

## **OPG Second Quarter 2024 Investor Briefing Script – Thursday, August 15, 2024**

**<Title Page on Screen> (Slide 1 - Deck Cover Page)**

***Neal Kelly, Director of Media and Public Affairs***

Good afternoon, everyone.

Welcome to our Second Quarter 2024 investor briefing to discuss Ontario Power Generation's results. My name is Neal Kelly, OPG's Director of Media and Public Affairs. I am joined today by OPG Chief Financial Officer and Corporate Services Officer, Aida Cipolla.

Ms. Cipolla will present a slide deck that you will be able to follow on your computer. Once the presentation is finished, we will be open to questions from investors.

You may ask a question in the chat field through Zoom or press \*6 on the dial pad to ask a question live on the call. I will facilitate the question-and-answer session at the end of the presentation.

Just a reminder, this is an investor call. Media and others are welcome to listen but only investors will be able to ask questions.

**<Pause for (Slide 2 - "Disclaimers")>**

Before I turn things over to Aida, I want to bring your attention to Slide 2, disclaimers for a caution on forward-looking statements and the use of non-GAAP financial measures in this presentation.

Note that certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from what is stated. This slide also indicates where to find more information on topics, and what factors could cause actual results to differ materially from those stated.

On Slide 3, you will also see today's agenda.

I will now turn the call over to Aida.

<Pause for Title Page> (Slide 3 - “Agenda”)

***Aida Cipolla, Chief Financial Officer and Corporate Services Officer***

Thank you, Neal.

Good afternoon and thank you all for joining today’s call.

We are very pleased to share our 2024 second quarter results with you and recap what has been a busy quarter and year so far.

As a company, OPG and our approximately 11,000 employees remain focused on electrifying life in one generation.

Today, and in the years to come, we will continue to be there for Ontario, through our generation of reliable, low-carbon power, and through our transformative clean energy projects.

#### **Slide 4 – Highlights**

This past quarter, we continued to perform with excellence in our generating operations and projects, while strengthening our financial footing for the future.

In late June, we issued 1 billion dollars of green bonds through the Medium-Term Note Program under our new Sustainable Finance Framework, which replaces our previous Green Bond Framework.

The net proceeds from this issuance will be used to finance or re-finance eligible green projects as defined under the Sustainable Finance Framework.

The new Framework expands the list of eligible green projects to include Small Modular Reactors, large new nuclear projects, low-carbon hydrogen, and battery

energy storage. It also provides opportunities to facilitate the participation of Indigenous communities and businesses in OPG projects and initiatives through procurement, training, education, and employment.

With this issuance and our new Framework, OPG is further solidifying our leadership in sustainable financing.

Among the other major highlights from the second quarter, we continued to lead the way with important developments in our low-carbon nuclear and hydroelectric energy projects to meet Ontario's growing need for electricity.

This includes our ongoing execution of the Darlington Refurbishment project, which remains on track.

Unit 1, the third unit to undergo refurbishment at Darlington Nuclear, is now in its final major segment, Power Up. We expect the unit to return to service in the fourth quarter, ahead of schedule.

Meanwhile, Unit 4, the final unit to be refurbished, is in the Disassembly Segment and progressing on schedule to be returned to service by the end of 2026.

As one of Canada's largest energy infrastructure projects, the Darlington Refurbishment will provide 30 more years of clean power to support Ontario's growing and electrifying future.

Also in the second quarter, we continued to make major life-extending investments across our hydroelectric generating fleet.

In April, we announced a partnership with General Electric Vernova to refurbish up to 25 units at our flagship Sir Adam Beck hydro complex in Niagara Falls, which has generated reliable and low-carbon hydropower for decades, spanning back to 1922.

In June, we announced plans to refurbish a total of 45 units at eight hydro stations in eastern Ontario, including our Arnprior, Barrett Chute, and Otto Holden stations.

