

November 18, 2011

ONTARIO POWER GENERATION REPORTS 2011 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, 2011. Net loss for the third quarter of 2011 was \$96 million compared to net income of \$333 million for the same period in 2010. Net income for the nine months ended September 30, 2011 was \$169 million compared to \$447 million for the same period in 2010.

Tom Mitchell, President and Chief Executive Officer, said, “The decline in our net income during the first nine months of 2011 should not overshadow the fact that OPG had very good production performance from our generating stations.”

“Over the first nine months of 2011, our nuclear units and our hydroelectric units increased their output by about 10 percent over production in the first nine months of last year. The higher production during the period was achieved with reduced OM&A expenses and without any increase in electricity prices.”

“Unfortunately our bottom line was hit by the global decline in markets over the past few months, which negatively impacted the value of the funds set aside to pay for the decommissioning of nuclear plants and nuclear waste management.”

The decrease in earnings of \$429 million during the third quarter of 2011 compared to the same period in 2010 was primarily a result of a decline in the valuation levels in the global financial markets, which resulted in losses from the nuclear fixed asset removal and nuclear waste management funds (“Nuclear Funds”). The Nuclear Funds are designed to achieve the required return over a long-term horizon. While short-term fluctuations in market value will occur, managing the long-term return of these funds continues to be the primary goal. The net income impact related to the losses in the Nuclear Funds was partially mitigated by lower operations, maintenance and administration (“OM&A”) expenses.

For the nine months ended September 30, 2011, net income decreased by \$278 million compared to the same period in 2010, primarily as a result of lower earnings from the Nuclear Funds, the impact of lower Ontario spot electricity market prices on the Unregulated – Hydroelectric business segment, and certain other decreases in revenue. These reductions in net income were partially offset by higher nuclear and hydroelectric electricity production, and lower OM&A expenses. In addition, there was an increase in income tax expense for the nine months ended September 30, 2011 compared to the same period in 2010 due to higher income before earnings from the Nuclear Funds.

Generating and Operating Performance

Total electricity generated during the three months ended September 30, 2011 was 21.4 terawatt hours (“TWh”) compared to 22.7 TWh for the same period in 2010. Total electricity generation for the nine months ended September 30, 2011 was 64.3 TWh compared to 66.9 TWh for the same period in 2010. The decrease in generation was primarily due to lower thermal generation, partially offset by an increase in nuclear and hydroelectric generation.

The capability factors for the Darlington nuclear station for the three and nine month periods ended September 30, 2011 increased compared to the same periods in 2010 due to a decrease in the number of both planned and unplanned outage days.

The capability factor at the Pickering A nuclear station increased during the third quarter of 2011 compared to the same quarter in 2010 largely due to the timing of planned outages. The lower capability factor at the Pickering B nuclear station during the third quarter of 2011 was primarily the result of an extension to a planned outage.

The higher capability factors at the Pickering A and B nuclear generating stations during the nine months ended September 30, 2011 primarily reflected a decrease in planned outage days compared to the same period in 2010 when all six units were shutdown during the Vacuum Building Outage in the second quarter of 2010.

The high availability factors for OPG’s regulated and unregulated hydroelectric stations continued during the three and nine months ended September 30, 2011.

Equivalent forced outage rates (“EFOR”) at the thermal stations were higher for the three and nine months ended September 30, 2011 compared to the same periods in 2010 primarily due to a higher number of unplanned outage days at the Nanticoke and Lambton stations. The higher number of unplanned outage days is consistent with the implementation of a management strategy, which entails carefully managing outage expenditures while ensuring the units are available as required during a period of reduced production.

The 2011 EFOR reflects management’s strategy to ensure that units are available when required while optimizing outage duration and scope, and the cost to return units to service. Consistent with Ontario’s Long-Term Energy Plan, OPG placed two units at the Nanticoke coal-fired station on standby on October 1, 2011. The units will be placed in safe shutdown mode on December 31, 2011.

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

- In August 2011, the Joint Review Panel (“JRP”) overseeing the Environmental Assessment (“EA”) of the Darlington New Nuclear Project submitted its report to the federal Minister of the Environment. The JRP concluded that the project is not likely to cause significant adverse environmental impacts. The federal government will now prepare its response for approval by the Governor in Council, with a final determination of whether or not the EA should be accepted.

- The EA for the Darlington Refurbishment Project is on track for submission to the Canadian Nuclear Safety Commission (“CNSC”) in late 2011. A third party report on the Integrated Safety Review (“ISR”) was provided to OPG in the third quarter of 2011 and its recommendations were addressed. The stakeholder review of the final ISR was completed and the final report was submitted to the CNSC.
- OPG is undertaking a coordinated set of initiatives to evaluate the opportunity to continue safe and reliable operations of Pickering B for an additional four to six years beyond the station’s nominal end of life. In the third quarter of 2011, OPG began execution of the second of several major planned outages on Unit 6 targeted at improving the reliability of the generating station and collecting necessary inspection results to support continued operation.

