

Second Quarter 2023 Investor Briefing

August 2023

ONTARIO POWER
GENERATION

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GENERAL

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Agenda

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Highlights

Darlington's **Unit 3** returns to service **ahead of schedule**; Planning underway for **three additional Small Modular Reactors**; Advancing hydroelectric opportunities.

- Darlington's **Unit 3 refurbishment** reconnected to the electricity grid, 169 days **ahead of schedule**. Unit 4 commenced refurbishment.
- OPG to proceed with **three additional Small Modular Reactors (SMR's)** at the Darlington New Nuclear site where **preparation for the first unit is underway**.
- Executed a **21-year capacity agreement with the** Independent Electricity System Operator (**IESO**) through Atura Power's partnership with Ameresco Inc. **to build a 250 MW four-hour Battery Energy Storage System** at the Napanee GS facility.
- Initiated a project to **improve dam safety at the Frederick House Lake Dam**. The \$90 million project will **rehabilitate** the 85-year-old spillway and sluiceway structures to ensure compliance with provincial dam safety requirements.
- Following the completion of installation and commissioning activities, Unit 1 and Unit 2 at the **Calabogie GS** were placed in service in April 2023.



Energy Industry Leader

OPG's strategy is to be a **transformational North American clean energy leader** that drives **efficient, economy-wide growth** and prosperity for Ontario and beyond.

- The Province released the **Powering Ontario's Growth plan** in response to the IESO's Pathways to Decarbonization Report in 2022.
 - **New Nuclear Feasibility Study:** In collaboration with the IESO, OPG and Bruce Power to develop a feasibility study for future nuclear generation in Ontario. OPG will also evaluate its existing sites to better understand the potential for future nuclear generation options.
 - **New hydroelectric assessment:** OPG will conduct further due diligence on high potential hydroelectric sites as identified in the Company's recent report on northern Ontario hydroelectric opportunities.
 - **Pumped storage facility:** OPG will support the IESO's review of the pumped storage hydro facility at Marmora.
- Completed an updated feasibility assessment for **refurbishing Units 5 to 8 at the Pickering GS**. OPG's Board of Directors agreed with and authorized OPG to **submit the feasibility assessment to the Province** and to continue with certain limited preliminary planning and preparation activities for the potential project, **pending the Province's decision** whether to proceed with the refurbishment.
- Atura Power continues preparation for the commencement of site work for the **Niagara Hydrogen Centre** with plans to bring it online by early 2025. The facility will use a **20 MW electrolyzer** to produce **green hydrogen**.



Pictured: Nanticoke Solar Facility



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Financial and Operating Performance

Net Income Attributable to Shareholder

Lower net income for both periods, was primarily attributable to:

- Lower electricity generation, net of increased base rates, from our nuclear assets driven by a higher number of outage days at the Pickering GS and, for the full year, the lower generation was also due to the commencement of Darlington's Unit 1 refurbishment in February 2022;
- Increased compensation expenses resulted from the impact on OPG's collective agreements from the November 2022 Ontario Superior Court's decision on Bill 124* and the Ontario Energy Board's (OEB) decision in June 2023, which denied OPG's request** for a regulatory variance account to record the related costs for the OEB's future review and disposition;
- The above items were partially offset by a gain on sale of certain real estate sites and lower income tax expense.



*Protecting a Sustainable Public Sector for Future Generations Act, 2019 (Bill 124).

** On July 17, 2023, OPG filed a motion asking the OEB to review the June 2023 decision. In response to this request, the OEB has agreed to hold a written hearing on the merits of OPG's motion, with submissions from OPG and intervening parties to be filed during the third quarter of 2023.

