ONTARIO POWER GENERATION | Electrifying life

News from Ontario Power Generation

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May 7, 2024

OPG reports 2024 first quarter financial results

Darlington's Unit 1 refurbishment is in the final segment; OPG continues to lead the way on clean nuclear and hydroelectric energy projects

Toronto – Ontario Power Generation Inc. (OPG or Company) today reported its financial and operating results for the first quarter of 2024, with net income attributable to the Shareholder of $221 million, compared to $429 million for the same period last year. The decrease compared to the first quarter of 2023 was expected given the planned cyclical outage activities scheduled for Unit 2 of the Darlington nuclear generating station (Darlington GS).

Darlington New Nuclear Project

In April 2024, the Canadian Nuclear Safety Commission (CNSC) announced that the existing environmental assessment (EA) for the Darlington New Nuclear Project (DNNP) is applicable to the small modular reactor (SMR) technology selected by OPG, the GE Hitachi Nuclear Energy BWRX-300 reactor. Meanwhile, the project has transitioned into the next phase of site preparation, which includes excavation for the first SMR's power block. Pending regulatory and Shareholder approval, nuclear construction work on the first SMR is expected to begin in 2025.

"The CNSC's decision confirms OPG's stance related to the EA and is a critical next step in OPG's application for a licence to construct the first of the four SMRs at the DNNP site," said Ken Hartwick, OPG President and CEO. "The on-going site preparation lays the foundation for this fleet of reactors that will produce enough clean electricity to power approximately 1.2 million Ontario homes. Our fleet approach to both early work and the project as a whole means we can leverage common infrastructure, such as shared roads, utilities, and water intake, which will help to drive down regulatory, construction, and operating costs."

Darlington Refurbishment

The Darlington Refurbishment project remains on plan. Unit 4, the final unit to undergo refurbishment at the Darlington GS, is currently in the component removal phase. On the station's Unit 1, the project completed the lower feeder installation series and the lower body supports installation series, signifying the end of the third major segment of the refurbishment, Reassembly, and the beginning of the final major segment, Power Up.

“Last summer, we were able to return Darlington’s Unit 3 to service well ahead of schedule. With ongoing strong project management and performance excellence, we are tracking to return Unit 1 to service in the fourth quarter of 2024, also ahead of schedule,” said Hartwick. “This is a testament to the ‘One Team’ approach by OPG and its project partners, as well as our commitment to implementing lessons learned along the way to ensure continuous improvement. By demonstrating that large nuclear projects can indeed be delivered as planned, OPG is growing public confidence in this valuable technology and its many economic, environmental and social benefits, including medical isotopes.”

Planned Hydroelectric Life Extensions

To continue to generate reliable, low-carbon and cost effective hydropower, OPG is investing in its existing assets across the province. By upgrading and optimizing these stations, OPG is focused on modernizing the infrastructure, improving generating capacity and uncovering efficiencies at facilities that, in some cases, have already served Ontarians for more than a century. As part of this program, Ontario Energy Minister Todd Smith announced in April 2024 support for OPG’s plan to refurbish its hydroelectric fleet in the Niagara region, including up to 25 generating units at the Sir Adam Beck Complex.

“This $1 billion investment will secure up to 1,700 megawatts of clean, renewable electricity – enough to power about 1.7 million homes – for decades to come,” said Hartwick. “Extending the life of these flagship stations will support the increasing demands of electrification and a growing economy while creating more than 200 highly skilled jobs locally.”

Another station slated for life extension is the Kakabeka Falls hydroelectric generating station in northwestern Ontario. OPG is currently in the development phase of this project, with the two-year construction expected to begin in 2025.

“Kakabeka Falls is the second oldest station in OPG’s fleet, and remarkably, still has much of its original equipment from 1906 in operation,” said Hartwick. “The refurbishment of this station is expected to result in increased output of up to 27 megawatts, helping to meet Ontario’s clean power needs for another century.”

