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Great Lakes and St Lawrence Cities Initiative
Annual Meeting and Conference
Gala Dinner
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Niagara Falls

THE POWER OF HYDROPOWER

Good evening. I'm pleased to have this opportunity to address the Great Lakes/St. Lawrence Cities Initiative at your annual meeting and conference.

As a company with power facilities located on the Great Lakes and its river systems, OPG shares your commitment to preserving and enhancing these incredible natural resources.

Everyone who lives and works near these great bodies of water cannot fail to be moved by their power, beauty and history.

Needless to say, they are not ours to do with as we please.

We're only their stewards. Our job is to preserve and protect and hopefully improve – so that those who come after us can experience what we have experienced...and more.

And I think we can hold our heads high in this area. Because generally we **have** been good stewards. There is no better example of this than Niagara Falls itself.

Every year millions of people visit this amazing Wonder. Yet you would never know that just a few miles away there are three huge power plants – two on the Canadian side; one on the U.S. side – using water from the Falls to generate thousands of megawatts of electricity. These plants are virtually invisible.

I think that's something we can all be proud of.

As members of the Great Lakes and St Lawrence communities, it's our responsibility to continue this tradition of stewardship and expand on it as we go forward into a new century.

My remarks tonight are about one company's efforts to be a good steward of the water resources all of us share. That company is OPG – Ontario Power Generation. My talk will focus on OPG's use of its hydroelectric facilities and how we manage them to benefit the society, communities and environment of which they are a part.

First though, I'd like to provide some background on OPG and -- for those of you who may not be familiar with our Province – some background on Ontario as well.

Ontario is the largest Province in Canada – with a population of over 13 million people.

We have the largest economy in Canada, generating 39 per cent of the country's GDP

Ontario has also produced a number of celebrities whom you may recognize.

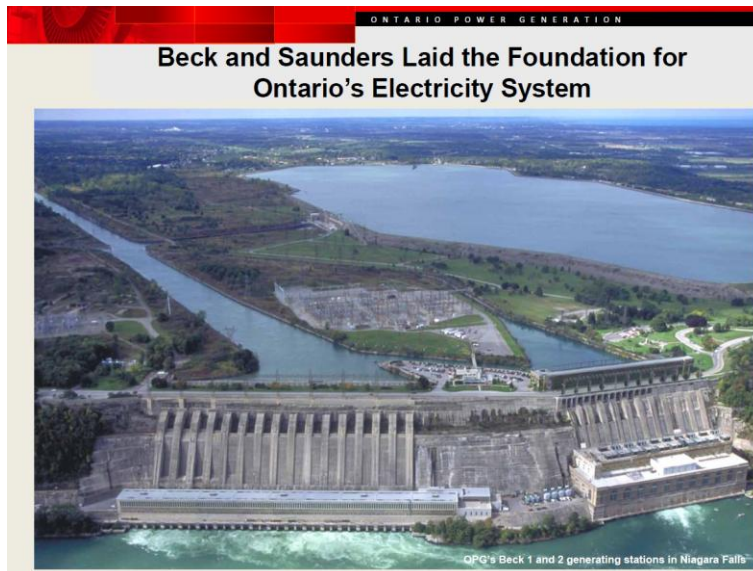
They include Wayne Gretzky, Shania Twain and, yes, Justin Bieber.

These two men may not be as recognizable to you.

But they are superstars to Canada's and Ontario's electricity industry.

On the left is Adam Beck, the father of public power in Ontario and founder of OPG's predecessor company, Ontario Hydro.

On the right is Robert Saunders, who was chairman of Ontario Hydro from the end of WWII until 1955.