We also continued to advance the 16-unit refurbishment of our R.H. Saunders hydro station in Cornwall.

This work will secure up to 4,300 megawatts of renewable electricity for the province, while ensuring continued reliable operations for many more decades.

Finally, in the second quarter, we experienced a decrease in net income, but this was expected and largely attributable to planned cyclical outage activities at our Darlington Nuclear station.

I will go into further detail on this later in the presentation.

### **Slide 5 – Energy Industry Leader**

Through our diverse operations and projects, OPG continues to strive to be a clean energy leader in Canada, North America, and the world.

To help electrify all facets of life and support Ontario's future, we are now working on key initiatives this year stemming from the Province's Powering Ontario's Growth Plan.

Namely, these are advancing the New Nuclear Feasibility Study and New Hydroelectric Assessment.

Aside from these priorities, we continue to demonstrate our leadership on multiple fronts.

This includes our Darlington New Nuclear Project, which aims to deploy a fleet of four commercial SMRs at our Darlington site. This project continues to attract global attention and is serving as a blueprint for new nuclear deployment efforts outside of Ontario.

It also includes our work to prepare for the refurbishment of Units 5 to 8 at our Pickering Nuclear station.

With lessons learned from our successful Darlington Refurbishment, we have proceeded with certain pre-execution phase activities for Pickering's Refurbishment.

This includes preliminary engineering work and securing long-lead components.

We are also leading the way with key investments in our hydroelectric operations, which includes our planned refurbishment of our Sir Adam Beck hydro complex and generating units across eastern Ontario.

Our key investment projects also include a significant safety project at our Smoky Falls Dam on the Lower Mattagami River, which is proceeding on budget and ahead of schedule.

With that, I will now go over this past quarter's operating performance in more detail.

**<Pause for Title Page> (Slide 6 – “Financial and Operating Performance”)**

### **Slide 7 – Net income attributable to the Shareholder**

For the second quarter of 2024, OPG reported net income attributable to the Shareholder of 160 million dollars, compared with 418 million dollars in the same period in 2023.

Over the first six months of the year, we have recorded 381 million dollars, compared with 847 million dollars over the same period in 2023.

The lower net income for the quarter was expected and primarily impacted by our Regulated – Nuclear Generation business. This segment saw lower electricity generation due to the planned cyclical outage activities we had scheduled for Unit

2 at our Darlington Nuclear station. Earnings in the segment were also impacted by a lower nuclear base regulated price in effect in 2024.

Year-over-year, our net income was also impacted by higher OM&A expenses from our Regulated – Nuclear Generation business, primarily due to a higher number of planned outage days at Darlington partially offset by fewer planned outage days at our Pickering Nuclear station.

Lower income for both periods was also attributable to higher depreciation expenses related to our nuclear assets and a loss recorded in the second quarter in connection with the Ontario Energy Board’s decision and order approving the Settlement Agreement issued on June 13, 2024.

### **Slide 8 – Electricity Generation**

In the second quarter, OPG generated 18.9 terawatt-hours of power, a slight decrease from the same period in 2023.

Over the first six months of the year, overall electricity generation increased by 0.8 terawatt-hours compared to the previous year.

As mentioned in the previous slide, generation from our Regulated – Nuclear segment has seen a decrease this year primarily due to planned cyclical maintenance outage at Darlington Nuclear Station. This was partially offset by fewer planned outage days at our Pickering Nuclear station.

Compared to the previous year, electricity output has been comparable in 2024 for our Regulated – Hydroelectric, Contracted Hydroelectric and Other Generation segments.

Meanwhile, our Atura Power segment has experienced an increase in output this year, driven by higher demand for electricity generation from its fleet of combined-cycle natural gas plants.

## **Slide 9 – Segment Earnings Before Interest and Tax**

Looking at our overall segment earnings performance, we again saw an expected decrease in the second quarter and over the first six months due to the planned outage days at Darlington and a lower nuclear base regulated price.

