



OPG



2024

Ontario Power Generation
Annual Report

Electrifying Ontario's Future

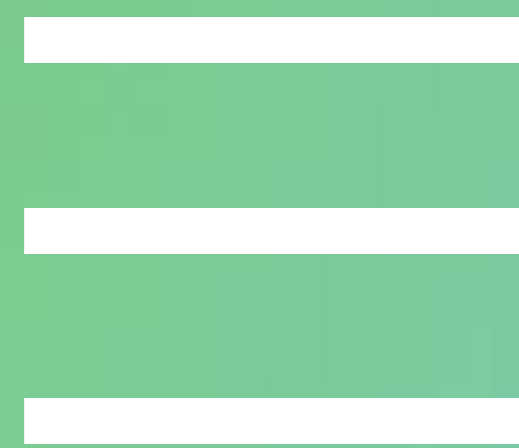


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Who we are

Ontario's largest power generator

Ontario Power Generation (OPG) delivers reliable, low-carbon electricity while driving economic growth from Kenora to Cornwall. The company was established under the Business Corporations Act (Ontario) and is wholly owned by the Province of Ontario.

Through our operations, we employ over 11,000 highly skilled and dedicated Ontarians, with thousands more working on our projects via supply chains. We invest more than \$3 billion annually to operate and maintain our fleet and expect to spend approximately \$5 billion in 2025 on our capital expenditures. More than 90% of our nuclear and hydroelectric procurements are from Canadian suppliers. We also rely on the products and services of approximately 1,700 companies from across Ontario.

*in expected
spending on capital
expenditures in 2025*



As a publicly owned company, we returned over \$7 billion in net income to the Province over the past five years. We are stewards of the oldest generating assets still serving the province—some as old as 119 years—and we’re leading the newest, most advanced nuclear projects.

OPG’s reliable and low-carbon fleet in Ontario includes two nuclear stations, 66 hydroelectric stations, two thermal generating stations, one solar facility, and four combined-cycle gas turbine plants owned and operated by our subsidiary, Atura Power. OPG also owns two other nuclear generating stations in Ontario, which are leased on a long-term basis to Bruce Power L.P.

To achieve our vision of electrifying life in one generation, OPG and its family of companies are helping advance the development of new technologies, including North America’s first fleet of commercial, grid-scale small modular nuclear reactors (SMRs). We are investing in the refurbishment of our low-carbon and reliable nuclear and hydroelectric generating stations, and building the infrastructure needed to support electrification while keeping rates affordable. All of what OPG is doing will help Ontario meet increasing demand for electricity and support a growing economy for generations to come.

Please visit the links below for information about our subsidiaries:

Atura Power



OPG at a glance

18,059

megawatts (MW)
generating capacity

\$69.0

billion in assets

More than
11,000

employees

Returned about
\$7.0

billion in net income
to the Province over
the past five years

Leading producer
of nuclear medical
isotopes

first harvested
at Pickering Nuclear
more than
50 years ago

Developing
North America's
first fleet of commercial,
grid-scale

SMRs

Investing in
extensive refurbishments
across our

**hydroelectric
fleet**

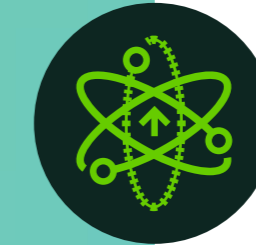
Advancing
the on-time, on-budget

**Darlington
Refurbishment
project**

Proceeding with
pre-execution phase work for

**Pickering
Nuclear's
refurbishment**





2

Nuclear Generating Stations



66

Hydroelectric Generating Stations



2

Thermal Stations



4

Atura Power Combined-Cycle Generating Stations



1

Solar Facility



Land acknowledgment

OPG respectfully acknowledges that the lands on which its generating stations and other assets are located are within the traditional and treaty territory of many Indigenous Nations and communities. To acknowledge this is to honour the deep connection that Indigenous Peoples have with the land, that they are the original stewards and caretakers of it and that they continue to play an important role to ensure its health and integrity for generations to come.

As a company, OPG remains committed to advancing Reconciliation by developing trusting and mutually beneficial relationships with Indigenous Nations, communities, and Peoples across Ontario. We provide educational opportunities and encourage our employees to learn more about the important local and national history of Indigenous Peoples.

A message from the Board Chair and President & CEO

Electricity is the engine of Ontario’s economic future—powering homes, businesses, hospitals, schools, and the technologies that connect us. It is also the foundation for economic growth and community prosperity. OPG is working now to strengthen Ontario’s clean energy advantage, which serves as *our* competitive advantage on the world stage. We’re focused on ensuring that Ontario’s businesses and communities have access to reliable, affordable, and low-carbon electricity to power everyday life, fuel economic growth, attract investments, and strengthen the province’s energy security.

From our existing operations to major initiatives like nuclear and hydroelectric refurbishments and the development of North America’s first grid-scale SMR, OPG is investing in projects that not only support the energy transition but also unlock billions in economic value and highly skilled job creation. These efforts are also strengthening our homegrown supply chain, helping to secure Ontario’s long-term competitiveness and prosperity.

At the core of everything we do is our commitment to safe, efficient, and reliable operations, backed by a strong culture of innovation that constantly asks, “Is there a better way?” Whether it’s building positive relationships with Indigenous and local communities,

producing nuclear isotopes for life-saving medical procedures and treatments, or pioneering industry-first tools and techniques for our projects, we are constantly challenging the status quo to deliver exceptional results.

In our 2024 Annual Report, we are proud to detail these results. This includes our operational and financial highlights from the year, as well as the progress we have made on our vital clean energy projects that will be key to supporting Ontario’s energy needs today and tomorrow.

None of this would be possible without the dedication and expertise of our more than 11,000 employees. Their unwavering focus on safety, quality, and creative problem-solving is what drives OPG forward.

As Ontario enters a period of economic transformation and electrification, we are confident that our people, our skills, and our ingenuity will help meet the challenges ahead to secure the province’s energy future and fulfill our vision of electrifying life in one generation.



Wendy Kei
Board Chair



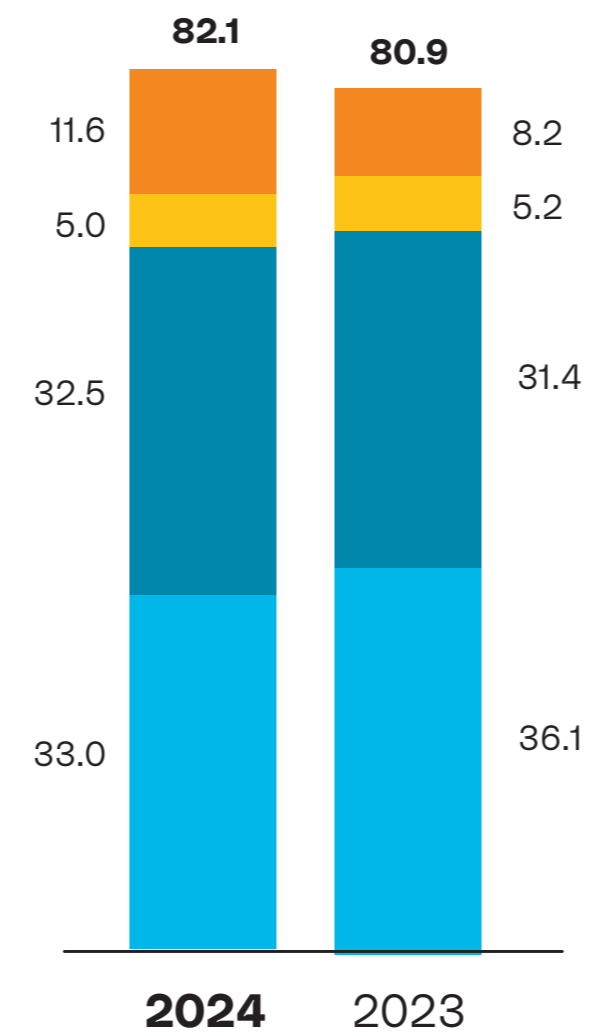
Nicolle Butcher
President & CEO

Financial highlights

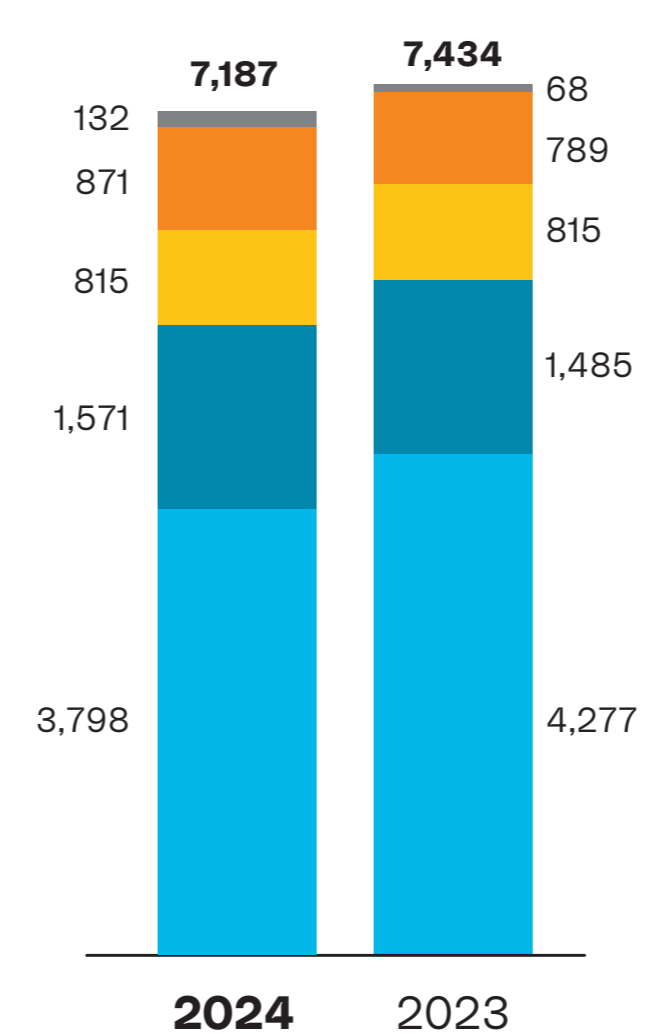
(Millions of dollars except where noted)	2024	2023
Revenue	7,187	7,434
Fuel expense	1,049	974
Gross margin	6,138	6,460
Operations, maintenance and administration expenses	3,318	3,136
Depreciation and amortization expenses	1,270	1,071
Accretion on fixed asset removal and nuclear waste management liabilities	1,221	1,178
Earnings on nuclear fixed asset removal and nuclear waste management funds	(1,102)	(1,057)
Property taxes	50	48
	4,757	4,376
Income before other (gains) losses, interest, and income taxes	1,381	2,084
Other gains	19	(114)
Net interest expense	186	103
Income tax expense	170	336
Net Income	1,006	1,759
Electricity production (TWh)	82.1	80.9
Cash Flow		
Cash flow provided by operating activities	2,211	2,538

Revenue & operating highlights

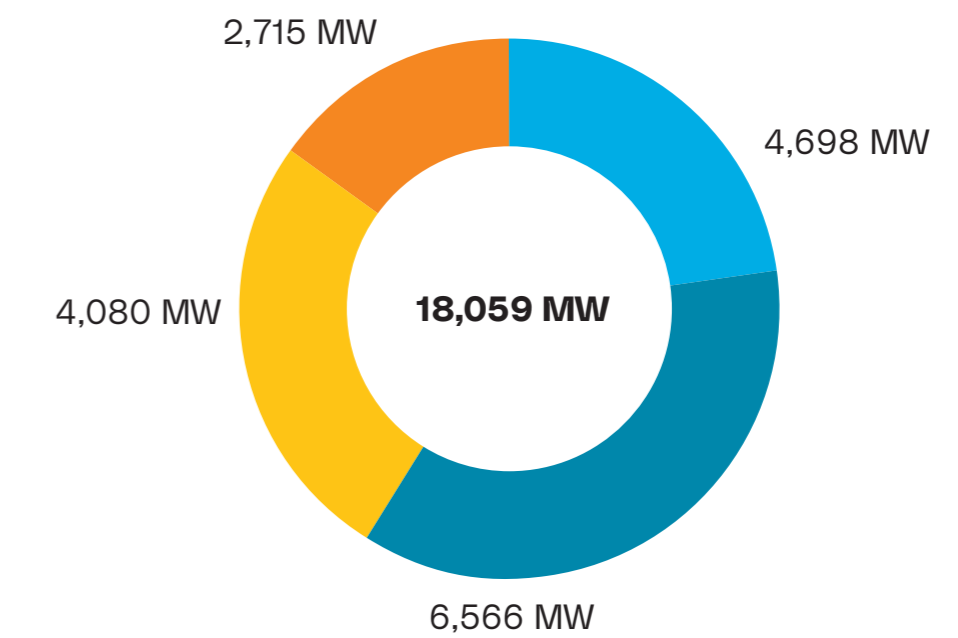
Electricity generation (TWh)



Revenue (millions of dollars)



In-service generating capacity (MW) as at Dec. 31, 2024



- Legend**
- Regulated Nuclear
 - Regulated Hydroelectric
 - Contracted Hydroelectric and Other
 - Atura Power
 - Other

2024 performance highlights

\$988
million in net income

Delivered \$988 million in net income attributable to the Shareholder, the Province of Ontario.

SMRs
at Darlington

Progressed our planned development of a fleet of SMRs at Darlington.

Recertified Gold

Recertified Gold through the Canadian Council for Indigenous Business' Partnership Accreditation in Indigenous Relations (PAIR) program.

82.1
TWh

Generated 82.1 terawatt hours (TWh) of electricity.

Yttrium-90 isotope

Produced several critical isotopes, including through our subsidiary Laurentis Energy Partners, which launched Yttrium-90 isotope production for cancer treatment.

Employee Safety

Received Electricity Canada President's Award of Excellence for Employee Safety.

Exploring new electricity generation

Exploring new electricity generation, including nuclear, at three existing sites—Wesleyville, Nanticoke, and Lambton.

Cobalt-60 isotope

Began producing life-saving Cobalt-60 isotopes in our newly refurbished Unit 1 at Darlington Nuclear.

Sustainable Finance Framework

Released our Sustainable Finance Framework in June, which replaced our previous Green Bond Framework.

140
days ahead of schedule

Returned to service Unit 1 of the Darlington Refurbishment, 140 days ahead of schedule, and progressed work on Unit 4.

Advanced several refurbishments

Advanced several refurbishments of generating units and dam safety projects across our hydro fleet.

3D laser scanning initiative

Recognized by Electricity Canada with its 2024 Centre of Excellence award for our 3D laser scanning initiative.

Units 5-8
at Pickering Nuclear

Received support from the Province to proceed with planning for the refurbishment of Units 5-8 at Pickering Nuclear.

10 Years

Celebrated 10 years since the closure of our last coal-fired station.

Atura Power

Subsidiary Atura Power continued to lead the development of low-carbon hydrogen and battery storage.



Electrifying life in one generation

Building Ontario's electric future

As Ontario's largest and one of North America's most diverse generators of reliable, low-carbon power, OPG has been a driving force behind the province's low-emitting grid—a key foundation for Ontario's economy. Today, we are focused on using our clean power to electrify more facets of life.

Our efforts will help us achieve our broader goal of supporting economy-wide decarbonization by 2050.



Mission

To build a sustainable future
powered by our electricity,
ideas, and people.

Vision

Electrifying life
in one generation.



To help make our vision a reality and support Ontario’s economic growth, we are investing in and advancing several key low-carbon projects and initiatives. These include:

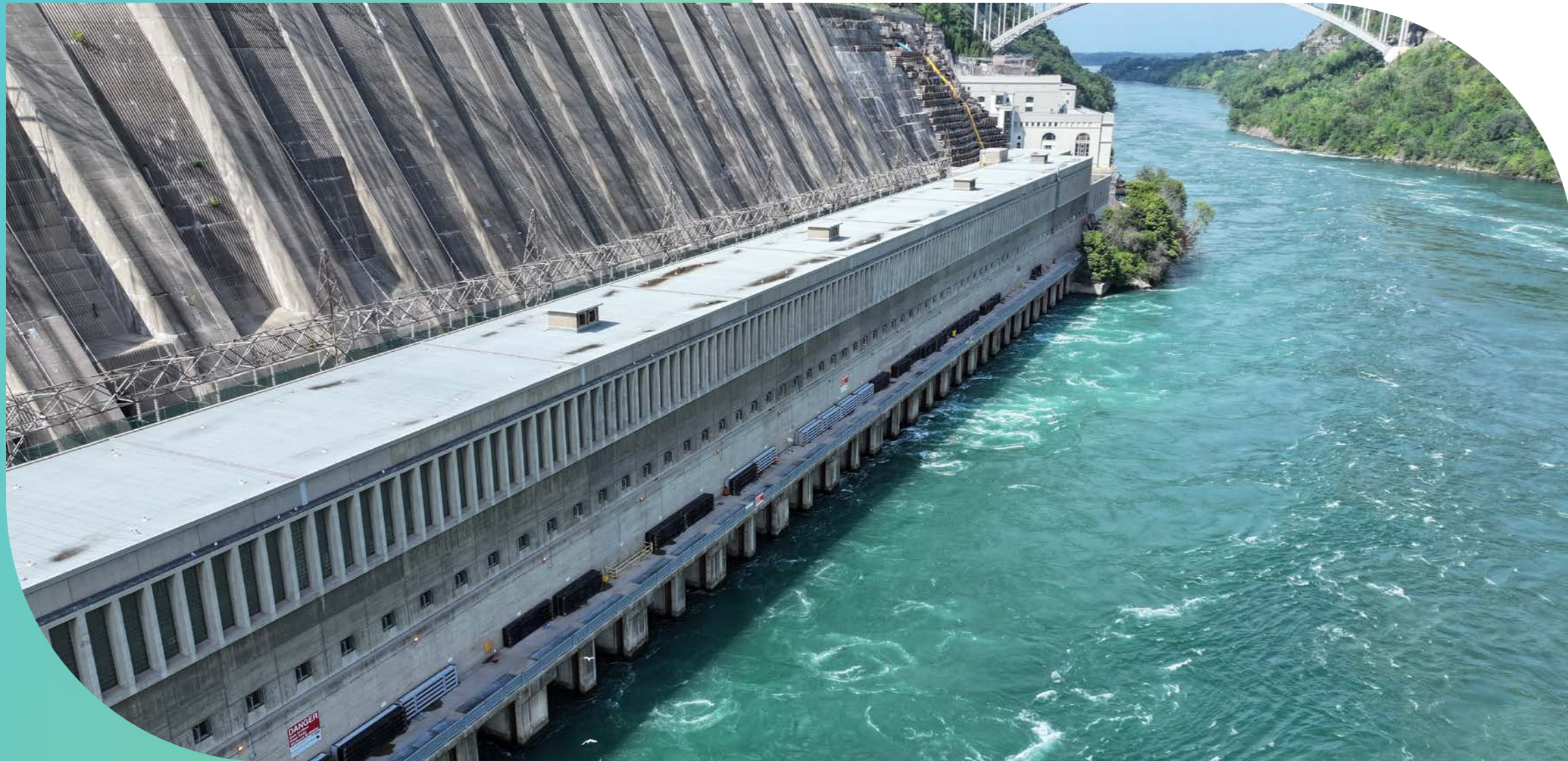
Exploring potential new generation

In late 2024, we began discussions with communities located near our Wesleyville (Port Hope), Nanticoke, and Lambton sites—unique existing sites zoned for generation and near transmission infrastructure. In early 2025, following expressions of interest from Indigenous Nations and the Town of Port Hope, the Province requested OPG to explore opportunities for new nuclear generation at Wesleyville, which could host up to 10,000 MW of capacity, enough to power 10 million homes. According to the Conference Board of Canada, this potential new nuclear generation project would contribute \$235 billion to Ontario’s GDP over its 95-year project life and create thousands of good-paying jobs across Ontario and in Port Hope.



SMRs and new nuclear development

OPG continues to advance its Darlington New Nuclear Project and expects to complete the construction of North America’s first grid-scale SMR by the end of the decade using the BWRX-300 reactor plant technology. Three more units are planned to be in service by the mid-2030s. Altogether, this SMR fleet is expected to provide 1,200 MW of low-carbon power for Ontario, enough to power about 1.2 million homes. This project could sustain 2,000 jobs annually and contribute billions to Ontario’s GDP. It is also serving as a blueprint for similar SMR developments. To this end, we are leveraging our leadership and experience to explore collaborations on new nuclear projects in Canada and around the world further cementing Ontario’s clean energy leadership.



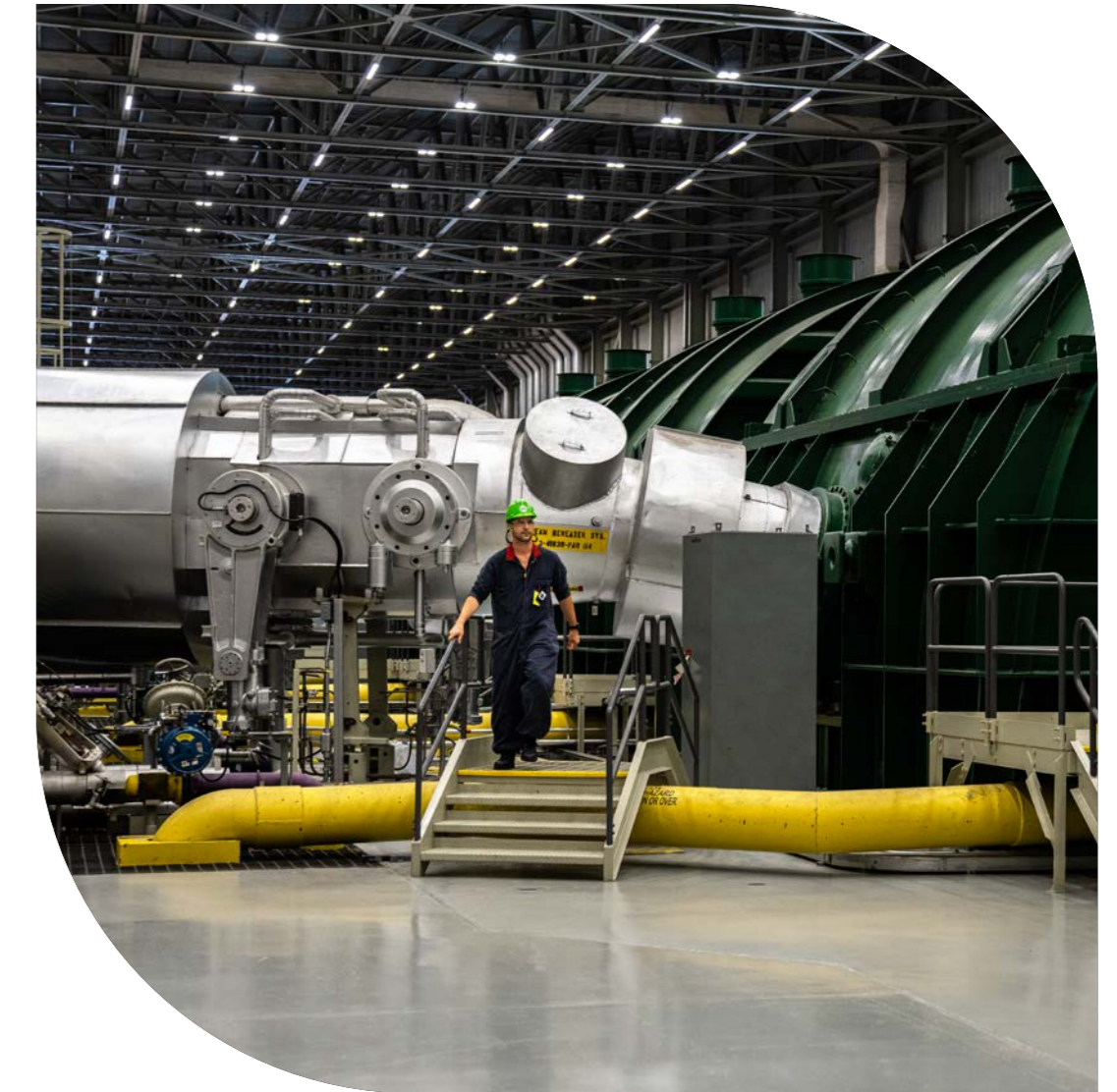
Renewable generation renewal and development

OPG plans to refurbish about 70% of our hydroelectric generating fleet over the next 20 years, which would secure decades more reliable, low-carbon power while potentially adding 90 MW of additional capacity. In 2024, key refurbishments were completed at multiple stations, and we continued refurbishments of units at our Sir Adam Beck complex and R.H. Saunders station—Ontario’s largest hydro facilities. We have also begun redeveloping our Coniston and Stinson stations to extend their service life and increase generating capacity. We also extended operations at our Atikokan station, North America’s largest biomass generating facility.



Northern Ontario hydroelectric opportunities

In 2023, OPG collaborated with the Ontario Waterpower Association and the Province to release the Northern Ontario Hydroelectric Opportunities Report. The report determined there is between 3,000 MW and 4,000 MW of untapped hydro potential in the north. We continue to work with local communities and Indigenous Nations to explore development opportunities. In April 2025, OPG announced it is working with Taykwa Tagamou Nation and Moose Cree First Nation as they lead co-planning on the potential development of two new hydro stations in northern Ontario.



Nuclear asset refurbishment

OPG continues to invest in its nuclear operations—the backbone of Ontario’s low-carbon energy system. Our \$12.8-billion Darlington Refurbishment, one of Canada’s largest clean energy infrastructure projects, remains on schedule to be completed by 2026. Units 2, 3, and 1 are now complete and refurbishment of Unit 4 is underway. This project will extend Darlington’s life by another 30 years. Meanwhile, we continue to advance planning for the refurbishment of Pickering Nuclear’s Units 5 to 8, which will also secure another 30 years of low-carbon power generation. OPG is now proceeding with certain pre-execution phase activities, which include preliminary engineering work and securing long-lead components.



Electrification

OPG is advancing electrification using our clean, low-carbon power, particularly in transportation, which accounts for over 30% of emissions in Ontario.

OPG subsidiary PowerON is helping electrify the Toronto Transit Commission’s entire bus fleet—one of North America’s largest transit electrification projects to date. PowerON is also working to electrify commercial businesses, including logistics services providers, as well as municipal and public service fleets.



Hydrogen

OPG is advancing hydrogen development through its subsidiary, Atura Power. Hydrogen is a portable, energy-dense substitute for gas and diesel fuel. It can be blended with natural gas to reduce the carbon intensity of electricity generation and be made using clean, low-carbon electricity from our hydro or nuclear assets. In 2024, Atura continued to advance construction of its Niagara Hydrogen Centre. Atura also advanced its hydrogen blending project at its Halton Hills generating station. The hydrogen blending project is planned to be online alongside the Niagara Hydrogen Centre in 2026.



Energy storage

Energy storage technologies are another critical element of the energy transition. These technologies can enable clean and renewable energy to be stored when those resources are abundant and released to meet periods of high demand. In 2024, Atura Power broke ground on its 250 MW Napanee Battery Storage Project, with completion set for 2026. Atura is planning additional battery projects to support Ontario’s future.



Powering the economy forward

Our power is our strength

As Ontario's largest low-carbon generator, OPG is 100% owned by the Province of Ontario and backed by approximately \$69 billion in assets.

We are proud of our role in supporting Ontario's economy and strengthening our homegrown supply chain. Through our operations and projects, we purchase goods and services from approximately 1,700 companies from across Ontario and are proud to be a strong supporter of local businesses. This is helping to keep jobs, investments, and innovation right here in Ontario. We also have strong working relationships with Indigenous partners and suppliers, providing jobs and training to local communities.

OPG is **100% Ontario-owned**

11,000+ skilled workers
across Ontario

More than 90% of goods and services for OPG are procured from Canadian suppliers

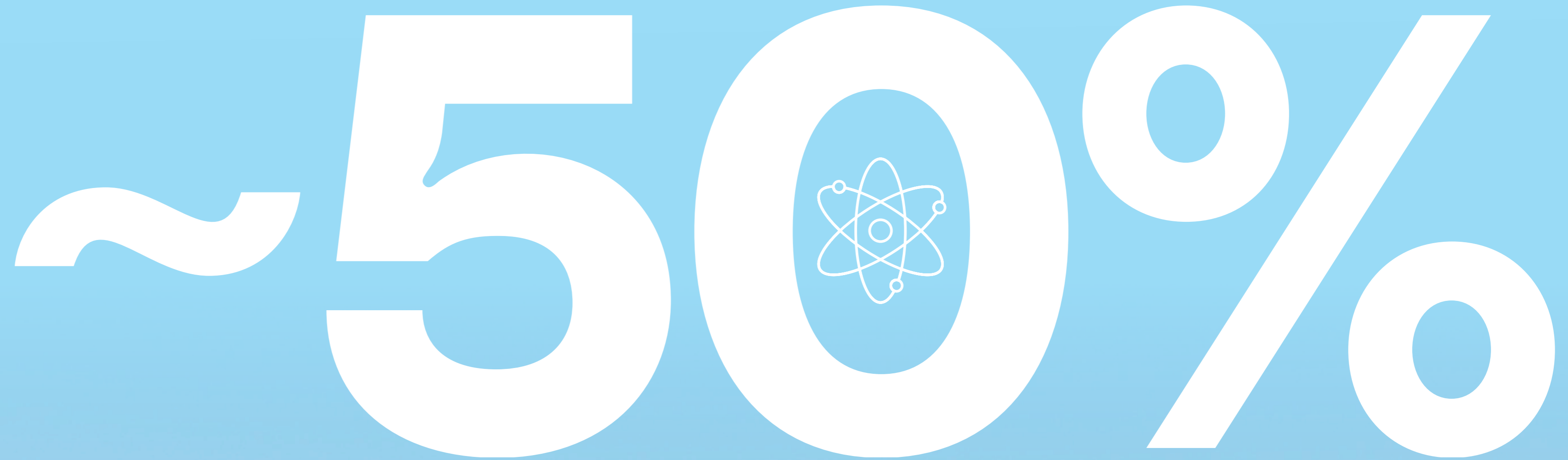


Reliability is our promise

Reliable electricity is crucial to both Ontario's economy and its communities. OPG helps support system reliability through a diverse mix of generating assets, including nuclear, hydro, and natural gas.

Continuing to serve as the backbone of Ontario's electricity system is low-carbon, reliable nuclear power, which supplies about 50% of the province's electricity, followed by hydroelectric power, at about 25%. OPG further contributes to system-wide reliability by supplementing these assets with natural gas generation, which provides about 15% of Ontario's energy needs.

Natural gas is essential to Ontario's energy transition due to its flexibility, affordability, and quick ramp-up capabilities during times of peak demand—think a hot summer's day. It plays a key role in maintaining grid stability when wind and solar are unavailable. As we expand Ontario's low-carbon infrastructure, natural gas continues to serve as a vital bridge and reliable backup to ensure the province's energy security.



of Ontario's electricity comes from ***low-carbon nuclear energy***



OPG is the *only*
rate-regulated
generator in Ontario

Ensuring affordability

OPG is proud of our role in keeping electricity prices lower for families and businesses. As the only rate-regulated generator of electricity in the province, we work tirelessly to achieve optimal performance from our generating assets by reinvesting in their longevity while keeping operating costs low. As a result, OPG helps moderate electricity rates by providing power that costs less than other generators.

The Ontario Energy Board (OEB) holds public hearings to set the rates that OPG can charge for the power coming from most of our generating assets. These rate application proceedings are conducted in an open and transparent manner, as mandated by the OEB Act, and OPG's application documents are publicly disclosed on our website.

Ratepayers and other stakeholders have the opportunity to participate in the public hearings and help inform the OEB's decisions on rates. In 2021, OPG's regulated rates were set for the 2022-2026 period.





**Where innovation
meets excellence**

Smarter, safer, more efficient

Innovation is part of OPG's DNA. We're always asking, "Is there a better way?"—and that mindset drives smarter, safer, and more efficient operations.

From pioneering industry-first techniques for the Darlington Refurbishment to deploying drones and agile robots like Boston Dynamics' Spot to using remote monitoring technologies to keep tabs on key equipment, we're using cutting-edge tools to solve complex challenges. In addition, we've captured more than 7,000 lessons learned from our Darlington Refurbishment to improve future projects like our SMR development and planned Pickering Refurbishment. Through these valuable lessons and our steadfast commitment to project excellence, we have earned the opportunity to explore the future development of large nuclear in Ontario.

We continually embrace innovations like these to not only stay at the forefront of technological advances, but to also ensure we remain as efficient as possible as a company, for the benefit of ratepayers, our employees, and Ontarians.



Power that saves lives

Beyond providing clean, low-carbon electricity, OPG's nuclear stations also produce isotopes for life-saving medical procedures and other high-tech commercial applications in Ontario and around the world.

Our innovation in isotope production is supporting health care, safety, and sustainability. And it's all happening right here.

Co-60
Cobalt-60

For over 50 years, Pickering Nuclear has supplied 20% of the world's Co-60, used to sterilize 30% of all single-use medical devices. Darlington Nuclear is now joining the effort, with its first Co-60 harvest expected later this decade.

Mo-99
Molybdenum-99

OPG subsidiary Laurentis Energy Partners (LEP), in partnership with BWXT Medical Ltd. Inc., has helped make Darlington Nuclear the world's first commercial power reactor source of Mo-99, an isotope critical to about 85% of nuclear diagnostic scans worldwide.

Lu-177
Lutetium-177

LEP will soon be producing Lu-177 isotopes at Darlington Nuclear. The isotope is used in targeted radionuclide therapy for treating rare tumours and prostate cancer.

Y-90
Yttrium-90

LEP is advancing the production of Y-90 isotopes at Darlington Nuclear. Used to treat advanced liver cancer and other large inoperable tumors, Darlington could help meet the global demand for Y-90.

Helium-3

LEP is also advancing the production of Helium-3, which is extracted from decaying tritium. This rare isotope supports MRI technology, quantum computing, nuclear research, and border security.

Tritium and heavy water

Darlington houses the world's largest Tritium Removal Facility, helping reduce emissions and worker exposure while repurposing tritium for use in safety signs, pharmaceuticals, and future nuclear fusion technology.





OPG is
*Canada's
largest issuer
of corporate
green bonds*

Financing a cleaner future

As OPG builds for Ontario's future, we're using innovative financing to support our major clean energy projects. In 2018, we became the first Canadian utility to issue green bonds. As of the end of 2024, OPG was Canada's largest corporate issuer of green bonds with total green bond issuances of approximately \$4.6 billion (including \$825 million issuance by its subsidiary, the Lower Mattagami Energy Limited Partnership).

In 2024, we launched our Sustainable Finance Framework, which superseded our Green Bond Framework to include support for a wider range of eligible projects—including SMRs, large new nuclear, low-carbon hydrogen, battery storage, and initiatives that advance economic Reconciliation with Indigenous Nations.

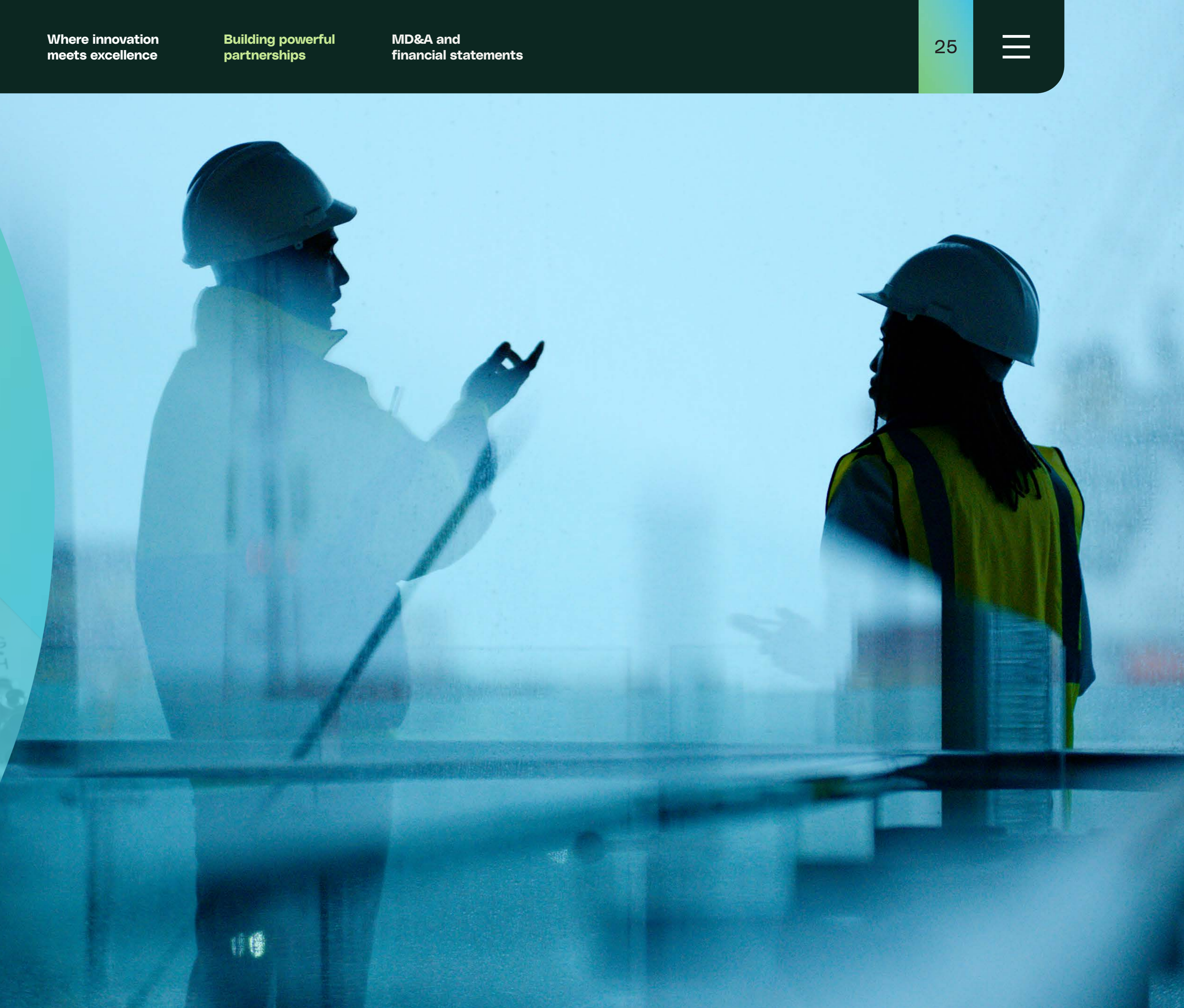
We also maintain credit facilities featuring sustainability-linked terms that can adjust our borrowing costs based on performance in areas like safety and renewable generation growth.



Building powerful partnerships

Together we are better

OPG believes in the power of partnerships. We are proud of building and maintaining strong relationships with our site communities across Ontario, as well as the mutually beneficial partnerships we have made with Indigenous Nations. Together, we are helping electrify life in one generation for a brighter tomorrow for all.



Advancing Reconciliation

OPG launched our first-ever Reconciliation Action Plan (RAP) in 2021 to guide our work with Indigenous communities, businesses, and organizations. Our goal is to work together to create lasting social and economic benefits for Indigenous communities.

The RAP committed OPG to growing our economic impact for Indigenous communities and businesses by \$1 billion by 2031, increasing Indigenous representation throughout the business, strengthening environmental stewardship, and improving understanding of Indigenous culture, history, and perspectives within the company.

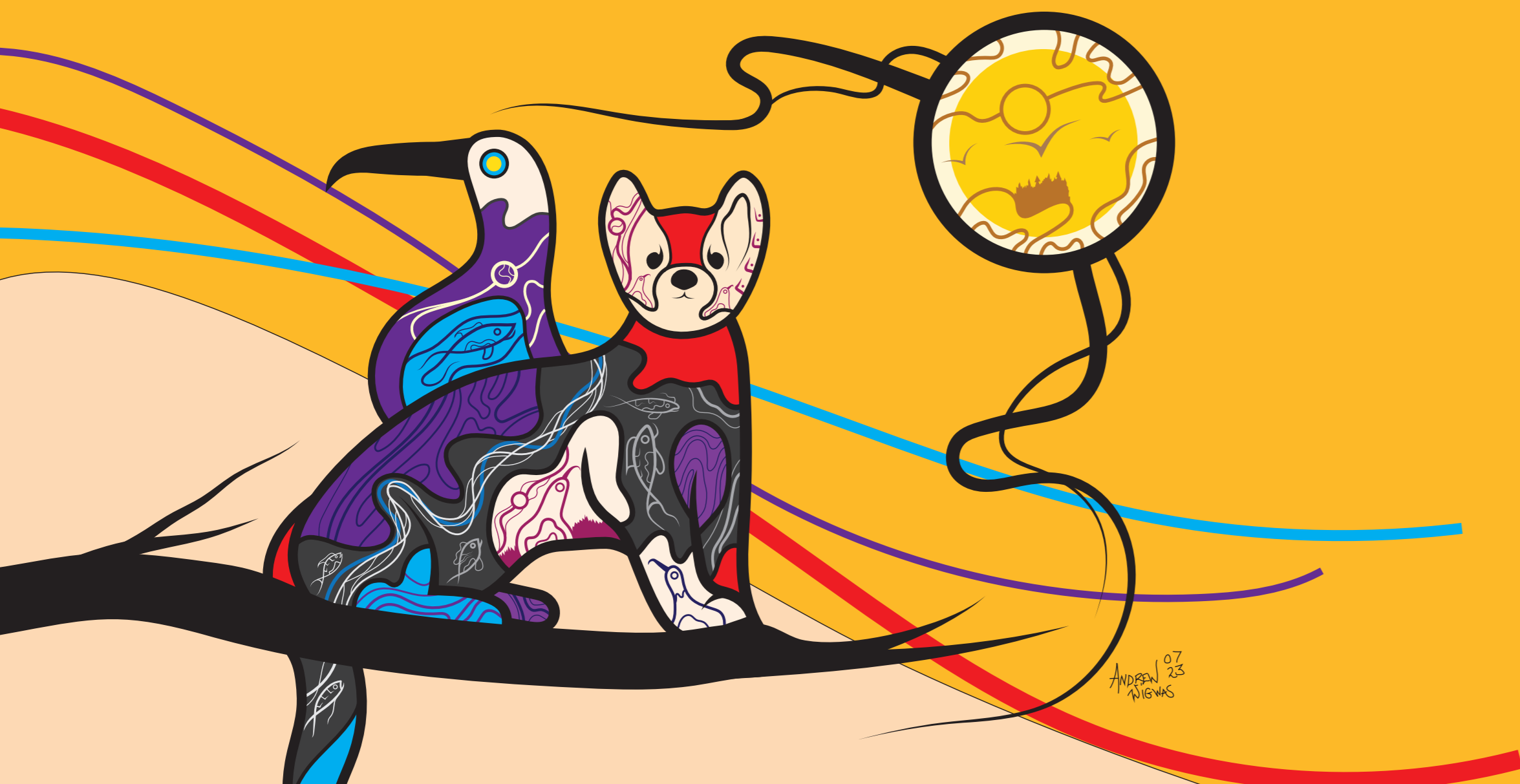
By the end of 2024, OPG had delivered \$428 million toward our \$1-billion RAP economic commitment to Indigenous communities—\$370 million through procurement and \$58 million via equity partnerships. And through our Indigenous Opportunities Network (ION) program, we placed 55 skilled Indigenous candidates in energy sector roles in 2024 alone.

In 2024, we refreshed our RAP with new goals and actions for the year and beyond, incorporating feedback from Indigenous Nations. With a renewed focus, we hope we can take more effective, concrete steps on our journey to Reconciliation.

\$1B

by 2031

that's our commitment to increase economic impact for Indigenous communities and businesses



Empowering communities

Since OPG began as a company 25 years ago, we have taken pride in strengthening our communities and being a good corporate citizen and neighbour.

In 2024, we released our new community investment program, the Power for Change Project. The new program, which replaces our previous Corporate Citizenship Program, is designed to give back to Ontario and the communities where we operate to help address their most pressing needs while supporting OPG's key strategic priorities.

With a renewed focus, the Power for Change Project encompasses four key funding areas, which cover building strong communities, environmental stewardship, advancing Reconciliation, and empowering the next generation. Through the project's provincial and regional donations and sponsorships, high school awards and post-secondary scholarships, corporate environmental grants, and other donations, OPG is helping to make a measurable social and environmental impact.

In 2024, OPG proudly invested more than \$6 million, providing 488 donations and sponsorships through the Power for Change Project to organizations across Ontario.

The Power for Change Project

Over \$6 million invested in Ontario's communities in 2024

3.3M+
people

benefited across Ontario.

86K+
lbs.

of food distributed.

23K+
meals

served across Ontario.

\$58K+

in high school awards benefiting 193 students.

\$110.9K

in 19 post-secondary scholarships.



Placing safety above all else

Ensuring public and employee safety is OPG's number one priority. From our nuclear operations to dam safety to public awareness around waterways, we take our commitment to safety seriously.

Nuclear safety

Our rigorous nuclear safety and emergency preparedness programs ensure we will not be caught off-guard in the very unlikely event of an emergency. OPG maintains robust preparedness programs and an Emergency Response Organization that is prepared to respond to a wide range of incidents. Our nuclear facilities operate under a "Defense in Depth" safety model, with many lines of defense and redundancies to reduce the likelihood of an accident, rapid reactor shutdown capabilities, and robust containment.

In 2024, we continued to provide 24/7 emergency response coverage at Darlington and Pickering, distributed 200,000 potassium iodide pills to qualifying residents and businesses, and led a major emergency response exercise with over 300 participants. Our nuclear safety is closely regulated by the Canadian Nuclear Safety Commission (CNSC) and regularly tested through full-scale drills with government partners.

Dam safety

As a result of our rigorous safety program, OPG nor its predecessor company, Ontario Hydro, have ever experienced a dam failure. That's a direct result of our rigorous dam safety program, which includes a structured safety management system, routine inspections, and strong partnerships with local agencies. In 2024, our Little Long Dam Safety project earned the Canadian Dam Association's Constructed Project Award of Excellence, further demonstrating our leadership in dam safety. We also continue to invest in our assets to support resilience in the face of a changing climate so that this critical infrastructure will continue to be there to help power Ontario for centuries to come.

Water safety

With 66 hydro stations and 239 dams across 24 river systems, OPG's hydro operations are vast. With such a dynamic, geographically dispersed resource, water conditions can change rapidly, creating dangerous flows and currents in an instant and posing a risk to the environment and public. That's why we take water safety so seriously. Across our operations, we use barriers, sirens, booms, and public advertising campaigns to raise awareness of fast-changing conditions near our facilities. Our goal is clear: to help communities stay clear and stay safe near dams and hydro stations and be aware of the very real dangers.





MD&A and financial statements

ONTARIO POWER GENERATION INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024



2024 YEAR-END REPORT

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ONTARIO POWER GENERATION INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) should be read in conjunction with the audited consolidated financial statements and accompanying notes of Ontario Power Generation Inc. and its subsidiaries (OPG or Company) as at and for the year ended December 31, 2024. OPG's consolidated financial statements are prepared in accordance with United States generally accepted accounting principles (US GAAP) and are presented in Canadian dollars, unless otherwise noted.

As required by *Ontario Regulation 395/11*, as amended, a regulation under the *Financial Administration Act* (Ontario), OPG adopted US GAAP for the presentation of its consolidated financial statements, effective January 1, 2012. Since January 1, 2012, OPG has also received exemptive relief from the Ontario Securities Commission (OSC) that allows OPG to apply US GAAP instead of International Financial Reporting Standards (IFRS). In September 2022, the OSC approved an exemption which allows the Company to continue to apply US GAAP up to January 1, 2027. The term of the exemption is subject to certain conditions, which may result in the expiry of the exemption prior to January 1, 2027. For details, refer to the section, *Critical Accounting Policies and Estimates* under the heading, *Exemptive Relief for Reporting under US GAAP*. This MD&A is dated March 4, 2025.

Additional information about OPG, including the Company's Annual Information Form, is available on SEDAR+ at www.sedarplus.com and the Company's website at www.opg.com.

FORWARD-LOOKING STATEMENTS

The MD&A contains forward-looking statements that reflect OPG's current views regarding certain future events and circumstances. Any statement contained in this document that is not current or historical is a forward-looking statement. OPG generally uses words such as "anticipate", "believe", "budget", "foresee", "forecast", "estimate", "expect", "schedule", "intend", "plan", "project", "seek", "target", "goal", "strategy", "may", "will", "should", "could" and other similar words and expressions to indicate forward-looking statements. The absence of any such word or expression does not indicate that a statement is not forward-looking.

All forward-looking statements involve inherent assumptions, risks and uncertainties, including those set out in the section, *Risk Management*, and forecasts discussed in the section, *Core Business and Outlook*. All forward-looking statements could be inaccurate to a material degree. In particular, forward-looking statements may contain assumptions such as those relating to OPG's generating station (GS) performance, availability and operating lives, fuel costs, surplus baseload generation (SBG), fixed asset removal and nuclear waste management obligations and costs, availability of facilities for the permanent disposal of used nuclear fuel and other nuclear waste, performance and earnings of segregated nuclear and OPG pension funds, refurbishment of existing facilities, development and construction of new facilities, acquisition transactions and other business expansion opportunities, performance of acquired businesses, divestiture transactions, defined benefit pension and other post-employment benefit (OPEB) obligations and costs, income taxes, proposed new legislation, government policy including tariffs and other trade restrictions, the ongoing evolution and growth of electricity industries and markets in Ontario, Canada and the United States of America (United States or US), the continued application and renewal of energy supply agreements (ESAs) with the Independent Electricity System Operator (IESO) and other contracts for non-regulated facilities, inflation, interest rates, foreign currency exchange rates, commodity prices, wholesale electricity market prices, environmental and other regulatory requirements, operating licence applications to the Canadian Nuclear Safety Commission (CNSC) and the Federal Energy Regulatory Commission (FERC), health, safety and environmental developments, changes in the Company's workforce, renewal of union collective agreements, business continuity events, the weather, climate change, technological change, geopolitical events, financing requirements and liquidity, funding sources, applications to the Ontario Energy Board (OEB) for regulated prices, the impact of regulatory decisions by the OEB, clean energy investment government programs, forecasts of earnings, cash flow, earnings before interest, income taxes, depreciation and amortization, gross margin, operations, maintenance and administration (OM&A) expenses and project and other expenditures, retention of critical talent, supply chain availability and capacity, and supplier and third party performance. Accordingly, undue reliance should not be placed on any forward-looking statement. The forward-looking statements included in this MD&A are made only as of the date of this MD&A. Except as required by applicable securities laws, OPG does not undertake to publicly update these forward-looking statements to reflect new information, future events or otherwise.

Use of Non-GAAP Financial Measures

The Company uses the following non-GAAP financial performance measures in the MD&A:

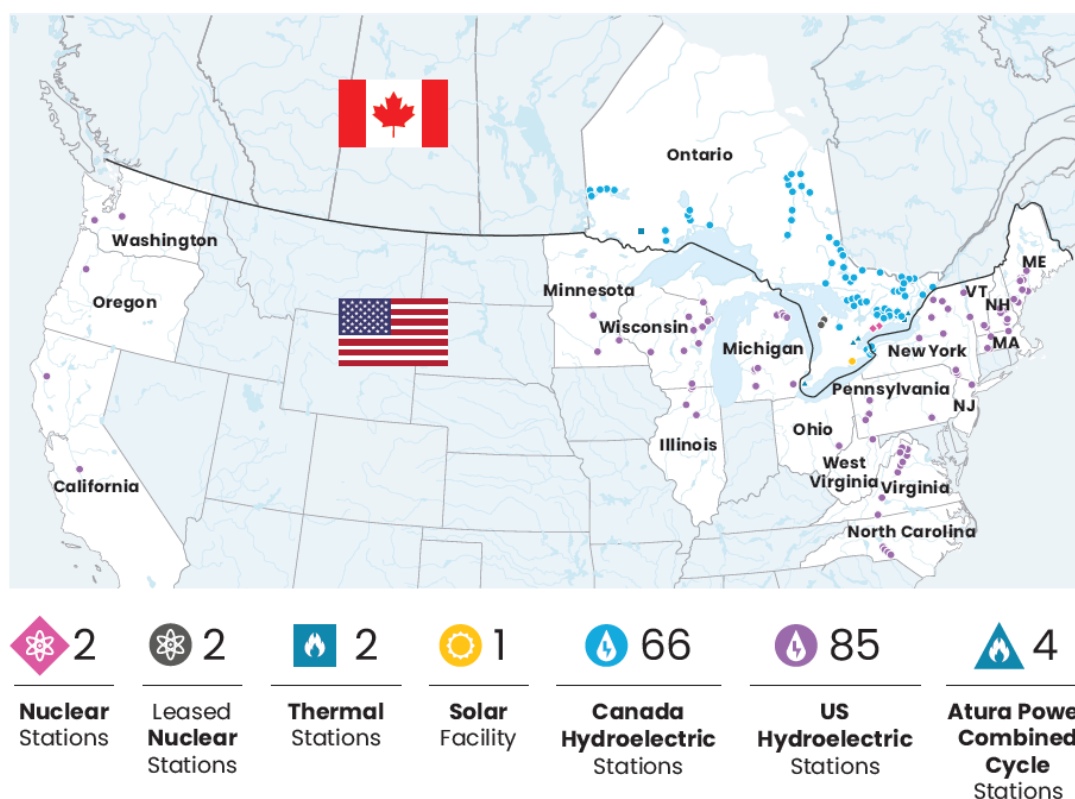
- "Earnings before Interest, Income Taxes, Depreciation and Amortization"; and
- "Gross Margin".

For a detailed description of each of the non-GAAP measures used in this MD&A, refer to the section, *Key Operating Performance Indicators and Non-GAAP Financial Measures*. The non-GAAP financial performance measures set out in this MD&A are intended to provide additional information to investors and do not have any standardized meaning under US GAAP, and therefore may not be comparable to other issuers, and should not be considered in isolation or as a substitute for measures of performance prepared under US GAAP.

THE COMPANY

OPG is an Ontario-based electricity generation company whose principal business is the generation and sale of electricity. OPG was established under the *Business Corporations Act* (Ontario) and is wholly owned by the Province of Ontario (Province or Shareholder). OPG's electricity generation portfolio had an in-service generating capacity of 18,059 megawatts (MW) as at December 31, 2024.

As at December 31, 2024, OPG owned and operated two nuclear generating stations, 66 hydroelectric generating stations, two thermal generating stations, one solar facility and four combined-cycle gas turbine (combined cycle) plants in Ontario, Canada. The combined cycle plants are natural gas-fired facilities owned and operated through the Company's wholly-owned subsidiary operating as Atura Power. Through its US-based wholly-owned subsidiary, OPG Eagle Creek Holdings LLC (Eagle Creek), OPG also wholly or jointly owned and operated 85 hydroelectric generating stations and held minority interests in 14 hydroelectric and two solar facilities in the US as at December 31, 2024. In addition, OPG owned two nuclear generating stations in Ontario, the Bruce A GS and the Bruce B GS, (Bruce nuclear generating stations), which are leased on a long-term basis to, and operated by, Bruce Power L.P. (Bruce Power).

