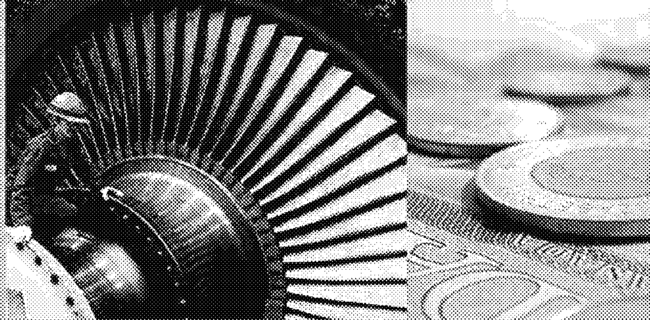

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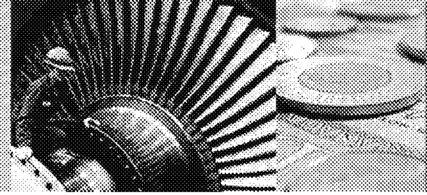
DBRS - Annual Update

May 29, 2017

ONTARIO POWER GENERATION



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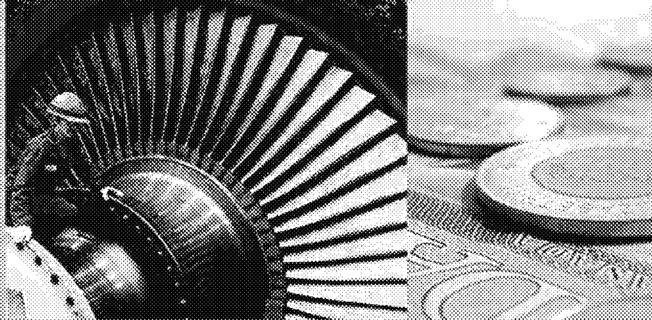
Agenda

Time	Topic	Presenter
1:00	Introduction	John Lee
1:10	• OPG Corporate Profile • Fair Hydro Plan	John Lee
1:25	Strategic Overview • Operational Excellence • Project Excellence • Financial Strength • Social Licence	Ken Hartwick
1:40	Nuclear Refurbishment	Sean Granville
1:55	Nuclear Operations	Sean Granville
2:10	Renewable Generation & Power Marketing	Jeff Hansen
2:30	2017-2019 Financial Outlook	Ken Hartwick
2:40	Liquidity and Financing Outlook	John Lee
2:50	Questions	



Corporate Profile

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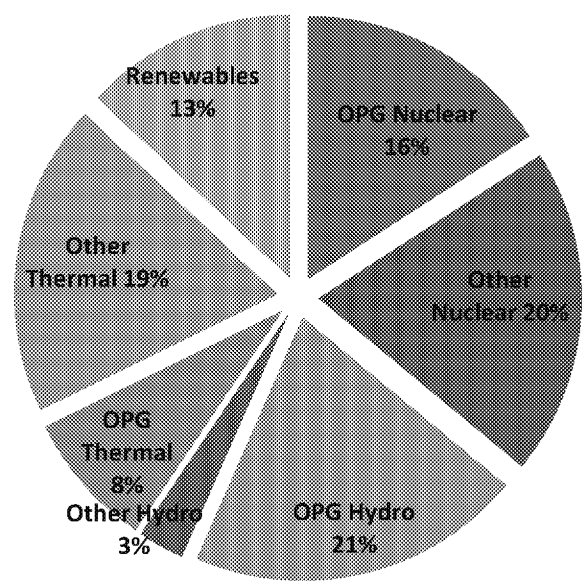
Corporate Profile

- OPG is an electricity generation company whose principal business is the generation and sale of electricity in Ontario
- 100% owned by the Province of Ontario who also holds the majority of the company's long-term debt
- OPG's credit ratings from S&P and DBRS are investment grade, 'BBB+' & 'A (L)', respectively
- Diversified asset portfolio consisting of 2 nuclear stations, 66 hydroelectric stations and 3 thermal stations
- OPG's total in-service capacity was ~16,000 MW as of the end of 2016, ~45% of Ontario capacity

