IN THE MATTER OF the Ontario Energy Board Act, 1998;

AND IN THE MATTER OF an Application by Ontario Power Generation Inc.
for an order or orders approving payment amounts for prescribed generating
facilities commencing April 1, 2008.

APPLICATION

1. The applicant, Ontario Power Generation Inc. (“OPG”) is a corporation, incorporated
under the Ontario Business Corporations Act, with its head office in the City of Toronto.
The principal business of OPG is the generation and sale of electricity in Ontario.

2. In this Application, OPG applies to the Ontario Energy Board (“OEB”) pursuant to section
78.1 of the Ontario Energy Board Act, 1998, for an order or orders approving the
payment amounts for generating facilities prescribed under Ontario Regulation 53/05 (“O.
Reg. 53/05”), as amended, of the Act for the period from April 1, 2008 through December
31, 2009 (“test period”), or for such other period determined to be appropriate by the
OEB. For the purposes of section 6 (1) of O. Reg. 53/05, OPG requests that the OEB use
a forecast cost of service methodology to approve payment amounts for the test period
as established in EB-2006-0064, “A Regulatory Methodology for Setting Payment
Amounts for the Prescribed Generation Assets of Ontario Power Generation Inc.” and
“Filing Guidelines for Ontario Power Generation.”

3. OPG also seeks an order of the OEB declaring the current payment amounts interim
effective April 1, 2008. OPG seeks an order establishing payment amounts that allow full
recovery of the test period revenue requirement over the test period.

4. OPG also seeks an interim order for increased payment amounts effective April 1, 2008
in the amount of $35.35/MWh for the output of Sir Adam Beck I, Sir Adam Beck II, Sir
Adam Beck Pump Generating Station, DeCew Falls I, DeCew Falls II, and R.H. Saunders
Generating Stations (together the “regulated hydroelectric facilities”) and $53.00/MWh for
the output of Pickering A Generating Station, Pickering B Generating Station, and
Darlington Generating Station (together the “nuclear facilities”), all subject to adjustment
once final payment amounts are determined. These interim payment amounts are
calculated based on 50 percent recovery of the test period revenue deficiency on a unit of
energy basis. During the period of interim rates, OPG expects to retain the hydroelectric
incentive mechanism under O. Reg. 53/05 under which the output from the regulated
hydroelectric facilities in excess of 1900 MWh in any hour receives market price.

5. OPG is seeking approval for disposition of the balances in the deferral and variance
accounts, using a payment rider for the nuclear accounts and as part of the payment
amount for the regulated hydroelectric facilities. OPG is also seeking an order continuing
and/or establishing deferral and variance accounts during the test period.

6. To achieve the revenue requirement and disposition of the balances in the deferral and
variance accounts, OPG is seeking payment amounts and riders as follows:

• For the regulated hydroelectric facilities, $37.90/MWh for the average hourly net
  energy production (MWh) from the regulated facilities in any given month (the “hourly
  volume”) for each hour of that month. Production over the hourly volume will receive
  the market price from the Independent Electricity System Operator (“IESO”) –
  administered energy market. Where production from the regulated hydroelectric
  facilities is less than the hourly volume, OPG’s revenues will be adjusted by the
  difference between the hourly volume and the actual net energy production at the
  market price from the IESO - administered market.

• For disposition of the regulated hydroelectric variance account, recovery of $0.7M by
  including this amount in the revenue requirement used to calculate the hydroelectric
  payment amount.

• For the nuclear facilities, a payment amount of $58.2M/month plus $41.50/MWh for
  the output generated from the nuclear facilities.
• For disposition of the nuclear variance and deferral accounts, recovery of $342M at a
  rate of $1.45/MWh for the output from the nuclear facilities.

7. The Application will be supported by written and oral evidence. The written evidence filed
by OPG may be supplemented or amended from time to time by OPG prior to the OEB’s
final decision on the Application.

8. OPG further applies to the OEB pursuant to the provisions of the Act and the OEB Rules
of Practice and Procedure for such orders and directions as may be necessary in relation
to the Application and the proper conduct of this proceeding.

9. The persons affected by this Application are all electricity consumers in Ontario. It is
impractical to set out the names and addresses of the consumers because they are too
numerous.

10. OPG requests that copies of all documents filed with the OEB by each party to this
Application along with copies of all comments filed with the OEB in accordance with Rule
24 of the OEB Rules of Practice and Procedure be served on the applicant and the
applicant’s counsel as follows:

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Dated at Toronto, Ontario, this 30th day of November 2007.

Ontario Power Generation Inc.

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