

November 19, 2010

ONTARIO POWER GENERATION REPORTS 2010 THIRD QUARTER FINANCIAL RESULTS

[Toronto]: Ontario Power Generation Inc. (“OPG” or the “Company”) today reported its financial and operating results for the three and nine months ended September 30, 2010. Net income for the third quarter of 2010 was \$333 million compared to \$259 million for the same period in 2009. Net income for the nine months ended September 30, 2010 was \$447 million compared to \$556 million for the same period in 2009.

Tom Mitchell, President and CEO said, “During the third quarter, OPG met a number of key milestones as the company continues to move towards a cleaner energy mix. I am also proud that the company and our employees met the challenges of a hot summer, and helped keep the lights on.”

“In September, we completed the safe storage work on Pickering A Units 2 and 3 ahead of schedule and under budget. This was an extremely complex project and we achieved this by applying the same project management skills and processes we will use on other major projects including the Darlington refurbishment project.”

“On October 1, we closed two coal-fired units at our Nanticoke generating station, and two units at our Lambton generating station. This will save ratepayers approximately \$200 million over the next four years. In August the Ministry of Energy directed the Ontario Power Authority to negotiate a long-term energy supply agreement for biomass fuel at our Atikokan generating station. As we move forward, we’re also exploring the business case for repowering some units at the remaining coal stations.”

“OPG’s rate application for our regulated facilities has been going through rigorous hearings in front of the Ontario Energy Board. OPG is the only generator in the province whose rates are examined through a regulatory process. The close scrutiny is good for the company and for the ratepayers,” Mitchell said. He noted that if OPG’s rate application is successful, the Company would continue to receive the lowest rates in the province.

Highlights

Net income for the third quarter of 2010 increased by \$74 million compared to the same period in 2009 primarily as a result of higher electricity prices for OPG’s unregulated segments and increased earnings from the Used Fuel and Decommissioning Segregated Funds (together “Nuclear Funds”). These factors were partially offset by lower nuclear and hydroelectric generation and higher operations, maintenance and administration (“OM&A”) expenses during the period compared to the third quarter of 2009. For the nine months ended September 30, 2010, net income

decreased by \$109 million compared to the same period in 2009, primarily as a result of lower earnings from the Nuclear Funds, and lower generation from OPG's hydroelectric and nuclear generating stations, partially offset by a reduction in income tax liabilities as a result of the resolution of a number of tax uncertainties related to the completion of a tax audit for prior years.

Total electricity generated during the three months ended September 30, 2010 was 22.7 terawatt hours ("TWh") compared to 22.6 TWh for the same period in 2009 as higher thermal generation was largely offset by lower unregulated hydroelectric and nuclear generation. The increase in thermal generation was primarily due to the impact of lower water flows at the unregulated hydroelectric generating stations caused by below normal precipitation across Ontario, lower nuclear generation, and higher primary demand in Ontario. The decrease in nuclear generation was due to planned outages scheduled at all sites and an increase in unplanned outage days at several nuclear units.

For the nine months ended September 30, 2010, total electricity generation of 66.9 TWh was 2.2 TWh lower than production for the same period in 2009. The decrease in electricity generation was as a result of lower unregulated hydroelectric generation primarily due to the impact of lower water flows and lower nuclear generation, partially offset by an increase in generation from OPG's thermal generating stations.

During the third quarter of 2010, capability factors at OPG's nuclear generating stations declined due to an increase in planned and unplanned outage days. The availability of OPG's regulated hydroelectric stations for the three months ended September 30, 2010 was essentially unchanged, while the availability of the unregulated hydroelectric stations was slightly higher. The availability of the thermal generating stations decreased in the third quarter primarily due to unplanned outages at the Lambton generating station during July 2010.

On October 1, 2010, OPG closed two units at each of the Lambton and Nanticoke coal-fired generating stations. The closure was based on a number of considerations, including the impact of a shareholder resolution on carbon dioxide ("CO₂") emission reductions, and Ontario's forecast capacity and demand profiles. The early closure of these coal-fired units will result in savings to electricity consumers and reflects OPG's commitment to OM&A expense reductions.

The Pickering A Units 2 and 3 safe storage project was completed in the third quarter of 2010. The Unit 2 and 3 systems are now completely disconnected and isolated from Pickering A's common systems. The respective nuclear reactor buildings have also been isolated from the containment system. The project was completed ahead of schedule and under budget.