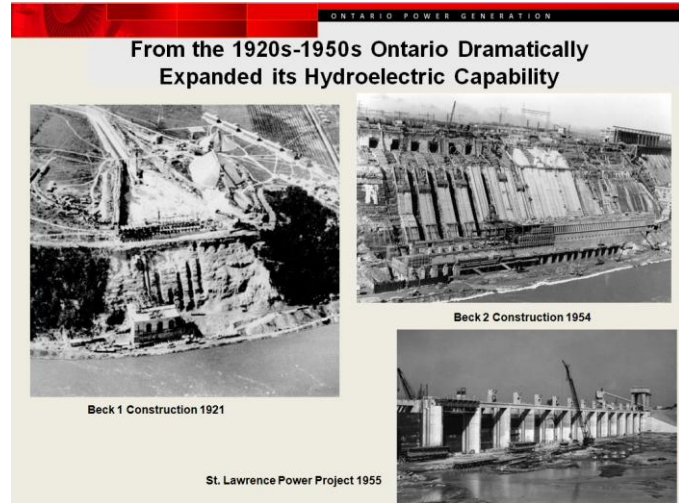


Together, Beck and Saunders laid the foundation of Ontario's existing electricity system. For the first 50 years of the 20th century, that system was based almost entirely on hydroelectric power – symbolized here by our two great hydro stations at Niagara Falls, Beck 1 and Beck 2.

Under Beck and Saunders, Ontario dramatically expanded its hydroelectric capability from the 1920s to the 1950s.

Beck was the driving force behind the construction of the Chippawa-Queenston generating station (later Beck 1) on the Niagara River – the largest hydro plant of its time in the world.

Under Saunders leadership, Ontario built 16 hydroelectric power plants to meet expanding demand following WW II. This included the Beck 2 hydro station and the St. Lawrence Power Project.



Thanks to the efforts of people like Beck and Saunders, Ontario is a major electricity market.

In 2010, the province consumed 142 TWh.

Within Ontario, OPG is Ontario's largest electricity generator, employing nearly 12,000 highly trained and skilled men and women. We have an in-service capacity of almost 20,000 MW. And we have a diversified portfolio of generating stations located across Ontario:

- Three nuclear stations (consisting of 10 operating reactors)
- Five thermal stations; and
- 65 hydroelectric stations

In addition to the 65 hydro stations we operate, we maintain over 230 dams.

OPG is the Largest Power Producer in Ontario's Electricity Market

3 Nuclear stations (10 reactors)

65 Hydro stations

5 Thermal stations

OPG generates over 60% of electricity consumed in Ontario

OPG's Hydroelectric Assets are one of Its Greatest Strengths

As EVP of OPG's hydroelectric business, I'm responsible for 7,000 MW of hydroelectric capacity.

We produce about 34 TWh of power a year on average – depending on water levels. Our hydro assets are very reliable. Over the past several years, their availability has consistently been above 90 per cent.

Hydroelectric is also clean and renewable – producing virtually no emissions contributing to smog or

climate change. Together with low emission nuclear power, it provides a solid platform on which Ontario can build and advance its green energy agenda.

Hydroelectricity is relatively low cost. Generation from our hydro plants helps mitigate the price of electricity for consumers. It's also one of the most flexible power sources. Our big hydro stations can operate 24/7, producing a constant stream of power for baseload use. Other stations can start and stop more quickly and are better suited for meeting peaking demand.

The other impressive feature about our hydro plants is their longevity.