2016 Ontario Capacity



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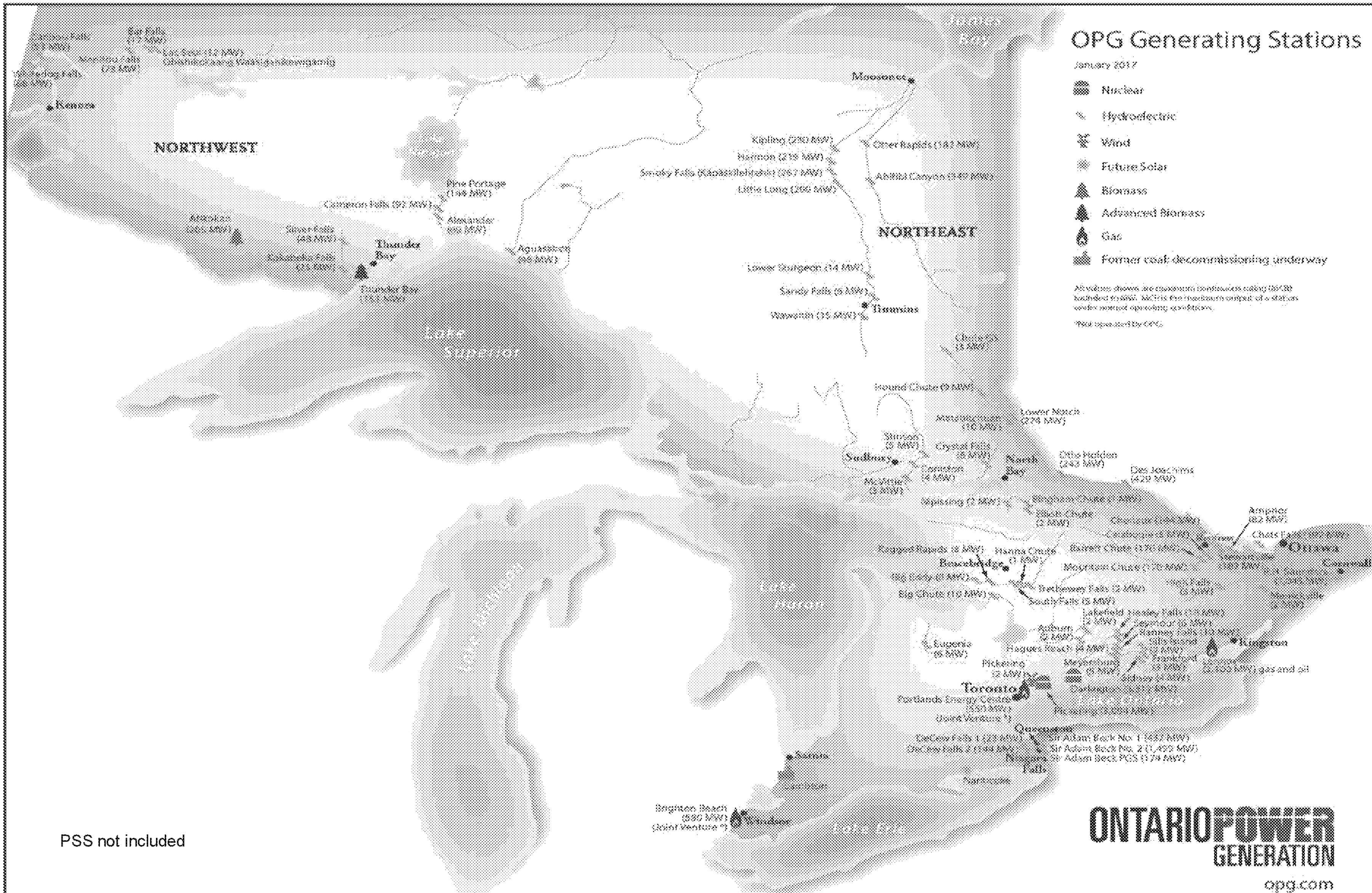
OPG Generation Stations



