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OPG REPORTS 2017 FIRST QUARTER FINANCIAL RESULTS

Company completes major projects on time and within budget

[Toronto]: – Ontario Power Generation Inc. (OPG or Company) has successfully completed three projects – the Peter Sutherland Sr. Hydroelectric Generating Station (GS), the refurbishment of the Sir Adam Beck Pump Hydroelectric GS reservoir, and the first segment of the Darlington Refurbishment. All three were completed on time and at or below budget.

“Our commitment to project management excellence is evident in these recent results,” said Jeff Lyash, OPG President and CEO. “Projects that are well planned and managed often end the way they start and this shows the benefit of all the pre-planning we have done. We have a long way to go with refurbishing the Darlington station, but we’re confident that we have done the work and have the people in place to deliver this project safely and to plan.”

Lyash went on to say, “Completing the Peter Sutherland Sr. Generating Station ahead of schedule and below budget is another example of OPG’s commitment to ensuring project excellence and creating respectful Indigenous partnerships.” The refurbishment of the Sir Adam Beck Pump GS reservoir will ensure carbon-free electricity production at the station for approximately 50 more years.

The Company reported net income attributable to the Shareholder of \$64 million for the first quarter of 2017, compared to \$123 million for the same period in 2016. The decline in earnings was expected and is primarily the result of lower generation revenue, reflecting lower nuclear electricity generation due to the refurbishment outage for Unit 2 at the Darlington GS and the continuation of existing base regulated prices. Higher earnings on the nuclear fixed asset removal and nuclear waste management segregated funds of \$42 million during the first quarter of 2017 partially offset the reduction in net income.

OPG provides electricity at a price that is 40 per cent less than other generators and is the only electricity generator in Ontario that has its prices set through a public hearing process by the Ontario Energy Board (OEB). In April 2017, OPG completed the public hearing for its current application with the OEB that will set prices for the Company’s nuclear and most of its hydroelectric generation for the next five years, with a proposed effective date of January 1, 2017. The OEB is expected to make a decision on the rate application in the second half of this year. In the meantime, OPG is operating under base regulated prices that were set in 2014 and do not reflect reduced nuclear electricity generation, which is primarily due to the Darlington Refurbishment. The

continuation of these prices has negatively affected revenue and net income in the first quarter of 2017. The outcome of the current rate application and the effective date of the new regulated prices are expected to affect OPG's revenue and net income in subsequent quarters of 2017.

Generating and Operating Performance

Electricity generated during the three months ended March 31, 2017 decreased to 18.6 terawatt hours (TWh) from 21.0 TWh for the same quarter in 2016. Lower nuclear generation of 2.3 TWh was primarily due to the removal from service of Unit 2 at the Darlington GS for the duration of the unit's refurbishment that began in October 2016 and is expected to continue until early 2020. Partially offsetting the reduction in generation from the Darlington GS was an increase of 0.3 TWh from the Pickering GS in the first quarter of 2017 compared to same quarter last year. Lower generation from the Contracted Generation Portfolio also contributed to the decrease in electricity generation, due to lower water flows on the northeastern Ontario river systems in the first quarter of 2017. Subsequent to the first quarter of 2017, higher water flows have been experienced on the eastern and northeastern Ontario river systems.

For the three months ended March 31, 2017, the unit capability factor at the Darlington GS was 85.3 per cent, compared to 97.2 per cent for the same period in 2016. The decrease was primarily a result of a higher number of unplanned outage days at the station in the first quarter of 2017.

At the Pickering GS, the unit capability factor increased to 78.5 per cent for the three months ended March 31, 2017 compared to 72.8 per cent for the same period in 2016, primarily due to favourable unit conditions and execution of planned outage work resulting in a lower number of planned outage days at the station in the first quarter of 2017.

The availability of OPG's regulated hydroelectric generating stations decreased for the three months ended March 31, 2017 to 89.5 per cent, from 94.8 per cent for the same period in 2016. The decrease was primarily due to the reservoir refurbishment project at the Sir Adam Beck Pump GS and a higher number of unplanned outage days.

For the contracted hydroelectric stations, the availability for the three months ended March 31, 2017 of 83.6 per cent was comparable to 83.9 per cent for the same period in 2016.

The Enterprise Total Generating Cost per megawatt hour (MWh) was \$47.86 for the three months ended March 31, 2017, compared to \$41.82 for the same period in 2016. The year-over-year increase was expected and reflects the lower volume of electricity produced due to the Unit 2 refurbishment outage at the Darlington GS.

Generation Development

OPG is undertaking a number of generation development and life extension projects in support of Ontario's electricity planning initiatives. Significant developments during the first quarter of 2017 were as follows:

Darlington Refurbishment

The Darlington Refurbishment project is expected to extend the operating life of the station by approximately 30 years. In October 2016, OPG commenced the refurbishment of the first Darlington GS unit, Unit 2, as planned, as part of the Darlington Refurbishment project. The unit was taken offline safely on October 15, 2016 and de-fuelling of the reactor, the first critical refurbishment activity undertaken once the unit is removed from service, was safely completed in January 2017. Islanding of Unit 2, the physical separation of the unit under refurbishment from the three operating units, was completed in April 2017, signifying the completion of the first major segment of the project, on time and on budget. The overall project continues to track on schedule and budget.