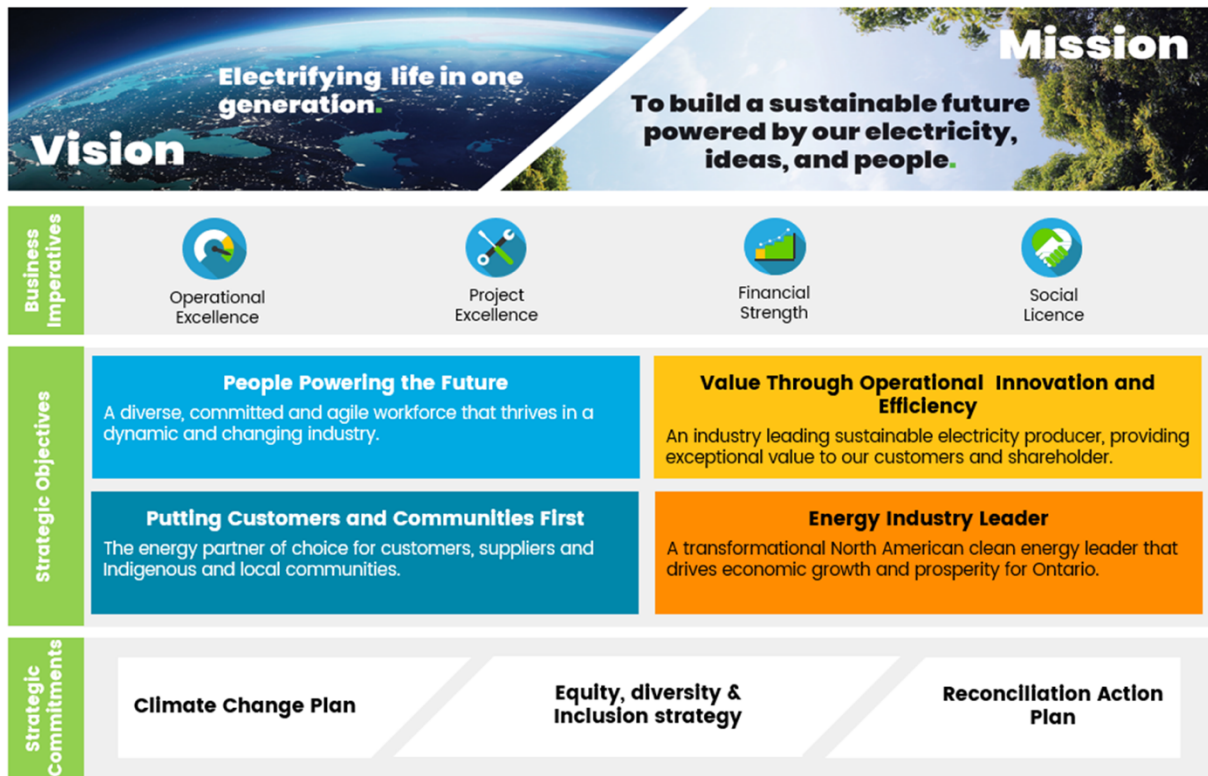


Income from co-owned and minority-held facilities is accounted for using the equity method of accounting. OPG's proportionate share of in-service generating capacity and electricity generation volume from co-owned and minority-held facilities are included in the Company's generation portfolio statistics set out in this MD&A.

Income from the generating stations leased to Bruce Power is included in revenue under the Regulated – Nuclear Generation business segment. The leased stations are not included in the Company's electricity generation and other operating statistics set out in this MD&A.

Corporate Strategy

OPG's mission is to build a sustainable future powered by our electricity, ideas, and people. OPG's vision is to electrify life in one generation. Underpinning OPG's strategic objectives are the Company's commitments in the areas of climate change action, workplace equity, diversity and inclusion (ED&I), and Indigenous reconciliation. The four business imperatives represent the areas in which OPG aims to demonstrate excellence to enable the achievement of its strategic objectives. OPG integrates environmental, social and governance (ESG) principles throughout its corporate strategy and employs ESG considerations in its business conduct and decision-making.



Reporting Structure

The composition of OPG's reportable business segments effective as at December 31, 2024 was as follows:

- Regulated – Nuclear Generation;
- Regulated – Nuclear Sustainability Services;
- Regulated – Hydroelectric Generation;
- Contracted Hydroelectric and Other Generation; and
- Atura Power.

OPG earns regulated prices for electricity generated from most of its Ontario-based hydroelectric facilities and all of the nuclear facilities that it operates (collectively, prescribed facilities or regulated facilities). These Ontario-based regulated facilities comprise 54 hydroelectric generating stations across several major river systems in the province, the Pickering nuclear GS (Pickering GS) and the Darlington nuclear GS (Darlington GS). The operating results related to these facilities are described in the Regulated – Hydroelectric Generation and Regulated – Nuclear Generation business segments. Any small modular reactors (SMRs) at the Darlington New Nuclear project (DNNP) site are also prescribed as regulated facilities by the OEB, and the expenditures related to the development of SMRs are included in the Regulated – Nuclear Generation business segment.

The Regulated – Nuclear Sustainability Services business segment reports the results of the Company's operations associated with the management of used nuclear fuel and low and intermediate level irradiated materials (referred to as low and intermediate level waste or L&ILW), the decommissioning of OPG's nuclear generating facilities, the management of nuclear fixed asset removal and nuclear waste management segregated funds (Nuclear Segregated Funds) and related activities including the inspection and maintenance of used nuclear fuel and L&ILW storage facilities.

OPG's non-regulated generating facilities reported in the Contracted Hydroelectric and Other Generation business segment include 12 hydroelectric generating stations, two thermal generating stations and one solar facility located in Ontario that are operated under ESAs with the IESO or other long-term contracts. Through Eagle Creek, the business segment also includes 85 wholly or jointly owned and operated hydroelectric generating stations located in the United States.

The Atura Power business segment reports the results of Atura Power's operations, which include a fleet of combined cycle plants in Ontario. The fleet comprises the Napanee GS, the Halton Hills GS, the Portlands Energy Centre and the Brighton Beach GS. The facilities operate under ESAs with the IESO. Additionally, the segment includes Atura Power's expenditures on business development projects, including low-carbon hydrogen production, battery energy storage systems and combined cycle plant expansion.

A detailed description of OPG's business segments is provided in the section, *Business Segments*.

In-Service Generating Capacity

OPG's in-service generating capacity by business segment as at December 31 was as follows:

<i>(MW)</i>	2024	2023
Regulated – Nuclear Generation ¹	4,698	4,850
Regulated – Hydroelectric Generation	6,566	6,566
Contracted Hydroelectric and Other Generation ²	4,080	4,105
Atura Power	2,715	2,715
Total ³	18,059	18,236

¹ The in-service generating capacity as at December 31, 2024 excludes Unit 4 of the Darlington GS, and as at December 31, 2023, excludes Unit 1 and Unit 4 of the Darlington GS. Unit 4 was taken offline for refurbishment in July 2023. Unit 1 was taken offline for refurbishment in February 2022 and returned to service in November 2024. Unit 4 and Unit 1 each have a generating capacity of 878 MW. Additionally, as planned, Unit 1 and Unit 4 of the Pickering GS, each with a generating capacity of 515 MW, ceased commercial operation and were permanently taken offline on October 1, 2024 and December 31, 2024, respectively. As at December 31, 2024, the Darlington GS had three units in service and the Pickering GS had four units in service.

² Includes OPG's proportionate share of in-service generating capacity from co-owned and minority shareholdings in electricity generating facilities.

³ In-service generating capacity represents the portion of installed capacity (the highest level of MW output which a generating unit can maintain indefinitely under reference conditions, without damage to the unit) that has not been removed from service.

The total in-service generating capacity as at December 31, 2024 decreased by 177 MW compared to 2023. The decrease was primarily due to Unit 1 and Unit 4 of the Pickering GS ceasing commercial operation and being permanently taken offline on October 1, 2024, and December 31, 2024, respectively, as planned. The decrease was partially offset by the return to service of Unit 1 of the Darlington GS following refurbishment on November 27, 2024. Additionally, the decrease was also due to a reduction in the Atikokan GS contractual capacity by 25 MW, reflecting the low-pressure turbine derate.

REVENUE MECHANISMS FOR REGULATED AND NON-REGULATED GENERATION

Regulated Generation

The majority of OPG's electricity generation is from the Regulated – Nuclear Generation and Regulated – Hydroelectric Generation business segments. The OEB sets volumetric prices for electricity generated from these Ontario-based nuclear and regulated hydroelectric facilities. The regulated prices are generally designed to permit the Company to recover, over a forecasted generation volume, an allowed level of operating costs and capital investment and to earn a formula-based rate of return on a deemed equity portion (ROE) of the capital invested in the regulated assets, known as rate base. Rate base for OPG represents the average net level of investment in regulated fixed and intangible assets in service and an allowance for working capital. *Ontario Regulation 53/05* under the *Ontario Energy Board Act, 1998* sets out certain requirements the OEB must follow in setting regulated prices for OPG's prescribed facilities. The outcomes of OPG's applications for regulated prices to the OEB determine a large portion of the Company's revenues and can have a significant impact on the Company's financial performance.

The following table presents the OEB-authorized regulated prices for electricity generated from the regulated facilities in Ontario for the period from January 1, 2023 to December 31, 2026 in effect as of the date of this MD&A:

(\$/MWh)	2023	2024	2025	2026
Regulated – Nuclear Generation				
Base regulated price ¹	107.79	103.48	102.85	111.33
Deferral and variance account rate riders ²	1.25	4.28	8.76	12.43
Total regulated price	109.04	107.76	111.61	123.76
Regulated – Hydroelectric Generation				
Base regulated price	43.88	43.88	43.88	43.88
Deferral and variance account rate riders ²	1.03	3.64	3.30	3.30
Total regulated price	44.91	47.52	47.18	47.18

¹ Base regulated prices for the nuclear facilities were established using a rate smoothing approach that defers a portion of approved annual nuclear revenue requirements for future collection in the Rate Smoothing Deferral Account. Base regulated prices for the nuclear facilities do not include amounts deferred in the Rate Smoothing Deferral Account.

² Deferral and variance account riders reflect the OEB's January 2022 payment amounts order that authorized recovery and repayment of balances recorded in regulatory deferral and variance accounts as at December 31, 2019, and, effective July 2024, the OEB's June 2024 decision and order that authorized recovery and repayment of balances recorded in regulatory deferral and variance accounts as at December 31, 2022.

Base Regulated Prices

The base regulated prices in effect beginning January 1, 2022 were established by the payment amounts order issued by the OEB in January 2022, reflecting the OEB's decisions on OPG's 2022-2026 application for new regulated prices issued during the second half of 2021. These decisions included approval of a proposed settlement between OPG and intervenors on most of the issues in the application (2021 Settlement Agreement). The regulated prices for the 2022-2026 period support the remainder of the Darlington Refurbishment project, the continued operation of the Pickering GS to the then-planned shutdown dates, and the ongoing operation of the regulated hydroelectric facilities. The OEB's decisions on the application also support the advancement of SMRs at the DNNP site.

The approved regulated prices for the 2022-2026 period were set on the assumption of the continued operation of Units 5 to 8 of the Pickering GS until the end of 2025. Subsequent to the issuance of the January 2022 payment amounts order, in September 2022, the Province announced its support for the continued safe operation of Units 5 to 8 of the Pickering GS until the end of September 2026 and, in December 2022, amended *Ontario Regulation 53/05* to require OPG to establish a variance account to record the additional revenues and costs associated with operating these units between January 1, 2026 and September 30, 2026. The disposition of the account balance will be subject to the OEB's review in a future proceeding. On January 28, 2025, the Province released a proposal for potential amendments to *Ontario Regulation 53/05* intended to clarify the scope of the variance account to ensure that

OPG can record costs incurred beginning in 2024 to retain the capacity and readiness to operate Units 5 to 8 of the Pickering GS upon refurbishment, subject to the requisite approvals. The comment period for the proposal ends on March 14, 2025. Further details on OPG's plan for continued operation of the Pickering GS can be found in the section, *Significant Developments* under the heading, *Project Excellence – Pickering Refurbishment* and *Core Business and Outlook* under the heading, *Operational Excellence – Electricity Generation Production and Reliability*.

Nuclear Base Regulated Prices

The base regulated prices for OPG's nuclear electricity generation (nuclear base regulated price) beginning on June 1, 2017 have been set using a rate smoothing approach that defers a portion of approved annual nuclear revenue requirements for future collection in the Rate Smoothing Deferral Account, with the objective of making more stable changes in OPG's overall production-weighted regulated price year over year during the Darlington Refurbishment project period, consistent with the requirements of *Ontario Regulation 53/05*. The approved nuclear revenue requirement for each year is based on the OEB-allowed level of operating costs and a return of and on rate base, as reduced by a stretch factor amount under the custom incentive regulation framework for the nuclear facilities. In accordance with *Ontario Regulation 53/05*, the nuclear revenue requirement is adjusted by the amount of OPG's revenues, net of costs, from leasing the Bruce nuclear generating stations to Bruce Power, such that OPG's revenues reduce the nuclear revenue requirement and OPG's costs increase it.

Pursuant to the OEB's January 2022 payment amounts order, \$64 million of the approved nuclear revenue requirement was deferred in 2023 and none was deferred in 2024 in the Rate Smoothing Deferral Account. No portion of the nuclear revenue requirements will be deferred over the 2025-2026 period. Amounts deferred in the Rate Smoothing Deferral Account are recorded as revenue in the Regulated – Nuclear Generation business segment in the period to which the underlying approved revenue requirement relates. *Ontario Regulation 53/05* requires the OEB to authorize recovery of the deferred amounts, together with interest at a long-term debt rate reflecting OPG's cost of long-term borrowing approved by the OEB, over a period not to exceed ten years following the end of the Darlington Refurbishment project.

Hydroelectric Base Regulated Prices

Pursuant to *Ontario Regulation 53/05*, the base regulated price for OPG's regulated hydroelectric electricity generation (hydroelectric base regulated price) for the period from January 1, 2022 to December 31, 2026 has been set equal to the 2021 hydroelectric base regulated price.

Deferral and Variance Account Rate Riders

Regulatory deferral and variance accounts (regulatory accounts) are typically established by the OEB to capture, for subsequent review and approval, differences between actual costs and revenues and the corresponding forecast amounts approved by the OEB in setting base regulated prices, or to record the impact of items not reflected in the approved base regulated prices. Such accounts generally help to mitigate risks and uncertainties to the regulated entity and its customers. Certain of OPG's regulatory accounts are established as required by *Ontario Regulation 53/05*. Revenue received, or reduced, from the recovery, or repayment, of regulatory account balances is largely offset by the amortization expense of the associated regulatory assets and regulatory liabilities recorded on the consolidated balance sheet. Descriptions of OPG's regulatory accounts can be found in Note 7 of OPG's 2024 audited consolidated financial statements.

The OEB's January 2022 payment amounts order on OPG's 2022-2026 application for new regulated prices approved new rate riders on nuclear and regulated hydroelectric electricity generation, effective January 1, 2022, to recover and repay regulatory account balances as at December 31, 2019.

In December 2023, OPG filed an application with the OEB requesting disposition of regulatory account balances as at December 31, 2022, less amounts previously approved for recovery or repayment of the regulatory account balances. In June 2024, the OEB issued a decision and order approving a proposed complete settlement on the application reached by OPG and intervenors (2024 Settlement Agreement), with resulting incremental rate riders on nuclear and regulated hydroelectric electricity generation effective July 1, 2024. The 2024 Settlement Agreement is discussed further in the section, *Significant Developments* under the heading, *Financial Strength – OPG's Application with the OEB for Disposition of Deferral and Variance Accounts*.

Non-Regulated Generation

All of OPG's non-regulated generating assets in Ontario are subject to ESAs with the IESO. As of December 31, 2024, the contracts for Ontario-based generating assets had the following expiration dates:

Generating Facility	Generation Type	Term	Contract Expiry Date
Brighton Beach GS ¹	Natural Gas	10 years	July 2034
Atikokan GS ²	Biomass	5 years	July 2029
Lennox GS	Oil or Natural Gas	7 years	April 2029
Portlands Energy Centre ³	Natural Gas	20 years	April 2029
Halton Hills GS	Natural Gas	25 years	April 2035
Nanticoke solar facility	Solar	20 years	March 2039
Napanee GS	Natural Gas	20 years	March 2040
Lac Seul and Ear Falls generating stations	Hydroelectric	50 years	February 2059
Healey Falls GS	Hydroelectric	50 years	April 2060
Sandy Falls, Wawaitin, Lower Sturgeon and Hound Chute generating stations	Hydroelectric	50 years	December 2060
Little Long, Harmon, Smoky Falls and Kipling generating stations ⁴	Hydroelectric	50 years	January 2064
Peter Sutherland Sr. GS	Hydroelectric	50 years	March 2067

¹ The facility operated under an energy conversion agreement with Shell Energy North America (Canada) Inc. until July 15, 2024. Effective July 16, 2024, the facility operates under a new ESA with the IESO for a term of 10 years.

² In September 2024, OPG and the IESO entered into an amended and restated ESA for the Atikokan GS, extending the contract expiry to July 2029.

³ The ESA includes an option for Atura Power or the IESO to exercise, in 2028, an extension of the contract expiry by five years under certain conditions.

⁴ These facilities are also known as the Lower Mattagami generating stations.

The majority of the generating assets located in the US, and owned by Eagle Creek, earn revenue through the supply of energy and capacity into wholesale electricity markets, with a number of the generating facilities earning revenue under energy and capacity contracts, with expiry dates ranging from 2025 to 2043.

HIGHLIGHTS

Overview of Results

This section provides an overview of OPG's operating results for the years ended December 31, 2024 and December 31, 2023. A discussion of OPG's performance by business segment can be found in the section, *Discussion of Operating Results by Business Segment*.

<i>(millions of dollars – except where noted)</i>	2024	2023
Revenue	7,187	7,434
Fuel expense	1,049	974
Operations, maintenance and administration expenses	3,318	3,136
Depreciation and amortization expenses	1,270	1,071
Accretion on fixed asset removal and nuclear waste management liabilities	1,221	1,178
Earnings on nuclear fixed asset removal and nuclear waste management funds	(1,102)	(1,057)
Other net expenses (gains)	69	(66)
Earnings before interest and income taxes	1,362	2,198
Net interest expense	186	103
Income tax expense	170	336
Net income	1,006	1,759
Net income attributable to the Shareholder	988	1,741
Net income attributable to non-controlling interest ¹	18	18
<i>Electricity generation (TWh) ²</i>	82.1	80.9
Cash flow provided by operating activities	2,211	2,538
<i>Capital expenditures ³</i>	3,725	2,829
<i>Earnings (loss) before interest and income taxes by segment</i>		
Regulated – Nuclear Generation	337	1,046
Regulated – Hydroelectric Generation	584	576
Contracted Hydroelectric and Other Generation	242	288
Atura Power	276	356
Total electricity generating business segments	1,439	2,266
Regulated – Nuclear Sustainability Services	(108)	(110)
Other	31	42
Earnings before interest and income taxes	1,362	2,198

¹ Relates to the following: 25 percent interest of Amisk-oo-Skow Finance Corporation, a corporation wholly owned by the Moose Cree First Nation, in Lower Mattagami Limited Partnership; 33 percent interest of Coral Rapids Power Corporation, a corporation wholly owned by the Taykwa Tagamou Nation, in PSS Generating Station Limited Partnership; 15 percent interest and 5 percent interest of corporations wholly owned by Six Nations of Grand River Development Corporation and the Mississaugas of the Credit First Nation, respectively, in Nanticoke Solar LP; and non-controlling interests in certain electricity generating facilities in the United States.

² Includes OPG's proportionate share of electricity generation from co-owned and minority-held facilities.

³ Includes net changes in accruals; excludes the acquisition of the new corporate headquarters building and surrounding lands at 1908 Colonel Sam Drive in Oshawa, Ontario in February 2023.

Net income attributable to the Shareholder was \$988 million for 2024, representing a decrease of \$753 million compared to 2023. Earnings before interest and income taxes were \$1,362 million for 2024, representing a decrease of \$836 million compared to 2023.

Significant factors that decreased earnings before interest and income taxes (EBIT):

- Net decrease in revenue of \$470 million from the Regulated – Nuclear Generation business segment, as a result of lower electricity generation of 3.1 terawatt hours (TWh) and a lower nuclear base regulated price in effect during 2024. The lower electricity generation was expected and primarily due to higher planned outage days at the Darlington GS from a planned cyclical maintenance outage on the station's Unit 2 in the first half of 2024 and the cessation of commercial operation of Unit 1 of the Pickering GS on October 1, 2024, partially offset by fewer planned outage days at the Pickering GS. An increase in revenue reflecting the impact of the new rate riders for disposition of regulatory accounts under the OEB's June 2024 decision and order approving the 2024 Settlement Agreement, effective July 1, 2024, was largely offset by a corresponding increase in the amortization expense of regulatory assets and regulatory liabilities recorded for regulatory account balances;
- Higher depreciation and amortization expenses of \$101 million from the Regulated – Nuclear Generation business segment, excluding amortization expense related to the recovery and repayment of OEB-authorized regulatory account balances, primarily due to higher depreciation expense recognized from placing capital in service, including the return to service of Unit 3 and Unit 1 of the Darlington GS following refurbishment in July 2023 and November 2024, respectively, and lower amounts of depreciation expense recorded as recoverable from customers through regulatory accounts;
- Higher OM&A expenses of \$64 million from the Regulated – Nuclear Generation business segment, largely due to expected higher expenditures related to the cyclical maintenance activities and other planned maintenance work executed as a result of higher planned outage days at the Darlington GS, partially offset by lower expenses due to fewer planned outage days at the Pickering GS. Increased compensation expenses recognized in the fourth quarter of 2024 as a result of the ratification of a three-year renewal collective agreement between the Power Workers' Union (PWU) and OPG in November 2024 were offset by the higher compensation expenses recognized in the second quarter of 2023 related to the impact on OPG's collective agreements of the Ontario Superior Court's decision that found unconstitutional provincial legislation that set limits on compensation increases for employees in the Ontario public sector (Bill 124 Court Decision) and the OEB's subsequent decisions issued in 2023 that denied OPG's request for a regulatory account to record these cost impacts. The renewal collective agreement with the PWU reached in 2024 is discussed further in the section, *Significant Developments* under the heading, *Financial Strength – Power Workers' Union Collective Agreement* and the Bill 124 Court Decision is discussed further in the section, *Core Business and Outlook* under the heading, *Financial Strength – Ontario Court Bill 124 Decision*; and
- Lower other net gains of \$135 million, primarily due to the release of a previously recognized contingent liability in the fourth quarter of 2023 under a 2021 settlement agreement related to an acquisition of combined cycle plants, a gain recognized in the second quarter of 2023 related to the sale of certain premises located at 800 Kipling Avenue in Toronto, Ontario in October 2022, and a loss recorded in the second quarter of 2024 in connection with the OEB's decision and order approving the 2024 Settlement Agreement.

Net interest expense increased by \$83 million in 2024, compared to 2023, primarily due to a higher amount of interest recorded as recoverable from customers through regulatory accounts in 2023 and higher interest on the Company's long-term debt due to bond issuances during 2024.

Income tax expense decreased by \$166 million in 2024, compared to 2023. The decrease was primarily due to the impact of lower earnings before income taxes in 2024 and certain tax adjustments recorded in 2023.

Electricity Generation

Electricity generation for the years ended December 31 was as follows:

<i>(TWh)</i>	2024	2023
Regulated – Nuclear Generation	33.0	36.1
Regulated – Hydroelectric Generation	32.5	31.4
Contracted Hydroelectric and Other Generation ¹	5.0	5.2
Atura Power	11.6	8.2
Total OPG electricity generation	82.1	80.9

¹ Includes OPG's proportionate share of electricity generation from co-owned and minority shareholdings in electricity generating facilities.

Total OPG electricity generation increased by 1.2 TWh in 2024, compared to 2023, primarily due to higher electricity generation from the Atura Power and the Regulated – Hydroelectric Generation business segments, partially offset by lower electricity generation from the Regulated – Nuclear Generation business segment.

Electricity generation from the Regulated – Nuclear Generation business segment decreased by 3.1 TWh in 2024, compared to 2023. The decrease was primarily due to higher planned and unplanned outage days at the Darlington GS and the cessation of commercial operation of Unit 1 of the Pickering GS on October 1, 2024, partially offset by fewer planned outage days at the Pickering GS. Unit 4 of the Pickering GS ceased commercial operation and was permanently taken offline on December 31, 2024.

The increase in electricity generation of 1.1 TWh from the Regulated – Hydroelectric Generation business segment in 2024, compared to 2023, was mainly due to higher electricity generation at the hydroelectric facilities in the Niagara region as a result of less production forgone due to SBG conditions reflecting higher electricity demand, and higher water flows across most of Ontario.

Electricity generation from the Contracted Hydroelectric and Other Generation business segment in 2024 was comparable to 2023.

Electricity generation from the Atura Power business segment increased by 3.4 TWh in 2024, compared to 2023, primarily due to higher demand for electricity generation from the combined cycle plants.

Ontario's electricity demand as reported by the IESO was 140.4 TWh in 2024, compared to 137.1 TWh in 2023, excluding electricity exports out of the province.

Power that is surplus to the Ontario market is managed by the IESO, mainly through generation reductions at hydroelectric and certain nuclear generating stations, and other grid-connected renewable resources. Baseload generation surplus in Ontario was lower in 2024, compared to 2023. Production forgone at OPG's regulated hydroelectric stations due to SBG conditions was 0.4 TWh in 2024 and 1.0 TWh in 2023. The gross margin impact of production forgone at OPG's regulated hydroelectric stations due to SBG conditions was offset by the impact of a regulatory account authorized by the OEB. OPG did not forgo any electricity production at its nuclear generating stations due to SBG conditions.

Cash Flow from Operations

Cash flow provided by operating activities during 2024 was \$2,211 million, compared to \$2,538 million for 2023. The decrease was primarily due to lower revenue receipts from the Regulated – Nuclear Generation business segment and higher OM&A expenditures, largely offset by lower income tax installment payments and higher revenue receipts from the Regulated – Hydroelectric Generation business segment.

Capital Expenditures

Capital expenditures for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	2024	2023
Regulated – Nuclear Generation – Darlington Refurbishment Project	988	974
Regulated – Nuclear Generation – Pickering Refurbishment and DNNP	943	251
Regulated – Nuclear Generation – Excluding Darlington Refurbishment Project, Pickering Refurbishment Project and DNNP	604	634
Regulated – Hydroelectric Generation	434	370
Contracted Hydroelectric and Other Generation	220	313
Atura Power	382	148
Other ¹	154	139
Total capital expenditures ²	3,725	2,829

¹ Excludes the acquisition of the new corporate headquarters building and surrounding lands at 1908 Colonel Sam Drive in Oshawa, Ontario in February 2023.

² Includes net changes in accruals.

Total capital expenditures increased by \$896 million in 2024, compared to 2023, primarily due to higher expenditures for the Regulated – Nuclear Generation business segment.

Capital expenditures for the Darlington Refurbishment project in 2024 were comparable to 2023.

Capital expenditures for the Pickering Refurbishment project and DNNP increased by \$692 million in 2024, compared to 2023. The increase was due to expenditures on pre-execution phase refurbishment activities for Units 5 to 8 of the Pickering GS and higher expenditures for site preparation, procurement and other ongoing development activities for SMRs at the DNNP site. Further details on the continued operation plan for the Pickering GS and the DNNP can be found in the section, *Significant Developments* under the headings, *Project Excellence – Pickering Refurbishment* and *Project Excellence – Darlington New Nuclear Project*, respectively.

Excluding the Darlington Refurbishment project, Pickering Refurbishment project and DNNP, capital expenditures for the Regulated – Nuclear Generation business segment decreased by \$30 million in 2024, compared to 2023. The decrease was mainly due to lower expenditures for the replacement of primary moisture separators, a component of steam generators, at the Darlington GS. Further details on the primary moisture separators at the Darlington GS can be found in the section, *Core Business and Outlook* under the heading, *Operational Excellence – Electricity Generation Production and Reliability*.

Capital expenditures for the Regulated – Hydroelectric Generation business segment increased by \$64 million in 2024, compared to 2023. The increase was primarily due to higher expenditures on redevelopments of hydroelectric generating stations as well as the ongoing refurbishment program and concrete rehabilitation work across the hydroelectric fleet.

Capital expenditures for the Contracted Hydroelectric and Other Generation business segment decreased by \$93 million in 2024, compared to 2023. The decrease was primarily due to lower expenditures on the Little Long Dam Safety project, with all gates placed in service in the third quarter of 2023, and lower expenditures on the Smoky Falls Dam Safety project, with the two new sluiceways placed in service in the first quarter of 2024.

Capital expenditures for the Atura Power business segment increased by \$234 million in 2024, compared to 2023. The increase was primarily due to higher expenditures for overhaul activities at existing combined cycle plant facilities, expenditures for the expansion of the combined cycle plant at the Napanee GS under a long-term agreement with the IESO executed in June 2024, higher expenditures on the development of a battery energy storage system at the Napanee GS site (Napanee BESS) under a long-term agreement with the IESO executed in 2023, and higher expenditures for the advancement of the Niagara Hydrogen Centre (NHC), a low-carbon hydrogen development

project. Further details on the project to expand the combined cycle plant at the Napanee GS can be found in the section, *Significant Developments* under the heading, *Napanee Combined Cycle Generating Station Expansion*.

Capital expenditures for the Other category in 2024 were comparable to 2023.

Further details on the Company's major projects can be found in the section, *Core Business and Outlook* under the heading, *Project Excellence*.

SIGNIFICANT DEVELOPMENTS

Project Excellence

Pickering Refurbishment

On January 23, 2025, the Province announced its approval of OPG's plan to proceed with the project definition phase as the next step toward refurbishing Units 5 to 8 of the Pickering GS. OPG Board of Directors' (Board) approved budget for this work is \$4.1 billion, bringing the total Board-approved budget for the project to date to \$6.2 billion. During the definition phase, OPG will complete a high-quality cost estimate and schedule for the project, progress detailed engineering, further procurement and contracting work, continue to optimize project scope, and develop the project execution plan. The definition phase is expected to last through 2026. In preparing for refurbishment, OPG has entered into a contract with CanAtom, a joint venture of Aecon Group Inc. and AtkinsRéalis, for early engineering and procurement in support of the re-tube feeder and boiler replacement program, which will represent a majority of the critical path execution schedule.

Once refurbished, the Pickering GS would continue to provide over 2,000 MW of baseload generating capacity, equivalent to powering approximately two million homes, to help meet Ontario's demand for electricity. The refurbishment is anticipated to be completed by the mid-2030s.

Further details on the continued operation plan for the Pickering GS can be found in the section, *Core Business and Outlook* under the heading, *Operational Excellence – Electricity Generation Production and Reliability*.

Darlington Refurbishment

On November 27, 2024, following the successful completion of start-up activities, the refurbished Unit 1 of the Darlington GS was reconnected to the electricity grid, ahead of the original schedule. The return to service of Unit 1 represents another significant milestone in OPG's path toward ensuring that the four-unit Darlington GS can continue to provide at least another 30 years of cost effective, reliable and clean energy for Ontario. Unit 1 provides 878 MW of baseload electricity generating capacity in the province.

The Unit 4 refurbishment is executing the third major segment, Reassembly, which includes the installation and reassembly of reactor components. The installation of calandria tubes was successfully completed in January 2025, and the installation of fuel channels and lower feeders is in progress. Unit 4 is scheduled to be returned to service in 2026. The ongoing refurbishment of Unit 4 incorporates the benefits of experience with the completed refurbishments of Unit 2, Unit 3 and Unit 1, and additional strategic improvements.

The Darlington Refurbishment project is discussed further in the section, *Core Business and Outlook* under the heading, *Project Excellence*.

Darlington New Nuclear Project

OPG continues to advance the DNNP with the goal of deploying Canada's first grid-scale SMR by the end of the decade, using the BWRX-300 reactor plant technology. As announced by the Province in July 2023, OPG has also initiated planning and licensing for three additional SMRs at the DNNP site. Pending the Province and regulatory approvals for the construction of the units, the DNNP's total generating capacity is expected to reach approximately 1,200 MW. The projected in-service dates for the three additional SMRs are in the mid-2030s.

The DNNP is currently in the definition phase, which includes activities such as progressing detailed engineering, completing construction planning, procuring long-lead items and completing site preparation activities. In June 2024 and November 2024, respectively, the project completed the tunnel boring machine launch shaft retaining wall for the condenser cooling water system and the reactor building shaft retaining wall. Site preparation activities necessary for the start of construction for the first SMR have been substantially completed. OPG is continuing to progress planning and procurement of long-lead items such as the fabrication of the reactor pressure vessel (RPV). The RPV is the core of a nuclear generating station design, acting as the primary pressure vessel and integrated steam generator providing natural circulation for safe and efficient electricity generation.

OPG's DNNP site preparation licence approved by the CNSC expires in October 2031. In October 2022, OPG submitted the Licence to Construct application to the CNSC for the first SMR at the DNNP site. The first CNSC public hearing took place in January 2024, with the focus on the applicability of the DNNP environmental assessment (EA) to the BWRX-300 technology. In April 2024, the CNSC announced its decision that the existing EA for the DNNP is applicable to the BWRX-300 technology. The CNSC held the two-part second public hearing to consider OPG's Licence to Construct application in October 2024 and January 2025, with the CNSC's decision on the application currently pending.

Redevelopment of Hydroelectric Generating Stations

OPG has commenced the execution of three projects to redevelop existing hydroelectric generating stations in Ontario that are approaching the end of their operational lives. The redevelopments will generally involve construction of new powerhouses or powerhouse extensions, replacement of turbine and generator units and supporting systems, and replacement or rehabilitation of other structures at the stations. The redevelopments are expected to ensure continued safe and reliable operations of the assets for approximately an additional 80 to 90 years.

In November 2024, OPG initiated the execution phase of a project to redevelop the Kakabeka Falls GS, the second oldest generating station in OPG's Ontario-based hydroelectric fleet, located along the Kaministiquia River in northwestern Ontario. The project will involve construction of a new powerhouse extension, replacement of the surge system, and replacement of the penstocks. The redeveloped station is expected to have a generating capacity of approximately 27 MW. The project's expected in-service date is 2028, with an approved budget of \$519 million.

During the fourth quarter of 2024, OPG initiated the execution phase of a project to redevelop the Coniston and Stinson hydroelectric generating stations, located along the Wanapitei River east of Sudbury, Ontario. The redeveloped stations are expected to have a combined generating capacity of approximately 12 MW. The project's expected in-service date is 2027, with a combined approved budget of \$178 million.

The above hydroelectric generating stations are reported in the Regulated – Hydroelectric Generation business segment.

Napanee Combined Cycle Generating Station Expansion

In June 2024, Atura Power entered a long-term agreement with the IESO for the expansion of the combined cycle plant at the Napanee GS. The project will add an additional combustion turbine generator unit at the Napanee GS site, providing up to 405 MW of electricity output to Ontario's electricity grid. The project was selected through the IESO's long-term procurement process, which sought 918 MW of non-storage capacity to support the province's growing electricity system needs. Engineering, design and permitting activities are progressing on schedule, with procurement of critical equipment completed. The construction is expected to commence in 2025, with the facility projected to be in service in 2028 under a 12-year capacity agreement. Atura Power's development projects are discussed further in the section, *Core Business and Outlook* under the heading, *Project Excellence – Atura Power Development Projects*.

Exploring Community Interest in New Electricity Generation Opportunities

In November 2024, the Province requested OPG to proceed with discussions with Indigenous and municipal leaders on its existing Ontario sites in Port Hope (Wesleyville site), Haldimand Country (Nanticoke site) and St. Clair Township (Lambton site) to determine interest in exploring new electricity generation opportunities, including nuclear energy generation. This followed the release of the Province's *Ontario's Affordable Energy Future: The Pressing Case for More Power* document and subsequent introduction of the *Affordable Energy Act, 2024* (Bill 214) in October 2024, which together outlined the Province's vision for meeting the increasing demand for energy in Ontario. Also in October 2024, the IESO announced an updated forecast showing that Ontario's electricity demand for energy would grow by 75 percent leading up to 2050, with annual consumption rising from 151 TWh in 2025 to 263 TWh in 2050. Early community engagement is a critical step to advancing any new electricity generation projects.

The Wesleyville site had previously undergone partial development for an electricity generation facility. The Nanticoke and Lambton sites formerly hosted OPG's coal-fired generating stations that have now been decommissioned. All three sites are zoned for electricity generation and have proximity to transmission infrastructure.

In January 2025, with First Nations' willingness to enter discussions and following a formal expression of interest from Town of Port Hope, the Province requested OPG to explore opportunities for new nuclear energy generation at the Wesleyville site. Based on OPG's early assessment, the Wesleyville site could host up to 10,000 MW of new nuclear energy generation, which could power the equivalent of approximately ten million homes. OPG will work with local communities and First Nations to determine their support for a potential project as part of the exploration process.

Operational Excellence

Refurbishment of Hydroelectric Generating Stations

OPG has announced and is progressing the execution of refurbishment projects across multiple hydroelectric generating stations in Ontario, ensuring their continued reliable operations to deliver decades of renewable electricity and help meet the province's energy needs.

In April 2024, OPG announced a refurbishment project at the Sir Adam Beck generating complex along the Niagara River. The project involves the refurbishment of up to 25 generating units and is expected to increase the generating capacity of the existing stations by approximately 50 MW, ensuring the continued delivery of up to 1,700 MW of electricity. The refurbishment work is expected to continue over the next 15 years.

In May 2024, OPG announced it is advancing the refurbishment of R.H. Saunders GS, located on the St. Lawrence River. The project involves the refurbishment of 16 generating units, ensuring the continued delivery of up to 1,045 MW of electricity. The refurbishment work is expected to continue over the next 16 years.

In June 2024, OPG announced the refurbishment of eight hydroelectric generating stations located on the Madawaska River and the Ottawa River in Eastern Ontario. The work involves the refurbishment of 45 generating units, ensuring the continued delivery of up to approximately 1,600 MW of electricity. The refurbishment work is expected to continue over the next 20 years.

In January 2025, the Province announced its support to OPG's plan to refurbish and expand a number of hydroelectric generating stations in Northern Ontario. The work will ensure the continued delivery of up to 830 MW of electricity. The projects are expected to continue over the next ten years.

All of the above generating stations are reported in the Regulated – Hydroelectric Generation business segment.

Power Workers' Union Collective Agreement

The governing two-year collective agreement between the PWU and OPG expired on March 31, 2024. On November 20, 2024, the PWU membership ratified a three-year renewal collective agreement negotiated by the parties, covering the period from April 1, 2024 to March 31, 2027. The collective agreement provides for annual wage increases beginning April 1, 2024, and a lump sum payment to active employees effective November 20, 2024, and includes impacts arising in connection with the Bill 124 Court Decision. In 2023, the OEB denied OPG's request for a regulatory account to record compensation cost impacts attributable to the nuclear facilities as a result of the Bill 124 Court Decision. For the year ended December 31, 2024, OPG recognized compensation expenses of \$90 million resulting from the ratification of the renewal collective agreement with the PWU.

For further details on the Company's collective agreements, refer to the section, *Liquidity and Capital Resources* under the heading, *Contractual Obligations – Collective Agreements*. The Bill 124 Court Decision is discussed further in the section, *Core Business and Outlook* under the heading, *Financial Strength – Ontario Court Bill 124 Decision*.

Financial Strength

OPG's Application with the OEB for Disposition of Deferral and Variance Accounts

In December 2023, OPG filed an application with the OEB requesting disposition of regulatory account balances as at December 31, 2022, less amounts previously approved for recovery or repayment of the regulatory account balances as of December 31, 2019, through incremental rate riders on nuclear and regulated hydroelectric electricity generation. The application also addressed the anticipated impacts from the Market Renew Program, an IESO initiative to redesign Ontario's electricity markets, on OPG's regulated facilities.

In the second quarter of 2024, OPG and intervenors in the proceeding reached a proposed complete settlement on OPG's application. On June 13, 2024, the OEB issued a decision and order approving the 2024 Settlement Agreement, providing for the recovery of a net total of \$481 million in connection with amounts recorded in OPG's regulatory accounts and associated income tax impacts, which represented a reduction of \$22 million from the amounts sought in OPG's application. This included the resolution of the parties' positions with respect to whether any of the net proceeds from OPG sale of certain premises at 800 Kipling Avenue in Toronto, Ontario received in 2022 should be credited to ratepayers. The balances agreed by the parties are being recovered or repaid effective July 1, 2024 over a period of 30 months. The associated income tax impacts included for recovery were previously recorded as part of the regulatory asset for deferred income taxes. The 2024 Settlement Agreement also provides for regulatory mechanisms to address the anticipated impacts from the IESO's Market Renew Program on OPG's regulated facilities until the effective date of base regulated prices arising from OPG's next application with the OEB, as part of which any of the parties may take a different position on such mechanisms on a prospective basis. In the second quarter of 2024, the Company recorded a loss of \$25 million in connection with the OEB's decision and order on the 2024 Settlement Agreement. Revenue received from the recovery of regulatory account balances is largely offset by amortization expense of regulatory assets and regulatory liabilities recorded for these balances.

Further details on the Market Renew Program can be found in the section, *Risk Management* under the heading, *Risks to Maintaining Financial Strength – Electricity Markets*.

Green Bonds

On June 7, 2024, OPG's wholly-owned Lower Mattagami Energy Limited Partnership (LME) completed a private placement bond offering with the issuance of \$200 million of green bonds, maturing in June 2054, with a coupon interest rate of 4.69 percent. The net proceeds were used to refinance LME debt maturities in June 2024.

In June 2024, OPG released its Sustainable Finance Framework, which replaced OPG's Green Bond framework and includes a broader array of eligible projects and programs such as SMRs, large new nuclear projects, low-carbon hydrogen, battery energy storage and social projects, in recognition of the demand for clean electricity and OPG's commitment to advancing economic Reconciliation with Indigenous Nations and communities.

On June 28, 2024, OPG issued \$1 billion of green bonds under its Sustainable Finance Framework, through its Medium Term Note Program. The issuance consisted of \$500 million of senior notes maturing in June 2034, with a coupon interest rate of 4.83 percent, and \$500 million of senior notes maturing in June 2054, with a coupon interest rate of 4.99 percent.

On September 11, 2024, OPG re-opened the June 28, 2024 dual tranche bond issuances under its Medium Term Note Program for an additional \$300 million. The additional green bond issuance consisted of \$200 million of senior notes maturing in June 2034, with a coupon interest rate of 4.83 percent, and \$100 million of senior notes maturing in June 2054, with a coupon interest rate of 4.99 percent. The net proceeds from the above issuances were used to finance or re-finance Eligible Green Projects as defined under the Sustainable Finance Framework.

Acquisition of Lightstar Renewables LLC and Lightstar Operations One LLC

On January 31, 2024, OPG, under Eagle Creek, acquired 100 percent of the equity in Lightstar Renewables LLC and Lightstar Operations One LLC (collectively, Lightstar). Lightstar engages in the business of development, construction and operation of community solar generation projects in the United States, and is included in the Contracted Hydroelectric and Other Generation business segment. Total purchase consideration was \$163 million (US\$121 million). The identifiable assets acquired, with a fair value of \$125 million, mainly comprised construction-in-progress property, plant and equipment and intangible assets pertaining to solar development projects.

President and CEO Announcement

In November 2024, OPG's Board announced Ken Hartwick's decision to retire as President and Chief Executive Officer (CEO) at the end of 2024 after nearly nine years with the Company. In line with OPG's leadership succession plan, the Board appointed Nicolle Butcher as President and CEO effective January 1, 2025. The appointment of Nicolle Butcher reflects the Company's commitment to strong leadership and strategic succession planning. With more than 25 years at OPG, Nicolle Butcher brings significant experience in managing one of North America's largest and most diverse electricity generating fleets, having most recently served as the Company's Chief Operations Officer, alongside her expertise in corporate business growth and development, and commercial business functions. The handover of responsibilities from Ken Hartwick to Nicolle Butcher was undertaken in line with a plan in place to ensure a seamless transition.

CORE BUSINESS AND OUTLOOK



Operational Excellence

Operational excellence at OPG is demonstrated through the safe, reliable and cost-effective generation of electricity from the Company's assets, by a highly trained and engaged workforce. Workplace health and safety and public safety are overriding priorities in all activities performed at OPG.

Electricity Generation Production and Reliability

Key strategic initiatives and developments in support of operational excellence, specific to each of OPG's core generating operations, are discussed below. Generation and reliability performance for 2024 is discussed by business segment in the section, *Discussion of Operating Results by Business Segment*.

Nuclear Operations

OPG is pursuing initiatives aimed at maximizing the safe and reliable operating life of the Pickering GS and targeting sustained high levels of performance at the Darlington GS over its post-refurbishment life. OPG is also focused on increasing electricity generation output from these nuclear generating stations by continuing to improve plant reliability and optimizing the planning and execution of outage and project work. OPG seeks to prioritize and optimize maintenance and project activities across the nuclear generating fleet by leveraging advancements in monitoring and diagnostic tools to enhance asset condition assessments. Establishing challenging performance targets based on comprehensive benchmarking and taking into account the operating environment of the stations continues to be a vital part of OPG's strategy to support these goals and ensure consistently strong financial performance of the Regulated – Nuclear Generation business segment.

The CNSC issues an annual report on the regulatory oversight and safety performance for nuclear power generating sites. The report assesses how well licensees are meeting regulatory requirements and program expectations in areas such as human performance, radiation and environmental protection, and emergency management and fire protection at Canada's nuclear power plants and waste management facilities. The most recent annual report, for the 2023 year, was issued by the CNSC in the fourth quarter of 2024. In the CNSC's 2023 report on OPG's nuclear safety performance, CNSC staff determined that all 14 Safety and Control Areas for the Darlington GS, Pickering GS, and the Darlington, Pickering and Western waste management facilities met CNSC staff's expectations.

On June 6, 2023, the Federal Court of Canada (Federal Court) endorsed the CNSC's move to require pre-placement and random alcohol and drug testing of workers in safety-critical positions, as mandated by the CNSC's approved regulatory document *REGDOC 2.2.4 – Fitness for Duty, Vol. II: Managing Alcohol and Drug Use (version 3)* (REGDOC 2.2.4) for use at Canadian high-security nuclear sites in November 2020. The requirements outlined in REGDOC 2.2.4 ensure that Canada is in line with the international best practices for the operation of high-security nuclear facilities. On July 11, 2023, the PWU and the Society of United Professionals (Society) filed a motion to appeal the Federal Court's June 6, 2023 decision, and a motion to stay the implementation of the pre-placement and random alcohol and drug testing regimes, pending the outcome of the appeal. On October 27, 2023, the stay motion was granted, and all licensees were restricted from implementing such testing pending the final disposition of the appeal, which was heard in January 2024. On November 6, 2024, the Federal Court of Appeal upheld the Federal Court's June 6, 2023 ruling. The unions are seeking leave to appeal the matter to the Supreme Court of Canada.

Pickering GS

OPG's plan to optimize the end of operations dates for the Pickering GS includes operating Units 5 to 8 until the end of September 2026, prior to the planned refurbishment, subject to the requisite approvals. In June 2023, OPG submitted an application to the CNSC to continue operations of Units 5 to 8 of the Pickering GS through 2026. In connection with this objective, OPG has continued to perform additional technical analysis and inspections to confirm fitness-for-service of fuel channels and other major station components in support of the station's planned end-of-life dates. Following a public hearing in June 2024, the CNSC announced in October 2024 its decision to amend the existing operating licence for the Pickering GS, authorizing the operation of Units 5 to 8 until the end of 2026.

As planned, Unit 1 and Unit 4 of the Pickering GS ceased commercial operation and were permanently taken offline on October 1, 2024 and December 31, 2024, respectively, after over 50 years of service. Following the end of commercial operation, Unit 1 and Unit 4 are being placed in a safe storage state under the existing operating licence for the Pickering GS. This involves defueling the reactors, removing all heavy water, and reconfiguring the station to isolate the units from the operating units. These activities must be conducted while meeting nuclear, radiological, industrial safety, and environmental protection standards. Defueling of the Unit 1 and Unit 4 reactors commenced on October 2, 2024 and January 5, 2025, respectively, and is continuing. Unit 2 and Unit 3 were previously permanently shut down and remain in a safe storage state. The costs associated with placing and subsequently monitoring units in a safe storage state are charged against the Nuclear Liabilities and reimbursed from the Nuclear Segregated Funds.

Following OPG's submission of a feasibility assessment as approved by the Board in August 2023, the Province announced its support for OPG proceeding with next steps toward refurbishing Units 5 to 8 of the Pickering GS in January 2024. As approved by the Board, OPG subsequently completed the project initiation phase, including certain preliminary engineering and securing certain long-lead components, in 2024. In January 2025, the Province announced its approval for OPG to proceed with the Board-approved project definition phase, which is expected to last through 2026. The Board-approved budget for the project initiation and definition activities is approximately \$6.2 billion, which includes anticipated contractual commitments for future deliveries. Planning work is ongoing to determine which refurbishment activities for Units 5 to 8 could be conducted under the existing CNSC operating licence for the Pickering GS, valid until August 31, 2028. Licence amendments and renewals would be sought as required for the remainder of the refurbishment activities.

OPG continues to make strategic investments in the performance of Units 5 to 8 of the Pickering GS, with a focus on continuously improving equipment reliability and maximizing electricity generation output. This includes implementing equipment modifications and fuel handling reliability improvements, reducing equipment maintenance backlogs, and completing other critical and high priority work.

Darlington GS

OPG continues to make investments in the Darlington GS in order to ensure the station's ongoing safe and reliable operations and position it for industry-leading operating and cost performance in the longer term. In addition to completing the refurbishment of the station's generating units, this includes investments in life cycle and aging management projects, facility upgrades, and work in support of regulatory commitments. OPG continued to progress a number of such projects at the Darlington GS during 2024, including:

- Successfully completed commissioning a new water treatment plant that will supply demineralized water to the Darlington GS units as part of the operations cycle, ensuring reliable operations over the station's service life; and
- Successfully completed the replacement of key fuel handling equipment, including key lifting components for the fuel handling system and two of the eight fuelling machine heads. These projects will ensure reliable operations of the Darlington GS fuel handling equipment over the station's service life.

Based on the results of planned inspections of the units of the Darlington GS, OPG has identified that the primary moisture separators, a component of steam generators (SG), require replacement on all units to ensure ongoing safe, reliable and efficient operations throughout the station's extended lifespan. The function of the primary moisture separators is to provide high quality dry steam to the downstream turbine equipment. There are four SGs in each Darlington GS unit and each SG has 104 primary moisture separators. The replacement of the primary moisture separators in the first two SGs in Unit 3 was completed in 2023. The replacement of the four SGs in Unit 1 and the four SGs in Unit 4 was completed in the second quarter of 2024 and the fourth quarter of 2024, respectively. Actual life-to-date capital expenditures are \$270 million as of December 31, 2024 and tracking below the approved budget of \$380 million. The post-replacement inspection work on Unit 4 is expected to be completed in the first half of 2025, marking the completion of the project. The scope of work for Unit 2 and the remaining two SGs in Unit 3 is planned to be executed under a future project.

OPG's power reactor operating licence for the Darlington GS is valid until November 30, 2025. In June 2024, the CNSC announced its decision to amend the operating licence to authorize the production of the cobalt-60 radioisotope. In May 2024, OPG submitted an application to renew the operating licence for the Darlington GS for a period of 30 years beyond November 2025. The two-part public hearing on the application is scheduled to be held by the CNSC in March 2025 and June 2025. The first harvest of the cobalt-60 radioisotope at the Darlington GS is expected by 2028. Cobalt-60 radioisotopes are produced mainly for use in the health industry to sterilize surgical and medical supplies.

Renewable Generation Operations

As at December 31, 2024, OPG's renewable generation fleet comprises 54 regulated and 12 non-regulated hydroelectric generating station and one solar facility located in Ontario, and through Eagle Creek, 85 wholly or jointly owned and operated hydroelectric generating stations located throughout the United States.

The objectives of OPG's hydroelectric operations include operating and maintaining the generating facilities in a safe, reliable, efficient and cost-effective manner, while pursuing opportunities to increase the output and generating capacity of the fleet. OPG aims to increase the hydroelectric facilities' output by improving operational flexibility, enhancing reliability, optimizing outage planning and, subject to water conditions, increasing availability to meet electricity system demand. OPG continues to evaluate and implement plans to increase generating capacity, improve operational performance and extend the operating life of its hydroelectric generating assets.

Given the very long-term nature of the Company's hydroelectric fleet, OPG's plans to maximize the fleet's value are often accomplished through multi-year capital investment and other programs, including replacements and upgrades of turbine runners, and periodic refurbishment or replacement of existing generators, transformers and control systems. Where economical and practical, OPG also pursues opportunities to expand or redevelop its existing hydroelectric stations. To support effective operations and ensure continued high levels of safety, OPG has comprehensive programs in place to identify, prioritize and execute any necessary repair, rehabilitation or replacement work for civil hydroelectric structures. OPG seeks to enhance equipment reliability monitoring, reporting and management to support asset maintenance programs based on the condition of the facilities.

The Company continues to progress on an ongoing refurbishment program for its hydroelectric generating units across Ontario. During 2024, activities related to this program included the following:

- Initiated the execution of the refurbishment of Unit G4 at the Sir Adam Beck I GS, the first of the 19 units planned to undergo refurbishment at the Sir Adam Beck I and II generating stations. As of December 31, 2024, year-to-date and life-to-date capital expenditures for the refurbishment of both Sir Adam Beck I and II generating stations were \$18 million and \$23 million, respectively;
- Initiated the execution of the refurbishment of Unit 12 at the R.H. Saunders GS and continued the execution of the refurbishment of Unit 9, the first two of the station's 16 units planned to undergo refurbishment. As of December 31, 2024, year-to-date and life-to-date capital expenditures for the refurbishment of the R.H. Saunders GS were \$19 million and \$52 million, respectively;

- Completed the refurbishment of Unit 1 at the Barrett Chute GS and continued the execution of the refurbishment on the station's Unit 2. As of December 31, 2024, year-to-date and life-to-date capital expenditures for the station's refurbishment were \$8 million and \$19 million, respectively; and
- Initiated the execution of the refurbishment of Unit 1 at the Otter Rapids GS and continued the execution of the refurbishment on the station's Unit 2. As of December 31, 2024, year-to-date and life-to-date capital expenditures for the station's refurbishment were \$20 million and \$47 million, respectively.

Additionally, during 2024, the Company completed the replacement of the existing headgates at the Sir Adam Beck II GS, and the construction of the Otter Rapids Project Camp that will facilitate efficiencies in the execution of refurbishment work at remote generating stations in northern Ontario. Construction activities continue to progress on the rehabilitation of the concrete infrastructure at the R.H. Saunders GS, the Frederick House Lake Dam and other generating stations across Ontario.

On December 3, 2024, the Office of the Auditor General of Ontario released a Follow-Up Report building on its 2022 Performance Audit on the management and maintenance of the Company's hydroelectric fleet. In the Follow-Up Report, OPG was identified as one of the three auditees, out of the total of 16 auditees, that made the most progress toward fully implementing the recommended actions.

OPG coordinates and collaborates with various government agencies, municipalities, Indigenous partners and community stakeholders to ensure the river systems on which the Company operates are managed safely and effectively, while meeting electricity generation needs. Eastern and Southern Ontario experienced a number of heavy rainfall events in the spring and summer of 2024, resulting in sharp increases in water levels and flows in some areas. These wet seasons followed a relatively dry winter and were succeeded by a relatively dry fall across the province. OPG managed these conditions safely and effectively by maintaining a strong focus on dam and public safety and coordinating with municipalities and community stakeholders in the affected watersheds during both high and low water flow conditions.

Thermal Operations

OPG's thermal generation fleet comprises one oil/gas dual-fueled generating station, one biomass-fueled generating station, and four combined cycle plants operated through Atura Power.

These stations, which typically operate as peaking or cycling dispatchable facilities under their respective ESAs with the IESO, are an important component of maintaining the current and future reliability of Ontario's electricity system. They provide the system with the flexibility to meet changing daily system demand and capacity requirements, and enable variable sources of renewable generation such as wind and solar.

As of December 31, 2024, the contracts for Atura Power's facilities have the following terms and generating capacities, including generating capacity upgrades awarded by the IESO in 2023 and expected to be in service in 2025:

Generating Facility	Original Contract Expiry Date	Current Contract Expiry Date	Current in-Service Capacity (MW) ¹	Average Upgrade Capacity (MW)
Brighton Beach GS ²	July 2024	July 2034	570	42.5
Portlands Energy Centre ³	April 2029	April 2029	562	50.0
Halton Hills GS ⁴	August 2030	April 2035	683	31.5
Napanee GS	March 2040	March 2040	900	-

¹ The current in-service generating capacity excludes average upgrade capacity.

² The facility operated under an energy conversion agreement with Shell Energy North America (Canada) Inc. until July 15, 2024. Effective July 16, 2024, the facility operates under a new ESA with the IESO for a term of 10 years.

³ The ESA includes an option for Atura Power or the IESO to exercise, in 2028, an extension of the contract expiry by five years under certain conditions, inclusive of the generating capacity upgrades awarded in 2023.

