



July 11, 2000

ONTARIO POWER GENERATION AND BRUCE POWER ANNOUNCE  
LEASING AGREEMENT AT BRUCE NUCLEAR.

**Kincardine, Canada:** Ontario Power Generation (OPG) today announced it has entered into a major agreement with Bruce Power Partnership relating to the facilities at the Bruce nuclear site. Bruce Power is 95% owned by British Energy plc. The transaction provides an opportunity for the two main unions, the Power Workers' Union and The Society of Energy Professionals on the Bruce site, to subscribe to 5% of the equity.

This public/private partnership involves a long-term lease agreement for the Bruce A (3076 MW-currently in lay-up), and Bruce B (3140 MW) facilities. The lease runs until 2018, with an option to extend for up to another 25 years. OPG will receive an initial payment of \$625 M to be made in three installments. A first payment of \$400 M will be made on closing subject to normal closing adjustments. The remaining \$225 M will be paid in two installments of \$112.5 M each.

Bruce Power's annual payments include base and variable elements. The variable elements include a share of the net revenue, and supplementary payments for the management of used fuel. In total these payments are estimated to be about \$150 M in calendar year 2002.

Bruce Power will offer employment to all employees at the Bruce site, other than those being retained by OPG. Employees remaining with OPG include those that provide waste management and centralized nuclear operations support services. The agreement is expected to close, subject to Bruce Power obtaining the necessary licences, in the summer of 2001.

"Today's announcement is good news for employees, the community, the electricity consumer and the shareholder" stated Ron Osborne, OPG President and CEO. "This agreement injects private equity into the Bruce facilities which in turn will provide new opportunities for employees and the community. It is also a major step towards opening the Ontario electricity marketplace to competition

and providing electricity consumers with choice.” Osborne noted that an additional benefit of the agreement allows OPG to concentrate on accelerating the performance improvements underway at its Darlington and Pickering nuclear facilities while the new company focuses on the Bruce.

Nuclear safety continues to be of paramount importance for Ontario Power Generation, and safety has been a key tenet for British Energy. Both companies are committed to ensuring high safety performance standards.

“We are delighted to be announcing the creation of a new company. Bruce Power will demonstrate that safety and commercial success go hand in hand,” said Robin Jeffrey, Chairman and Chief Executive Officer of British Energy Canada Ltd. “We have a high regard for CANDU technology and for the skill of the staff at Bruce. We are confident that by working with the staff and the unions, Bruce Power can achieve world class safety and commercial performance.”

To reduce its market dominance, OPG is required by conditions in its operating licence granted by the Ontario Energy Board (OEB), to reduce its share of generating capacity to no more than 35 per cent of that available to the province 10 years after the market opens.

British Energy was selected following an extensive worldwide competitive process over the last two years. They have significant operating experience and a proven safety track record with a range of nuclear reactor types.

To close the transaction, Bruce Power will be required to secure licences from the Canadian Nuclear Safety Commission (CNSC) and the Ontario Energy Board. Bruce Power will be required to follow the stringent licensing and operating requirements established by CNSC, formerly the Atomic Energy Control Board.

Ontario Power Generation is a major North American electricity generating company. OPG’s principal business is the generation and sale of electricity to consumers in Ontario and into the interconnected markets. OPG’s goal is to be a premier North American energy company, focused on low-cost power generation and wholesale energy sales, while operating in a safe, open and environmentally responsible manner.

British Energy PLC is the UK's largest electricity generator. British Energy owns and operates 15 reactors in the UK and a further two in the United States through its joint venture, AmerGen. British Energy's goal is to be a worldwide electricity leader building on its "Safety First" culture and track record of commercial success.

- 30 -

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