<u>Key Messaging: Ontario Power Generation (OPG) Earnings on Fair Hydro Plan Debt</u>

OPG was identified as the Financial Services Manager (FSM) responsible for the Financing Plans and the financing entity (i.e., Fair Hydro Trust) that will manage the debt obligations under the Global Adjustment (GA) refinancing program.

OPG has the necessary financing and commercial expertise to assist with refinancing the GA and will ensure that it is done in an efficient and cost-effective manner.

Under the *Ontario Fair Hydro Plan Act, 2017* and associated regulations, OPG is permitted to charge fees in its role as FSM. This ensures OPG is able to recover costs incurred in relation to its activities as FSM. The methodology for the calculation of fees is set out in regulation and includes performance-based components. The regulation also sets out the role of the Ontario's Energy Board (OEB) in reviewing and approving the fees.

In accordance with OPG's Financing Plan, 49 per cent of the debt obligations are purchased by OPG, funded by periodic equity injections from the Province and OPG's own corporate borrowing program.

OPG earns a return on its investment in the Trust, which ensures the transactions are commercial and meets accounting requirements. The remaining 51 per cent of the debt obligations are funded through the capital markets.

Since the Province owns OPG, and consolidates OPG into their books, the net income flows back to the Province.