First quarter highlights include:

Net income attributable to the Shareholder

Net income attributable to the Shareholder decreased by $208 million for the first quarter of 2024, compared to the same period in 2023. The decrease was expected and primarily attributable to lower earnings from the Regulated – Nuclear Generation business segment, driven by a higher number of planned outage days in the cyclical maintenance schedule at the Darlington GS resulting in lower electricity generation and higher operating, maintenance and administration expenses, and a lower base regulated price for OPG’s nuclear electricity generation in effect during 2024 as previously approved by the Ontario Energy Board.

Generating and Operating Performance

Electricity generated in the first quarter of 2024 was 21.1 TWh, compared to 19.7 TWh for the same period in 2023.

Regulated – Nuclear Generation Segment

Electricity generation from the Regulated – Nuclear Generation business segment decreased by 0.6 TWh during the first quarter of 2024, compared to the same quarter in 2023. The decrease was expected and primarily due to the planned cyclical maintenance work for Unit 2 at the Darlington GS, partially offset by fewer planned outage days at the Pickering nuclear generating station (Pickering GS).

The unit capability factor at the Darlington GS decreased to 68.1 per cent for the first quarter of 2024, compared to 99.8 per cent for the same quarter in 2023, due to a higher number of planned and unplanned outage days. The unit capability factor at the Pickering GS increased to 80.3 per cent for the first quarter of 2024, compared to 74.6 per cent for the same quarter in 2023, due to fewer planned and unplanned outage days. The nuclear unit capability factor excludes the Darlington GS units that are undergoing refurbishment.

Regulated – Hydroelectric Generation Segment

Electricity generation from the Regulated – Hydroelectric Generation business segment for the first quarter of 2024 was comparable to the same quarter in 2023.

Availability at the regulated hydroelectric stations decreased to 85.8 per cent for the first quarter of 2024, compared to 89.1 per cent for the same quarter in 2023. The decrease was primarily due to higher planned outages at the regulated hydroelectric stations in the Eastern and Northwest regions in Ontario.

Contracted Hydroelectric and Other Generation Segment

Electricity generation from the Contracted Hydroelectric and Other Generation business segment for the first quarter of 2024 was comparable to the same quarter in 2023.

Availability of the hydroelectric stations in the business segment decreased to 84.0 per cent for the first quarter of 2024, compared to 92.4 per cent for the same quarter in 2023, primarily due to higher planned outages at the Lower Mattagami hydroelectric generating stations in Ontario.

Atura Power Segment

Electricity generation from the Atura Power business segment increased by 1.9 TWh during the first quarter of 2024, compared to the same quarter in 2023, primarily due to higher demand for electricity generation from the combined cycle plants.

Thermal Availability of the generating stations in the business segment for the first quarter of 2024 was comparable to the same quarter in 2023.

Generation Development

OPG is undertaking a number of generation development and other major projects in support of Ontario's electricity system.

Significant developments during the first quarter of 2024 included the following:

Darlington Refurbishment

The Darlington Refurbishment project will extend the operating life of the four-unit Darlington GS by at least 30 years.

In April 2024, Unit 1 refurbishment completed the third major segment, Reassembly, which included the installation and reassembly of reactor components. Power Up, the fourth and final major segment of the refurbishment, commenced following the completion of the Reassembly segment. The loading of new fuel into the reactor is in progress and expected to be completed in May 2024. Unit 1 is expected to be returned to service in the fourth quarter of 2024, ahead of schedule.

Unit 4 refurbishment activities are currently in the second major segment, Disassembly, and continue to progress on schedule. The project completed the removal of feeder tubes from the reactor in February 2024 and has commenced the removal of fuel channel assemblies, which is expected to be completed in the third quarter of 2024. Unit 4 is scheduled to be returned to service in 2026.

OPG continues to assess and seek ways to manage the impact of the COVID-19 pandemic on the project's total cost, which is otherwise continuing to track to the $12.8 billion budget.