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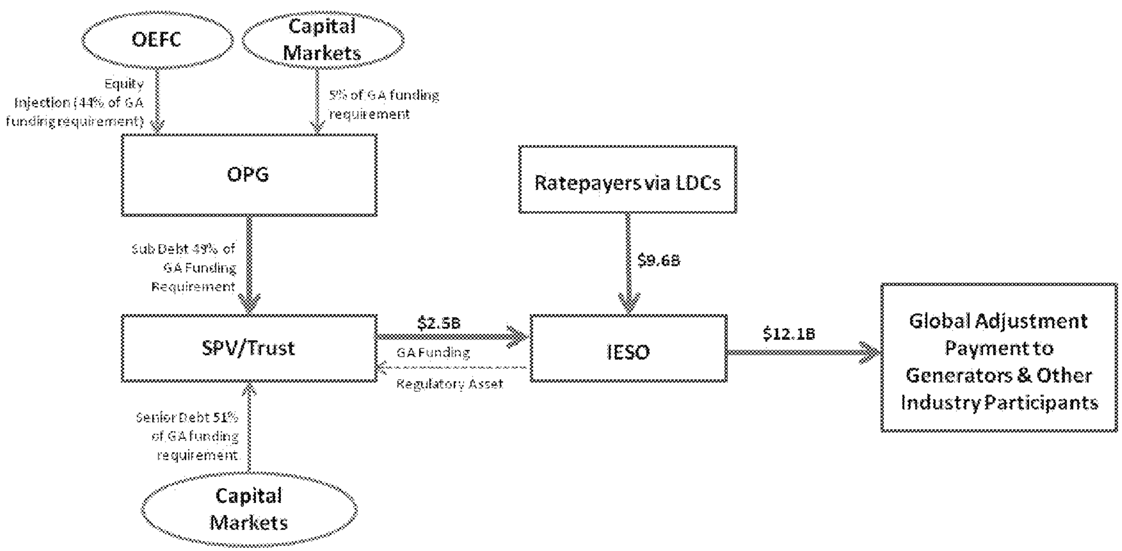
Ontario's Fair Hydro Plan

- On March 2, 2017 the Province announced Ontario's Fair Hydro Plan, based on which it Ontario will lower electricity bills for customers (primarily RPP-eligible customers) in the near term. It has identified reductions in the Global Adjustment Charge (GAC) charged to electricity customers as a means to achieve its policy goals
- The Province has requested that OPG administer the GAC deferral, which is estimated to be ~$2.5B per year for the next 10 years
- Fair Hydro Plan will be financed through a Trust/SPV, viewed as bankruptcy remote, and will be ring fenced from OPG. However, from the accounting perspective, it's expected to be consolidated into OPG
- Part of the GA funding will come from OFA, via OPG, to the Trust/SPV



Ontario's Fair Hydro Plan

Key considerations in financing structure of the Trust/SPV :

- The financing of the Trust/SPV has been structured to minimize the consolidated impact on OPG by establishing the appropriate level of debt and equity for the Trust/SPV

- OPG will be providing some funding in support of the program. It is anticipated that the majority of the funding will be provided in the public debt market. The Trust/SPV will have no recourse to OPG for any of its obligations. OPG's exposure to the Trust/SPV is solely limited to its investment. Province will provide a limited guarantee to the Trust/SPV to mitigate legislative repeal risk in the event of a future repeal of the legislation

- The Trust/SPV will be financed with approximately 44% equity to maintain the consolidated FFO/Total Debt metric above 9%

- OPG would derive financial benefit from its debt investment in the Trust/SPV. Net income is forecast to increase by an average of $300 million per year over the period of 2017 to 2047 for the base case

- In addition, OPG expects to earn both fixed and variable management fees for operating the Trust/SPV. The management fee will offset additional costs incurred to manage the Trust as well as provide a return to OPG

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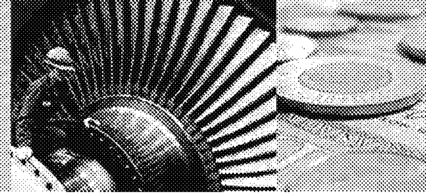

Ontario's Fair Hydro Plan

Funding of the Global Adjustment

		2017	2018	2019
Amount of assets to be purchased from IESO ($M)		**1,234**	**2,753**	**3,540**
Capital components	**Source of Funding**			
Tranche A Senior Debt (51%)	External debt	629	1,403	1,805
Tranche B Senior Subordinated Debt (39%)	Equity from shareholder	481	1,074	1,381
Tranche C Junior Subordinated Debt (10%)	External debt (5%)	62	138	177
	Equity from shareholder (5%)	62	138	177

Impact of the SPV on OPG

	Business Plan			Fair Hydro Plan Base Case*		
	2017	**2018**	**2019**	**2017**	**2018**	**2019**
Debt Ratio	37%	35%	34%	38%	39%	40%
Equity ($M)	11,085	11,763	12,491	11,628	13,548	15,913
Debt ($M)	6,458	6,330	6,312	7,149	8,563	10,527
Net Income Attributable to Shareholders ($M)	508	679	729	508	710	808
EBITDA ($M)	2,196	1,735	1,749	2,196	1,828	1,989