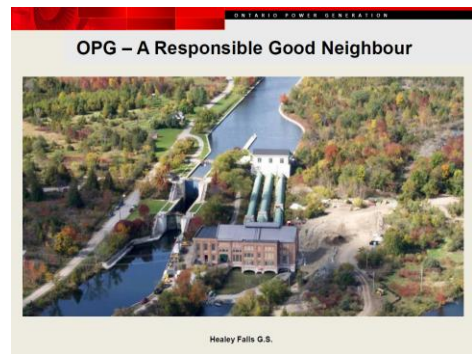
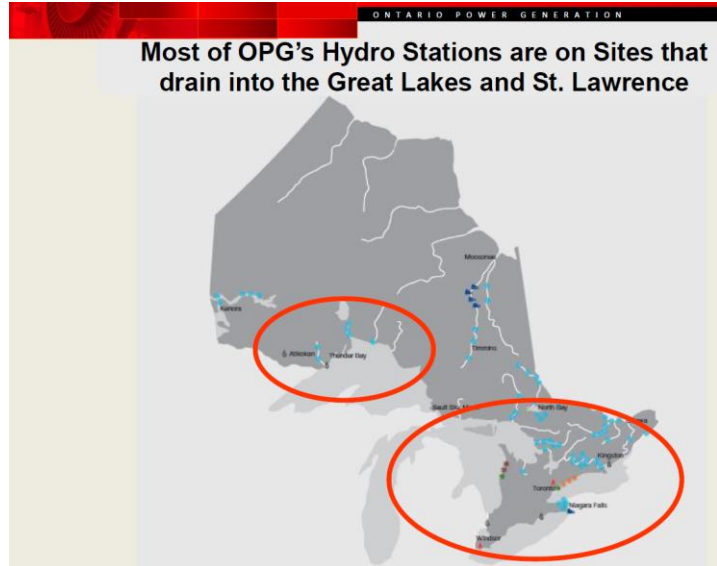
Several plants in our fleet are over 100 years old – and still going strong.

Clean, renewable, affordable, flexible and long-lived... These are all good things to have in a power source.

As mayors of communities on the Great Lakes and St Lawrence, you can be assured that OPG's hydroelectric stations will continue to reflect these characteristics.

I think that's important since so many of our stations are connected to the bodies of water our two countries share.

This slide shows that **the great majority** of our hydro sites – represented by the icons in blue-- are either on the Great Lakes or on the St Lawrence. Or they're on river systems that ultimately drain into these waterways.



In short, whether your communities are in Canada or in the U.S., OPG is very much your neighbour when it comes to sharing these great water resources.

And I'm here to tell you that we strive to be a **good** neighbor and steward, by managing and operating our hydro business as effectively and responsibly as we possibly can.

First and foremost we are totally committed to workplace safety and public safety.

A century ago, on-the-job safety was not always carefully observed.

Today at OPG, our goal is zero workplace injuries. Many of our sites have gone years without ever experiencing a lost time injury.



We are equally committed to public safety.

We operate one of the most successful and recognized water safety programs in North America.

It's dedicated to informing the public about the dangers of getting too close to our hydro stations and dams.

We communicate our safety messages through brochures, DVDs, our website, and print and electronic media. Recently, in partnership with Ontario's Provincial

Police, we launched a new series of Water Safety TV ads that have been well received.

We also have a lot of expertise in water management and water level control. This enables us to provide communities with advice, support and solutions to avoid flood-situations in the event of emergencies.

Second only to safety, is our environmental focus. OPG's hydroelectric stations and plant groups are all committed environmental citizens.

Our fleet of stations has achieved ISO 14001 certification - an internationally recognized quality standard for environmental performance.

Many of our hydro sites are also certified by the Wildlife Habitat Council (WHC) – including Niagara Plant Group; Northeast Plant Group; Ottawa St

Lawrence Plant Group, and the Saunders generating station on the St Lawrence.

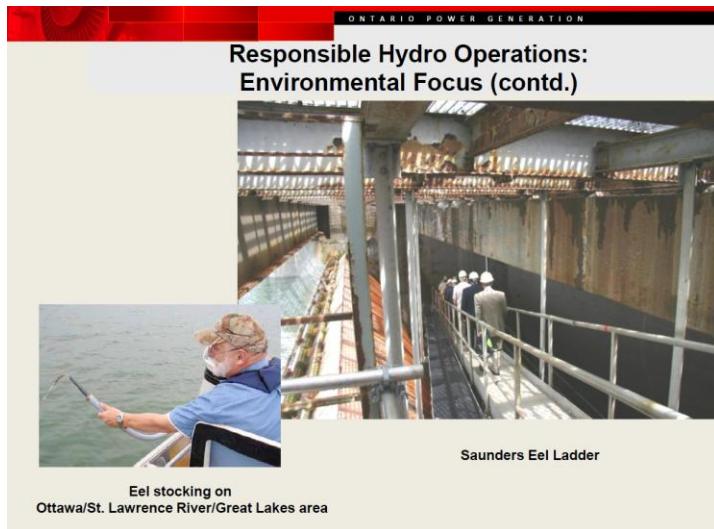


In 2010, the Niagara Plant group received the WHC's Corporate Habitat of the Year award for its biodiversity efforts. This is the WHC's highest honour.