Segmented Financial Results

OPG's income before interest and income taxes was \$381 million for the three months ended September 30, 2010 compared to \$324 million for the three months ended September 30, 2009.

Income before interest and income taxes from the electricity generation business segments was \$240 million for the three months ended September 30, 2010 compared

to \$219 million for the same period in 2009. The increase in income from the electricity generation business segments was primarily a result of higher electricity prices for generation from the unregulated hydroelectric and thermal generating stations. The increase in income was partially offset by lower generation at the nuclear and hydroelectric generating stations.

Income before interest and income taxes for the Regulated – Nuclear Waste Management business segment was \$122 million for the three months ended September 30, 2010 compared to \$96 million in 2009. The increase in income before interest and income taxes was primarily due to higher earnings from the Nuclear Funds as a result of an increase in the Ontario Consumer Price Index, which had a favourable impact on the guaranteed return on the Used Fuel Segregated Fund, and higher returns from the global financial markets, which favourably impacted earnings from the Decommissioning Segregated Fund. The impact of these factors was partially offset by the impact of a variance account approved by the Ontario Energy Board (“OEB”) related to the earnings associated with the stations leased to Bruce Power, since a portion of the earnings from the Nuclear Funds are related to these stations.

OPG’s income before interest and income taxes was \$514 million for the nine months ended September 30, 2010 compared to \$787 million for the nine months ended September 30, 2009.

Income before interest and income taxes from OPG’s electricity generation business segments was \$484 million for the nine months ended September 30, 2010 compared to \$653 million for the same period in 2009. Earnings from the electricity generation business segments were primarily impacted by a decrease in gross margin of \$175 million due to lower generation from OPG’s unregulated hydroelectric and regulated nuclear generating stations, and a reduction in 2010 revenue associated with a regulatory asset related to tax losses established as a result of a 2009 OEB decision. The decrease in income was offset by the favourable impact of higher electricity prices for generation from the unregulated hydroelectric generating stations.

The Regulated – Nuclear Waste Management business segment incurred a loss before interest and income taxes of \$27 million for the nine months ended September 30, 2010 compared to income before interest and income taxes of \$75 million for the same period in 2009. This decrease was primarily due to lower returns from the global financial markets, which impacted earnings from the Decommissioning Segregated Fund.

Generation Development

OPG is undertaking a number of generation development projects aimed at significantly contributing to Ontario’s long-term electricity supply requirements. The status of these capacity expansion or life extension projects is as follows:

Nuclear

- The Government of Ontario continues to be supportive of two new nuclear units at Darlington. OPG continues with two initiatives that were underway prior to the Government of Ontario’s suspension of the competitive Request for Proposal process to procure the two new nuclear units – the environmental assessment

process and obtaining a site preparation licence. In November 2009, the Joint Review Panel (“JRP”) announced the start of the six-month public review period for the Environmental Impact Statement and the “Licence to Prepare Site”. On September 7, 2010, the JRP announced the final deadline of October 8, 2010 for the receipt of public comments on OPG’s Environmental Impact Statement and application for the “Licence to Prepare Site”.

- In February 2010, OPG announced its decision to commence the definition phase for the refurbishment of the Darlington nuclear generating station. The refurbishment is expected to extend the operating life of the Darlington station by approximately 30 years. In the definition phase, all regulatory work will be completed including the Environmental Assessment (“EA”), the Integrated Safety Review, and the Integrated Improvement Plan. A contractor has been selected to prepare the EA and the EA project description and technical support documents are being prepared. The EA stakeholder engagement program has commenced and OPG expects to submit the EA report to the Canadian Nuclear Safety Commission (“CNSC”) for approval by mid-2012.
- The Pickering B nuclear generating units are estimated to reach their nominal end of life between 2014 and 2016. In February 2010, OPG announced its decision to continue the safe and reliable operation of these units for an additional four to six years. In the third quarter of 2010, the Continued Operations Plan – a more detailed and comprehensive operational plan – was submitted to the CNSC.