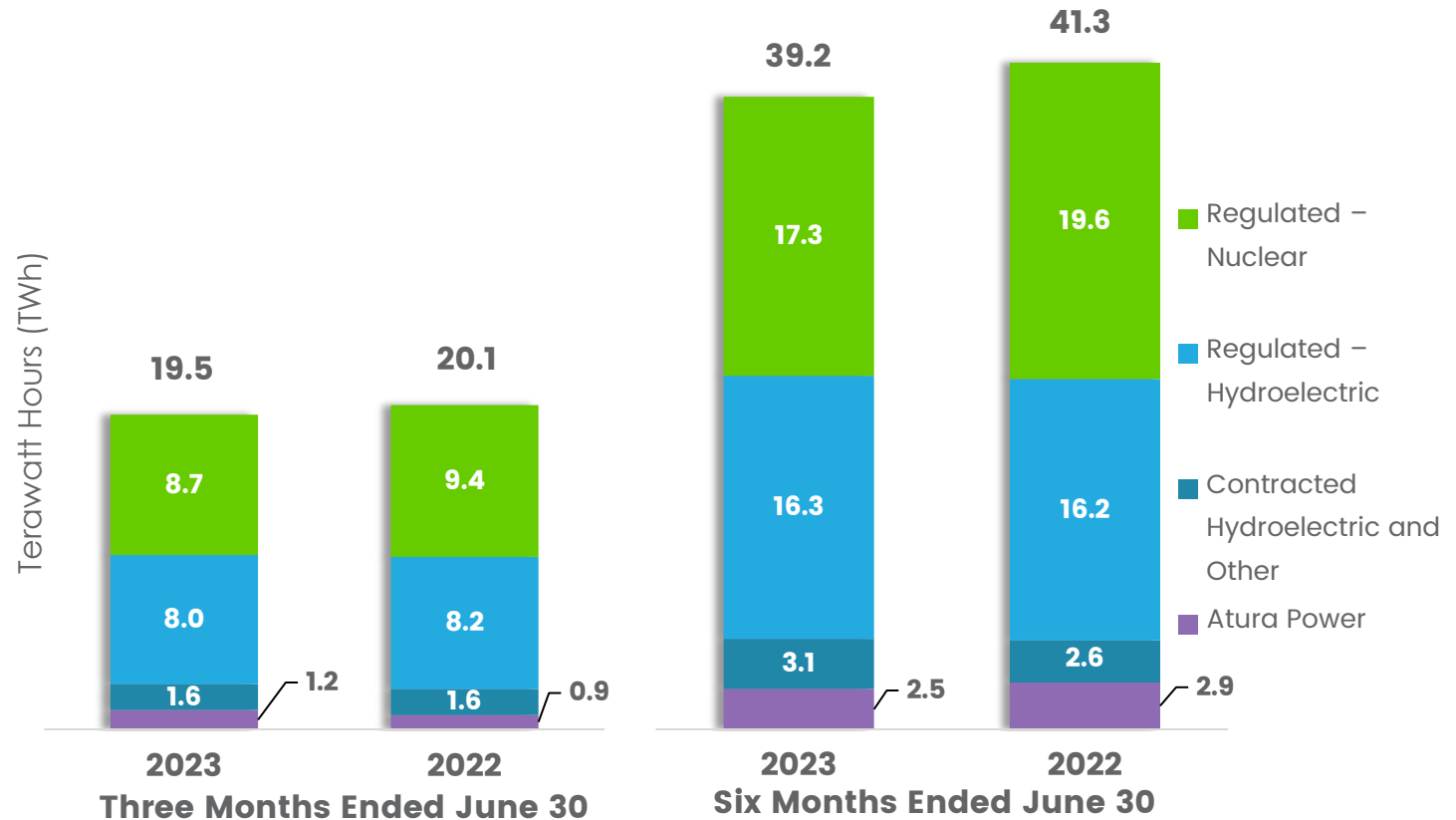
Electricity Generation

Regulated – Nuclear Generation: The decrease in 2023 was primarily due to an increased number of outage days at the Pickering GS, as well as the planned removal from service of Darlington GS Unit 1 in February 2022 for refurbishment.

Regulated – Hydroelectric Generation: Electricity generation for 2023 was comparable to 2022.

Contracted Hydroelectric and Other Generation: The increase for the six months ended June 30, 2023, was driven by higher water flows in Ontario during the first quarter of 2023.

Atura Power: Changes in electricity generation were driven by fluctuating weather conditions.