Hydroelectric

- The tunnel boring machine mining activity has been completed, and the disassembly of the tunnel boring machine is in progress. Lining installation activities at the Niagara Tunnel continue. Installation of the lower one-third of the permanent concrete lining had reached 7,625 metres by July 2, 2011 when this work was temporarily interrupted to do reinforcement repair work in the 6,050 metre area of the tunnel. This lining work is expected to resume in January 2012. All other tunnel lining activities are continuing. As at September 30, 2011, the life-to-date capital expenditures were \$1.1 billion. The project is expected to be completed within the approved budget of \$1.6 billion and the approved project completion date of December 2013.
- The Lower Mattagami River project will increase the capacity of the four generating stations on the Lower Mattagami River by 438 MW. During the third quarter of 2011, additional rock consolidation work was undertaken at the Smoky Falls site to remediate unanticipated geological conditions while concrete operations continued. At the Little Long site, concrete operations commenced and the draft tube formwork was installed. The cofferdam installation commenced at the Kipling site and the Harmon site cofferdam installation was completed. As at September 30, 2011, the life-to-date capital expenditures were \$619 million. The project is expected to be completed within the approved budget of \$2.6 billion and the approved completion date of June 2015.

Thermal

- Conversion of the Atikokan generating station to biomass is currently in the definition phase. OPG and the Ontario Power Authority (“OPA”) are continuing to negotiate an energy supply agreement.
- On August 17, 2011, the Minister of Energy issued a directive to the OPA to negotiate a long-term energy supply contract with OPG for the conversion of two coal-fired units at the Thunder Bay generating station to natural gas. OPG began discussions with the OPA in October 2011.
- As outlined in Ontario’s Long-Term Energy Plan and Supply Mix Directive to the OPA, OPG continues to explore the possible conversion of some units at the Lambton and Nanticoke generating stations to natural gas, if required for system reliability.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

<i>(millions of dollars – except where noted)</i>	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2011	2010	2011	2010
<i>Earnings</i>				
Revenue	1,275	1,391	3,809	4,044
Fuel expense	217	259	566	716
Gross margin	1,058	1,132	3,243	3,328
Operations, maintenance and administration	628	677	2,026	2,185
Depreciation and amortization	197	175	550	515
Accretion on fixed asset removal and nuclear waste management liabilities	177	165	526	495
Losses (earnings) on nuclear fixed asset removal and nuclear waste management funds	16	(287)	(286)	(468)
Restructuring	19	-	19	25
Property and capital taxes	15	20	38	63
Other (gains) losses	(2)	1	(5)	(1)
Income before interest and income taxes	8	381	375	514
Net interest expense	39	41	121	130
Income tax expense (recovery)	65	7	85	(63)
Net (loss) income	(96)	333	169	447
<i>Income (loss) before interest and income taxes</i>				
Generating segments	161	240	536	484
Nuclear Waste Management segment	(192)	122	(240)	(27)
Other segment	39	19	79	57
Total income before interest and income taxes	8	381	375	514
<i>Cash flow</i>				
Cash flow provided by operating activities	431	359	993	687
<i>Electricity Generation (TWh)</i>				
Regulated – Nuclear	12.6	11.8	36.6	33.4
Regulated – Hydroelectric	4.9	4.8	14.5	14.2
Unregulated – Hydroelectric	2.0	1.9	10.1	8.1
Unregulated – Thermal	1.9	4.2	3.1	11.2
Total electricity generation	21.4	22.7	64.3	66.9
<i>Average electricity sales price (¢/kWh)</i>				
Regulated – Nuclear	5.6	5.5	5.5	5.5
Regulated – Hydroelectric	3.5	3.8	3.5	3.7
Unregulated – Hydroelectric	3.7	4.5	3.3	3.9
Unregulated – Thermal	3.9	5.4	3.5	4.5
OPG average sales price ¹	5.1	5.2	5.1	5.1
<i>Nuclear unit capability factor (percent)</i>				
Darlington	97.5	86.3	93.9	87.4
Pickering A	79.3	65.9	73.9	54.5
Pickering B	77.5	86.9	77.3	75.3
<i>Availability (percent)</i>				
Regulated – Hydroelectric	93.4	93.0	91.0	92.8
Unregulated – Hydroelectric	87.5	87.5	91.9	91.6
<i>Equivalent forced outage rate (percent)</i>				
Unregulated – Thermal	13.1	10.7	9.5	7.0

¹ Includes other energy revenues primarily from cost recovery agreements for the Nanticoke, Lambton, and Lennox generating stations.

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, 2011, 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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