⁴ Pursuant to generating capacity upgrades awarded by the IESO in 2023, the contractual average capacity upgrade at the Halton Hills GS of 31.5 MW was placed in service and became effective February 3, 2025.

In September 2024, OPG and the IESO entered into an amended and restated ESA for the Atikokan GS, extending the contract expiry to July 2029. The extension allows the facility to continue providing renewable power for Ontario's electricity grid using biomass fuel. Atikokan GS is the largest 100 percent biomass-fueled plant in North America, providing renewable energy that can be dispatched when Ontario's power system requires it.

OPG's strategy in operating thermal generating stations is to ensure availability to meet electricity system requirements over the assets' expected remaining service lives, through station reinvestment within technical, regulatory and contractual constraints, and with an expectation of achieving an appropriate return on investment. In support of these objectives, thermal outage planning leverages agile asset management programs to prioritize equipment risks and optimize work program timing.

Improving Operational Efficiency

As part of a commitment to operational excellence, OPG is focused on pursuing productivity improvements and efficiencies in operating costs across the organization, while ensuring no adverse impact on the safety, reliability and environmental sustainability of the Company's operations. The Company continues to build on efficiencies achieved to date, leveraging investments in technology and innovation, improvements in business processes and internal service delivery models, strategic sourcing initiatives, workspace optimization, and resourcing strategies. Strategies to improve cost performance and organizational capability are implemented at the enterprise and business unit level.

The identification and continued pursuit of operational efficiencies is driven by enterprise-wide targets, set with a view to ensure the cost effectiveness of ongoing operations while supporting the advancement of corporate growth and transformation strategies and managing risks. Accomplishing these objectives is anchored in leveraging a highly skilled, high-performing, diverse and engaged workforce. OPG will continue to review its operating cost model and supporting business strategies as it enters a period with multiple planned major projects in support of energy transition and future electricity needs, including the DNNP and the planned refurbishment of Units 5 to 8 of the Pickering GS.

OPG is continuing to advance an enterprise-wide strategy to align the Company's digital infrastructure with its strategic objectives and to drive increased value from investments in technology. The strategy is focused on implementing scalable information technology infrastructure, enhancing mobility, connectivity and collaboration, streamlining information technology service support, embedding increased automation and artificial intelligence technologies, protecting digital assets, and improving data management and analytics capability. The goals of the strategy are to increase field and office productivity, improve equipment reliability and station performance, increase organizational agility, strengthen cybersecurity, and reduce operating costs.

Sale of Assets

In July 2023, Eagle Creek entered into agreements to sell 22 hydroelectric generating stations in the US with a total generating capacity of approximately 47 MW, along with two storage reservoirs in the Mid-Western US. In June 2024, the transaction was terminated. Following the termination, the criteria for classifying these assets as held for sale were no longer met, and the assets were reclassified to property, plant and equipment (PP&E) and intangible assets on the consolidated balance sheet.



Project Excellence

OPG is undertaking a number of generation development and other projects to maximize the value of and expand its generating fleet in support of Ontario's electricity system and beyond, striving for excellence in the planning and delivery of all capital and maintenance projects across the organization.

OPG's vision for project excellence is to be an industry leader in project management capability and performance. As part of its commitment to project excellence, OPG continues to enhance and streamline its approach to project planning and execution, with the goal of delivering all projects safely, on time, on budget and with high quality. Achieving project excellence involves, among others: leveraging a common, scalable project delivery model based on industry best practices across the enterprise, establishing strong project management teams to effectively execute projects, monitoring and controlling performance, optimizing contracting strategies, and engaging qualified and experienced engineering, procurement and construction vendors. The achievement of these objectives at OPG is facilitated by a centralized enterprise projects organization that ensures the necessary processes, tools and expertise are in place for project excellence.

Darlington Refurbishment

The Darlington Refurbishment project commenced in 2016 as the four Darlington GS units were approaching their originally designed end-of-life. Refurbishment of the four generating units is expected to extend the operating life of the station by at least 30 years. The refurbishment of the first unit, Unit 2, was completed in June 2020. The refurbishment of the second unit, Unit 3, was completed in July 2023, ahead of schedule. The refurbishment of the third unit, Unit 1, was completed in November 2024, ahead of its original schedule set for the second quarter of 2025. The refurbishment of the last unit, Unit 4, commenced after Unit 3 was returned to service and is scheduled to be completed in 2026.

The Darlington Refurbishment project is a multi-phase program comprising the following five major sub-projects:

- Defueling and Fuel Handling, which involves the defueling of the reactors and the refurbishment of the fuel handling equipment;
- Re-tube and Feeder Replacement (RFR), which includes the removal and replacement of feeder tubes and fuel channel assemblies in each reactor;
- Turbines and Generators, which consists of inspections and repairs of turbine generator sets and the replacement of analog control systems with digital control systems for Units 3, 4 and 1;
- Steam Generators, which includes mechanical cleaning, water lancing and inspection and maintenance work on the generators; and
- Balance of Plant, which consists of work on a number of projects to replace or repair certain other station components.

The RFR sub-project is the largest sub-project and represents a majority of the critical path schedule.

The major sub-projects are executed over four major segments for each unit:

- Shut Down, which involves removing fuel from the reactor and islanding the unit;
- Disassembly, which involves removing the required reactor components including feeder tubes, fuel channels and calandria tubes;
- Reassembly, which involves procuring, installing and inspecting new reactor components; and
- Power Up, which involves loading new fuel into the reactor, restoring the reactor vault, reconnecting the unit to the rest of the station, and returning the unit to service.

Unit 1 was returned to service in November 2024 in line with the Company's high quality and safety standards, following successful completion of start-up activities and receipt of all appropriate regulatory approvals from the CNSC. Upon the unit returning to service, capital expenditures totalling approximately \$1.7 billion were placed in service.

Unit 4 refurbishment activities are progressing on schedule, having completed the Disassembly segment with the completion of the removal of fuel channel assemblies in September 2024 and are currently in the Reassembly segment. The installation of calandria tubes was completed in January 2025. The fuel channel installation series is in progress and planned to be completed in the second half of 2025. The upper and middle feeder installation series are also continuing, with the installation of 960 new feeder tubes being completed in two segments, starting with the upper and middle feeders and followed by the lower feeders. As part of the refurbishment, OPG also continues to progress through the reconditioning of the Unit 4 turbine generator, with the overhaul of the turbine generator and the installation of the turbine control systems upgrade expected to be completed in the second half of 2025.

The total project costs, including the impacts of the COVID-19 pandemic, are on track to meet the \$12.8 billion budget.

Smoky Falls Dam Safety Project

OPG has substantially completed the Smoky Falls Dam Safety project to improve dam safety at the Smoky Falls hydroelectric GS, located along the Lower Mattagami River in northeastern Ontario. The project rehabilitated the 100-year-old spillway and sluiceway structures in compliance with dam safety requirements established by the Province.

During 2024, the two new sluiceways were commissioned and placed in service ahead of the original schedule. The concrete closure of the west sluiceway was also successfully completed along with the removal of the west sluiceway superstructure and gates. With major construction activities completed during the year, the project has transitioned to site rehabilitation and closure activities, which will continue into 2025. The project is tracking within the approved budget of \$390 million.

The Smoky Falls Dam supports OPG's hydroelectric generating stations on the Lower Mattagami River. The project costs are expected to be recovered under the ESA in place for the Lower Mattagami generating stations.

Atura Power Development Projects

Atura Power is advancing a project to construct the NHC in Niagara Falls, Ontario as its first site for large-scale hydrogen production. The facility will use a 20 MW electrolyzer to produce low-carbon hydrogen by utilizing water and hydroelectricity as inputs. Engineering and design activities were completed during 2024, and the project has advanced further groundwork with most substation foundations and cable trenches installed. The NHC is expected to be completed in 2026.

Atura Power is executing a project to build a 250 MW four-hour battery energy storage system at the Napanee GS site. The Napanee BESS will support Ontario's energy grid by drawing and storing electricity off-peak when power demand is low and returning it to the system at times of higher electricity demand. Following the completion of design work and procurement of critical equipment, on-site construction activities commenced during 2024, with critical equipment foundation work underway. The project is expected to be completed in 2026 and will operate under a 21-year capacity agreement with the IESO.

Details on the project to expand the combined cycle plant at the Napanee GS can be found in the section, *Significant Developments* under the heading, *Napanee Combined Cycle Generating Station Expansion*.

OPG's major projects in the execution phase as at December 31, 2024 are outlined below.

Project <i>(millions of dollars)</i>	Capital Expenditures		Approved Budget	Expected In-service Date	Current Status
	Year-to-date	Life-to-date			
Darlington Refurbishment Project	987	11,190	12,800 ¹	Unit 4 – 2026	Unit 1 was successfully returned to service in November 2024. Unit 4 refurbishment is progressing on schedule and is currently in the Reassembly segment. The project is tracking on budget.
Redevelopment of Kakabeka Falls Hydroelectric GS	34	39	519	2028	The project entered the execution phase in November 2024 and is progressing. For further details, refer to the section, <i>Significant Developments – Project Excellence</i> under the heading, <i>Redevelopment of Hydroelectric Generating Stations</i> .
Atura Power Development Projects	206	288	1,500 ²	Niagara Hydrogen Centre – 2026 Napanee BESS – 2026 Napanee Combined Cycle GS Expansion Project – 2028	<p>Engineering and design activities for the NHC project were completed during the year. The project continues to advance additional groundwork.</p> <p>Following the completion of design work and procurement of critical equipment, the Napanee BESS project continues to advance on-site construction, on schedule.</p> <p>Engineering, design and permitting activities for the Napanee GS Expansion project are progressing on schedule, with procurement of critical equipment completed.</p> <p>These projects are tracking within the total approved budget.</p>

¹ The total project budget of \$12.8 billion is for the refurbishment of all four units of the Darlington GS.

² The total project budget of approximately \$1.5 billion is for the Niagara Hydrogen Centre, the Napanee BESS and the Napanee Combined Cycle GS Expansion projects.



Financial Strength

As a commercial enterprise, OPG's financial priority is to ensure a consistent level of strong financial performance that delivers an appropriate level of return on the Shareholder's investment and supports expansion of the business.

Inherent in this priority are four objectives:

- Increasing revenue, reducing costs and achieving appropriate return;
- Ensuring availability of cost effective funding for operational needs, generation development projects and other business opportunities, and long-term obligations;
- Pursuing opportunities to expand the existing core business and capitalize on new growth paths including emerging clean energy opportunities; and
- Managing risks, which is discussed in the section, *Risk Management*.

Increasing Revenue, Reducing Costs and Achieving Appropriate Return

In line with its commercial mandate, OPG is focused on increasing revenue and net income, and achieving an appropriate return on the Shareholder's investment, while seeking to minimize the impact on electricity customers through continuous improvement in the Company's cost structure.

For regulated operations, achievement of the above objectives is largely dependent on outcomes of OPG's applications for regulated prices to the OEB and prudent growth of rate base earning a return. OPG is focused on demonstrating in its applications for regulated prices that the costs required to operate and invest in the Company's regulated assets are reasonable, being prudently incurred and should be fully recovered, and that the Shareholder's investment in these assets should earn an appropriate return.

For the Regulated – Nuclear Generation business segment, the following rate base levels, OPG-specific deemed equity percentage, and formulaic rates of ROE established by the OEB on a generic basis are reflected in OPG's approved base regulated prices:

	ROE	Equity ¹	Rate Base			
	(millions of dollars - except where noted)		2023	2024	2025	2026
	2022 - 2026					
Regulated – Nuclear Generation ²	8.66%	45%	8,615	11,033	12,189	12,992

¹ The remaining 55 percent of rate base is deemed to be financed by debt, with an average approved cost rate of 3.6 percent per annum reflected in the nuclear base regulated prices for the 2022-2026 period.

² Excludes differences between approved forecast rate base additions and actual rate base additions for qualifying investments, where the revenue requirement impact of such differences is trued up through regulatory accounts, subject to the OEB's review and approval. These differences are included in rate base values shown in the table once reflected in OEB-approved base regulated prices.

For the regulated hydroelectric facilities, there is a separately approved rate base, deemed equity percentage and ROE rate. The most recent OEB-approved hydroelectric rate base value was \$7,490 million, with an ROE of 9.33 percent and a deemed equity of 45 percent, all of which were reflected in the hydroelectric base regulated prices in effect prior to June 1, 2017. The hydroelectric base regulated prices for the period from June 1, 2017 to December 31, 2021 were determined by annually escalating the base regulated prices in effect prior to June 1, 2017, with some adjustments, using an approved formula. Pursuant to *Ontario Regulation 53/05*, the hydroelectric base regulated price for the period from January 1, 2022 to December 31, 2026 is equal to the 2021 hydroelectric base regulated price.

OPG continues to invest in the nuclear and hydroelectric rate base, including through the Darlington Refurbishment project. In establishing the 2022-2026 nuclear base regulated prices, the OEB approved an additional \$6.8 billion in Darlington Refurbishment in-service capital additions to rate base, including the forecasted return to service from the refurbishment of Units 3, 1 and 4 of the Darlington GS at the time, bringing the total approved nuclear rate base to \$13.0 billion by 2026.

As discussed in the section, *Core Business and Outlook* under the heading, *Operational Excellence – Electricity Generation Production and Reliability*, OPG continues to undertake an extensive capital program across its regulated hydroelectric operations, including the refurbishment and redevelopment of the generating facilities to ensure their continued safe and reliable operations. These renewable assets can have very long service lives and, with either maintenance efforts or rebuilding, can continue to supply electricity and be reflected in rate base for the foreseeable future.

The revenue requirement impact of differences in the amount or timing between OEB approved forecast rate base additions and actual capital in-service additions related to OPG's investments to increase the output of, refurbish or add generating capacity to one or more of its nuclear or hydroelectric regulated facilities, including the Darlington Refurbishment project, are recorded for future review and disposition in a variance account authorized by the OEB pursuant to *Ontario Regulation 53/05*. The regulation also provides for a variance account to record and recover the revenue requirement impact of differences between any OEB approved forecast capital and non-capital costs incurred for new nuclear generation facilities and such actual costs, subject to review by the OEB.

As part of OPG's 2022-2026 application for new regulated prices, the OEB approved a mechanism for customers to share, on a 50 percent basis, in the regulatory earnings achieved by OPG's regulated operations that are more than 100 basis points over the approved ROE levels, assessed on a five-year cumulative basis over the 2022-2026 period. Any such amounts shared with customers will be recorded in a separate deferral account for disposition following the five-year period. Additionally, the regulatory frameworks in effect for the 2022-2026 period include a symmetrical 300 basis points trigger around the approved ROE, based on achieved regulatory earnings, where the OEB may initiate a regulatory review.

In 2024, the OEB initiated a generic cost of capital proceeding to review the methodology for determining the cost of capital parameters and deemed capital structure used for setting utility rates, which was last reviewed by the OEB in 2009. OPG is participating in this proceeding. The outcome of the proceeding is expected in 2025.

For generation assets that do not form part of the rate regulated operations, OPG generally seeks to secure long-term revenue arrangements that support an appropriate return on the investment. In line with this strategy, all of OPG's non-regulated facilities in Ontario are subject to ESAs with the IESO. These contracts are generally designed to provide for recovery of operating costs and capital investment in the underlying facilities and a return on invested capital, subject to the facilities continuing to meet their contractual obligations.

While a number of the Company's generating facilities in the US are subject to energy and capacity supply contracts, and longer term contracts are pursued where considered financially advantageous, the majority of OPG's generating facilities in the US currently earn revenue from wholesale electricity markets. Although revenue from wholesale electricity markets in the US represents a small portion of OPG's overall revenue, the Company may enter into hedging arrangements from time to time to further mitigate the commodity price risks.

Ensuring Availability of Cost Effective Funding

OPG actively monitors its funding requirements and forecasts availability of funds to ensure that it can meet the Company's operational needs, project and other commitments, and long-term obligations. In addition to funds generated from operations, OPG utilizes the following primary funding sources: commercial paper; letters of credit; credit facilities; public debt offerings; debt sourced from the Ontario Electricity Financial Corporation (OEFC) and Ontario Financing Authority (OFA), agencies of the Province; and private placement and other project financing arrangements.

Credit Ratings

Maintaining an investment grade credit rating supports OPG's ability to access cost effective financing. As at December 31, 2024, the Company's credit ratings were as follows:

Type of Rating	DBRS Limited (DBRS) ¹	S&P Global Ratings (S&P) ²	Moody's Investors Service (Moody's) ³
Issuer rating	A (low)	BBB+	A3
Senior unsecured debt	A (low)	BBB+	A3
Trend/Outlook	Stable	Stable	Stable
Commercial paper program – Canada	R-1 (low)	A-1 (low)	NR ⁴
Commercial paper program – US	NR ⁴	A-2	P-2

¹ In April 2024, DBRS confirmed OPG's A (low) issuer rating, A (low) senior unsecured debt rating and R-1 (low) Canadian commercial paper rating, all with Stable trends.

² In August 2024, S&P confirmed OPG's ratings including BBB+ issuer rating with stable outlook, BBB+ senior unsecured debt rating and A-1 (low) Canada commercial paper rating.

³ In May 2024, Moody's confirmed OPG's A3 issuer rating with stable outlook, A3 senior unsecured debt rating and P-2 US commercial paper rating.

⁴ NR indicates no rating assigned.

Additional discussion of the Company's credit facilities and liquidity can be found in the section, *Liquidity and Capital Resources*.

Federal Clean Energy Investment Tax Credits

In March 2023, the Government of Canada announced certain refundable investment tax credits (ITC) for clean energy investments. The Clean Technology ITC (CTITC) and the Clean Hydrogen ITC (CHITC) were enacted during the second quarter of 2024. The CTITC provides a 30 percent refundable tax credit and the CHITC provides a refundable tax credit ranging from 15 percent to 40 percent depending on the carbon intensity of the project, and both credits are available to federally taxable entities. If certain labour conditions are not met, these refundable credits are reduced by ten percent. OPG's federally taxable entities making eligible investments may qualify for the CTITC and the CHITC.

Draft legislation for the Clean Electricity ITC (CEITC), a 15 percent refundable tax credit available to federally tax exempt entities including OPG, was published by the Government of Canada in August 2024. The draft legislation was terminated upon prorogation of Parliament in January 2025. Certain OPG projects are expected to qualify for the CEITC if it is legislated. The Company continues to monitor CEITC developments.

Ontario Court Bill 124 Decision

Protecting a Sustainable Public Sector for Future Generations Act, 2019 (Bill 124), which came into force on November 8, 2019, set limits on compensation increases for unionized and non-unionized employees in the Ontario public sector and applied to OPG. Bill 124 limited the maximum annual increase in both wages and total compensation to one percent for a three-year period, subject to certain exceptions. A broad range of unions and organizations challenged the constitutionality of Bill 124. In a decision dated November 29, 2022, the Ontario Superior Court found that Bill 124 was unconstitutional and declared it to be void and of no effect. On December 29, 2022, the Government of Ontario filed an appeal of the decision with the Ontario Court of Appeal. On February 12, 2024, the Ontario Court of Appeal upheld the lower court decision and found Bill 124 to be unconstitutional as it pertains to unionized employees but constitutional in its application to non-unionized employees. Following the decision, the Province repealed Bill 124 in its entirety.

OPG's approved regulated prices for the 2022-2026 period were set on the basis of cost forecasts that assumed the application of Bill 124. In March 2023, OPG filed an application with the OEB requesting to establish a variance account to record and therefore offset compensation cost impacts attributable to the nuclear facilities as a result of the Bill 124 Court Decision, subject to future review and disposition by the OEB. In June 2023, the OEB issued a decision and order denying OPG's request. In July 2023, OPG filed a motion asking the OEB to review the June 2023 decision, which was reaffirmed by the OEB in its decision on OPG's motion issued in October 2023. As a result, OPG is unable to record compensation cost impacts of the Bill 124 Court Decision in the proposed variance account.

Growth and Transformation

OPG strives to be a leader in the North American energy transition, while maintaining and expanding the Company's scale and industry leadership through the pursuit of commercial-based opportunities. This strategy considers the Company's financial position, anticipated future changes in the generating fleet, and the evolving external environment in which it operates. The strategy is also informed by industry, technological, environmental, social, and economic factors. Opportunities are evaluated on an ongoing basis using financial and risk-based analyses as well as the application of strategic considerations, including the evaluation of partnership opportunities with other entities where aligned with OPG's business objectives.

OPG's strategy includes the renewal and expansion of the Company's portfolio of generating assets, including the redevelopment and expansion of existing sites, pursuit of new developments and business acquisitions. The strategy leverages OPG's operating and project development expertise across its diverse physical asset base. Acquisition opportunities consider potential operating synergies, strategic benefits, financial returns and risk profile.

OPG also actively seeks to expand beyond its core generation business, either directly or through its subsidiaries and partnerships, with investments in innovative technologies and new lines of business in the electricity sector, including nuclear innovation, transport electrification, low-carbon hydrogen production, battery energy storage, hydroelectric pumped storage, and other opportunities.

New Nuclear

In January 2024, OPG and Capital Power Corporation, an Alberta-based company, entered into an agreement to jointly assess the feasibility of developing and deploying grid-scale SMRs in Alberta, including possible ownership and operating structures, over the next two years.

OPG is preparing for possible development of new large nuclear reactors in Ontario. This includes preparing information for the Wesleyville site to explore new nuclear opportunities with local communities and First Nations, as announced by the Province in January 2025, as well as continuing to evaluate the suitability of the Company's other existing sites for potential nuclear energy generation. OPG has also begun preliminary evaluations of available large nuclear reactor technologies and, subject to successful engagement with local communities and First Nations, approaches to a potential site licensing process. The costs for these activities are recorded in an existing regulatory account for future recovery, subject to review by the OEB.

Nuclear Project Management Organization Services

In June 2024, Canadian Nuclear Partners S.A. (CNPSA), a subsidiary of Laurentis Energy Partners (LEP), a wholly-owned subsidiary of OPG, entered into a long-term framework agreement with S.N. Nuclearelectrica S.A., a Romania-based nuclear energy company. Pursuant to the agreement, CNPSA will provide project management organization services necessary for the preparation and implementation of the Unit 1 refurbishment project at the Cernavoda Nuclear Power Plant in Romania, including project management, technical assistance and staff training.

Global First Power Partnership Divestiture

In August 2024, OPG executed a separation agreement under which OPG divested its interest in Global First Power Limited and Global First Power Limited Partnership to USNC-Power, Ltd.

Marmora Pumped Hydroelectric Storage Facility Project Exit

During 2024, OPG exited the partnership with Northland Power Inc. for a proposed 400 MW hydroelectric pumped storage project in Marmora, Ontario, with Northland Power Inc. becoming the sole project developer.

Ivy Charging Network Divestiture

Ivy Charging Network (Ivy), a joint-venture between OPG and a subsidiary of Hydro One Limited (Hydro One), continued to own and operate electrical vehicle (EV) fast charging stations throughout Ontario during 2024, with a total of 81 charging ports and 154 fast chargers in operation as of the end of the year.

In the first quarter of 2025, OPG entered into an agreement to divest its interest in the Ivy partnership to Hydro One. The transaction was completed during the same quarter.

Clean Energy Credits

Building on the Company's strategy to help the markets where it operates achieve net-zero carbon economies, OPG offers electricity consumers voluntary Clean Energy Credits (CECs) from its hydroelectric and nuclear facilities in Ontario and, through Eagle Creek, offers Renewable Energy Credits (RECs) from its hydroelectric facilities in the United States. The purchase of CECs and RECs allows electricity consumers to demonstrate that their electricity comes from clean generating sources.

In January 2025, OPG entered into an agreement with a leading global automotive supplier, Magna International Inc. (Magna), to supply CECs sourced from the Sir Adam Beck hydroelectric generating complex. The majority of the proceeds from the sale of CECs will be directed to the Province's Future Clean Electricity Fund, which will help lower costs for electricity customers by supporting the development of new clean energy projects in Ontario.



Social Licence

OPG holds itself accountable to the public and its employees, and continues to focus on maintaining public trust. OPG is committed to maintaining high standards of public health and safety and corporate citizenship, including environmental stewardship, transparency, community engagement and Indigenous relations. The Company also strives to be a leader in climate change action, ED&I practices, and in advancing reconciliation with Indigenous peoples.

Further details on social licence activities and initiatives can be found in the section, *Environmental, Social, Governance and Sustainability*.

Outlook

Operating Performance

OPG expects net income for the 2025 year to be higher than the 2024 year, primarily due to higher nuclear electricity generation anticipated in 2025 as a result of three units of the Darlington GS being operational for the full year and fewer planned outage days in the cyclical maintenance schedule for the Darlington GS, partially offset by the end of commercial operation of Unit 1 and Unit 4 of the Pickering GS in 2024.

The OEB-approved regulated prices are expected to continue to provide regulatory certainty up to 2026. Additionally, regulatory accounts are expected to continue to reduce the relative variability of the regulated business segments' contribution to the Company's net income, particularly for the Regulated – Hydroelectric Generation business segment. This includes accounts that capture the gross margin impact of variability in water flows and forgone production due to

SBG conditions at the regulated hydroelectric stations. There are no regulatory accounts in place related to the impact of variability in OPG's nuclear stations' generation performance on revenue from base regulated prices.

The ESAs in place for the Ontario-based non-regulated assets reported in the Contracted Hydroelectric and Other Generation and Atura Power business segments are expected to contribute a generally stable level of earnings in 2025, consistent with 2024. Earnings from the US-based hydroelectric facilities reported in the Contracted Hydroelectric and Other Generation segment are subject to variability in water flows and the impact of wholesale electricity prices on uncontracted facilities.

The Company's operating results in 2025 may be impacted by macro-economic factors and geopolitical events, including tariffs and other trade restrictions, as discussed further in the section, *Risk Management*.

Nuclear Segregated Funds

OPG's operating results can be affected by earnings on the Nuclear Segregated Funds as part of the Regulated – Nuclear Sustainability Services business segment. While the Nuclear Segregated Funds are managed to achieve, in the long term, the target rate of return based on the discount rate specified in the Ontario Nuclear Funds Agreement (ONFA) between OPG and the Province, rates of return earned in a given period are subject to volatility due to financial market conditions and, for the portion of the Used Fuel Segregated Fund guaranteed by the Province, changes in the Ontario consumer price index (CPI). This volatility can cause fluctuations in the Company's net income in the short term if the funds are not in a fully funded or overfunded position. The volatility is reduced by the impact of an OEB-authorized regulatory account.

As at December 31, 2024, the Decommissioning Segregated Fund was overfunded by approximately 47 percent and, after taking into account the rate of return guarantee provided by the Province, the Used Fuel Segregated Fund was overfunded by approximately ten percent based on the current approved ONFA reference plan in effect for the years 2022 to 2026 (2022 ONFA Reference Plan).

Capital Expenditures

OPG's total capital expenditures for 2025 are planned to be approximately \$5 billion. The annual forecast is higher than the capital expenditures in 2024, primarily reflecting the advancement of major projects, including: definition phase activities for the planned refurbishment of Units 5 to 8 at the Pickering GS, planned start of construction activities for the first SMR at the DNNP site, subject to CNSC regulatory approval and other requisite approvals, execution of redevelopment and refurbishments projects across the hydroelectric fleet, and advancement of Atura Power's development projects.

The capital expenditure outlook may be impacted by finalization of project budgets and timing of project approvals, as well as macro-economic factors and geopolitical events, including potential tariffs and other trade restriction impacts, as discussed further in the section, *Risk Management*.

Financing and Liquidity

The Company expects to generate a higher level of cash flow from operating activities in 2025 compared to 2024, mainly due to higher nuclear electricity generation anticipated in 2025. The level of cash flow from operating activities in 2025 will also be affected by electricity generation volumes at the hydroelectric generating stations depending on water conditions. Taking into account the planned capital expenditure program, OPG expects existing funding sources to continue to be sufficient to meet financing requirements and support ongoing liquidity during 2025. Further details of OPG's credit facilities can be found in the section, *Liquidity and Capital Resources* under the heading, *Financing Activities*.

ENVIRONMENTAL, SOCIAL, GOVERNANCE AND SUSTAINABILITY

OPG recognizes that operating in a manner consistent with ESG principles is directly connected to business success and is expected by the Company's customers, stakeholders, Rightsholders and Shareholder. As Ontario's largest clean, low-carbon energy provider, the Company strives to be a leader in sustainability, climate change action, and Indigenous relations. This is accomplished through the implementation of operational and growth strategies that minimize the Company's environmental impacts, support reductions in greenhouse gas (GHG) emissions, increase operations' resilience to climate change impacts, and advance Indigenous reconciliation, all while taking into account impacts on customers. A central part of OPG's ESG and sustainability focus is its commitment to becoming a global ED&I best practice leader by 2030.

OPG's latest Integrated ESG and Annual Report is available on the Company's website at www.opg.com.

Health and Safety

Workplace health and safety and public safety are fundamental core values at OPG. OPG is committed to operating its facilities in a safe, secure and reliable manner. Health and safety are overriding priorities in all activities performed at OPG's generating and other facilities, and employees and contractors are expected to conduct themselves in a manner that ensures workplace health and safety and public safety in line with the Company's health and safety culture, the Employee Health and Safety Policy and the Safe Operations Policy.

OPG is committed to achieving excellent performance in the area of workplace health and safety through continuous improvement and a strong health and safety culture. OPG utilizes integrated health and safety management systems and a set of operational risk control procedures to ensure continued monitoring of health and safety performance and to support continuous learning and improvement in this area. Over the past several years, OPG has stood in the top quartile of its comparator Canadian electrical utilities in various safety performance metrics. In November 2024, OPG received the Electricity Canada President's Award of Excellence for Employee Safety, in recognition of OPG's top safety performance within the comparator group in the previous year.

OPG uses Total Recordable Injury Frequency (TRIF) as a performance measure to benchmark OPG's performance against other Electricity Canada utilities. OPG also uses Serious Injury Incidence Rate (SIIR) as a key corporate safety metric. SIIR captures a more serious sub-set of injuries than the TRIF metric and helps OPG maintain a focus on high consequence hazards as part of its health and safety culture.

OPG's employee workplace safety performance as measured by the TRIF and SIIR indicators was as follows:

Safety data ¹	2024	2023
TRIF (<i>injuries per 200,000 hours</i>)	0.23	0.18
SIIR (<i>serious injuries per 200,000 hours</i>)	0.02	0.00

¹ Performance is inclusive of OPG and its subsidiaries.

OPG's TRIF and SIIR slightly increased in 2024 compared to 2023. To strengthen its safety performance, the Company continues to implement a number of initiatives to target injury and high-energy incident trends based on the analysis of safety events and the use of human performance tools including increased field supervisory oversight and monitoring the presence of safety defences.

Approaches to safe work planning, learning from events, employee engagement, field observations and coaching, and education and communication are also being continuously strengthened to reinforce safety as a foundational element of the Company's values-based culture. Additionally, employee safety has been identified as a key element of OPG's sustainability-linked credit facilities demonstrating OPG's commitment to employee safety.

Contractors are required to conduct work safely at OPG sites. In support of this requirement, OPG utilizes an independent contractor pre-qualification process, provides on-site safety support for many of its major projects, and works with contract partners to improve their health and safety programs to meet OPG's requirements.

OPG continues to promote a health and wellness program aimed at embedding a health culture that supports employees and their families in achieving an optimal level of health and functioning, through health education, health promotion, disease and injury prevention, and crisis intervention. This includes providing resources to support mental health and access to a virtual healthcare platform for employees and their families.

OPG continues to maintain a strong focus on the nuclear safety program and to invest in nuclear safety systems. To ensure continued public safety, radiation exposure to members of the public resulting from the operation of OPG's nuclear generating stations is estimated on an annual basis for individuals living or working near the stations. The annual dose to the public resulting from operations of each nuclear facility is expressed in microsieverts (μSv), which is an international unit of radiation dose measurement.

The doses to the public resulting from OPG's nuclear operations were as follows:

Annual public dose	2023		2022	
	μSv	% of annual legal limit ¹	μSv	% of annual legal limit ¹
Darlington GS	0.7	<0.1%	0.6	<0.1%
Pickering GS	1.5	0.2%	1.9	0.2%

¹ The annual legal limit is 1,000 μSv for each nuclear generating station.

While the public doses from OPG's nuclear operations for the 2024 operating year will not be finalized until the second quarter of 2025, they are not expected to differ significantly from the 2023 levels.

OPG remains committed to high standards of public safety on waterways around hydroelectric generating stations and dams, and continues to make investments in waterway public safety and dam safety upgrades. OPG's dam safety program encompasses dam safety, emergency management and public safety around dams in compliance with the Safe Operations Policy. The Company's practices in these areas for Ontario-based operations are routinely reviewed by an independent panel comprised of internationally recognized experts, who have consistently concluded that many aspects of OPG's dam safety program are industry leading, and a strong culture of continuous improvement exists. At its US-based facilities, OPG continues to advance investments in waterway and dam safety upgrades to ensure compliance with FERC regulations and a continuous improvement path toward the Company's Ontario-based assets.

Environmental

OPG is committed to meeting and, where appropriate, exceeding the Company's environmental obligations and commitments. Specifically, OPG's Environmental Policy commits the Company to:

- Maintain an environmental management system (EMS), and registration for this system to the ISO 14001 Environmental Management System standard for OPG, excluding subsidiaries;
- Work to prevent or mitigate adverse impacts on the environment with a long-term objective of continual improvement;
- Execute its Climate Change Plan and strive to achieve the milestones and goals therein; and
- Manage sites in a manner that strives to maintain or, where it makes business sense, enhance significant natural areas and associated species of concern.

Within the EMS, OPG sets environmental objectives and maintains planning, operational control and monitoring programs to manage its negative and positive impacts on the environment. The most significant environmental aspects of OPG's operations include spills, water flow and level changes, radiological emissions, non-radiological emissions, L&ILW, non-radiological waste, wildlife habitat, and fish impingement, entrainment and spawning disruption.

The EMS is reviewed annually to ensure it remains appropriate to the purpose and context of the Company's operations. Environmental performance targets are set as part of the annual business planning process. These targets are based on past performance and external benchmarking to promote continual improvement. OPG met or outperformed its 2024 targets for spills, environmental infractions, carbon-14 emissions to air, volume of L&ILW produced, and tritium emissions to air and water. There were no significant environmental events during 2024.

OPG has developed biodiversity conservation plans that identify significant natural areas, conservation goals, threats and proposed actions to sustain biodiversity at the Company's operating sites and across Ontario. To maximize benefits and manage impacts, conservation initiatives include biodiversity monitoring, site naturalization, habitat creation and control of invasive species. During 2024, OPG continued to work with community and Indigenous partners to support regional ecosystems and biodiversity, including nature-based solutions to protect and restore habitat, and to promote biodiversity education and awareness to help restore Ontario's natural landscapes. In 2024, OPG and its conservation partners planted approximately 533,000 native trees and shrubs.

On December 17, 2024, the Government of Canada released final *Clean Electricity Regulations* (CER). Beginning in 2035, the CER will set limits on carbon dioxide emissions from fossil fuel-burning electricity generation units with a generating capacity of 25 MW or greater connected to an electricity system that is subject to North American Electric Reliability Corporation standards. OPG's Lennox GS, Atikokan GS and Atura Power's combined cycle plants must register under the CER by the end of 2025. OPG is assessing the impact of this regulation on its thermal generating facilities and will continue to monitor CER-related developments.

Details of OPG's environmental performance and initiatives to fulfill the Company's Environmental Policy can be found on the Company's website at www.opg.com.

Climate Change

OPG continues to monitor the development of voluntary sustainability and climate-related financial information disclosures that are measurable and relevant to investors and other stakeholders, including those of the International Sustainability Standards Board and the Canadian Sustainability Standards Board. OPG also continues to monitor the Canadian Securities Administrators' proposed mandatory climate-related disclosure requirements per National Instrument 51-107 – *Disclosure of Climate-related Matters*. OPG's current strategy, governance, risk management approach and initial performance metrics related to climate change are discussed below.

Climate Strategy

OPG recognizes the importance of developing and implementing climate change adaptation measures to ensure ongoing safe, reliable and cost-effective operation of its generating fleet over the medium and long term. Through its business strategies, the Company is also focused on maximizing the decarbonizing potential of its assets and the broader electricity sector as a means of mitigating climate change. This includes continue to embed climate change adaptation and mitigation as an enterprise-wide priority and a key principle in decision-making. In advancing these strategies, OPG seeks to make prudent investments in viable new technologies and to ensure that planned actions are executable and aligned with strategic, operational and financial objectives.

Climate Change Plan

OPG's Climate Change Plan released in 2020 describes the Company's ambition to be a North American clean energy leader and an enabler of efficient, economy-wide energy transition. The plan outlines OPG's goals and a range of solutions to help achieve decarbonization while balancing economic and environmental benefits and electricity system needs.

The Company has set the following goals as part of the Climate Change Plan:

- Become a net-zero carbon emissions company by 2040; and
- Support broader economy-wide decarbonization by 2050.

To pursue these goals, OPG has developed an action plan in the areas of carbon emissions reductions, climate change adaptation, energy sector innovation and climate change leadership.

Since the launch of its Climate Change Plan in 2020, OPG has made advancements in a number of areas with the objective of achieving sustainable, resilient operations and investing in the generation of low-carbon energy. This includes progressing the Darlington Refurbishment project, leading the deployments of SMRs, and safely maximizing

the operating life of Units 5 to 8 of the Pickering GS. OPG also continues to advance projects to increase the generating capacity of its hydroelectric generating stations, and is exploring the potential for new hydroelectric development. Through its subsidiaries, OPG is supporting the electrification of Ontario's transportation sector, laying the groundwork for low-carbon hydrogen production, and constructing a grid-connected battery energy storage system. OPG intends to periodically review and update the Climate Change Plan to reflect the Company's current climate-related initiatives and any changes to government policy, technology development and electricity supply and demand expectations.

OPG's Climate Change Plan can be found on the Company's website at www.opg.com.

Oversight of Climate-related Risks and Opportunities

OPG's Board is responsible for the governance and stewardship of the Company, including the oversight of climate-related risks and opportunities over the near and long term. On at least a quarterly basis, and during the annual strategy session, the Board engages with OPG's senior management on the Company's near-term and long-term business strategies, including climate-related matters. OPG's Climate Change Plan, which was reviewed and approved by the Board, is an integral part of the Company's overall business strategy and underpins OPG's corporate strategic planning process.

The Board's risk oversight responsibilities are fulfilled through OPG's Enterprise Risk Management (ERM) Framework, with oversight by the Audit and Risk Committee of the Board. The ERM Framework is used to manage the Company's risk profile, as well as its internal audit program. The ERM Framework assists the Board in understanding how risks may affect the Company and how they are being addressed by management. The Audit and Risk Committee receives quarterly reports from OPG's Chief Audit Executive on enterprise-wide risks and internal audit findings. Climate-related risks are being identified and managed as part of the ERM Framework. Further details on the Company's approach to risk management can be found in the section, *Risk Management*.

OPG's internal governance includes a documented framework to guide the management of climate change and a reporting structure for the Board's oversight of climate-related risks and opportunities. Board oversight of climate-related risks and opportunities is achieved through bi-annual reporting by OPG's Environment, Health and Safety department, with support from the Climate Steering Committee and other departments, as required.

OPG pension plan and Nuclear Segregated Funds investment strategies in equity markets, and of specific assets in the real estate and infrastructure portfolio, are guided by respective Responsible Investing Policies in place for the OPG pension plan and for the Nuclear Segregated Funds. OPG continues to build on the existing strategies to formalize a climate change action plan for the OPG pension plan and, in collaboration with the Province, for the Nuclear Segregated Funds that supports the Company's overall climate change goals.

Identification and Integration of Climate-related Risks

In recent years, OPG has experienced operational impacts exacerbated by changes in climate. The physical risks of severe weather events and changing climate parameters, such as precipitation patterns and intensity, and water and air temperatures, are expected to remain long-term concerns. In addition to the potential impacts on electricity generation at hydroelectric generating stations and cooling water efficiency at nuclear and thermal generating stations, changes in climate can also affect the reliability and life expectancy of major equipment. OPG's resilience against these risks is anticipated to increase as adaptation actions are identified and completed. Over the medium and long term, government policies and regulations in support of a shift to a lower-carbon economy may result in transition risks, such as changes in the electricity supply and demand profiles in the regions where OPG operates and impacts on the Company's carbon-based generating technologies.

OPG's strategy to guide the Company's adaptation priorities includes integrating considerations of climate-related risks and opportunities into applicable business processes, such as investment decisions and engineering processes, and implementing standardized decision supports to enable this integration. The Company is also continuing to evaluate and prioritize potential physical and transition risks over the near, medium and long term timeframes. As part of this process, OPG continues to increase data collection and develop modelling to better understand the range of potential climate impacts on the business and to identify opportunities for increasing resilience. OPG also participates in practical research studies with external consortiums and industry groups to develop and advance industry specific adaptation strategies and frameworks.

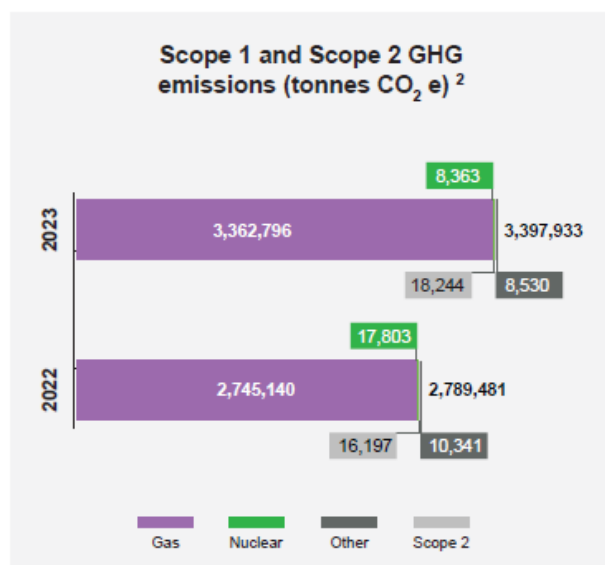
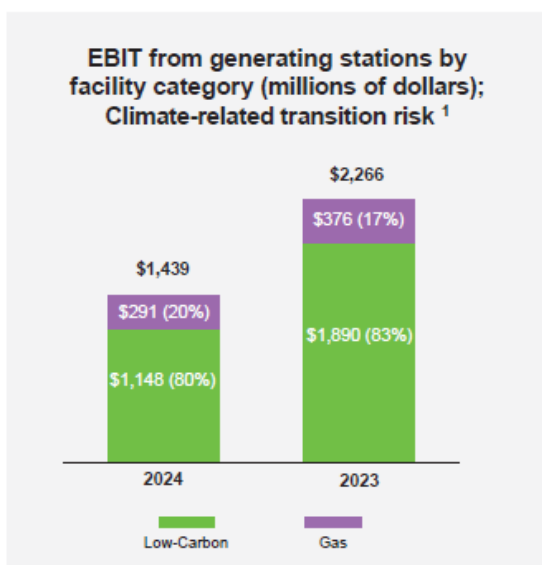
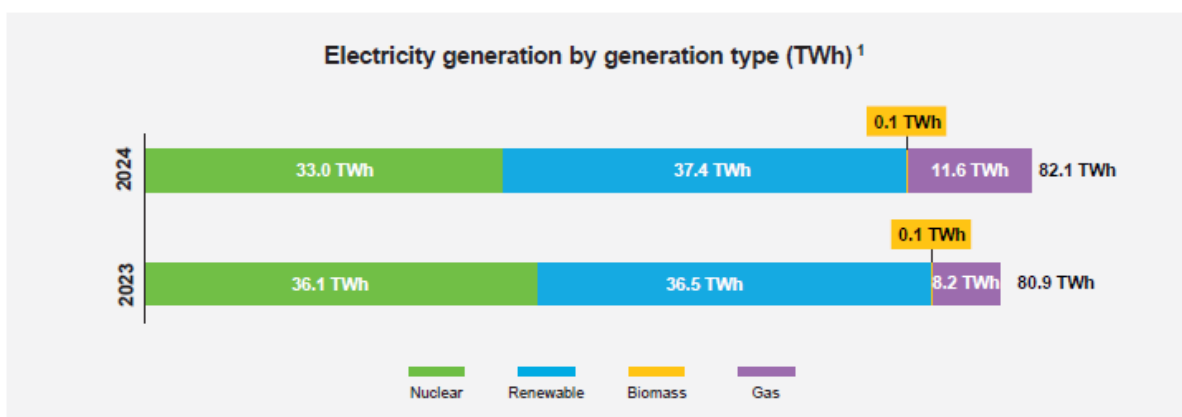
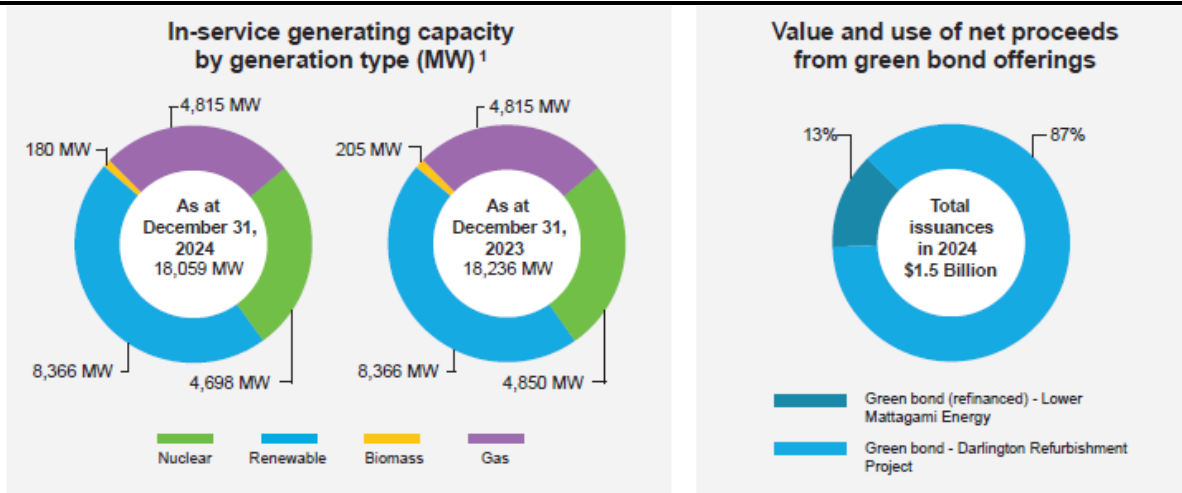
Internal Carbon Prices

The Canadian federal *Greenhouse Gas Pollution Pricing Act* provides for a price of carbon through an Output-Based Pricing System for industrial facilities and a fuel charge for non-exempt fossil fuel purchases, with the federal carbon price per tonne of carbon dioxide equivalent (CO₂e) emissions increasing by \$15 per year, from \$65 in 2023 to \$170 in 2030. Ontario's Emissions Performance Standard program aligns with the federal carbon pricing. For OPG, compliance obligations for carbon pricing apply to the Lennox GS and Atura Power's combined cycle plants. OPG has implemented processes to recover carbon costs to the extent possible under the current revenue arrangements for these assets. As a result, the carbon pricing is not expected to have a material financial impact on the Company.

Climate-Related Performance and Key Metrics

OPG continues to determine the most relevant climate-related impacts for the business in the context of its ESG and Sustainability framework and is engaged in aligning with industry metrics. OPG is in the process of developing such quantitative metrics and targets for climate change as part of an effort to integrate climate considerations into business processes. In the meantime, OPG has identified certain initial metrics that it considers relevant to stakeholders, which are as follows as at and for the years ended December 31:

Climate Change Metrics



¹ Includes OPG's proportionate share of in-service generating capacity and electricity generation from co-owned and minority-held facilities. Nuclear generating units undergoing refurbishment are excluded. Gas category includes the dual-fueled Lennox GS and the Company's combined cycle plants operated through Atura Power.

² OPG continues to evaluate and enhance its Scope 1 and 2 GHG emission sources and quantification processes.

<i>In-service generating capacity by generation type</i> ¹	In-service generating capacity from low-carbon emitting and gas generation sources decreased as at December 31, 2024, compared to December 31, 2023. The decrease was primarily due to Unit 1 and Unit 4 of the Pickering GS ceasing commercial operation and being permanently taken offline on October 1, 2024, and December 31, 2024, respectively. The decrease was partially offset by Unit 1 of the Darlington GS returning to service from refurbishment on November 27, 2024. Low-carbon sources continue to account for the majority of OPG's total in-service generating capacity.
<i>Electricity generation by generation type</i> ²	OPG's total electricity generation supplied by low-carbon sources for the year ended December 31, 2024 was approximately 86 percent of OPG's total electricity generation in 2024, compared to approximately 90 percent in 2023. The decrease in the percentage of generation from low-carbon sources was primarily due to lower electricity generation from the Regulated – Nuclear business segment as a result of higher planned and unplanned outage days at the Darlington GS and the cessation of commercial operation of Unit 1 of the Pickering GS, and from an increase in electricity generation from the Atura Power business segment due to higher demand for electricity generation from the combined cycle plants.
<i>EBIT from generating stations by facility category; Climate-related transition risk</i> ³	Earnings before interest and income taxes from low-carbon electricity generation decreased in 2024, compared to 2023, primarily due to lower revenue from the Regulated – Nuclear Generation business segment and lower earnings from the Contracted Hydroelectric and Other Generation business segment. For further details, refer to the sections, <i>Regulated – Nuclear Generation Segment</i> and <i>Contracted Hydroelectric and Other Generation Segment</i> under the heading, <i>Discussion of Operating Results by Business Segment</i> .
<i>Value and use of net proceeds from the green bond offerings</i>	In June 2024, OPG's wholly-owned LME completed a private placement bond offering with the issuance of \$200 million of green bonds, the net proceeds of which were used to refinance LME debt maturities in June 2024. OPG issued \$1 billion of green bonds under its Medium Term Note Program in June 2024 and, in September 2024, re-opened these issuances for an additional \$300 million. The net proceeds from these issuances were used to finance or re-finance Eligible Green Projects as defined under OPG's Sustainable Finance Framework. For further details, refer to the section, <i>Significant Developments</i> under the heading, <i>Financial Strength – Green Bonds</i> . OPG's Sustainable Finance Framework is available on the Company's website at www.opg.com .
<i>Scope 1 GHG emissions – Direct and Emission Rate</i> ⁴	The Scope 1 GHG emissions metric identifies direct CO ₂ e emissions from OPG's thermal and nuclear operations and other facilities. For the year ended December 31, 2023, 3,362,796 tonnes of CO ₂ e (2022 – 2,745,140 tonnes of CO ₂ e) were emitted by thermal operations, representing over 99 percent of OPG's total CO ₂ e emissions, with the remainder emitted by nuclear operations and other facilities. The increase in CO ₂ e emissions in 2023 was primarily due to increased electricity generation from Atura Power's combined cycle plants. For the year ended December 31, 2023, OPG emitted CO ₂ e at an average rate of 41.7 grams per kilowatt-hour (kWh) of its total electricity generation (2022 – 35.3 grams per kWh).
<i>Scope 2 GHG emissions – Indirect</i> ⁴	The Scope 2 GHG emissions metric identifies indirect CO ₂ e emissions from the purchase of energy from utility providers. For the year ended December 31, 2023, an estimated 18,244 tonnes of CO ₂ e (2022 – 16,197 tonnes of CO ₂ e) were emitted based on purchases of energy. The increase in CO ₂ e emissions in 2023 was primarily due to ongoing efforts to improve the GHG emissions inventory for this category.

¹ Identifies capacity available from OPG's different generation sources and tracks low-carbon energy capacity relative to other sources. Nuclear, Renewable (which includes hydroelectric and solar) and Biomass (which uses wood pellets from sustainably managed forests) generation are considered to be low-carbon emitting generation sources.

² Identifies electricity generated from OPG's different generation sources and tracks low-carbon energy generation sources (Nuclear, Renewable and Biomass) relative to other sources.

³ Identifies the portion of OPG's EBIT from electricity generating stations derived from low-carbon generation sources.

⁴ Scope 1 GHG emissions, Emission Rate and Scope 2 GHG emissions are reported annually.

Equity, Diversity and Inclusion

OPG is committed to workplace ED&I as part of a culture in which all employees, contractors and business partners are treated with fairness and respect. OPG recognizes that ED&I is integral to having a diverse, committed and agile workforce in a dynamic and changing industry, and is fundamental to achieving the Company's strategic goals.

With the support of its employees, host communities and business partners, the Company continues to advance its ED&I strategy and priorities, as follows:

- Accelerate equity – Ensure the Company's workforce is reflective of the communities it serves;
- Celebrate diversity – Celebrate employees with unique backgrounds, skills and characteristics; and
- Foster a culture of inclusion – Create inclusive cultures where everyone can connect, belong and grow.

The Company's commitment to ED&I underpins its 10-year ED&I Strategy and is reinforced through the Company's Code of Business Conduct and related governance. OPG's ED&I Strategy can be found on the Company's website www.opg.com.

In 2024, OPG received the Government of Canada's Employment Equity Achievement Award for Innovation. This award recognized OPG for achievement in implementing employment equity in the workplace, reflecting OPG's commitment to the Company's values of innovation and inclusion.

OPG continues to advance its ED&I commitment at the enterprise and site levels of the organization through comprehensive programming and support for local ED&I committees and employee resource groups across the province. These structures support ED&I policies, programs and initiatives, and facilitate employee engagement, feedback, networking opportunities, peer-to-peer discussion, and the promotion of ED&I awareness. During the third quarter of 2024, OPG completed a benchmarking exercise of its employee resource groups to better understand best practices and identify opportunities to enhance engagement and effectiveness of these structures.

OPG is committed to proactive employment practices to increase representation of the four designated groups under the *Employment Equity Act*. OPG uses metrics provided by Employment and Social Development Canada to assess progress and identify gaps between external availability and internal representation of the four designated groups. Labour market availability (LMA) calculations are based on data from Statistics Canada and the Canadian Survey on Disability, and are specific to OPG's industry, geographic locations and occupational categories. Under the *Employment Equity Act*, a workforce achieves employment equity when the internal representation of designated groups is equal to the relevant LMA.

OPG's workforce representation of these groups as at December 31 was as follows, compared to LMA:

Designated Group ¹	Labour Market Availability ²	2024 ³	2023 ³
Women	27.7%	24.6%	24.0%
Indigenous Peoples	2.3%	2.5%	2.1%
Racialized People	23.9%	22.9%	19.3%
Persons with Disabilities	8.5%	7.2%	6.2%

¹ OPG's workforce representation values depend on employees voluntarily self-identifying.

² The LMA values shown are from 2023, as 2024 LMA data is not yet available.

³ In 2024, workforce representation values were expanded to include temporary employees. For comparability, 2023 workforce representation values have been updated to also include temporary employees.

During 2024, OPG's continued to advance proactive employment equity initiatives that support the recruitment and advancement of designated group members, and conducted targeted outreach to increase the employees' response rate on OPG's employment equity workforce census. These efforts contributed to an increase in the overall workforce representation for the four designated groups in 2024, compared to 2023. OPG recognizes that representation gaps exist at various job levels and is committed to continuing to build a workforce that is reflective of the communities it serves across the organization.

OPG applies ED&I principles to succession planning and metrics to ensure candidate pools for management positions are diverse and equitable. Representation of designated groups at the Board and senior management level as of December 31, 2024 was as follows:

	Women		Total
Directors	6	54.5%	11
Diverse Directors ¹			>50%
Corporate Officers ²	4	44.4%	9
Enterprise Leadership Team ³	6	54.5%	11
Senior Leadership Team ⁴	25	34.7%	72

¹ Under the *Canada Business Corporations Act* definition, OPG's Directors include three individuals who are members of more than one of the four designated groups.

² OPG management designated as corporate officers as defined by the *Business Corporations Act* (Ontario).

³ Enterprise Leadership Team (ELT) comprises the OPG President and CEO, C-Suite Officers and Senior Vice Presidents who report directly to the CEO or who may be named to the ELT.

⁴ In 2024, Senior Leadership Team values were expanded to include vice presidents, or equivalent, who do not report directly to a member of the ELT.

