong financial performance that delivers an appropriate level of return on the Shareholder's investment and supports expansion of the business.

Increasing Revenue, Reducing Costs and Achieving Appropriate Return

In line with its commercial mandate, OPG's financial focus is on increasing revenue and net income and achieving an appropriate return on the Shareholder's investment, while taking into account the impact on electricity customers by seeking further efficiencies in the Company's cost structure and supporting communities.

For regulated operations, achievement of the above objectives is largely dependent on outcomes of applications for regulated prices to the OEB and prudent growth of rate base earning a return. Rate base for OPG represents the average net level of investment in regulated fixed and intangible assets in service and an allowance for working capital. OPG has been focused on demonstrating in its applications for regulated prices that the costs required to operate and invest in the Company's regulated assets are reasonable and being prudently incurred and should be fully recovered, and that the Shareholder's investment in these assets should earn an appropriate return. For further information on OEB-approved rate base levels, refer to OPG's 2019 annual MD&A in the section, *Revenue Mechanisms for Regulated and Non-Regulated Generation*.

The following table presents the OEB-authorized regulated prices for electricity generated from the regulated facilities in Ontario for the period from January 1, 2019 to December 31, 2021 in effect as of the date of this MD&A:

(\$/MWh)	2019	2020	2021
Regulated – Nuclear Generation			
Base regulated price ¹	77.00	85.00	89.70
Interim period shortfall rider ²	7.71	5.64	-
Deferral and variance account rate riders ³	4.99	4.32	6.13
Total regulated price	89.70	94.96	95.83
Regulated – Hydroelectric			
Base regulated price ⁴	42.51	43.15	n/a
Interim period shortfall rider ²	0.35	0.24	-
Deferral and variance account rate riders ³	2.60	2.26	2.05
Total regulated price	45.46	45.65	n/a

¹ Base regulated prices for the nuclear facilities were established using a rate smoothing approach that may defer a portion of each year's approved nuclear revenue requirement for future collection in the Rate Smoothing Deferral Account. Base regulated prices for the nuclear facilities do not include amounts deferred in the Rate Smoothing Deferral Account.

² In its payment amounts order issued in March 2018, the OEB authorized separate rate riders on OPG's regulated electricity generation to allow for the recovery of the revenue shortfall between the base regulated prices approved with an effective date of June 1, 2017 and the previously approved base regulated prices that OPG continued to receive during the interim period between June 1, 2017 and February 28, 2018. The interim period revenue shortfall amount approved for recovery was recognized as an increase to revenue and a regulatory asset and is being collected through rate riders over the March 1, 2018 to December 31, 2020 period. The OEB determined that there will be no true up mechanism for differences in recovery of the approved interim period revenue shortfall due to differences between forecasted electricity generation used to set the rate riders and actual electricity generation upon which the rate riders are collected.

³ Differences in recovery of the approved regulatory account balances due to differences between forecasted electricity generation used to set the rate riders and actual electricity generation upon which the rate riders are collected are trueed-up with customers through OEB-authorized variance accounts.

⁴ Base regulated prices for regulated hydroelectric facilities for 2021 will be determined through a formulaic adjustment using the OEB-approved incentive regulation formula and OEB-published inflation indices.

Pursuant to the OEB's March 2018 payment amounts order, \$102 million of approved nuclear revenue requirement was deferred in the Rate Smoothing Deferral Account for future collection in 2019 and \$391 million is to be deferred in 2020. The OEB determined that no portion of the nuclear revenue requirement would be deferred for 2021. During the three month period ended March 31, 2020, \$98 million was deferred for future collection in the Rate Smoothing Deferral Account and recorded as revenue in the Regulated – Nuclear Generation business segment, compared to \$26 million during the same period in 2019.

On March 23, 2020, the Ministry of Energy, Northern Development and Mines proposed two amendments to *Ontario Regulation 53/05* under the *Ontario Energy Board Act, 1998*. The regulation sets out certain requirements the OEB must follow in setting regulated prices for OPG's prescribed facilities. The first proposed amendment would set OPG's hydroelectric regulated price for the period from January 1, 2022 to December 31, 2026 at the 2021 regulated price anticipated to be established by the OEB later in 2020. The second proposed amendment would require OPG to establish a deferral account to track incurred costs associated with the shutdown of the Pickering GS. OPG would be required to seek OEB's approval to recover those costs from electricity rates in a rate-setting period after the 2022-2026 period. OPG would only be able to collect incurred costs that are approved by the OEB through a prudence review. These regulation amendments are undergoing a 60-day public comment period, ending on May 22, 2020.

On March 25, 2020, the OEB issued an order that established a deferral account for Ontario's electricity and natural gas distributors to record lost revenues and incremental costs related to the COVID-19 pandemic, effective March 24, 2020. On April 29, 2020, the OEB confirmed the applicability of the deferral account to OPG and electricity transmitters. The OEB stated that it has not yet made a determination on the nature of revenue or costs that will be recoverable through the deferral account and will assess any amounts recorded in the account at the time they are requested for disposition. OPG is evaluating the impact of the deferral account order in the context of the COVID-19 impacts on its regulated operations.

For generation assets that do not form part of the rate regulated operations, OPG seeks to secure long-term revenue arrangements that support an appropriate return on the investment. In line with this strategy, all of OPG's non-regulated facilities in Ontario, including the portfolio of natural gas-fired plants acquired on April 29, 2020, are subject to ESAs with the IESO or other long-term contracts.

Ensuring Availability of Cost Effective Funding

OPG actively monitors its funding requirements and forecasts availability of funds to ensure that it can meet the Company's operational needs, project and other commitments and long-term obligations. In addition to funds generated from operations, OPG utilizes the following primary funding sources: commercial paper; securitization of assets; letters of credit; credit facilities; long-term debt sourced from the Ontario Electricity Financial Corporation (OEFC); public debt offerings; and private placement project financing.

The Company's financing strategy leverages the strength of its balance sheet to obtain cost effective long-term corporate debt. OPG also accesses the capital markets for private placement project financing, secured by the assets of the project, where the characteristics of the project support such financing.

Credit Ratings

Maintaining an investment grade credit rating supports OPG's ability to access cost effective financing. As at March 31, 2020, the Company's credit ratings were as follows:

Type of Rating	DBRS Limited (DBRS)	S&P Global Ratings (S&P)	Moody's Investor Service (Moody's)
Senior unsecured debt	A (low)	BBB+	A3
(Trend/Outlook)	(Stable)	(Negative)	(Stable)
Commercial paper program – Canada	R-1 (low)	A-1 (low)	NR ¹
Commercial paper program – US	NR ¹	A-2	P-2

¹ NR indicates no rating assigned.

In April 2020, DBRS confirmed both OPG's senior unsecured debt rating at A (low) and commercial paper rating at R-1 (low), all with stable trends.

Additional discussion of the Company's credit facilities and liquidity can be found in the section, *Liquidity and Capital Resources*.



Social Licence

OPG holds itself accountable to the public and its employees, and continues to focus on maintaining public trust. OPG is committed to maintaining high standards of public safety and corporate citizenship, including environmental stewardship, transparency, community engagement and Indigenous relations, and strives to be a leader in climate change mitigation.

In addition to OPG's response to the COVID-19 pandemic discussed in the section, *Recent Developments* under the heading, *Recent Developments in Social Licence – Together we will #PowerON*, further details on social licence activities and initiatives can be found in the section, *Environmental, Social, Governance and Sustainability*.

Outlook

Operating Performance

OPG's financial results are driven, in large part, by the OEB's decisions related to OPG's regulated prices and the generation performance of the nuclear and hydroelectric fleet.

The net income for the 2020 year is expected to continue to reflect an increase in revenue from the combination of higher OEB-approved nuclear base regulated price and higher OEB-approved amounts deferred to the Rate Smoothing Deferral Account, compared to 2019. The Company also anticipates higher than planned electricity generation from the Regulated – Nuclear Generation business segment in the second quarter of 2020 as a result of the temporary delay in the commencement of the Unit 3 refurbishment and deferral of certain other planned outage activities in response to the COVID-19 outbreak. However, the Company's overall electricity generation and revenue for the 2020 year cannot be forecasted with reasonable certainty at this time due to the ongoing pandemic. OPG's response to COVID-19 is discussed in the section, *Recent Developments* under the heading, *Response to COVID-19*.

Several regulatory accounts are expected to continue to reduce the relative variability of the regulated business segments' contribution to the Company's net income, particularly for the Regulated – Hydroelectric business segment. This includes accounts that capture the gross margin impact of variability in water flows and forgone production due to SBG conditions at the regulated hydroelectric stations. OPG is evaluating the impact of the deferral account to record lost revenues and incremental costs related to the COVID-19 pandemic, which the OEB confirmed as applicable to OPG on April 29, 2020.

The ESAs and other contracts in place for the existing non-regulated assets reported in the Contracted and Other Generation business segment are expected to continue to contribute a generally stable level of earnings. Earnings from the US hydroelectric facilities not subject to contracts are expected to be lower than originally forecasted for the 2020 year, due to lower wholesale spot electricity prices currently experienced in the US markets. OPG continues to monitor the effect of lower electricity market prices on its US operations. The acquisition of a portfolio of natural gas-fired assets on April 29, 2020 will result in additional net income relative to 2019.

Enterprise Total Generating Cost

As outlined in the 2019 annual MD&A, OPG originally forecasted the Enterprise TGC to be higher in 2020, compared to 2019, due to lower electricity generation from the Regulated – Nuclear Generation segment and an increase in OM&A expenses associated with increased planned outage activity at the Pickering GS. Although currently anticipated higher than planned nuclear electricity generation in the second quarter of 2020 and lower than planned capital expenditures discussed below will act to decrease Enterprise TGC, the ultimate impact of the current pandemic on Enterprise TGC for the 2020 year cannot be forecasted with reasonable certainty at this time.

Consistent with prior periods, lower nuclear electricity generation due to Darlington GS refurbishment outages will continue to negatively impact the Enterprise TGC for the duration of the project. The Enterprise TGC can also be negatively affected by lower hydroelectric generation due to outages for various major rehabilitation and operational projects. Variability in the sustaining capital expenditure program, planned nuclear outages and water flows also contributes to period-over-period fluctuations in the Enterprise TGC results.

Nuclear Segregated Funds

OPG's operating results are affected by earnings on the Nuclear Segregated Funds established under the Ontario Nuclear Funds Agreement (ONFA) between OPG and the Province, as part of the Regulated – Nuclear Waste Management business segment. While the Nuclear Segregated Funds are managed to achieve, in the long term, the target rate of return based on the discount rate specified in the ONFA, rates of return earned in a given period are subject to volatility due to financial market conditions as well as changes in the Ontario consumer price index (CPI), which affects earnings on the portion of the Used Fuel Segregated Fund guaranteed by the Province. This volatility can cause fluctuations in the Company's income in the short term. The volatility is reduced by the impact of an OEB-authorized regulatory account and during periods when the funds are in a fully funded or overfunded position.

As at March 31, 2020, the Decommissioning Segregated Fund was overfunded by approximately 19 percent and the Used Fuel Segregated Fund was underfunded by approximately 1 percent, compared to being overfunded by approximately 30 percent and approximately 1 percent, respectively, as at December 31, 2019. Variability in asset performance due to volatility in financial markets and changes in Ontario CPI, as a result of changes in global economic conditions through the COVID-19 pandemic or otherwise, or changes in funding liability estimates when the ONFA reference plan is updated, may reduce the funded status of either or both funds in the future. No overall contributions to the Nuclear Segregated Funds are expected until the end of 2021, when the ONFA reference plan is currently scheduled to be updated.

Capital Expenditures

As outlined in the 2019 annual MD&A, OPG originally forecasted total capital expenditures of approximately \$2.2 billion for the 2020 year. As discussed in the sections, *Recent Developments* under the heading, *Response to COVID-19* and *Corporate Strategy, Core Business and Outlook* under the heading, *Project Excellence*, OPG has suspended or deferred on-site activities for a number of projects, including temporarily delaying the commencement of the Unit 3 refurbishment at the Darlington GS, in response to the COVID-19 pandemic. While OPG is preparing plans to mitigate the effects of this interruption and resume activities as the public health situation evolves, total capital expenditures for the year are currently expected to be lower than the original forecast of \$2.2 billion, but cannot be forecasted with reasonable certainty at this time.

Financing and Liquidity

As discussed in the section, *Liquidity and Capital Resources* under the heading, *Financing Activities* and the 2019 annual MD&A, OPG has secured a number of additional liquidity sources since announcing an agreement to acquire a portfolio of natural gas-fired generating assets from TC Energy in July 2019. Taking into account the closing of the acquisition and the originally planned capital expenditure program for the 2020 year, OPG expects existing funding sources to continue to be sufficient to meet financing requirements and support ongoing liquidity. Further details on OPG's credit facilities can be found in the section, *Liquidity and Capital Resources*.