Segment Earnings before Interest and Tax

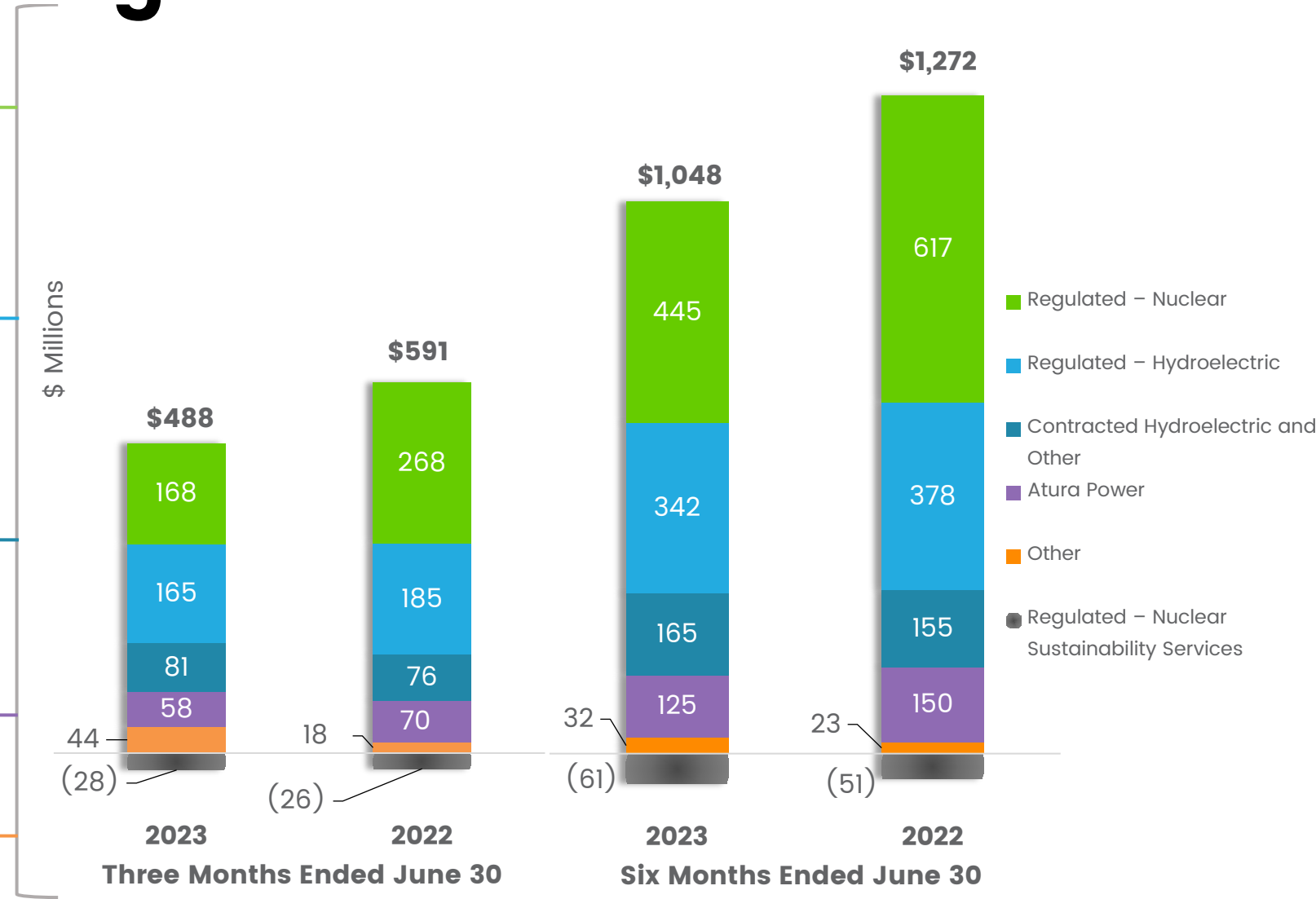
Regulated – Nuclear: In 2023, lower generation, net of higher nuclear base regulated prices and higher OM&A expenses driven by increased compensation expenses.

Regulated – Hydroelectric: In 2023, decrease in market prices on congestion management revenues. Year-to-date decrease also driven by increased compensation expenses.

Contracted Hydroelectric and Other: Higher revenues from Lower Mattagami hydroelectric generating station in 2023. Increase during the three months ended June 30, 2023, was partially offset by lower earnings from US operations.

Atura Power: Lower earnings driven by reduced capacity payments from outages at certain gas facilities.

Other: Recognized remaining gain in 2023 related to the sale of 800 Kipling Avenue in 2022.