Indigenous Relations

OPG owns and operates electricity generation assets within the treaty and traditional territories of Indigenous peoples across Ontario. OPG's Indigenous Relations Policy and Reconciliation Action Plan formalize the Company's commitment to working with Indigenous communities to foster positive and mutually beneficial relationships that will create social and economic benefits through partnership and collaboration. OPG seeks to establish these relationships based on a foundation of respect, transparency and mutual responsibility. OPG's commitment in the area of Indigenous relations includes, where appropriate, pursuing generation-related development partnerships on the basis of long-term commercial arrangements and other joint projects proximate to the Company's present and future operations. OPG maintains a certified Gold Designation under the Canadian Council for Indigenous Business' Partnership Accreditation in Indigenous Relations program, which recognizes OPG as a national best-practices organization with a demonstrated commitment in the area of Indigenous relations. OPG's Reconciliation Action Plan can be found on the Company's website www.opg.com.

The Company has partnered successfully with Indigenous communities in Ontario on the construction of the Peter Sutherland Sr. hydroelectric GS project, the Lower Mattagami River hydroelectric project, the Lac Seul hydroelectric GS and the Nanticoke solar facility. The following table provides aggregate statistics related to these generation-related development partnerships for the years ended December 31:

Indigenous partnerships data	2024	2023
In-service generating capacity constructed in partnership with Indigenous communities (MW)	574	574
Electricity generation revenues earned in partnership with Indigenous Communities (millions of dollars)	263	261

OPG continues to undertake proactive and ongoing engagement with Indigenous communities in relation to the Company's operations and projects, including the following:

- On May 25, 2024, OPG delivered a formal apology to Wahnapiitae First Nation (WFN) leadership and community members for historical impacts created when the Wanapitei Lake Dam was built, more than 100 years ago. The apology ceremony was part of a past grievance resolution process which OPG and WFN concluded with the signing of a final settlement agreement (FSA) in 2013. As part of the FSA, OPG and WFN were to complete shoreline protection in the community before the apology was delivered; and
- OPG is actively engaged with multiple Indigenous Nations and communities that have Aboriginal, Treaty and Inherent rights or interests on the lands and territories on which the DNNP is located. Twice monthly meetings took place throughout 2024 to ensure the First Nations with recognized Treaty Rights had access to information and were able to impact the project outcomes.

Increasing access to employment and procurement opportunities for Indigenous Peoples remains a key commitment in OPG's Reconciliation Action Plan. Central to this effort is OPG's Indigenous Opportunities Network (ION) program, which completed its seventh year in 2024. The program, a collaboration between OPG, the Electrical Power Systems Construction Association (EPSCA), Kagita Mikam Aboriginal Employment and Training, unions, and vendors engaged on the Darlington Refurbishment project, places Indigenous participants in energy sector building trades, such as carpenters, boilermakers, and millwrights.

In 2024, OPG initiated a cross-functional process to develop a new ION Strategy to identify areas of success and opportunities for growth, informed by feedback from former program participants, Indigenous communities and stakeholders as well as industry trends. As of December 31, 2024, the ION program exceeded its annual target by 10 percent, with 55 ION participants placed into employment roles. Since the program was launched in 2018, a total of 180 ION participants have been placed into employment roles.

OPG continues to focus on increasing opportunities for Indigenous businesses to participate in the Company's supply chain through competitive procurement processes. Over the course of 2024, OPG awarded approximately \$170 million in such contracts to Indigenous businesses and partnerships. Since the launch of OPG's Reconciliation Action Plan in 2021, OPG has awarded approximately \$370 million in contracts to Indigenous businesses, representing approximately 37 percent of the Company's commitment to generate \$1 billion in economic impact with Indigenous businesses and communities over a 10-year period.

BUSINESS SEGMENTS

As at December 31, 2024, OPG had the following five reportable business segments:

- Regulated – Nuclear Generation;
- Regulated – Nuclear Sustainability Services;
- Regulated – Hydroelectric Generation;
- Contracted Hydroelectric and Other Generation; and
- Atura Power.

Regulated – Nuclear Generation Segment

The Regulated – Nuclear Generation business segment operates in Ontario, generating and selling electricity from the Darlington and Pickering nuclear generating stations, both owned and operated by OPG. The business segment also includes revenue under the terms of a long-term lease arrangement and related non-lease agreements with Bruce Power related to the Bruce nuclear generating stations. This includes lease revenue, fees for nuclear waste management services, and revenue from heavy water sales and detritiation services. The segment also earns revenue from regulated isotope sales contracts and from supplying ancillary services to the electricity system from the nuclear generating stations operated by OPG. Additionally, the segment includes expenditures related to the development of SMRs at the DNNP site as these SMRs are prescribed for rate regulation by the OEB.

Regulated – Nuclear Sustainability Services Segment

OPG's Regulated – Nuclear Sustainability Services business segment reports the results of the Company's operations associated with the management of used nuclear fuel and L&ILW, the decommissioning of OPG's nuclear generating stations including the stations on lease to Bruce Power and other facilities, the management of the Nuclear Segregated Funds, and related activities including the inspection and maintenance of the used nuclear fuel and L&ILW storage facilities. Accordingly, accretion expense, which is the increase in the Nuclear Liabilities carried on the consolidated balance sheets in present value terms due to the passage of time, and earnings from the Nuclear Segregated Funds are reported under this segment.

As the nuclear generating stations operate over time, OPG incurs incremental costs related to used nuclear fuel and L&ILW, which increase the Nuclear Liabilities. OPG charges these incremental costs to current operations in the Regulated – Nuclear Generation business segment to reflect the cost of producing energy from the Darlington and Pickering nuclear generating stations and earning revenue under the Bruce Power lease arrangement and related agreements. Since the incremental costs increase the Nuclear Liabilities reported in the Regulated – Nuclear Sustainability Services business segment, OPG records an inter-segment charge between the Regulated – Nuclear Generation and the Regulated – Nuclear Sustainability Services business segments. The impact of the inter-segment charge is eliminated in the consolidated statements of income and balance sheets.

The Regulated – Nuclear Sustainability Services business segment is considered regulated because OPG's costs associated with the Nuclear Liabilities are included in the OEB's determination of regulated prices for electricity produced from the Darlington and Pickering nuclear generating stations.

Regulated – Hydroelectric Generation Segment

OPG's Regulated – Hydroelectric Generation business segment operates in Ontario, generating and selling electricity from most of the Company's hydroelectric generating stations. The business segment comprises the results of 54 regulated hydroelectric generating stations located across a number of major river systems in the province. Additionally, the business segment includes revenues from supplying ancillary services to the electricity system and other revenues from OPG's regulated hydroelectric stations.

Contracted Hydroelectric and Other Generation Segment

The Contracted Hydroelectric and Other Generation business segment operates in Ontario and in the US, generating and selling electricity from the Company's non-regulated generating stations. The segment primarily includes generating facilities that operate under ESAs with the IESO. The majority of the generating facilities in the US currently supply energy and capacity into wholesale electricity markets.

The Contracted Hydroelectric and Other Generation business segment includes OPG's share of equity income from co-owned and minority-held non-regulated electricity generating facilities, and revenues from supplying ancillary services to the electricity system and other revenues from the stations included in the segment.

Atura Power Segment

The Atura Power business segment operates in Ontario, generating and selling electricity from the Company's fleet of combined cycle generating stations. All of the generating facilities included in the segment operate under ESAs with the IESO. The segment also includes revenues from participation in the IESO's operating reserve markets and generation cost guarantee programs. Additionally, the segment includes Atura Power's expenditures on development projects, including low-carbon hydrogen production, battery energy storage systems and combined cycle plant expansion.

DISCUSSION OF OPERATING RESULTS BY BUSINESS SEGMENT

Regulated – Nuclear Generation Segment

<i>(millions of dollars – except where noted)</i>	2024	2023
<i>Electricity generation (TWh)</i>	33.0	36.1
Revenue	3,798	4,277
Fuel expense	288	269
Gross margin	3,510	4,008
Operations, maintenance and administration expenses	2,474	2,410
Property taxes	25	25
Other losses	9	-
Earnings before interest, income taxes, depreciation and amortization	1,002	1,573
Depreciation and amortization expenses	665	527
Earnings before interest and income taxes	337	1,046

Earnings before interest and income taxes from the segment decreased by \$709 million in 2024, compared to 2023.

The decrease in segment earnings was primarily due to lower revenue of \$324 million driven by lower electricity generation of 3.1 TWh, and a decrease in revenue of \$146 million from a lower OEB-approved nuclear base regulated price in effect during 2024.

Higher OM&A expenses of \$64 million and lower amounts deferred in the Rate Smoothing Deferral Account of \$64 million also contributed to the lower segment earnings. The higher OM&A expenses were primarily due to higher expenditures related to the cyclical maintenance activities and other planned maintenance work executed as a result of higher planned outage days at the Darlington GS, partially offset by lower expenses due to fewer planned outage days at the Pickering GS. The decrease in segment earnings was partially offset by a higher amount of \$48 million recorded as recoverable from customers in the Pickering B Extension Variance Account in connection with forgone electricity generation due to activities associated with the extension of commercial operation of Units 5 to 8 of the Pickering GS to September 2026, prior to the planned refurbishment.

Increased compensation expenses in 2024 resulting from the ratification of a three-year renewal collective agreement between the PWU and OPG in November 2024 were offset by the higher compensation expenses recognized in 2023 related to the impact on OPG's collective agreements from the Bill 124 Court Decision and the OEB's subsequent decisions issued in 2023 that denied OPG's request for a regulatory variance account to record these cost impacts.

The higher depreciation and amortization expenses of \$101 million in 2024, compared to 2023, excluding amortization expense related to the recovery and repayment of OEB-authorized regulatory account balances, were primarily due to higher depreciation expense recognized from placing capital in service, including the return to service of Unit 3 and Unit 1 of the Darlington GS following refurbishment in July 2023 and November 2024, respectively, and lower amounts of depreciation expense recorded as recoverable from customers through regulatory accounts.

An increase in revenue in 2024 reflecting the impact of the new rate riders for disposition of regulatory accounts under the OEB's June 2024 decision and order approving the 2024 Settlement Agreement, effective July 1, 2024, was largely offset by a corresponding increase in the amortization expense of regulatory assets and regulatory liabilities recorded for regulatory account balances.

The planned and unplanned outage days at the Darlington and Pickering nuclear generating stations were as follows:

	2024	2023
Planned Outage Days		
Darlington GS ¹	118.3	11.8
Pickering GS	295.6	371.2
Unplanned Outage Days		
Darlington GS ¹	88.3	20.9
Pickering GS	76.6	76.1

¹ The planned and unplanned outage days exclude unit(s) during the period in which they are undergoing refurbishment. Accordingly, Unit 3 and Unit 1 of the Darlington GS were excluded from the reported planned and unplanned outage days during their refurbishment periods of September 3, 2020 to July 17, 2023, and February 15, 2022 to November 27, 2024, respectively. Unit 4 of the Darlington GS has been excluded from the measure since commencing refurbishment on July 19, 2023.

The higher planned outage days at the Darlington GS during 2024, compared to 2023, were driven by the impact of the station's cyclical maintenance schedule and other planned maintenance work executed on the station's Unit 2 in the first half of the year.

The lower planned outage days at the Pickering GS during 2024, compared to 2023, were driven by the impact of the station's cyclical maintenance schedule and other planned maintenance work executed at the station in 2023.

The higher unplanned outage days at the Darlington GS during 2024, compared to 2023, were primarily due to non-routine turbine generator maintenance activities on the station's Unit 2 in the fourth quarter of 2024 and steam generator repair activities on the station's Unit 3 during the first half of 2024.

The unplanned outage days at the Pickering GS during 2024 were comparable to 2023.

The Unit Capability Factors for the Darlington and Pickering nuclear generating stations were as follows:

	2024	2023
Unit Capability Factor (%) ^{1,2}		
Darlington GS	74.6	97.0
Pickering GS	83.3	80.7

¹ Nuclear Unit Capability Factor excludes unit(s) during the period in which they are undergoing refurbishment.

² Nuclear Unit Capacity Factor is defined in the section, *Key Operating Performance Indicators and Non-GAAP Financial Measures*.

The Unit Capability Factor at the Darlington GS decreased in 2024, compared to 2023, primarily due to a higher number of planned and unplanned outage days. The higher Unit Capability Factor at the Pickering GS in 2024, compared to 2023, was due to fewer planned outage days.

Regulated – Nuclear Sustainability Services Segment

<i>(millions of dollars – except where noted)</i>	2024	2023
Revenue	185	203
Operations, maintenance and administration expenses	185	203
Accretion on nuclear fixed asset removal and nuclear waste management liabilities	1,210	1,167
Earnings on nuclear fixed asset removal and nuclear waste management funds	(1,102)	(1,057)
Loss before interest and income taxes	(108)	(110)

The segment loss before interest and income taxes decreased by \$2 million in 2024 compared to 2023. The decrease was primarily due to higher earnings on the Nuclear Segregated Funds, largely offset by higher accretion expense on the Nuclear Liabilities. The higher accretion expense on the Nuclear Liabilities was due to the increase in the present value of the underlying obligation to reflect the passage of time.

The higher earnings from the Nuclear Segregated Funds were primarily due to the growth in the present value of the underlying funding liabilities per the approved ONFA reference plan in effect. As both the Decommissioning Segregated Fund and the Used Fuel Segregated Fund were in an overfunded position during both 2024 and 2023, they were not impacted by market returns or the rate of return guarantee provided by the Province for a portion of the Used Fuel Segregated Fund. When both funds are in an overfunded position, OPG limits the amount of Nuclear Segregated Funds assets reported on the consolidated balance sheet to the present value of the underlying funding liabilities per the approved ONFA reference plan in effect. Further details on the accounting for the Nuclear Segregated Funds can be found in the section, *Critical Accounting Policies and Estimates* under the heading, *Nuclear Fixed Asset Removal and Nuclear Waste Management Funds*.

Regulated – Hydroelectric Generation Segment

<i>(millions of dollars – except where noted)</i>	2024	2023
<i>Electricity generation (TWh)</i>	32.5	31.4
Revenue ¹	1,571	1,485
Fuel expense	335	327
Gross margin	1,236	1,158
Operations, maintenance and administration expenses	413	391
Property tax	1	1
Other losses	11	9
Earnings before interest, income taxes, depreciation and amortization	811	757
Depreciation and amortization expenses	227	181
Earnings before interest and income taxes	584	576

¹ During 2024 and 2023, the Regulated – Hydroelectric Generation business segment revenue included incentive payments of \$28 million and \$15 million, respectively, related to the OEB-approved hydroelectric incentive mechanism. The mechanism provides a pricing incentive to OPG to shift hydroelectric production from lower market price periods to higher market price periods, reducing the overall costs to customers. The incentive payments are reduced to remove incentive revenues arising in connection with SBG conditions.

Earnings before interest and income taxes from the segment increased by \$8 million in 2024, compared to 2023. The increase in segment earnings was mainly due to higher revenues, largely driven by fewer outages impacting production at the regulated hydroelectric generating stations in 2024 and higher hydroelectric incentive mechanism payments, which was partly offset by higher OM&A expenses, mainly driven by increased planned maintenance activities.

An increase in revenue in 2024 reflecting the impact of the new rate riders for disposition of regulatory accounts under the OEB's June 2024 decision and order approving the 2024 Settlement Agreement, effective July 1, 2024, was largely offset by a corresponding increase in the amortization expense of regulatory assets and regulatory liabilities recorded for regulatory account balances.

The Hydroelectric Availability for the generating stations reported in the Regulated – Hydroelectric Generation business segment was as follows:

	2024	2023
Hydroelectric Availability (%) ¹	85.8	85.4

¹ Hydroelectric Availability is defined in the section, *Key Operating Performance Indicators and Non-GAAP Financial Measures*.

The Hydroelectric Availability in 2024 was comparable to 2023.

Contracted Hydroelectric and Other Generation Segment

<i>(millions of dollars – except where noted)</i>	2024	2023
<i>Electricity generation (TWh)</i>	5.0	5.2
Revenue	815	815
Fuel expense	59	58
Gross margin	756	757
Operations, maintenance and administration expenses	307	274
Accretion on fixed asset removal liabilities	9	8
Property taxes	18	18
Other losses	6	4
Earnings before interest, income taxes, depreciation and amortization	416	453
Depreciation and amortization expenses	174	165
Earnings before interest and income taxes	242	288

Earnings before interest and income taxes from the segment decreased by \$46 million in 2024, compared to 2023. The decrease was primarily due to lower earnings from the US operations, largely driven by OM&A expenses reflecting business development activities for community solar generation projects following the acquisition of Lightstar in January 2024, and higher depreciation and amortization expenses. The higher depreciation and amortization expenses were driven primarily by a depreciation adjustment recorded during the second quarter of 2024 in relation to the reclassification of certain US-based hydroelectric facilities from being held for sale to PP&E and intangible assets.

The Hydroelectric Availability and the Thermal Equivalent Forced Outage Rate (EFOR) within the Contracted Hydroelectric and Other Generation business segment were as follows:

	2024	2023
Hydroelectric Availability (%) ^{1,2}	80.8	85.9
Thermal EFOR (%) ²	3.8	1.8

¹ Hydroelectric Availability reflects hydroelectric generating stations in Ontario and the United States.

² Hydroelectric Availability and Thermal EFOR are defined in the section, Key Operating Performance Indicators and Non-GAAP Financial Measures.

The Hydroelectric Availability decreased in 2024, compared to 2023, primarily due to higher planned outages at the Lower Mattagami hydroelectric generating stations.

The Thermal EFOR increased in 2024, compared to 2023, primarily due to higher unplanned outages at the Lennox GS and the Atikokan GS.

Atura Power Segment

<i>(millions of dollars – except where noted)</i>	2024	2023
<i>Electricity Generation (TWh)</i>	11.6	8.2
Revenue	871	789
Fuel expense	367	320
Gross margin	504	469
Operations, maintenance and administration expenses	98	80
Accretion on fixed asset removal liabilities	2	2
Property taxes	2	3
Other losses (gains)	1	(93)
Earnings before interest, income taxes, depreciation and amortization	401	477
Depreciation and amortization expenses	125	121
Earnings before interest and income taxes	276	356

Earnings before interest and income taxes from the segment decreased by \$80 million in 2024 compared to 2023. The decrease was primarily due to the release of a previously recognized contingent liability in the fourth quarter of 2023 under a 2021 settlement agreement related to an acquisition of combined cycle plants. The decrease was partially offset by higher gross margin as a result of higher demand for electricity generation from the combined cycle plants. The higher OM&A expenses were due to increased maintenance activities at the combined cycle plants.

The Thermal Availability for the assets within the Atura Power business segment was as follows:

	2024	2023
Thermal Availability (%) ¹	86.4	89.5

¹ Thermal Availability is defined in the section, *Key Operating Performance Indicators and Non-GAAP Financial Measures*. The measure reflects the availability of the combined cycle plants as at the year-end date, calculated on a three-year rolling average basis.

The Thermal Availability for the combined cycle plants decreased as at December 31, 2024, compared to December 31, 2023, primarily due to a planned outage at the Halton Hills GS.

LIQUIDITY AND CAPITAL RESOURCES

OPG maintains a range of funding sources to ensure sufficient liquidity and meet financing requirements. These sources are used for multiple purposes including: to invest in plants and technologies, undertake major projects and business acquisitions, fund long-term obligations such as contributions to the pension fund, make payments under the OPEB plans, fund expenditures on Nuclear Liabilities not eligible for reimbursement from the Nuclear Segregated Funds, service and repay long-term debt, and provide general working capital.

Changes in cash and cash equivalents for 2024 and 2023 were as follows:

<i>(millions of dollars)</i>	2024	2023
Cash, cash equivalents and restricted cash, beginning of period	1,481	1,595
Cash flow provided by operating activities	2,211	2,538
Cash flow used in investing activities	(3,668)	(2,969)
Cash flow provided by financing activities	1,326	320
Effect of exchange rate changes on cash, cash equivalents and restricted cash	13	(3)
Net decrease in cash, cash equivalents and restricted cash	(118)	(114)
Cash and cash equivalents and restricted cash, end of period	1,363	1,481

For a discussion of cash flow provided by operating activities, refer to the details in the section, *Highlights* under the heading, *Overview of Results*.

Investing Activities

Electricity generation is a capital-intensive business. It requires continued investment in plants and technologies to maintain and improve operating performance including asset reliability, safety and environmental performance, to increase the generating capacity and extend the operating life of existing stations, and to invest in the development of new generating facilities, emerging technologies and other business growth opportunities.

Cash flow used in investing activities increased by \$699 million in 2024, compared to 2023, primarily due to higher capital expenditures, mainly within the Regulated – Nuclear Generation business segment, and the acquisition of Lightstar on January 31, 2024. The increase was partially offset by the purchase of the new corporate headquarters building and surrounding lands at 1908 Colonel Sam Drive in Oshawa, Ontario in February 2023.

Financing Activities

As at December 31, 2024, long-term debt outstanding was \$11,707 million, with \$604 million representing amounts due within one year. Short-term debt outstanding as at December 31, 2024 was \$215 million.

Cash flow provided by financing activities increased by \$1,006 million in 2024, compared to 2023, primarily due the issuance of \$1.3 billion of green bonds through the Company's Medium Term Note Program during 2024. The increase was partially offset by higher repayments of long-term debt and lower net issuances of short-term debt during 2024.

Committed credit facilities and maturity dates as at December 31, 2024 were as follows:

<i>(millions of dollars)</i>	Amount
Bank facilities:	
Corporate ^{1,2}	1,211
Corporate ¹	750
Lower Mattagami Energy Limited Partnership ³	460
OPG Eagle Creek Holdings LLC and subsidiaries	20
Ontario Financing Authority facility ²	1,250
Ontario Electricity Financial Corporation facility ²	750

¹ Certain corporate credit facilities contain a sustainability-linked feature that allows reduced pricing if the Company meets certain sustainability targets.

² Represents amounts available under the facility net of debt issuances.

³ Letter of credit of \$60 million was outstanding under this facility as at December 31, 2024.

Short-term debt, letters of credit and guarantees as at December 31 were as follows:

<i>(millions of dollars)</i>	2024	2023
Lower Mattagami Energy Limited Partnership	215	200
Total short-term debt	215	200
Letters of credit	504	525
Guarantees ¹	30	32

¹ As at December 31, 2024, the potential impact of the fair value of the outstanding guarantees to income is \$1 million and OPG does not expect to make any payments associated with these guarantees.

As of December 31, 2024, a total of \$504 million of letters of credit had been issued. As of December 31, 2024, this included \$314 million for the supplementary pension plans, \$60 million for Lower Mattagami Energy Limited Partnership, \$51 million for general corporate purposes, \$45 million for Atura Power, \$19 million for Eagle Creek and its subsidiaries, \$14 million for UMH Energy Partnership, and \$1 million for PSS Generating Station Limited Partnership.

Long-term debt balances as at December 31 were as follows:

<i>(millions of dollars)</i>	2024	2023
Medium Term Notes payable	5,950	4,650
Senior notes payable under OEFC and corporate credit facilities	2,859	2,822
Project financing	2,916	2,877
Other	25	25
Total Long-term debt ¹	11,750	10,374

¹ Excludes the impact of fair value premium and unamortized bond issuance fees.

Further details on financing activities during the year can be found in the section, *Significant Developments* under the heading, *Financial Strength*.

Share Capital

As at December 31, 2024 and 2023, OPG had 256,300,010 common shares issued and outstanding at a stated value of \$5,126 million. OPG is authorized to issue an unlimited number of common shares without nominal or par value. Any issue of new shares is subject to the consent of OPG's shareholder, the Province.

As at December 31, 2024 and 2023, OPG had 18,343,815 Class A shares issued and outstanding at a stated value of \$787 million. OPG is entitled to redeem outstanding Class A shares as may be approved by OPG's Board.

Contractual Obligations

OPG's contractual obligations as at December 31, 2024 were as follows:

<i>(millions of dollars)</i>	2025	2026	2027	2028	2029	Thereafter	Total
Fuel supply agreements	218	186	172	143	109	343	1,171
Contributions to the OPG registered pension plan ¹	125	128	-	-	-	-	253
Long-term debt repayment	604	674	530	269	505	9,168	11,750
Interest on long-term debt	439	421	410	392	379	5,153	7,194
Short-term debt repayment	215	-	-	-	-	-	215
Commitments related to Darlington Refurbishment project ²	163	-	-	-	-	-	163
Commitments related to Atura Power development projects ²	503	132	-	16	-	-	651
Commitments related to Pickering Refurbishment project and DNNP ²	229	-	-	-	-	-	229
Operating licences	57	57	64	62	51	105	396
Operating lease obligations	15	14	11	4	3	36	83
Accounts payable, accrued charges and other payables	1,890	9	10	9	10	278	2,206
Other	50	71	49	33	20	89	312
Total	4,508	1,692	1,246	928	1,077	15,172	24,623

¹ Represents the estimated pension contributions consistent with the period covered by the actuarial valuation of the OPG registered pension plan as at January 1, 2024. The next actuarial valuation of the OPG registered pension plan must have an effective date no later than January 1, 2027. Funding requirements after January 1, 2027 are excluded due to significant variability in the assumptions required to project the timing of future cash flows.

² Represents estimated currently committed costs to close the projects, including accruals for completed work, demobilization of project staff and cancellation of existing contracts and material orders.

Ontario Nuclear Funds Agreement

Pursuant to the ONFA, OPG may be required to make contributions to the Nuclear Segregated Funds, based on life cycle cost estimates and resulting funding liabilities for nuclear facilities decommissioning and nuclear waste management, determined under periodically updated reference plans as approved by the Province. Based on the 2022 ONFA Reference Plan approved by the Province, OPG is currently not required to make overall contributions to the Nuclear Segregated Funds. Contributions may be required in the future should the Nuclear Segregated Funds be in an underfunded position at the time of the next ONFA reference plan update, which is scheduled to be completed at the end of 2026. Such may be the case as a result of variability in fund asset performance due to volatility inherent in financial markets and, for the portion of the Used Fuel Segregated Fund guaranteed by the Province, changes in the Ontario CPI, as well as changes in funding liability estimates.

Further details on the Nuclear Segregated Funds can be found in the section, *Critical Accounting Policies and Estimates* under the heading, *Nuclear Fixed Asset Removal and Nuclear Waste Management Funds*.

Collective Agreements

As at December 31, 2024, OPG and its wholly-owned subsidiaries had approximately 11,030 regular and term-based employees (regular workforce), mostly in Ontario. Pursuant to collective agreements, term-based unionized employees may be hired in place of regular unionized employees for positions likely to be eliminated as a result of the shutdown of the Pickering GS units. Most of OPG's regular workforce in Ontario is represented by two unions:

- PWU – As at December 31, 2024, this union represented approximately 5,180 regular and term-based employees, or 47 percent of OPG and its subsidiaries' regular workforce. Union membership includes station operators, technicians, skilled trades, clerical staff and security personnel. On November 20, 2024, the PWU membership ratified a three-year renewal collective agreement negotiated by the parties, covering the period from April 1, 2024 to March 31, 2027.

Additionally, there are two collective agreements between the PWU and Atura Power, and a collective agreement between the PWU and LEP. On July 19, 2024, a two-year renewal collective agreement expiring on November 16, 2025 was ratified by the PWU-represented employees at the Brighton Beach GS. The governing collective agreement covering PWU-represented employees at Atura Power's other facilities expired on December 31, 2024, and negotiations for a renewal collective agreement are ongoing. The governing two-year collective agreement between PWU and LEP expired on February 28, 2025, and negotiations for a renewal collective agreement are ongoing.

- Society – As at December 31, 2024, this union represented approximately 4,000 regular and term-based employees, or 36 percent of OPG and its subsidiaries' regular workforce. Union membership includes supervisors, professional engineers, scientists and other professionals. The current two-year collective agreement between the Society and OPG expires on December 31, 2025.

In June 2023, the Society filed a related employer application with the Ontario Labour Relations Board. The application identified OPG and Atura Power as responding parties and asserted that they constitute a single employer for purposes of the Ontario *Labour Relations Act, 1995*, or in the alternative that a sale of business has occurred. Both OPG and Atura Power are opposing the application. Discussions are ongoing between the parties and two additional hearing dates have been scheduled in September 2025.

In addition, construction work in Ontario is performed through craft unions with established bargaining rights at OPG facilities. These bargaining rights are established either through the EPSCA or directly with OPG or its wholly-owned subsidiaries. The associated collective agreements are negotiated either directly between the parties or through the EPSCA, as applicable. Most of these collective agreements currently have multi-year terms that expire on April 30, 2025. Negotiations for the renewal of such collective agreements are ongoing, with 11 agreements finalized, one pending ratification, and nine agreements pending negotiations. All renewal agreements are expected to have five-year terms covering the period from May 1, 2025 to April 30, 2030. EPSCA is a voluntary association of owners and contractors who perform work in Ontario's electrical power systems sector.

BALANCE SHEET HIGHLIGHTS

The following section provides other highlights of OPG's 2024 audited consolidated financial position using selected balance sheet data as at December 31:

<i>(millions of dollars)</i>	2024	2023
Property, plant and equipment – net The increase was primarily due to capital expenditures during the year, partially offset by depreciation expense. Further details on capital expenditures can be found in the section, Highlights under the heading, <i>Capital Expenditures</i> .	36,131	33,460
Nuclear fixed asset removal and nuclear waste management funds <i>(current and non-current portions)</i> The increase was primarily due to earnings recognized on the Nuclear Segregated Funds, partially offset by reimbursement of eligible expenditures on nuclear fixed asset removal and nuclear waste management activities from the Nuclear Segregated Funds.	22,412	21,563
Long-term debt <i>(current and non-current portions)</i> The increase was primarily due to issuances under the Company's Medium Term Note Program and corporate credit facilities, net of debt repayments to the OEFC.	11,707	10,342
Fixed asset removal and nuclear waste management liabilities The increase was primarily a result of accretion expense, partially offset by expenditures on fixed asset removal and nuclear waste management activities.	26,042	25,386
Pension liabilities The decrease was primarily due to the excess of actual returns on pension plan assets over interest costs on the liabilities during 2024 and the remeasurement of the liabilities at the end of 2024 reflecting higher discount rates.	46	883

Off-Balance Sheet Arrangements

In the normal course of operations, OPG engages in a variety of transactions that, under US GAAP, are either not recorded in the Company's consolidated financial statements or are recorded in the Company's consolidated financial statements using amounts that differ from the full contract amounts. Principal off-balance sheet activities for OPG include guarantees and long-term contracts.

Guarantees

As part of normal business, OPG and certain of its subsidiaries and joint ventures enter into various agreements to provide financial or performance assurance to third parties. Such agreements include guarantees, standby Letters of Credit and surety bonds.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

OPG's significant accounting policies, including the impact of major recent accounting pronouncements, are outlined in Note 3 of OPG's 2024 audited consolidated financial statements. Certain of these policies are recognized as critical accounting policies by virtue of the subjective and complex judgments and estimates required around matters that are inherently uncertain and could result in materially different amounts being reported under different conditions or assumptions. The critical accounting policies and estimates that affect OPG's US GAAP consolidated financial statements are highlighted below.

Exemptive Relief for Reporting under US GAAP

In September 2022, OPG received an extension to its exemptive relief from the OSC requirements of section 3.2 of National Instrument 52-107 – *Acceptable Accounting Policies and Auditing Standards*. The exemption allows OPG to file consolidated financial statements based on US GAAP, rather than IFRS, without becoming a Securities and Exchange Commission registrant. This exemption replaced the previous exemptive relief received by OPG from the OSC in April 2018. The exemption will terminate on the earliest of the following:

- January 1, 2027;
- The financial year that commences after OPG ceases to have activities subject to rate regulation; and
- The financial year that commences on or following the later of:
 - I. The effective date prescribed by the International Accounting Standards Board (IASB) for the mandatory application of a standard within IFRS specific to entities with rate regulated activities (Mandatory Rate-regulated Standard); and
 - II. Two years after the IASB publishes the final version of a Mandatory Rate-regulated Standard.

The IASB's current standard-setting project related to entities with rate-regulated activities is ongoing.

Rate Regulated Accounting

The *Ontario Energy Board Act, 1998* and *Ontario Regulation 53/05* provide that OPG receives regulated prices for electricity generated from the 54 prescribed hydroelectric generating stations and the Darlington and Pickering nuclear generating stations located in Ontario. OPG's regulated prices for these facilities are determined by the OEB.

The OEB is a self-funding Crown corporation. Its mandate and authority come from the *Ontario Energy Board Act, 1998*, the *Electricity Act, 1998* and a number of other provincial statutes. The OEB is an independent, quasi-judicial tribunal that reports to the Legislature of the Province through the Ontario Ministry of Energy and Electrification. It regulates market participants in Ontario's natural gas and electricity industries. The OEB carries out its regulatory functions through public hearings and other more informal processes such as consultations.

US GAAP recognizes that rate regulation can create economic benefits and obligations that are required by the regulator to be obtained from, or settled with, the customers. When the Company assesses that there is sufficient assurance that incurred costs in respect of the regulated facilities will be recovered in the future, those costs are deferred and reported as a regulatory asset. When the Company is required to refund amounts to customers in the future in respect of the regulated facilities, including amounts related to costs that have not been incurred and for which the OEB has provided recovery through regulated prices, the Company records a regulatory liability.

Certain regulatory assets and regulatory liabilities recognized by the Company relate to regulatory accounts authorized by the OEB, or *Ontario Regulation 53/05*. The measurement of these regulatory assets and regulatory liabilities is subject to certain estimates and assumptions, including assumptions made in the interpretation of *Ontario Regulation 53/05* and the OEB's decisions. The estimates and assumptions made in the interpretation of the regulation and the OEB's decisions are reviewed as part of the OEB's regulatory process.

Regulatory assets and regulatory liabilities for regulatory account balances approved by the OEB for inclusion in regulated prices are amortized based on approved recovery or repayment periods.

In addition to regulatory assets and regulatory liabilities for regulatory accounts, OPG recognizes regulatory assets and regulatory liabilities for unamortized amounts recorded in accumulated other comprehensive income or loss (AOCI) in respect of pension and OPEB obligations, deferred income taxes, and, as applicable, differences between interim regulated prices charged to customers during an interim rate period and final regulated prices authorized or to be authorized by the OEB for that period, to reflect the expected recovery or repayment of these amounts through future regulated prices to be charged to customers. There are measurement uncertainties related to these balances due to the assumptions made in the determination of pension and OPEB obligations and deferred income taxes that are attributed to the regulated business segments, and assumptions made with respect to final regulated prices to be authorized by the OEB for an interim rate period.

The regulatory assets and regulatory liabilities recognized by the Company for unamortized pension and OPEB amounts recorded in AOCI has reflected the OEB's use, since April 1, 2008, of the accrual basis of accounting for including pension and OPEB amounts in approved regulated prices for OPG. This is also the manner in which these costs are recognized in OPG's audited consolidated financial statements. Therefore, unamortized amounts in respect of OPG's pension and OPEB plans recognized in AOCI generally would not be reflected in regulated prices until they have been reclassified from AOCI and recognized as amortization components of the benefit costs for these plans. The regulatory assets and regulatory liabilities are reduced as underlying unamortized balances are amortized as components of the benefit cost.

For the period from November 1, 2014 to December 31, 2021, the OEB limited amounts for pension and OPEB costs included in the nuclear and hydroelectric regulated prices to the respective regulated business' portions of the Company's cash expenditures for its pension and OPEB plans. The differences between actual pension and OPEB costs determined using the accrual method applied in OPG's audited consolidated financial statements and OPG's actual cash expenditures for these plans were captured in the OEB-authorized Pension & OPEB Cash Versus Accrual Differential Deferral Account for future consideration by the OEB.

In 2017, the OEB issued a report outlining the guiding principles and policy for recovery mechanisms of pension and OPEB costs of rate regulated utilities in the Ontario electricity and natural gas sectors. The report established the accrual basis of accounting as the method of determining pension and OPEB amounts for rate-setting purposes, unless the OEB finds that this method does not result in just and reasonable rates in the circumstances of a particular utility.

The OEB's February 2019 decision and order approving the proposed settlement reached by OPG and intervenors on OPG's August 2018 application to disposition regulatory accounts resulted in approval to recover the balance recorded in the Pension & OPEB Cash Versus Accrual Differential Deferral Account as of December 31, 2017, without adjustments. In making that decision and order, the OEB approved that the accrual method was the appropriate regulatory accounting and cost recovery basis for the December 31, 2017 pension and OPEB-related balances in the Pension & OPEB Cash Versus Accrual Differential Deferral Account.

The 2021 Settlement Agreement provided for recovery of pension and OPEB costs in the nuclear revenue requirements using the accrual method of accounting, with the differences between actual pension and OPEB costs determined using such method and corresponding forecast amounts reflected in the approved revenue requirements to be recorded in the Pension and OPEB Cost Variance Account for subsequent review and approval by the OEB. For the hydroelectric facilities, the Pension & OPEB Cash Versus Accrual Differential Deferral Account continues to record the differences between actual pension and OPEB costs determined using the accrual method and actual cash expenditures for these plans. The 2021 Settlement Agreement and the 2024 Settlement Agreement provided for recovery of the balance recorded in the Pension & OPEB Cash Versus Accrual Differential Deferral Account as of December 31, 2019 and December 31, 2022, respectively, without adjustments.

It is the Company's position that the above outcomes have collectively established the accrual basis of accounting as the default method of determining pension and OPEB amounts for rate-setting purposes and that there is sufficient likelihood that unamortized pension and OPEB amounts that have not yet been reclassified from AOCI, as well as amounts recorded in the Pension & OPEB Cash Versus Accrual Differential Deferral Account subsequent to

December 31, 2022 will be included in future regulated prices. Therefore, the Company continues to recognize regulatory assets and regulatory liabilities for these balances.

Useful Lives of Long-Lived Assets

The accounting estimates related to end-of-life assumptions for PP&E and intangible assets require significant management judgment, including consideration of various operating, technological and economic factors. OPG reviews the estimated useful lives for its PP&E and intangible assets, including end-of-life assumptions for major generating assets, on a regular basis. Major nuclear station components are depreciated over the lesser of the station life and the life of the components.

For nuclear generating stations operated by OPG, establishing station end-of-life assumptions primarily involves an assessment of operating lives of major life-limiting components such as fuel channel assemblies, taking into account expectations of future ability to economically operate and as appropriate refurbish the station for continued use. Expected operating lives of major life-limiting components are established through technical assessments of their fitness-for-service. Expectations of future ability to operate the station may be affected by operating licence requirements, ability to recover capital, operating and decommissioning costs and government policy, among other factors.

Although there is a link between the age of a hydroelectric generating facility and the capital investment required to maintain that facility, age does not generally establish an overall upper limit on the expected useful life of a hydroelectric generating station. Regular maintenance and the replacement of specific components typically allow hydroelectric stations to operate for very long periods. An estimated useful life not exceeding 100 years is used by OPG to depreciate dams and other major hydroelectric station structures.

Station end-of-life assumptions for thermal and solar generating assets are established based on operating life expectations of major components and expectations of future ability to economically operate the facility taking into consideration available revenue mechanisms.

Goodwill

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the assets acquired and liabilities assumed.

The Company allocates goodwill to operating segments that are expected to benefit from the goodwill recognized. At least once a year, the Company assesses qualitative and quantitative factors to determine whether it is more likely than not that the fair value of a reporting unit to which goodwill is attributed is less than its carrying amount. If it is more likely than not that a reporting unit's fair value is less than its carrying amount or if a quantitative assessment is elected, the Company calculates the fair value of the reporting unit. The carrying amount of a reporting unit's goodwill is considered not recoverable if the carrying amount of the reporting unit exceeds its fair value. Any impairment charge represents the excess of the reporting unit's carrying amount over its fair value, to the extent that the impairment charge is limited to the total amount of goodwill allocated to the reporting unit. Goodwill is tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

Nuclear Fixed Asset Removal and Nuclear Waste Management Funds

In accordance with the ONFA, OPG sets aside and invests funds that are held in segregated custodian and trustee accounts specifically for discharging its life cycle obligation for nuclear decommissioning and long-term nuclear waste management in connection with the existing facilities. The Decommissioning Segregated Fund was established to fund the future costs of nuclear fixed asset removal and long-term L&ILW management, and certain costs of used nuclear fuel storage incurred after the nuclear generating stations are shut down. The Used Fuel Segregated Fund was established to fund the future costs of long-term used nuclear fuel management and certain costs of used nuclear fuel storage incurred after the nuclear generating stations are shut down. Costs for interim management of L&ILW and used

nuclear fuel storage incurred during respective station operation are not generally reimbursed from the Nuclear Segregated Funds. Such costs are funded through the Company's operating cash flow or other sources of liquidity. The Ontario NFWA Trust (NFWA Trust), a trust fund established by OPG as an owner of used nuclear fuel to fund certain long-term used nuclear fuel management costs pursuant to the *Nuclear Fuel Waste Act* (Canada), forms part of the Used Fuel Segregated Fund, with any portion of the fund not in the NFWA Trust being able to be applied towards the NFWA Trust's annual contribution requirements.

Decommissioning Segregated Fund

Upon termination of the ONFA, the Province has the sole right to any excess funds in the Decommissioning Segregated Fund. Accordingly, when the Decommissioning Segregated Fund is overfunded, OPG limits the fund earnings it recognizes in the consolidated financial statements by recording an amount due to the Province, such that the fund asset recognized on the consolidated balance sheet is equal to the cost estimate of the liability based on the most recently approved ONFA reference plan. Additionally, OPG recognizes the portion of the surplus that it may direct to the Used Fuel Segregated Fund, which is possible when the surplus is such that the underlying liabilities, as defined by the most recently approved ONFA reference plan, are at least 120 percent funded. In those circumstances, OPG may direct, at the time a new or amended reference plan is approved, up to 50 percent of the surplus over 120 percent to the Used Fuel Segregated Fund, with the OEFC being entitled to a distribution of an equal amount. Therefore, when the Decommissioning Segregated Fund is at least 120 percent funded, OPG recognizes 50 percent of the excess greater than 120 percent in income, up to the amount by which the Used Fuel Segregated Fund is underfunded.

The amount due to the Province in respect of the Decommissioning Segregated Fund could be reduced in subsequent periods in the event that the fund earns less than its target rate of return, a new or amended ONFA reference plan is approved with a higher underlying funding liability, or the amount of the underfunding, if any, in the Used Fuel Segregated Fund increases.

When the Decommissioning Segregated Fund is underfunded, the earnings on the fund reflect actual fund returns based on the market value of the fund assets.

Used Fuel Segregated Fund

Under the ONFA, the Province guarantees OPG's annual return in the Used Fuel Segregated Fund at 3.25 percent plus the change in the Ontario CPI, as defined in the ONFA, for funding related to the first 2.23 million used nuclear fuel bundles (committed return). OPG recognizes the committed return on the Used Fuel Segregated Fund as earnings on the Nuclear Segregated Funds. The difference between the committed return and the actual market return determined based on the fair value of the fund assets related to the first 2.23 million used nuclear fuel bundles is recorded as due to or due from the Province. This amount represents the amount OPG would pay to, or receive from, the Province if the committed return were to be settled as of the consolidated balance sheet date. Upon approval of a new or amended ONFA reference plan, the Province is obligated to make an additional contribution to the Used Fuel Segregated Fund in relation to the first 2.23 million used nuclear fuel bundles if the fund assets earned a rate of return that is less than the guaranteed rate of return. If the return on the fund assets exceeded the Province's guaranteed rate of return, the Province is entitled to withdraw any portion of such excess related to the first 2.23 million used nuclear fuel bundles, upon approval of a new or amended ONFA reference plan. The 2.23 million threshold represents the number of estimated total life cycle fuel bundles based on the initial estimated useful lives of the nuclear generating stations assumed in the ONFA.

As prescribed under the ONFA, OPG's contributions attributed to the used nuclear fuel bundles in excess of the first 2.23 million are not subject to the rate of return guaranteed by the Province, and earn a return based on changes in the market value of the assets of the Used Fuel Segregated Fund.

If there is a surplus in the Used Fuel Segregated Fund such that the underlying liabilities, as defined by the most recently approved ONFA reference plan, are at least 110 percent funded after taking into account the committed return adjustment, the Province has the right, at any time, to access the excess amount greater than 110 percent.

Upon termination of the ONFA, the Province has the sole right to any surplus in the fund. Accordingly, when the Used Fuel Segregated Fund is overfunded after taking into account the committed return adjustment, OPG limits the fund earnings it recognizes in the consolidated financial statements by recording an amount due to the Province, such that the balance of the fund is equal to the cost estimate of the funding liability based on the most recently approved ONFA reference plan. In accordance with the ONFA, neither OPG nor the Province have a right to direct any amounts from the Used Fuel Segregated Fund to the Decommissioning Segregated Fund.

Provincial Guarantee

In accordance with the *Nuclear Safety and Control Act (Canada)*, the CNSC requires OPG to have sufficient funds available to discharge its existing nuclear waste management and nuclear facilities decommissioning obligations. The CNSC process requires the CNSC financial guarantee requirement to be updated once every five years and for OPG to provide an annual report to the CNSC on the assumptions, fund asset values and resulting financial guarantee requirements. The CNSC financial guarantee requirement calculation takes into account used nuclear fuel and L&ILW expected to be generated to the end of each year.

In 2022, the CNSC accepted OPG's proposed CNSC financial guarantee requirement for the 2023-2027 period to be satisfied by the forecast fair market value of the Nuclear Segregated Funds without the requirement of a Provincial guarantee. As provided by the terms of the ONFA, the Province is committed to provide a Provincial guarantee to the CNSC as required, on behalf of OPG, should there be a shortfall between the CNSC financial guarantee requirement and the fair market value of the Nuclear Segregated Funds during the 2023-2027 period, as it has done in the past. OPG pays the Province an annual guarantee fee equal to 0.5 percent of the outstanding amount, if any, of the Provincial guarantee.

Pension and Other Post-Employment Benefits

The determination of OPG's pension and OPEB costs and obligations is based on accounting policies and assumptions discussed below.

OPG's post-employment benefit programs covering most of the regular employees include a contributory defined benefit registered pension plan, a defined benefit supplementary pension plan, other post-retirement benefits (OPRB) including group life insurance and health care benefits, and long-term disability (LTD) benefits. Certain post-employment defined benefit programs are also provided by the Nuclear Waste Management Organization (NWMO) and subsidiaries of the Company, all of which are consolidated into OPG's financial results. Certain subsidiaries of the Company sponsor defined contribution employee savings plans for eligible employees, under which each of employer and employees make contributions according to the plan terms. The OPG defined benefit pension plan is indexed to inflation, subject to certain maximums. Unless otherwise noted, information on the Company's post-employment benefit programs is presented on a consolidated basis.

Accounting Policy

OPG recognizes the funded status of its defined benefit plans on the consolidated balance sheets. The funded status is measured as the difference between the fair value of plan assets and the benefit obligation, on a plan-by-plan basis.

OPG accrues its obligations under defined benefit pension and OPEB plans in accordance with US GAAP. The obligations for defined benefit pension and OPRB are determined using the projected benefit method pro-rated on service. The obligation for LTD benefits is determined using the projected benefit method on a terminal basis. Defined benefit pension and OPEB obligations are impacted by factors including demographic (such as mortality and retirement) and economic (such as discount rates, salary levels, inflation and health care cost escalation) assumptions, experience gains or losses, and adjustments arising from plan amendments. Defined benefit pension and OPEB costs and obligations are determined annually by independent actuaries using management's best estimate assumptions.

Pension fund assets include domestic and international equity securities, corporate and government fixed income securities, pooled funds, real estate, infrastructure and other investments. These assets are managed by professional

investment managers. The pension funds do not invest in equity or debt securities issued by OPG or its subsidiaries and partnerships. Pension fund assets of defined benefit pension plans are valued using market-related values for purposes of determining the amortization of actuarial gains or losses and the expected return on plan assets. The market-related value for pension fund assets of the OPG defined benefit pension plan recognizes gains and losses on equity assets relative to a six percent assumed real return over a five-year period.

Defined benefit pension and OPEB costs include current service costs, interest costs on the obligations, the expected return on pension plan assets, recognition of past service costs or credits resulting from plan amendments, and recognition of actuarial gains or losses resulting from changes in assumptions and experience gains and losses. Past service costs or credits arising from defined benefit pension and OPRB plan amendments are amortized on a straight-line basis over the expected average remaining service life to full eligibility of the employees covered by the corresponding plan. Past service costs or credits arising from amendments to LTD benefits are immediately recognized as OPEB costs in the period incurred. Due to the long-term nature of pension and OPRB liabilities, the excess of the net cumulative unamortized gain or loss over ten percent of the greater of the benefit obligation and the market-related value of the plan assets (the corridor) for each plan is amortized over the expected average remaining service life of the employees covered by the plan, which represents the period during which the associated economic benefits are expected to be realized by the Company. Actuarial gains or losses for LTD benefits are immediately recognized as OPEB costs in the period incurred.

Actuarial gains or losses and past service costs or credits arising during the year that are not recognized immediately as components of defined benefit plan costs are recognized as increases or decreases in other comprehensive income (OCI), net of income taxes. These unamortized amounts in AOCI are subsequently reclassified and recognized as amortization components of pension and OPRB costs as described above.

As at December 31, 2024, the unamortized net actuarial loss (gain) and unamortized past service costs (credits) for the defined benefit pension and OPEB plans totalled a net gain of \$23 million (2023 – a net loss of \$664 million). Details of the unamortized net actuarial loss (gain) and unamortized past service costs (credits) as at December 31 were as follows:

<i>(millions of dollars)</i>	Registered Pension Plans		Supplementary Pension Plans		Other Post-Employment Benefits	
	2024	2023	2024	2023	2024	2023
Net actuarial (gain) loss not yet subject to amortization due to use of market-related values	(340)	180	-	-	-	-
Net actuarial loss (gain) not subject to amortization due to use of the corridor	853	1,057	40	38	(259)	(251)
Net actuarial (gain) loss subject to amortization	(9)	-	57	49	(428)	(435)
Unamortized net actuarial loss (gain)	504	1,237	97	87	(687)	(686)
Unamortized past service costs (credits)	11	(5)	-	-	52	31

OPG records an offsetting regulatory asset or regulatory liability for the portion of the pension and OPEB-related adjustments to AOCI that is attributable to the regulated operations in order to reflect the expected recovery or refund of these amounts through future regulated prices charged to customers. For such recoverable or refundable portion, OPG records a corresponding change in this regulatory asset or regulatory liability for the amount of the increases or decreases in OCI and for the reclassification of AOCI amounts into benefit costs during the period.

When the recognition of the transfer of employees and employee-related benefits gives rise to both a curtailment and a settlement, the curtailment is accounted for prior to the settlement. A curtailment is the loss by employees of the right to earn future benefits under the plan. A settlement is the discharge of a plan's liability.

Accounting Assumptions

Assumptions are significant inputs to actuarial models that measure defined benefit pension and OPEB obligations and related effects on operations. Discount rate, inflation rate and changes in salary levels are three key assumptions in the determination of benefit costs and obligations. In addition, the expected long-term rate of return on plan assets is a key assumption in the determination of defined benefit registered pension plan cost and the health care cost trend rate is a key assumption in the determination of OPEB cost and obligations. These assumptions, as well as other assumptions involving demographic factors such as retirement age, mortality and employee turnover, are evaluated periodically by management in consultation with independent actuaries. During the evaluation process, the assumptions are updated to reflect past experience and expectations for the future. Actual results in any given year will often differ from actuarial assumptions because of economic and other factors giving rise to actuarial gains and losses.

The discount rates, which are representative of the AA corporate bond yields, are used to calculate the present value of the expected future cash flows on the measurement date in order to determine the projected benefit obligations for the Company's employee benefit plans. A higher discount rate decreases the benefit obligations and decreases benefit costs. The discount rate used to determine the projected defined benefit pension and OPEB benefit obligations as at December 31, 2024 was approximately 4.7 percent. This represents an increase compared to the discount rate of approximately 4.6 percent that was used to determine the obligations as at December 31, 2023.

OPG uses a full yield curve approach to estimate the service and interest cost components of defined benefit pension and OPEB costs, whereby specific spot rates along the yield curve used in the determination of the projected benefit obligations are applied to the relevant projected cash flows.

The expected rate of return on defined benefit pension plan assets is determined based on the pension fund's asset allocation and the expected return considering long-term risks and returns associated with each asset class within the plan portfolio. A lower expected rate of return on plan assets increases pension cost.

A new actuarial valuation of the OPG registered pension plan was filed with the Financial Services Regulatory Authority of Ontario in September 2024, with an effective date of January 1, 2024. The estimated annual funding requirements taking into account the new actuarial valuation are outlined in the section, *Liquidity and Capital Resources* under the heading, *Contractual Obligations*. As part of the valuation, the plan's demographic and other assumptions were reviewed and revised, as necessary, by independent actuaries. Using updated demographic data as at January 1, 2024 and demographic assumptions consistent with the new funding valuation for the registered pension plan, OPG conducted a comprehensive actuarial valuation for accounting purposes of the OPG defined benefit pension and OPEB plans in 2024. The results of this valuation were reflected in the 2024 year-end obligations reflecting appropriate assumptions for accounting purposes as at December 31, 2024.

The position of the registered pension plan, for accounting purposes, increased from a deficit of \$522 million as at December 31, 2023 to a surplus of \$337 million as at December 31, 2024. This increase was largely due to the excess of actual return on pension assets values over interest costs on the liabilities during 2024 and a re-measurement of the benefit obligations at the end of 2024 reflecting an increase in the discount rates.

The projected benefit obligations for OPEB plans increased from \$2,770 million as at December 31, 2023 to \$2,848 million as at December 31, 2024. This increase was largely due to the interest costs on the liabilities during 2024.

A change in the following assumptions, holding all other assumptions constant, would increase (decrease) defined benefit pension and OPEB costs for the year ended December 31, 2024 as follows:

<i>(millions of dollars)</i>	Registered Pension Plans ¹	Supplementary Pension Plans ¹	Other Post- Employment Benefits ¹
Expected long-term rate of return			
0.25% increase	(40)	n/a	n/a
0.25% decrease	40	n/a	n/a
Discount rate			
0.25% increase	(13)	(1)	(10)
0.25% decrease	14	1	11
Inflation ²			
0.25% increase	60	2	1
0.25% decrease	(54)	(1)	(1)
Salary increases			
0.25% increase	16	4	1
0.25% decrease	(15)	(3)	(1)
Health care cost trend rate			
1% increase	n/a	n/a	66
1% decrease	n/a	n/a	(50)

n/a – change in assumption not applicable.

¹ Excludes the impact of regulatory accounts.

² With a corresponding change in the salary increase assumption.

Asset Retirement Obligation

OPG recognizes an ARO related to fixed asset removal and nuclear waste management, discounted for the time value of money. OPG estimates both the amount and timing of future cash expenditures based on the plans for fixed asset removal and nuclear waste management. The ARO is comprised of expected costs to be incurred up to and beyond termination of operations and the closure of nuclear, thermal, and solar generating facilities and other facilities. Costs are expected to be incurred for activities such as preparation for safe storage and safe storage of nuclear generating stations, dismantlement, demolition and disposal of facilities and equipment, remediation and restoration of sites, and the ongoing and long-term management of used nuclear fuel and L&ILW. The liabilities associated with the decommissioning of the nuclear generating stations and the long-term management of used nuclear fuel comprise the most significant amounts of the total obligation.

The nuclear decommissioning liability includes the estimated costs of closing the nuclear generating stations after the end of their service lives, which includes preparation and placement of the stations into a safe storage state followed by an assumed safe storage period prior to station dismantlement and site restoration. Activities associated with the placement of stations into a safe storage state include defueling and de-watering of the nuclear reactors. OPG is responsible for the nuclear waste management and nuclear decommissioning obligations associated with the Bruce nuclear generating stations and includes the associated costs in its ARO. Pursuant to the lease agreement, Bruce Power must return the Bruce nuclear generating stations to OPG together, in a defueled and de-watered state. As such, these defueling and de-watering costs are not part of OPG's ARO.

To estimate the liability for used nuclear fuel management, OPG has adopted an approach consistent with the Adaptive Phased Management (APM) concept approved by the Government of Canada. The NWMO is responsible for the design and implementation of Canada's plan for the long-term management of used nuclear fuel. The APM plan contemplates the long-term permanent disposal of the used nuclear fuel in a deep geological repository (DGR) after a collaborative process of communication and engagement with Canadians aimed at selecting a suitable geological site with an informed and willing host community.