Further details on the Company's major projects can be found in Management's Discussion and Analysis as at and for the three months ended March 31, 2024 section, *Core Business and Outlook* under the heading, *Project Excellence*.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

(millions of dollars – except where noted)	Three Months Ended March 31 2024	2023
Revenue	**1,767**	1,830
Fuel expense	**253**	210
Operations, maintenance and administration expenses	**870**	749
Depreciation and amortization expenses	**300**	263
Accretion on fixed asset removal and nuclear waste management liabilities	**306**	295
Earnings on nuclear fixed asset removal and nuclear waste management funds	**(271)**	(259)
Other net expenses	**9**	12
Earnings before interest and income taxes	**300**	560
Net interest expense	**45**	36
Income tax expense	**30**	91
Net Income	**225**	433
Net income attributable to the Shareholder	**221**	429
Net income attributable to non-controlling interest [1]	**4**	4
Earnings (loss) before interest and income taxes		
Electricity generating business segments	**318**	605
Regulated – Nuclear Sustainability Services	**(32)**	(33)
Other	**14**	(12)
Earnings before interest and income taxes	**300**	560
Cash flow provided by operating activities	**564**	502
Capital expenditures [2]	**726**	543
Electricity generation (TWh)		
Regulated – Nuclear Generation	**8.0**	8.6
Regulated – Hydroelectric Generation	**8.5**	8.3
Contracted Hydroelectric and Other Generation [3]	**1.4**	1.5
Atura Power	**3.2**	1.3
Total OPG electricity generation	**21.1**	19.7
Nuclear unit capability factor (per cent) [4]		
Darlington Nuclear GS	**68.1**	99.8
Pickering Nuclear GS	**80.3**	74.6
Availability (per cent)		
Regulated – Hydroelectric Generation	**85.8**	89.1
Contracted Hydroelectric and Other Generation – hydroelectric stations	**84.0**	92.4
Atura Power [5]	**89.6**	90.4
Equivalent forced outage rate (per cent)		
Contracted Hydroelectric and Other Generation – thermal stations	**-**	5.7

[1] Relates to the following: 25 per cent interest of Amisk-oo-Skow Finance Corporation, a corporation wholly owned by the Moose Cree First Nation, in Lower Mattagami Limited Partnership; 33 per cent interest of Coral Rapids Power Corporation, a corporation wholly owned by the Taykwa Tagamou Nation, in PSS Generating Station Limited Partnership; 15 per cent and 5 per cent interests 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 net changes in accruals; excludes the acquisition of the new corporate headquarters building and surrounding lands at 1908 Colonel Same Drive in Oshawa, Ontario in February 2023.

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

[4] Excludes nuclear unit(s) during the period in which they are undergoing refurbishment. Accordingly, Unit 3 of the Darlington GS was excluded from the measure during its refurbishment period of September 3, 2020 to July 17, 2023, and Unit 1 and Unit 4 of the Darlington GS have been excluded from the measure since commencing refurbishment on February 15, 2022 and July 19, 2023, respectively.

[5] Reflects the thermal availability of combined cycle plants as at the year-end date, calculated on a three-year rolling average basis.

About OPG

As one of North America's largest, most diverse electricity generators, OPG invests in local economies and employs thousands of people across Ontario and the US. OPG and its family of companies are leading the development of new clean technologies, refurbishment of existing assets, and electrification initiatives to power the growing demand of a clean economy for decades to come. OPG is a recognized world leader in nuclear operations with more than five decades of experience. Learn more about how the company is advancing these initiatives while prioritizing people, partnerships, and strong communities by reading OPG's Climate Change Plan, Reconciliation Action Plan, and Equity, Diversity, and Inclusion (ED&I) strategy.

Ontario Power Generation Inc.'s unaudited interim consolidated financial statements and Management's Discussion and Analysis as at and for the three months ended March 31, 2024, can be accessed on OPG's web site (www.opg.com), the Canadian Securities Administrators' web site (www.sedarplus.com), or can be requested from the Company.

For further information, please contact:

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ONTARIO POWER GENERATION INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

2024 FIRST QUARTER 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 unaudited interim consolidated financial statements and accompanying notes of Ontario Power Generation Inc. and its subsidiaries (OPG or Company) as at and for the three months ended March 31, 2024. OPG's unaudited interim 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.

For a complete description of OPG's corporate strategies, risk management, corporate governance, and the effect of critical accounting policies and estimates on OPG's results of operations and financial condition, this MD&A should also be read in conjunction with OPG's audited consolidated financial statements, Annual Information Form, and MD&A as at and for the year ended December 31, 2023.