DISCUSSION OF OPERATING RESULTS BY BUSINESS SEGMENT

Regulated – Nuclear Generation Segment

	Three Months Ended March 31	
(millions of dollars – except where noted)	2020	2019
<i>Electricity generation (TWh)</i>	11.1	9.8
Revenue	1,127	885
Fuel expense	76	70
Gross margin	1,051	815
Operations, maintenance and administration	576	622
Property taxes	7	6
Earnings before interest, income taxes, depreciation and amortization	468	187
Depreciation and amortization	204	167
Earnings before interest and income taxes	264	20

Earnings before interest and income taxes from the segment increased by \$244 million in first quarter of 2020 compared to the same quarter in 2019. The increase was primarily due to higher revenue of approximately \$94 million as a result of higher generation of 1.3 TWh, due to fewer planned outage days, and increases in revenue of approximately \$90 million from a higher base regulated price and \$72 million from higher amounts deferred in the Rate Smoothing Deferral Account for future collection. The increase in the base regulated price and rate smoothing deferrals, approved by the OEB in its March 2018 order on OPG's regulated prices for the 2017-2021 period, includes an increase in rate base to allow for recovery of OPG's investment in the Darlington Refurbishment project.

The increase in segment earnings was also partially due to lower OM&A expenses, mainly due to lower outage-related activity.

Higher depreciation and amortization expenses relate mainly to higher amounts recorded as refundable to customers through regulatory accounts during the first quarter of 2020. These amounts, as well as higher amounts refundable to customers recorded in net interest expense and income tax expense during the first quarter of 2020, represent amounts being recovered through the nuclear base regulated price for OPG's investment in the Unit 2 refurbishment of the Darlington GS, which is reflected in the regulated price with an earlier return to service date than currently expected. These amounts partially offset the above increases in revenue from the higher base regulated price and rate smoothing deferrals.

The planned and unplanned outage days at the Darlington and Pickering nuclear generating stations were as follows:

	Three Months Ended March 31	
	2020	2019
Planned Outage Days		
Darlington GS ¹	-	74.0
Pickering GS	105.6	63.4
Unplanned Outage Days		
Darlington GS ¹	2.2	-
Pickering GS	4.3	8.8

¹ The planned and unplanned outage days exclude unit(s) during the period in which they are undergoing refurbishment. Accordingly, Unit 2 of the Darlington GS, which was taken offline in October 2016 for refurbishment, has been excluded from the reported planned and unplanned outage days.

Year-over-year changes in the number of planned outage days are driven by each station's cyclical maintenance schedule and the Company's execution of planned outage work. The number of unplanned outage days at both stations in the first quarter of 2020 was comparable to the same quarter in 2019.

The Unit Capability Factors for the Darlington and Pickering nuclear generating stations were as follows:

	Three Months Ended March 31	
	2020	2019
Unit Capability Factor (%) ¹		
Darlington GS	99.3	72.6
Pickering GS	79.9	86.7

¹ The nuclear Unit Capability Factor excludes unit(s) during the period in which they are undergoing refurbishment. Accordingly, Unit 2 of the Darlington GS has been excluded from this measure since October 2016, when it was taken offline for refurbishment. The nuclear Unit Capability Factor is defined in the section, *Key Operating Performance Indicators and Non-GAAP Financial Measures*.

The higher Unit Capability Factor at the Darlington GS in the first quarter of 2020 compared to the same quarter in 2019 reflected fewer planned outage days, in line with the station's cyclical maintenance schedule.

The lower Unit Capability Factor at the Pickering GS the first quarter of 2020 compared to the same quarter in 2019 reflected a higher number of planned outage days, in line with the station's cyclical maintenance schedule.

Regulated – Nuclear Waste Management Segment

	Three Months Ended March 31	
<i>(millions of dollars)</i>	2020	2019
Revenue	37	31
Operations, maintenance and administration	37	31
Accretion on nuclear fixed asset removal and nuclear waste management liabilities	261	252
Earnings on nuclear fixed asset removal and nuclear waste management funds	(171)	(220)
Loss before interest and income taxes	(90)	(32)

Loss before interest and income taxes from the segment was \$90 million in the first quarter of 2020, compared to \$32 million in the same quarter in 2019, representing a decrease in earnings of \$58 million. The decrease was primarily due to lower earnings on the Nuclear Segregated Funds of \$49 million, net of regulatory account impact, primarily from the reduction in the market value of investments held in the Used Fuel Segregated Fund as at March 31, 2020. Earnings on the Used Fuel Segregated Fund in the first quarter of 2020 were impacted by changes in the market value of investments as the fund was in a marginally underfunded position during the period. The Used Fuel Segregated Fund was in an overfunded position during the first quarter of 2019, and therefore earnings on the fund were not impacted by market returns.

The market value of investments held in the Decommissioning Segregated Fund also declined as at March 31, 2020. However, as the Decommissioning Segregated Fund remained in an overfunded position during the first quarter of 2020 and the same period in 2019, earnings on the fund in both periods were not impacted by market returns. Further details on the accounting policy for the Nuclear Segregated Funds can be found in the section, *Critical Accounting Policies and Estimates* in OPG's 2019 annual MD&A.

The reduction in the market value of Nuclear Segregated Funds' investments during the first quarter of 2020 reflected weakened financial market conditions during the COVID-19 pandemic.

Regulated – Hydroelectric Segment

	Three Months Ended March 31	
(millions of dollars – except where noted)	2020	2019
Electricity generation (TWh)	8.2	8.2
Revenue ¹	392	381
Fuel expense	67	66
Gross margin	325	315
Operations, maintenance and administration	74	77
Other losses	-	1
Earnings before interest, income taxes, depreciation and amortization	251	237
Depreciation and amortization	54	57
Earnings before interest and income taxes	197	180

¹ During the three month periods ended March 31, 2020 and 2019, the Regulated – Hydroelectric segment revenue included incentive payments of \$2 million and \$5 million, respectively, related to the OEB-approved hydroelectric incentive mechanism. The mechanism provides a pricing incentive to OPG to shift hydroelectric production from lower market price periods to higher market price periods, reducing the overall costs to customers. The incentive payments are reduced to remove incentive revenues arising in connection with SBG conditions.

Earnings before interest and income taxes from the segment increased by \$17 million for the three months ended March 31, 2020, compared to the same period in 2019. The increase was primarily due to higher revenue reflecting an increase in the base regulated price approved by the OEB in December 2019 pursuant to an annual formulaic adjustment effective January 1, 2020, lower production impact of outages, and lower OM&A expenses from a decrease in project expenses.

Lower rate riders for the recovery of regulatory account balance in effect during the first quarter of 2020 reduced segment revenue compared to the same period in 2019. This decrease in revenue was largely offset by a corresponding decrease in the amortization expense related to these balances.

The Hydroelectric Availability for the generating stations reported in the Regulated – Hydroelectric segment was as follows:

	Three Months Ended March 31	
	2020	2019
Hydroelectric Availability (%) ¹	89.8	90.1

¹ The Hydroelectric Availability is defined in the section, *Key Operating Performance Indicators and Non-GAAP Financial Measures*.

The Hydroelectric Availability decreased marginally for the three months ended March 31, 2020, compared to the same period in 2019, primarily due to a higher number of unplanned outages at regulated hydroelectric generating stations in the south-central and eastern Ontario regions, largely offset by fewer planned outages at the regulated hydroelectric generating stations in the eastern Ontario region.

Contracted and Other Generation Segment

	Three Months Ended March 31	
(millions of dollars – except where noted)	2020	2019
<i>Electricity generation (TWh)</i>	1.4	1.1
Revenue	190	155
Fuel expense	10	12
Gross margin	180	143
Operations, maintenance and administration	57	50
Accretion on fixed asset removal liabilities	2	2
Property taxes	5	3
Income from investments subject to significant influence	(8)	(13)
Other gains	(1)	-
Earnings before interest, income taxes, depreciation and amortization	125	101
Depreciation and amortization	45	30
Earnings before interest and income taxes	80	71

Earnings before interest and income taxes from the segment increased by \$9 million for the three months ended March 31, 2020, compared to the same period in 2019. The increase was primarily due to revenue from the US hydroelectric facilities acquired in October 2019 and from the acquisition of the remaining 50 percent of the Brighton Beach GS in August 2019, partially offset by OM&A and depreciation expenses related to these facilities.

Earnings from the US hydroelectric facilities during the first quarter of 2020 were negatively impacted by lower than expected wholesale spot electricity market prices.

The Hydroelectric Availability and the Thermal Equivalent Forced Outage Rate (EFOR) for the generating stations within the Contracted and Other Generation segment operated by OPG were as follows:

	Three Months Ended March 31	
	2020	2019
Hydroelectric Availability (%) ¹	89.5	86.5
Thermal EFOR (%) ²	4.4	6.8

¹ The Hydroelectric Availability reflects hydroelectric generating stations in Ontario. US hydroelectric generating operations are not reflected in these results. The Hydroelectric Availability is defined in the section, *Key Operating Performance Indicators and Non-GAAP Financial Measures*.

² The Thermal EFOR reflects OPG's wholly-owned thermal stations, other than the Brighton Beach GS acquired in August 2019.

The Hydroelectric Availability increased for the three months ended March 31, 2020, compared to the same period in 2019, primarily due to fewer planned outage days at the Lower Mattagami generating stations located in the northeastern Ontario region.

The Thermal EFOR decreased for the three months ended March 31, 2020, compared to the same period in 2019, primarily due to fewer unplanned outage days at the Lennox GS.

LIQUIDITY AND CAPITAL RESOURCES

OPG maintains a range of funding sources to ensure sufficient liquidity and meet financing requirements, as discussed in the section, *Corporate Strategy, Core Business and Outlook* under the heading, *Financial Strength – Ensuring Availability of Cost Effective Funding*. These sources are used for multiple purposes including: to invest in plants and technologies, undertake major projects and business acquisitions, fund long-term obligations such as contributions to the pension fund and the Nuclear Segregated Funds, make payments under the OPEB plans, fund expenditures on Nuclear Liabilities not eligible for reimbursement from the Nuclear Segregated Funds, service and repay long-term debt, and provide general working capital.

Changes in cash and cash equivalents for the three months ended March 31, 2020 and 2019 were as follows:

(millions of dollars)	Three Months Ended March 31	
	2020	2019
Cash, cash equivalents and restricted cash, beginning of period	498	313
Cash flow provided by operating activities	717	575
Cash flow used in investing activities	(459)	(553)
Cash flow provided by financing activities	368	177
Effect of exchange rate changes on cash, cash equivalents and restricted cash	4	(1)
Net increase in cash, cash equivalents and restricted cash	630	198
Cash and cash equivalents and restricted cash, end of period	1,128	511

For a discussion of cash flow provided by operating activities, refer to the details in the section, *Highlights* under the heading, *Overview of Results*.

Investing Activities

Cash flow used in investing activities for the three months ended March 31, 2020 decreased by \$94 million, compared to the same period in 2019. The decrease was due to lower investments in fixed assets, primarily due to completion of construction activities and the transition to start-up activities on the refurbishment of Unit 2 of the Darlington GS in the first quarter of 2020.

Financing Activities

Cash flow provided by financing activities for the three months ended March 31, 2020 increased by \$191 million compared to the same period in 2019. The increase was primarily due to net issuance of short-term debt and the issuance of senior notes payable to the OEFC totalling \$400 million during the first quarter of 2020, partially offset by the issuance of green bonds under the Company's Medium Term Note Program in January 2019 and repayments of long-term debt payable to the OEFC during the first quarter of 2020.

As at March 31, 2020, the Company had the following committed credit facilities:

<i>(millions of dollars)</i>		Amount
Bank facilities:		
Corporate	USD	1,000
Corporate		750
Term loan		1,000
Lower Mattagami Energy Limited Partnership ¹	USD	400
Cube Hydro		23
OEFC facility ²		300
Securitization facility ³		150

¹ A letter of credit of \$55 million is outstanding under this facility as at March 31, 2020.

² Represents amounts available under this facility, net of long-term debt issuances.

³ Represents an agreement to sell an undivided co-ownership interest in the Company's current and future accounts receivable from the IESO to an independent trust. As of March 31, 2020, \$150 million of letters of credit were issued under the securitization facility.

The following are the short-term debt, letters of credit and guarantees:

<i>(millions of dollars)</i>	As At	
	March 31 2020	December 31 2019
Lower Mattagami Energy Limited Partnership	85	114
Commercial paper	340	50
	425	164
Letters of credit	519	519
Guarantees	81	80

As of March 31, 2020, a total of \$519 million of Letters of Credit had been issued. This included \$392 million for the supplementary pension plans, \$55 million for Lower Mattagami Energy Limited Partnership, \$35 million for general corporate purposes, \$19 million for Cube Hydro, \$16 million for UMH Energy Partnership and \$1 million for each of PSS Generating Station Limited Partnership and PEC.

The following are the long-term debt balances: ¹

<i>(millions of dollars)</i>	As At	
	March 31 2020	December 31 2019
Notes payable to the OEFC	3,255	3,135
Medium Term Notes payable	2,250	2,250
Project financing	2,879	2,823
Other	25	25
	8,409	8,233

¹ Excludes the impact of fair value premium or discount and unamortized bond issuance fees.

Recent financing activities up to the date of this MD&A included the following:

- In March 2020, OPG issued senior notes payable totalling \$400 million, maturing in March 2024, against its \$800 million general corporate facility with the OEFC;
- In March 2020, the Company executed a \$1 billion one-year term loan agreement with a syndicate of banks and drew down \$400 million against the loan in April 2020;
- During April 2020, the Company issued approximately \$400 million of short-term debt under its Canadian commercial paper program;
- In April 2020, the Company obtained an advance of US\$300 million from its US corporate credit facility; and
- In April 2020, OPG issued \$1,200 million of green bonds under its Medium Term Note Program, as discussed in the *Recent Development* section.

