OPG Asset Acquisition Growth Considerations

August 15, 2017

ONTARIO POWER GENERATION

Executive Summary

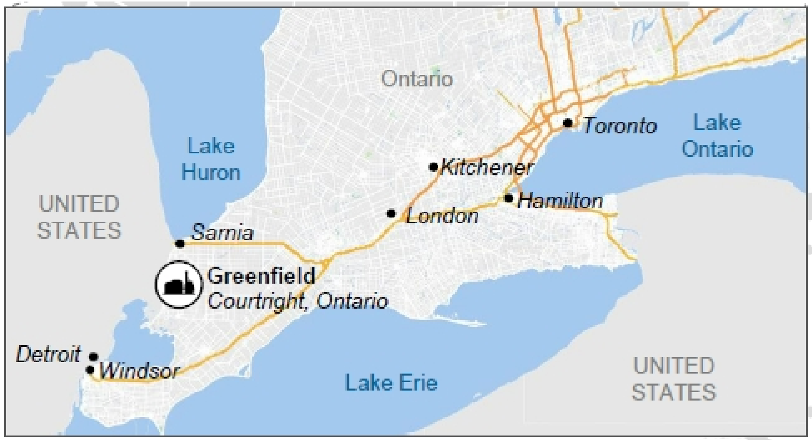
- OPG has an immediate opportunity to acquire a 1,005 MW combined cycle gas plant and a 76 MW solar portfolio
- As a generation company based in Ontario, these assets are squarely aligned with OPG’s strategic direction
- Assets will be integrated into OPG’s RGPM business unit and align well geographically
- Economic returns are attractive and contribute to Shareholder return expectations
- Repatriation of asset ownership for benefit of Ontario taxpayers
- OPG’s ability to mitigate transactional and operational risks is strong

Active Acquisition Opportunity: Greenfield Energy Centre

Facility Overview	
Capacity	1,005 MW
Commercial Operations Date	October 16, 2008
Ownership	Mitsui (50%) / Calpine (50%)
Fuel Type / Technology	Natural Gas / CCGT
O&M Management	EthosEnergy
Energy Management	Emera Energy
Long-Term Service Provider	Siemens
Plant Employees	27 full-time employees (19 PWU union)

Financial Return Expectations

	Greenfield Energy Centre	OPG (2016)	% Increase
Return on Equity	11.1%	4.2%	N/A
EBITDA (full yr)	$84M	$1,998M	4.2%
Net Income (full yr)	$42M	$453M	9.3%



Opportunity Overview

- Rare opportunity to own 100% of a combined-cycle natural gas-fired plant in Ontario
- Long operating track record with experienced third-party operator
- CES Contract with IESO has a remaining term of ~11 years
- Long remaining useful life of 30+ years; the need for natural gas capacity is expected to continue due to nuclear refurbishment, increasing demand and the need to support renewable generation
- Upside available for OPG to capitalize on post-contract market reform uncertainty

Financial Highlights

- Valuation range of $750-$850M with projected returns adding meaningfully to OPG's financial profile and exceeding those achieved by OPG's current operations

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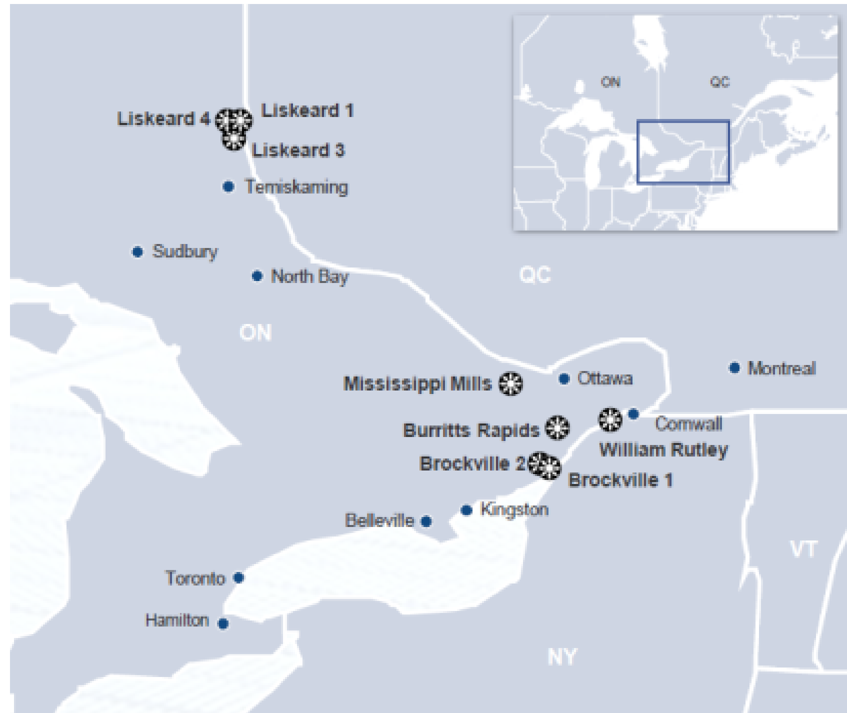
Active Acquisition Opportunities: TransCanada Solar Portfolio

Facility Overview	
Capacity	76 MW
Locations	8 locations in Eastern and Northeastern Ontario
Commercial Operations Date	November 2012 to October 2014
Contract Term Remaining	16.3 years (average)
Weighted Average Energy Price	$443/MWh
Financing	Unlevered