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*, in OPG's 2023 annual MD&A. This MD&A is dated May 7, 2024.

Additional information about OPG, including the Company's Annual Information Form, is available on SEDAR+ 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 associated funding requirements, performance and earnings of investment funds, refurbishment of existing facilities, development and construction of new facilities, acquisition transactions and other business expansion opportunities, performance of acquired businesses, defined benefit pension and other post-employment benefit (OPEB) obligations and funds, income taxes, proposed new legislation, government policy, the ongoing evolution 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, 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, the COVID-19 pandemic, changes in the Company's workforce, renewal of union collective agreements, business continuity events, the weather, climate change, technological change, 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, 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:

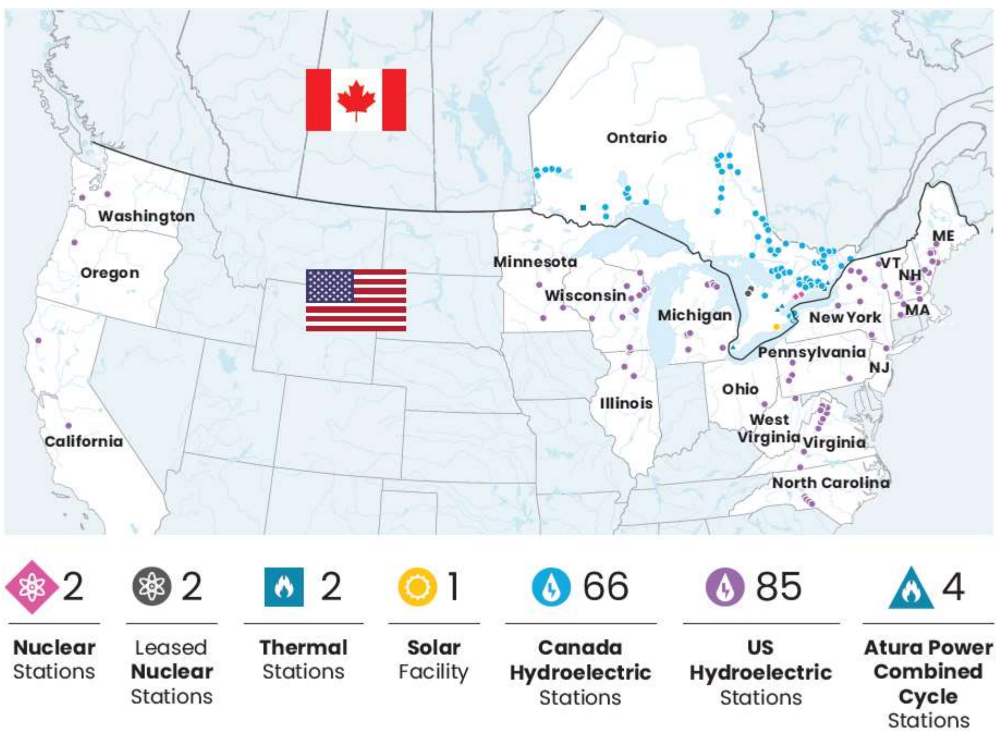
- "Earnings before Interest, Income Taxes, Depreciation and Amortization"; and
- "Gross Margin".

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 18,236 megawatts (MW) as at March 31, 2024.

As at March 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 March 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 is included in the Company's generation portfolio statistics set out in this MD&A.

Income from the 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.

On January 31, 2024, OPG, under Eagle Creek, acquired Lightstar Renewables LLC and Lightstar Operations One LLC (collectively, Lightstar). Lightstar engages in the business of development, construction, operation and sale of community solar generation projects in the US, and is included in the Contracted Hydroelectric and Other Generation segment. Further details on the acquisition can be found in the section, *Significant Developments* under the heading, *Financial Strength – Acquisition of Lightstar Renewables LLC and Lightstar Operations One LLC.*

Reporting Structure

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

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

In-Service Generating Capacity

OPG's in-service generating capacity by business segment as at March 31, 2024 and December 31, 2023 was as follows:

	As At	
(MW)	**March 31 2024**	**December 31 2023**
Regulated – Nuclear Generation [1]	**4,850**	4,850
Regulated – Hydroelectric Generation	**6,566**	6,566
Contracted Hydroelectric and Other Generation [2]	**4,105**	4,105
Atura Power	**2,715**	2,715
Total [3]	**18,236**	18,236

[1] The in-service generating capacity as at March 31, 2024 and December 31, 2023 excludes Unit 1 and Unit 4 of the Darlington nuclear generating station. Unit 1 and Unit 4 were taken offline for refurbishment in February 2022 and July 2023, respectively, and each have a generating capacity of 878 MW.