Share Capital

As at March 31, 2020 and December 31, 2019, OPG had 256,300,010 common shares issued and outstanding at a stated value of \$5,126 million. OPG is authorized to issue an unlimited number of common shares without nominal or par value. Any issue of new shares is subject to the consent of OPG's shareholder, the Province.

As at March 31, 2020 and December 31, 2019, OPG had 18,343,815 Class A shares issued and outstanding at a stated value of \$787 million.

BALANCE SHEET HIGHLIGHTS

Highlights of OPG's interim consolidated financial position are provided below using selected balance sheet data:

<i>(millions of dollars)</i>	As At	
	March 31 2020	December 31 2019
Property, plant and equipment – net The increase was primarily due to capital expenditures on the Darlington Refurbishment project and other capital projects, and the translation of the US subsidiaries. This increase was partially offset by depreciation expense.	26,460	26,047
Nuclear fixed asset removal and nuclear waste management funds <i>(current and non-current portions)</i> The increase was primarily due to earnings recognized on the Decommissioning Segregated Fund, partially offset by reimbursement of eligible expenditures on nuclear fixed asset removal and nuclear waste management activities from the Nuclear Funds.	18,360	18,292
Long-term debt <i>(current and non-current portions)</i> The increase was mainly due to the issuance of senior notes payable to the OEFC totalling \$400 million and the translation of the US subsidiaries, partially offset by the repayment of \$280 million of long-term debt to the OEFC.	8,401	8,226
Fixed asset removal and nuclear waste management liabilities The increase was primarily a result of accretion expense, representing the increase in the present value of the obligation to reflect the passage of time, partially offset by expenditures on fixed asset removal and nuclear waste management activities.	22,259	22,081

Off-Balance Sheet Arrangements

In the normal course of operations, OPG engages in a variety of transactions that, under US GAAP, are either not recorded in the Company's consolidated financial statements or are recorded in the Company's consolidated financial statements using amounts that differ from the full contract amounts. Principal off-balance sheet activities for OPG include guarantees and long-term contracts.

CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

OPG's significant accounting policies are outlined in Note 3 to OPG's audited consolidated financial statements as at and for the year ended December 31, 2019. A discussion of recent accounting pronouncements and changes in accounting estimate are included in Note 2 to OPG's unaudited interim consolidated financial statements as at and for the three months ended March 31, 2020. Critical accounting policies are consistent with those noted in OPG's 2019 annual MD&A.

ENVIRONMENTAL, SOCIAL, GOVERNANCE AND SUSTAINABILITY

OPG recognizes that operating in a sustainable, safe and inclusive manner is directly connected to business success and is expected by the Company's Shareholder and stakeholders. As Ontario's largest low-cost clean energy provider, the Company strives to be a leader in sustainability and climate change mitigation through the implementation of operational and growth strategies that minimize the Company's environmental footprint, foster biodiversity, support reductions in greenhouse gas emissions and increase resilience to climate change impacts.

Climate Change

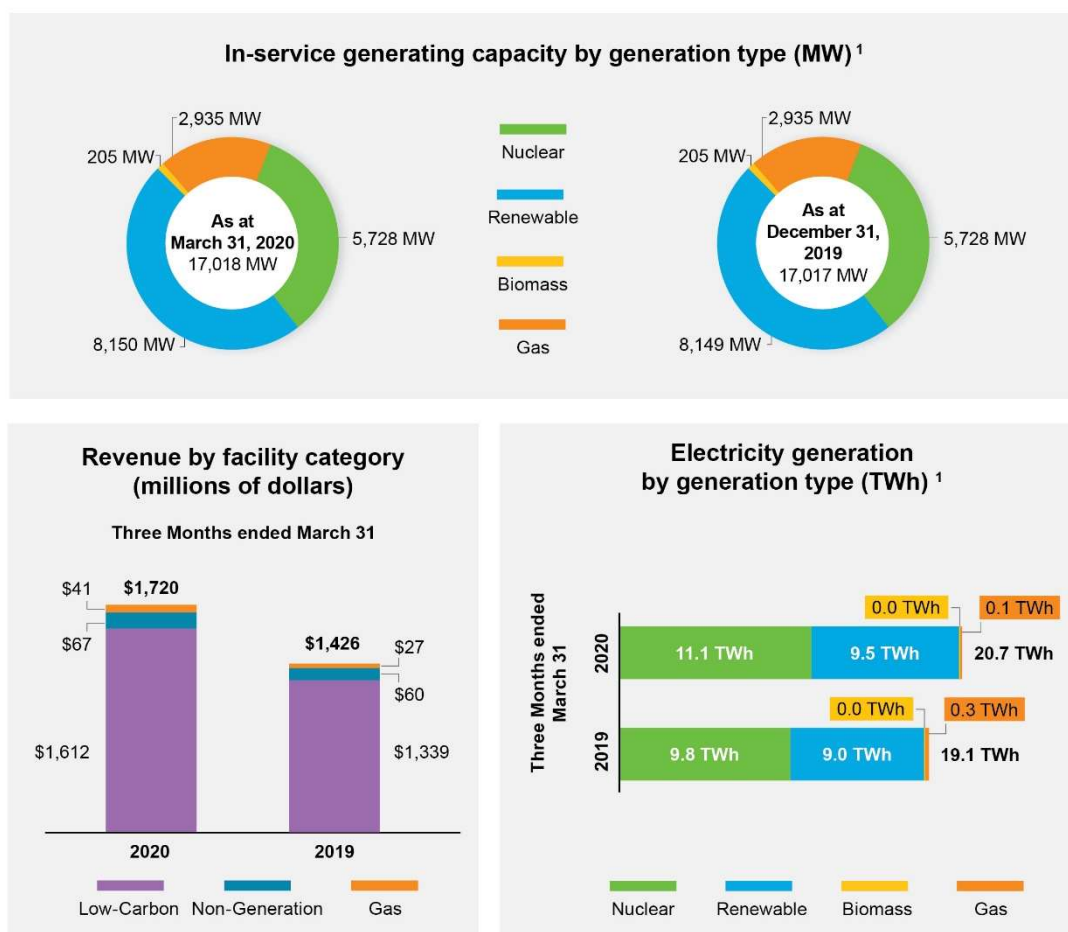
The Company continues to seek opportunities to invest in the generation of clean and sustainable energy. The following is a summary of recent actions taken to advance this strategy.

- | | |
|-------------------------|---|
| Acquisition | <ul style="list-style-type: none">On April 29, 2020, OPG, under a new wholly-owned subsidiary operating as Atura Power, closed the acquisition of a portfolio of combined-cycle natural gas-fired plants in Ontario for approximately \$2.8 billion, subject to customary closing adjustments. The natural gas electricity generation from these assets is an important component of maintaining the reliability of Ontario's electricity system, complementing the growth of variable sources of electricity generation in the province, such as wind and solar. |
| Generation Development | <ul style="list-style-type: none">In March 2020, OPG completed construction work on Unit 2 of the Darlington GS and is currently executing start-up activities. The Darlington Refurbishment project is one of the largest clean energy infrastructure project in Canada. |
| Financing | <ul style="list-style-type: none">On April 8, 2020, OPG issued a third and fourth green bond offering under its Medium Term Note Program to finance or re-finance eligible projects as defined under OPG's Green Bond Framework. The green bond proceeds will be primarily allocated toward the October 2019 acquisition of Cube Hydro. |
| New Nuclear Development | <ul style="list-style-type: none">In July 2019, the Canadian federal government issued the notice of commencement of an environmental assessment for the proposed Micro Modular Reactor (MMR™) project at Chalk River Laboratories. This project is a partnership between OPG, Global First Power and Ultra Safe Nuclear Corporation for the construction and operation of the MMR™ plant at Chalk River Laboratories and is in response to Canadian Nuclear Laboratories' (CNL) request for expressions of interest to construct a demonstration small modular reactor (SMR) at a CNL site. Chalk Rivers Laboratories is owned by Atomic Energy of Canada Limited and operated by CNL. As a result of the COVID-19 pandemic, the CNSC postponed its first hearing on the project from May 2020 to June 2020. |

Climate-Related Performance and Key Metrics

OPG continues to determine the most relevant climate-related impacts for the business in the context of its Environmental, Social, Governance and Sustainability framework and is engaged in the development of consistent industry metrics to quantify the level of achieved climate change resilience, including through industry-wide collaborative forums such as the Canadian Electricity Association. OPG is in the process of developing such longer-term quantitative metrics and targets for climate change adaptation. In the meantime, OPG has identified certain initial current metrics that it considers relevant to stakeholders. These are outlined below.

Climate change metrics



¹ Includes OPG's proportionate share of in-service generating capacity and electricity generation from co-owned and minority-held facilities, as applicable. Gas category includes the oil/gas dual-fuelled Lennox GS, the Brighton Beach GS and OPG's proportionate share of PEC as at March 31, 2020.

<i>In-service generating capacity by generation type</i>	Total in-service generating capacity from low-carbon emitting sources as at March 31, 2020 was comparable to December 31, 2019.
<i>Electricity generation by generation type</i>	During the three month period ended March 31, 2020, approximately 99 percent of OPG's total electricity generation was supplied by low-carbon sources, comprised of Nuclear, Renewable and Biomass generation, which was comparable to the same period in 2019.
<i>Revenue by facility category</i>	Approximately 98 percent of OPG's total electricity generation revenue continues to be derived from low-carbon generation sources. Revenue from low-carbon generation sources increased for the three months ended March 31, 2020, compared to the same period in 2019, mainly due to higher revenue from the Regulated – Nuclear Generation business segment and revenue from the Cube Hydro hydroelectric facilities in the US acquired in October 2019.
<i>Value and use of net proceeds from green bond offerings</i>	In April 2020, OPG issued additional green bonds under its Medium Term Note Program, totalling \$1.2 billion, to finance or re-finance eligible projects as defined under OPG's Green Bond Framework, primarily to be allocated to the October 2019 acquisition of Cube Hydro.

Public Safety

To ensure continued public safety, radiation exposure to members of the public resulting from the operation of OPG's nuclear generating stations is estimated on an annual basis for individuals living or working near the stations. The annual dose to the public resulting from operations of each nuclear facility is expressed in microsieverts (μSv), which is an international unit of radiation dose measurement.

The doses to the public resulting from OPG's nuclear operations were as follows:

Annual public dose	2019		2018	
	μSv	% of annual legal limit ¹	μSv	% of annual legal limit ¹
Darlington GS	0.4	<0.1%	0.8	0.1%
Pickering GS	1.7	0.2%	2.1	0.2%

¹ The annual legal limit is 1,000 μSv for a member of the public.

Indigenous Relations

The Company believes in building long-term, mutually beneficial working relationships with Indigenous communities, businesses and organizations across Ontario and continues to support procurement, employment and educational opportunities with Indigenous communities. OPG seeks to establish these relationships based on a foundation of respect, transparency and mutual responsibility. OPG's commitment in the area of Indigenous Relations includes, where appropriate, pursuing generation-related development partnerships on the basis of long-term commercial arrangements and other joint projects.

The health and safety of Indigenous communities continues to be a priority for OPG. OPG recognizes that many Indigenous communities are especially vulnerable to outbreaks such as COVID-19. As part of the Company's response to the pandemic, OPG has taken active measures to support the health and safety of Indigenous communities. In April 2020, OPG donated \$250,000 to the Thunder Bay-based Regional Food Distribution Association of Northwestern Ontario to purchase and distribute emergency food supplies to Northwestern First Nations in Ontario during the pandemic. In addition, OPG provided signage and road barriers to Wabaseemoong Independent Nation to assist the community in safely closing the community access road as part of their emergency measures. Wabaseemoong Independent Nation and OPG collaborated to ensure that OPG's workers can continue to safely use the road to access the Caribou Falls hydroelectric GS while respecting the community's emergency protocols.

RISK MANAGEMENT

The following provides an update to the discussion of the Company's risks and risk management activities included in OPG's 2019 annual MD&A.

Risks to Achieving Operational Excellence

OPG is exposed to variable output from its existing generating stations that could adversely impact its financial performance. The operational risks of a station are generally a function of its age, human performance, regulatory requirements and the technology used.

COVID-19 Pandemic On March 17, 2020, the Government of Ontario declared a state of emergency to limit the spread of COVID-19, including an order for all non-essential businesses to close. As an electricity generator, OPG provides an essential service and continued operations to ensure a stable supply of electricity in Ontario. Similar orders were issued in the United States, with electricity generating facilities in a number of jurisdictions deemed to be providing an essential service.

OPG has enacted its business continuity plans in response to the COVID-19 pandemic in order to support the continued safe operation of its generating fleet and mitigate potential risks to the business. The risks related to COVID-19 are wide-ranging, including: the health and safety of employees; disruption to the supply chain; impact of economic downturn affecting viability of contractors, vendors and/or project partners; cyber threats resulting from work-from-home arrangements; and reduced asset performance due to suspended work programs. The Company is closely monitoring COVID-19 related risks and taking actions to proactively address potential issues.