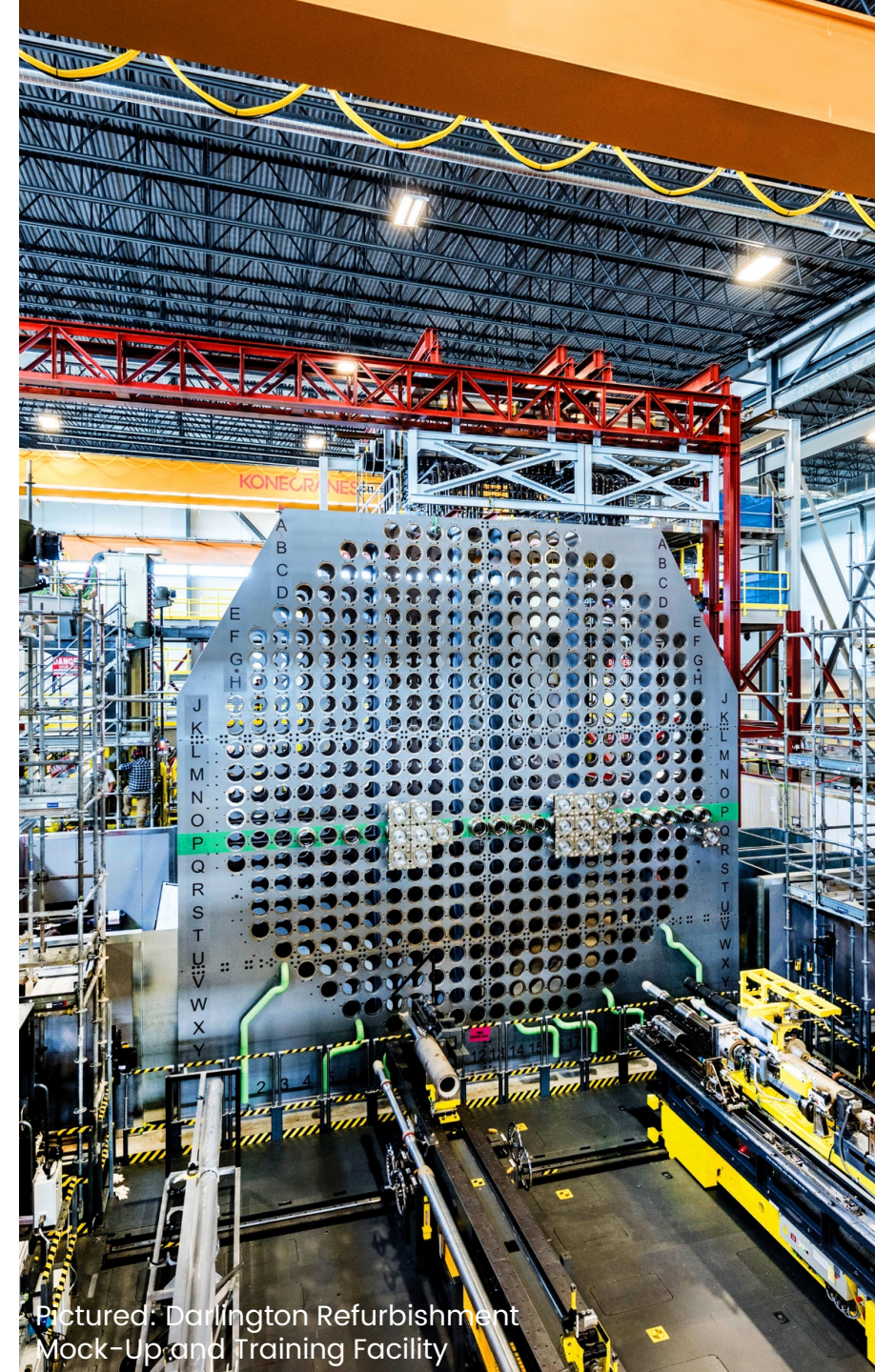
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Darlington Refurbishment

Darlington Refurbishment

Unit 3 reconnected to the electricity grid, 169 days **ahead of schedule** and **Unit 4 commences refurbishment.**

- On July 17, 2023, following successful completion of start-up activities, Unit 3 of the Darlington GS was reconnected to the electricity grid, in line with the Company's high quality and safety standards.
- On July 19, 2023, OPG commenced the refurbishment of Unit 4 of the Darlington GS with the defueling of the reactor, following the unit's safe shutdown.
- Unit 1 refurbishment activities are progressing on schedule and are currently in the third major segment, Reassembly, which involves the installation and reassembly of reactor components, including new feeder tubes and fuel channel assemblies.
- OPG continues to assess and seek ways to manage the impact of the COVID-19 pandemic on the project's total cost, which is otherwise continuing to track to the \$12.8 billion budget.



