

# ONTARIO POWER GENERATION

Third Quarter 2004 Fact Sheet



## Our Company

Ontario Power Generation is an Ontario-based electricity generation company whose principal business is the generation and sale of electricity in Ontario and to interconnected markets. Our focus is on the risk-managed production and sale of electricity from our generation assets, while operating in a safe, open and environmentally responsible manner.

## Strategic Priorities for 2004

Electricity industry reforms in Ontario are expected to alter the objectives, rules, regulations and operation of the electricity marketplace. These reforms could significantly impact OPG's structure and its role in the Ontario electricity market. OPG is continuing to pursue initiatives to:

- maintain sufficient liquidity;
- increase productivity and the cost competitiveness of its generating assets;
- return Unit 1 at the Pickering A nuclear station to service;
- optimize its organizational structure;
- undertake sustainable development initiatives aimed at improvement in environmental performance; and
- continue with initiatives related to corporate governance.

## Third Quarter 2004 in Review

- The Pickering A Unit 1 return to service project met its first milestone of having all planning and assessing tasks completed by October 15. Due to delays in the mobilization of construction resources and lower start-up productivity, the potential cost increase over the original estimate of \$900 M is in the range of \$75 to \$100 M.
- In October, OPG announced the appointment of 7 additional Board members and the re-election of 2 existing Board members.
- The *Electricity Restructuring Act, 2004* (Bill 100) will establish a hybrid electricity market in Ontario in which electricity generated from OPG's nuclear and certain hydroelectric stations would be regulated while all other generation would continue to be subject to competitive market pricing. The Government will determine the rate that OPG would receive for electricity generated by its regulated assets commencing in the first quarter of 2005 and remaining in effect for two to three years after which the Ontario Energy Board will determine all rates.

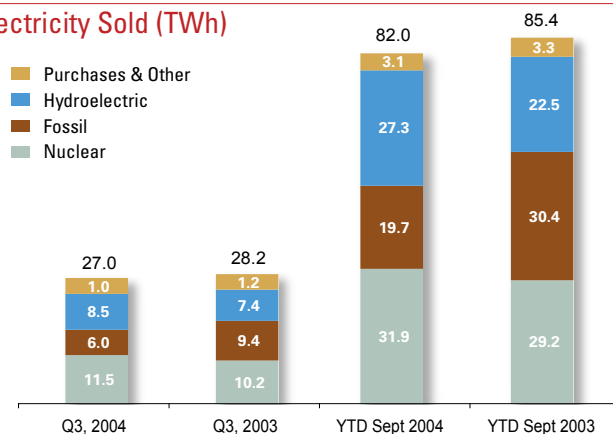
## Debt Ratings

	Long Term Debt	Commercial Paper	Outlook
S&P	BBB+	A-2 (Cdn)	Developing
DBRS	A (low)	R-1 (low)	Developing
OPG's ratings are under review with developing implications			

## Financial Highlights

- Electricity sales of 27.0 TWh in Q3 2004 were lower than Q3 2003 sales of 28.2 TWh due to additional non-OPG generation capacity in Ontario.
- Net loss for the three months ended September 30, 2004 of \$15 M was lower than Q3, 2003 net income of \$34 M. For the nine months ended September 30, 2004, net income was \$8 M compared to \$115 M for the same period last year. The decrease in quarterly and year-to-date earnings primarily relate to an increase in pension and other post employment benefit costs and higher depreciation expense due to the assumed early shutdown of the coal-fired generating stations by the end of 2007. These increased expenses were partially offset by an increase in gross margin due to increased production from OPG's lower marginal cost hydroelectric and nuclear generating stations.

## Electricity Sold (TWh)



## Financial Results

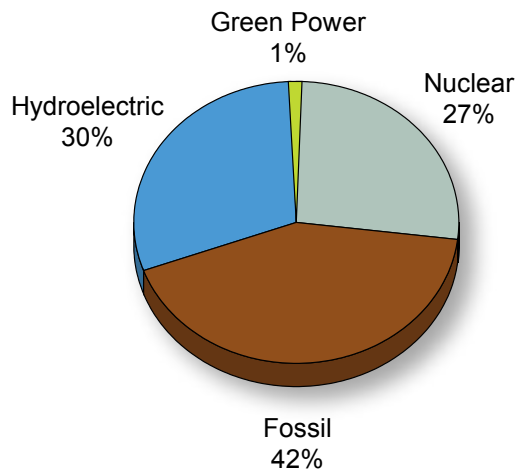
(\$millions unless otherwise noted)	3 Months Ended		9 Months Ended	
	Sept 30/04	Sept 30/03	Sept 30/04	Sept 30/03
Electricity sold (TWh)	27.0	28.2	82.0	85.4
Revenue before MPMA rebate	1,413	1,416	4,553	5,216
MPMA rebate	201	192	850	1,266
Net revenue	1,212	1,224	3,703	3,950
Gross margin	922	842	2,833	2,688
EBITDA	264	276	867	841
Depreciation and amortization	182	149	568	437
Net interest expense	48	39	138	97
Net (loss) income	(15)	34	8	115
Capital expenditures	161	139	384	459
			Sept 30/04	Dec 31/03
Total assets			19,617	19,451
Total debt			3,406	3,397
Shareholder's equity			4,987	4,979
Total debt/total capitalization (%)			40.6	40.6

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## In-Service Capacity (22,777 MW)



OPG's in-service capacity of 22,777 MW represents 75% of Ontario's existing installed generation capacity of 30,520 MW

## Generating Assets



## Generation Data

	Stations	As at Dec. 31, 2003 Capacity (MW)	2003 Energy (TWh)
<b>Nuclear</b>			
Darlington	1	3,524	24.9
Pickering B	1	2,064	12.0
Pickering A - Unit 4	1	515	0.8
- Unit 1*		515	---
- Units 2 & 3*		1,030	---
	3	7,648	37.7
<b>Fossil</b>			
Nanticoke	1	3,938	20.4
Lennox	1	2,140	2.8
Lambton	1	1,975	10.6
Lakeview	1	1,140	2.8
Thunder Bay	1	310	1.5
Atikokan	1	215	0.9
	6	9,718	39.0
<b>Hydroelectric by Plant Group</b>			
Ottawa St. Lawrence	10	2,571	11.8
Niagara	6	2,314	11.4
Northeast	10	1,277	5.5
Northwest	10	661	3.1
	36	6,823	31.8
<b>Eco-Logo™ Certified Green Power</b>			
Hydroelectric	29	126	0.6
Wind	3	7	---
	32	133	0.6
<b>Total</b>	<b>77</b>	<b>24,322</b>	<b>109.1</b>

\* Unit 1 is being returned to service while Units 2 & 3 remain laid up.

## 22,777 MW of In-Service Capacity as of December 31, 2003

- 3 nuclear stations (6,103 MW)
- 6 fossil-fueled stations (9,718 MW)
- 36 hydroelectric stations (6,823 MW)
- 29 EcoLogo™ Certified green power hydroelectric stations (126 MW)
- 3 wind power stations (7 MW)  
(includes OPG's 50 per cent interest in the Huron Wind joint venture)