Further details on OPG's response to the COVID-19 pandemic can be found in the section, *Recent Developments* under the heading, *Response to COVID-19* and in the section, *Corporate Strategy, Core Business and Outlook* under the headings, *Operational Excellence* and *Project Excellence*.

Risks to Achieving Project Excellence

As a capital intensive business, OPG undertakes a large portfolio of projects with significant investments. There may be an adverse effect on the Company if it is unable to obtain necessary approvals for the projects, effectively manage the projects on time and on budget, or fully recover capital costs and earn an appropriate return on project investments. The projects may also impact OPG's borrowing capacity and credit rating. OPG mitigates risks associated with project execution through a scalable project management methodology that applies to projects across the Company. Risks associated with certain current major projects are described below.

Darlington Refurbishment During the first quarter of 2020, OPG completed construction activities for the refurbishment of Unit 2 at the Darlington GS. While there remain risks associated with the return to service of Unit 2, as well as execution risks for the refurbishment of the remaining three units, this milestone closes a number of current project risks and demonstrates the ability of OPG and its vendor partners to successfully complete the scope of work required. OPG has implemented a lessons learned program to leverage experience from Unit 2 to benefit the performance on the remaining units.

Risks to Maintaining Financial Strength

Risks related to rate regulation, financial markets and long-term obligations could significantly impact OPG's financial performance. The Company is also exposed to risks such as weak electricity demand, changes in market prices of electricity, displacement of electricity generation by competitors and financial risk associated with energy trading.

Commodity Markets Changes in the market prices of fuels used to produce electricity can adversely impact OPG's earnings and cash flow from operations.

To manage the risk of unpredictable increases in the price of fuels, the Company has fuel hedging programs, which include using fixed price and indexed contracts.

The percentages hedged of OPG's fuel requirements are shown in the following table. These amounts are based on yearly forecasts of electricity generation and supply mix and, as such, are subject to change as these forecasts are updated.

	2020 ¹	2021	2022
Estimated fuel requirements hedged ²	77%	76%	70%

¹ Based on actual fuel requirements hedged for the three months ended March 31, 2020 and forecast for the remainder of the year.

² Represents the approximate portion of MWh of expected electricity generation (and year-end inventory targets) from each type of OPG-operated facility (nuclear, hydroelectric and thermal) for which the Company has entered into contractual arrangements or obligations in order to secure the price of fuel, or which is subject to rate regulation. In the case of hydroelectric electricity generation in Ontario, this represents the gross revenue charge and water rental charges. Excess fuel inventories (nuclear and thermal) in a given year are attributed to the next year for the purpose of measuring hedge ratios.

Credit The Company's credit risk exposure is a function of its electricity sales, trading and hedging activities, and treasury activities including investing and commercial transactions with various suppliers of goods and services. OPG's credit risk exposure relating to energy market transactions as at March 31, 2020 was \$556 million, including \$527 million with the IESO. OPG continues to consider overall credit risk exposure relating to electricity sales to be low, as the majority of sales are through the IESO-administered market in Ontario.

RELATED PARTY TRANSACTIONS

Given that the Province owns all of the shares of OPG, related parties include the Province and other entities controlled by the Province.

The related party transactions summarized below include transactions with the Province and the principal successors to the former Ontario Hydro's integrated electricity business, including Hydro One Limited (Hydro One), the IESO and the OEFC. The transactions between OPG and the related parties are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. As one of several wholly-owned government business enterprises of the Province, OPG also has transactions in the normal course of business with various government ministries and organizations in Ontario that fall under the purview of the Province.

The related party transactions are summarized below:

(millions of dollars)	Three Months Ended March 31			
	2020		2019	
	Income	Expense	Income	Expense
Hydro One				
Electricity sales	2	-	3	-
Services	-	2	-	2
Dividends	2	-	2	-
Province of Ontario				
Change in Decommissioning Segregated Fund amount due to Province ¹	897	-	-	530
Change in Used Fuel Segregated Fund amount due to Province ¹	1,087	-	-	657
Hydroelectric gross revenue charge	-	28	-	29
OEFC				
Hydroelectric gross revenue charge	-	41	-	41
Interest expense on long-term notes	-	32	-	36
Income taxes	-	100	-	57
IESO				
Electricity related revenue	1,505	-	1,323	-
Earnings from Fair Hydro Trust ²	-	-	17	-
Fair Hydro Trust				
Interest income ²	8	-	-	-
	3,501	203	1,345	1,352

¹ The Nuclear Segregated Funds are reported on the consolidated balance sheets net of amounts recognized as due to the Province in respect of any excess funding and, for the Used Fuel Segregated Fund, the Province's rate of return guarantee. As at March 31, 2020 and December 31, 2019, the Nuclear Segregated Funds were reported net of amounts due to the Province of \$3,467 million and \$5,451 million, respectively.

² The Fair Hydro Trust (the Trust) was deconsolidated from OPG's consolidated financial results effective May 9, 2019. As a result, certain transactions that were previously eliminated on consolidation, including interest income earned by OPG from its investment in the Trust's subordinated debt, are now treated as transactions with entities outside of OPG, and are disclosed as related party transactions with the Trust. Earnings from the Trust during the first quarter of 2019 primarily comprised net interest income earned by the Trust from the IESO on financing receivables, which were consolidated within OPG's financial results up to May 9, 2019.

Balances between OPG and its related parties are summarized below:

	As At	
	March 31	December 31
(millions of dollars)	2020	2019
Receivables from related parties		
Hydro One	1	1
IESO – Electricity related receivables	527	462
Fair Hydro Trust	12	4
OEFC	4	-
PEC	2	1
Province of Ontario	3	-
Loan receivable		
Fair Hydro Trust	917	917
Equity securities		
Hydro One shares	165	169
Accounts payable, accrued charges and other payables		
Hydro One	1	2
PEC	-	1
OEFC	36	65
Province of Ontario	8	9
IESO – Electricity related payables	5	5
Long-term debt (including current portion)		
Notes payable to OEFC	3,255	3,135

OPG may hold Province of Ontario bonds and treasury bills in the Nuclear Segregated Funds and the OPG registered pension fund. As at March 31, 2020, the Nuclear Segregated Funds held \$1,395 million of Province of Ontario bonds (December 31, 2019 – \$1,426 million) and \$14 million of Province of Ontario treasury bills (December 31, 2019 – \$11 million). As of March 31, 2020, the OPG registered pension fund held \$49 million of Province of Ontario bonds (December 31, 2019 – \$67 million) and \$9 million of Province of Ontario treasury bills (December 31, 2019 – \$7 million). These Province of Ontario bonds and treasury bills are publicly traded securities and are measured at fair value. OPG jointly oversees the investment management of the Nuclear Segregated Funds with the Province.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS

The Company maintains a comprehensive system of policies, procedures, and processes that represents its framework for Internal Control over Financial Reporting (ICOFR) and for its Disclosure Controls and Procedures (DC&P). There were no changes in the Company's internal control system during the current interim period that has or is reasonably likely to have a material impact to the financial statements.

The Company has limited the scope of its design of DC&P and ICOFR to exclude the controls, policies and procedures of Cube Hydro, which was acquired on October 7, 2019, as permitted by 3.3(1)(b) of National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* for businesses acquired by an issuer not more than 365 days before the end of a certification period. Cube Hydro's contribution to OPG's consolidated net income for the three months ended March 31, 2020 was less than 1.0 percent. As at March 31, 2020 Cube Hydro's total assets represented approximately 2.9 percent of the Company's total assets and total liabilities represented approximately 1.1 percent of the Company's total liabilities.

QUARTERLY FINANCIAL HIGHLIGHTS

The following tables set out selected annual financial information for the last three years and financial information for each of the eight most recently completed quarters. This information is derived from OPG's unaudited interim consolidated financial statements and the audited annual consolidated financial statements, and has been prepared in accordance with US GAAP.

<i>(millions of dollars – except where noted) (unaudited)</i>	March 31 2020	December 31 2019	September 30 2019	June 30 2019
<i>Electricity generation (TWh)</i>	20.7	19.4	19.1	20.2
Revenue	1,720	1,522	1,508	1,566
Net income	313	247	323	356
Less: Net income attributable to non-controlling interest	4	4	4	5
Net income attributable to the Shareholder	309	243	319	351
Earnings per share, attributable to the Shareholder (dollars)	\$1.13	\$0.88	\$1.16	\$1.28

<i>(millions of dollars – except where noted) (unaudited)</i>	March 31 2019	December 31 2018	September 30 2018	June 30 2018
<i>Electricity generation (TWh)</i>	19.1	19.7	18.3	17.2
Revenue	1,426	1,475	1,373	1,282
Net income	217	265	283	126
Less: Net income attributable to non-controlling interest	4	5	4	5
Net income attributable to the Shareholder	213	260	279	121
Earnings per share, attributable to the Shareholder (dollars)	\$0.78	\$0.95	\$1.02	\$0.44

KEY OPERATING PERFORMANCE INDICATORS AND NON-GAAP FINANCIAL MEASURES

Key Operating Performance Measures

OPG evaluates the performance of its generating stations using a number of key indicators. Key operating performance indicators aligned with corporate business imperatives include measures of production reliability, cost effectiveness, environmental performance and safety performance. Certain of the measures used vary depending on the generating technology.

Nuclear Unit Capability Factor

The nuclear Unit Capability Factor is a key measure of nuclear station performance. It measures the amount of energy that the unit(s) generated over a period of time, adjusted for externally imposed constraints such as transmission or demand limitations, as a percentage of the amount of energy that would have been produced over the same period had the unit(s) produced maximum generation. Capability factors are primarily affected by planned and unplanned outages. An outage day represents a single unit being offline or derated for an amount of time equivalent to one day. By industry definition, capability factors exclude production losses beyond plant management's control, such as grid-related unavailability. The nuclear Unit Capability Factor also excludes unit(s) during the period in which they are undergoing refurbishment. Accordingly, Unit 2 of the Darlington GS has been excluded from the measure since October 2016, when the unit was taken offline as part of the Darlington Refurbishment project. As at March 31, 2020, the Darlington GS had three units in service and the Pickering GS had six units in service.

Hydroelectric Availability

Hydroelectric Availability represents the percentage of time the generating unit is capable of providing service, whether or not it is actually generating electricity, compared to the total time for the respective period, weighted by unit capacity.

Thermal Equivalent Forced Outage Rate

EFOR is an index of the reliability of a generating unit at OPG's wholly-owned thermal stations. It is measured by the ratio of time a generating unit is forced out of service by unplanned events, including any forced deratings, compared to the amount of time the generating unit was available to operate.

Other Key Indicators

In addition to production reliability, cost effectiveness and financial performance indicators, OPG has identified certain environmental and safety performance measures. As applicable, these measures are discussed in the section, *Environmental, Social, Governance and Sustainability*.

Non-GAAP Financial Performance Measures

In addition to net income and other financial information in accordance with US GAAP, certain non-GAAP financial measures are also presented in this MD&A. These non-GAAP measures do not have any standardized meaning prescribed by US GAAP and, therefore, may not be comparable to similar measures presented by other issuers. OPG utilizes these measures to make operating decisions and assess performance. Readers of the MD&A would utilize these measures in assessing the Company's financial performance from ongoing operations. The Company believes that these indicators are important since they provide additional information about OPG's performance, facilitate comparison of results over different periods and present measures consistent with the Company's strategies to provide value to the Shareholder, improve cost performance and ensure availability of cost effective funding. These non-GAAP financial measures have not been presented as an alternative to net income or any other measure in accordance with US GAAP, but as indicators of operating performance.

The definitions of the non-GAAP financial measures are as follows:

(1) ROE Excluding AOCI is an indicator of OPG's financial performance consistent with its objective to deliver value to the Shareholder. It is defined as net income attributable to the Shareholder divided by average equity attributable to the Shareholder excluding AOCI, for the period.

ROE Excluding AOCI is measured over a 12-month period and is calculated as follows:

	Twelve Months Ended	
	March 31	December 31
<i>(millions of dollars – except where noted)</i>	2020	2019
ROE Excluding AOCI		
Net income attributable to the Shareholder	1,222	1,126
Divided by: Average equity attributable to the Shareholder, excluding AOCI	14,525	13,788
ROE Excluding AOCI (percent)	8.4	8.2

(2) Enterprise TGC per MWh is used to measure the overall cost performance of OPG's generating operations in Ontario. Enterprise TGC per MWh is defined as OM&A expenses (excluding the Darlington Refurbishment project, generation development and other major projects and business development transactions and initiatives, US operations, the impact of regulatory accounts, and expenses ancillary to OPG's electricity generation business), fuel expense for OPG-operated stations including hydroelectric gross revenue charge and water rental payments (excluding the impact of regulatory accounts) and capital expenditures (excluding the Darlington Refurbishment project, generation development and other major projects and US operations) incurred during the period, divided by total electricity generation from OPG-operated generating stations in Ontario plus electricity generation forgone due to SBG conditions in Ontario during the period.