Pictured: Darlington Refurbishment
Mock-Up and Training Facility



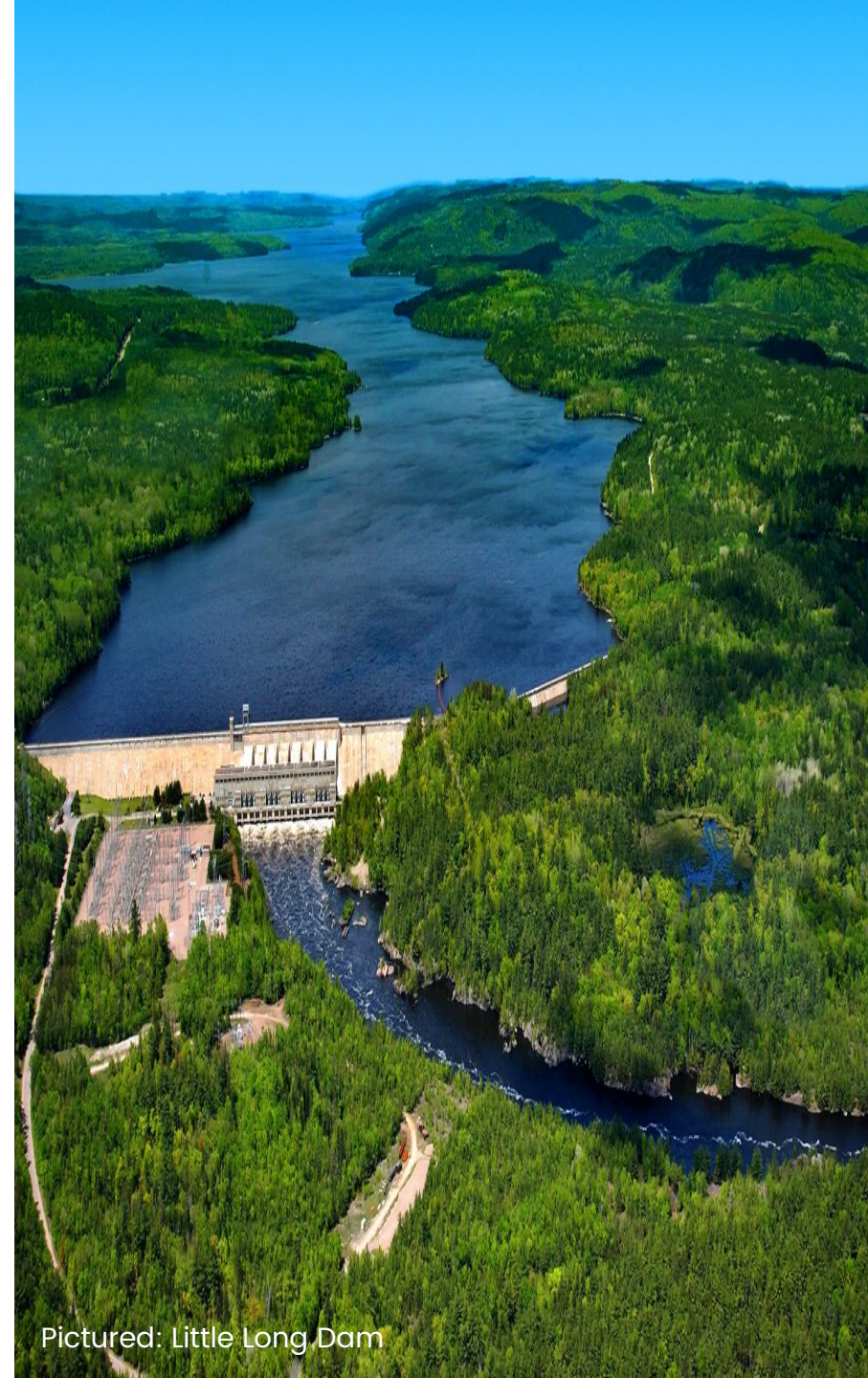
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Project Excellence

Little Long Dam Safety

Project will provide additional discharge capacity for the Little Long Main Dam; adheres to dam safety requirements with the replacement of end-of-life gates and associated equipment.