The life cycle costs of L&ILW management include the costs of processing and storage of such materials during and following the operation of the nuclear generating stations, as well as the costs of the ultimate long-term management of these materials. The assumptions used to establish the obligation for these costs recognized in the consolidated financial statements at December 31, 2024 include conceptual long-term disposal strategy assumptions consistent with the NWMO's recommended strategy for the long-term management of irradiated wastes in Canada as set out in its Integrated Strategy for Radioactive Waste (ISRW) prepared at the request of the Government of Canada and subsequently accepted by the federal Minister of Energy and Natural Resources in 2023. The strategy contemplates disposal of low-level waste in near-surface disposal facilities to be implemented by the waste owners and disposal of intermediate-level waste and the small amount of non-fuel high-level waste in a central DGR to be implemented by the NWMO. OPG will continue to evaluate underlying assumptions and estimates based on available information, including developments related to the NWMO's future siting process for such DGR.

The following costs are recognized as a liability on OPG's consolidated balance sheets:

- the present value of the costs of decommissioning the nuclear, thermal and solar generating facilities and other facilities after the end of their useful lives;
- the present value of the fixed cost portion of nuclear waste management programs that are required based on the total volume of used nuclear fuel and L&ILW expected to be generated over the assumed lives of the nuclear generating stations; and
- the present value of the variable cost portion of nuclear waste management programs taking into account volumes of such materials generated to date.

A number of significant assumptions used in the calculation of the accrued liabilities are subject to inherent uncertainty and judgement. The significant assumptions underlying operational and technical factors used in the calculation of the accrued liabilities are subject to periodic review. Changes to these assumptions, including changes to assumptions on the timing of the programs, construction of assumed disposal facilities, station end-of-life dates, disposal methods, financial indicators, decommissioning strategy and the technology employed, may result in significant changes to the value of the accrued liabilities. With programs of such long-term duration and the evolving technology to handle nuclear waste, there is a significant degree of inherent uncertainty surrounding the measurement of the costs for these programs, including from factors beyond the Company's control. These costs may increase or decrease materially over time.

The estimates for the Nuclear Liabilities are reviewed on an ongoing basis as part of the overall nuclear waste management program. A comprehensive reassessment of all underlying assumptions and baseline cost estimates is performed periodically, at least once every five years, in line with the required ONFA reference plan update process. Changes in the Nuclear Liabilities resulting from changes in assumptions or estimates that impact the amount or timing of the estimated undiscounted future cash flows are recorded as an adjustment to the liabilities. Upward revisions in the Nuclear Liabilities represent the present value of a net increase in future undiscounted cash flows determined using a current credit-adjusted risk-free rate. Downward revisions in the Nuclear Liabilities represent the present value of a net decrease in future undiscounted cash flows determined using the weighted average discount rate reflected in the existing liability. Resulting changes in the related asset retirement costs are capitalized as part of the carrying amount of nuclear fixed assets in-service.

The most recent comprehensive update of the baseline cost estimates for the Nuclear Liabilities was completed in December 2021 and is contained in the 2022 ONFA Reference Plan. Effective December 31, 2023, OPG revised the accounting end-of-life assumptions for Units 5 to 8 of the Pickering GS from 2024 to 2070, reflecting the results of the updated refurbishment feasibility assessment approved by the Board in August 2023 and the Province's January 2024 announcement supporting OPG to proceed with next steps toward refurbishing these units. A resulting increase of \$160 million was recorded to the Nuclear Liabilities and associated asset retirement costs capitalized as part of the carrying value of the assets as at December 31, 2023. These changes did not have a material impact on net income in 2024, with the associated impact on expenses largely offset by OEB-authorized regulatory accounts.

For the purposes of calculating OPG's Nuclear Liabilities, as at December 31, 2024, consistent with the current accounting end-of-life assumptions, nuclear facilities decommissioning activities are projected to occur over approximately the next 80 years.

The liability for nuclear fixed asset removal and nuclear waste management on a present value basis as at December 31, 2024 is \$25,773 million (2023 – \$25,116 million). As at December 31, 2024, the undiscounted estimated future cash flows associated with OPG's Nuclear Liabilities in 2024 dollars are as follows:

<i>(millions of dollars)</i>	2025	2026	2027	2028	2029	Thereafter	Total
Expenditures for nuclear fixed asset removal and nuclear waste management ¹	814	849	597	499	374	47,050	50,183

¹ The majority of the expenditures are expected to be reimbursed by the Nuclear Segregated Funds established by the ONFA. Any contributions required under the ONFA are not included in these undiscounted cash flows.

The liability for non-nuclear fixed asset removal was \$269 million as at December 31, 2024 (2023 – \$270 million). This liability primarily represents the present value of estimated costs of decommissioning OPG's thermal generating stations at the end of their service lives. For the purpose of measuring the non-nuclear fixed asset removal liability, thermal asset removal activities are assumed to take place over approximately the next 40 years. The amount of undiscounted estimated future cash flows associated with the thermal fixed asset removal liabilities is approximately \$351 million.

OPG has no legal obligation associated with the decommissioning of its hydroelectric generating facilities and the costs cannot be reasonably estimated because of the long service life of these assets. With either maintenance efforts or rebuilding, the water control structures are assumed to be used for the foreseeable future. Accordingly, OPG has not recognized a liability for the decommissioning of its hydroelectric generating facilities.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly arm's-length transaction between market participants at the measurement date. Fair value measurements are required to reflect the assumptions that market participants would use in pricing an asset or liability based on the best available information. These assumptions include the risks inherent in a particular valuation technique, such as a pricing model, and the risks inherent in the inputs to the model.

The fair value of financial assets and liabilities for which quoted prices in an active market are available, including exchange traded derivatives and other financial instruments, are determined directly from those quoted market prices.

For financial instruments for which quoted market prices are not directly available, fair values are estimated using forward price curves developed from observable market prices or rates. The estimation of fair value may include the use of valuation techniques or models, based wherever possible on assumptions supported by observable market prices or rates prevailing as at the consolidated balance sheet dates. This is the case for over-the-counter derivatives and securities, which include energy commodity derivatives, foreign exchange derivatives, interest rate swap derivatives and fund investments. Various other fund investments are valued at the unit values supplied by the fund administrators. The unit values represent the underlying net assets at fair values, determined using closing market prices. Valuation models use general assumptions and market data and therefore do not reflect the specific risks and other factors that may affect a particular instrument's fair value. The methodologies used for calculating the fair value adjustments are reviewed on an ongoing basis to ensure that they remain appropriate. If the valuation technique or model is not based on observable market data, specific valuation techniques are used, primarily based on recent comparable transactions, comparable benchmark information, bid/ask spread of similar transactions and other relevant factors.

OPG's use of financial instruments exposes the Company to certain risks, including credit risk, foreign currency risk and interest rate risk. A discussion of how OPG manages these and other risks is found in the section, *Risk Management*.

RISK MANAGEMENT

Overview

OPG faces various risks that could significantly impact the achievement of its business imperatives. The objective of risk management is to identify, assess and mitigate key risks and to preserve and increase the value of the Shareholder's investment in the Company.

The Audit and Risk Committee of the Board is mandated to fulfill the Board's oversight responsibilities for matters relating to the identification and management of the Company's key business risks. OPG's ERM Framework is designed to identify and evaluate risks on the basis of their potential impact on the Company's business imperatives and business plan objectives. Formal risk management policies, procedures and systems are in place to identify, assess and mitigate risks to the Company. Senior management also establishes set limits for market risk, credit risk and energy trading activities of the Company.

The key risks to OPG's business imperatives are briefly described below. These are key risks that management believes could materially affect the Company's business, revenues, net income, cash flow, assets or capital resources. There may be further risks and uncertainties that are not presently known, or that are not currently believed to be material, that may in the future adversely affect the Company's performance or financial condition.

Risks to Achieving Operational Excellence

OPG is exposed to a range of operational risks associated with its existing assets that could adversely impact generation output, safety performance and operating results. As described below, the operational risks of a generating station include aspects such as cyber security, supply chain, occupational safety, equipment reliability, human resources, climate change, regulatory requirements and emergency management.

Cyber Security Cyber security incidents may compromise the availability, integrity, or confidentiality of OPG's information systems, with potential impacts on energy production, public and employee safety, and the Company's reputation. Global cyber threats are rising, with geopolitical tensions and Artificial Intelligence use by threat actors for malicious purposes intensifying risks. OPG's cyber security program includes policies and strategies to detect, respond to, and recover from incidents. OPG continuously assesses its cyber security risk profile and enhances protection measures, workforce training, and third-party management to address evolving threats.

OPG's operations in Ontario must comply with reliability standards that apply to the Bulk Electric System elements specified under North American Electric Reliability Corporation and the relevant Bulk Power System facilities as determined by the Northeast Power Coordinating Council. A subset of these standards establishes the reliability requirements that relate to cyber security. OPG's operations in the US must comply with applicable cyber security requirements as set out by the FERC. In addition, OPG's nuclear cyber assets are subject to CNSC licensing conditions and regulatory requirements. For other cyber assets not subject to applicable regulatory requirements, OPG has adopted a risk-based approach based on the National Institute of Standards and Technology Cyber Security Framework to manage its cyber security.

The Company has policies and programs in place to manage cyber risks; these programs are subject to oversight by management and the Board. OPG's current cyber programs primarily focus on the following:

- Protecting the Company's assets from cyber attacks and safeguarding sensitive information;
- Improving cyber security protection, detection, incident response and recovery capabilities to minimize the impact of adverse cyber events;
- Adopting industry leading practices to reduce third-party cyber security risks by introducing cyber security requirements into commercial agreements and enhancing related governance;

- Ongoing cyber security awareness and training of the workforce; and
- Embedding security by design across the Company to proactively assess and manage cyber risk.

Supply Chain OPG's ability to operate effectively is in part dependent upon timely access to equipment, materials and service suppliers. Loss of key suppliers, particularly for the nuclear business given the limited number of qualified vendors, and vendor performance risks could affect OPG's operations and execution of major capital projects. This includes OPG's new development and refurbishment projects which require commitment from experienced vendors who may be limited in their capacity to successfully service OPG and other key customers in parallel, given an increased focus on energy transition and energy security in Canada and globally. These constraints could affect OPG's growth initiatives.

OPG mitigates these risks, to the extent possible, through:

- Contract negotiations to achieve mutually agreeable procurement terms;
- Programmatic partnerships with original equipment manufacturers;
- Supplier monitoring, including supplier scorecards and relationship management;
- Advanced procurement of critical long-lead components; and
- Diversification of supplier base and business continuity plans.

Through OPG's supply chain capacity program, increased activities are underway to identify critical goods and services risks by assessing supply and demand conditions and to develop mitigation strategies for the top risk areas. OPG also seeks to ensure that vendors have appropriate strategies, such as effective succession planning, to successfully execute on their contracted deliverables over the life of the projects.

OPG also faces industry-wide risks related to inflation, material availability and geopolitical tensions including trade disputes that could potentially lead to supply chain disruptions or cost increases. The risk related to trade disputes is discussed under the heading, *Tariffs and Other Trade Restrictions*.

Tariffs and Other Trade Restrictions The potential imposition of tariffs and other trade restrictions may result in supply chain disruptions and increased costs of procurement. The trade disputes could also impact demand for Ontario's electricity, both due to reduced economic output as well as the potential for energy trade restrictions between Canada and the United States. A prolonged trade dispute between Canada and the United States has the potential to structurally alter the Canadian economy, depreciate the Canadian dollar in the near term, and impact inflation and costs of financing. This may adversely impact OPG's operations, projects, growth initiatives and financial condition.

OPG is monitoring and managing the above risks by working with the supplier partners, negotiating appropriate contractual terms for new purchases, reviewing procurement strategies, and evaluating and managing procurement exposures from foreign countries. OPG is also proactively engaging with the Canadian federal and provincial governments and industry groups to identify and determine the impact on critical materials and equipment needed to maintain and build electricity infrastructure.

Labour Relations As at December 31, 2024, approximately 83 percent of OPG and its subsidiaries' regular workforce was represented by a union. As such, there is an inherent risk of labour relations disputes in the Company's operations. There is also a risk that a renewal collective agreement in the future may include terms that will unfavourably impact OPG's costs and ability to efficiently manage operations. OPG has contingency plans in place in the event of a labour disruption.

For further details on the collective bargaining agreements, refer to the section, *Significant Developments* under the heading, *Operational Excellence – Power Workers' Union Collective Agreement* and the section, *Liquidity and Capital Resources* under the heading, *Contractual Obligations – Collective Agreements*.

Health and Safety OPG's operations involve inherent occupational safety risks and hazards that could impact the achievement of the Company's health and safety goals. OPG is committed to continuous improvement through its safety management systems and by continuing to foster a strong health and safety culture among its employees and contractors. The safety management systems serve to focus the Company on proactively managing safety risks and hazard exposures to employees and contractors. OPG also strategically engages with external parties to conduct benchmarking and audits. These activities are designed to ensure that the safety management systems achieve the intended results and maximize the opportunity to incorporate program improvements.

Generating Asset End of Life Major damage or deterioration of station components and systems may result in generating assets reaching end of life prematurely. An earlier than planned retirement of a generating unit or station would result in a reduction of OPG's future generation revenue and cash flow, asset impairment or write-down and reductions in the workforce. Key life-limiting components at OPG's nuclear generating stations include fuel channels, feeder tubes, steam generators and other reactor components.

Risks inherent in maintaining commercial operations to a generating station or unit's planned end of life include:

- Discovery of unexpected conditions;
- Equipment failures;
- Rate of degradation of critical plant components; and
- A requirement for significant plant modifications.

To mitigate these risks, for the nuclear operations, OPG implements actions recommended by technical assessments into each generating station's outage work program. OPG also incorporates these actions into a comprehensive inspection and maintenance program as part of the stations' life cycle management plans. The risks include fuel channel degradation resulting in Units 5 to 8 of the Pickering GS ending pre-refurbishment operations prior to September 2026. This risk is being addressed through fuel channel life extension activities, which include surveillance, inspections and technical analysis to confirm fitness-for-service of fuel channels components.

For non-nuclear operations, OPG maintains a rigorous maintenance and asset management program to ensure continuing operations of hydroelectric, thermal and solar assets.

Asset Condition and Generation Variability The uncertainty associated with electricity production by OPG's generating units is primarily driven by the condition of station components and systems, which are subject to the effects of aging. Deterioration in station components or systems may be significantly greater than anticipated or may occur in an unexpected manner. The primary implications of these risks may include additional safety requirements, lower than expected electricity generation and revenues, and higher than expected operating or capital costs. To respond to these risks, OPG continues to:

- Make enhancements to the asset management program;
- Monitor performance and implement inspection and maintenance programs;
- Identify future work required to sustain and, as appropriate, upgrade station equipment; and
- Undertake projects required to reliably operate within design and operating parameters.

Following inspections, it was determined that the primary moisture separators need to be replaced on all Darlington GS units. Operating units with degraded moisture separators could impact downstream components and result in an unplanned outage or extension of a planned outage. OPG is utilizing a comprehensive lessons learned program and robust risk management practices as it continues to replace the primary moisture separators on the Darlington GS units. There is also a strategy in place to address secondary moisture separator degradation through planned inspections and limited secondary moisture separator repair. Further information on the project can be found in the section, *Core Business and Outlook under the heading, Operational Excellence – Electricity Generation Production and Reliability – Darlington GS.*

Human Capital	<p>The development of new leaders and attraction and retention of qualified employees in critical roles are key factors to OPG's success. The risk associated with the availability of skilled and experienced resources continues to exist for OPG in specific areas, including engineering, operations, leadership and project management positions.</p> <p>To mitigate this risk, OPG utilizes workforce planning and resourcing strategies to ensure that the Company has a diverse workforce with the right skill sets for the safe and effective operations of generating facilities and successful delivery of major projects and growth and transformation strategies. Risk mitigation includes succession planning, talent attraction and retention strategies, and knowledge management programs to ensure ongoing workforce capability. OPG expects to continue to meet the human resource needs of the business by developing existing employees and hiring in specific areas while addressing the workforce implications associated with the end of commercial operation of Unit 1 and Unit 4 of the Pickering GS and transition to the planned refurbishment of Units 5 to 8 of the Pickering GS.</p> <p>Legislative compensation constraints continue to pose challenges to OPG's ability to attract and retain necessary talent. This includes the <i>Compensation Framework Regulation 406/18</i> under the <i>Broader Public Sector Executive Compensation Act, 2014</i>, which imposes a cap on base salary, on a role by role basis, for designated executives in Ontario's broader public sector.</p>
Nuclear Waste	<p>There are currently no licensed facilities in Canada for the permanent disposal of used nuclear fuel, low-level waste or intermediate-level waste. The lack of a permanent disposal site means that these materials are stored in temporary locations. The interim storage of used nuclear fuel and L&ILW at OPG is subject to rigorous oversight and monitoring. OPG's assumptions related to the long-term management of used nuclear fuel and L&ILW are informed by Canada's <i>Policy for Radioactive Waste and Decommissioning</i>.</p> <p>For used nuclear fuel, the NWMO has developed a process for moving forward with the APM plan as the long-term solution for Canada's used nuclear fuel. The APM plan contemplates the long-term permanent disposal of used nuclear fuel in a DGR. On November 28, 2024, the NWMO announced that it had selected Wabigoon Lake Ojibway Nation and the Township of Ignace, Ontario as the host communities for the future site of Canada's DGR for used nuclear fuel. The NWMO is now advancing the project into the regulatory decision-making process, with DGR operations planned to begin between 2040 and 2045.</p> <p>In October 2023, the Government of Canada accepted the NWMO's ISRW submission, including the recommendation that intermediate-level waste and the small amount of non-fuel high-level waste be disposed in a central DGR to be implemented by the NWMO. In January 2024, the CNSC granted Canadian Nuclear Laboratories a licence to construct Canada's first near-surface disposal facility, at the Chalk River site in Deep River, Ontario, for the purpose of permanently disposing of solid low-level irradiated waste.</p> <p>OPG continues to monitor developments related to the implementation of the APM plan and the ISRW and to explore solutions for the safe long-term management of its low-level waste. The Company also continues to advance initiatives to safely reduce the environmental footprint of L&ILW requiring long-term disposal by maximizing opportunities for processing, volume reduction, and recycling of clean materials.</p>
Climate Change and Extreme Weather Events	<p>In recent years, Ontario and other regions in North America where OPG operates have experienced an increase in climate and extreme weather events such as severe flooding during spring freshets and low water levels in late summer. Such events may impact OPG's operations and condition of the generating fleet. To mitigate the physical risks posed by extreme weather, OPG monitors developments in climate science and adaptation practices, and works with stakeholders to define adaptation requirements through analysis and by understanding the potential impacts on watersheds, assets, operations and the electricity market. OPG collaborates with all levels of government in Canada, local communities and industry on climate change adaptation initiatives,</p>

with the goal of increasing the resilience of the electricity sector and other critical infrastructure. Resilience programs to protect OPG's assets against severe weather events remain in place and are incorporated into the Company's Climate Change Plan.

The risks and opportunities related to climate change legislation are discussed under the heading, *Risks to Maintaining Financial Strength – Government Legislation and Regulation Changes*. For further details on OPG's response to the effects of climate change, refer to the section, *Environmental, Social, Governance and Sustainability*.

Environment OPG's operations and facilities are subject to environmental compliance obligations in the jurisdictions in which they operate. These obligations include protection of land, water, air, living organisms and natural systems. Failure to comply with applicable environmental laws and regulations, including violation of regulatory limits on emissions, may result in enforcement actions, remediation actions or restrictions to operations. Changes in compliance obligations can result in new requirements and increased costs. OPG has an EMS to manage its environmental responsibilities. For further details, refer to the section, *Environmental, Social, Governance and Sustainability*.

Hydroelectric Generation OPG's hydroelectric generation is exposed to risks associated with water flows and Ontario SBG conditions.

The extent to which OPG can operate its hydroelectric generating facilities depends upon the availability of water. Significant variability in weather, including impacts of climate change and the extreme weather associated with it, could affect water flows. Longer term changes in precipitation patterns and amounts, water temperatures and ambient air temperatures can impact the availability of water resources and resulting electricity production at OPG's hydroelectric generating stations. For OPG's regulated hydroelectric generation, the financial impact of variability in electricity production due to differences between the forecast water conditions underpinning the hydroelectric base regulated prices and the actual water conditions is captured in an OEB-approved regulatory account.

Surplus baseload generation continues to be present in Ontario when electricity supply exceeds demand, including exports out of the province. To manage SBG conditions, the IESO may require OPG to reduce hydroelectric generation. A regulatory account authorized by the OEB helps to mitigate the financial impact of electricity production forgone due to SBG conditions at OPG's regulated hydroelectric generating stations in Ontario.

Regulatory Compliance OPG is subject to extensive legislation and regulations by various entities in the jurisdictions in which it operates, including the CNSC, the OEB, the IESO and the FERC.

The uncertainty associated with nuclear regulatory compliance is driven by plant aging, changes to technical codes, and challenges raised by members of the public at regulatory hearings, particularly in the areas of safety, environment and emergency preparedness. Addressing these requirements could add incremental cost to operations, including replacement or modification of station components or additional requirements for management of nuclear waste. In some instances, there may be additional requirements resulting from changes in the interpretation of technical regulations or from emergent conditions that may result in increased effort on the part of the Company.

The operation of most of OPG's hydroelectric facilities in the US is authorized by the FERC, which includes the issuance of licences for larger facilities with terms ranging 30 to 50 years. A number of OPG facilities are in various stages of the relicensing process. There is a risk that in issuing a new licence, the FERC will impose new conditions that either restrict operations or require incremental expenditures related to the environment, recreation or other infrastructure at the facilities.

The risks related to other regulatory bodies are discussed under the headings, *Risks to Maintaining Financial Strength – Rate Regulation*, *Risks to Maintaining Financial Strength – Electricity Markets* and *Risks to Maintaining Financial Strength – Government Legislation and Regulation Changes*.

Business Continuity and Emergency Management OPG may be exposed to natural, technological or human-caused hazards including significant events against which it is not fully insured or indemnified. These hazards have the potential to disrupt operations resulting in decreased electricity generation revenue or additional costs to repair damages and restore operations.

OPG's business continuity program provides a framework to build resilience into critical business processes to ensure continued operation of critical business functions. OPG's emergency management program is designed to ensure that the Company can resolve an emergency in a timely and effective manner. OPG's plans and implementation procedures identify immediate response actions to be taken to protect the health and safety of workers and the public, and to limit the impact of an incident on site security, production capability and the environment. The program elements are designed to meet or exceed legal and regulatory requirements.

OPG regularly monitors and assesses global events, such as emerging geopolitical events, natural disasters and pandemics, and prepares contingency plans should they have the potential to impact OPG's operations, workers, customers or stakeholders.

Risks to Achieving Project Excellence

As a capital-intensive business, OPG undertakes a large portfolio of projects with significant investments. There may be an adverse effect on the Company if it is unable to obtain necessary approvals for the projects, effectively manage the projects on time and on budget, or fully recover project costs and earn an appropriate return on project investments. Projects may also impact OPG's borrowing capacity and credit rating. OPG mitigates risks associated with project execution through a scalable project management methodology applicable to projects across the Company. Risks associated with certain current major projects are described below. Additionally, there are risks associated with the loss of key suppliers, as further discussed under the heading, *Risks to Achieving Operational Excellence – Supply Chain*.

Key Trades Availability Competing capital and infrastructure projects within Ontario, and throughout Canada, may limit the availability of key tradespeople to work on OPG's current and future projects, including the Darlington Refurbishment project, refurbishment and expansion of hydroelectric generating stations, the DNNP and the planned refurbishment of Units 5 to 8 of the Pickering GS. There is a risk that skilled tradespeople may choose to work on non-OPG projects, thereby impacting the Company's ability to complete projects on schedule and budget and with requisite quality. OPG has a dedicated team that is mitigating this risk through: active monitoring of the supply and demand of key tradespeople; collaborating with competing organizations, such as Bruce Power, to build capacity within the current supply by coordinating timing of project schedules, where appropriate; building new sources of supply through partnerships with other organizations, trade unions, and educational institutions; and implementing strategies for resource retention.

Darlington Refurbishment There are potential financial and reputational risk exposures for OPG if actual costs for the Darlington Refurbishment project exceed the budget or if OPG does not meet the project schedule, with recovery of any project costs exceeding \$12.8 billion subject to a future review by the OEB. In addition, failure to achieve the objectives of the project may potentially impact the post-refurbishment performance or useful life of the generating units. With three of the four units successfully returned to service to date, OPG is continuing to utilize a comprehensive lessons learned program to benefit project performance on the final unit being refurbished. OPG is also continuing to use robust risk management practices to manage a number of risks related to the Darlington Refurbishment project, including availability of skilled craft resources and vendor performance.

Small Modular Reactors OPG is advancing the deployment of SMRs to help meet future electricity needs, with the DNNP progressing toward construction of Canada's first commercial grid-scale SMR. The selected SMR design for the DNNP, GE Hitachi Nuclear Energy's (GE-Hitachi) BWRX-300, is the tenth evolution of the boiling water reactor, which partially mitigates risks associated with this first-of-a-kind technology. Nevertheless, there are inherent risks to OPG's plans to deploy SMRs at the DNNP site.

Risks associated with the SMR deployment include: uncertainties associated with obtaining regulatory approvals for new nuclear technology; project cost and schedule risks; potential for opposition from Indigenous communities; and public acceptance of additional nuclear waste. Risk mitigation strategies include robust project planning and project oversight; completion of engineering design with OPG's oversight; implementation of an integrated project delivery model with partners; and meaningful engagement with Indigenous communities and stakeholders. Ontario Regulation 53/05 prescribes any SMR at the DNNP site as a regulated facility by the OEB and provides for recovery of associated planning, preparation and construction costs, subject to a review by the OEB.

OPG applies appropriate technical and commercial risk oversight to evaluate potential opportunities for commercial deployment of SMRs, including identification of any regulatory, market and credit risks that may arise.

Pickering Refurbishment In January 2024, the Province announced its support for OPG to proceed with next steps toward refurbishing Units 5 to 8 of the Pickering GS after their planned shutdown in 2026. In January 2025, the Province further announced its approval for OPG's plan to proceed with the project definition phase. This complex megaproject presents inherent cost, schedule and regulatory risks, which will continue to be managed consistent with OPG's enterprise project management approach. As part of the definition phase, OPG will complete a high-quality cost estimate and schedule for the project, progress detailed engineering, further procurement and contracting work, continue to optimize project scope, and develop the project execution plan. OPG will also leverage lessons learned from the Darlington Refurbishment project to inform risks and project management activities as the project advances.

Further details can be found in the section, *Significant Developments* under the heading, *Project Excellence – Pickering Refurbishment*.

Risks to Maintaining Financial Strength

Risks related to macro-economic factors, rate regulation, commodity markets, financial markets and long-term obligations could significantly impact OPG's financial performance. The Company is also exposed to risks due to changes in the electricity markets and renewal of energy supply contracts. Geopolitical tensions and conflicts could increase a number of these risks by driving long-lasting implications for commodity, financial and electricity markets, as well as government policy. As a result of changes in economic factors or the electricity market, OPG may make decisions to invest, divest, or discontinue investments to maintain or enhance long-term financial strength.

Government Legislation and Regulation Changes OPG's core business and strategy may be impacted by changes to legislation and regulations in the jurisdictions in which the Company operates. Matters that are subject to regulation include, among others, rate regulation, electricity generating operations, nuclear waste management and nuclear decommissioning, the electricity market, the environment, trade and taxation, including investment tax credit programs. Regulatory bodies may change or enact regulations or rules that could increase OPG's costs, decrease OPG's revenue or limit the Company's ability to recover appropriate costs and earn an appropriate return on its asset investments.

To mitigate legislative risks, where possible, OPG monitors and actively engages with all levels of government in order to determine if future legislation will impact the Company.

In 2019, legislation to amend the *Fisheries Act* to further protect fish and fish habitat came into force in Canada. There is a risk that strengthened fish and fish habitat protection provisions under the *Fisheries Act* may affect OPG's hydroelectric operations. To mitigate this risk, OPG and its industry partners are working with Fisheries and Oceans Canada to help develop the codes, policies and procedures that will determine how the regime is administered. OPG is also developing a compliance strategy.

Canada's plan is to reach net-zero carbon emissions by 2050. In 2021, the Government of Canada passed legislation that commits Canada to achieving this goal. This legislation also establishes requirements for the government to set interim national emissions-reduction targets and credible, science-based plans to achieve these targets. In December 2024, the Government of Canada released the CER, which may limit operations of OPG's thermal generating stations beyond 2035. OPG's Climate Change Plan goals for OPG to be a net-zero company and a catalyst for net-zero economies are in line with Canada's goal of net-zero carbon emissions by 2050. The Company continues to engage in the development of federal plans and legislation related to energy transition and intends to adapt OPG's Climate Change Plan to changing government policies as appropriate. Further details on the CER, OPG's GHG compliance obligations and response to climate change can be found in the section, *Environmental, Social, Governance and Sustainability* under the headings, *Environmental* and *Climate Change*.

As discussed in the section, *Core Business and Outlook* under the heading, *Financial Strength – Federal Clean Energy Investment Tax Credits*, OPG is monitoring developments from the

	<p>Government of Canada related to the status of the proposed CEITC, for which draft legislation was terminated upon prorogation of the parliament in January 2025. Should these tax credits or similar mechanisms ultimately not be available to OPG, the Company will need to increase the amount of funding from other sources in order to finance certain planned investments in clean energy projects.</p>
Rate Regulation	<p>There is a risk that base regulated prices established by the OEB may not provide for full recovery of actual costs incurred by OPG's regulated operations or allow the regulated operations to earn an appropriate return on the assets, adversely affecting the Company's earnings and cash flow provided by operating activities. This could occur if:</p> <ul style="list-style-type: none">• In setting regulated prices, the OEB makes adjustments to forecasts submitted by OPG or disallows recovery of incurred capital costs;• OPG is unable to achieve cost reductions in line with OEB-approved stretch factors included in regulated prices under incentive ratemaking; or• Actual production or costs significantly differ from the forecasts approved by the OEB, due to such factors as unplanned outages or project execution risks. <p>There is also uncertainty associated with the outcomes of requests for the recovery or refund of regulatory account balances, with a number of such accounts being subject to an OEB prudence review, and outcomes of other regulatory proceedings.</p> <p>In providing evidence in support of its applications for regulated prices, including disposition of regulatory account balances, OPG aims to clearly demonstrate to the OEB that the costs for the regulated operations are reasonable, prudently incurred and should be fully recovered from customers.</p>
Nuclear Liabilities and Nuclear Segregated Funds	<p>The cost estimates for OPG's nuclear waste management and nuclear decommissioning obligations are based on multiple underlying assumptions and estimates that may change significantly over time. To address this inherent uncertainty, OPG performs a comprehensive review of the underlying assumptions and baseline cost estimates at least once every five years, in line with the required reference plan update process under the ONFA.</p> <p>The Nuclear Segregated Funds are managed to achieve, in the long term, the target rate of return based on the discount rate specified in the ONFA. Investments in the Nuclear Segregated Funds are allocated to domestic and international equity securities, corporate and government fixed income securities, pooled funds, real estate, infrastructure, and other investments. The rates of return earned on the funds in a given period may vary depending on financial market conditions. The asset mix of the funds is determined jointly by OPG and the Province in accordance with the ONFA.</p> <p>OPG bears the market risk for investment performance related to the portion of the Nuclear Segregated Funds set aside for:</p> <ul style="list-style-type: none">• Decommissioning of the nuclear generating stations; and• Long-term management of used nuclear fuel in excess of the first 2.23 million bundles and long-term management of L&ILW. <p>In accordance with the OEB-approved cost recovery methodologies, the performance of the portion of the Nuclear Segregated Funds attributed to the Bruce nuclear generating stations is subject to the Bruce Lease Net Revenues Variance Account. Subject to the funded status of the funds, under the OEB-approved cost recovery methodologies, OPG's net income is exposed to the rate of return risk related to the portion of the Nuclear Segregated Funds attributed to the Darlington and Pickering nuclear generating stations. The income statement impact of the rate of return risk is partly mitigated when the funds are in a fully funded or overfunded position, as a reduction in the Nuclear Segregated Funds due to market conditions would first reduce the surplus in the respective fund before impacting OPG's net income. As at December 31, 2024, both the Decommissioning Segregated Fund and the Used Fuel Segregated Funds were in an overfunded position based on</p>

	<p>the most recently approved ONFA reference plan. For further details, refer to the section, <i>Core Business and Outlook</i> under the heading, <i>Outlook</i>.</p>
Post-Employment Benefit Obligations	<p>OPG's post-employment benefit obligations and costs and defined benefit registered pension plan contributions could be materially affected in the future by numerous factors including: changes in discount rates, inflation rates and other actuarial assumptions; future investment returns on pension plan assets; experience gains and losses; the funded status of the pension plans; changes in benefits; changes in the regulatory environment including potential changes to the <i>Pension Benefits Act</i> (Ontario); changes in OPG's operations; and the measurement uncertainty incorporated into the actuarial valuation process.</p> <p>Contributions to the OPG registered pension plan are determined based on actuarial valuations, which are filed with the appropriate regulatory authorities at least every three years. OPG is required to file actuarial valuations on an annual basis if the solvency funded status of the plan declines below the threshold specified in the regulations of the <i>Pension Benefits Act</i> (Ontario). Future actuarial valuations could increase OPG's funding requirements due to market and economic-related conditions. OPG's OPEB obligations are not funded and the associated employee benefits are paid from cash flow provided by operating activities or other sources of liquidity.</p>
Ownership by the Province	<p>The Province owns all of OPG's issued and outstanding common shares and Class A shares. Accordingly, the Province, as represented by the Ontario Ministry of Energy and Electrification, has the authority to make appointments to OPG's Board. OPG could be subject to Shareholder direction under section 108 of the <i>Business Corporations Act</i> (Ontario) that can directly influence major decisions. These directions could relate to project development, applications for regulated prices, asset acquisitions, divestitures or other transactions, financing and capital structure, and other matters. As a result, OPG could be required to undertake activities that result in increased expenditures, or that reduce revenue or cash flow relative to the business activities or strategies that would have otherwise been undertaken. In addition, the obligation of OPG's Shareholder to respond to a broad range of matters in its role as the Government of Ontario may create opportunities or risks for OPG which would be pursued or, to the extent possible, would be mitigated to achieve OPG's strategic and business plan objectives. This includes, but is not limited to, actions that may be taken by the Province to support future electricity planning decisions, to mitigate the impact of electricity prices on Ontario consumers, or to respond to trade disputes and other geopolitical tensions.</p>
Credit	<p>The Company's credit risk exposure is a function of its electricity sales, trading and hedging activities, and treasury activities including investing and commercial transactions with various suppliers of goods and services. OPG's credit risk exposure relating to electricity sales is considered low as the majority of sales are through the IESO-administered market in Ontario. The IESO oversees the credit worthiness of all market participants. In accordance with the IESO's prudential support requirements, market participants are required to provide collateral to cover funds that they might owe to the market.</p>

The following table summarizes OPG's credit exposure to all counterparties from electricity transactions and trading as at December 31, 2024:

Credit Rating ¹	All Counterparties		Largest Counterparties	
	Number of Counterparties ²	Potential Exposure ³ (millions of dollars)	Number of Counterparties	Potential Exposure (millions of dollars)
Investment grade	49	84	5	70
IESO ⁴	6	607	1	507
Other	29	3	2	1
Total	84	694	8	578

¹ Credit ratings are based on OPG's own analysis, taking into consideration external rating agency analysis where available, as well as recognizing explicit credit support provided through parental guarantees, Letters of Credit or other forms of security. Other category represents counterparties for which the credit rating has not been analyzed by OPG.

² OPG's counterparties are defined on the basis of individual master agreements.

³ Potential exposure is OPG's statistical assessment of maximum exposure over the life of each transaction at a 95 percent confidence interval.

⁴ Credit exposure represents an estimated short-term receivable amount arising from OPG's electricity sales into the IESO market. The credit exposure and associated receivable vary each month based on electricity sales. The monthly receivable from the IESO is typically paid to OPG in the subsequent month as per the IESO payment schedule.

Other major components of OPG's credit risk exposure include those associated with vendors that are contracted to provide services or products. OPG manages its exposure to various suppliers or counterparties by evaluating their financial condition and ensuring that the Company holds appropriate collateral or other forms of security.

Commodity Markets

Changes in the market prices of fuels used to produce electricity can adversely impact OPG's earnings and cash flow provided by operating activities.

To manage the risk of unpredictable increases in the price of fuels, the Company has fuel hedging programs, which include using fixed price and indexed contracts.

The percentages hedged of OPG's fuel requirements are shown in the following table. These amounts are based on yearly forecasts of electricity generation and supply mix and, as such, are subject to change as these forecasts are updated.

	2025	2026	2027
Estimated fuel requirements hedged (%) ¹	78	77	88

¹ Represents the approximate portion of megawatt-hour (MWh) of expected electricity generation (and year-end inventory targets) from each type of OPG-operated facility (nuclear, hydroelectric and thermal) for which the price of fuel is fixed, or for which the Company has entered into contractual arrangements to secure the price of fuel or secure the recovery of fuel costs. In the case of regulated and contracted hydroelectric electricity generation in Ontario, this represents the gross revenue charge and water rental charges. Excess fuel inventories (nuclear and thermal) in a given year are attributed to the next year for the purpose of measuring hedge ratios.

Foreign Exchange

OPG's financial results are exposed to volatility in the Canadian/US foreign exchange rate as certain materials, services and fuels purchased for generating stations and major projects, as well as debt issuances, may be denominated in or tied to US dollars. To manage this risk, OPG may periodically employ various financial instruments such as forwards and other derivative contracts, in accordance with approved risk management policies. As at December 31, 2024, OPG had nil in foreign exchange contracts outstanding. Additionally, volatility in the Canadian/US foreign exchange rate impacts OPG's financial results from certain of its subsidiaries, whose operations are based exclusively in the United States.

Interest Rates

Interest rate risk is the risk that the value of assets and liabilities can change due to movements in related interest rates. Interest rate risk for OPG arises with the need to refinance existing debt or undertake new financing. The management of these risks includes using derivatives to hedge the

exposure in accordance with approved risk management policies. OPG may use interest rate swap agreements to mitigate elements of interest rate risk exposure associated with anticipated financing.

Liquidity The Company's ability to arrange sufficient and cost-effective debt financing as part of its funding requirements could be adversely affected by a number of factors, including financial market and general economic conditions, the regulatory environment, the Company's results from operations, financial condition and the ratings assigned to the Company by credit rating agencies. In mitigating these risks, OPG utilizes multiple funding sources and forecasts availability of funds, actively monitors funding requirements and strives to maintain its investment grade credit ratings.

A discussion of corporate liquidity is included in the section, *Liquidity and Capital Resources*.

Electricity Markets OPG's revenue can be impacted by external factors related to electricity markets including: the entrance of new participants into the markets; the competitive actions of market participants; electricity demand including exports out of Ontario; changes in the regulatory environment; and variability in wholesale electricity prices in applicable markets.

A number of OPG's hydroelectric facilities in the US sell energy and capacity into wholesale electricity markets and therefore are subject to volatility of wholesale electricity market pricing. Revenue from these facilities represents a small portion of OPG's overall revenue. From time to time, the Company may enter into hedging arrangements to further mitigate this risk. OPG continues to monitor the effects of electricity market prices on its US operations.

In October 2024, the IESO approved market rules and design required to operationalize the Market Renewal Program, an IESO initiative to redesign the Ontario's electricity markets. According to the IESO, the renewed electricity markets will be launched on May 1, 2025. OPG is actively participating in the Market Renewal Program and continues to collaborate with the IESO. Additionally, OPG is consolidating and upgrading its internal systems and processes to be able to effectively participate in the new market. This requires concurrent changes to certain common business processes and information technology systems, which is being addressed through change management initiatives. This work is progressing as planned.

The 2024 Settlement Agreement provides for regulatory mechanisms to address the anticipated impacts from the IESO's Market Renewal Program on OPG's regulated facilities until the effective date of base regulated prices arising from OPG's next application with the OEB. The Market Renewal Program is not expected to have a material impact on OPG's net income.

Contracted Generation The Company's generating stations in Ontario that operate under ESAs with the IESO are subject to several obligations, including but not limited to availability targets and must-offer obligations committing units to the market during specific hours, as specified in the respective contracts. OPG could incur penalties up to and including termination of the respective contract if these facilities fail to meet their contractual obligations. This risk is mitigated through implementation of maintenance, capital investment and other programs, and internal processes to communicate, monitor and address contractual obligations and milestones.

While OPG expects that the generating stations operating under ESAs or other contracts will continue to provide energy and capacity to the respective markets over the term of such agreements, there is a risk that the contracts may not be renewed upon their expiry or that replacement contracts may not be available on acceptable terms.

Litigation OPG and its subsidiaries are involved in various legal proceedings covering a range of matters arising out of their business activities. Each of these matters is subject to various uncertainties and some of these matters may be resolved unfavourably. It is the Company's belief that the resolution of these matters is not likely to have a material adverse impact on its consolidated financial position.

Risks to Maintaining Social Licence

OPG is exposed to risks associated with its social licence and public profile due to changes in the opinions of various stakeholders, including electricity customers, local communities and government agencies, Rights Holders and partners.

Maintaining public trust and meeting stakeholders and partners' expectations is critical to OPG's business success. OPG focuses on maintaining its social licence and corporate reputation through safe, reliable and sustainable operations as well as corporate citizenship, engagement and public education initiatives. Additionally, OPG is committed to advancing reconciliation with Indigenous communities and Indigenous people and enhancing its workplace culture by fostering excellence in ED&I practices.

An inability to maintain safe, reliable and environmentally responsible operations could negatively impact OPG's reputation and result in a loss of public support.

Indigenous Communities The quality of OPG's relationships and the outcome of negotiations with Indigenous communities may impact OPG's project and financial performance, as well as its social licence to operate.

OPG may be subject to claims by Indigenous communities. These claims may stem from projects or generation development activities, activities related to the operations of OPG including nuclear waste management, and historic operations of OPG's predecessor companies, which may have impacted Aboriginal and/or Treaty rights.

These risks are partly mitigated by delivering on OPG's Indigenous Relations Policy, which sets out the Company's commitment to proactively build and maintain positive relationships with Indigenous communities, and the Company's Reconciliation Action Plan. OPG has also been successful in working collaboratively with Indigenous communities to resolve a number of past grievances and to establish commercial partnerships related to new generation development. However, the outcomes of ongoing and any future negotiations will depend on a number of factors, including legislation, regulations and precedents created by court rulings, which are subject to change over time.

RELATED PARTY TRANSACTIONS

Given that the Province owns all of the shares of OPG, related parties include the Province and other entities controlled by the Province.

The related party transactions summarized below include transactions with the Province and the principal successors to the former Ontario Hydro's integrated electricity business, including Hydro One, the IESO and the OEFC. Transactions between OPG and related parties are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. As one of several wholly owned government business enterprises of the Province, OPG also has transactions in the normal course of business with various government ministries and organizations in Ontario that fall under the purview of the Province.

The related party transactions for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	2024		2023	
	Income	Expense	Income	Expense
Hydro One				
Electricity sales	18	-	16	-
Services	-	9	-	11
Dividends	5	-	5	-
Province of Ontario				
Change in Decommissioning Segregated Fund amount due to Province ¹	-	1,137	-	646
Change in Used Fuel Segregated Fund amount due to Province ¹	-	1,459	-	820
Hydroelectric gross revenue charge	-	118	-	114
OEFC				
Hydroelectric gross revenue charge	-	223	-	216
Interest expense on long-term notes	-	88	-	94
Income taxes	-	377	-	526
Property taxes	-	13	-	13
IESO				
Electricity related revenue	6,473	-	6,694	-
Fair Hydro Trust				
Interest income	33	-	33	-
	6,529	3,424	6,748	2,440

¹ The Nuclear Segregated Funds are reported on the consolidated balance sheets net of amounts recognized as due to the Province in respect of any excess funding and, for the Used Fuel Segregated Fund, the Province's rate of return guarantee. As at December 31, 2024 and 2023, the Nuclear Segregated Funds were reported net of amounts due to the Province of \$10,236 million and \$7,640 million, respectively.

Balances between OPG and its related parties as at December 31 were as follows:

<i>(millions of dollars)</i>	2024	2023
Receivables from related parties		
Hydro One	3	4
IESO – Electricity related receivables	608	623
Fair Hydro Trust	4	4
Province of Ontario	1	-
Loan receivable		
Fair Hydro Trust	902	905
Equity securities		
Hydro One shares	159	164
Accounts payable, accrued charges and other payables		
Hydro One	3	2
OEFC	85	82
Province of Ontario	10	8
IESO – Electricity related payables	-	1
Long-term debt (including current portion)		
Notes payable to OEFC	2,100	2,500

OPG may hold Province of Ontario bonds and treasury bills in the Nuclear Segregated Funds and the OPG registered pension plan. As at December 31, 2024, the Nuclear Segregated Funds held \$1,740 million of Province of Ontario bonds (2023 – \$1,603 million) and \$8 million of Province of Ontario treasury bills (2023 – \$4 million). As of December 31, 2024, the OPG registered pension plan held \$327 million of Province of Ontario bonds (2023 – \$336 million) and \$9 million of Province of Ontario treasury bills (2023 – \$5 million). These Province of Ontario bonds and treasury bills are publicly traded securities and are measured at fair value. OPG jointly oversees the investment management of the Nuclear Segregated Funds with the Province.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS

Management, including the President and CEO and the Chief Financial Officer (CFO), are responsible for maintaining Disclosure Controls and Procedures (DC&P) and Internal Control over Financial Reporting (ICOFR). DC&P is designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the President and CEO and the CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure. ICOFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with US GAAP.

There were no changes in OPG's ICOFR during the year ended December 31, 2024 that have materially affected or are reasonably likely to materially affect OPG's financial reports.

Management, including the President and CEO and the CFO, concluded that, as of December 31, 2024, OPG's DC&P and ICOFR, as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, were effective.

FOURTH QUARTER

Discussion of Results

<i>(millions of dollars)</i> (unaudited)	Three Months Ended December 31	
	2024	2023
Revenue	1,838	1,894
Fuel expense	289	272
Operations, maintenance and administration expenses	833	817
Depreciation and amortization expenses	335	284
Accretion on fixed asset removal and nuclear waste management funds	307	293
Earnings on nuclear fixed asset removal and nuclear waste management funds	(280)	(268)
Other net expenses (gains)	38	(91)
Earnings before interest and income taxes	316	587
Net interest expense	42	17
Income tax expense	42	116
Net income	232	454
Net income attributable to the Shareholder	228	450
Net income attributable to non-controlling interest ¹	4	4

¹ Relates to the following: 25 percent interest of Amisk-oo-Skow Finance Corporation, a corporation wholly owned by the Moose Cree First Nation, in Lower Mattagami Limited Partnership; 33 percent interest of Coral Rapids Power Corporation, a corporation wholly owned by the Taykwa Tagamou Nation, in PSS Generating Station Limited Partnership; 15 percent interest and 5 percent interest of corporations wholly owned by Six Nations of Grand River Development Corporation and the Mississaugas of the Credit First Nation, respectively, in Nanticoke Solar LP; and non-controlling interests in certain electricity generating facilities in the United States.

Net income attributable to the Shareholder for the fourth quarter was \$228 million, compared to \$450 million for the same quarter in 2023. Earnings before interest and income taxes were \$316 million for the fourth quarter of 2024, representing a decrease of \$271 million compared to the same quarter in 2023.

Significant factors that decreased EBIT:

- Net decrease in revenue of \$147 million from the Regulated – Nuclear Generation business segment, as a result of lower electricity generation of 0.9 TWh and a lower nuclear base regulated price in effect during 2024. The lower electricity generation was expected and primarily due to the cessation of commercial operation of Unit 1 of the Pickering GS on October 1, 2024. An increase in revenue reflecting the impact of the new rate riders for disposition of regulatory accounts under the OEB's June 2024 decision and order approving the 2024 Settlement Agreement, effective July 1, 2024, was largely offset by a corresponding increase in the amortization expense of regulatory assets and regulatory liabilities recorded for regulatory account balances; and
- Lower EBIT of \$82 million from Atura Power business segment, primarily due to the release of a previously recognized contingent liability in the fourth quarter of 2023 under a 2021 settlement agreement related to an acquisition of combined cycle plants.

Net interest expense increased by \$25 million during the fourth quarter of 2024, compared to the same quarter in 2023, largely due to higher interest on the Company's long-term debt due to bond issuances during 2024.

Income tax expense decreased by \$74 million during the fourth quarter of 2024, compared to the same quarter in 2023. The decrease was primarily due to the impact of lower earnings before income taxes.

Electricity Generation

OPG's electricity generation for the three months ended December 31, 2024 and 2023 was as follows:

<i>(TWh)</i>	Three Months Ended December 31	
	2024	2023
Regulated – Nuclear Generation	8.3	9.2
Regulated – Hydroelectric Generation	7.9	7.8
Contracted Hydroelectric and Other Generation ¹	1.2	1.2
Atura Power	3.0	2.6
Total OPG electricity generation	20.4	20.8

¹ Includes OPG's proportionate share of electricity generation from co-owned and minority shareholdings in electricity generating facilities.

The decrease in OPG's total electricity generation of 0.4 TWh during the fourth quarter of 2024, compared to the same quarter in 2023, was primarily due to lower electricity generation of 0.9 TWh from the Regulated – Nuclear Generation business segment as a result of the cessation of commercial operation of Unit 1 of the Pickering GS on October 1, 2024, partially offset by fewer planned outage days at the Pickering GS, and higher electricity generation from the Atura Power business segment, primarily due to higher demand for electricity generation from the combined cycle plants.

Ontario's electricity demand as reported by the IESO was 35.0 TWh during the fourth quarter of 2024, compared to 34.5 TWh for the same period in 2023. Ontario's electricity demand excludes electricity exports out of the province.

Liquidity and Capital Resources

Cash flow provided by operating activities during the three months ended December 31, 2024 was \$429 million, compared to \$657 million for the same period in 2023. The decrease was primarily due to lower revenue receipts from the Regulated – Nuclear Generation business segment and higher OM&A expenditures, mainly offset by higher revenue receipts from the Regulated – Hydroelectric Generation business segment and lower income tax installment payments.

Cash flow used in investing activities was \$992 million during the three months ended December 31, 2024, compared to \$906 million during the same period in 2023. This increase was primarily due to increased capital expenditures for the Pickering Refurbishment project and DNNP within the Regulated – Nuclear Generation business segment during the fourth quarter of 2024.

Cash flow used in financing activities increased by \$129 million during the three months ended December 31, 2024, compared to the same period in 2023. The increase was primarily due to a net repayment of short-term debt, mainly offset by a higher net issuance of long-term debt.

QUARTERLY AND ANNUAL FINANCIAL HIGHLIGHTS

The following tables set out selected annual financial information for the last three years and financial information for each of the eight most recently completed quarters. This information is derived from OPG's unaudited interim consolidated financial statements and the audited annual consolidated financial statements, and has been prepared in accordance with US GAAP.

Annual Financial Information

<i>(millions of dollars – except where noted)</i>	2024	2023	2022
Revenue	7,187	7,434	7,349
Net income attributable to the Shareholder	988	1,741	1,636
Earnings per share, attributable to the Shareholder <i>(dollars)</i>	\$3.60	\$6.34	\$5.96
Total assets	68,976	65,688	62,343
Total long-term liabilities	44,044	42,434	41,259
Weighted average shares outstanding <i>(millions)</i>	274.6	274.6	274.6

Quarterly Financial Information

<i>(millions of dollars – except where noted)</i> <i>(unaudited)</i>	2024 Quarters Ended				
	December 31	September 30	June 30	March 31	Total
Electricity generation (TWh)	20.4	21.7	18.9	21.1	82.1
Revenue	1,838	1,891	1,691	1,767	7,187
Net income	232	383	166	225	1,006
Less: Net income attributable to non-controlling interest	4	4	6	4	18
Net income attributable to the Shareholder	228	379	160	221	988
Earnings per share, attributable to the Shareholder <i>(dollars)</i>	\$0.83	\$1.38	\$0.58	\$0.80	\$3.60

<i>(millions of dollars – except where noted)</i> <i>(unaudited)</i>	2023 Quarters Ended				
	December 31	September 30	June 30	March 31	Total
Electricity generation (TWh)	20.8	20.9	19.5	19.7	80.9
Revenue	1,894	1,882	1,828	1,830	7,434
Net income	454	449	423	433	1,759
Less: Net income attributable to non-controlling interest	4	5	5	4	18
Net income attributable to the Shareholder	450	444	418	429	1,741
Earnings per share, attributable to the Shareholder <i>(dollars)</i>	\$1.64	\$1.62	\$1.52	\$1.56	\$6.34

Trends

OPG's quarterly electricity generation and the financial results of the Regulated – Nuclear Generation business segment are primarily impacted by outage activities at the nuclear generating stations. The frequency and timing of planned outages under a station's maintenance outage cycle and the timing of refurbishment activities may result in period-over-period variability in OPG's financial results. The maintenance outage cycle at each of OPG's nuclear generating stations determines the number of planned outages in a particular year. Outage cycles are designed to ensure continued safe and reliable long-term operations of the stations and their compliance with the CNSC's regulatory requirements.

The Darlington and Pickering nuclear generating stations have been designed to operate at full power as baseload generating facilities and therefore their electricity production does not vary with changes in grid-supplied electricity demand.

OPG's quarterly electricity generation from the Regulated – Hydroelectric Generation, Contracted Hydroelectric and Other Generation, and Atura Power business segments is affected by changes in grid-supplied electricity demand. Changes in grid-supplied electricity demand are primarily caused by variations in seasonal weather conditions, changes in economic conditions, the impact of small-scale generation embedded in distribution networks, and the impact of conservation efforts. Historically, there has been greater electricity demand in Ontario during the winter and summer months due to heating and air conditioning demands. The financial impact of forgone hydroelectric electricity generation from the Regulated – Hydroelectric Generation business segment due to SBG conditions is mitigated by a regulatory account.

OPG's quarterly electricity generation from hydroelectric facilities is impacted by weather conditions that affect water flows. Historically, there have been higher water flows in the second quarter as a result of snow and ice melt entering the river systems. The financial impact of variability in water flows on the Regulated – Hydroelectric Generation business segment is mitigated by regulatory accounts.

The financial impact of variability in electricity generation from the Contracted Hydroelectric and Other Generation business segment and the Atura Power business segment is mitigated by the terms of the applicable ESAs with the IESO for the contracted generating facilities in Ontario.

KEY OPERATING PERFORMANCE INDICATORS AND NON-GAAP FINANCIAL MEASURES

Key Operating Performance Measures

OPG evaluates the performance of its generating stations using a number of key indicators. Key operating performance indicators aligned with corporate business imperatives include measures of production reliability, cost effectiveness, environmental performance and safety performance. Certain of the measures used vary depending on the generating technology.

Nuclear Unit Capability Factor

The nuclear Unit Capability Factor is a key measure of nuclear station performance. It measures the amount of energy that the unit(s) generated over a period of time, adjusted for externally imposed constraints such as transmission or demand limitations, as a percentage of the amount of energy that would have been produced over the same period had the unit(s) produced maximum generation. Capability factors are primarily affected by planned and unplanned outages. An outage day represents a single unit being offline or derated for an amount of time equivalent to one day. By industry definition, capability factors exclude production losses beyond plant management's control, such as grid-related unavailability. The nuclear Unit Capability Factor also excludes unit(s) during the period in which they are undergoing refurbishment.

Hydroelectric Availability

Hydroelectric Availability represents the percentage of time the generating unit is capable of providing service, whether or not it is actually generating electricity, compared to the total time for the respective period, weighted by unit capacity.

Thermal Equivalent Forced Outage Rate

Equivalent forced outage rate is an index of the reliability of a generating unit at OPG's wholly-owned thermal stations. It is measured by the ratio of time a generating unit is forced out of service by unplanned events, including any forced deratings, compared to the amount of time the generating unit was available to operate.