Many other OPG hydro stations have also won awards for their environmental contribution.

Whenever possible, our hydro stations strive to reduce their environmental footprint by going beyond mere compliance. We are always looking for ways to improve performance.

One of the initiatives we're most proud of in this area is our effort to find an environmentally friendly alternative to chlorine for controlling invasive Zebra and Quagga mussels at our hydro sites. If successful, we could eliminate 20,000 litres of chlorine a year. This would benefit the immediate site environment, the ecology of the region, and the Great Lakes as a whole.



Another initiative is the 300 meter extension we added a couple of years ago to the existing eel ladder at the Saunders generating station. The extension allows younger eels to migrate past the huge generation station more easily. Complementing this initiative, we're restocking Lake Ontario with baby eels and trapping and transporting mature eels so that they can avoid our hydro stations. These measures are helping to preserve and protect the eel population of the lake.

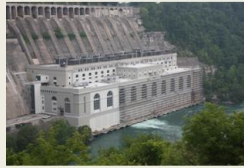
This only scratches the surface of our environmental commitment. We have many other examples – including Sturgeon protection along the Ottawa and Mattagami Rivers, Salmon restoration in Lake Ontario, and tree planting on many of our sites.

Since the year 2000, OPG planted nearly 4.5 million native trees and shrubs to help conserve Ontario's biological diversity and mitigate the impact of climate change.

OPG is Committed to Responsible Hydro Operations: Asset Improvement



Runner Upgrades



Beck powerhouse restoration



Abitibi Tailrace

The other area I want to touch on is how we're expanding our hydroelectric capacity. OPG is currently involved in one of the most significant hydroelectric expansion efforts in Ontario's history.

We expand our hydro capacity in two ways – through asset improvement and through building new supply.

Asset improvement is an ongoing initiative in which we are constantly engaged.

Since our creation in 1999, equipment enhancements such as new runners have added about 280 MW to our hydroelectric supply. Over the next five years, further improvements will add another 50 MW – all of it low cost, clean, renewable power.

The other way we're expanding supply is through the development of major hydroelectric projects.

We're currently involved in two huge hydro projects

One is the Niagara Tunnel: It's a 10.2 kilometer tunnel that will feed additional water to our Beck stations so that they can produce more electricity. It goes right under the city of Niagara Falls. We just completed its excavation –

with no fatalities or serious injuries -- and expect it to be operating in 2013. It will last for nearly 100 years.

Responsible Hydro Operations: Expanding Hydroelectric Supply



Completed Excavation Phase of the Niagara Tunnel

Responsible Hydro Operations: Expanding Hydroelectric Supply (contd.)



Lower Mattagami Hydroelectric Project

Our second project is in northeast Ontario. We are replacing one station and expanding three others on the Mattagami River. When complete, the project will increase our hydropower capacity by 438 MW.

These projects represent billions of dollars of investment and are on a scale and scope not seen in Ontario for many years.

In addition, we have a number of other hydro projects on the books and in various stages of development.

We also recently completed a major hydropower project in northeast Ontario which added 21 MW to our supply. The stations now produce almost twice the energy from the same amount of water.

This project was completed safely, ahead of schedule and under budget.

We are focused on meeting our budget and schedule commitments in all our projects.

Upper Mattagami / Hound Chute Redevelopment



**Responsible Hydro Operations:
Community Engagement**



Eco Kids Summer Day Camp -- Ottawa/St. Lawrence Plant Group

Few of our hydroelectric activities would be possible without the support of the communities where we operate – and the broader community as well. OPG knows that we operate only because of the trust we instill in the people we serve. This includes you, the mayors and leaders of our two great countries.