But this was offset by the stability of our Regulated and Contracted Hydroelectric segments, as well as our Atura Power business.

**<Pause for Title Page> (Slide 10 - “Darlington Refurbishment”)**

## **Slide 11 – Darlington Refurbishment**

As I mentioned at the start of our call, the Darlington Refurbishment project is critical to OPG and Ontario’s future.

I’m happy to report that this major energy infrastructure project remains on track to be completed by 2026.

Right now, we have two units being refurbished in parallel.

Unit 1 is currently in the Power Up segment, the final major segment, which we began after completing the unit’s reassembly. We also completed loading new fuel into the reactor in May.

Meanwhile, Unit 4, the final unit to be refurbished, is progressing on schedule in the disassembly segment. The removal of the unit’s fuel channel assemblies is expected to be finished in the third quarter, marking the end of this work segment.

Throughout the project, we are continuing to apply thousands of lessons learned from our refurbishments of Unit 2 and Unit 3, which will help us secure efficiencies and achieve project success.

Once complete, this four-unit refurbishment will ensure approximately 30 more years of clean, reliable, and cost-effective power to support Ontario's growing and electrifying future.

**<Pause for Title Page> (Slide 12 - "Darlington New Nuclear Project")**

### **Slide 13 – Darlington New Nuclear Project**

We are also advancing another critical nuclear initiative for our future, the Darlington New Nuclear Project or 'DNNP'.

This project aims to deliver Canada's first commercial, grid-scale SMR by the end of the decade, and eventually a fleet of four SMR units at the Darlington site.

In the second quarter, we continued to achieve several new milestones for the project.

This included the completion of early-phase site preparation work for the first SMR in March, which was followed by the commencement of main site preparation work.

In April, the Canadian Nuclear Safety Commission or 'CNSC' announced its decision stating the existing environmental assessment for the Darlington New Nuclear Project is applicable to the GE-Hitachi BWRX-300 technology we intend to deploy at the site.

Later in June, we completed a retaining wall for the launch shaft of a large tunnel boring machine that will be on site next summer. This machine will be used to excavate the condenser cooling water system needed for our SMR.

We have since commenced drilling for the reactor building shaft retaining wall.

Pending regulatory approval from the CNSC, we expect the project will be ready for nuclear construction work to begin in 2025.

**<Pause for Title Page> (Slide 14 - “Project Excellence”)**

### **Slide 15 – Smoky Falls Dam Safety**

On the Lower Mattagami River, we are continuing to progress an important dam safety project at our Smoky Falls Generating Station.

The project will rehabilitate the 100-year-old spillway and sluiceway structures at Smoky Falls to enhance water management and meet provincial dam safety requirements.

Two new gates were placed in service ahead of their original schedule. The project is tracking within its budget of 390 million dollars and the major construction is expected to be completed ahead of schedule in 2024.

### **Slide 16 – Napanee Generating Station Expansion**

Our subsidiary, Atura Power, is advancing a key project to meet the growing needs of Ontario’s electricity system and enable the province’s transition to a low-carbon economy.

In the second quarter, the company entered a long-term contract with the IESO to expand its combined-cycle Napanee Generating Station.

The project will add an additional combustion turbine generator at the Napanee site, providing up to 405 megawatts of electricity output to Ontario’s electricity grid.

Engineering design and procurement of major equipment is progressing on schedule.

The new facility is expected to be in service by 2028 under a 12-year capacity agreement.

**<Pause for Title Page> (Slide 17 - “Financial Profile”)**

**Slide 18 – Corporate Profile**

Looking at our overall corporate profile, OPG remains Ontario’s largest clean energy generator, 100 per cent owned by the Province of Ontario.

We maintain a strong balance sheet, backed by more than 68 billion dollars of assets.

Overall, our revenue and cash flow from operations remain stable.

