**Ontario Power Generation Inc.**
**Internal Controls over Financial Reporting**
**For the First Quarter Ended March 31, 2017**

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The purpose of this document is to update the Audit and Risk Committee with respect to OPG's 2017 program for Internal Controls over Financial Reporting, and Disclosure Controls and Procedures (collectively, ICOFR).

### *Quarterly Material Changes in Internal Controls*

National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, requires that OPG report in its Management's Discussion and Analysis (MD&A) any material changes to ICOFR. Management confirms that there were no material changes to ICOFR to report for the first quarter of 2017.

### *2016 ICOFR Program Status*

Deficiencies and other findings noted during the 2016 ICOFR program have been communicated to process and control owners as part of the 2017 ICOFR program roll-out and documentation update.

### *Planning for 2017*

Planning activities include establishing materiality, conducting an account level risk assessment, site selection, and scoping for the 2017 program. The results of the scoping process will be presented to the Management Assessment Committee at the end of May 2017, which will determine the testing strategy for the 2017 program. The number of controls to be tested is expected to be consistent with prior year.

Transition and coordination is underway with the external auditors (Ernst & Young LLP) and OPG's ICOFR testers (OPG's Internal Audit group and PricewaterhouseCoopers LLP (PwC)) to align schedules, planning, and testing approaches. Testing is expected to begin in June 2017.

The 2017 year marks the start of the transition of ICOFR testing from our external service providers PwC to OPG's Internal Audit group. Approximately 40% of the testing is expected to be performed by Internal Audit in 2017. Full transition will occur over the next 3 years.