We strive to earn that trust daily. For example:

We help support local initiatives – including community,

environmental and educational programs at the grass-roots level. In 2010, OPG helped support over 1,100 such initiatives across Ontario.

Our employees are active as community volunteers.

Many of our stations have established close ties to the community and keep its members informed on operational developments.

We take the time – and make the time -- to communicate and consult with communities on important issues.

We've also put a lot of emphasis on building relationships with Aboriginal and First Nations communities and have developed a clear, effective policy to guide us

Many of these communities are in areas where we are building – or plan to build -- new hydro supply. Before any project goes forward, it is imperative to have the trust of these communities.

We build that trust through partnership. We see Aboriginal communities as our long-term partners in hydroelectric development. Many have equity stakes in these projects, which enable them to share in both their risks and rewards. This is the pattern we have employed for the Lower Mattagami Project as well as for our other hydro projects.

**Responsible Hydro Operations: Aboriginal
Community Engagement**



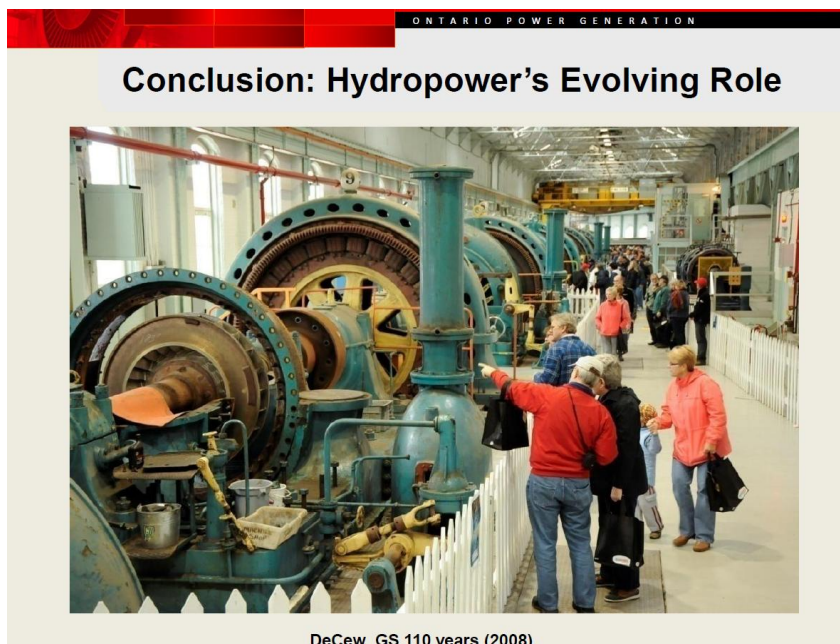
Moose Cree Partnership – Established in 2010

Bonnechere Algonquin Community – Ottawa River

We also help support aboriginal community initiatives similar to the support we provide to other communities. But that's only part of the story. Our projects are also creating opportunity for these communities.

For example, we have a proposed hydro project on the Little Jackfish River in northwest Ontario. It's triggered a major, government-sponsored training program to provide training and education for hundreds of aboriginal people in the area. As a result, when the project is ready for construction, we will be able to recruit qualified aboriginal employees right from the area. That's good for the community and good for OPG.

Community matters – your communities matter – to OPG.



I appreciate the time you've given me today to talk about OPG and our hydro operations.

We've come a long way from the early days of hydro.

Hydroelectricity was relevant back then.

Today, hydroelectricity is even more relevant. It has evolved far beyond its traditional and important role as a reliable and affordable source of power.

Hydropower now plays:

- A safety role...
- An environmental role...
- A community role...
- An economic development role...and
- An enabling role as a catalyst for innovation, opportunity and "value" in the broadest sense of the word.

These are all the ingredients of successful stewardship.

Our role is constantly evolving – which is what makes this business so exciting to me and so vital to the people and communities we serve. Thank you.