Enterprise TGC per MWh is calculated as follows for the three months ended March 31, 2020:

<i>(millions of dollars – except where noted)</i>	Three Months Ended March 31	
	2020	2019
Enterprise TGC		
Total OM&A expenses	708	749
Total fuel expense	153	148
Total capital expenditures ¹	449	474
Less: Darlington Refurbishment capital and OM&A costs	(271)	(295)
Less: Capital and OM&A costs for generation development and other major projects and business development	(27)	(25)
Less: OM&A and fuel expenses refundable through regulatory accounts	(28)	(15)
Less: Nuclear fuel expense for non OPG-operated stations	(15)	(15)
Add: Hydroelectric gross revenue charge and water rental payments for electricity generation forgone due to SBG conditions	6	3
Less: OM&A expenses ancillary to electricity generation business	(4)	(5)
Less: OM&A expenses and capital expenditures related to US operations	(29)	(32)
Other adjustments	(5)	(5)
	937	982
Adjusted electricity generation (<i>TWh</i>)		
Total OPG electricity generation	20.7	19.1
Adjust for electricity generation forgone due to SBG conditions, OPG's share of electricity generation from co-owned facilities and US operations	(0.2)	(0.3)
	20.5	18.8
Enterprise TGC per MWh (\$/MWh) ²	45.70	52.12

¹ Includes net changes in accruals.

² Amounts may not calculate due to rounding.

(3) Earnings before interest, income taxes, depreciation and amortization is defined as net income before net interest expense, income tax expense and depreciation and amortization expenses.

(4) Gross Margin is defined as revenue less fuel expense.

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ONTARIO POWER GENERATION INC.
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
MARCH 31, 2020



INTERIM CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

Three Months Ended March 31		
<i>(millions of dollars except where noted)</i>		
	2020	2019
Revenue	1,720	1,426
Fuel expense	153	148
Gross margin	1,567	1,278
Operations, maintenance and administration	708	749
Depreciation and amortization	314	266
Accretion on fixed asset removal and nuclear waste management liabilities	264	255
Earnings on nuclear fixed asset removal and nuclear waste management funds	(171)	(220)
Property taxes	12	10
Income from investments subject to significant influence	(8)	(13)
	1,119	1,047
Income before other gains, interest and income taxes	448	231
Other gains	(4)	(12)
Income before interest and income taxes	452	243
Net interest expense (Note 7)	52	18
Income before income taxes	400	225
Income tax expense	87	8
Net income	313	217
Net income attributable to the Shareholder	309	213
Net income attributable to non-controlling interest	4	4
Basic and diluted earnings per share (dollars) (Note 15)	1.13	0.78

See accompanying notes to the interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

Three Months Ended March 31		
<i>(millions of dollars)</i>		
	2020	2019
Net income	313	217
Other comprehensive income (loss), net of income taxes (Note 10)		
Reclassification to income of amounts related to pension and other post-employment benefits ¹	3	3
Reclassification to income of losses on derivatives designated as cash flow hedges ¹	3	4
Currency translation adjustment	143	(10)
Other comprehensive income (loss) for the period	149	(3)
Comprehensive income	462	214
Comprehensive income attributable to the Shareholder	458	210
Comprehensive income attributable to non-controlling interest	4	4

¹ Net of income tax expense of \$1 million for each of the three months ended March 31, 2020 and 2019.

See accompanying notes to the interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

Three Months Ended March 31 (millions of dollars)	2020	2019
Operating activities		
Net income	313	217
Adjust for non-cash items:		
Depreciation and amortization	314	266
Accretion on fixed asset removal and nuclear waste management liabilities	264	255
Earnings on nuclear fixed asset removal and nuclear waste management funds	(171)	(220)
Pension and other post-employment benefit costs (Note 11)	110	110
Deferred income taxes	(12)	(41)
Regulatory assets and regulatory liabilities	45	77
Other	(4)	(11)
Expenditures on fixed asset removal and nuclear waste management	(125)	(76)
Reimbursement of eligible expenditures on nuclear fixed asset removal and nuclear waste management	37	14
Contributions to pension funds and expenditures on other post-employment benefits and supplementary pension plans	(75)	(77)
Distributions received from investments subject to significant influence	14	15
Net changes to other long-term assets and long-term liabilities	20	6
Net changes to non-cash working capital balances (Note 18)	(13)	40
Cash flow provided by operating activities	717	575
Investing activities		
Investment in property, plant and equipment and intangible assets	(459)	(553)
Cash flow used in investing activities	(459)	(553)
Financing activities		
Issuance of short-term debt	968	692
Repayment of short-term debt	(707)	(868)
Net proceeds from issuance of long-term debt (Note 7)	401	497
Repayment of long-term debt (Note 7)	(289)	(140)
Distribution to non-controlling interest	(5)	(4)
Cash flow provided by financing activities	368	177
Effect of exchange rate changes on cash, cash equivalents and restricted cash	4	(1)
Net increase in cash, cash equivalents and restricted cash	630	198
Cash, cash equivalents and restricted cash, beginning of period	498	313
Cash, cash equivalents and restricted cash, end of period	1,128	511

See accompanying notes to the interim consolidated financial statements

INTERIM CONSOLIDATED BALANCE SHEETS (UNAUDITED)

As at (millions of dollars)	March 31 2020	December 31 2019
Assets		
Current assets		
Cash, cash equivalents and restricted cash (Note 4)	1,128	498
Equity securities	165	169
Receivables from related parties	549	468
Nuclear fixed asset removal and nuclear waste management funds	50	40
Fuel inventory	250	233
Materials and supplies	87	92
Regulatory assets (Note 6)	480	486
Prepaid expenses	133	136
Other current assets	113	125
	2,955	2,247
Property, plant and equipment	36,510	35,909
Less: accumulated depreciation	10,050	9,862
	26,460	26,047
Intangible assets	591	566
Less: accumulated amortization	269	258
	322	308
Goodwill	180	163
Other assets		
Nuclear fixed asset removal and nuclear waste management funds	18,310	18,252
Loan receivable	917	917
Long-term materials and supplies	403	392
Regulatory assets (Note 6)	6,826	6,770
Investments subject to significant influence	248	250
Other long-term assets	61	58
	26,765	26,639
	56,682	55,404

See accompanying notes to the interim consolidated financial statements

INTERIM CONSOLIDATED BALANCE SHEETS (UNAUDITED)

As at (millions of dollars)	March 31 2020	December 31 2019
Liabilities		
Current liabilities		
Accounts payable, accrued charges and other payables	1,158	1,109
Short-term debt (Note 8)	425	164
Long-term debt due within one year (Note 7)	450	693
Regulatory liabilities (Note 6)	150	103
	2,183	2,069
Long-term debt (Note 7)	7,951	7,533
Other liabilities		
Fixed asset removal and nuclear waste management liabilities (Note 9)	22,259	22,081
Pension liabilities	3,520	3,568
Other post-employment benefit liabilities	3,123	3,099
Long-term accounts payable and accrued charges	275	276
Deferred revenue	398	400
Deferred income taxes	1,157	1,154
Regulatory liabilities (Note 6)	1,084	949
	31,816	31,527
Equity		
Common shares (Note 14)	5,126	5,126
Class A shares (Note 14)	787	787
Contributed surplus	39	39
Retained earnings	8,727	8,418
Accumulated other comprehensive loss (Note 10)	(128)	(277)
Equity attributable to the Shareholder	14,551	14,093
Equity attributable to non-controlling interest	181	182
Total equity	14,732	14,275
	56,682	55,404

Commitments and Contingencies (Notes 7, 8, 11 and 16)

See accompanying notes to the interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY (UNAUDITED)

Three Months Ended March 31		
<i>(millions of dollars)</i>	2020	2019
Common shares (Note 14)	5,126	5,126
Class A shares (Note 14)	787	787
Contributed surplus	39	-
Retained earnings		
Balance at beginning of period	8,418	7,292
Net income attributable to the Shareholder	309	213
Balance at end of period	8,727	7,505
Accumulated other comprehensive loss, net of income taxes (Note 10)		
Balance at beginning of period	(277)	(243)
Other comprehensive income (loss)	149	(3)
Balance at end of period	(128)	(246)
Equity attributable to the Shareholder	14,551	13,172
Equity attributable to non-controlling interest		
Balance at beginning of period	182	165
Income attributable to non-controlling interest	4	4
Distribution to non-controlling interest	(5)	(4)
Balance at end of period	181	165
Total equity	14,732	13,337

See accompanying notes to the interim consolidated financial statements

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2020 and 2019

1. BASIS OF PRESENTATION

These interim consolidated financial statements for the three months ended March 31, 2020 and 2019 include the accounts of Ontario Power Generation Inc. (OPG or the Company) and its subsidiaries. The Company consolidates its interest in entities over which it is able to exercise control and attributes the results to its sole shareholder, the Province of Ontario (the Province or the Shareholder). These interim consolidated financial statements have been prepared and presented in accordance with United States generally accepted accounting principles (US GAAP). These interim consolidated financial statements do not contain all of the disclosures required by US GAAP for annual financial statements. Accordingly, they should be read in conjunction with the annual consolidated financial statements of the Company as at and for the year ended December 31, 2019.

As required by *Ontario Regulation 395/11*, as amended, under the *Financial Administration Act* (Ontario), OPG adopted US GAAP for the presentation of its consolidated financial statements, effective January 1, 2012. Since January 1, 2012, OPG also has received exemptive relief from the Ontario Securities Commission (OSC) from the requirements of section 3.2 of National Instrument 52-107, *Acceptable Accounting Policies and Auditing Standards*. The exemption allows OPG to file consolidated financial statements based on US GAAP, rather than International Financial Reporting Standards (IFRS), without becoming a US Securities and Exchange Commission registrant.

In April 2018, OPG received an extension to its previous exemptive relief from the OSC. The exemptive relief will terminate on the earliest of the following:

- January 1, 2024;
- The financial year that commences after OPG ceases to have activities subject to rate regulation; or
- The effective date prescribed by the International Accounting Standards Board for the mandatory application of a standard within IFRS specific to entities with rate-regulated activities.

All dollar amounts are presented in Canadian dollars, unless otherwise noted. Certain 2019 comparative amounts have been reclassified from financial statements previously presented to conform to the 2020 interim consolidated financial statement presentation.

Seasonal Variations

OPG's quarterly electricity generation from the Regulated – Hydroelectric and Contracted and Other Generation business segments is affected by changes in grid-supplied electricity demand. Changes in grid-supplied electricity demand are primarily caused by variations in seasonal weather conditions, changes in economic conditions, the impact of small-scale generation embedded in distribution networks, and the impact of conservation efforts. Historically, there has been greater electricity demand in Ontario during the winter and summer months due to heating and air conditioning demands.

OPG's quarterly electricity generation from hydroelectric facilities is impacted by weather conditions that affect water flows. Historically, there have been higher water flows in the second quarter as a result of snow and ice melt entering the river systems. The financial impact of variability in water flows on the Regulated – Hydroelectric segment is mitigated by regulatory variance and deferral accounts (regulatory accounts) authorized by the Ontario Energy Board (OEB).

The financial impact of variability in electricity generation from the Contracted and Other Generation segment is mitigated by the terms of the applicable Energy Supply Agreements with the Independent Electricity System Operator (IESO) and other long-term contracts for the contracted generating facilities in Ontario.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies followed in the presentation of these interim consolidated financial statements are consistent with those of the previous financial year, with the exception of the adoption of the new fair value measurement standard noted below:

a) New Accounting Standards Effective in 2020

Changes to Disclosure Requirements for Fair Value Measurement

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-13, *Fair Value Measurement* (Topic 820): *Disclosure Framework – Changes to Disclosure Requirements for Fair Value Measurement* to continue to improve the effectiveness of disclosures in financial statements for users. The update is effective for OPG's 2020 fiscal year. Under the new guidance prescribed in this update, entities must disclose additional information regarding Level 3 fair value measurements held at the end of the reporting period. This amendment also clarified existing guidance around measurement uncertainty and investments in entities that calculate net asset value (NAV). The changes in disclosures required under this update are reflected in Note 13.

b) Recent Accounting Pronouncements Not Yet Adopted

i) Changes to Disclosure Requirements for Defined Benefit Plans

In August 2018, the FASB issued ASU No. 2018-14, *Compensation – Retirement Benefits – Defined Benefit Plans – General* (Subtopic 715-20): *Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans* as part of its ongoing efforts to improve the effectiveness of disclosures in notes to financial statements for stakeholders. As part of this update, entities will be required to include additional disclosures such as narrative descriptions of the reasons for significant gains and losses related to changes in the benefit obligations for the period. The update also removed guidance that currently requires disclosures on the amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit cost over the next fiscal year, and for public entities, the effects of a one percent change in assumed health care trend rates on the net periodic benefit costs and benefit obligation for Other post-employment benefits (OPEB). Changes instituted by this update are effective retrospectively for all periods presented for fiscal years ending after December 15, 2020, with early adoption permitted. OPG continues to evaluate the impact of this update to disclosures of its post-employment benefit programs in the consolidated financial statements.

ii) Changes to Credit Losses on Financial Instruments

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), an update to Topic 326, *Financial Instruments – Credit Losses*. ASU 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses to be deducted from the amortized cost basis of the asset. Available-for-sale debt securities will also require the use of an allowance to record estimated credit losses. In November 2019, the FASB issued ASU 2019-11, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*, which clarified that ASU 2016-13 is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, with early adoption permitted. The revised guidance will be applied through a cumulative catch-up adjustment to retained earnings in the period of adoption. OPG continues to assess the impact of this update to its consolidated financial statements.

iii) Changes to Income Tax Requirements

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes* (ASU 2019-12), which affects general principles within Topic 740, *Income Taxes*. The FASB has stated that the ASU is being issued as part of its Simplification Initiative, which is meant to reduce complexity in accounting standards by improving certain areas of US GAAP. The new guidance eliminates certain exceptions related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. It also clarifies and simplifies other aspects of the accounting for income taxes. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years, with early adoption permitted. OPG is assessing the impact of this update to its consolidated financial statements.