We also continue to demonstrate strong creditworthiness, with long-term credit ratings from DBRS at A (low) and Moody’s at A3 both of which were re-affirmed earlier this year. And just yesterday, S&P Global reaffirmed rating at BBB+ after concluding their annual review. All three agencies continue to have a stable outlook for OPG’s rating.

Our results are supported by stable operations through our regulated nuclear and hydroelectric fleet and supplemented through long-term contracts for much of our non-regulated facilities.

We continue to monitor our credit rating profile and metrics and intend to maintain a strong investment grade credit rating going forward.

**Slide 19 – Long-Term Debt Profile**

OPG continues to leverage a diversified financing base through a mix of public debt and funding from the Ontario Electricity Financial Corporation, an agency of the Province of Ontario.

The company remains well-positioned in terms of liquidity, with a long maturity timeframe on its debt.

We believe all of our recent investments will ultimately provide great value for the people of Ontario for decades to come.

## **Slide 20 – Sources of Liquidity**

Looking at our sources of liquidity, OPG has a diversified financing base that includes the OEFC as well as public bonds, which includes the issuance of green bonds.

Since 2018, OPG, including subsidiaries, has issued more than 4.2 billion dollars under its green bond program, making us Canada’s largest corporate issuer of green bonds as of June 30, 2024.

More than 60 per cent of our public debt is comprised of green bonds.

We have also secured more than 2.5 billion dollars in revolving credit facilities to support our liquidity and financing needs for major projects, including our SMR project at Darlington.

These industry-leading financing commitments will help backstop our operations as we build the necessary clean energy infrastructure to power the future and electrify life.

**<Pause for Title Page> (Slide 21 - “Outlook”)**

## **Slide 22 – Outlook for 2024**

Looking at our outlook for the rest of the year and beyond, we are confident the future remains bright for our company.

Our operations and major projects, including the Darlington New Nuclear Project and ongoing nuclear and hydroelectric refurbishments, will help ensure OPG remains a vital part of Ontario’s electricity future.

With that said, we do expect to see overall lower earnings in 2024 compared with 2023.

This will be primarily driven by lower nuclear generation due to increased planned outage days at Darlington Nuclear and the planned shutdown of Pickering's Units 1 and 4 in late 2024.

Lower nuclear base regulated prices will also be in effect for 2024. Despite this, we will remain focused on advancing our major projects to meet Ontario's growing need for clean power.

This includes executing our Darlington Refurbishment project, advancing our Darlington New Nuclear Project, investing in our hydroelectric fleet, and advancing certain pre-execution phase activities for the planned refurbishment of Units 5 to 8 at our Pickering station.

Our Atura Power subsidiary will also continue to work to bring the Niagara Hydrogen Centre online by 2026 while advancing the expansion of its Napanee Generating Station and building a 250-megawatt Battery Energy Storage System at the Napanee site.

Finally, in support of the Province's Powering Ontario's Growth plan, we will continue to work with Indigenous communities to explore potential new hydro development in the north and collaborate with industry partners to explore the feasibility of new nuclear generation in Ontario.

We look forward to continuing to work with safety and excellence to deliver the clean power Ontario and the world will need for today and the years to come.

With that, I will now turn the call back to Neal Kelly.

<Pause for Title Page> (Slide 23 - “Q&A”)

**Neal Kelly, Director of Media & Public Affairs**

Thanks Aida.

We will now begin the question-and-answer session. Just a reminder, this is an investor call, and therefore only investors are able to ask questions.

If you would like to ask a question for Aida, please enter your question in the chat field on this Zoom call or dial \*6 to ask a question live.

I will go through some of the queued questions now and take any live questions as we proceed.

I will remind investors to please identify yourself before asking a question.

*Neal takes questions*

Thank you all.

As always, investors with follow-up questions can call OPG’s Investor and Media Relations line at **416-592-4008** or **1-877-592-4008**. Thank you for joining and have a wonderful day.