



Independent Auditor's Report

To the Board of Directors and Management of Ontario Power Generation

Opinion

We have audited the accompanying Schedule of Use of Green Bonds Proceeds (the "Schedule") related to the proceeds of the June 22, 2018 Series 2 Notes offering and the January 18, 2019 Series 3 Notes offering (the "Green Bonds") of Ontario Power Generation Inc. (the "Company" or "OPG") as at December 31, 2019 and the notes to the Schedule.

In our opinion, the accompanying Schedule is prepared, in all material respects, in accordance with the basis of accounting in note 2 of the Schedule.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Report* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Schedule in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to note 2 of the Schedule which describe the basis of accounting for the Schedule. The determination of the eligibility of the projects under OPG's Green Bond Framework is the responsibility of OPG and accordingly we do not express an opinion thereon. The Schedule was prepared by OPG to assist in disclosing its use of proceeds allocation activities related to the bond. As a result, it may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Schedule

Management is responsible for the preparation of the Schedule in accordance with the note 2 of the Schedule, and for such internal control as management determines is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the OPG's Green Bond reporting process.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Schedule. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OPG's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and related disclosures made by management.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Ernst + Young LLP

Chartered Accountants
Licensed Public Accountants

April 1, 2020
Toronto, Canada

Ontario Power Generation
Schedule of Use of Green Bond Proceeds
As of December 31, 2019
(million of dollars)

Balance as of December 31, 2018	83.8
Add: Net proceeds from 2019-1 Green Bonds	496.6
Net proceeds available for allocation	580.3
Proceeds used for the allocation to Eligible Projects:	
Ranney Falls	9.9
Sir Adam Beck G1/G2 Conversion	0.3
Sir Adam Beck Water Conveyance System Rehabilitation	0.8
Peter Sutherland Senior Generating Station	8.7
Eagle Creek	496.1
Sustaining Capital (Note 3)	64.5
Total allocated proceeds	580.3
Remaining unallocated proceeds	0.0

Notes to the Schedule of Use of Green Bond Proceeds

1. Background

In June 2018, OPG issued the inaugural green bond offering under its existing Medium Term Note Program. The \$450 million 30-year bonds were priced with a coupon interest rate of 3.84 percent. The proceeds are used to finance eligible hydroelectric projects under OPG's Green Bond Framework. In January 2019, OPG issued a second green bond offering of \$500 million. The 30-year bonds were priced with a coupon interest rate of 4.25 percent. The net proceeds were primarily used to finance the acquisition of Eagle Creek.

During 2019, approximately \$580 million was released from the segregated account, representing funds invested in eligible hydroelectric projects from 2018 to the first quarter of 2019 and acquisition costs of Eagle Creek. As at September 30, 2019, OPG has allocated all the net proceeds from both green bond offerings to Eligible Projects.

2. Basis of Accounting

Proceeds from OPG's Green Bond issuance are restricted in purpose and will only be used to finance Eligible Projects, a group of selected projects that offer tangible environmental benefits, as defined in OPG's Green Bond Framework. The Schedule of Use of Green Bond Proceeds was prepared to track on a cash basis the allocation of proceeds from the issuance of the OPG Green Bond on June 22, 2018 and January 18, 2019 to the Eligible Projects that were approved by OPG Green Oversight Committee under the OPG Green Bond Framework.

The Green Bond Principles, 2018: Voluntary Process Guidelines for Issuing Green Bonds as well as OPG's Green Bond Framework dated May 2018 describe the basis of allocating the use of proceeds and other relevant information for the green bond. This Schedule of Use of Green Bond Proceeds was prepared to assist OPG in disclosing its use of proceeds allocation activities related to the bond. As a result, it may not be suitable for another purpose.

3. Sustaining Capital

A list of sustaining capital projects to which the green bond proceeds were allocated in 2019 is provided below:

Facility	Description	Allocated Amount (million of dollars)
Abitibi Canyon	Canyon Elevator Upgrades	2.2
Alexander	Powerhouse Roof replacement	1.2
Barrett Chute	Excitation systems, Protections & Controls, Sluiceways and powerhouse crane replacement	3.3
Caribou Falls	Auto Sluice system replacement and Block Dam remediation	2.9
Chenau	Protection Upgrade, water gauges upgrade and headworks crane replacement	4.5
Decew 2	Installation of new runner, generator, control boards and circuit breakers for G2	1.1
Des Joachims	Drainage and dewatering system upgrade, Switchgear & Breaker replacement	2.6
International Control Dam	Fencing improvements	3.8
Lower Notch	G2 headgate replacement	1.1
Manitou Falls	Unit breaker and sluiceway replacement	1.4
Matabitchuan	Rabbit Lake Control Dam upgrades and Black Bear Control Dam rehabilitation	3.5
Ragged Rapids	New access road bridge installation	1.1
R.H. Saunders	Headwork crane, switchgear ventilation system, runner, exciter and elevator parts replacement	12.4
Silver Falls	Headgate and exciter replacement	2.0
Sir Adam Beck 1 (Other)	G5 refurbishment including new upgraded turbine runner, wicket gates, concrete wall repairs and penstock installation	5.2
Sir Adam Beck Pump Generating Station (Other)	Installation of Protections and Controls systems for PG6	2.3
Stewartville	Transformers replacement and sluiceway restoration	1.9
Stinson	Station output upgrade from 22KV to 44KV	1.7
Whitedog Falls	Sluiceway replacement and north channel dam rebuild	4.6
Other	Others projects < \$1 million	5.9
Total Sustaining Capital		64.5