Hydroelectric

- OPG is replacing three existing hydroelectric generating stations on the Upper Mattagami River and the Hound Chute generating station on the Montreal River. Upon project completion, the total installed capacity of the four stations will increase from 23 MW to 44 MW. During the third quarter of 2010, commissioning activities continued. On October 27, 2010, Sandy Falls generating station was declared in-service following its commissioning phase. The remaining stations are expected to be in-service ahead of the approved date of April 2011. The project costs are expected to be within the approved budget of \$300 million.
- As of September 30, 2010, the Niagara Tunnel project’s tunnel boring machine had progressed 8,331 metres, 82 percent of the tunnel length. Installation of the permanent concrete lining is progressing. The Niagara Tunnel is expected to be completed within the revised approved budget of \$1.6 billion and in-service by the approved date of December 2013.
- Construction activities to add one additional generating unit to each of the three existing hydroelectric generating stations, and redevelop a fourth generating station on the Lower Mattagami River commenced in June 2010. Upon project completion in June 2015, the capacity of the four stations will be increased by 438 MW. Installation of the temporary construction infrastructure began during the third quarter. Work on the cofferdams at the Little Long and Smoky Falls stations also commenced. The project has a total budget of \$2.6 billion.

Thermal

- On August 26, 2010, the Minister of Energy issued a directive to the Ontario Power Authority to negotiate the Atikokan Biomass Energy Supply Agreement (“ABESA”) with OPG for the supply of biomass-fuelled electricity. OPG is proceeding with the definition phase of the project which includes detailed engineering and negotiation of the ABESA, fuel supply contracts, and the engineering, procurement, and construction contracts for the conversion of the Atikokan generating station to biomass fuel.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Three Months Ended September 30		Nine Months Ended September 30	
<i>(millions of dollars – except where noted)</i>	2010	2009	2010	2009
<i>Earnings</i>				
Revenue after revenue limit rebate	1,396	1,345	4,051	4,223
Fuel expense	264	249	723	730
Gross margin	1,132	1,096	3,328	3,493
Operations, maintenance and administration expense	676	653	2,180	2,157
Depreciation and amortization	176	187	520	550
Accretion on fixed asset removal and nuclear waste management liabilities	165	158	495	476
Earnings on nuclear fixed asset removal and nuclear waste management funds	(287)	(254)	(468)	(549)
Restructuring	-	-	25	-
Other net expenses	20	24	63	74
Other losses (gains)	1	4	(1)	(2)
Income before interest and income taxes	381	324	514	787
Net interest expense	41	48	130	130
Income tax expense (recovery)	7	17	(63)	101
Net income	333	259	447	556
<i>Income before interest and income taxes</i>				
Generating segments	240	219	484	653
Nuclear Waste Management segment	122	96	(27)	75
Other segment	19	9	57	59
Total income before interest and income taxes	381	324	514	787
<i>Cash flow</i>				
Cash flow provided by operating activities	359	203	687	61
<i>Electricity generation (TWh)</i>				
Regulated – Nuclear	11.8	12.9	33.4	34.4
Regulated – Hydroelectric	4.8	5.0	14.2	14.6
Unregulated – Hydroelectric	1.9	3.5	8.1	12.8
Unregulated – Thermal	4.2	1.2	11.2	7.3
Total electricity generation	22.7	22.6	66.9	69.1
<i>Average electricity sales price (¢/kWh)</i>				
Regulated – Nuclear	5.5	5.5	5.5	5.5
Regulated – Hydroelectric	3.8	3.7	3.7	3.7
Unregulated – Hydroelectric	4.5	2.4	3.9	3.2
Unregulated – Thermal	5.4	3.1	4.5	4.1
OPG average sales price paid through regulated and spot market prices	5.0	4.5	4.7	4.5
<i>Nuclear unit capability factor (percent)</i>				
Darlington	86.3	91.8	87.4	81.4
Pickering A	65.9	85.1	54.5	66.7
Pickering B	86.9	94.2	75.3	86.9
<i>Availability (percent)</i>				
Regulated – Hydroelectric	93.0	93.2	92.8	93.7
Unregulated – Hydroelectric	87.5	87.2	91.6	93.3
<i>Equivalent forced outage rate (percent)</i>				
Unregulated Thermal	10.7	5.4	7.0	8.6

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

Ontario Power Generation Inc.'s unaudited consolidated financial statements and Management's Discussion and Analysis as at and for the three and nine months ended September 30, 2010, can be accessed on OPG's Web site (www.opg.com), the Canadian Securities Administrators' Web site (www.sedar.com), or can be requested from the Company.

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