- Following the removal of the west cofferdam, installation work on the west upstream wall is progressing as planned.
- Replacement of the existing Adam Creek gates continues.
- The project is expected to be completed at the end of 2023 and is tracking within its revised approved budget of \$700 million.



Pictured: Little Long Dam

Smoky Falls Dam Safety

Project will provide new operational sluice gates to enhance the water management facility at Smoky Falls; strengthen the spillways to meet dam safety requirements.

- Continuing to execute on a project to improve dam safety at the Smoky Falls GS located along the Lower Mattagami River in northeastern Ontario.
- The project will rehabilitate the 100-year-old spillway and sluiceway structures in compliance with provincial dam safety requirements.
- The gate replacement work has commenced, following the completion of concrete work.
- The project is expected to be completed in 2025 and is tracking within its budget of \$390 million.



Pictured: Smoky Falls G.S.



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Financial Profile

Corporate Profile

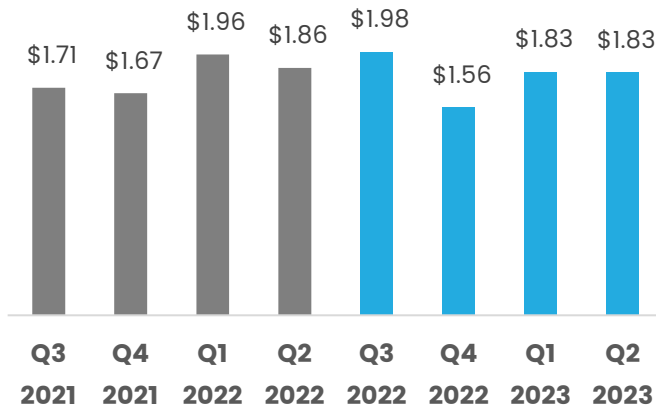
Ontario's largest **clean** energy generator

100% owned by the province of Ontario

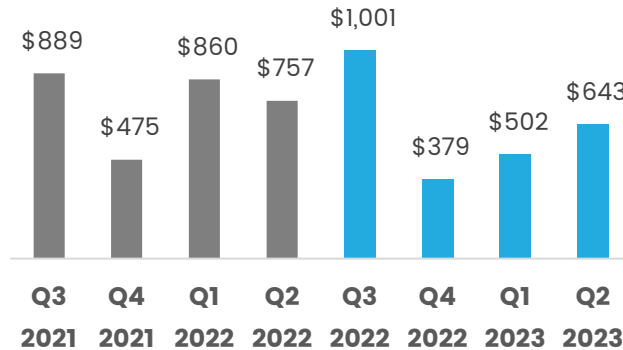
\$63.7 billion of assets ¹

Ratings
DBRS
S&P Global
Moody's
A (low)
BBB+
A3

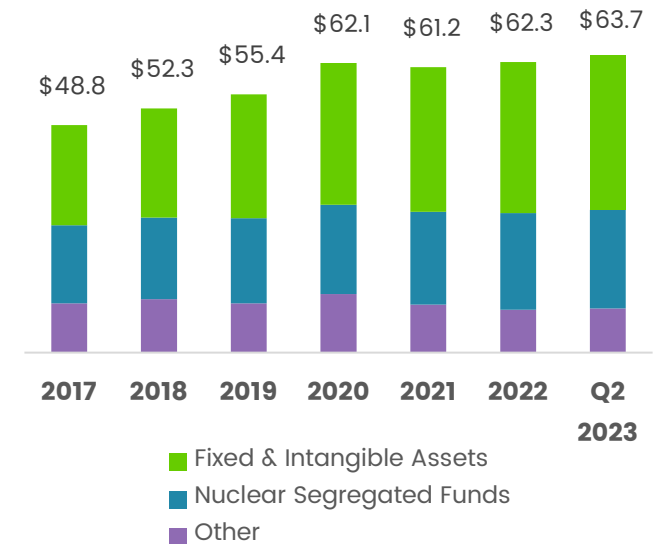
Revenue (\$B)