Financial Return Expectations

	TransCanada Solar	OPG (2016)	% Increase
Return on Equity	8.8%	4.2%	N/A
EBITDA (Full year)	$51M	$1,998M	2.6%
Net Income (Full year)	$15M	$453M	3.3%

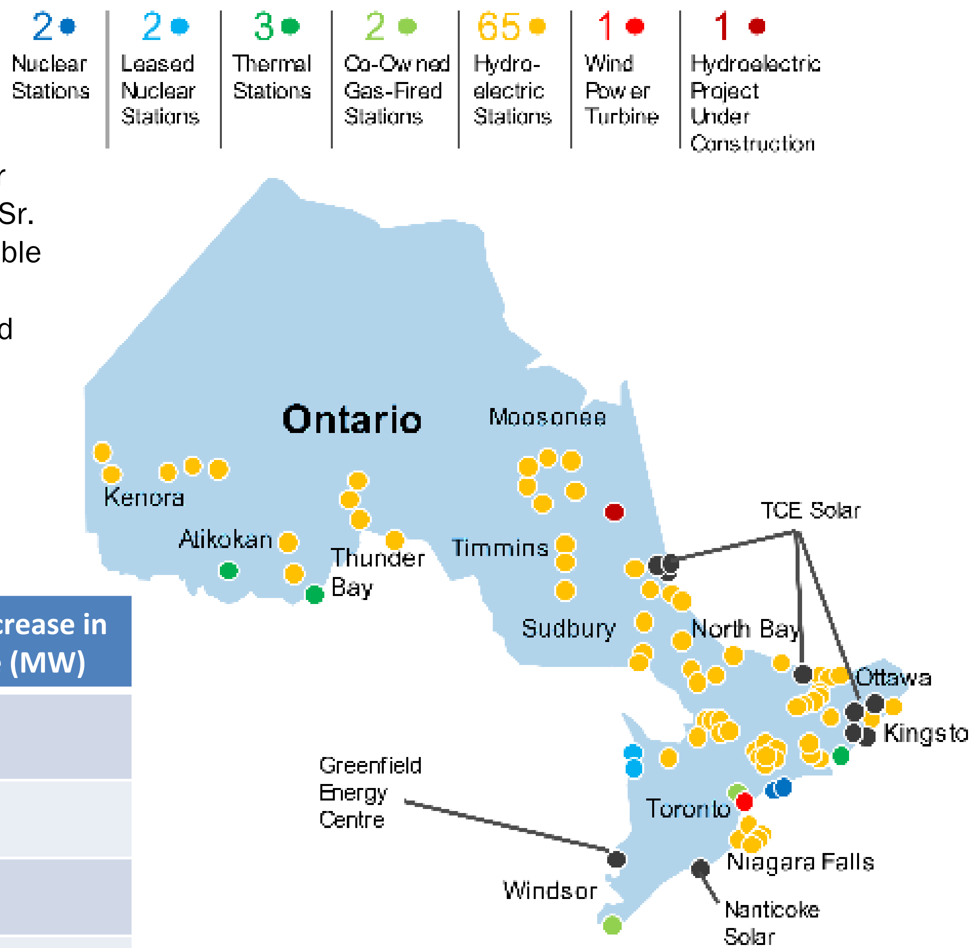


Financial Highlights

- Valuation range of $500-$600M with projected returns adding meaningfully to OPG's financial profile and exceeding those achieved by OPG's current operations
- Upside available for OPG to capitalize on post-contract market reform uncertainty

RGPM Integration

Map of OPG Generation Stations



Integration

- Technology and geography allows for a straightforward integration into OPG's RGPM business unit
- With major organic growth projects such as Lower Mattagami ($2.6B, 440 MW) & Peter Sutherland Sr. ($300M, 28 MW) complete, RGPM has considerable established organizational capacity to effectively integrate potential acquisitions such as Greenfield and TransCanada Solar

Scale Benefits

- Both proposed acquisitions contribute toward achieving meaningful scale in each generation technology

OPG Generation	Actual	Proposed Acquisition	Total	% Increase in Scale (MW)
Combined Cycle Gas	565 MW	1,005 MW	1,570 MW	178%
Solar	44 MW	76 MW	120 MW	173%
All OPG	16,205 MW	1,081 MW	17,258 MW	6.7%
All OPG Post-Pickering	13,890 MW	1,081 MW	14,971 MW	7.8%

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Risk Mitigation

Organizational Focus

- Acquisitions Process: Managed centrally through Corporate Business Development and Strategy
- Financing: Managed by OPG Treasury (a separate group is being established to operate the Fair Hydro Trust)
- Operations: Integrated by RGPM

Brand Management – GHG Emissions

- GHG-free electricity production is not impacted in the near term and manageable in the longer term
  - For 2018 and 2019, OPG's proportion of GHG-free electricity production will reduce from ~99% to ~98%
  - Post 2025, following Pickering closure and completion of Darlington Refurbishment , OPG's proportion of GHG-free electricity production will reduce from ~95% to ~90%

Future Shareholder Actions

- Action to re-price solar contract to market would not, on its own, impair OPG's credit rating
- However, the Shareholder must be made aware that such an action would signal an unfavourable precedent for government intervention in OPG's business that would likely impair OPG's credit rating and curtail its ability to participate in the Fair Hydro Plan

Brand Management – Electricity Price

- Notwithstanding the high PPA value of $443/MWh for the TC Solar contract, OPG's position as a low cost generator will not be discernibly impacted by these potential acquisitions
  - Proposed acquisitions increase OPG's overall average price of generation increases by only approximately 0.1cents/kWh