3. ACQUISITIONS

Agreement to Acquire Portfolio of Natural Gas-Fired Assets in Ontario

On April 29, 2020, OPG, under a new wholly-owned subsidiary operating as Atura Power, closed the previously announced acquisition of a portfolio of combined-cycle natural gas-fired plants in Ontario for approximately \$2.8 billion, subject to customary closing adjustments. The portfolio includes the 900 MW Napanee generating station (GS), the 683 MW Halton Hills GS, and the remaining 50 percent interest in the 550 MW Portlands Energy Centre (PEC).

Due to the timing of the acquisition closing, the Company is in the process of completing the fair value measurements. The Company will continue to review information and perform further analysis prior to finalizing the allocation of the consideration paid to the fair value of assets acquired and liabilities assumed.

Acquisition of Cube Hydro Partners, LLC and affiliate Helix Partners, LLC

On October 7, 2019, OPG acquired 100 percent of the equity in Cube Hydro Partners, LLC and affiliate Helix Partners, LLC (collectively, Cube Hydro) at a purchase price of US\$1.12 billion, inclusive of assumed debt and subject to customary working capital adjustments. Total consideration paid, net of assumed debt, was approximately US\$845 million (C\$1.12 billion), subject to the finalization of the closing adjustments. Cube Hydro is a hydropower platform with 385 MW of in-service generating capacity across 19 hydroelectric facilities located throughout the northeastern and southeastern United States.

The Cube Hydro acquisition was accounted for as a business combination. The preliminary purchase price allocation of the acquisition is estimated as follows, using the exchange rate on the acquisition date of US\$1.00 = C\$1.3306:

<i>(millions of Canadian dollars)</i>	
Current assets	25
Property, plant and equipment	1,427
Intangible assets	52
Goodwill	64
Other long-term assets	7
Total assets	1,575
Current liabilities	14
Long-term debt	422
Other long-term liabilities	3
Total liabilities	439
Non-controlling interest	12
Total purchase price	1,124
Cash acquired with Cube Hydro	(23)
Total purchase price, net of cash acquired	1,101

The determination of the fair value of assets acquired and liabilities assumed is based upon management's preliminary estimates and assumptions and reflects the fair value of consideration paid, subject to the closing adjustments. The Company continues to review information and perform further analysis prior to finalizing the fair value of the assets acquired and the liabilities assumed within the permitted period of 12 months from the date of acquisition in accordance with US GAAP, including finalizing the componentization of fair value measurements to the individual assets acquired within property, plant and equipment.

Goodwill represents the excess of the purchase price over the aggregate fair value of net assets acquired. Contributing factors to the amount recorded as goodwill include planned optimization initiatives, operational synergies with the Company's existing US hydroelectric operations, and improved competitive position for further growth opportunities. Goodwill recognized as a result of the acquisition is reported within the Contracted and Other Generation business segment.

4. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash, cash equivalents and restricted cash consist of the following:

<i>(millions of dollars)</i>	March 31 2020	December 31 2019
Cash and cash equivalents	1,106	479
Restricted cash	22	19
Total cash, cash equivalents and restricted cash	1,128	498

Restricted cash is held primarily for prescribed purposes, including debt service, insurance, general collateral purposes and other contractual arrangements.

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company has entered into operating lease arrangements for office space to house key operational activities and personnel. OPG is also party to water power leases and Parks Canada licences that provide the Company with a right-of-use to the underlying lands on which most of its hydroelectric generating stations in Ontario are constructed. In addition, the Company leases vehicles and rail cars for use at its electricity generating stations. OPG does not have any sales-type or direct financing lease arrangements.

While the Company's office leases are subject to fixed base rental charges, the arrangements also contain variable payments to reimburse lessors for provision of common area maintenance services during each year of the lease term. Payments in connection with OPG's water power leases and Parks Canada licences are entirely variable, based on the amount of electricity produced by the hydroelectric generating stations during each year of the lease term. These variable amounts are not included in the measurement of OPG's lease liabilities, but are recognized as a variable lease expense when incurred. Lease payments related to the Company's leased vehicles qualify for the short-term lease recognition exemption given the nature of the arrangement and therefore no right-of-use asset or lease liability has been recognized.

In leasing arrangements where OPG has the option to extend the lease term, payments associated with renewing the leases are not included in the measurement of the associated lease liabilities or right-of-use assets as they are not reasonably certain of being exercised. Similarly, in leasing arrangements where OPG has the option to terminate the lease prior to the end of the term, payments associated with terminating these leases are not included in the measurement of the lease liabilities or right-of-use assets as they are not reasonably certain of being exercised. OPG has not provided residual value guarantees within its leases, nor is the Company subject to any restrictions or covenants as a result of entering into these leasing arrangements.

For the three months ended March 31, the Company incurred the following:

<i>(millions of dollars)</i>	2020	2019
Variable lease costs	20	20
Fixed lease costs	3	4
Short-term lease costs	1	2
Total operating lease expenses	24	26
Cash outflows related to operating lease liabilities	4	4

During the three months ended March 31, 2020, OPG did not enter into any new operating lease arrangements. During the same period in the prior year, OPG had entered into new operating lease arrangements which resulted in the recognition of \$5 million of right-of-use assets and related operating lease liabilities. As at March 31, 2020, the Company had a weighted-average remaining lease term of 7.2 years (March 31, 2019 – 7.1 years) and a weighted-average discount rate in its leasing arrangements of 3.32 percent as at March 31, 2020 (March 31, 2019 – 3.05 percent).

A maturity analysis of the leasing arrangements in which the Company is the lessee has been summarized below, along with a reconciliation to OPG's operating lease liabilities:

<i>(millions of dollars)</i>	1 Year	2 Years	3 Years	4 Years	5 Years	Thereafter	Total
Operating lease payments	12	11	9	7	5	14	58
Impact of discounting							(6)
Total operating lease liabilities							52

The following are the current and long-term operating lease liabilities:

<i>(millions of dollars)</i>	March 31 2020	December 31 2019
Current operating lease liabilities	13	14
Long-term operating lease liabilities	39	41
	52	55

The following are the current and long-term right-of-use assets under operating lease arrangements:

<i>(millions of dollars)</i>	March 31 2020	December 31 2019
Current right-of-use asset	13	12
Long-term right-of-use asset	36	38
	49	50

In addition to its lease arrangement with Bruce Power L.P. (Bruce Power) related to the Bruce nuclear generating stations, OPG leases various real estate assets to third-party customers under operating lease arrangements in which the Company is the lessor, providing customers with the right-of-use to assets including land and office space. The Company receives mostly fixed rental payments in connection with these agreements. However, some arrangements contain variable lease payments that are indexed to the applicable consumer price index (CPI), with rents being subject to changes in the index over the course of the lease term. The arrangements do not contain any options to purchase the underlying asset from the Company that the lessee is reasonably certain to exercise. As the underlying asset in many of these arrangements is land, the Company expects to derive, at a minimum, the current fair value from these assets at the end of the lease term. Where applicable, OPG undertakes preventative and ongoing maintenance programs, combined with periodic major upgrades, to maintain the residual values of the underlying assets at the end of the lease term. Given the durability of such assets and their ability to hold or appreciate in value, OPG considers the residual value risk from these leasing arrangements to be nominal.

An analysis of the leasing arrangements in which the Company is the lessor is summarized below:

<i>(millions of dollars)</i>	1 Year	2 Years	3 Years	4 Years	5 Years	Thereafter	Total
Undiscounted operating lease receipts	9	41	4	36	2	654	746

6. REGULATORY ASSETS AND REGULATORY LIABILITIES

The regulatory assets and regulatory liabilities are as follows:

<i>(millions of dollars)</i>	March 31 2020	December 31 2019
Regulatory assets		
<i>Variance and deferral accounts authorized by the OEB</i>		
Pension & OPEB Cash Versus Accrual Differential Deferral Account	888	885
Pension and OPEB Cost Variance Account	455	490
Hydroelectric Surplus Baseload Generation Variance Account	450	448
Bruce Lease Net Revenues Variance Account	206	165
Rate Smoothing Deferral Account	204	104
Other variance and deferral accounts ¹	45	62
	2,248	2,154
Interim Period Revenue Shortfall	101	167
Pension and OPEB Regulatory Asset (Note 11)	3,629	3,667
Deferred Income Taxes	1,328	1,268
Total regulatory assets	7,306	7,256
Less: current portion	480	486
Non-current regulatory assets	6,826	6,770
Regulatory liabilities		
<i>Variance and deferral accounts authorized by the OEB</i>		
Pension & OPEB Cash Payment Variance Account	381	348
Hydroelectric Water Conditions Variance Account	228	216
Impact Resulting from Changes to Pickering Station End-of-Life Dates (December 31, 2017) Deferral Account	292	251
Changes in Station End-of-Life Dates (December 31, 2015) Deferral Account	90	92
Other variance and deferral accounts ²	243	145
Total regulatory liabilities	1,234	1,052
Less: current portion	150	103
Non-current regulatory liabilities	1,084	949

¹ Represents amounts for the Nuclear Liability Deferral Account, the Nuclear Deferral and Variance Over/Under Recovery Variance Account, the Hydroelectric Deferral and Variance Over/Under Recovery Variance Account, the Nuclear Development Variance Account, the Fitness for Duty Deferral Account and the Niagara Tunnel Project Pre-December 2008 Disallowance Variance Account.

² Represents amounts for the Ancillary Services Net Revenue Variance Account, the Income and Other Taxes Variance Account, the Hydroelectric Incentive Mechanism Variance Account, the SR&ED ITC Variance Account, the Pension & OPEB Cash Versus Accrual Differential Carrying Charges Account and the Capacity Refurbishment Variance Account.

On March 25, 2020, the OEB issued an order that established a deferral account for Ontario's electricity and natural gas distributors to record lost revenues and incremental costs related to the COVID-19 pandemic, effective March 24, 2020. On April 29, 2020, the OEB confirmed the applicability of the deferral account to OPG and electricity transmitters. The OEB stated that it has not yet made a determination on the nature of revenue or costs that will be recoverable through the deferral account and will assess any amounts recorded in the account at the time they are requested for disposition. OPG is evaluating the impact of the deferral account order on its regulated operations.

7. LONG-TERM DEBT AND NET INTEREST EXPENSE

Long-term debt consists of the following:

<i>(millions of dollars)</i>	March 31 2020	December 31 2019
Senior notes payable to Ontario Electricity Financial Corporation	3,255	3,135
Medium Term Notes Program senior notes	2,250	2,250
UMH Energy Partnership senior notes	175	175
PSS Generating Station Limited Partnership senior notes	245	245
Lower Mattagami Energy Limited Partnership senior notes	1,595	1,595
Brighton Beach Power Limited Partnership senior notes	107	116
Eagle Creek Renewable Energy senior notes	336	307
Cube Hydro senior notes	421	385
Other	25	25
	8,409	8,233
Plus: net fair value premium	18	20
Less: unamortized bond issuance fees	(26)	(27)
Less: amounts due within one year	(450)	(693)
Long-term debt	7,951	7,533

In March 2020, OPG issued senior notes payable to the Ontario Electricity Financial Corporation (OEFC) totalling \$400 million, maturing in March 2024 with a coupon rate of 1.75 percent. OPG repaid long-term debt of \$280 million to the OEFC during the three months ended March 31, 2020.

In April 2020, OPG issued \$1,200 million of green bonds under its Medium Term Note Program. The issuance consisted of \$400 million of senior notes maturing in April 2025 with a coupon interest rate of 2.89 percent and \$800 million of senior notes maturing in April 2030 with a coupon rate of 3.22 percent.

Net Interest Expense

The following table summarizes the net interest expense:

<i>(millions of dollars)</i>	March 31 2020	March 31 2019
Interest on long-term debt	89	80
Interest on short-term debt	4	2
Interest income	(12)	(3)
Interest capitalized to property, plant and equipment and intangible assets	(61)	(55)
Interest related to regulatory assets and regulatory liabilities ¹	32	(6)
Net interest expense	52	18

¹ Includes interest to recognize the cost of financing regulatory account balances as authorized by the OEB, and interest costs deferred in certain regulatory accounts.

8. SHORT-TERM DEBT

As at March 31, 2020, the Company had the following committed credit facilities and maturity dates:

<i>(millions of dollars)</i>		Amount	Maturity
Bank facilities:			
Corporate		1,000	May 2023 and May 2024 ¹
Corporate	USD	750	November 2020 ²
Term loan facility		1,000	March 2021
Lower Mattagami Energy Limited Partnership		400	August 2020 and August 2024 ³
Cube Hydro	USD	20	October 2028
Cube Hydro	USD	3	August 2021
OEFC facility ⁴		300	December 2021
Securitization ⁵		150	November 2020

¹ \$50 million of the total credit facility matures in May 2023 and \$950 million matures in May 2024.