Cash Flow from Operations (\$M)



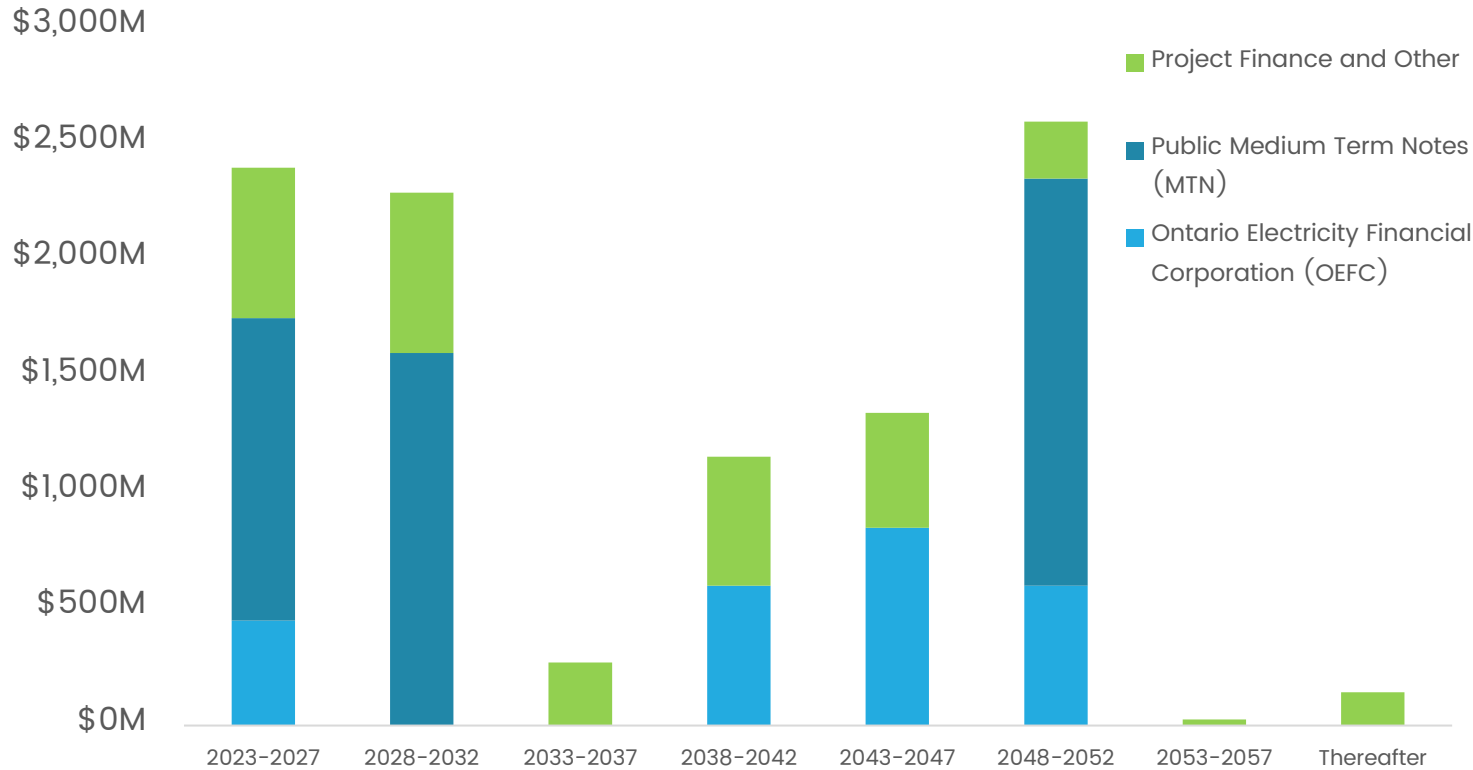
Total Assets (\$B)