Thermal Availability

Thermal Availability represents the percentage of time a generating unit at Atura Power's combined cycle plants is capable of providing service, whether or not it is actually generating electricity, compared to the total time for the respective period, averaged by the number of facilities owned and operated through Atura Power. The measure is calculated on a three-year rolling average basis.

Other Key Indicators

OPG has also identified certain environmental and safety performance measures, which are discussed in the section, *Environmental, Social, Governance and Sustainability*.

Non-GAAP Financial Performance Measures

In addition to net income and other financial information in accordance with US GAAP, certain non-GAAP financial measures are also presented in this MD&A. These non-GAAP measures do not have any standardized meaning prescribed by US GAAP and, therefore, may not be comparable to similar measures presented by other issuers. OPG utilizes these measures to make operating decisions and assess performance. Readers of the MD&A would utilize these measures in assessing the Company's financial performance from ongoing operations. The Company believes that these indicators are important since they provide additional information about OPG's performance, facilitate comparison of results over different periods and present measures consistent with the Company's strategies to provide value to the Shareholder, improve cost performance and ensure availability of cost-effective funding. These non-GAAP financial measures have not been presented as an alternative to net income or any other measure in accordance with US GAAP, but as indicators of operating performance.

The definitions of the non-GAAP financial measures are as follows:

(1) Earnings before interest, income taxes, depreciation and amortization is defined as net income before net interest expense, income tax expense and depreciation and amortization expenses.

(2) Gross margin is defined as revenue less fuel expense.

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ONTARIO POWER GENERATION INC.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Ontario Power Generation Inc.'s (OPG or the Company) Management and Board of Directors are responsible for the presentation and preparation of the annual consolidated financial statements.

The consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles (US GAAP). The consolidated financial statements necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. Something is considered material if it is reasonably expected to have a significant impact on the Company's earnings, cash flow, value of an asset or liability or reputation.

The Company maintains and relies on a system of internal controls to ensure, on a reasonable and cost-effective basis, reliability of the financial information. These controls are designed to provide the Company with reasonable assurance that the financial records are reliable for preparing consolidated financial statements and other financial information, assets are safeguarded against unauthorized use or disposition, liabilities are recognized and compliance with all regulatory requirements is achieved.

The consolidated financial statements have been audited by Ernst & Young LLP, independent external auditors appointed by the Board of Directors. Their Independent Auditor's Report outlines the auditor's responsibilities and the scope of their examination and their opinion on OPG's consolidated financial statements. The independent external auditor, as confirmed by the Audit and Risk Committee, had direct and full access to the Audit and Risk Committee, with and without the presence of management, to discuss their audit and their findings therefrom, as to the integrity of OPG's financial reporting and the effectiveness of the system of internal controls.

Nicolle Butcher (signed)

President and Chief Executive Officer

Aida Cipolla (signed)

*Chief Financial Officer and
Corporate Services Officer*

March 4, 2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Ontario Power Generation Inc.

Opinion

We have audited the consolidated financial statements of Ontario Power Generation Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheets as at December 31, 2024 and 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in shareholder's equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and 2023, and the consolidated results of its operations and its consolidated cash flows for the years then ended in accordance with United States generally accepted accounting principles.

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 consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements 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.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Integrated Environmental Social and Governance and Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with United States generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are 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 these consolidated financial statements.

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 consolidated financial statements, 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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.

/s/ Ernst & Young LLP

Toronto, Canada
March 4, 2025

Chartered Professional Accountants
Licensed Public Accountants

CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31 <i>(millions of dollars except where noted)</i>	2024	2023
Revenue	7,187	7,434
Fuel expense	1,049	974
Gross margin	6,138	6,460
Operations, maintenance and administration expenses	3,318	3,136
Depreciation and amortization expenses <i>(Note 6)</i>	1,270	1,071
Accretion on fixed asset removal and nuclear waste management liabilities <i>(Note 11)</i>	1,221	1,178
Earnings on nuclear fixed asset removal and nuclear waste management funds <i>(Note 11)</i>	(1,102)	(1,057)
Property taxes	50	48
	4,757	4,376
Income before other losses (gains), interest and income taxes	1,381	2,084
Other losses (gains)	19	(114)
Income before interest and income taxes	1,362	2,198
Net interest expense <i>(Note 9)</i>	186	103
Income before income taxes	1,176	2,095
Income tax expense <i>(Note 12)</i>	170	336
Net income	1,006	1,759
Net income attributable to the Shareholder	988	1,741
Net income attributable to non-controlling interest	18	18
Basic and diluted earnings per share (dollars) <i>(Note 18)</i>	3.60	6.34

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31 <i>(millions of dollars)</i>	2024	2023
Net income	1,006	1,759
Other comprehensive income (loss), net of income taxes (Note 13)		
Actuarial gain (loss), net of past service costs, on remeasurement of liabilities for pension and other post-employment benefits ¹	41	(109)
Reclassification to income of amounts related to pension and other post-employment benefits ²	(2)	(4)
Reclassification to income of amounts related to derivatives designated as cash flow hedges ³	(5)	4
Net gain on derivatives designated as cash flow hedges ⁴	1	11
Currency translation adjustment	173	(45)
Other comprehensive income (loss) for the year	208	(143)
Comprehensive income	1,214	1,616
Comprehensive income attributable to the Shareholder	1,196	1,598
Comprehensive income attributable to non-controlling interest	18	18

¹ Net of income tax expense of \$13 million and net of income tax recovery of \$36 million for 2024 and 2023, respectively.

² Net of income tax recovery of nil and \$1 million for 2024 and 2023, respectively.

³ Net of income tax recovery of \$2 million and net of income tax expense of \$2 million for 2024 and 2023, respectively.

⁴ Net of income tax expense of nil and \$4 million for 2024 and 2023, respectively.

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31 (millions of dollars)	2024	2023
Operating activities		
Net income	1,006	1,759
Adjust for non-cash items:		
Depreciation and amortization expenses (Note 6)	1,270	1,071
Accretion on fixed asset removal and nuclear waste management liabilities	1,221	1,178
Earnings on nuclear fixed asset removal and nuclear waste management funds	(1,102)	(1,057)
Pension and other post-employment benefit costs (Note 14)	361	370
Deferred income tax expense (Note 12)	39	82
Regulatory assets and regulatory liabilities	(23)	(230)
Other losses (gains)	22	(104)
Other	(19)	18
Expenditures on fixed asset removal and nuclear waste management	(529)	(436)
Reimbursement of eligible expenditures on nuclear fixed asset removal and nuclear waste management	252	198
Contributions to pension funds and expenditures on other post-employment benefits and supplementary pension plans	(342)	(300)
Net changes to other long-term assets and long-term liabilities	116	103
Net changes in non-cash working capital balances (Note 22)	(61)	(114)
Cash flow provided by operating activities	2,211	2,538
Investing activities		
Investment in property, plant and equipment and intangible assets (Note 20)	(3,537)	(2,901)
Acquisition of Lightstar Renewables and Lightstar Operations One (Note 4)	(131)	-
Purchase of new corporate headquarters real estate site (Note 24)	-	(102)
Proceeds from sale of non-core real estate site	-	34
Cash flow used in investing activities	(3,668)	(2,969)
Financing activities		
Issuance of short-term debt (Note 10)	2,960	970
Repayment of short-term debt (Note 10)	(2,945)	(835)
Issuance of long-term debt (Note 9)	1,930	244
Repayment of long-term debt (Note 9)	(603)	(43)
Equity investment from non-controlling interest	3	3
Distribution to non-controlling interest	(19)	(19)
Cash flow provided by financing activities	1,326	320
Effect of exchange rate changes on cash, cash equivalents and restricted cash	13	(3)
Net decrease in cash, cash equivalents and restricted cash	(118)	(114)
Cash, cash equivalents and restricted cash, beginning of year	1,481	1,595
Cash, cash equivalents and restricted cash, end of year	1,363	1,481

See accompanying notes to the consolidated financial statements

CONSOLIDATED BALANCE SHEETS

As at December 31 <i>(millions of dollars)</i>	2024	2023
Assets		
Current assets		
Cash, cash equivalents and restricted cash <i>(Note 5)</i>	1,363	1,481
Equity securities <i>(Note 21)</i>	159	164
Receivables from related parties <i>(Note 21)</i>	616	631
Nuclear fixed asset removal and nuclear waste management funds <i>(Note 11)</i>	283	68
Fuel inventory	297	295
Materials and supplies	145	106
Regulatory assets <i>(Note 7)</i>	540	143
Prepaid expenses	292	321
Other current assets	388	342
	4,083	3,551
Property, plant and equipment <i>(Note 6)</i>	51,290	47,339
Less: accumulated depreciation	15,159	13,879
	36,131	33,460
Intangible assets <i>(Note 6)</i>	1,029	802
Less: accumulated amortization	439	310
	590	492
Goodwill <i>(Note 8)</i>	230	168
Other assets		
Nuclear fixed asset removal and nuclear waste management funds <i>(Note 11)</i>	22,129	21,495
Loan receivable from related party <i>(Note 21)</i>	902	905
Long-term materials and supplies	355	382
Regulatory assets <i>(Note 7)</i>	4,367	5,078
Investments subject to significant influence	52	53
Other long-term assets	137	104
	27,942	28,017
	68,976	65,688

See accompanying notes to the consolidated financial statements

CONSOLIDATED BALANCE SHEETS

As at December 31 <i>(millions of dollars)</i>	2024	2023
Liabilities		
Current liabilities		
Accounts payable, accrued charges and other payables	2,068	1,729
Short-term debt <i>(Note 10)</i>	215	200
Long-term debt due within one year <i>(Note 9)</i>	604	603
Regulatory liabilities <i>(Note 7)</i>	246	131
	3,133	2,663
Long-term debt <i>(Note 9)</i>	11,103	9,739
Other liabilities		
Fixed asset removal and nuclear waste management liabilities <i>(Note 11)</i>	26,042	25,386
Pension liabilities <i>(Note 14)</i>	46	883
Other post-employment benefit liabilities <i>(Note 14)</i>	2,716	2,641
Long-term accounts payable and accrued charges	382	247
Deferred revenue	355	364
Deferred income taxes <i>(Note 12)</i>	2,461	2,149
Regulatory liabilities <i>(Note 7)</i>	939	1,025
	32,941	32,695
Equity		
Common shares ¹ <i>(Note 17)</i>	5,126	5,126
Class A shares ² <i>(Note 17)</i>	787	787
Contributed surplus	28	30
Retained earnings	15,469	14,481
Accumulated other comprehensive income (loss) <i>(Note 13)</i>	193	(15)
Equity attributable to the Shareholder	21,603	20,409
Equity attributable to non-controlling interest	196	182
Total equity	21,799	20,591
	68,976	65,688

¹ 256,300,010 common shares outstanding at a stated value of \$5,126 million as at December 31, 2024 and 2023.

² 18,343,815 Class A shares outstanding at a stated value of \$787 million as at December 31, 2024 and 2023.

Commitments and contingencies *(Notes 9, 10, 12, 14 and 19)*

See accompanying notes to the consolidated financial statements

On behalf of the Board of Directors:

Wendy Kei (signed)
Board Chair

Jill Pepall (signed)
Director

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

Years Ended December 31 <i>(millions of dollars)</i>	2024	2023
Common shares (Note 17)	5,126	5,126
Class A shares (Note 17)	787	787
Contributed surplus		
Balance at beginning of year	30	32
Reclassification to income of amounts related to gain on deconsolidation of Fair Hydro Trust	(2)	(2)
Balance at end of year	28	30
Retained earnings		
Balance at beginning of year	14,481	12,740
Net income attributable to the Shareholder	988	1,741
Balance at end of year	15,469	14,481
Accumulated other comprehensive income (loss), net of income taxes (Note 13)		
Balance at beginning of year	(15)	128
Other comprehensive income (loss)	208	(143)
Balance at end of year	193	(15)
Equity attributable to the Shareholder	21,603	20,409
Equity attributable to non-controlling interest		
Balance at beginning of year	182	176
Income attributable to non-controlling interest	18	18
Equity investment from non-controlling interest (Note 23)	15	7
Distribution to non-controlling interest	(19)	(19)
Balance at end of year	196	182
Total equity	21,799	20,591

See accompanying notes to the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

Ontario Power Generation Inc. (OPG or the Company) was incorporated on December 1, 1998 pursuant to the *Business Corporations Act* (Ontario) and is wholly-owned by the Province of Ontario (the Province or the Shareholder). OPG is an Ontario-based electricity generation company whose principal business is the generation and sale of electricity.

Unless the context indicates otherwise, references in the consolidated financial statements to “the Company”, or “OPG” are made to Ontario Power Generation Inc. and its subsidiaries.

As at December 31, 2024, OPG owned and operated two nuclear generating stations, 66 hydroelectric generating stations, two thermal generating stations, one solar facility and four combined cycle gas turbine (combined cycle) plants in Ontario, Canada. The combined cycle plants are natural gas-fired facilities owned and operated through the Company’s wholly-owned subsidiary operating as Atura Power. Through its United States (US)-based wholly-owned subsidiary, OPG Eagle Creek Holdings LLC (Eagle Creek), OPG also wholly or jointly owned and operated 85 hydroelectric generating stations and held minority interests in 14 hydroelectric and two solar facilities in the US as at December 31, 2024. In addition, OPG owns two nuclear generating stations in Ontario, the Bruce A generating station (GS) and the Bruce B GS (together, the Bruce nuclear generating stations), which are leased on a long-term basis to Bruce Power L.P. (Bruce Power).

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared and presented in accordance with United States generally accepted accounting principles (US GAAP).

As required by *Ontario Regulation 395/11*, as amended, under the *Financial Administration Act* (Ontario), OPG adopted US GAAP for the presentation of its consolidated financial statements, effective January 1, 2012. Since January 1, 2012, OPG also has received exemptive relief from the Ontario Securities Commission (OSC) from the requirements of section 3.2 of National Instrument 52-107, *Acceptable Accounting Policies and Auditing Standards*. The exemption allows OPG to file consolidated financial statements prepared in accordance with US GAAP, rather than International Financial Reporting Standards (IFRS), without becoming a US Securities and Exchange Commission registrant.

In September 2022, OPG received an extension to its previous exemptive relief from the OSC. The exemptive relief will terminate on the earliest of the following:

- January 1, 2027;
- The financial year that commences after OPG ceases to have activities subject to rate regulation; and
- The financial year that commences on or following the later of:
 - I. The effective date prescribed by the International Accounting Standards Board (IASB) for the mandatory application of a standard within IFRS specific to entities with rate regulated activities (Mandatory Rate-regulated Standard); and
 - II. Two years after the IASB publishes the final version of a Mandatory Rate-regulated Standard.

All dollar amounts are presented in Canadian dollars, unless otherwise noted. Certain 2023 comparative amounts have been reclassified from consolidated financial statements previously presented to conform to the 2024 consolidated financial statement presentation.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

a) Basis of Consolidation

The consolidated financial statements of the Company include the accounts of OPG and its majority-owned subsidiaries and variable interest entities (VIEs) where OPG is the primary beneficiary. All intercompany balances and intercompany transactions are eliminated on consolidation.

Where OPG does not control an investment but has significant influence over operating and financing policies of the investee, the investment is accounted for under the equity method.

Outlined below is information related to OPG's investments which are accounted for under the equity method as at December 31, 2024:

Entity	Place of Business	Entity Type	Ownership Interest
Ontario Charging Network L.P. ¹	Canada	Limited Partnership	50.00%
South Fork II Associates, L.P.	United States	Limited Partnership	50.00%
Concord Hydro Associates	United States	Limited Partnership	26.94%
New Hampshire Hydro Associates	United States	Partnership	27.08%
North Hartland, LLC	United States	Limited Liability Company	26.80%
Dodge Falls Associates, L.P.	United States	Limited Partnership	26.80%
Mesalonskee Stream Hydro, LLC	United States	Limited Liability Company	26.80%
HCE-Dodge Falls, Inc.	United States	Corporation	26.94%
Benton Falls Associates	United States	Partnership	27.08%
HMG, LLC	United States	Limited Liability Company	33.00%
Boltonville Hydro Associates	United States	Partnership	11.25%
Briar Hydro Associates	United States	Partnership	27.08%
Brassua TIC	United States	Tenancy-in-Common	24.19%
Kennebec Water Power Company	United States	Corporation	50.20%

¹ In the first quarter of 2025, OPG entered into an agreement to divest its interest in Ontario Charging Network L.P (operating as Ivy Charging Network) to Hydro One Limited. The transaction was completed during the same quarter.

b) Variable Interest Entities

OPG performs ongoing analysis to assess whether it holds any VIEs. VIEs of which OPG is deemed to be the primary beneficiary are consolidated. The primary beneficiary of a VIE has both the power to direct the activities of the entity that most significantly impact its economic performance and the obligation to absorb losses of the entity that could potentially be significant to the Company. In circumstances where OPG is not deemed to be the primary beneficiary, the VIE is not recorded in OPG's consolidated financial statements. VIEs are deconsolidated when facts and circumstances arise which indicate that OPG is no longer deemed to be the primary beneficiary.

As of December 31, 2024, the Company's significant VIE was the Nuclear Waste Management Organization (NWMO).

Nuclear Waste Management Organization

In 2002, OPG and other Canadian used nuclear fuel producers established a separately incorporated NWMO in accordance with the *Nuclear Fuel Waste Act* (Canada) (NFWA). The primary long-term mandate of the NWMO is to implement an approach to address the long-term management of used nuclear fuel in Canada. OPG has the majority of voting rights at the NWMO Board of Directors' and members' level. The NFWA requires the used nuclear fuel owners to establish and make payments into trust funds for the purpose of funding the implementation of the long-term used nuclear fuel management plan in accordance with the NFWA. OPG provides over 90 percent of the NWMO's funding, primarily towards the design and implementation of Canada's Adaptive Phased Management (APM) plan for the long-term management of used nuclear fuel. As a result, OPG is expected to absorb a majority of the NWMO's expected

losses through future funding in the event of any shortfall. Therefore, OPG holds a variable interest in the NWMO, of which it is the primary beneficiary. Accordingly, the applicable amounts in the accounts of the NWMO, after elimination of intercompany transactions, are consolidated.

c) Use of Management Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period, and the reported amounts of revenues and expenses for the reporting periods. Management evaluates these estimates on an ongoing basis based upon historical experience, current conditions and assumptions believed to be reasonable at the time the estimate is made, with any adjustments recognized in the period incurred. Significant estimates are included in the determination of pension and other post-employment benefits (OPEB) balances, asset retirement obligations (AROs) and associated asset retirement costs capitalized as part of property, plant and equipment (PP&E), income taxes (including deferred income taxes), contingencies, regulatory assets and regulatory liabilities, goodwill and intangible assets, valuation of investments in segregated funds, depreciation and amortization expenses and inventories. Actual results may differ significantly from these estimates.

d) Business Combinations

The Company accounts for acquisitions of entities or assets that meet the definition of a business as business combinations. Business combinations are accounted for using the acquisition method. Assets acquired and liabilities assumed in business combinations are measured at their fair value at the acquisition date. Acquisition costs incurred in connection with business combinations are expensed in the period incurred. When a set of activities acquired does not represent a business, the transaction is accounted for as an asset acquisition and acquisition costs are capitalized.

Intangible assets acquired in business combinations are recognized separately at fair value if they arise from contractual or other legal rights or are separable.

e) Goodwill

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the assets acquired and liabilities assumed.

The Company allocates goodwill to operating segments that are expected to benefit from the goodwill recognized. At least once a year, the Company assesses qualitative and quantitative factors to determine whether it is more likely than not that the fair value of a reporting unit to which goodwill is attributed is less than its carrying amount. If it is more likely than not that a reporting unit's fair value is less than its carrying amount or if a quantitative assessment is elected, the Company calculates the fair value of the reporting unit. The carrying amount of a reporting unit's goodwill is considered not recoverable if the carrying amount of the reporting unit exceeds its fair value. Any impairment charge represents the excess of the reporting unit's carrying amount over its fair value, to the extent that the impairment charge is limited to the total amount of goodwill allocated to the reporting unit. Goodwill is tested for impairment between annual assessments if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

f) Cash, Cash Equivalents, Restricted Cash and Short-Term Investments

Cash and cash equivalents include cash on deposit and money market securities with a maturity of 90 days or less on the date of purchase. Restricted cash primarily includes amounts set aside pursuant to requirements of various debt and financing agreements. All other money market securities with a maturity on the date of purchase that is greater than 90 days, but less than one year, are recorded as short-term investments and classified as current assets. These securities are valued at the lower of cost and market value.

g) Loan Receivables

Loan receivables are financial assets with fixed or determined payments that are not quoted in an active market. Loan receivables are initially recorded at fair value, and subsequently recorded at amortized cost using the effective interest method. The loan receivable balance relates to the subordinated notes issued by the Fair Hydro Trust to OPG. The balance was recognized by OPG following the deconsolidation of the Fair Hydro Trust as a result of the *Fixing the Hydro Mess Act, 2019*.

h) Inventories

Inventories, consisting of fuel and materials and supplies, are measured at the lower of cost and net realizable value. Cost is determined as weighted average cost for fuel inventory and average cost for materials and supplies.

i) Intangible Assets

Intangible assets are recorded at cost. Intangible assets that are not considered to have an indefinite life are amortized using an amortization method that reflects the pattern in which their economic benefits are consumed or on a straight-line basis if that pattern is not readily determinable. Amortization of intangible assets is reflected in the depreciation and amortization expenses on the consolidated statements of income. Intangible assets are subject to impairment testing and if impaired, the carrying value is accordingly reduced.

As at December 31, 2024, the amortization periods of intangible assets were as follows:

Power purchasing contracts	2 to 20 years
Operating licences – Federal Energy Regulatory Commission	10 to 40 years
Major application and computer software	3 to 5 years

Power purchasing contracts are amortized on a straight-line basis over the remaining terms of the respective contracts. Operating licences are amortized on a straight-line basis over the remaining terms of the respective licences.

j) Property, Plant and Equipment and Depreciation

PP&E is recorded at cost. Interest costs incurred during construction are capitalized as part of the cost of the asset based on the interest rates on OPG's long-term debt. Expenditures for replacements of major components are capitalized.

Major maintenance expenditures for combined cycle plants under long-term service agreements with third parties are accounted for using the deferral method, whereby the costs are capitalized and depreciated over their estimated useful life. Repairs and other maintenance costs are expensed when incurred.

Asset removal costs that have not been specifically provided for in current or previous periods are charged to operations, maintenance and administration (OM&A) expenses when incurred.

Depreciation rates for the various classes of assets are based on their estimated service lives. PP&E are depreciated on a straight-line basis, except for computer equipment, which are depreciated on a declining balance basis.

As at December 31, 2024, the depreciation periods of PP&E were as follows:

Nuclear generating stations and major components	5 to 87 years ¹
Hydroelectric generating stations and major components	3 to 100 years
Thermal generating stations and major components	5 to 50 years
Administration and service facilities	5 to 50 years
Computer equipment	40% per year
Service equipment	3 to 15 years

¹ As at December 31, 2024, the end of station life for depreciation purposes for the Darlington, Units 5 to 8 of the Pickering, Bruce A and Bruce B nuclear generating stations ranged between 2052 and 2070. Major components are depreciated over the lesser of the station life and the life of the components. Units 1 to 4 of the Pickering nuclear generating station have been permanently shut down and have been or are being placed in a safe storage state.

The accounting estimates related to end-of-life assumptions for PP&E require significant management judgment, including consideration of various operating, technological and economic factors. OPG reviews the estimated useful lives for its PP&E, including end-of-life assumptions for major generating assets, on a regular basis.

For nuclear generating stations operated by OPG, establishing station end-of-life assumptions primarily involves an assessment of operating lives of major life-limiting components such as fuel channel assemblies, taking into account expectations of future ability to economically operate and, as appropriate, refurbish the station for continued use. Expected operating lives of major life-limiting components are established through technical assessments of their fitness-for-service. Expectations of future ability to operate the station may be affected by operating licence requirements, ability to recover capital, operating and decommissioning costs and government policy, among other factors.

Although there is a link between the age of a hydroelectric generating facility and the capital investment required to maintain that facility, age does not generally establish an overall upper limit on the expected useful life of a hydroelectric generating station. Regular maintenance and the replacement of specific components typically allow hydroelectric stations to operate for very long periods. An estimated useful life not exceeding 100 years is used by OPG to depreciate dams and other major hydroelectric station structures.

Station end-of-life assumptions for thermal and solar generating assets are established based on operating life expectations of major components and expectations of future ability to economically operate the station taking into consideration available revenue mechanisms.

k) Asset Impairment

Long-lived assets with defined lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The review is based on the presence of impairment indicators such as the future economic benefit of the assets and external market conditions. The net carrying amount of assets is considered impaired if it exceeds the sum of the estimated undiscounted cash flows expected to result from the asset's use and eventual disposition. In cases where the sum of the undiscounted expected future cash flows is less than the carrying amount, an impairment loss is recognized. This loss equals the amount, if any, by which the carrying amount exceeds the fair value. Fair value is determined using expected discounted cash flows when quoted market prices are not available. The impairment is recognized in income in the period in which it is identified.

The carrying values of investments accounted for under the equity method are reviewed annually for the presence of any indicators of impairment. If an impairment exists and is determined to be other-than-temporary, an impairment charge is recognized. This charge equals the amount by which the carrying value exceeds the investment's fair value.

I) Rate Regulated Accounting

The *Ontario Energy Board Act, 1998* and *Ontario Regulation 53/05* provide that OPG receives regulated prices for electricity generated from the 54 prescribed hydroelectric generating stations and the Darlington and Pickering nuclear generating stations located in Ontario. OPG's regulated prices for these facilities are determined by the Ontario Energy Board (OEB).

The OEB is a self-funding Crown corporation. Its mandate and authority come from the *Ontario Energy Board Act, 1998*, the *Electricity Act, 1998* and a number of other provincial statutes. The OEB is an independent, quasi-judicial tribunal that reports to the Legislature of the Province through the Ontario Ministry of Energy and Electrification. It regulates market participants in Ontario's natural gas and electricity industries. The OEB carries out its regulatory functions through public hearings and other more informal processes such as consultations.

US GAAP recognizes that rate regulation can create economic benefits and obligations that are required by the regulator to be obtained from, or settled with, the customers. When the Company assesses that there is sufficient assurance that incurred costs in respect of its generating facilities prescribed for economic regulation by the OEB (regulated facilities) will be recovered in the future, those costs are deferred and reported as a regulatory asset. When the Company is required to refund amounts to customers in the future in respect of the regulated facilities, including amounts related to costs that have not been incurred and for which the OEB has provided recovery through regulated prices, the Company records a regulatory liability.

Certain regulatory assets and regulatory liabilities recognized by the Company relate to deferral and variance accounts (regulatory accounts) authorized by the OEB, or *Ontario Regulation 53/05*. The measurement of these regulatory assets and regulatory liabilities is subject to certain estimates and assumptions, including assumptions made in the interpretation of *Ontario Regulation 53/05* and the OEB's decisions. The estimates and assumptions made in the interpretation of the regulation and the OEB's decisions are reviewed as part of the OEB's regulatory process.

Regulatory assets and regulatory liabilities for regulatory account balances approved by the OEB for inclusion in regulated prices are amortized based on approved recovery or repayment periods.

In addition to regulatory assets and regulatory liabilities for regulatory accounts, OPG recognizes regulatory assets and regulatory liabilities for unamortized amounts recorded in accumulated other comprehensive income or loss (AOCI) in respect of pension and OPEB obligations, deferred income taxes, and, as applicable, differences between interim regulated prices charged to customers during an interim rate period and final regulated prices authorized or to be authorized by the OEB for that period, to reflect the expected recovery or repayment of these amounts through future regulated prices to be charged to customers. There are measurement uncertainties related to these balances due to the assumptions made in the determination of pension and OPEB obligations and deferred income taxes that are attributed to the regulated business segments, and assumptions made with respect to final regulated prices to be authorized by the OEB for an interim rate period.

The regulatory assets and regulatory liabilities recognized by the Company for unamortized pension and OPEB amounts recorded in AOCI has reflected the OEB's use, since April 1, 2008, of the accrual basis of accounting for including pension and OPEB amounts in approved regulated prices for OPG. This is also the manner in which these costs are recognized in OPG's consolidated financial statements. Therefore, unamortized amounts in respect of OPG's pension and OPEB plans recognized in AOCI generally would not be reflected in regulated prices until they have been reclassified from AOCI and recognized as amortization components of the benefit costs for these plans. The regulatory assets and regulatory liabilities are reduced as underlying unamortized balances are amortized as components of the benefit cost.

For the period from November 1, 2014 to December 31, 2021, the OEB limited amounts for pension and OPEB costs included in the nuclear and hydroelectric regulated prices to the respective regulated business' portions of the Company's cash expenditures for its pension and OPEB plans. The differences between actual pension and OPEB

costs determined using the accrual method applied in OPG's consolidated financial statements and OPG's actual cash expenditures for these plans were captured in the OEB-authorized Pension & OPEB Cash Versus Accrual Differential Deferral Account for future consideration by the OEB.

In 2017, the OEB issued a report outlining the guiding principles and policy for recovery mechanisms of pension and OPEB costs of rate regulated utilities in the Ontario electricity and natural gas sectors. The report established the accrual basis of accounting as the method of determining pension and OPEB amounts for rate-setting purposes, unless the OEB finds that this method does not result in just and reasonable rates in the circumstances of a particular utility.

The OEB's February 2019 decision and order approving the proposed settlement reached by OPG and intervenors on OPG's August 2018 application to disposition regulatory accounts resulted in approval to recover the balance recorded in the Pension & OPEB Cash Versus Accrual Differential Deferral Account as of December 31, 2017, without adjustments. In making that decision and order, the OEB approved that the accrual method was the appropriate regulatory accounting and cost recovery basis for the December 31, 2017 pension and OPEB-related balances in the Pension & OPEB Cash Versus Accrual Differential Deferral Account.

In the second half of 2021, the OEB issued decisions approving a proposed settlement reached by OPG and intervenors on most of the issues in OPG's 2022-2026 application for new regulated prices (2021 Settlement Agreement). The 2021 Settlement Agreement provided for recovery of pension and OPEB costs in the nuclear revenue requirements using the accrual method of accounting, with the differences between actual pension and OPEB costs determined under this method and corresponding forecast amounts reflected in the approved revenue requirements to be recorded in the Pension and OPEB Cost Variance Account for subsequent review and approval by the OEB. For the hydroelectric facilities, the Pension & OPEB Cash Versus Accrual Differential Deferral Account continues to record the differences between actual pension and OPEB costs determined using the accrual method and actual cash expenditures for these plans. The 2021 Settlement Agreement and the OEB's June 2024 decision and order approving the proposed complete settlement on OPG's December 2023 application to disposition regulatory accounts reached by OPG and intervenors (2024 Settlement Agreement) provided for recovery of the balance recorded in the Pension & OPEB Cash Versus Accrual Differential Deferral Account as of December 31, 2019 and December 31, 2022, respectively, without adjustments. Further details on the 2024 Settlement Agreement can be found in Note 7.

It is the Company's position that the above outcomes have collectively established the accrual basis of accounting as the default method of determining pension and OPEB amounts for rate-setting purposes and that there is sufficient likelihood that unamortized pension and OPEB amounts that have not yet been reclassified from AOCI, as well as amounts recorded in the Pension & OPEB Cash Versus Accrual Differential Deferral Account subsequent to December 31, 2022, will be included in future regulated prices. Therefore, the Company continues to recognize regulatory assets and regulatory liabilities for these balances.

m) Revenue Recognition

i) Revenue from Contracts with Customers – Regulated Generation

Provided OPG maintains a valid generation licence from the OEB and continues to remain in compliance with the Independent Electricity System Operator's (IESO) Market Rules, its regulated nuclear and regulated hydroelectric generating facilities can continue to offer electricity into the wholesale energy market. OPG's generation licence was renewed in 2023 and is valid until October 2043. Energy revenue generated from OPG's regulated facilities is based on regulated prices determined by the OEB that include base regulated prices and, as applicable, rate riders for the recovery or repayment of approved regulatory account balances. The revenue from the regulated hydroelectric facilities is also subject to the OEB-approved hydroelectric incentive mechanism that provides a pricing incentive to OPG to shift hydroelectric production from lower market price periods to higher market price periods, reducing the overall costs to customers.

The majority of OPG's electricity generation is offered into Ontario's real-time energy spot market administered by the IESO. For electricity generated from its regulated nuclear and regulated hydroelectric facilities, OPG receives payment from the IESO on a monthly basis based on regulated prices authorized by the OEB. OPG's performance obligation with respect to regulated generation is to supply electricity generated from its regulated facilities to the wholesale energy market in Ontario. The Company has determined that this performance obligation is satisfied over time; OPG utilizes the output method to recognize revenue by applying the relevant base regulated price and rate riders as applicable to each unit of electricity generated and metered to the IESO. This methodology reflects the real-time nature of electricity generation and the underlying performance obligation, of which no portion remains unsatisfied at the end of the applicable reporting period.

During any interim rate periods authorized by the OEB, revenue is recognized on the basis of interim regulated prices set by the OEB. In instances where a subsequent OEB decision results in a difference between final regulated prices retroactively effective for the interim period and the interim regulated prices, OPG records the resulting adjustment to revenue in connection with that period, based on the OEB's decision, as a regulatory asset or regulatory liability. Any resulting revenue shortfall in connection with the interim rate period is collected prospectively from the IESO in the manner authorized by the OEB.

OPG's receivables for electricity generated from its regulated nuclear and regulated hydroelectric facilities are part of the Company's electricity-related receivables from the IESO, representing OPG's unconditional right to payment for satisfying its performance obligation wherein only the passage of time is required before payment is received.

Base regulated prices in effect for the period from January 1, 2022 to December 31, 2026 for OPG's regulated nuclear and regulated hydroelectric generation were established by the OEB's final payment amounts order issued in January 2022, reflecting the OEB's decisions on OPG's 2022-2026 application for new regulated prices issued in the second half of 2021. These decisions and orders confirmed the continued use of a custom incentive regulation framework for the nuclear facilities.

The base regulated price for hydroelectric electricity generation (hydroelectric base regulated price) in effect for the period from January 1, 2022 to December 31, 2026 has been set equal to the 2021 hydroelectric base regulated price pursuant to *Ontario Regulation 53/05*. For the period from June 1, 2017 to December 31, 2021, the base regulated prices for the hydroelectric facilities were determined by annually escalating the previously approved base regulated prices, with some adjustments, using an approved formula equal to an industry-specific weighted inflation factor based on indices published annually by the OEB, less a stretch factor adjustment.

The base regulated prices for nuclear electricity generation (nuclear base regulated price) are set under a rate smoothing approach that defers a portion of approved nuclear revenue requirements for future collection in the Rate Smoothing Deferral Account, with the objective of making more stable changes in OPG's overall production-weighted average regulated price year over year during the Darlington Refurbishment project period, consistent with the requirements of *Ontario Regulation 53/05*. The nuclear revenue requirement for each of the years is based on the OEB-allowed level of operating costs and a return of and on rate base, less a stretch factor adjustment. Rate base is a regulatory construct that, for OPG, represents the average net level of investment in regulated fixed and intangible assets in service and an allowance for working capital.

Further details on the Rate Smoothing Deferral Account can be found in Note 7.

ii) Revenue from Contracts with Customers – Non-regulated Generation and Other Revenue

All of OPG's non-regulated generating facilities in Ontario are subject to energy supply agreements with the IESO (ESAs).

Revenue from the generating stations subject to an ESA is recognized in the amount that OPG has a right to invoice on a monthly basis as the Company satisfies its performance obligation in accordance with the terms of the agreement to supply energy and capacity from the applicable generating facilities. No portion of OPG's performance obligation

remains unsatisfied at the end of any applicable reporting period. OPG estimates revenues for variable or conditional amounts under each ESA using a most likely amount approach on a contract-by-contract basis. Variable consideration under each ESA is included in revenue only to the extent that it is probable that the amount will not be subject to significant reversal when the underlying uncertainty is resolved.

OPG's receivables for electricity generated under ESAs with the IESO are part of the Company's electricity-related receivables from the IESO, representing OPG's unconditional right to payment for satisfying its performance obligation wherein only the passage of time is required before payment is received.

OPG's generating facilities in the US are either subject to power purchase agreements (PPAs) for the supply of energy and capacity into the respective markets, or receive wholesale market prices. The counterparties to PPAs currently in effect are primarily local government entities and local electric utilities based in the US. Depending on the contractual terms in each PPA, the performance obligation is either to supply energy, capacity, renewable energy certificates (RECs) or a combination thereof. The performance obligations to supply energy and capacity is satisfied over time, with revenue recognized in the amount the Company has a right to invoice on a monthly basis to the applicable counterparty. The performance obligation to supply RECs is satisfied at a point in time, with revenue recognized when the certificates related to the respective RECs are delivered.

OPG also sells into, and purchases from, interconnected electricity markets in other Canadian provinces and the northeast and mid-west regions of the US. Under these arrangements, OPG's performance obligation is to either physically supply energy, settle financially, or provide capacity, depending on the contract, to a counterparty in a control area outside of Ontario. Gains and losses on energy trading contracts (including those to be physically settled) are recorded on a net basis in the consolidated statements of income.

OPG also derives non-energy revenue under the terms of a lease arrangement and associated non-lease agreements with Bruce Power related to the Bruce nuclear generating stations. The associated agreements include revenue from heavy water sales, heavy water tritium removal (detrification) services and nuclear waste management services. Revenues under these agreements are recognized as services are provided or when products are delivered, satisfying OPG's performance obligation.

In addition, non-energy revenue includes isotope sales and other service revenue. Revenue from these activities is recognized as the respective performance obligations are satisfied, in accordance with the terms stipulated in the respective contracts.

iii) Revenue Recognition – Leasing Revenue

The minimum lease payments stemming from OPG's lease arrangement with Bruce Power related to the Bruce nuclear generating stations are recognized in revenue on a straight-line basis over the term of the lease. Similarly, revenue from real estate leasing arrangements is recognized on a straight-line basis over the term of the lease as the Company renders the requisite services outlined in the respective contracts.

n) Fixed Asset Removal and Nuclear Waste Management Liabilities

OPG recognizes AROs for fixed asset removal and nuclear waste management, discounted for the time value of money. OPG estimates both the amount and timing of future cash expenditures based on the plans for fixed asset removal and nuclear waste management. The liabilities are initially recorded at their estimated fair value, which is based on a discounted value of the expected costs to be paid.

On an ongoing basis, the liabilities for nuclear fixed asset removal and nuclear waste management (Nuclear Liabilities) are increased by the present value of the incremental (variable) cost portion for the nuclear waste generated each year, with the corresponding amounts charged to expenses. Variable expenses relating to low and intermediate level irradiated materials (known as low and intermediate level waste or L&ILW) are charged to OM&A expenses. Variable expenses relating to the management and storage of used nuclear fuel are charged to fuel expense. The liabilities may

also be adjusted due to changes in the estimated amount or timing of the underlying future cash flows, with resulting changes in the related asset retirement costs capitalized as part of the carrying amount of the related fixed assets in service.

A number of significant assumptions used in the calculation of Nuclear Liabilities are subject to inherent uncertainty and judgment as nuclear fixed asset removal and nuclear waste management programs evolve. As a result, changes to the underlying operational and technical factors and other assumptions underlying these estimates could change significantly over time, and may result in material changes to increase or decrease the costs for these programs.

A comprehensive reassessment of all underlying assumptions and baseline cost estimates for the Nuclear Liabilities is performed periodically. Changes in the Nuclear Liabilities resulting from changes in assumptions or estimates that impact the amount or timing of the originally estimated undiscounted future cash flows are recorded as an adjustment to the liabilities. Upward revisions in the Nuclear Liabilities represent the present value of increases in future undiscounted cash flows determined using a current credit-adjusted risk-free rate. Downward revisions in the Nuclear Liabilities represent the present value of decreases in future undiscounted cash flows determined using the weighted average discount rate reflected in the existing liability. Upon settlement of the liabilities, a gain or loss would be recorded.

Accretion arises because the fixed asset removal and nuclear waste management liabilities are reported on a present value basis. Accretion expense is the increase in the carrying amount of the liabilities due to the passage of time.

The asset retirement cost is capitalized by increasing the carrying value of the related fixed assets in service. The capitalized cost is depreciated over the remaining service life of the related fixed assets and is included in depreciation and amortization expenses.

OPG has no legal obligation associated with the decommissioning of its hydroelectric generating facilities and the costs cannot be reasonably estimated because of the long service life of these assets. With either maintenance efforts or rebuilding, the water control structures are assumed to be used for the foreseeable future. Accordingly, OPG has not recognized a liability for the decommissioning of its hydroelectric generating facilities.

o) Nuclear Fixed Asset Removal and Nuclear Waste Management Funds

Pursuant to the Ontario Nuclear Funds Agreement (ONFA) between OPG and the Province, OPG has established and sets aside funds in a Used Fuel Segregated Fund and a Decommissioning Segregated Fund (together, the Nuclear Segregated Funds). The Used Fuel Segregated Fund is intended to fund expenditures associated with the long-term management of used nuclear fuel bundles and certain costs of used nuclear fuel storage incurred after the nuclear generating stations are shut down. The Decommissioning Segregated Fund was established to fund the costs of nuclear fixed asset removal and long-term L&ILW management, and certain costs of used nuclear fuel storage incurred after the nuclear generating stations are shut down. OPG's funding obligations and resulting contributions to the Nuclear Segregated Funds are in connection with the existing facilities and are determined based on periodically updated reference plans approved by the Province under the ONFA. OPG maintains the Nuclear Segregated Funds in third-party custodial and trust accounts that are segregated from the rest of OPG's assets.

OPG's investments in the Nuclear Segregated Funds and the corresponding amounts payable to, or receivable from the Province are classified as held-for-trading. The Nuclear Segregated Funds are measured at fair value based on the bid prices of the underlying equity and fixed income securities, and, in the case of the real assets portfolio, using appropriate valuation techniques as outlined in Note 16, with realized and unrealized gains and losses recognized in OPG's consolidated statements of income.

p) Derivatives

All derivatives are generally classified as held-for-trading and recorded at fair value in the consolidated balance sheets. Transaction costs are expensed as incurred for financial instruments classified or designated as held-for-trading.

Derivatives qualify for hedge accounting if they meet relevant hedging documentation requirements, and if the derivative instrument that is designated as a hedge is expected to effectively hedge the identified risk throughout the life of the hedged item. At the inception of a hedging relationship, OPG documents the relationship between the hedging instrument and the hedged item, its risk management objective and its strategy for undertaking the hedge.

A documented assessment is made, both at the inception of a hedge and on an ongoing basis, of whether or not the derivatives that are used in hedging transactions are highly effective in offsetting the changes attributable to the hedged risks in the fair values or cash flows of the hedged items.

All derivative contracts not designated as hedges are recorded as derivative assets or derivative liabilities at fair value, with changes in the fair value recorded in the consolidated statements of income. Refer to Note 15 for a discussion of OPG's risk exposures and the derivative instruments used to manage these risks.

q) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly arm's-length transaction between market participants at the measurement date. Fair value measurements are required to reflect the assumptions that market participants would use in pricing an asset or liability based on the best available information. These assumptions include the risks inherent in a particular valuation technique, such as a pricing model, and the risks inherent in the inputs to the model. OPG uses a fair value hierarchy, grouping assets and liabilities into three levels based on the relative objectivity of the inputs used to measure fair value, with Level 1 representing the most objective. Refer to Note 16 for a discussion of fair value measurements and the fair value hierarchy.

r) Equity Securities

Equity securities held by OPG are measured at fair value, with gains and losses due to changes in fair value recognized in the consolidated statements of income. Related transaction costs are expensed as incurred, and dividend income is included in net income in the period in which dividends are declared. Equity securities are initially measured at cost.

s) Foreign Currency Translation

The functional currency of all of OPG's significant subsidiaries is the Canadian dollar, except for subsidiaries based in the US, whose functional currency is the United States dollar (USD) and the Company's Romanian subsidiary, whose functional currency is the Romanian Leu. The functional currency of the Company's subsidiaries is the currency of the primary economic environment in which they operate.

Transactions in currencies other than the functional currency are translated into the functional currency at the rate of exchange prevailing at the date of the transaction. Monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the consolidated balance sheet dates. Exchange gains and losses on settlement of transactions and the translation of monetary assets and monetary liabilities are recorded in the consolidated statements of income.

The results and financial position of all of the Company's subsidiaries that have a USD or Romanian Leu functional currency are translated into the presentation currency at the closing rate at the consolidated balance sheet dates for assets and liabilities and at the average exchange rate for the period for items of income and expenses. Unrealized gains or losses arising as a result of the translation of the financial information of these entities are reported as a component of other comprehensive income or loss (OCI) and are accumulated in AOCI on the consolidated balance sheets, and are not recorded in net income or retained earnings unless there is a complete or substantially complete sale or liquidation of the investment.

t) Leases

The Company determines if an arrangement is, or contains, a lease at the inception date. A contract is determined to contain a lease if it consists of an identified asset, and the customer in the arrangement has the right to control the use of the asset for a period of time in exchange for consideration. Leases are evaluated and classified as either operating or finance leases for financial reporting purposes. Finance leases, which transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the present value of the minimum lease payments. Finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains substantially all the risks and benefits incidental to ownership of the asset are classified as operating leases. Operating lease payments, other than contingent rentals, are recognized as an expense in the consolidated statements of income on a straight-line basis over the lease term. Where the amount of rent expense recognized is different from the actual operating lease payment, other than contingent rentals, the difference is deferred and included as assets or liabilities on the consolidated balance sheets.

OPG recognizes a right-of-use asset and lease liability for operating lease arrangements, other than short-term leases, in which OPG is the lessee. Short-term leases include leases that have a term of 12 months or less at the commencement date and do not contain an option to purchase the underlying asset that the entity is reasonably certain to exercise. Operating lease assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. When determinable, the rate implicit in the lease is used as the discount rate to calculate the present value of the lease payments related to arrangements in which the Company is the lessee. Otherwise, the incremental borrowing rate is used. The discount rate is reassessed if the respective lease liability is required to be remeasured because of changes in key assumptions or modifications in the underlying contract.

Lease arrangements with lease and non-lease components are accounted for as a single lease component.

u) Pension and Other Post-Employment Benefits

OPG's post-employment benefit programs covering most of the regular employees include a contributory defined benefit registered pension plan, a defined benefit supplementary pension plan, other post-retirement benefits (OPRB) including group life insurance and health care benefits and long-term disability (LTD) benefits. Certain post-employment defined benefit programs are also provided by the NWMO and subsidiaries of the Company, all of which are consolidated into OPG's financial results. Certain subsidiaries of the Company sponsor defined contribution employee savings plans for eligible employees, under which each of employer and employees make contributions according to the plan terms. The OPG defined benefit pension plan is indexed to inflation, subject to certain maximums. Unless otherwise noted, information on the Company's post-employment benefit programs is presented on a consolidated basis.

OPG recognizes the funded status of its defined benefit plans on the consolidated balance sheets. The funded status is measured as the difference between the fair value of plan assets and the benefit obligation, on a plan-by-plan basis.

The obligations for defined benefit pension and OPRB are determined using the projected benefit method pro-rated on service. The obligation for LTD benefits is determined using the projected benefit method on a terminal basis. Defined benefit pension and OPEB obligations are impacted by factors including demographic (such as mortality and retirement) and economic (such as discount rates, salary levels, inflation and health care cost escalation) assumptions, experience gains or losses, and adjustments arising from plan amendments. Defined benefit pension and OPEB costs and obligations are determined annually by independent actuaries using management's best estimate assumptions.

Assumptions are significant inputs to actuarial models that measure defined benefit pension and OPEB obligations and related effects on operations. Discount rate, inflation rate and changes in salary levels are three key assumptions in the determination of benefit costs and obligations. In addition, the expected long-term rate of return on plan assets is a

key assumption in the determination of defined benefit registered pension plan cost and the health care cost trend rate is a key assumption in the determination of OPEB cost and obligations. These assumptions, as well as other assumptions involving demographic factors such as retirement age, mortality and employee turnover, are evaluated periodically by management in consultation with independent actuaries. During the evaluation process, the assumptions are updated to reflect past experience and expectations for the future. Actual results in any given year will often differ from actuarial assumptions because of economic and other factors giving rise to actuarial gains and losses. In accordance with US GAAP, for pension and OPRB, the impact of these updates and differences on the respective benefit obligations is accumulated and amortized over future periods, as discussed below.

The discount rates, which are representative of AA corporate bond yields, are used to calculate the present value of the expected future cash flows on the measurement date in order to determine the projected benefit obligations for the Company's employee benefit plans. A lower discount rate increases the benefit obligations and increases benefit costs. OPG uses a full yield curve approach to estimate the service and interest cost components of defined benefit pension and OPEB costs, whereby specific spot rates along the yield curve used in the determination of the projected benefit obligations are applied to the relevant projected cash flows. The expected rate of return on defined benefit pension plan assets is based on the pension fund's asset allocation and the expected return considering long-term risks and returns associated with each asset class within the plan portfolio. A lower expected rate of return on plan assets increases pension cost.

Pension fund assets include domestic and international equity securities, corporate and government fixed income securities, pooled funds, real estate, infrastructure and other investments. These assets are managed by professional investment managers. The pension fund does not invest in equity or debt securities issued by OPG or its subsidiaries and partnerships. Pension fund assets of defined benefit pension plans are valued using market-related values for purposes of determining the amortization of actuarial gains or losses and the expected return on plan assets. The market-related value for pension fund assets of the OPG defined benefit pension plan recognizes gains and losses on equity assets relative to a six percent assumed real return over a five-year period.

Defined benefit pension and OPEB costs include current service costs, interest costs on the obligations, the expected return on pension plan assets, recognition of past service costs or credits resulting from plan amendments, and recognition of actuarial gains or losses, resulting from changes in assumptions and experience gains and losses. Past service costs or credits arising from defined benefit pension and OPRB plan amendments are amortized on a straight-line basis over the expected average remaining service life to full eligibility of the employees covered by the corresponding plan. Past service costs or credits arising from amendments to LTD benefits are immediately recognized as OPEB costs in the period incurred. Due to the long-term nature of pension and OPRB liabilities, the excess of the net cumulative unamortized gain or loss, over ten percent of the greater of the benefit obligation and the market-related value of the plan assets (the corridor) for each plan is amortized over the expected average remaining service life of the employees covered by the plan, which represents the period during which the associated economic benefits are expected to be realized by the Company. Actuarial gains or losses for LTD benefits are immediately recognized as OPEB costs in the period incurred.

Actuarial gains or losses and past service costs or credits arising during the year that are not recognized immediately as components of defined benefit plan costs are recognized as increases or decreases in OCI, net of income taxes. These unamortized amounts in AOCI are subsequently reclassified and recognized as amortization components of pension and OPRB costs as described above.

OPG records an offsetting regulatory asset or regulatory liability for the portion of the adjustments to AOCI that is attributable to the regulated operations in order to reflect the expected recovery or refund of these amounts through future regulated prices charged to customers. For such recoverable or refundable portion, OPG records a corresponding change in this regulatory asset or regulatory liability for the amount of the increases or decreases in OCI and for the reclassification of AOCI amounts into benefit costs during the period.

When the recognition of the transfer of employees and employee-related benefits gives rise to both a curtailment and a settlement, the curtailment is accounted for prior to the settlement. A curtailment is the loss by employees of the right to earn future benefits under the plan. A settlement is the discharge of a plan's liability.

Where defined benefit costs are eligible for capitalization, only the service cost component is capitalized.

v) Income Taxes and Investment Tax Credits

OPG, with the exception of certain consolidated entities, is exempt from income taxes on its operations under the *Income Tax Act* (Canada) and the *Taxation Act, 2007* (Ontario). However, under the *Electricity Act, 1998*, OPG is required to make payments in lieu of corporate income taxes to the Ontario Electricity Financial Corporation (OEFEC), an agency of the Province. These payments are calculated in accordance with the *Income Tax Act* (Canada) and the *Taxation Act, 2007* (Ontario), as modified by the *Electricity Act, 1998* and related regulations. This results in OPG paying taxes similar to those imposed under the federal and Ontario tax acts.

Certain entities consolidated by OPG are subject to income taxes under the *Income Tax Act* (Canada) and the *Taxation Act, 2007* (Ontario). These entities are required to pay federal and provincial income taxes.

OPG's US entities are subject to US federal and state income taxes under the US Internal Revenue Code and state income tax codes. These subsidiaries file tax returns and pay taxes in the applicable jurisdictions as required under these codes.

OPG's Romanian entity is subject to Romanian tax under the Romanian Fiscal Code. This subsidiary files tax returns and pays taxes in Romania as required under this code.

OPG's operations are complex and the computation of the provision for income taxes involves interpretation of the various tax statutes and regulations. OPG has taken certain filing positions in calculating the amount of its income tax provision. These filing positions may be challenged on audit, including by the Ontario Ministry of Finance, and some of them possibly disallowed, resulting in a potential significant change in OPG's tax provision upon reassessment. A change in the tax provision upon reassessment impacting regulated operations may be recoverable from or refundable to customers through certain regulatory accounts.

OPG follows the liability method of accounting for income taxes. Under the liability method, deferred income tax assets and deferred income tax liabilities are determined based on differences between the accounting and tax bases of assets and liabilities. Deferred amounts are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The effect of a change in tax rates on deferred income tax assets and deferred income tax liabilities is included in income in the period the change is enacted.

If management determines, upon considering positive and negative evidence as defined under Accounting Standards Codification Topic 740, *Income Taxes*, that it is more likely than not that some, or all, of a deferred income tax asset will not be realized, a valuation allowance is recorded to report the balance at the amount expected to be realized. The valuation allowance may be decreased in future periods if it is determined that it is more likely than not that the deferred income tax asset will be realized.

OPG recognizes deferred income taxes associated with its regulated operations and records an offsetting regulatory asset or regulatory liability for the deferred income taxes that are expected to be recovered or refunded through future regulated prices charged to customers.

Tax benefits associated with income tax positions taken, or expected to be taken, in a tax return and investment tax credits are recorded only when the more likely than not recognition threshold is satisfied. Tax benefits and investment tax credits recognized are measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement.

Non-refundable investment tax credits primarily consist of Scientific Research & Experimental Development (SR&ED) tax credits, which are recorded as a reduction to income tax expense. Refundable investment tax credits are recorded as a reduction to the carrying amount of the associated asset to which they relate.

OPG classifies interest and penalties associated with unrecognized income tax benefits as income tax expense.

The income tax impact of any intra-entity transfers of non-inventory assets is recognized upon the occurrence of the transfer.

w) Changes in Accounting Estimates

Useful Lives of Nuclear Long-Lived Assets

Effective December 31, 2023, OPG revised the accounting end-of-life assumptions for Units 5 to 8 of the Pickering nuclear generating station (Pickering GS) from 2024 to 2070, reflecting the results of the updated refurbishment feasibility assessment approved by OPG's Board of Directors in August 2023 and the Province's January 2024 announcement supporting OPG to proceed with next steps toward refurbishing these units. An associated increase of \$160 million was recorded to the Nuclear Liabilities and associated asset retirement costs capitalized as part of the carrying value of the assets as at December 31, 2023. These changes did not impact OPG's net income in 2023 and did not have a material impact on OPG's net income in 2024, with the associated impact on expenses largely offset by OEB-authorized regulatory accounts. Further details can be found in Note 11.

x) Recent Accounting Pronouncements Not Yet Adopted

Improvements to Income Tax Disclosures

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2023-09, *Improvements to Income Tax Disclosures* (ASU 2023-09), an update to Topic 740, *Income Taxes*. The purpose of ASU 2023-09 is to enhance the transparency and decision usefulness of income tax disclosures through increasing disclosure requirements related to the rate reconciliation and income taxes paid information. The update requires specific categories to be disclosed in the rate reconciliation and additional information for reconciling items that meet a quantitative threshold. The update also requires that entities disclose income taxes paid disaggregated by federal, provincial and foreign taxes and by individual jurisdiction in which income tax paid exceeds five percent of total income taxes paid. The update is effective for annual periods beginning after December 15, 2024. Based on OPG's assessment as at December 31, 2024, this update is not expected to have a material impact on the disclosures contained in the Company's consolidated financial statements.