² This credit facility has a one-year extension option beyond the maturity date of November 2020.

³ \$100 million of the total credit facility matures in August 2020 and \$300 million matures in August 2024. A letter of credit of \$55 million is outstanding under this facility as at March 31, 2020 (December 31, 2019 - \$55 million).

⁴ Represents amounts available under the facility net of long-term debt issuances.

⁵ Represents an agreement to sell an undivided co-ownership interest in the Company's current and future accounts receivable from the IESO to an independent trust. As of March 31, 2020, \$150 million of letters of credit were issued under the securitization facility to support the Company's supplementary pension plans (December 31, 2019 - \$150 million).

The Company's short-term debt balances are comprised of the following:

<i>(millions of dollars)</i>	March 31 2020	December 31 2019
Lower Mattagami Energy Limited Partnership	85	114
Corporate	340	50
	425	164

The weighted average interest rate on the short-term debt as of March 31, 2020 is 1.92 percent (December 31, 2019 – 1.88 percent).

As of March 31, 2020, a total of \$519 million of Letters of Credit had been issued (December 31, 2019 – \$519 million). This included \$392 million for the supplementary pension plans, \$55 million for Lower Mattagami Energy Limited Partnership, \$35 million for general corporate purposes, \$19 million for Cube Hydro, \$16 million for UMH Energy Partnership and \$1 million for each of PSS Generating Station Limited Partnership and PEC.

In March 2020, the Company executed a \$1 billion one-year term loan agreement with a syndicate of banks and drew down \$400 million against the loan in April 2020. During April 2020, in addition to the commercial paper outstanding of \$340 million as of March 31, 2020, the Company issued approximately \$400 million of short-term debt under its Canadian commercial paper program and received an advance of US\$300 million from its US corporate credit facility.

9. FIXED ASSET REMOVAL AND NUCLEAR WASTE MANAGEMENT LIABILITIES

The liabilities for fixed asset removal and nuclear waste management on a present value basis consist of the following:

<i>(millions of dollars)</i>	March 31 2020	December 31 2019
Liability for used nuclear fuel management	13,163	13,061
Liability for nuclear decommissioning and nuclear low and intermediate level waste management	8,813	8,726
Liability for non-nuclear fixed asset removal	283	294
Fixed asset removal and nuclear waste management liabilities	22,259	22,081

10. ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in the balance of each component of accumulated other comprehensive loss (AOCL), net of income taxes, are as follows:

Three Months Ended March 31, 2020				
<i>(millions of dollars)</i>	Unrealized Gains and Losses on Cash Flow Hedges	Pension and OPEB	Currency Translation Adjustment	Total
AOCL, beginning of period	(33)	(213)	(31)	(277)
Translation of foreign operations	-	-	143	143
Amounts reclassified from AOCL	3	3	-	6
Other comprehensive income for the period	3	3	143	149
AOCL, end of period	(30)	(210)	112	(128)

Three Months Ended March 31, 2019				
<i>(millions of dollars)</i>	Unrealized Gains and Losses on Cash Flow Hedges	Pension and OPEB	Currency Translation Adjustment	Total
AOCL, beginning of period	(48)	(208)	13	(243)
Translation of foreign operations	-	-	(10)	(10)
Amounts reclassified from AOCL	4	3	-	7
Other comprehensive income (loss) for the period	4	3	(10)	(3)
AOCL, end of period	(44)	(205)	3	(246)

The significant amounts reclassified out of each component of AOCL, net of income taxes, are as follows:

<i>(millions of dollars)</i>	Amount Reclassified from AOCL For the Three Months Ended March 31		Statement of Income Line Item
	2020	2019	
Amortization of losses from cash flow hedges			
Losses	4	5	Net interest expense
Income tax recovery	(1)	(1)	Income tax expense
	3	4	
Amortization of amounts related to pension and OPEB			
Actuarial losses	4	4	See (1) below
Income tax recovery	(1)	(1)	Income tax expense
	3	3	
Total reclassifications for the year	6	7	

¹ These AOCL components are included in the computation of pension and OPEB costs (see Note 11 for additional details).

Existing pre-tax net losses for derivatives of \$15 million deferred in AOCL as at March 31, 2020, are expected to be reclassified to net income within the next 12 months.

11. PENSION AND OTHER POST-EMPLOYMENT BENEFITS

OPG's pension and OPEB costs for the three months ended March 31, 2020 and 2019 are as follows:

<i>(millions of dollars)</i>	Registered Pension Plans		Supplementary Pension Plans		Other Post-Employment Benefits	
	2020	2019	2020	2019	2020	2019
<i>Components of Cost Recognized for the period</i>						
Current service costs	85	78	2	2	22	18
Interest on projected benefit obligation	133	152	3	3	24	25
Expected return on plan assets, net of expenses	(218)	(206)	-	-	-	-
Amortization of net actuarial loss ¹	40	39	2	2	-	-
Costs recognized ²	40	63	7	7	46	43

¹ The amortization of net actuarial loss is recognized as an increase to other comprehensive income. This increase for the three months ended March 31, 2020 was partially offset by a decrease in the Pension and OPEB Regulatory Asset of \$38 million (three months ended March 31, 2019 – \$37 million).

² Pension and OPEB costs for the three months ended March 31, 2020, exclude the net addition of costs of \$17 million resulting from the recognition of changes in the regulatory assets for the Pension & OPEB Cash Versus Accrual Differential Deferral Account and the Pension & OPEB Cash Payment Variance Account (three months ended March 31, 2019 – net reduction of costs of \$3 million).

12. RISK MANAGEMENT AND DERIVATIVES

OPG is exposed to risks related to changes in market interest rates on debt expected to be issued in the future, movements in foreign currency that affect the Company's assets, liabilities and forecasted transactions, and fluctuations in commodity prices. Select derivative instruments are used to manage such risks. Derivatives are used as hedging instruments, as well as for trading purposes.

Interest Rates

Interest rate risk is the risk that the value of assets and liabilities can change due to movements in related interest rates. Interest rate risk for OPG arises with the need to refinance existing debt or undertake new financing. The management of these risks includes using derivatives to hedge the exposure in accordance with corporate risk management policies. OPG periodically uses interest rate swap agreements to mitigate elements of interest rate risk exposure associated with anticipated financing.

Foreign Exchange

OPG's financial results are exposed to volatility in the Canadian/US foreign exchange rate as fuels and certain supplies and services purchased for generating stations and major development projects are denominated in, or tied to, US dollars. To manage this risk, the Company employs various financial instruments such as forwards and other derivative contracts, in accordance with approved corporate risk management policies. Additionally, volatility in the Canadian/US foreign exchange rate also impacts OPG's financial results from certain of its subsidiaries, whose operations are based exclusively in the United States.

Commodity Prices

OPG is exposed to fluctuations in commodity prices. Changes in the market prices of nuclear fuels, oil, gas and biomass used to produce electricity can adversely impact OPG's earnings and cash flow from operations. To manage the risk of unpredictable increases in the price of fuels, the Company has fuel hedging programs, which include using fixed price and indexed contracts.

A number of OPG's hydroelectric facilities in the US sell energy and capacity into wholesale spot electricity markets and therefore are subject to volatility of wholesale spot electricity market pricing. While revenue from these facilities represents a small portion of OPG's overall revenue, the Company may enter into derivative instruments from time to time to further mitigate this risk.

Credit

The Company's credit risk exposure is primarily a function of its electricity and other sales. The majority of OPG's revenue is derived from electricity sales through the IESO administered spot market. Market participants in the IESO spot market provide collateral in accordance with the IESO prudential support requirements to cover funds that they might owe to the market. Although the credit exposure to the IESO represents a significant portion of OPG's accounts receivable, the Company's management accepts this risk due to the IESO's primary role in the Ontario electricity market. The remaining receivables exposure is to a diverse group of generally high quality counterparties. OPG's allowance for doubtful accounts as at March 31, 2020, was \$1 million (December 31, 2019 – \$1 million).

The fair value of the derivative instruments totalled a net liability of \$12 million as at March 31, 2020 (December 31, 2019 – \$11).

13. FAIR VALUE MEASUREMENTS

OPG is required to classify fair value measurements using a fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels, based on the inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: Valuation of inputs is based on unadjusted quoted market prices observed in active markets for identical assets or liabilities.
- Level 2: Valuation is based on inputs other than quoted prices under Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Valuation is based on inputs for the asset or liability that are not based on observable market data.

The fair value of financial instruments traded in active markets is based on quoted market prices as at the interim consolidated balance sheet dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held by OPG is the current bid price. These instruments are included in Level 1 and are comprised primarily of equity investments and fund investments.

For financial instruments for which quoted market prices are not directly available, fair values are estimated using forward price curves developed from observable market prices or rates. The estimation of fair value may include the use of valuation techniques or models, based wherever possible on assumptions supported by observable market prices or rates prevailing as at the interim consolidated balance sheet dates. This is the case for over-the-counter derivatives and securities, which include energy commodity derivatives, foreign exchange derivatives, interest rate swap derivatives and fund investments. Various other fund investments are valued at the unit values supplied by the fund administrators. The unit values represent the underlying net assets at fair values, determined using closing market prices. Valuation models use general assumptions and market data and, therefore, do not reflect the specific risks and other factors that would affect a particular instrument's fair value. The methodologies used for calculating the fair value adjustments are reviewed on an ongoing basis to ensure that they remain appropriate. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation techniques are used to value these instruments. Significant Level 3 inputs include: recent comparable transactions, comparable benchmark information, bid/ask spread of similar transactions and other relevant factors.

The following is a summary of OPG's financial instruments and their fair value as at March 31, 2020 and December 31, 2019:

<i>(millions of dollars)</i>	Fair Value		Carrying Value ¹		Balance Sheet Line Item
	2020	2019	2020	2019	
Nuclear Segregated Funds (includes current portion) ²	18,360	18,292	18,360	18,292	Nuclear fixed asset removal and nuclear waste management funds
Loan receivable - from Fair Hydro Trust	968	945	917	917	Loan receivable
Investment in Hydro One shares	165	169	165	169	Equity securities
Payable related to cash flow hedges	(22)	(24)	(22)	(24)	Long-term accounts payable and accrued charges
Long-term debt (includes current portion)	(8,612)	(9,163)	(8,401)	(8,226)	Long-term debt
Other financial instruments	23	22	23	22	Various

¹ The carrying values of other financial instruments included in cash and cash equivalents, receivables from related parties, other current assets, short-term debt, and accounts payable, accrued charges and other payables approximate their fair values due to the immediate or short-term maturity of these financial instruments.

² The Nuclear Segregated Funds are comprised of the Decommissioning Segregated Fund and the Used Fuel Segregated Fund. OPG's fair value of the Nuclear Segregated Funds is set not to exceed an amount equal to the funding liability pursuant to the ONFA when the Nuclear Segregated Funds are in a surplus position.

The fair value of OPG's long-term debt issued under the Medium Term Note Program is based on indicative pricing from the market. The fair value of these debt instruments is based on Level 2 inputs. The fair value of all other long-term debt instruments is determined based on a conventional pricing model, which is a function of future cash flows, the current market yield curve and term to maturity. These inputs are considered Level 2 inputs.

The following tables present financial assets and financial liabilities measured at fair value in accordance with the fair value hierarchy:

As at (millions of dollars)	March 31, 2020			Total
	Level 1	Level 2	Level 3	
Assets				
<i>Used Fuel Segregated Fund</i>				
Investments measured at fair value, excluding investments measured at NAV	5,039	5,080	-	10,119
Investments measured at NAV ¹				2,257
				12,376
Due to Province				(1,980)
Used Fuel Segregated Fund, net				10,396
<i>Decommissioning Segregated Fund</i>				
Investments measured at fair value, excluding investments measured at NAV	3,878	3,756	-	7,634
Investments measured at NAV ¹				1,817
				9,451
Due to Province				(1,487)
Decommissioning Segregated Fund, net				7,964
Equity securities	165	-	-	165
Other financial assets	1	3	36	40
Liabilities				
Other financial liabilities	(15)	(1)	(1)	(17)

As at (millions of dollars)	December 31, 2019			Total
	Level 1	Level 2	Level 3	
Assets				
<i>Used Fuel Segregated Fund</i>				
Investments measured at fair value, excluding investments measured at NAV	6,021	5,333	-	11,354
Investments measured at NAV ¹				2,136
				13,490
Due to Province				(3,067)
Used Fuel Segregated Fund, net				10,423
<i>Decommissioning Segregated Fund</i>				
Investments measured at fair value, excluding investments measured at NAV	4,575	3,959	-	8,534
Investments measured at NAV ¹				1,719
				10,253
Due to Province				(2,384)
Decommissioning Segregated Fund, net				7,869
Equity securities	169	-	-	169
Other financial assets	6	5	35	46
Liabilities				
Other financial liabilities	(22)	(2)	-	(24)

¹ Represents investments measured at fair value using NAV as a practical expedient, which have not been classified in the fair value hierarchy. The fair value amounts for these investments presented in this table are intended to permit the reconciliation of the fair value hierarchy to amounts presented on the interim consolidated balance sheets.

During the three months ended March 31, 2020, there were no transfers into or out of Level 3.

The following table presents the changes in OPG's net assets measured at fair value that are classified as Level 3 financial instruments.