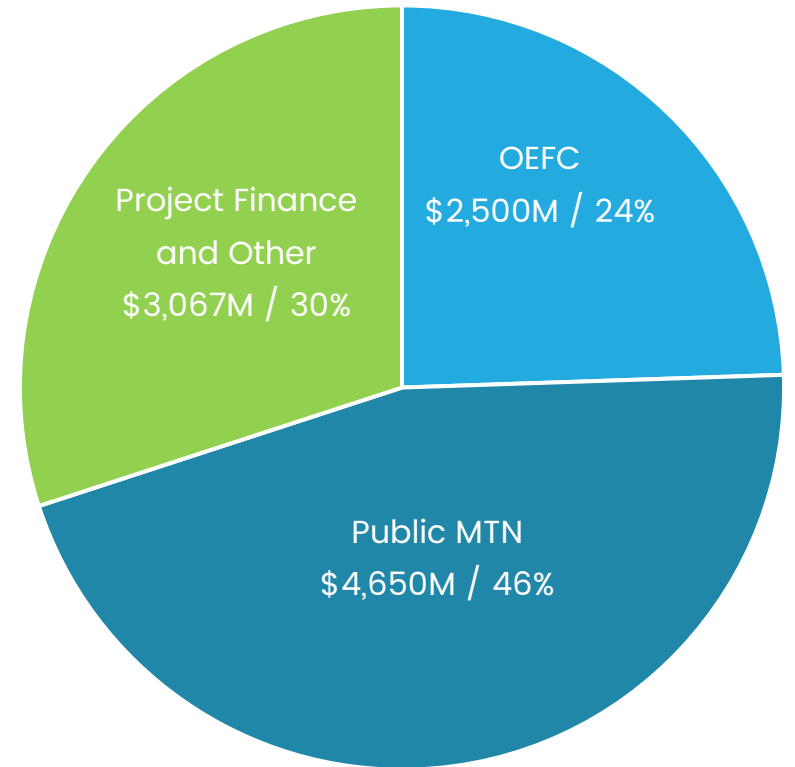
¹ As at June 30, 2023

Long-Term Debt

Existing Debt Maturities as at June 30, 2023



Debt Source As At June 30, 2023



Sources of Liquidity

Medium Term Notes Program

- OPG established its MTN Program in 2017
- OPG has issued public bonds of \$4,650 million, including five tranches of Green Bonds \$2,450 million*

Commercial Paper (CP) Programs

- Canadian CP program capacity of \$1 billion
- US CP program capacity of US\$750 million

Ontario Electricity Financial Corporation

- Agent of the Government of Ontario
- Rated Aa3 by Moody's and AA(low) by DBRS
- \$2,500 million in debt from the Ontario Electricity Financial Corporation (OEFC)
- Undrawn facility available of \$750M

Liquidity and Financing Capability**

"Sustainability-Linked" Bank Credit Facilities**

- \$1 billion corporate Revolving Credit Facility
- US\$750 million Revolving Credit Facility
- Syndicate of Canadian and international banks
- Additional facilities at subsidiaries such as Lower Mattagami Energy Limited Partnership

*Amounts as of June 30, 2023. In 2022, OPG released an update to its green bond framework to include eligible nuclear projects, and OPG issued \$300 million nuclear green bonds on July 14, 2022. In addition to OPG's corporate green bonds, Lower Mattagami Energy Limited Partnership (a wholly-owned subsidiary of OPG) has also issued green bonds of \$625 million.

**Both facilities backstop CP programs

***Additional capacity includes a \$970 million facility with the Canada Infrastructure Bank in support of the SMR project (\$163 million drawn as of Q2 2023)



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Outlook

Outlook for 2023

Earnings expected to be higher than 2022

- OPG expects higher net income for the 2023 year reflecting Darlington GS's Unit 3 early in-service which is expected to result in higher production, partially offset by higher compensation expenses due to the ruling overturning Bill 124.

Continue to execute on projects to help meet Ontario's future demand

- Progressing on activities related to the potential refurbishment of Pickering GS Units 5 to 8, pending the Province's decision to proceed.
- Preparing the Darlington New Nuclear Project site for four SMRs.
- Aligning our project work with the action items outlined by the Province's 'Powering Ontario's Growth' plan.
- Through Atura Power's partnership with Ameresco Inc. build a 250 MW four-hour Batter Energy Storage System at the Napanee GS facility.
- OPG is committed to growing our economic impact for Indigenous communities and businesses through our project execution.

Advance climate change initiatives

- Continue to progress work on SMRs, electrification, hydroelectric, low-carbon hydrogen, and other renewable energy sources.





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Q&A

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