* Expected results under base case planning assumptions

Strategic Overview

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Social Licence

- As the largest, publicly-owned electricity generator in Ontario with diverse operations across the Province, OPG holds itself accountable to the public and its employees, and continues to focus on building public trust
- OPG is committed to maintaining high standards of public safety and corporate citizenship, including environmental stewardship, transparency, community engagement, and Indigenous relations
  - OPG supports policy and regulation that promote reductions in GHG emissions
  - As part of its commitment to environmental sustainability, OPG works with community partners to support regional ecosystems and biodiversity
  - OPG is committed to being an open, transparent, and accountable company
  - OPG is also focused on building long-term, mutually beneficial working relationships with indigenous communities
- A well trained and engaged workforce is fundamental to the achievement of OPG's strategic imperatives – to succeed in a demanding business environment, OPG is focused on building a diverse, healthy, engaged workforce and fostering a culture of collaboration, accountability and innovation

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Operational Overview

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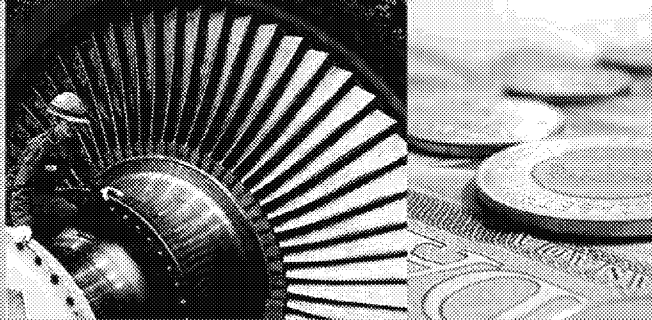

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Nuclear Operations

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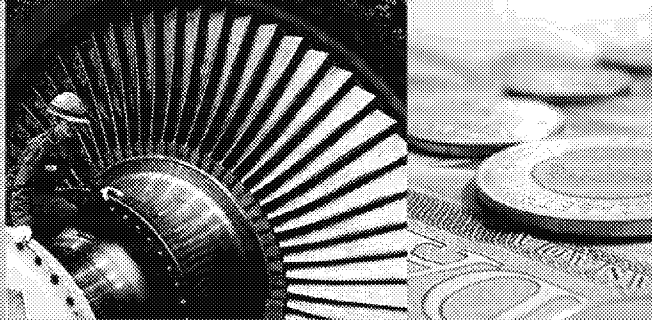

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Renewable Generation & Power Marketing

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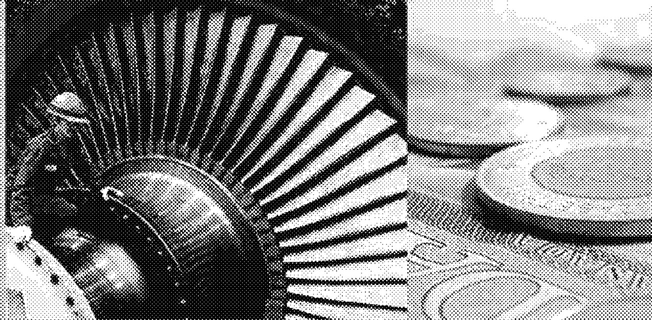

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Financial Overview

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Financial Outlook 2017-2019

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Liquidity and Financing Outlook

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Questions?

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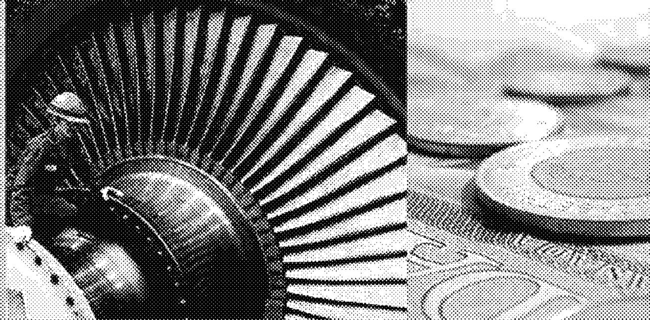

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Appendix

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Structure of Ontario Electricity Market

Ontario Energy Board

- Protects the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service
- Promotes economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity
- Develops the Regulated Price Plan for eligible consumers
- Responsibility of Market Surveillance
- Licenses all market participants including the IESO, generators, transmitters, distributors, wholesalers and retailers

Ministry of Energy

- Determines fuel source mix and long-term goals for supply and delivery of electricity
- Sets targets for conservation
- Oversees OEB and IESO

ieso

Independent Electricity System Operator

- Operates the wholesale market
- Manages the reliability of the power system and forecasts the short-term demand and supply of electricity
- Responsible for ensuring a reliable, cost -effective and sustainable long-term supply of electricity for Ontario
- Prepares system plan and contracts for new supply and DSM

Electricity Market

- Regulated Generators
- Contracted Generators

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