<i>(millions of dollars)</i>	Other financial instruments
Opening balance, January 1, 2020	35
Unrealized gains included in revenue	1
Realized losses included in revenue	(1)
Closing balance, March 31, 2020	35

Investments Measured at Net Asset Value

Nuclear Segregated Funds

Nuclear Segregated Funds' investments classified as Level 3 consist of real estate, infrastructure, and agriculture investments within the alternative investment portfolio. The fair value of these investments is determined using financial information as provided by the general partners of the limited partnership funds in which the Nuclear Segregated Funds are invested. Direct investments are valued using appropriate valuation techniques, such as recent arm's-length market transactions, references to current fair values of other instruments that are substantially the same, discounted cash flow analyses, third-party independent appraisals, valuation multiples, or other valuation methods. Any control, size, liquidity or other discount premiums on the investments are considered in the determination of fair value.

The process of valuing investments for which no published market price exists is based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for these investments. The values may also differ from the prices at which the investments may be sold.

The following are the classes of investments within the Nuclear Segregated Funds that are reported on the basis of NAV as at March 31, 2020:

<i>(millions of dollars except where noted)</i>	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Real Assets				
Infrastructure	2,453	792	n/a	n/a
Real Estate	1,436	750	n/a	n/a
Agriculture	185	23	n/a	n/a
Pooled Funds				
Short-term Investments	51	n/a	Daily	1-5 days
Fixed Income	1,937	n/a	Daily	1-5 days
Equity	788	n/a	Daily	1-5 days
Total	6,850	1,565		

The fair value of the pooled funds is classified as Level 2. Infrastructure, real estate and agriculture investments are measured using NAV as a practical expedient for determining their fair value.

Infrastructure

This class includes investments in funds whose investment objective is to generate a combination of long-term capital appreciation and current income, generally through investments such as energy, transportation and utilities. The fair values of investments in this class have been estimated using NAV of the Nuclear Segregated Funds' ownership interest in these investments. The ownership interest in the respective funds are not redeemable. However, the Nuclear Segregated Funds may transfer any of their ownership interests to another party, as stipulated in the partnership agreements and/or shareholders' agreements. Cash distributions are received based on the operations of the underlying investments and/or as the underlying investments are liquidated. It is not possible to estimate when the underlying assets of the infrastructure funds in this class will be liquidated.

Real Estate

This class includes investments in institutional-grade real estate property. The investment objective is to provide a stable level of income with an opportunity for long-term capital appreciation. The fair values of the investments in this class have been estimated using NAV of the Nuclear Segregated Funds' ownership interest in these investments. The investments in the respective funds are not redeemable. However, the Nuclear Segregated Funds may transfer any of their ownership interests to another party, as stipulated in the partnership agreements and/or shareholders' agreements. For investments in private real estate corporations, shares may be redeemed through a pre-established redemption process. Cash distributions are received based on the operations of the underlying investments and/or as the underlying investments are liquidated. It is not possible to estimate when the underlying assets in this class will be liquidated.

Agriculture

This class includes a diversified portfolio of global farmland investments. The investment objective is to provide a differentiated return source, income yield and inflation protection. The fair values of the investments in this class have been estimated using NAV of the Nuclear Segregated Funds' ownership interest in these investments. The investments in the respective funds are not redeemable. However, the Nuclear Segregated Funds may transfer any of their ownership interests to another party, as stipulated in the partnership agreements and/or shareholders' agreements. Cash distributions are received based on the operations of the underlying investments and/or as the underlying investments are liquidated. It is not possible to estimate when the underlying assets in this class will be liquidated.

Pooled Funds

This class represents investments in pooled funds, which primarily include a diversified portfolio of fixed income securities, issued mainly by Canadian corporations, and diversified portfolios of Emerging Market listed equity. The investment objective of the pooled funds is to achieve capital appreciation and income through professionally managed portfolios. The fair value of the investments in this class has been estimated using NAV per share of the investments. There are no significant restrictions on the ability to sell the investments in this class.

14. SHARE CAPITAL

Common Shares

As at March 31, 2020 and December 31, 2019, OPG had 256,300,010 common shares issued and outstanding at a stated value of \$5,126 million. OPG is authorized to issue an unlimited number of common shares without nominal or par value. Any issue of new shares is subject to the consent of OPG's shareholder, the Province.

Class A Shares

The Company's Articles of Amalgamation were amended effective December 1, 2017 to allow for the creation and issuance of non-voting Class A shares to the Province in exchange for equity injections in OPG. All of the outstanding shares are owned directly by the Province and OPG is authorized to issue an unlimited number of Class A shares without nominal or par value. The Class A and common shares rank equally as to entitlement to dividends, and all dividends declared by OPG must be declared in equal amounts per share on all outstanding shares without preference or distinction. Upon the liquidation, dissolution or wind-up of OPG, whether voluntary or involuntary, the holders of Class A shares and common shares are entitled to share equally, on a share for share basis, in all distributions of property and assets without preference or distinction. Any issue of new class of shares is subject to the consent of the Province. OPG is entitled to redeem outstanding Class A shares as may be approved by OPG's Board of Directors.

As at March 31, 2020 and December 31, 2019, OPG had 18,343,815 Class A shares issued and outstanding at a stated value of \$787 million.

15. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing net income attributable to the Shareholder by the weighted average number of shares outstanding.

Class A shares are included in the weighted average number of shares outstanding. The weighted average number of shares outstanding as at March 31, 2020 was 274.6 million (December 31, 2019 – 274.6 million). There were no dilutive securities during the three months ended March 31, 2020 and for the year ended December 31, 2019.

16. COMMITMENTS AND CONTINGENCIES

Litigation

On August 9, 2006, a Notice of Action and Statement of Claim filed with the Ontario Superior Court of Justice in the amount of \$500 million was served against OPG and Bruce Power by British Energy Limited and British Energy International Holdings Limited (together, British Energy). The action is for contribution and indemnity of any amounts British Energy was liable for in an arbitration against it by some of the owners of Bruce Power regarding an alleged breach of British Energy's representations and warranties to the claimants when they purchased British Energy's interest in Bruce Power (the Arbitration). Both the action and the Arbitration relate to corrosion to a steam generator unit discovered after OPG leased the Bruce nuclear generating stations to Bruce Power.

In 2012, the arbitrator found that British Energy was liable to the claimants for some of the damages they claimed. The final settlement amount was valued by British Energy at \$71 million. In September 2014, British Energy amended its Statement of Claim (Amended Claim) to reduce the claim amount to \$100 million to reflect that the purchasers of British Energy's interest in Bruce Power did not receive the full damages they originally claimed in the Arbitration. British Energy also added an allegation to its Amended Claim that OPG breached a covenant to maintain the steam generator between the time of the initial agreement to lease and the effective date of the lease in accordance with "Good Utility Practices".

In November 2016, British Energy obtained consent from the Ontario Superior Court of Justice to a timetable for the remaining steps in the litigation, pursuant to which the matter was to be set down for trial by December 31, 2018. OPG delivered a statement of defence in accordance with an extension of the original June 30, 2017 delivery deadline set up in the timetable. British Energy served a reply and served its Affidavit of Documents in November 2018. The parties exchanged documentary productions in September 2019. A pre-trial is scheduled for May 31, 2021, and a trial is scheduled to commence on November 8, 2021.

Various other legal proceedings are pending against OPG or its subsidiaries covering a wide range of matters that arise in the ordinary course of business activities.

Each of these matters are subject to various uncertainties. Some of these matters may be resolved unfavourably. While it is not possible to determine the ultimate outcome of the various pending actions, it is the Company's belief that their resolution is not likely to have a material adverse impact on its consolidated financial position.

Guarantees

The Company and its joint venture partners have jointly guaranteed the financial performance of jointly owned entities related primarily to the payment of liabilities. As at March 31, 2020, the total amount of guarantees OPG provided to these entities was \$81 million (December 31, 2019 – \$80 million), which mainly comprised guarantees provided to PEC. OPG may terminate some of these guarantees within a short time frame by providing written notice to the counterparties at any time. Other guarantees had terms ending between 2020 and 2029. As at March 31, 2020, the potential impact of the fair value of these guarantees to income is \$1 million and OPG does not expect to make any payments associated with these guarantees.

Contractual Obligations

OPG's contractual obligations as at March 31, 2020 were as follows:

<i>(millions of dollars)</i>	2020 ¹	2021	2022	2023	2024	Thereafter	Total
Fuel supply agreements	116	150	100	92	25	14	497
Contributions to the OPG registered pension plan ²	133	183	-	-	-	-	316
Long-term debt repayment	404	449	208	76	618	6,654	8,409
Interest on long-term debt	248	313	298	291	280	4,658	6,088
Short-term debt repayment	425	-	-	-	-	-	425
Commitments related to Darlington Refurbishment project ³	315	-	-	-	-	-	315
Operating licences	33	45	46	47	48	99	318
Operating lease obligations	9	11	10	7	6	15	58
Unconditional purchase obligations	44	5	-	-	-	-	49
Accounts payable, accrued charges and other payables	955	13	1	-	-	-	969
Other	29	26	10	8	9	84	166
Total	2,711	1,195	673	521	986	11,524	17,610

¹ Represents amounts for the remainder of the year.

² The pension contributions include ongoing funding requirements and additional funding requirements towards the deficit, in accordance with the actuarial valuation of the OPG registered pension plan as at January 1, 2019. The next actuarial valuation of the OPG registered pension plan must have an effective date no later than January 1, 2022. The pension contributions are affected by various factors including market performance, changes in actuarial assumptions, plan experience, changes in the pension regulatory environment and the timing of funding valuations. Funding requirements after 2021 are excluded due to significant variability in the assumptions required to project the timing of future cash flows. The amount of OPG's additional, voluntary contribution, if any, is revisited from time to time.

³ Represents estimated currently committed costs to close the project, including accruals for completed work, demobilization of project staff and cancellation of existing contracts and material orders.

Contractual and commercial commitments as noted exclude certain purchase orders, as they represent purchase authorizations rather than legally binding contracts, and are subject to change without significant penalties.

17. BUSINESS SEGMENTS

Segment Income (Loss) For the Three Months Ended March 31, 2020 <i>(millions of dollars)</i>	Regulated			Unregulated		Elimination	Total
	Nuclear Generation	Nuclear Waste Management	Hydro- electric	Contracted and Other Generation	Other		
Revenue	1,121	-	392	190	1	-	1,704
Leasing revenue	6	-	-	-	5	-	11
Other revenue	-	37	-	-	17	(49)	5
Total revenue	1,127	37	392	190	23	(49)	1,720
Fuel expense	76	-	67	10	-	-	153
Gross margin	1,051	37	325	180	23	(49)	1,567
Operations, maintenance and administration	576	37	74	57	13	(49)	708
Depreciation and amortization	204	-	54	45	11	-	314
Accretion on fixed asset removal and nuclear waste management liabilities	-	261	-	2	1	-	264
Earnings on nuclear fixed asset removal and nuclear waste management funds	-	(171)	-	-	-	-	(171)
Income from investments subject to significant influence	-	-	-	(8)	-	-	(8)
Property taxes	7	-	-	5	-	-	12
Other gains	-	-	-	(1)	(3)	-	(4)
Income (loss) before interest and income taxes	264	(90)	197	80	1	-	452
Net interest expense							52
Income before income taxes							400
Income tax expense							87
Net income							313

Segment Income (Loss) For the Three Months Ended March 31, 2019 <i>(millions of dollars)</i>	Regulated			Unregulated			Total
	Nuclear Generation	Nuclear Waste Management	Hydro- electric	Contracted and Other Generation	Other	Elimination	
Revenue	879	-	381	155	4	-	1,419
Leasing revenue	6	-	-	-	3	-	9
Other revenue	-	31	-	-	12	(45)	(2)
Total revenue	885	31	381	155	19	(45)	1,426
Fuel expense	70	-	66	12	-	-	148
Gross margin	815	31	315	143	19	(45)	1,278
Operations, maintenance and administration	622	31	77	50	14	(45)	749
Depreciation and amortization	167	-	57	30	12	-	266
Accretion on fixed asset removal and nuclear waste management liabilities	-	252	-	2	1	-	255
Earnings on nuclear fixed asset removal and nuclear waste management funds	-	(220)	-	-	-	-	(220)
Income from investments subject to significant influence	-	-	-	(13)	-	-	(13)
Property taxes	6	-	-	3	1	-	10
Other losses (gains)	-	-	1	-	(13)	-	(12)
Income (loss) before interest and income taxes	20	(32)	180	71	4	-	243
Net interest expense							18
Income before income taxes							225
Income tax expense							8
Net income							217

18. NET CHANGES IN NON-CASH WORKING CAPITAL BALANCES

<i>(millions of dollars)</i>	Three Months Ended March 31	
	2020	2019
Receivables from related parties	(81)	31
Fuel inventory	(17)	(14)
Materials and supplies	10	17
Prepaid expenses	(3)	(1)
Other current assets	(3)	53
Accounts payable, accrued charges and other payables	81	(46)
Net changes to non-cash working capital balances	(13)	40

19. COVID-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, identified as "COVID-19," has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing have caused material disruption to businesses globally resulting in an economic slowdown. Global equity, credit and related markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact, if any, on the financial results and condition of the Company and its operating subsidiaries in future periods.