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses* (ASU 2024-03), an update to Subtopic 220-40, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures*. The purpose of the standard update is to improve the disclosures about a public business entity's expenses by requiring more detailed information about the types of expenses (including purchases of inventory and employee compensation) included within consolidated income statement expense captions. The update is effective for fiscal years beginning after December 15, 2026 and interim periods beginning after December 15, 2027. Early adoption is permitted. The standard updates are to be applied prospectively with the option for retrospective application. The Company is currently evaluating the impact of adoption of the standard update on the disclosures contained within the Company's annual and interim consolidated financial statements.

y) Implementation of Accounting Standard Updates

Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued ASU 2023-07, *Improvements to Reportable Segment Disclosures* (ASU 2023-07), an update to Topic 280, *Segment Reporting*. The purpose of ASU 2023-07 is to improve disclosures about a public entity's reportable segments and address requests from investors and other allocators of capital for additional, more detailed information about a reportable segment's expenses. The update is effective for fiscal years beginning after December 15, 2023 and interim periods beginning after December 15, 2024.

The revised guidance was adopted by OPG effective January 1, 2024 for all segment reporting disclosures, with 2023 comparative information conforming to the revised guidance. This update did not have a material impact on the disclosures contained in the Company's consolidated financial statements.

z) Recent Updates to Tax Laws

Following the Organization for Economic Cooperation and Development's recommendation, the Government of Canada released draft legislation in August 2023 that proposed to impose a global minimum tax of 15 percent on large multinational enterprises. The resulting *Global Minimum Tax Act* (GMTA) was enacted during the second quarter of 2024. It applies to Canadian multinational enterprises with revenue in excess of a certain threshold and is effective as of January 1, 2024, and applies to OPG. Based on preliminary estimates, the Company is not expected to have a liability with respect to the GMTA.

In March 2023, the Government of Canada announced certain refundable investment tax credits for clean energy investments. The Clean Technology Investment Tax Credit (CTITC) and the Clean Hydrogen Investment Tax Credit (CHITC) were enacted during the second quarter of 2024. The CTITC provides a 30 percent refundable tax credit and the CHITC provides a refundable tax credit ranging from 15 percent to 40 percent depending on the carbon intensity of the project, and both credits are available to federally taxable entities. If certain labour conditions are not met, these refundable credits are reduced by ten percent. OPG's federally taxable entities making eligible investments may qualify for the CTITC and the CHITC.

4. ACQUISITIONS

On January 31, 2024, through its wholly-owned subsidiary, Eagle Creek, OPG acquired Lightstar Renewables LLC and Lightstar Operations One LLC (collectively, Lightstar) for a total purchase price of \$163 million (US\$121 million), including cash paid of \$131 million (US\$97 million) and a contingent consideration of \$32 million (US\$24 million). Lightstar is a developer, constructor and operator of community solar assets in the US.

The acquisition was accounted for as a business combination and its results are reported within the Contracted Hydroelectric and Other Generation business segment. The fair value calculation of the major classes of assets acquired and liabilities assumed was based upon management's estimates and assumptions and determined using the exchange rate on the acquisition date. Major assets acquired consisted of \$125 million of intangible assets and PP&E, with goodwill recognized of \$43 million. As of December 31, 2024, the Company finalized the fair value of the assets acquired and the liabilities assumed with no adjustments to the preliminary allocations.

5. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash, cash equivalents and restricted cash as at December 31 were as follows:

<i>(millions of dollars)</i>	2024	2023
Cash and cash equivalents	1,351	1,459
Restricted cash	12	22
Total cash, cash equivalents and restricted cash	1,363	1,481

Restricted cash is held primarily for prescribed purposes, including debt service, insurance, general collateral purposes and other contractual arrangements.

6. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND DEPRECIATION AND AMORTIZATION

PP&E as at December 31 were as follows:

<i>(millions of dollars)</i>	2024	2023
Nuclear generating stations	23,888	21,490
Regulated hydroelectric generating stations	11,352	11,026
Contracted hydroelectric and other generating stations	7,696	7,047
Atura Power generating stations	3,562	3,437
Other property, plant and equipment	475	461
Construction in progress	4,317	3,878
	51,290	47,339
Less: accumulated depreciation		
Generating stations	14,911	13,656
Other property, plant and equipment	248	223
	15,159	13,879
	36,131	33,460

Construction in progress as at December 31 was as follows:

<i>(millions of dollars)</i>	2024	2023
Darlington Refurbishment	1,110	1,864
Darlington New Nuclear Project	971	400
Pickering Refurbishment Project	387	15
Other	1,849	1,599
	4,317	3,878

Interest capitalized to construction in progress during 2024 was \$136 million (2023 – \$119 million), at an average rate of approximately four percent (2023 – approximately three percent).

Intangible assets as at December 31 were as follows:

<i>(millions of dollars)</i>	2024	2023
Nuclear generating stations	107	88
Regulated hydroelectric generating stations	8	8
Contracted hydroelectric and other generating stations ¹	332	165
Atura Power generating stations ¹	126	126
Computer software and other intangible assets	400	347
Development in progress	56	68
	1,029	802
Less: accumulated amortization		
Generating stations	185	110
Computer software and other intangible assets	254	200
	439	310
	590	492

¹ Represents power purchasing contracts, Federal Energy Regulatory Commission licences and water rights, as applicable.

Depreciation and amortization expenses, including amounts recognized in regulatory accounts, for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	2024	2023
Depreciation	1,281	1,199
Amortization of intangible assets	65	62
Amounts recognized in regulatory variance and deferral accounts	(161)	(202)
Amortization of regulatory assets and regulatory liabilities (<i>Note 7</i>)	85	12
	1,270	1,071

7. REGULATORY ASSETS AND REGULATORY LIABILITIES

The regulatory assets and regulatory liabilities as at December 31 were as follows:

<i>(millions of dollars)</i>	2024	2023
Regulatory assets		
<i>Deferral and variance accounts authorized by the OEB</i>		
Rate Smoothing Deferral Account	677	654
Nuclear Liability Deferral Account	520	378
Capacity Refurbishment Variance Account	460	384
Pension & OPEB Cash Versus Accrual Differential Deferral Account	376	602
Hydroelectric Surplus Baseload Generation Variance Account	307	393
Pickering B Extension Variance Account	131	26
Nuclear Development Variance Account	85	122
Other deferral and variance accounts ¹	174	105
	2,730	2,664
Pension and OPEB Regulatory Asset (Note 14)	-	619
Deferred Income Taxes (Note 12)	2,151	1,938
Other	26	-
Total regulatory assets	4,907	5,221
Less: current portion	540	143
Non-current regulatory assets	4,367	5,078
Regulatory liabilities		
<i>Deferral and variance accounts authorized by the OEB</i>		
Pension and OPEB Cost Variance Account	411	319
Pension & OPEB Cash Payment Variance Account	321	426
Hydroelectric Water Conditions Variance Account	173	185
Nuclear Deferral and Variance Over/Under Recovery Variance Account	61	77
Pension & OPEB Forecast Accrual versus Actual Cash Payment	51	32
Differential Carrying Charges Variance Account		
Other deferral and variance accounts ²	152	102
	1,169	1,141
Pension and OPEB Regulatory Liability (Note 14)	16	-
COVID-19 net credit to ratepayers	-	15
Total regulatory liabilities	1,185	1,156
Less: current portion	246	131
Non-current regulatory liabilities	939	1,025

¹ Represents amounts for the Hydroelectric Deferral and Variance Over/Under Recovery Variance Account, Clarington Corporate Campus Deferral Account, Fitness for Duty Deferral Account, Pickering Closure Costs Deferral Account, Niagara Tunnel Project Pre-December 2008 Disallowance Variance Account, Impact Resulting from Optimization of Pickering Station End-of-Life Dates Deferral Account and Impact Resulting from Changes to Pickering Station End-of-Life Dates Deferral Account (December 31, 2017).

² Represents amounts for the Income and Other Taxes Variance Account, SR&ED ITC Variance Account, Ancillary Services Net Revenue Variance Account, Sale of Unprescribed Kipling Site Deferral Account and Bruce Lease Net Revenues Variance Account.

During the years ended December 31, 2024 and 2023, OPG recognized regulatory assets and regulatory liabilities for additions recorded in regulatory accounts consistent with the applicable OEB decision and orders, relative to amounts reflected in the regulated prices in effect during those periods, and *Ontario Regulation 53/05*.

During the years ended December 31, 2024 and 2023, amortization of regulatory assets and liabilities for regulatory account balances and the net ratepayer credit related to impacts arising from the Company's COVID-19 pandemic response was recorded on a straight-line basis, based on the portion of the amounts authorized to be collected or repaid by the OEB's decisions and orders during the applicable period. Differences in recovery or repayment of the approved balances due to differences between forecasted electricity production used to set the deferral and variance account rate riders and actual electricity production upon which the rate riders are collected are recorded in the Nuclear Deferral and Variance Over/Under Recovery Variance Account and the Hydroelectric Deferral and Variance Over/Under Recovery Variance Account authorized by the OEB.

Where authorized by the OEB, OPG recorded interest on unamortized balances in the regulatory accounts at an OEB-prescribed interest rate ranging from 4.40 to 5.49 percent per annum during the year ended December 31, 2024 (2023 – 4.73 to 5.49 percent per annum).

In December 2023, OPG filed an application with the OEB requesting disposition of regulatory account balances as at December 31, 2022, less amounts previously approved for recovery or repayment of the regulatory account balances as of December 31, 2019, through incremental rate riders on nuclear and regulated hydroelectric electricity generation. The application also addressed the anticipated impacts from the Market Renewal Program, an IESO initiative to redesign Ontario's electricity markets, on OPG's regulated facilities.

In June 2024, OPG and intervenors in the proceeding reached a proposed complete settlement on OPG's December 2023 application. On June 13, 2024, the OEB issued a decision and order approving the 2024 Settlement Agreement, providing for the recovery of a net total of \$481 million in connection with amounts recorded in OPG's regulatory accounts and associated income tax impacts, which represented a reduction of \$22 million from the amounts sought in OPG's application. This included the resolution of the parties' positions with respect to whether any of the net proceeds from OPG's sale of certain premises at 800 Kipling Avenue in Toronto, Ontario received in 2022 should be credited to ratepayers. The balances agreed by the parties are being recovered or repaid effective July 1, 2024 over a period of 30 months. The associated income tax impacts included for recovery were previously recorded as part of the regulatory asset for deferred income taxes. Based on the approved recovery or repayment periods, the OEB authorized OPG to collect \$97 million in 2024 and \$192 million in each of 2025 and 2026 related to these balances. The 2024 Settlement Agreement also provides for regulatory mechanisms to address the anticipated impacts from the IESO's Market Renewal Program on OPG's regulated facilities until the effective date of base regulated prices arising from OPG's next application with the OEB, as part of which any of the parties may take a different position on such mechanisms on a prospective basis. Revenue received from the recovery of regulatory account balances is largely offset by amortization expense of regulatory assets and regulatory liabilities recorded for these balances.

In the second quarter of 2024, the Company recorded a loss of \$25 million in connection with the OEB's decision and order approving the 2024 Settlement Agreement.

The changes in the regulatory assets and regulatory liabilities for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	Rate Smoothing Deferral Account	Nuclear Liability Deferral Account	Capacity Refurbishment Variance Account	Pension & OPEB Cash Versus Accrual Differen- tial Deferral Account	Hydro- electric Surplus Baseload Genera- tion Variance Account	Pickering B Extension Variance Account	Nuclear Development Variance Account	Pension and OPEB Cost Variance Account	Pension & OPEB Cash Payment Variance Account	Hydro- electric Water Condi- tions Variance Account	Nuclear Deferral and Over/Under Recovery Variance Account	Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges Variance Account	Pension and OPEB Regula- tory Asset (Liability)	Deferred Income Taxes	Other Variance and Deferral (net) Accounts	Other	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)			
Net regulatory assets (liabilities) January 1, 2023	569	188	74	799	403	-	111	(78)	(460)	(172)	(75)	(14)	(1,029)	1,753	(119)	-	1,950
Increase (decrease)	64	190	259	(20)	29	26	6	(219)	(16)	(41)	(6)	-	1,648	185	15	-	2,120
Interest	21	-	13	-	17	-	6	-	(21)	(8)	(4)	(18)	-	-	1	-	7
Amortization	-	-	38	(177)	(56)	-	(1)	(22)	71	36	8	-	-	-	91	-	(12)
Net regulatory assets (liabilities) December 31, 2023	654	378	384	602	393	26	122	(319)	(426)	(185)	(77)	(32)	619	1,938	(12)	-	4,065
Increase (decrease)	-	180	54	(11)	11	102	(18)	(95)	(12)	(35)	(1)	-	(635)	213	(51)	26	(272)
Interest	23	-	22	-	17	3	4	-	(18)	(9)	(4)	(22)	-	-	(2)	-	14
Amortization	-	(38)	-	(215)	(114)	-	(23)	3	135	56	21	3	-	-	87	-	(85)
Net regulatory assets (liabilities) December 31, 2024	677	520	460	376	307	131	85	(411)	(321)	(173)	(61)	(51)	(16)	2,151	22	26	3,722

a) Rate Smoothing Deferral Account

The Rate Smoothing Deferral Account was established by the OEB's decisions and orders related to OPG's application for 2017-2021 regulated prices pursuant to *Ontario Regulation 53/05* to record, for future collection, a portion of annual OEB-approved revenue requirements for OPG's nuclear facilities during the period from January 1, 2017 to the end of the Darlington Refurbishment project. *Ontario Regulation 53/05* requires the annual deferred portion, if any, to be determined in a manner that makes more stable changes in OPG's overall production-weighted regulated price year over year. The regulation requires the OEB to determine the deferred portion on a five-year basis for the ten-year period beginning on January 1, 2017. Per the regulation, the Rate Smoothing Deferral Account records interest at a long-term debt rate reflecting OPG's cost of long-term borrowing approved by the OEB, compounded annually. The regulation requires the OEB to authorize recovery of the balance in the account on a straight-line basis over a period not to exceed ten years following the end of the Darlington Refurbishment project.

OPG recognizes positive or negative amounts deferred under rate smoothing and recorded in the Rate Smoothing Deferral Account as an increase or decrease in the regulatory asset for the deferral account and an increase or decrease in revenue in the period to which the underlying approved revenue requirement relates, respectively.

The OEB's decisions and orders on OPG's 2022-2026 application for new regulated prices set a rate smoothing approach and the resulting nuclear base regulated prices such that no portion of the nuclear revenue requirement is to be deferred from 2024 to 2026.

b) Nuclear Liability Deferral Account

Pursuant to *Ontario Regulation 53/05*, the OEB has authorized the Nuclear Liability Deferral Account in connection with changes to OPG's liabilities for used nuclear fuel management and nuclear decommissioning and L&ILW management associated with the Darlington and Pickering nuclear generating stations. The deferral account records the revenue requirement impact associated with changes in these liabilities arising from an approved reference plan, in accordance with the terms of the ONFA.

Effective January 1, 2022, the Province approved an updated reference plan under the ONFA, for the years 2022 to 2026 (2022 ONFA Reference Plan). As the nuclear base regulated prices in effect during the 2022-2026 period do not reflect the impact of the 2022 ONFA Reference Plan, effective January 1, 2022, OPG records an incremental regulatory asset for the Nuclear Liability Deferral Account representing the revenue requirement impact for the Darlington and Pickering nuclear generating stations arising from the approved 2022 ONFA Reference Plan. OPG will continue to record such additions to the Nuclear Liability Deferral Account until impacts arising from the approved 2022 ONFA Reference Plan are reflected in nuclear base regulated prices in the future.

Components of the regulated asset recorded for the Nuclear Liability Deferral Account during the years ended December 31, with reductions to corresponding expenses, are summarized as follows:

<i>(millions of dollars)</i>	2024	2023
Fuel expense	21	20
Low and intermediate level waste management variable expenses ¹	26	31
Depreciation expense	110	110
Return on rate base ²	3	7
Income taxes	20	22
	180	190

¹ Amount was recorded as a reduction to OM&A expenses.

² Amount was recorded as a reduction to accretion on fixed asset removal and nuclear waste management liabilities.

c) Capacity Refurbishment Variance Account

Pursuant to *Ontario Regulation 53/05*, the OEB has authorized the Capacity Refurbishment Variance Account to record revenue requirement variances from forecasts reflected in OPG's regulated prices approved by the OEB for capital and non-capital costs and firm financial commitments incurred to increase the output of, refurbish or add operating capacity to one or more of OPG's regulated generating facilities, including costs related to the refurbishment of the Darlington nuclear generating station (Darlington GS), life extension initiatives at the Pickering GS, refurbishment and other life extension activities at regulated hydroelectric facilities, and other eligible projects.

d) Pension & OPEB Cash Versus Accrual Differential Deferral Account

The Pension & OPEB Cash Versus Accrual Differential Deferral Account was originally established by the OEB's November 2014 decision and December 2014 order and was continued by the OEB's decisions and orders related to OPG's application for 2017-2021 regulated prices. For the period from November 1, 2014 to December 31, 2021, this deferral account recorded, for the regulated hydroelectric facilities and the nuclear facilities, the differences between OPG's actual pension and OPEB costs determined on the accrual basis of accounting under US GAAP and OPG's corresponding actual cash expenditures for these plans.

The account continues to record the above difference for the regulated hydroelectric facilities. The approved nuclear base regulated prices for the 2022-2026 period reflect recovery of pension and OPEB costs calculated on the accrual basis of accounting. Therefore, for the nuclear facilities, the account only records amortization of balances approved for recovery by the OEB effective January 1, 2022. As discussed in Note 3, the Company has recognized the amount set aside in the deferral account as a regulatory asset.

In accordance with US GAAP requirements, OPG recognizes a regulatory asset for the OPRB portion of deferred costs recorded in the Pension & OPEB Cash Versus Accrual Differential Deferral Account to the extent that the recovery of these costs commences within five years and is completed in full within 20 years of the period in which the costs were incurred, provided that the pattern of recovery within these constraints does not result in rate increases for a future year that is higher than the previous year. Taking into account the recovery of balances in the Pension & OPEB Cash Versus Accrual Differential Deferral Account approved by the OEB, OPG continues to satisfy the above requirements for continued recognition of the regulatory asset for the OPRB portion of deferred costs.

e) Hydroelectric Surplus Baseload Generation Variance Account

The Hydroelectric Surplus Baseload Generation Variance Account records the impact of forgone production at OPG's regulated hydroelectric facilities due to surplus baseload generation conditions.

f) Pickering B Extension Variance Account

The Pickering B Extension Variance Account was established pursuant to an amendment to *Ontario Regulation 53/05* made in December 2022. The variance account records the difference between the revenues generated from the output of Units 5 to 8 at the Pickering GS during the period from January 1, 2026 to September 30, 2026, and the sum of any forgone revenue related to forgone output from these units arising from activities undertaken in furtherance of their operation during the period from January 1, 2026 to September 30, 2026 and the revenue requirement impact resulting from actual capital and non-capital costs incurred for such extension activities.

On January 28, 2025, the Province released a proposal for potential amendments to *Ontario Regulation 53/05* intended clarify the scope of the Pickering B Extension Variance Account to ensure that OPG can record costs incurred beginning in 2024 to retain the capacity and readiness to operate Units 5 to 8 of the Pickering GS upon refurbishment, subject to the requisite approvals. The comment period for the proposal ends on March 14, 2025.

g) Nuclear Development Variance Account

Pursuant to *Ontario Regulation 53/05*, the Nuclear Development Variance Account records variances between the revenue requirement impact of actual capital and non-capital costs incurred and firm financial commitments made for proposed new nuclear generation facilities and the corresponding forecasts reflected in OPG's regulated prices approved by the OEB. In its November 2021 decision on OPG's 2022-2026 application for new regulated prices, the OEB determined that OPG's non-capital costs related to the development of a small modular reactor (SMR) at the Darlington New Nuclear Project (DNNP) site were being appropriately recorded in the Nuclear Development Variance Account and, in its June 2024 decision approving the 2024 Settlement Agreement, authorized the recovery of such balance as at December 31, 2022.

h) Pension and OPEB Cost Variance Account

The Pension and OPEB Cost Variance Account was established to record, for the regulated hydroelectric facilities and the nuclear facilities, the differences between OPG's actual pension and OPEB costs determined on the accrual basis of accounting and related tax impacts and corresponding forecast amounts reflected in the regulated prices then in effect. Based on the OEB's November 2014 and other subsequent decisions, the account recorded only amortization for the period from November 1, 2014 to December 31, 2021, as applicable. As the approved nuclear base regulated prices for the 2022-2026 period reflect recovery of pension and OPEB costs calculated on the accrual basis of accounting, the account has resumed recording the above difference for the nuclear facilities effective January 1, 2022, as approved by the OEB.

i) Pension & OPEB Cash Payment Variance Account

The Pension & OPEB Cash Payment Variance Account records the differences between OPG's actual contributions to its registered pension plan and expenditures on its OPEB and supplementary pension plans for the regulated hydroelectric facilities, and such forecast amounts reflected in the regulated prices. The approved nuclear base regulated prices for the 2022-2026 period reflect recovery of pension and OPEB costs calculated on the accrual basis of accounting. Therefore, for the nuclear facilities, the account only records amortization of balances approved for recovery by the OEB effective January 1, 2022.

j) Hydroelectric Water Conditions Variance Account

The Hydroelectric Water Conditions Variance Account records the impact of differences in regulated hydroelectric electricity production due to differences between forecast water conditions underlying the production forecast approved by the OEB in setting regulated hydroelectric prices, and the actual water conditions.

k) Nuclear Deferral and Variance Over/Under Recovery Variance Account

The Nuclear Deferral and Variance Over/Under Recovery Variance Account records differences in recovery of the approved balances in the regulatory accounts related to the nuclear facilities due to differences between forecasted electricity production from the nuclear facilities used to set rate riders for recovery or repayment of these balances and the actual electricity production from the nuclear facilities upon which the rate riders are collected.

l) Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges Variance Account

The Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges Variance Account records asymmetric carrying charges in favour of customers on differences between pension and OPEB costs determined on the accrual basis that are recovered in regulated prices, including amounts recovered from the Pension & OPEB Cash Versus Accrual Differential Deferral Account, and the cash payments made in respect of pension and OPEB plans in connection with the regulated facilities.

m) Pension and OPEB Regulatory Asset and Regulatory Asset (Liability)

The Pension and OPEB Regulatory Asset and the Pension and OPEB Regulatory Liability represent unamortized amounts in respect of OPG's pension and OPEB plans that have been recognized in OCI and not yet reclassified into the amortization component of the benefit costs in respect of these plans. These amounts are expected to be settled with customers through future regulated prices. The regulatory asset or regulatory liability is reduced as underlying unamortized balances are amortized as components of benefit costs. For further details, refer to Note 3 under the heading, *Rate Regulated Accounting*. The AOCI amounts related to pension and OPEB plans are presented in Note 13.

n) Deferred Income Taxes

In accordance with US GAAP, OPG is required to record a regulatory asset or regulatory liability for the deferred income taxes that are expected to be recovered or refunded through future regulated prices charged to customers for generation from OPG's regulated facilities. In addition, OPG is required to recognize a deferred income tax liability or deferred income tax asset for the regulatory asset or regulatory liability for the amount of deferred income taxes expected to be included in future regulated prices and recovered from, or paid to customers. Income taxes are discussed in Note 12.

8. GOODWILL

All goodwill pertains to the Contracted Hydroelectric and Other Generation business segment. The goodwill recorded as at December 31 was as follows:

<i>(millions of dollars)</i>	2024	2023
Opening balance, January 1	168	172
Acquisition of Lightstar (<i>Note 4</i>)	43	-
Foreign exchange differences	19	(4)
Closing balance, December 31	230	168

An annual goodwill impairment assessment is performed as of the same date each year. In the fourth quarter of 2024, as per the Company's policy, the assessment was performed and no impairment factors were identified. The Company concluded that the fair value of the Contracted Hydroelectric and Other Generation business segment exceeded its carrying value as of the assessment date.

9. LONG-TERM DEBT AND NET INTEREST EXPENSE

Long-term debt as at December 31 was as follows:

<i>(millions of dollars)</i>	Weighted Average Interest Rate	Maturity	2024	2023
Medium Term Note Program ¹				
Senior Notes	3.63%	2025 - 2054	5,950	4,650
Notes payable under OEFC and corporate credit facilities ¹				
Senior Notes	3.44%	2026 - 2048	2,859	2,822
UMH Energy Partnership ²				
Senior Notes	7.59%	2041	160	163
PSS Generating Station Limited Partnership ³				
Senior Notes	4.80%	2067	245	245
Lower Mattagami Energy Limited Partnership ⁴				
Senior Notes	3.98%	2026 - 2054	1,995	1,995
OPG Eagle Creek Holdings LLC and subsidiaries ⁵				
Senior Notes	4.84%	2025 - 2030	516	474
Other			25	25
			11,750	10,374
Plus: net fair value premium			-	5
Less: unamortized bond issuance fees			(43)	(37)
Less: amounts due within one year			(604)	(603)
Long-term debt			11,103	9,739

¹ These notes are direct unsecured obligations of OPG and rank *pari passu* with all of OPG's unsecured and unsecured obligations.

² These notes are secured by the assets of the Upper Mattagami and Hound Chute project. Principal repayments of approximately \$3 million per year are made on a semi-annual basis until maturity in 2041, at which time the remaining principal balance of \$116 million becomes due.

³ These notes are secured by the assets of the Peter Sutherland Sr. GS project, and are recourse to OPG until the recourse release date. These notes rank *pari passu* with all of OPG's unsecured and unsecured obligations. The notes have an interest-only feature until 2025 and will be amortized with blended semi-annual principal and interest payments thereafter until maturity in 2067, at which time the remaining principal balance of \$49 million becomes due.

⁴ These notes are secured by the assets of the Lower Mattagami River project, including existing and new operating facilities.

⁵ These notes are secured by the corresponding assets of the respective subsidiary.

For the year ended December 31, 2024, net issuance of long-term debt under the Company's corporate credit facilities totalled \$37 million (2023 – net issuance of \$204 million), which comprised issuances of \$437 million (2023 – issuances of \$244 million) repayment of \$400 million (2023 – repayment of \$40 million).

On June 7, 2024, OPG's wholly-owned Lower Mattagami Energy Limited Partnership (LME) completed a private placement bond offering with the issuance of \$200 million of green bonds, maturing in June 2054, with a coupon interest rate of 4.69 percent. The net proceeds were used to refinance LME debt maturities in June 2024.

On June 28, 2024, OPG issued \$1 billion of green bonds under its Sustainable Finance Framework, through its Medium Term Note Program. The issuance consisted of \$500 million senior notes maturing in June 2034, with a coupon interest rate of 4.83 percent, and \$500 million senior notes maturing in June 2054, with a coupon interest rate of 4.99 percent.

On September 11, 2024, OPG re-opened the June 28, 2024 dual tranche bond issuances under its Medium Term Note Program for an additional \$300 million. The additional green bond issuance consisted of \$200 million of senior notes maturing in June 2034, with a coupon interest rate of 4.83 percent, and \$100 million of senior notes maturing in June 2054, with a coupon interest rate of 4.99 percent.

Net Interest Expense

Net interest expense for the years ended December 31 was as follows:

<i>(millions of dollars)</i>	2024	2023
Interest on long-term debt	401	373
Interest on short-term debt	24	15
Interest income	(88)	(101)
Interest capitalized to property, plant and equipment and intangible assets	(136)	(119)
Interest related to regulatory assets and regulatory liabilities ¹	(15)	(65)
Net interest expense	186	103

¹ Includes interest to recognize the cost of financing regulatory account balances as authorized by the OEB, and interest costs deferred in certain regulatory accounts.

Interest paid in 2024 was \$442 million (2023 – \$395 million), of which \$418 million (2023 – \$380 million) relates to interest paid on long-term debt.

The total net book value of the pledged assets of PSS Generating Station Limited Partnership (PSS), UMH Energy Partnership (UMH), LME, Lower Mattagami Limited Partnership (LMLP) and Eagle Creek and its subsidiaries against their debt as at December 31, 2024 was \$5,013 million (2023 – \$4,941 million).

10. SHORT-TERM DEBT

Committed credit facilities and maturity dates as at December 31, 2024 were as follows:

<i>(millions of dollars)</i>	Amount	Maturity
Bank facilities:		
Corporate	1,211	July 2025 and May 2029 ¹
Corporate	750	November 2025 ²
Lower Mattagami Energy Limited Partnership	460	June 2029 ³
OPG Eagle Creek Holdings LLC and subsidiaries	20	October 2028
Ontario Financing Authority facility	1,250	December 2029 ¹
Ontario Electricity Financial Corporation facility	750	December 2026 ¹

¹ Represents amounts available under the facility net of debt issuances. Of the total available corporate credit facilities, \$211 million matures by September 2027 and is available to finance certain expenditures of the DNNP, subject to certain conditions, and \$1,000 million matures in May 2029.

² The facility has a one-year extension option beyond the maturity date of November 2025.

³ A letter of credit of \$60 million was outstanding under this facility as at December 31, 2024.

Short-term debt as at December 31 was as follows:

<i>(millions of dollars)</i>	2024	2023
Lower Mattagami Energy Limited Partnership	215	200
Total short-term debt	215	200

As of December 31, 2024, a total of \$504 million of letters of credit had been issued (2023 – \$525 million). As of December 31, 2024, this included \$314 million for the supplementary pension plans, \$60 million for LME, \$51 million for general corporate purposes, \$45 million for Atura Power, \$19 million for Eagle Creek and its subsidiaries, \$14 million for UMH, and \$1 million for PSS.

For the year ended December 31, 2024, net issuance of short-term debt totalled \$15 million (2023 – net issuance of \$135 million), which was comprised of issuances of \$2,960 million (2023 – \$970 million) and repayments of \$2,945 million (2023 – \$835 million).

The weighted average interest rate on the short-term debt as of December 31, 2024 is 3.71 percent (2023 – 5.29 percent).

11. NUCLEAR FIXED ASSET REMOVAL AND NUCLEAR WASTE MANAGEMENT FUNDS AND FIXED ASSET REMOVAL AND NUCLEAR WASTE MANAGEMENT LIABILITIES

Liabilities for fixed asset removal and nuclear waste management on a present value basis as at December 31 were as follows:

<i>(millions of dollars)</i>	2024	2023
Liability for used nuclear fuel management	15,991	15,623
Liability for nuclear decommissioning and nuclear low and intermediate level waste management	9,782	9,493
Liability for non-nuclear fixed asset removal	269	270
Fixed asset removal and nuclear waste management liabilities	26,042	25,386

The changes in the fixed asset removal and nuclear waste management liabilities for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	2024	2023
Liabilities, beginning of year	25,386	24,315
Increase in liabilities due to accretion ¹	1,203	1,162
Increase in liabilities reflecting changes to the estimated useful lives of nuclear generating stations (<i>Note 3</i>)	-	160
Decrease in liabilities reflecting changes in the estimate of liabilities for thermal generating facilities and other adjustments	(10)	(10)
Increase in liabilities due to used nuclear fuel, nuclear waste management and other expenses ¹	163	195
Liabilities settled by expenditures on fixed asset removal and nuclear waste management during the year ²	(700)	(436)
Liabilities, end of year	26,042	25,386

¹ Amounts shown exclude the impact of regulatory accounts.

² Includes accruals for expenditures eligible for reimbursement from the Nuclear Segregated Funds.

OPG's fixed asset removal and nuclear waste management liabilities are comprised of expected costs to be incurred up to and beyond termination of operations and the closure of nuclear, thermal and solar generating facilities, and other facilities. Costs will be incurred for activities such as preparation for safe storage and safe storage of nuclear generating stations, dismantlement, demolition and disposal of facilities and equipment, remediation and restoration of sites, and the ongoing and long-term management of used nuclear fuel and L&ILW material.

The determination of the accrual for fixed asset removal and nuclear waste management costs requires significant assumptions since these programs are long-term in nature. The most recent comprehensive update of the cost estimates for the Nuclear Liabilities is contained in the 2022 ONFA Reference Plan approved by the Province in accordance with ONFA. This update has been reflected in the Nuclear Liabilities since December 31, 2021. As of December 31, 2023, OPG recorded an increase of \$160 million in the Nuclear Liabilities and associated asset retirement costs capitalized as part of the carrying value of nuclear PP&E to reflect the extension of the accounting

end-of-life assumptions for Units 5 to 8 of the Pickering GS, as discussed in Note 3. The increase in the liabilities as at December 31, 2023 was determined by discounting the net incremental future cash flows at 3.93 percent.

For the purposes of calculating the Nuclear Liabilities as at December 31, 2024, consistent with the current accounting end-of-life assumptions for the nuclear generating stations, nuclear facilities decommissioning activities are projected to occur over approximately the next 80 years and the placement of used nuclear fuel into the assumed long-term deep geological repository (DGR) under the APM is projected to occur until 2106, followed by extended monitoring.

A number of significant assumptions used in the calculation of the accrued liabilities are subject to inherent uncertainty and judgment. The significant assumptions underlying operational, technical and economic factors used in the calculation of the Nuclear Liabilities are subject to periodic review. Changes to these assumptions, including changes to assumptions on the timing of the programs, construction of assumed disposal facilities, station end-of-life dates, disposal methods, financial indicators, decommissioning strategy and the technology employed, may result in significant changes to the value of the accrued liabilities. With programs of such long-term duration and the evolving technology to handle nuclear waste, there is a significant degree of inherent uncertainty surrounding the measurement of the costs for these programs, including from factors beyond the Company's control. These costs may increase or decrease materially over time.

Liability for Used Nuclear Fuel Management Costs

The liability for used nuclear fuel management represents the cost of managing the used nuclear fuel bundles. The federal NFWA, proclaimed into force in 2002, required that Canada's used nuclear fuel owners form a nuclear waste management organization, and that each such owner establish a trust fund for used nuclear fuel management costs as specified in the NFWA. This organization, the NWMO, is responsible for the design and implementation of Canada's plan for the long-term management of used nuclear fuel. To estimate its liability for used nuclear fuel management costs, OPG has adopted an approach consistent with the APM concept approved by the Government of Canada. On November 28, 2024, the NWMO announced that it had selected Wabigoon Lake Ojibway Nation and the Township of Ignace, Ontario as the host communities for the future site of Canada's DGR for used nuclear fuel under the APM.

Liability for Nuclear Decommissioning and L&ILW Management Costs

The liability for nuclear decommissioning and L&ILW management represents the estimated costs of decommissioning the nuclear generating stations after the end of their service lives, as well as the cost of managing L&ILW generated by the stations.

The significant assumptions used in estimating future nuclear fixed asset removal costs include a deferred dismantlement basis for decommissioning of the nuclear generating stations. Under this strategy, each reactor will be defueled and de-watered immediately after it has ceased operation and prepared for a period of safe storage and monitoring. Station dismantlement and site restoration activities will take place over a period of time after an appropriate safe storage period. The life cycle costs of L&ILW management include the costs of processing and storage of such materials during and following the operation of the nuclear generating stations, as well as the costs of the ultimate long-term management of these materials. The assumptions used to establish the obligation for these costs recognized in the consolidated financial statements include a conceptual long-term disposal strategy assumption consistent with the NWMO's recommended integrated strategy for the long-term management of irradiated wastes in Canada, as set out in its Integrated Strategy for Radioactive Waste (ISRW) prepared at the request of the Government of Canada and subsequently accepted by the federal Minister of Energy and Natural Resources in 2023. The strategy contemplates disposal of low-level waste in near-surface disposal facilities to be implemented by the waste owners and disposal of intermediate-level waste and the small amount of non-fuel high-level waste in a central DGR to be implemented by the NWMO. OPG will continue to evaluate underlying assumptions and estimates based on available information, including developments related to the NWMO's future siting process for such DGR.

Liability for Non-Nuclear Fixed Asset Removal Costs

The liability for non-nuclear fixed asset removal primarily represents the estimated costs of decommissioning OPG's thermal generating stations at the end of their service lives. The liability is based on third-party cost estimates following a review of plant sites and an assessment of required clean-up and restoration activities. For the purposes of measuring the non-nuclear fixed asset removal liability, thermal asset removal activities are assumed to take place over approximately the next 40 years.

Ontario Nuclear Funds Agreement

In accordance with the ONFA, OPG sets aside and invests funds that are held in segregated custodian and trustee accounts specifically for discharging its life cycle obligation for nuclear decommissioning and long-term nuclear waste management in connection with the existing facilities. The Used Fuel Segregated Fund and the Decommissioning Segregated Fund were established under the ONFA for this purpose. OPG makes contributions, if any, to the Nuclear Segregated Funds based on the approved ONFA reference plan in effect. ONFA reference plans and associated contribution schedules are subject to approval by the Province. The Ontario NFWA Trust (NFWA Trust) established by OPG pursuant to the NFWA forms part of the Used Segregated Fund, with any portion of the fund not in the NFWA Trust being able to be applied towards the NFWA Trust's annual contribution requirements pursuant to the NFWA.

As required under the ONFA reference plans in effect, OPG has made contributions to the Used Fuel Segregated Fund based on the assumed lives of its nuclear generating stations, as specified in the ONFA. ONFA requirements have resulted in the majority of the underlying used nuclear fuel obligation being funded through OPG contributions over the initial estimated useful lives of the nuclear generating stations assumed in the ONFA, which did not reflect subsequent refurbishment and other life extension decisions for the stations.

To date, OPG has not been required to make contributions to the Decommissioning Segregated Fund, which was fully funded at its inception through the initial contribution made by the OEFC and, taking into account fund asset performance and changes in underlying funding obligations over time, at the time of every subsequent approved ONFA reference plan.

Based on the funded status of the Used Fuel Segregated Fund and the Decommissioning Segregated Fund reflecting the life cycle liability estimates per the 2022 ONFA Reference Plan, no overall contributions to either fund are currently required. Contributions may be required in the future should either or both of the funds be in an underfunded position when a new or amended ONFA reference plan is prepared.

The *Nuclear Safety and Control Act* (Canada) requires OPG to have sufficient funds available to discharge its existing nuclear waste management and nuclear facilities decommissioning obligations. The CNSC process requires the CNSC financial guarantee requirement to be updated once every five years and for OPG to provide an annual report to the CNSC on the assumptions, fund asset values and resulting financial guarantee requirements. The CNSC financial guarantee requirement calculation takes into account used nuclear fuel and L&ILW expected to be generated to the end of each year. In 2022, the CNSC accepted OPG's proposed CNSC financial guarantee requirement for the 2023-2027 period to be satisfied by the forecast fair market value of the Nuclear Segregated Funds without the requirement for a Provincial guarantee. As provided by the terms of the ONFA, the Province is committed to provide a Provincial guarantee to the CNSC as required, on behalf of OPG, should there be a shortfall between the CNSC financial guarantee requirement and the fair market value of the Nuclear Segregated Funds during the 2023-2027 period, as it has done in the past. OPG pays the Province an annual guarantee fee equal to 0.5 percent of the outstanding amount, if any, of the Provincial guarantee.

Investments in the Nuclear Segregated Funds include a diversified portfolio of equity and fixed income securities, pooled funds, infrastructure, real estate and other investments. As the Nuclear Segregated Funds are invested to fund long-term liability requirements, the portfolio asset mix is structured to achieve the required return over a long-term horizon. While short-term fluctuations in the market value will occur, managing the long-term return of the Nuclear

Segregated Funds remains the primary goal. OPG jointly oversees the investment management of the Nuclear Segregated Funds with the Province.

Decommissioning Segregated Fund

Under the ONFA, OPG is wholly responsible for cost estimate changes and investment returns in the Decommissioning Segregated Fund.

Upon termination of the ONFA, the Province has the sole right to any excess funds in the Decommissioning Segregated Fund, which is the excess of the fair market value of the fund's assets over the underlying estimated future costs, as per the most recently approved ONFA reference plan. Accordingly, when the Decommissioning Segregated Fund is overfunded, OPG limits the fund earnings recognized in the consolidated financial statements by recording an amount due to the Province, such that the fund asset recognized on the consolidated balance sheets is equal to the cost estimate of the funding liability based on the most recently approved ONFA reference plan. Additionally, OPG recognizes the portion of the surplus that it may direct to the Used Fuel Segregated Fund, which is possible when the surplus in the Decommissioning Segregated Fund is such that the underlying liabilities, as defined by the most recently approved ONFA reference plan, are at least 120 percent funded. In those circumstances, OPG may direct, at the time a new or amended reference plan is approved, up to 50 percent of the surplus over 120 percent to the Used Fuel Segregated Fund, with the OEFC being entitled to a distribution of an equal amount. Therefore, when the Decommissioning Segregated Fund is at least 120 percent funded, OPG recognizes 50 percent of the excess greater than 120 percent in income, up to the amount by which the Used Fuel Segregated Fund is underfunded.

When the Decommissioning Segregated Fund is in an overfunded status of less than 120 percent, the above results in OPG recognizing annual earnings on the fund at 3.25 percent plus the long-term Ontario Consumer Price Index (CPI) specified in the most recently approved ONFA reference plan, which is the rate of growth in the underlying funding liability. The same treatment is applied when the Decommissioning Segregated Fund is in an overfunded status of greater than 120 percent, if the Used Fuel Segregated Fund is fully funded. When the Decommissioning Segregated Fund is underfunded, the earnings on the fund reflect actual fund returns based on the market value of the assets.

As at December 31, 2024 and 2023, the Decommissioning Segregated Fund was in an overfunded position of greater than 120 percent based on the approved ONFA reference plan in effect. As a result, OPG recognized a due to the Province amount such that the Decommissioning Segregated Fund asset on the consolidated balance sheets as at December 31, 2024 and 2023 was limited to the value of the underlying funding liability per the approved ONFA reference plan in effect, plus 50 percent of the surplus over 120 percent up to the amount, if any, by which the Used Fuel Segregated Fund was underfunded. This payable to the Province may be reduced in subsequent periods in the event that the Decommissioning Segregated Fund earns less than its target rate of return, a new or amended ONFA reference plan is approved with a higher underlying funding liability, or the amount of the underfunding, if any, in the Used Fuel Segregated Fund increases.

Used Fuel Segregated Fund

OPG is responsible for cost increases in the funding liability for used nuclear fuel management under the ONFA, subject to specified graduated liability thresholds, pursuant to which the Province limits OPG's total financial exposure for the first 2.23 million used nuclear fuel bundles at approximately \$24.1 billion in present value dollars as at December 31, 2024. The graduated liability thresholds do not apply to used nuclear fuel bundles beyond the 2.23 million threshold.

Under the ONFA, the Province guarantees OPG's annual return in the Used Fuel Segregated Fund at 3.25 percent plus the change in the Ontario CPI, as defined by ONFA, for funding related to the first 2.23 million used nuclear fuel bundles, (committed return). OPG recognizes the committed return on the Used Fuel Segregated Fund as earnings on the Nuclear Segregated Funds. The difference between the committed return and the actual market return determined based on the fair value of the fund assets related to the first 2.23 million used nuclear fuel bundles is recorded as due to or due from the Province. This amount due to or due from the Province represents the amount that would be paid to

or received from the Province if the committed return were to be settled as at the consolidated balance sheet date. Upon approval of a new or amended ONFA reference plan, the Province is obligated to make an additional contribution to the Used Fuel Segregated Fund in relation to the first 2.23 million used nuclear fuel bundles if the fund assets earned a rate of return that is less than the guaranteed rate of return. If the return on the fund assets exceeded the Province's guaranteed rate of return, the Province is entitled to withdraw any portion of such excess related to the first 2.23 million used nuclear fuel bundles, upon approval of a new or amended ONFA reference plan. The 2.23 million threshold represents the estimated total life cycle used nuclear fuel bundles based on the initial estimated useful lives of the nuclear generating stations assumed in the ONFA.

As prescribed under the ONFA, OPG's contributions for used nuclear fuel bundles in excess of 2.23 million are not subject to the rate of return guaranteed by the Province, and earn a return based on changes in the market value of the assets of the Used Fuel Segregated Fund.

If there is a surplus in the Used Fuel Segregated Fund such that the underlying liabilities, as defined by the most recently approved ONFA reference plan, are at least 110 percent funded after taking into account the committed return adjustment, the Province, has the right, at any time, to access the excess amount greater than 110 percent. Upon termination of the ONFA, the Province has the sole right to any surplus in the fund, which is the excess of the fair market value of the Used Fuel Segregated Fund assets over the estimated future costs, as per the most recently approved ONFA reference plan. Neither OPG nor the Province have a right to direct any amounts from the Used Fuel Segregated Fund to the Decommissioning Segregated Fund. Therefore, when the Used Fuel Segregated Fund is overfunded after taking into account the committed return adjustment, OPG limits the earnings it recognizes on the fund by recording an amount due to the Province, such that the fund asset recognized on the consolidated balance sheets is equal to the cost estimate of the funding liability based on the most recently approved ONFA reference plan. When the fund is overfunded, this results in OPG recognizing annual earnings on the fund, after taking into account the committed return adjustment, at 3.25 percent plus the long-term Ontario CPI specified in the most recently approved ONFA reference plan, which is the rate of growth in the underlying funding liability.

Based on the approved ONFA reference plan in effect, the Used Fuel Segregated Fund was in an overfunded position as at December 31, 2024 and 2023, after taking into account the committed return adjustment. The due to the Province amount recognized for the fund as at December 31, 2024 and 2023 related to the committed return adjustment and the overfunded position of the fund.

Nuclear Segregated Funds

The nuclear fixed asset removal and nuclear waste management funds as at December 31 were as follows:

<i>(millions of dollars)</i>	Fair Value	
	2024	2023
Decommissioning Segregated Fund	14,220	12,713
Due to Province – Decommissioning Segregated Fund	(4,545)	(3,408)
	9,675	9,305
Used Fuel Segregated Fund ¹	18,428	16,490
Due to Province – Used Fuel Segregated Fund	(5,691)	(4,232)
	12,737	12,258
Total Nuclear Segregated Funds	22,412	21,563
Less: current portion	(283)	(68)
Non-current Nuclear Segregated Funds	22,129	21,495

¹ The NFWA Trust represents \$5,211 million as at December 31, 2024 (2023 – \$4,867 million) of the Used Fuel Segregated Fund on a fair value basis.

The fair values of the securities invested in the Nuclear Segregated Funds as at December 31 were as follows:

<i>(millions of dollars)</i>	Fair Value	
	2024	2023
Cash and cash equivalents and short-term investments	444	224
Alternative investments	8,424	7,618
Pooled funds	3,447	3,209
Marketable equity securities	11,926	10,614
Fixed income securities	8,352	7,475
Net receivables/payables	55	63
	32,648	29,203
Less: Due to Province	(10,236)	(7,640)
	22,412	21,563

The historical cost, gross unrealized aggregate appreciation and gross unrealized depreciation of investments, gross unrealized foreign exchange gains and fair value of the Nuclear Segregated Funds as at December 31 were as follows:

<i>(millions of dollars)</i>	2024		
	Decommissioning Segregated Fund	Used Fuel Segregated Fund	Total
Historical cost	11,392	14,828	26,220
Gross unrealized gains (losses)			
Aggregate appreciation	2,733	3,450	6,183
Aggregate depreciation	(522)	(638)	(1,160)
Foreign exchange	617	788	1,405
	14,220	18,428	32,648
Less: Due to Province	(4,545)	(5,691)	(10,236)
Total fair value	9,675	12,737	22,412
Less: current portion	(60)	(223)	(283)
Non-current fair value	9,615	12,514	22,129

<i>(millions of dollars)</i>	2023		
	Decommissioning Segregated Fund	Used Fuel Segregated Fund	Total
Historical cost	10,424	13,619	24,043
Gross unrealized gains (losses)			
Aggregate appreciation	2,565	3,201	5,766
Aggregate depreciation	(496)	(597)	(1,093)
Foreign exchange	220	267	487
	12,713	16,490	29,203
Less: Due to Province	(3,408)	(4,232)	(7,640)
Total fair value	9,305	12,258	21,563
Less: current portion	(24)	(44)	(68)
Non-current fair value	9,281	12,214	21,495

Net realized and unrealized gains or losses from investments in the Nuclear Segregated Funds for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	2024		Total
	Decommissioning Segregated Fund	Used Fuel Segregated Fund	
Net realized gains			
Net realized gains excluding foreign exchange	759	950	1,709
Net realized foreign exchange gains	58	72	130
Net realized gains	817	1,022	1,839
Net unrealized gains			
Net unrealized gains excluding foreign exchange	34	203	237
Net unrealized foreign exchange gains	505	526	1,031
Net unrealized gains	539	729	1,268

<i>(millions of dollars)</i>	2023		Total
	Decommissioning Segregated Fund	Used Fuel Segregated Fund	
Net realized gains			
Net realized gains excluding foreign exchange	328	421	749
Net realized foreign exchange gains	68	107	175
Net realized gains	396	528	924
Net unrealized gains			
Net unrealized gains excluding foreign exchange	671	858	1,529
Net unrealized foreign exchange losses	(198)	(276)	(474)
Net unrealized gains	473	582	1,055

The change in the Nuclear Segregated Funds for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	Fair Value	
	2024	2023
Decommissioning Segregated Fund, beginning of year	9,305	8,919
Increase in fund due to return on investments	1,612	1,102
Decrease in fund due to reimbursement of eligible expenditures	(105)	(70)
Increase in due to Province	(1,137)	(646)
Decommissioning Segregated Fund, end of year	9,675	9,305
Used Fuel Segregated Fund, beginning of year	12,258	11,787
Increase in fund due to return on investments	2,085	1,419
Decrease in fund due to reimbursement of eligible expenditures	(147)	(128)
Increase in due to Province	(1,459)	(820)
Used Fuel Segregated Fund, end of year	12,737	12,258

The earnings from the Nuclear Segregated Funds during the years ended December 31, 2024 and 2023 were impacted by the Bruce Lease Net Revenues Variance Account authorized by the OEB. The earnings on the Nuclear Segregated Funds for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	2024	2023
Decommissioning Segregated Fund	475	456
Used Fuel Segregated Fund	626	599
Bruce Lease Net Revenues Variance Account	1	2
Earnings on nuclear fixed asset removal and nuclear waste management funds	1,102	1,057

12. INCOME TAXES

OPG follows the liability method of accounting for income taxes. The Company records an offsetting regulatory asset or regulatory liability for the deferred income taxes that are expected to be recovered or refunded through future regulated prices charged to customers for electricity generation from OPG's regulated facilities.

A reconciliation between the statutory and the effective rate of income taxes for the years ended December 31 was as follows:

<i>(millions of dollars)</i>	2024	2023
Income before income taxes	1,176	2,095
Combined Canadian federal and provincial statutory enacted income tax rates	26.5%	26.5%
Statutory income tax rates applied to accounting income	312	555
(Decrease) increase in income taxes resulting from:		
Income tax expense deferred in regulatory assets and regulatory liabilities	(125)	(161)
Scientific Research and Experimental Development investment tax credits	(22)	(25)
Manufacturing and processing credit	(18)	(31)
Valuation allowance	15	(1)
Other	8	(1)
	(142)	(219)
Income tax expense	170	336
Effective rate of income taxes	14.5%	16.0%

Significant components of the income tax expense for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	2024	2023
Current income tax expense	131	254
Deferred income tax expense	39	82
Income tax expense	170	336

The income tax effects of temporary differences that give rise to deferred income tax assets and deferred income tax liabilities as at December 31 were as follows:

<i>(millions of dollars)</i>	2024	2023
Deferred income tax assets:		
Fixed asset removal and nuclear waste management liabilities	6,512	6,325
Other assets and liabilities	1,486	1,463
Valuation allowance	(77)	(55)
	7,921	7,733
Deferred income tax liabilities:		
Property, plant and equipment and intangible assets	(2,747)	(3,281)
Nuclear fixed asset removal and nuclear waste management funds	(5,603)	(5,390)
Other assets and liabilities	(2,032)	(1,211)
	(10,382)	(9,882)
Net deferred income tax liabilities	(2,461)	(2,149)

As of December 31, 2024, OPG has federal tax losses in the US of \$504 million (2023 – \$406 million) of which \$8 million will expire in 2031 to 2037 if unused (2023 – \$7 million). As of December 31, 2024, OPG has state tax losses in the US of \$507 million (2023 – \$460 million) of which \$371 million will expire if unused in 2028 to 2044 (2023 – \$308 million).

During 2024, OPG recorded an increase in the deferred income tax liability for income taxes that are expected to be recovered through regulated prices charged to customers of \$213 million (2023 – \$185 million) and a corresponding increase to the regulatory asset for deferred income taxes. As a result, the deferred income tax expense for 2024 and 2023 was not impacted.

The following table summarizes the deferred income tax liabilities recorded for the rate regulated operations that are expected to be recovered through future regulated prices:

<i>(millions of dollars)</i>	2024	2023
January 1:		
Deferred income tax liabilities on temporary differences related to regulated operations	1,453	1,314
Deferred income tax liabilities on temporary differences related to the regulatory asset for deferred income tax liabilities	485	439
	1,938	1,753
Changes during the year:		
Increase in deferred income tax liabilities on temporary differences related to regulated operations	160	139
Increase in deferred income tax liabilities on temporary differences related to the regulatory asset for deferred income tax liabilities	53	46
Balance as at December 31	2,151	1,938

The tax benefit associated with an income tax position is recognized only when it is more likely than not that such a position will be sustained upon examination by the taxing authorities based on the technical merits of the position. The current and deferred income tax benefit is equal to the largest amount, considering possible settlement outcomes, that is greater than 50 percent likely of being realized upon settlement with the taxing authorities.

A reconciliation of the beginning and ending amount of unrecognized tax benefits for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	2024	2023
Unrecognized tax benefits, beginning of year	84	115
Additions	7	8
Reductions	(16)	(39)
Unrecognized tax benefits, end of year	75	84

As at December 31, 2024, OPG's unrecognized tax benefits were \$75 million (2023 – \$84 million), excluding interest and penalties, all of which, if recognized, would affect OPG's effective tax rate. Changes in unrecognized tax benefits over the next 12 months cannot be predicted with certainty.

OPG recognizes interest and penalties related to unrecognized tax benefits as income tax expense. As at December 31, 2024, OPG had recorded interest on unrecognized tax benefits of \$20 million (2023 – \$18 million). OPG considers its significant tax jurisdiction to be Canada for its Canadian entities, the US for its US subsidiaries and Romania for its Romanian subsidiary. OPG remains subject to income tax examination for years after 2019 in Canada, while certain of its wholly owned US subsidiaries are subject to federal and state income tax examinations for tax years after 2018 and 2017, respectively.

OPG paid \$216 million in payments in lieu of income taxes, net of tax refunds, during 2024 (2023 – \$441 million). OPG paid a negligible amount in Canadian federal and provincial income taxes, US federal and state income taxes and Romanian income tax during 2024 and 2023.

13. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The changes in the balance of each component of AOCI, net of income taxes, for the years ended December 31 were as follows:

2024				
<i>(millions of dollars)</i>	Unrealized Gains and Losses on Cash Flow Hedges	Pension and OPEB	Currency Translation Adjustment	Total
Balance, beginning of year	9	(33)	9	(15)
Net gain on cash flow hedges	1	-	-	1
Actuarial gain on remeasurement of liabilities and past service costs for pension and OPEB	-	41	-	41
Amounts reclassified from AOCI	(5)	(2)	-	(7)
Translation of foreign operations	-	-	173	173
Other comprehensive (loss) income for the year	(4)	39	173	208
Balance, end of year	5	6	182	193

2023				
<i>(millions of dollars)</i>	Unrealized Gains and Losses on Cash Flow Hedges	Pension and OPEB	Currency Translation Adjustment	Total
Balance, beginning of year	(6)	80	54	128
Net gain on cash flow hedges	11	-	-	11
Actuarial loss on remeasurement of liabilities and past service costs for pension and OPEB	-	(109)	-	(109)
Amounts reclassified from AOCI	4	(4)	-	-
Translation of foreign operations	-	-	(45)	(45)
Other comprehensive income (loss) for the year	15	(113)	(45)	(143)
Balance, end of year	9	(33)	9	(15)

The significant amounts reclassified out of each component of AOCI, net of income taxes, for the years ended December 31, were as follows:

<i>(millions of dollars)</i>	Amount Reclassified from AOCI		Statement of Income Line Item
	2024	2023	
Amortization of amounts related to cash flow hedges			
(Gains) losses	(7)	6	Revenue and Net interest expense
Income tax recovery (expense)	2	(2)	Income tax expense
	(5)	4	
Amortization of amounts related to pension and OPEB			
Net actuarial gains, net of past service credits	(2)	(5)	See (1) below
Income tax recovery	-	1	Income tax expense
	(2)	(4)	
Total reclassifications for the year	(7)	-	

¹ These AOCI components are included in the computation of pension and OPEB costs (see Note 14 for additional details).