The second segment of the project commenced immediately following the islanding of Unit 2. This segment continues preparatory work to support the removal of feeder tubes and fuel channel assemblies, including opening the reactor air lock doors, installation of shielding, setting up specialized tooling and equipment, and commencing the disassembly and removal of reactor components. Unit 2 is scheduled to be returned to service, after a 40-month refurbishment outage, in the first quarter of 2020, at which time capital expenditures of approximately \$4.8 billion are planned to be placed in service. This includes expenditures incurred during the definition and planning phase of the overall project. Life-to-date capital expenditures were approximately \$3.5 billion as at March 31, 2017.

Peter Sutherland Sr. GS

In March 2017, the project to construct the new 28 MW two-unit hydroelectric generating station successfully completed final testing and commissioning of the turbine and generator units and both units were declared substantially complete. On March 31, 2017, the project received the permit from the Ontario Ministry of the Environment and Climate Change to take water for operations to allow the station to operate commercially. This in-service date is well ahead of the originally planned schedule of the first half of 2018. The project is expected to close below the approved budget of \$300 million following the completion of site remediation, demobilization and other project close-out activities. The project, which is a partnership between OPG and the Coral Rapids Power Corporation, a company wholly owned by the Taykwa Tagamou Nation (TTN), provided valuable employment and training opportunities for TTN members and other local Indigenous people and has created a sustainable revenue stream for the TTN community.

Sir Adam Beck Pump GS

The project to refurbish the 300-hectare Sir Adam Beck Pump GS reservoir began in April 2016 and was completed in February 2017. The project included installation of a new partial liner and construction of a grout curtain in the bedrock foundation of the reservoir dyke, and is expected to add approximately 50 more years to the reservoir's life. The Sir Adam Beck Pump GS facility is integral to OPG's hydroelectric fleet as it

allows water to be diverted from the Sir Adam Beck complex during periods of low electricity demand and stored in the reservoir, to be used to generate up to 600 MW of electricity during subsequent periods of high demand. The project was completed ahead of the originally planned in-service date and below the approved budget of \$58 million.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

<i>(millions of dollars – except where noted)</i>	Three Months Ended March 31	
	2017	2016
Revenue	1,176	1,478
Fuel expense	155	172
Gross margin	1,021	1,306
Operations, maintenance and administration	708	686
Depreciation and amortization	167	312
Accretion on fixed asset removal and nuclear waste management liabilities	238	232
Earnings on Nuclear Segregated Funds - (a reduction to expenses)	(189)	(147)
Income from investments subject to significant influence	(10)	(8)
Other net expenses	8	(11)
Income before interest and income taxes	99	242
Net interest expense	19	33
Income tax expense	12	81
Net income	68	128
Net income attributable to the Shareholder	64	123
Net income attributable to non-controlling interest ¹	4	5
Income before interest and income taxes		
Electricity generation business segments	139	320
Regulated – Nuclear Waste Management	(47)	(83)
Services, Trading, and Other Non-Generation	7	5
Total income before interest and income taxes	99	242
Cash flow		
Cash flow provided by operating activities	118	366
Electricity generation (TWh)		
Regulated – Nuclear Generation	10.0	12.3
Regulated – Hydroelectric	8.0	7.9
Contracted Generation Portfolio ²	0.6	0.8
Total electricity generation	18.6	21.0
Nuclear unit capability factor (per cent) ³		
Darlington Nuclear GS	85.3	97.2
Pickering Nuclear GS	78.5	72.8
Availability (per cent)		
Regulated – Hydroelectric	89.5	94.8
Contracted Generation Portfolio – hydroelectric stations	83.6	83.9
Equivalent forced outage rate		
Contracted Generation Portfolio – thermal stations	12.6	0.9
Enterprise Total Generating Cost (TGC) per MWh for the three months ended March 31, 2017 and March 31, 2016 (\$/MWh) ⁴	47.86	41.82
Return on Equity Excluding Accumulated Other Comprehensive Income (ROE Excluding AOCI) for the twelve months ended March 31, 2017 and December 31, 2016 (%) ⁴	3.5	4.2
Funds from Operations (FFO) Adjusted Interest Coverage for the twelve months ended March 31, 2017 and December 31, 2016 (times) ⁴	5.1	5.1

¹ Relates to the 25 per cent interest of a corporation wholly owned by the Moose Cree First Nation in the Lower Mattagami Limited Partnership.

² Includes OPG's share of generation volume from its 50 per cent ownership interests in the Portlands Energy Centre and Brighton Beach GS.

³ Nuclear unit capability factor excludes unit(s) during the period in which they are undergoing refurbishment. Unit 2 of the Darlington GS is excluded from the measure effective October 15, 2016, when the unit was taken offline for refurbishment.

⁴ Enterprise TGC per MWh, ROE Excluding AOCI, and FFO Adjusted Interest Coverage are non-GAAP financial measures and do not have any standardized meaning prescribed by US GAAP. Additional information about the non-GAAP measures is provided in OPG's Management's Discussion and Analysis for the three months ended March 31, 2017, in the sections *Highlights – FFO Adjusted Interest Coverage*, *Highlights – Return on Common Equity Excluding Accumulated Other Comprehensive Income*, and *Highlights – Enterprise Total Generating Cost per MWh*, as well as *Supplementary Non-GAAP Financial Measures*.