14. PENSION AND OTHER POST-EMPLOYMENT BENEFITS

Fund Assets

The OPG registered pension fund investment guidelines are stated in an approved Statement of Investment Policies and Procedures (SIPP). The SIPP is reviewed and approved by the Audit and Risk Committee of OPG's Board of Directors at least annually and includes a discussion of investment objectives and expectations, asset mix and rebalancing and the basis for measuring the performance of the pension fund assets.

In accordance with the SIPP, investment allocation decisions are made with a view to achieve OPG's objective of meeting obligations of the plan as they come due. The pension fund assets are invested in four categories of asset classes. The first category is fixed income assets, which are used to provide a ballast against heightened equity volatility in a slowing economic environment. The second category is equities, which offer the potential for higher investment returns beyond returns generally expected for fixed income assets. The third category is real assets, which offer exposure to a mixture of characteristics from the fixed income and equities. The fourth category is other alternatives, which offer the potential to improve the overall return of the pension fund while controlling the amount of downside market risk.

To achieve the above objective, OPG has adopted the following target strategic asset allocation for the OPG pension plan:

Asset class	Target
Fixed income assets	32.5%
Equities	33.0%
Real assets	32.5%
Other alternatives	2.0%

The plan may use derivative instruments for risk management or strategic purposes, where such activity is consistent with the plan's investment objectives.

Significant Concentrations of Risk in Fund Assets

The assets of the OPG pension fund are diversified to limit the impact of any individual investment. The pension fund is diversified across multiple asset classes. Fixed income securities are diversified among Canadian government bonds, government agency bonds, real return bonds, and corporate bonds. Equity securities are diversified across Canadian, US, and Global stocks. There are also real estate, infrastructure and agriculture portfolios that are included as part of the total pension fund assets as at December 31, 2024. Investments in the above asset classes are further diversified across funds, investment managers, strategies, vintages, sectors and geographies, depending on the specific characteristics of each asset class.

Credit risk with respect to the pension fund's fixed income securities is managed by risk tolerance guidelines, which require that fixed income securities comply with various investment constraints that ensure prudent diversification and prescribed minimum required credit rating quality. Credit risk, as it relates to the pension fund's derivatives, is managed through the use of International Swap and Derivatives Association documentation and counterparty management performed by the fund's investment managers.

Risk Management

Risk management oversight with respect to the OPG pension fund includes, but is not limited to, the following activities:

- Periodic asset/liability management and strategic asset allocation studies;
- Monitoring of funding levels and funding ratios;
- Monitoring compliance with asset allocation guidelines and investment management agreements;
- Monitoring asset class performance against asset class benchmarks;
- Monitoring investment manager performance against benchmarks; and
- Monitoring of risk tolerance guidelines.

Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based on the fund's asset allocation, as well as the return expectations considering long-term risks and returns associated with each asset class within the plan portfolio. The asset management decisions consider the economic liabilities of the plan.

Fair Value Measurements

OPG is required to classify fair value measurements using a fair value hierarchy. This hierarchy groups financial instruments into three levels, based on the significance of inputs used in measuring the fair value of the assets and liabilities. Refer to Note 16 for a detailed discussion of fair value measurements and the fair value hierarchy.

The pension plan assets measured at fair value in accordance with the fair value hierarchy as at December 31 were as follows:

<i>(millions of dollars)</i>	2024			Total
	Level 1	Level 2	Level 3	
Cash and cash equivalents	379	-	-	379
Fixed income				
Corporate debt securities	15	3,144	-	3,159
Government bonds	39	2,068	-	2,107
Equities				
Canadian	622	868	-	1,490
US	1,310	-	-	1,310
Global	560	-	-	560
Pooled funds	93	1,274	-	1,367
	3,018	7,354	-	10,372
Forward foreign exchange contracts	-	(110)	-	(110)
Futures contracts and repurchase agreements	-	(977)	-	(977)
	3,018	6,267	-	9,285
Investments measured at NAV ¹				8,496
				17,781 ²

<i>(millions of dollars)</i>	2023			Total
	Level 1	Level 2	Level 3	
Cash and cash equivalents	283	-	-	283
Short-term investments	-	4	-	4
Fixed income				
Corporate debt securities	13	2,981	-	2,994
Government bonds	30	2,028	-	2,058
Equities				
Canadian	670	597	-	1,267
US	1,082	-	-	1,082
Global	576	-	-	576
Pooled funds	86	1,279	-	1,365
Forward foreign exchange contracts	-	106	-	106
Futures contracts and repurchase agreements	1	-	-	1
	2,741	6,995	-	9,736
Futures contracts and repurchase agreements	-	(975)	-	(975)
	2,741	6,020	-	8,761
Investments measured at NAV ¹				7,842
				16,603 ²

¹ Represents investments measured at fair value using NAV as a practical expedient, which have not been classified in the fair value hierarchy. The fair value amounts for these investments presented in this table are intended to permit the reconciliation of the fair value hierarchy to the total fair value of plan assets presented in tables following.

² The table above excludes pension fund receivables and payables.

Defined Benefit Plan Costs and Liabilities

Details of OPG's consolidated pension and OPEB obligations, pension fund assets and costs, together with the key assumptions used in determining these amounts, are presented in the following tables:

	Registered and Supplementary Pension Plans		Other Post-Employment Benefits	
	2024	2023	2024	2023
<i>Weighted average assumptions – benefit obligations at year-end</i>				
Discount rate for projected benefit obligation	4.70 %	4.64 %	4.70 %	4.64 %
Salary schedule escalation rate - initial rate ¹	3.00 %	3.25 %	3.00 %	3.25 %
- thereafter	2.75 %	2.75 %	2.75 %	2.75 %
Rate of cost of living increase to pensions	2.00 %	2.00 %	2.00 %	2.00 %
Initial health care trend rate	n/a	n/a	5.40 %	4.79 %
Ultimate health care trend rate	n/a	n/a	4.05 %	4.05 %
Year ultimate health care trend rate reached	n/a	n/a	2040	2040
Rate of increase in disability benefits	n/a	n/a	2.00 %	2.00 %

	Registered and Supplementary Pension Plans		Other Post-Employment Benefits	
	2024	2023	2024	2023
<i>Weighted average assumptions – costs for the year</i>				
Expected return on plan assets, net of expenses	6.25 %	6.25 %	n/a	n/a
Discount rate for current service cost	4.62 %	5.25 %	4.61 %	5.23 %
Discount rate for interest on projected benefit obligation	4.63 %	5.23 %	4.63 %	5.23 %
Discount rate for interest on current service cost	4.63 %	5.25 %	4.63 %	5.24 %
Salary schedule escalation rate - initial rate ¹	3.25 %	1.70 %	3.25 %	1.70 %
- thereafter	2.75 %	2.50 %	2.75 %	2.50 %
Rate of cost of living increase to pensions	2.00 %	2.00 %	2.00 %	n/a
Initial health care trend rate	n/a	n/a	4.79 %	4.17 %
Ultimate health care trend rate	n/a	n/a	4.05 %	4.05 %
Year ultimate health care trend rate reached	n/a	n/a	2040	2040
Rate of increase in disability benefits	n/a	n/a	2.00 %	2.00 %
Expected average remaining service life for employees (years)	14	13	15	14

n/a – assumption not applicable.

¹ Average rate per year to December 31, 2026.

<i>(millions of dollars)</i>	Registered Pension Plans		Supplementary Pension Plans		Other Post-Employment Benefits	
	2024	2023	2024	2023	2024	2023
<i>Components of cost recognized for the year</i>						
Current service costs	305	183	8	4	99	64
Interest on projected benefit obligation	791	785	17	16	130	128
Expected return on plan assets, net of expenses	(1,031)	(1,000)	-	-	-	-
Amortization of past service (credits) costs ¹	(1)	(1)	-	-	2	-
Amortization of net actuarial (gain) loss ¹	-	(1)	4	-	(29)	(52)
Recognition of LTD past service costs	-	-	-	-	1	-
Recognition of LTD net actuarial (gain) loss	-	-	-	-	(26)	39
Costs recognized ²	64	(34)	29	20	177	179

¹ The net impact of amortization of net actuarial (gain) loss and amortization of past service (credits) costs was recognized as an increase to OCI. This increase was partially offset by the impact of the Pension and OPEB Regulatory Asset/Liability discussed in Note 7.

² Excludes the impact of regulatory accounts discussed in Note 7.

Total benefit costs, including the impact of the Pension and OPEB Cost Variance Account, the Pension & OPEB Cash Payment Variance Account and the Pension & OPEB Cash Versus Accrual Differential Deferral Account, for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	2024	2023
Registered pension plans	64	(34)
Supplementary pension plans	29	20
Other post-employment benefits	177	179
Pension and OPEB Cost Variance Account	68	169
Pension & OPEB Cash Payment Variance Account	12	16
Pension & OPEB Cash Versus Accrual Differential Deferral Account	11	20
Pension and other post-employment benefit costs	361	370

The consolidated pension and OPEB obligations and pension fund assets measured as at December 31 were as follows:

<i>(millions of dollars)</i>	Registered Pension Plans		Supplementary Pension Plans		Other Post-Employment Benefits	
	2024	2023	2024	2023	2024	2023
<i>Change in plan assets</i>						
Fair value of plan assets, beginning of year	16,636	15,944	-	-	-	-
Contributions by employer	206	164	17	17	119	119
Contributions by employees	121	102	-	-	-	-
Actual return on plan assets, net of expenses	1,668	1,229	-	-	-	-
Benefit payments	(825)	(803)	(17)	(17)	(119)	(119)
Fair value of plan assets, end of year	17,806	16,636	-	-	-	-
<i>Change in projected benefit obligations</i>						
Projected benefit obligations, beginning of year	17,158	15,202	378	311	2,770	2,437
Employer current service costs	305	183	8	4	99	64
Contributions by employees	121	102	-	-	-	-
Interest on projected benefit obligation	791	785	17	16	130	128
Benefit payments	(825)	(803)	(17)	(17)	(119)	(119)
Past service costs	15	-	-	-	24	20
Net actuarial (gain) loss	(96)	1,689	14	64	(56)	239
Transfer in	-	-	-	-	-	1
Projected benefit obligations, end of year	17,469	17,158	400	378	2,848	2,770
Funded status – surplus (deficit), end of year	337	(522)	(400)	(378)	(2,848)	(2,770)

The pension and OPEB assets (liabilities) composition as at December 31 were as follows:

<i>(millions of dollars)</i>	Registered Pension Plans		Supplementary Pension Plans		Other Post-Employment Benefits	
	2024	2023	2024	2023	2024	2023
Non-current assets	337	-	-	-	-	-
Current liabilities	-	-	(17)	(17)	(132)	(129)
Non-current liabilities	-	(522)	(383)	(361)	(2,716)	(2,641)
Total assets (liabilities)	337	(522)	(400)	(378)	(2,848)	(2,770)

The accumulated benefit obligations for the registered pension plans and supplementary pension plans as at December 31, 2024 were \$15,966 million and \$341 million, respectively (2023 – \$15,729 million and \$332 million, respectively). The accumulated benefit obligation differs from the projected benefit obligation in that the accumulated benefit obligation includes no assumption about future compensation levels.

The projected benefit obligations for the registered pension plan and the supplementary pension plan increased from \$17,158 million and \$378 million as at December 31, 2023 to \$17,469 million and \$400 million as at December 31, 2024, respectively. The increase was mainly due to benefits earned for additional employee service and interest costs on the liabilities during 2024, partially offset by pension payments and a remeasurement of the benefit obligations reflecting higher discount rates at year-end 2024.

The projected benefit obligations for OPEB plans increased from \$2,770 million as at December 31, 2023 to \$2,848 million as at December 31, 2024. This increase was largely due to interest costs on the liabilities during 2024.

The following table provides the components of OPG's OCI related to pension and OPEB plans and the offsetting Pension and OPEB Regulatory Asset/Liability, discussed in Note 7, for the years ended December 31, on a pre-tax basis:

<i>(millions of dollars)</i>	Registered Pension Plans		Supplementary Pension Plans		Other Post-Employment Benefits	
	2024	2023	2024	2023	2024	2023
<i>Changes in plan assets and benefit obligations recognized in OCI</i>						
Current year net actuarial (gain) loss	(733)	1,460	14	64	(30)	200
Current year past service costs	15	-	-	-	23	20
Amortization of net actuarial gain (loss)	-	1	(4)	-	29	52
Amortization of past service credits (costs)	1	1	-	-	(2)	-
Total (increase) decrease in OCI	(717)	1,462	10	64	20	272
Less: (decrease) increase in Pension and OPEB Regulatory Asset (Note 7)	(664)	1,348	9	60	20	240
Net (increase) decrease in OCI (pre-tax)	(53)	114	1	4	-	32

The following table provides the components of OPG's AOCI and the offsetting Pension and OPEB Regulatory Asset/Liability that have not yet been recognized as benefit costs as at December 31, on a pre-tax basis:

<i>(millions of dollars)</i>	Registered Pension Plans		Supplementary Pension Plans		Other Post-Employment Benefits	
	2024	2023	2024	2023	2024	2023
<i>Unamortized amounts recognized in AOCI</i>						
Past service costs (credits)	11	(5)	-	-	52	31
Net actuarial loss (gain)	504	1,237	97	87	(687)	(686)
Total recognized in AOCI	515	1,232	97	87	(635)	(655)
Less: Pension and OPEB Regulatory Asset (Liability) (Note 7)	473	1,137	90	81	(579)	(599)
Net recognized in AOCI (pre-tax)	42	95	7	6	(56)	(56)

Details of the unamortized net actuarial loss (gain) and unamortized past service cost (credits) as at December 31 are as follows:

<i>(millions of dollars)</i>	Registered Pension Plans		Supplementary Pension Plans		Other Post-Employment Benefits	
	2024	2023	2024	2023	2024	2023
Net actuarial (gain) loss not yet subject to amortization due to use of market-related values	(340)	180	-	-	-	-
Net actuarial loss (gain) not subject to amortization due to use of the corridor	853	1,057	40	38	(259)	(251)
Net actuarial (gain) loss subject to amortization	(9)	-	57	49	(428)	(435)
Unamortized net actuarial loss (gain)	504	1,237	97	87	(687)	(686)
Unamortized past service costs (credits)	11	(5)	-	-	52	31

The most recently filed actuarial valuation, for funding purposes, of the OPG registered pension plan, as at January 1, 2024, was filed with the Financial Services Regulatory Authority of Ontario in September 2024. The next filed funding valuation must have an effective date no later than January 1, 2027. For 2025, the Company's estimated contribution to the OPG registered pension plan is expected to be \$125 million.

As part of the actuarial valuation for funding purposes of the registered pension plan as at January 1, 2024, the plan's demographic and other assumptions were reviewed and revised, as necessary, by independent actuaries. Using updated demographic data as at January 1, 2024, and demographic assumptions consistent with the new funding valuation for the registered pension plan, OPG conducted a comprehensive actuarial valuation for accounting purposes of the OPG defined benefit pension and OPEB plans in 2024. The results of this valuation were reflected in the 2024 year-end obligations reflecting appropriate assumptions for accounting purposes as at December 31, 2024.

The supplementary pension plans are not funded, but are secured by letters of credit totalling \$314 million as at December 31, 2024 (2023 – \$308 million).

Estimated future benefit payments to participants in the pension and OPEB plans based on the assumptions used to measure the benefit obligations as at December 31, 2024 were as follows:

<i>(millions of dollars)</i>	Registered Pension Plans	Supplementary Pension Plans	Other Post- Employment Benefits
2025	871	18	132
2026	890	18	133
2027	899	19	136
2028	945	19	137
2029	942	19	139
2030 through 2034	5,107	101	749

A change in the following assumptions, holding all other assumptions constant, would increase (decrease) defined benefit pension and OPEB costs for the year ended December 31, 2024 as follows:

<i>(millions of dollars)</i>	Registered Pension Plans ¹	Supplementary Pension Plans ¹	Other Post- Employment Benefits ¹
Expected long-term rate of return			
0.25% increase	(40)	n/a	n/a
0.25% decrease	40	n/a	n/a
Discount rate			
0.25% increase	(13)	(1)	(10)
0.25% decrease	14	1	11
Inflation ²			
0.25% increase	60	2	1
0.25% decrease	(54)	(1)	(1)
Salary increases			
0.25% increase	16	4	1
0.25% decrease	(15)	(3)	(1)
Health care cost trend rate			
1% increase	n/a	n/a	66
1% decrease	n/a	n/a	(50)

n/a – change in assumption not applicable.

¹ Excludes the impact of regulatory accounts.

² With a corresponding change in the salary increase assumption.

15. RISK MANAGEMENT AND DERIVATIVES

OPG is exposed to risks related to changes in market interest rates on debt, movements in foreign currency that affect the Company's assets, liabilities and forecasted transactions, and fluctuations in commodity prices. Select derivative instruments are used to manage such risks. Derivatives are used as hedging instruments, as well as for trading purposes.

Interest Rates

Interest rate risk is the risk that the value of assets and liabilities can change due to movements in interest rates. Interest rate risk for OPG arises with the need to refinance existing debt or undertake new financing. The management of these risks includes using derivatives to hedge the exposure in accordance with corporate risk management policies. OPG periodically uses interest rate swap agreements to mitigate elements of interest rate risk exposure associated with anticipated financing.

Foreign Exchange

OPG's financial results are exposed to volatility in the Canadian/US foreign exchange rate as certain materials, services and fuels purchased for generating stations and major development projects, as well as debt issuances, may be denominated in, or tied to, USD. To manage this risk, the Company may employ various financial instruments such as forwards and other derivative contracts, in accordance with approved corporate risk management policies. Additionally, volatility in the Canadian/US foreign exchange rate also impacts OPG's financial results from certain of its subsidiaries, whose operations are based exclusively in the US.

Commodity Prices

OPG is exposed to fluctuations in commodity prices. Changes in the market prices of nuclear fuels, oil, gas and biomass used to produce electricity can adversely impact OPG's earnings and cash flow provided by operating activities. To manage the risk of unpredictable increases in the price of fuels, the Company has fuel hedging programs, which include using fixed price and indexed contracts.

A number of OPG's hydroelectric facilities in the US are exposed to the wholesale electricity market and, therefore, are subject to volatility of wholesale electricity market pricing. Although revenue from these facilities represents a small portion of OPG's overall revenue, the Company may enter into derivative instruments from time to time to further mitigate this risk.

Credit

The Company's credit risk exposure is primarily a function of its electricity and other sales. The majority of OPG's revenue is derived from electricity sales through the IESO administered market. Market participants in the IESO market provide collateral in accordance with the IESO prudential support requirements to cover funds that they might owe to the market. Although the credit exposure to the IESO represents a significant portion of OPG's accounts receivable, the risk is considered acceptable due to the IESO's primary role in the Ontario electricity market. The remaining receivables exposure is to a diverse group of generally high quality counterparties. OPG's allowance for doubtful accounts at December 31, 2024 was less than \$1 million (2023 – \$1 million).

The fair value of the derivative instruments totalled a net liability of \$17 million as at December 31, 2024 (2023 – \$6 million).

The pre-tax amounts related to derivative instruments recorded in AOCI and net income for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	2024	2023
Cash flow hedges (recorded in AOCI)		
Reclassification of (gains) losses to revenue and net interest expense	(7)	6
Commodity derivatives (recorded in net income)		
Realized losses in revenue	(4)	(16)
Unrealized losses in revenue	(2)	(10)

Existing pre-tax net losses of nil deferred in AOCI as at December 31, 2024 are expected to be reclassified to net income within the next 12 months.

16. FAIR VALUE MEASUREMENTS

OPG is required to classify fair value measurements using a fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels, based on the inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: Valuation of inputs is based on unadjusted quoted market prices observed in active markets for identical assets or liabilities.
- Level 2: Valuation is based on inputs other than quoted prices under Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Valuation is based on inputs for the asset or liability that are not based on observable market data.

The fair value of financial instruments traded in active markets is based on quoted market prices as at the consolidated balance sheet dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held by OPG is the current bid price. These instruments are included in Level 1 and consist primarily of equity investments and fund investments.

For financial instruments for which quoted market prices are not directly available, fair values are estimated using forward price curves developed from observable market prices or rates. The estimation of fair value may include the use of valuation techniques or models, based wherever possible on assumptions supported by observable market prices or rates prevailing as at the consolidated balance sheet dates. This is the case for over-the-counter derivatives and securities, which include energy commodity derivatives, foreign exchange derivatives, interest rate swap derivatives and fund investments. Various other fund investments are valued at the unit values supplied by the fund administrators. The unit values represent the underlying net assets at fair values, determined using closing market prices. Valuation models use general assumptions and market data and, therefore, do not reflect the specific risks and other factors that would affect a particular instrument's fair value. The methodologies used for calculating the fair value adjustments are reviewed on an ongoing basis to ensure that they remain appropriate. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation techniques are used to value these instruments. Significant Level 3 inputs include recent comparable transactions, comparable benchmark information, bid/ask spread of similar transactions and other relevant factors.

A summary of OPG's financial instruments and their fair value as at December 31 were as follows:

<i>(millions of dollars)</i>	Fair Value		Carrying Value ¹		Balance Sheet Line Item
	2024	2023	2024	2023	
Nuclear Segregated Funds (includes current portion) ²	22,412	21,563	22,412	21,563	Nuclear fixed asset removal and nuclear waste management funds
Loan receivable – from Fair Hydro Trust	828	817	902	905	Loan receivable
Investment in Hydro One Limited Shares	159	164	159	164	Equity securities
Payable related to cash flow hedges	-	(1)	-	(1)	Long-term accounts payable and accrued charges
Long-term debt (includes current portion)	(11,204)	(9,793)	(11,707)	(10,342)	Long-term debt
Other financial instruments	129	107	129	107	Various

¹ The carrying values of other financial instruments included in cash and cash equivalents, receivables from related parties, other current assets, short-term debt, and accounts payable, accrued charges and other payables approximate their fair values due to the immediate or short-term maturity of these financial instruments.

² The Nuclear Segregated Funds are comprised of the Decommissioning Segregated Fund and the Used Fuel Segregated Fund. OPG's fair value of the Nuclear Segregated Funds is set not to exceed an amount equal to the funding liability pursuant to the ONFA when the Nuclear Segregated Funds are in a surplus position.

The fair value of OPG's long-term debt issued under the Medium Term Note Program is based on indicative pricing from the market. The fair value of these debt instruments is based on Level 2 inputs. The fair value of all other long-term debt instruments is determined based on a conventional pricing model, which is a function of future cash flows, the current market yield curve and term to maturity. These inputs are considered Level 2 inputs.

The following tables present financial assets and financial liabilities measured at fair value in accordance with the fair value hierarchy as at December 31 were as follows:

<i>(millions of dollars)</i>	2024			Total
	Level 1	Level 2	Level 3	
Assets				
<i>Used Fuel Segregated Fund</i>				
Investments measured at fair value, excluding investments measured at NAV	7,030	6,676	-	13,706
Investments measured at NAV ¹				4,722
				18,428
Due to Province				(5,691)
Used Fuel Segregated Fund, net				12,737
<i>Decommissioning Segregated Fund</i>				
Investments measured at fair value, excluding investments measured at NAV	5,362	5,156	-	10,518
Investments measured at NAV ¹				3,702
				14,220
Due to Province				(4,545)
Decommissioning Segregated Fund, net				9,675
Equity securities	159	-	-	159
Other financial assets	73	-	97	170
Liabilities				
Other financial liabilities	(41)	-	-	(41)
2023				
<i>(millions of dollars)</i>	Level 1	Level 2	Level 3	Total
Assets				
<i>Used Fuel Segregated Fund</i>				
Investments measured at fair value, excluding investments measured at NAV	6,130	6,083	-	12,213
Investments measured at NAV ¹				4,277
				16,490
Due to Province				(4,232)
Used Fuel Segregated Fund, net				12,258
<i>Decommissioning Segregated Fund</i>				
Investments measured at fair value, excluding investments measured at NAV	4,745	4,627	-	9,372
Investments measured at NAV ¹				3,341
				12,713
Due to Province				(3,408)
Decommissioning Segregated Fund, net				9,305
Equity securities	164	-	-	164
Other financial assets	71	4	82	157
Liabilities				
Other financial liabilities	(48)	(1)	(1)	(50)

¹ Represents investments measured at fair value using NAV as a practical expedient, which have not been classified in the fair value hierarchy. The fair value amounts for these investments presented in this table are intended to permit the reconciliation of the fair value hierarchy to amounts presented on the consolidated balance sheets.

For the year ended December 31, 2024, there were no transfers between Level 1 and Level 2 and into or out of Level 3.

The changes in the net assets measured at fair value that are classified as Level 3 financial instruments for the year ended December 31, 2024 were as follows:

<i>(millions of dollars)</i>	Other financial instruments
Opening balance, January 1, 2024	81
Realized losses included in revenue	(3)
Unrealized gains included in revenue	9
Purchases	10
Closing balance, December 31, 2024	97

Investments Measured at Net Asset Value

Nuclear Segregated Funds

Nuclear Segregated Funds' investments classified as Level 3 consist of real estate, infrastructure, other real assets, and private debt investments. The fair value of these investments is determined using financial information as provided by the general partners of the limited partnership funds in which the Nuclear Segregated Funds are invested. Direct investments are valued using appropriate valuation techniques, such as recent arm's-length market transactions, references to current fair values of other instruments that are substantially the same, discounted cash flow analyses, third-party independent appraisals, valuation multiples, or other valuation methods. Any control, size, liquidity or other discount premiums on the investments are considered in the determination of fair value.

The process of valuing investments for which no published market price exists is based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for these investments. The values may also differ from the prices at which the investments may be sold.

The classes of investments within the Nuclear Segregated Funds that are reported on the basis of Net Asset Value (NAV) as at December 31, 2024 were as follows:

<i>(millions of dollars except where noted)</i>	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Real assets				
Infrastructure	4,661	1,656	n/a	n/a
Real estate	3,163	1,254	n/a	n/a
Private debt	182	598	n/a	n/a
Other	418	15	n/a	n/a
Pooled funds				
Fixed income	2,380	n/a	Daily	1-5 days
Equity	1,067	n/a	Daily	1-5 days
Total	11,871	3,523		

The fair value of the pooled funds is classified as Level 2. Infrastructure, real estate, other real assets and private debt investments are measured using NAV as a practical expedient for determining their fair value.

Infrastructure

This class includes investments in funds whose investment objective is to generate a combination of long-term capital appreciation and current income, generally through investments such as energy, transportation and utilities. The fair values of investments in this class have been estimated using the NAV of the Nuclear Segregated Funds' ownership interest in these investments. The ownership interest in the respective funds are not redeemable. However, the Nuclear Segregated Funds may transfer any of their ownership interests to another party, as stipulated in the partnership agreements and/or shareholders' agreements. Cash distributions are received based on the operations of the underlying investments and/or as the underlying investments are liquidated. It is not possible to estimate when the underlying assets of the infrastructure funds in this class will be liquidated.

Real Estate

This class includes investments in institutional-grade real estate property. The investment objective is to provide a stable level of income with an opportunity for long-term capital appreciation. The fair values of the investments in this class have been estimated using the NAV of the Nuclear Segregated Funds' ownership interest in these investments. The investments in the respective funds are not redeemable. However, the Nuclear Segregated Funds may transfer any of their ownership interests to another party, as stipulated in the partnership agreements and/or shareholders' agreements. For investments in private real estate corporations, shares may be redeemed through a pre-established redemption process. Cash distributions are received based on the operations of the underlying investments and/or as the underlying investments are liquidated. It is not possible to estimate when the underlying assets in this class will be liquidated.

Other Real Assets

This class includes a diversified portfolio of real asset investments that are not classified in the real estate or infrastructure asset classes, such as agriculture and other private market partnership investments. The investment objective is to provide a differentiated return source, income yield and inflation protection. The fair values of the investments in this class have been estimated using the NAV of the Nuclear Segregated Funds' ownership interest in these investments. The investments in the respective funds are not redeemable. However, the Nuclear Segregated Funds may transfer any of their ownership interests to another party, as stipulated in the partnership agreements and/or shareholders' agreements. Cash distributions are received based on the operations of the underlying investments and/or as the underlying investments are liquidated. It is not possible to estimate when the underlying assets in this class will be liquidated.

Private Debt

This class represents investments in private indebtedness issued mainly by Canadian and US borrowers. The investment objective of private debt is to achieve income yield through a portfolio of professionally managed loans. The fair values of the investments in this class have been estimated using the NAV of the Nuclear Segregated Funds' ownership interest in these investments. Cash distributions are received based on the income of the loans and/or as the loans are matured or liquidated. There may be certain restrictions on the ability to sell the investments in this class.

Pooled Funds

This class represents investments in pooled funds, which primarily include a diversified portfolio of fixed income securities, issued mainly by Canadian corporations, and diversified portfolios of Emerging Market listed equity. The investment objective of the pooled funds is to achieve capital appreciation and income through professionally managed portfolios. The fair value of the investments in this class has been estimated using NAV per share of the investments. There are no significant restrictions on the ability to sell the investments in this class.

17. SHARE CAPITAL

Common Shares

As at December 31, 2024 and 2023, OPG had 256,300,010 common shares issued and outstanding at a stated value of \$5,126 million. OPG is authorized to issue an unlimited number of common shares without nominal or par value. Any issue of new shares is subject to the consent of OPG's shareholder, the Province.

Class A Shares

The Company's Articles of Amalgamation were amended effective December 1, 2017 to allow for the creation and issuance of non-voting Class A shares to the Province in exchange for equity injections in OPG. All of the outstanding shares are owned directly by the Province and OPG is authorized to issue an unlimited number of Class A shares without nominal or par value. The Class A and common shares rank equally as to entitlement to dividends, and all dividends declared by OPG must be declared in equal amounts per share on all outstanding shares without preference or distinction. Upon the liquidation, dissolution or wind-up of OPG, whether voluntary or involuntary, the holders of Class A shares and common shares are entitled to share equally, on a share-for-share basis, in all distributions of property and assets without preference or distinction. Any issue of new class of shares is subject to the consent of the Province. OPG is entitled to redeem outstanding Class A shares as may be approved by OPG's Board of Directors.

As at December 31, 2024 and 2023, OPG had 18,343,815 Class A shares issued and outstanding at a stated value of \$787 million.

18. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing net income attributable to the Shareholder by the weighted average number of shares outstanding.

Class A shares are included in the weighted average number of shares outstanding. The weighted average number of shares outstanding as at December 31, 2024 and 2023 was 274.6 million. There were no dilutive securities during the years ended December 31, 2024 and 2023.

19. COMMITMENTS AND CONTINGENCIES

Litigation

Various legal proceedings are pending against OPG or its subsidiaries covering a wide range of matters that arise in the ordinary course of business activities. These matters are subject to various uncertainties. Some of these matters may be resolved unfavourably. While it is not possible to determine the ultimate outcome of the various pending actions, it is the Company's belief that their resolution is not likely to have a material adverse impact on its consolidated financial position.

Guarantees

As at December 31, 2024, the total amount of guarantees provided by OPG was \$30 million (2023 – \$32 million). As at December 31, 2024, the potential impact of the fair value of the outstanding guarantees to income is \$1 million and OPG does not expect to make any payments associated with these guarantees.

Contractual Obligations

OPG's contractual obligations as at December 31, 2024 were as follows:

<i>(millions of dollars)</i>	2025	2026	2027	2028	2029	Thereafter	Total
Fuel supply agreements	218	186	172	143	109	343	1,171
Contributions to the OPG registered pension plan ¹	125	128	-	-	-	-	253
Long-term debt repayment	604	674	530	269	505	9,168	11,750
Interest on long-term debt	439	421	410	392	379	5,153	7,194
Short-term debt repayment	215	-	-	-	-	-	215
Commitments related to Darlington Refurbishment project ²	163	-	-	-	-	-	163
Commitments related to Atura Power development projects ²	503	132	-	16	-	-	651
Commitments related to Pickering Refurbishment project and DNNP ²	229	-	-	-	-	-	229
Operating licences	57	57	64	62	51	105	396
Operating lease obligations	15	14	11	4	3	36	83
Accounts payable, accrued charges and other payables	1,890	9	10	9	10	278	2,206
Other	50	71	49	33	20	89	312
Total	4,508	1,692	1,246	928	1,077	15,172	24,623

¹ Represents the estimated pension contributions consistent with the period covered by the actuarial valuation of the OPG registered pension plan as at January 1, 2024. The next actuarial valuation of the OPG registered pension plan must have an effective date no later than January 1, 2027. Funding requirements after January 1, 2027 are excluded due to significant variability in the assumptions required to project the timing of future cash flows.

² Represents estimated currently committed costs to close the projects, including accruals for completed work, demobilization of project staff and cancellation of existing contracts and material orders.

Contractual and commercial commitments as noted exclude certain purchase orders, as they represent purchase authorizations rather than legally binding contracts, and are subject to change without significant penalties.

Lease Commitments

The Company leases the Bruce nuclear generating stations to Bruce Power. Under the lease agreement, Bruce Power has options to renew the lease up to the end of 2064. As per *Ontario Regulation 53/05* pursuant to the *Ontario Energy Board Act, 1998*, the difference between OPG's revenues and costs associated with the Bruce nuclear generating stations is included in the determination of OPG's nuclear regulated prices established by the OEB. The OEB has determined that, since the Bruce nuclear generating stations are not prescribed under *Ontario Regulation 53/05*, these revenues, including lease revenues, and costs, including depreciation expense, are to be calculated on the basis of the manner in which they are recognized in OPG's consolidated financial statements, without the application of regulatory constructs. As such, the net book value of the assets for these stations is not included in the regulated rate base.

The net book value of PP&E on lease to Bruce Power as at December 31, 2024 was \$1,633 million (2023 – \$1,667 million). The net book value is largely comprised of asset retirement costs.

Collective Bargaining Agreements

The Company maintains labour agreements with the Power Workers' Union (PWU) and the Society of United Professionals (Society), which represent most of OPG's regular workforce.

As at December 31, 2024, the PWU represented approximately 5,180 regular and term-based employees, or 47 percent of OPG and its subsidiaries' regular workforce. Union membership includes station operators, technicians, skilled trades, clerical staff and security personnel.

The governing two-year collective agreement between the PWU and OPG expired on March 31, 2024. On November 20, 2024, the PWU membership ratified a three-year renewal collective agreement negotiated by the parties, covering the period from April 1, 2024 to March 31, 2027. The collective agreement provides for annual wage increases beginning April 1, 2024, and a lump sum payment to active employees effective November 20, 2024, and includes impacts arising in connection with the Ontario Superior Court's decision dated November 29, 2022 that found unconstitutional provincial legislation that set limits on compensation increases for employees in the Ontario public sector (Bill 124 Court Decision). On December 29, 2022, the Government of Ontario filed an appeal of the decision with the Ontario Court of Appeal. On February 12, 2024, the Ontario Court of Appeal upheld the lower court decision and found Bill 124 to be unconstitutional as it pertains to unionized employees but constitutional in its application to non-unionized employees. Following the decision, the Province repealed Bill 124 in its entirety. In 2023, the OEB denied OPG's request for a regulatory account to record compensation cost impacts attributable to the nuclear facilities as a result of the Bill 124 Court Decision subject to a future review and disposition by the OEB.

On July 19, 2024, the PWU-represented employees at the Brighton Beach GS ratified a two-year renewal collective agreement between the PWU and Atura Power, expiring on November 16, 2025. The governing collective agreement covering PWU-represented employees at Atura Power's other facilities expired on December 31, 2024, and negotiations for a renewal collective agreement are ongoing.

As at December 31, 2024, the Society represented approximately 4,000 regular and term-based employees, or 36 percent of OPG and its subsidiaries' regular workforce. Union membership includes supervisors, professional engineers, scientists and other professionals. The current two-year collective agreement between the Society and OPG expires on December 31, 2025.

In June 2023, the Society filed a related employer application with the Ontario Labour Relations Board. The application identified OPG and Atura Power as responding parties and asserted that they constitute a single employer for purposes of the Ontario *Labour Relations Act, 1995*, or in the alternative that a sale of business has occurred. Both OPG and Atura Power are opposing the application. Discussions are ongoing between the parties and two additional hearing dates have been scheduled in September 2025.

Contingencies

In the fourth quarter of 2023, Atura Power released a contingent liability recognized under a 2021 settlement agreement that related to certain post-closing activities of an acquisition of combined cycle plants, resulting in a pre-tax gain of \$94 million.

20. BUSINESS SEGMENTS

As at December 31, 2024, OPG has the following five reportable business segments:

- Regulated – Nuclear Generation;
- Regulated – Nuclear Sustainability Services;
- Regulated – Hydroelectric Generation;
- Contracted Hydroelectric and Other Generation; and
- Atura Power.

The identification of business segments is based on a combination of revenue mechanisms and the type of electricity generation or the nature of services provided. Given the differences of the reportable segments, each segment is managed separately taking into account the distinct operational activities by type of electricity generation and services provided.

Regulated – Nuclear Generation Segment

The Regulated – Nuclear Generation business segment operates in Ontario, generating and selling electricity from the Darlington and Pickering nuclear generating stations, both owned and operated by OPG. The business segment also includes revenue under the terms of a long-term lease arrangement and related non-lease agreements with Bruce Power related to the Bruce nuclear generating stations. This revenue includes lease revenue, fees for nuclear waste management services, and revenue from heavy water sales and detritiation services. The segment also earns revenue from regulated isotope sales contracts and from supplying ancillary services to the electricity system from the nuclear generating stations operated by OPG. Additionally, the segment includes expenditures related to SMRs at the DNNP site as these SMRs are prescribed for rate regulation by the OEB.

Regulated – Nuclear Sustainability Services Segment

OPG's Regulated – Nuclear Sustainability Services business segment reports the results of the Company's operations associated with the management of used nuclear fuel and L&ILW, the decommissioning of OPG's nuclear generating stations including the stations on lease to Bruce Power and other facilities, the management of the Nuclear Segregated Funds, and related activities including the inspection and maintenance of the used nuclear fuel and L&ILW storage facilities. Accordingly, accretion expense, which is the increase in the Nuclear Liabilities carried on the consolidated balance sheets in present value terms due to the passage of time, and earnings from the Nuclear Segregated Funds are reported under this segment.

As the nuclear generating stations operate over time, OPG incurs incremental costs related to used nuclear fuel and L&ILW, which increase the Nuclear Liabilities. OPG charges these incremental costs to current operations in the Regulated – Nuclear Generation business segment to reflect the cost of producing energy from the Darlington and Pickering nuclear generating stations and earning revenue under the Bruce Power lease arrangement and related agreements. Since the incremental costs increase the Nuclear Liabilities reported in the Regulated – Nuclear Sustainability Services business segment, OPG records an inter-segment charge between the Regulated – Nuclear Generation and the Regulated – Nuclear Sustainability Services business segments. The impact of the inter-segment charge is eliminated in the consolidated statements of income and balance sheets.

The Regulated – Nuclear Sustainability Services business segment is considered regulated because OPG's costs associated with the Nuclear Liabilities are included in the OEB's determination of regulated prices for electricity produced from the Darlington and Pickering nuclear generating stations.

Regulated – Hydroelectric Generation Segment

OPG's Regulated – Hydroelectric Generation business segment operates in Ontario, generating and selling electricity from most of the Company's hydroelectric generating stations. The business segment comprises the results of the 54 regulated hydroelectric generating stations located across a number of major river systems in the province. Additionally, the business segment includes revenues from supplying ancillary services to the electricity system and other revenues from OPG's regulated hydroelectric stations.

Contracted Hydroelectric and Other Generation Segment

The Contracted Hydroelectric and Other Generation business segment operates in Ontario and in the US, generating and selling electricity from the Company's non-regulated generating stations. The segment primarily includes generating facilities that operate under ESAs with the IESO. The majority of the facilities in the US currently supply energy and capacity into wholesale electricity markets. In Ontario, the current contracts for the thermal generating facilities are set to expire in 2029, for the solar facility in 2039 and for the hydroelectric facilities over the 2059 to 2067 period. In the US, the current contracts have expiration dates ranging from 2025 to 2043.

The Contracted Hydroelectric and Other Generation business segment includes OPG's share of equity income from co-owned and minority-held electricity generating facilities, and revenues from supplying ancillary services to the electricity system and other revenues from the stations included in the segment.

Atura Power Segment

The Atura Power business segment operates in Ontario, generating and selling electricity from the Company's fleet of combined cycle generating stations. All of the generating facilities included in the segment operate under ESAs with the IESO. The current contracts for these generating facilities are set to expire over the 2029 to 2040 period. The segment also includes revenues from participation in the IESO's operating reserve markets and generation cost guarantee programs. Additionally, the segment includes Atura Power's expenditures on business development projects, including low-carbon hydrogen production, battery energy storage systems (BESS) and combined cycle plant expansion.

Measure of Profit or Loss and Segment Assets

The Company evaluates performance of its reportable segments based on segment income or loss from operations before interest and income taxes.

The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies in Note 3.

Chief Operating Decision Maker and Use of Reported Measures

The Company's Chief Operating Decision Maker (CODM) is comprised of the members of OPG's Enterprise Leadership Team. The CODM uses segment income or loss before interest and income taxes to assist in the allocation of resources (including employees, capital and financial resources). In addition, the CODM uses segment income or loss before interest and income taxes to assess performance of each segment by comparing results including variances with prior periods and other segments.

Service Fees

OM&A expenses of the regulated electricity generating business segments and the Contracted Hydroelectric and Other Generation business segment include a service fee for the use of certain shared PP&E and intangible assets held within the Other category. The service fee is recorded as an increase to revenue of the Other category, but is eliminated in the consolidated statements of income.

The service fees included in OM&A expenses by business segment for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	2024	2023
Regulated – Nuclear Generation	79	75
Regulated – Hydroelectric Generation	15	14
Contracted Hydroelectric and Other Generation	7	6
	101	95

Segment Income (Loss) For the Year Ended December 31, 2024 <i>(millions of dollars)</i>	Regulated			Unregulated			Elimination	Total
	Nuclear Generation	Nuclear Sustainability Services	Hydroelectric Generation	Contracted Hydroelectric and Other Generation	Atura Power	Other		
Revenue	3,770	-	1,571	803	871	18	-	7,033
Leasing revenue	28	-	-	-	-	6	-	34
Other revenue	-	185	-	12	-	187	(264)	120
Total revenue	3,798	185	1,571	815	871	211	(264)	7,187
Fuel expense	288	-	335	59	367	-	-	1,049
Gross margin	3,510	185	1,236	756	504	211	(264)	6,138
Operations, maintenance and administration	2,474	185	413	307	98	105	(264)	3,318
Depreciation and amortization expenses	665	-	227	174	125	79	-	1,270
Accretion on fixed asset removal and nuclear waste management liabilities	-	1,210	-	9	2	-	-	1,221
Earnings on nuclear fixed asset removal and nuclear waste management funds	-	(1,102)	-	-	-	-	-	(1,102)
Property taxes	25	-	1	18	2	4	-	50
Other losses (gains) ¹	9	-	11	6	1	(8)	-	19
Income (loss) before interest and income taxes	337	(108)	584	242	276	31	-	1,362
Net interest expense ²								186
Income before income taxes								1,176
Income tax expense								170
Net income								1,006

¹ A pre-tax loss totaling \$25 million was recognized in Regulated – Nuclear Generation, Regulated – Hydroelectric Generation and Other in connection with the OEB's decision and order approving the 2024 Settlement Agreement during the second quarter of 2024.

² Further details on net interest expense can be found in Note 9.

Segment Income (Loss) For the Year Ended December 31, 2023 <i>(millions of dollars)</i>	Regulated			Unregulated			Elimination	Total
	Nuclear Generation	Nuclear Sustainability Services	Hydroelectric Generation	Contracted Hydroelectric and Other Generation	Atura Power	Other		
Revenue	4,251	-	1,485	784	789	16	-	7,325
Leasing revenue	26	-	-	-	-	5	-	31
Other revenue	-	203	-	31	-	133	(289)	78
Total revenue	4,277	203	1,485	815	789	154	(289)	7,434
Fuel expense	269	-	327	58	320	-	-	974
Gross margin	4,008	203	1,158	757	469	154	(289)	6,460
Operations, maintenance and administration	2,410	203	391	274	80	67	(289)	3,136
Depreciation and amortization expenses	527	-	181	165	121	77	-	1,071
Accretion on fixed asset removal and nuclear waste management liabilities	-	1,167	-	8	2	1	-	1,178
Earnings on nuclear fixed asset removal and nuclear waste management funds	-	(1,057)	-	-	-	-	-	(1,057)
Property taxes	25	-	1	18	3	1	-	48
Other losses (gains) ^{1,2}	-	-	9	4	(93)	(34)	-	(114)
Income (loss) before interest and taxes	1,046	(110)	576	288	356	42	-	2,198
Net interest expense ³								103
Income before income taxes								2,095
Income tax expense								336
Net income								1,759

¹ Atura Power – a pre-tax gain of \$94 million was recognized under a 2021 settlement agreement for certain post-closing activities of an acquisition of combined cycle plants in the fourth quarter of 2023.

² Other – a pre-tax gain for of \$30 million was recognized on receiving an additional payment for the sale of the premises located at 800 Kipling Avenue in the second quarter of 2023.

³ Further details on net interest expense can be found in Note 9.

Selected Consolidated Balance Sheets information as at December 31, 2024 <i>(millions of dollars)</i>	Regulated			Unregulated			Total
	Nuclear Generation	Nuclear Sustainability Services	Hydroelectric Generation	Contracted Hydroelectric and Other Generation	Atura Power	Other	
Segment property, plant and equipment in-service, net	14,046	-	8,189	6,322	3,033	224	31,814
Segment construction in progress	3,139	-	398	140	426	214	4,317
Segment property, plant and equipment, net	17,185	-	8,587	6,462	3,459	438	36,131
Segment intangible assets in-service, net	48	-	2	244	95	145	534
Segment development in progress	18	-	-	1	-	37	56
Segment intangible assets, net	66	-	2	245	95	182	590
Segment goodwill	-	-	-	230	-	-	230
Segment fuel inventory	231	-	-	39	27	-	297
Segment materials and supplies inventory							
Current	142	-	-	3	-	-	145
Long-term	352	-	-	3	-	-	355
Nuclear fixed asset removal and nuclear waste management funds (current and non-current portions)	-	22,412	-	-	-	-	22,412
Loan receivable	-	-	-	-	-	902	902
Fixed asset removal and nuclear waste management liabilities	-	(25,773)	-	(161)	(54)	(54)	(26,042)

Selected Consolidated Balance Sheets information as at December 31, 2023 <i>(millions of dollars)</i>	Regulated			Unregulated			Total
	Nuclear Generation	Nuclear Sustainability Services	Hydroelectric Generation	Contracted Hydroelectric and Other Generation	Atura Power	Other	
Segment property, plant and equipment in-service, net	12,434	-	8,016	5,868	3,027	237	29,582
Segment construction in progress	3,015	-	309	251	165	138	3,878
Segment property, plant and equipment, net	15,449	-	8,325	6,119	3,192	375	33,460
Segment intangible assets in-service, net	38	-	2	135	102	147	424
Segment development in progress	26	-	-	-	-	42	68
Segment intangible assets, net	64	-	2	135	102	189	492
Segment goodwill	-	-	-	168	-	-	168
Segment fuel inventory	243	-	-	29	23	-	295
Segment materials and supplies inventory							
Current	105	-	-	1	-	-	106
Long-term	380	-	-	2	-	-	382
Nuclear fixed asset removal and nuclear waste management funds (current and non-current portions)	-	21,563	-	-	-	-	21,563
Loan receivable	-	-	-	-	-	905	905
Fixed asset removal and nuclear waste management liabilities	-	(25,116)	-	(157)	(52)	(61)	(25,386)

Segment Capital Expenditure <i>(millions of dollars)</i>	Regulated			Unregulated			Total
	Nuclear Generation	Nuclear Sustainability Services	Hydroelectric Generation	Contracted Hydroelectric and Other Generation	Atura Power	Other ¹	
Year ended December 31, 2024							
Investment in property, plant and equipment and intangible assets	2,535	-	434	220	382	154	3,725
Net change in accruals and other non-cash items							(188)
Investment in property, plant and equipment and intangible assets – cash flow							3,537
Year ended December 31, 2023							
Investment in property, plant and equipment and intangible assets	1,859	-	370	313	148	139	2,829
Net change in accruals and other non-cash items							72
Investment in property, plant and equipment and intangible assets – cash flow							2,901

¹ Excludes the acquisition of the new corporate headquarters building and surrounding lands at 1908 Colonel Sam Drive in Oshawa, Ontario in February 2023.

21. RELATED PARTY TRANSACTIONS

Given that the Province owns all of the shares of OPG, related parties include the Province and other entities controlled by the Province.

The related party transactions summarized below include transactions with the Province and the principal successors to the former Ontario Hydro's integrated electricity business, including Hydro One Limited (Hydro One), the IESO and the OEFC. Transactions between OPG and related parties are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. As one of several wholly owned government business enterprises of the Province, OPG also has transactions in the normal course of business with various government ministries and organizations in Ontario that fall under the purview of the Province.

The related party transactions for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	2024		2023	
	Income	Expense	Income	Expense
Hydro One				
Electricity sales	18	-	16	-
Services	-	9	-	11
Dividends	5	-	5	-
Province of Ontario				
Change in Decommissioning Segregated Fund amount due to Province ¹	-	1,137	-	646
Change in Used Fuel Segregated Fund amount due to Province ¹	-	1,459	-	820
Hydroelectric gross revenue charge	-	118	-	114
OEFC				
Hydroelectric gross revenue charge	-	223	-	216
Interest expense on long-term notes	-	88	-	94
Income taxes	-	377	-	526
Property taxes	-	13	-	13
IESO				
Electricity related revenue	6,473	-	6,694	-
Fair Hydro Trust				
Interest income	33	-	33	-
	6,529	3,424	6,748	2,440

¹ The Nuclear Segregated Funds are reported on the consolidated balance sheets net of amounts recognized as due to the Province in respect of any excess funding and, for the Used Fuel Segregated Fund, the Province's rate of return guarantee. As at December 31, 2024 and 2023, the Nuclear Segregated Funds were reported net of amounts due to the Province of \$10,236 million and \$7,640 million, respectively.

Balances between OPG and its related parties as at December 31 were as follows:

<i>(millions of dollars)</i>	2024	2023
Receivables from related parties		
Hydro One	3	4
IESO – Electricity related receivables	608	623
Fair Hydro Trust	4	4
Province of Ontario	1	-
Loan receivable		
Fair Hydro Trust	902	905
Equity securities		
Hydro One shares	159	164
Accounts payable, accrued charges and other payables		
Hydro One	3	2
OEFC	85	82
Province of Ontario	10	8
IESO – Electricity related payables	-	1
Long-term debt (including current portion)		
Notes payable to OEFC	2,100	2,500

OPG may hold Province of Ontario bonds and treasury bills in the Nuclear Segregated Funds and the OPG registered pension plan. As at December 31, 2024, the Nuclear Segregated Funds held \$1,740 million of Province of Ontario bonds (2023 – \$1,603 million) and \$8 million of Province of Ontario treasury bills (2023 – \$4 million). As of December 31, 2024, the OPG registered pension plan held \$327 million of Province of Ontario bonds (2023 – \$336 million) and \$9 million of Province of Ontario treasury bills (2023 – \$5 million). These Province of Ontario bonds and treasury bills are publicly traded securities and are measured at fair value. OPG jointly oversees the investment management of the Nuclear Segregated Funds with the Province.

22. NET CHANGES IN NON-CASH WORKING CAPITAL BALANCES

Years Ended December 31 <i>(millions of dollars)</i>	2024	2023
Receivables from related parties	15	(147)
Fuel inventory	3	(47)
Materials and supplies	(34)	29
Prepaid expenses	5	(66)
Other current assets	(32)	144
Accounts payable, accrued charges and other payables	(18)	(27)
Net changes in non-cash working capital balances	(61)	(114)

23. NON-CONTROLLING INTEREST

Lower Mattagami LP

LMLP is a limited partnership between OPG and Amisk-oo-Skow Finance Corporation, a corporation wholly owned by the Moose Cree First Nation. The principal business of the partnership is the development, construction, ownership, operation and maintenance of 490 megawatts (MW) of hydroelectric generating capacity on the Lower Mattagami River located in Ontario, which includes generating units at Smoky Falls, Little Long, Harmon and Kipling hydroelectric generating stations. OPG owns approximately 75 percent of the equity interest in LMLP. OPG consolidates the results of LMLP in its consolidated financial statements and reports the equity interest of the other partner as non-controlling interest.

PSS Generating Station LP

PSS is a limited partnership between OPG and a corporation wholly owned by the Taykwa Tagamou Nation. The principal business of the partnership is the development, construction, ownership, operation and maintenance of the 28 MW Peter Sutherland Sr. hydroelectric GS on the New Post Creek located in Ontario. OPG owns approximately 67 percent of the equity interest in PSS. OPG consolidates the results of PSS in its consolidated financial statements and reports the equity interest of the other partner as non-controlling interest.

Nanticoke Solar LP

Nanticoke Solar LP (NSLP) is a partnership between OPG, a corporation wholly owned by the Six Nations of the Grand River Development Corporation, and the Mississaugas of the Credit First Nation. The partnership operates a 44 MW solar facility at OPG's former Nanticoke GS site and adjacent lands located in Ontario. OPG owns 80 percent of the equity interest in NSLP. OPG consolidates the results of NSLP in its consolidated financial statements and reports the equity interest of the other partners as non-controlling interest.

Little Falls Hydroelectric Associates, LP

OPG, through Eagle Creek, has an 83 percent interest in the Little Falls Hydroelectric Associates, LP. The partnership operates the 14 MW Little Falls hydroelectric GS located in New York State, US. OPG consolidates the results of Little Falls Hydroelectric Associates, LP in its consolidated financial statements and reports the equity interest of the other partners as non-controlling interest.

Napanee BESS Inc. and Atura Hydrogen Inc.

In 2023, the Company, through Atura Power, entered into partnerships with Ameresco BESS Holdings Inc., a subsidiary of Ameresco Inc., to undertake projects to build a battery energy storage system and hydrogen production facilities. As part of these partnerships, OPG owns approximately 90 percent of the voting interest in Napanee BESS Inc., which is undertaking the project to build a 250 MW four-hour BESS at the Napanee GS site under a long-term agreement with the IESO, and owns 89 percent of the voting interest in Atura Hydrogen Inc., which is developing the Niagara Hydrogen Centre, a large-scale low-carbon hydrogen production facility in Niagara Falls, Ontario. OPG consolidates the results of Napanee BESS Inc. and Atura Hydrogen Inc. in its consolidated financial statements and reports the equity interests of the other partners as non-controlling interest.

24. PURCHASE AND SALE OF REAL ESTATE SITES

In February 2023, OPG acquired the building and surrounding lands at 1908 Colonel Sam Drive in Oshawa, Ontario, for \$102 million. The building is being retrofitted prior to occupancy and will serve as the Company's new corporate headquarters.

25. SALE OF ASSETS

In July 2023, Eagle Creek entered into agreements to sell 22 hydroelectric generating stations in the US with a total generating capacity of approximately 47 megawatts across a number of regions, along with two storage reservoirs in the Mid-Western US. While the transaction was being negotiated and closed, the assets were no longer depreciated or amortized, and were held within other current assets on the consolidated balance sheets within the Contracted Hydroelectric and Other Generation business segment.

In June 2024, the transaction was terminated. Following the termination, the criteria for classifying these assets as held for sale were no longer met, and, during the second of quarter of 2024, the assets were reclassified to PP&E and intangible assets on the consolidated balance sheets. The assets' net book values have been adjusted for depreciation and amortization expense that would have been recognized had the assets continued to be classified as PP&E and intangible assets during the period that they were considered held for sale. The assets continue to be valued at the lower of carrying value and fair value.



Who we are

Electrifying life
in one generation

Powering the
economy forward

Where innovation
meets excellence

Building powerful
partnerships

MD&A and
financial statements



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