[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.

HIGHLIGHTS

Overview of Results

This section provides an overview of OPG's unaudited interim consolidated operating results for the three months ended March 31, 2024, compared to the same period in 2023. A discussion of OPG's performance by business segment can be found in the section, *Discussion of Operating Results by Business Segment*.

(millions of dollars – except where noted)	**Three Months Ended March 31** **2024**	**2023**
Revenue	**1,767**	1,830
Fuel expense	**253**	210
Operations, maintenance and administration expenses	**870**	749
Depreciation and amortization expenses	**300**	263
Accretion on fixed asset removal and nuclear waste management liabilities	**306**	295
Earnings on nuclear fixed asset removal and nuclear waste management funds	**(271)**	(259)
Other net expenses	**9**	12
Earnings before interest and income taxes	**300**	560
Net interest expense	**45**	36
Income tax expense	**30**	91
Net income	**225**	433
Net income attributable to the Shareholder	**221**	429
Net income attributable to non-controlling interest [1]	**4**	4
Electricity generation (TWh) [2]	**21.1**	19.7
Cash flow provided by operating activities	**564**	502
Capital expenditures [3]	**726**	543
Earnings (loss) before interest and income taxes by segment		
Regulated – Nuclear Generation	**(5)**	277
Regulated – Hydroelectric Generation	**167**	177
Contracted Hydroelectric and Other Generation [4]	**78**	84
Atura Power	**78**	67
Total electricity generating business segments	**318**	605
Regulated – Nuclear Sustainability Services	**(32)**	(33)
Other	**14**	(12)
Earnings before interest and income taxes	**300**	560

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 Same Drive in Oshawa, Ontario in February 2023.

4 Includes contracted revenue from hydroelectric generating stations in Ontario operating under ESAs, with expiration dates ranging from 2059 to 2067.

Net income attributable to the Shareholder was $221 million for the first quarter of 2024, representing a decrease of $208 million compared to the same period in 2023.

Earnings before interest and income taxes (EBIT) were $300 million for the first quarter of 2024, representing a decrease of $260 million compared to the same period in 2023.

Significant factors that decreased EBIT:

- Decrease in revenue of $104 million from the Regulated – Nuclear Generation business segment, due to lower electricity generation of 0.6 terawatt hours (TWh) and a lower base regulated price for OPG's nuclear electricity generation (nuclear base regulated price) in effect during 2024. The lower electricity generation was expected and primarily due to an increase in the number of planned outage days at the Darlington nuclear generating station (Darlington GS) as a result of a planned cyclical maintenance outage on Unit 2 of the station, partially offset by fewer planned outage days at the Pickering nuclear generating station (Pickering GS); and

- Higher OM&A expenses of $114 million from the Regulated – Nuclear Generation business segment, largely due to a higher number of planned outage days at the Darlington GS. Increased compensation expenses 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 decision issued in June 2023 that denied OPG's request for a regulatory variance account to record these cost impacts also contributed to the higher OM&A expenses. 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*.

Net interest expense increased by $9 million in the first quarter of 2024, compared to the same period in 2023. The increase was largely due to a lower amount of interest costs capitalized related to the Darlington Refurbishment project expenditures as a result of the return to service of Unit 3 in July 2023.

Income tax expense decreased by $61 million in the first quarter of 2024, compared to the same period in 2023. The decrease was primarily due to the impact of lower earnings before income taxes.

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.

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 OEB-authorized deferral and variance accounts (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 and other long-term contracts for the contracted generating facilities in Ontario.

Electricity Generation

Electricity generation for the three months ended March 31 was as follows:

(TWh)	Three Months Ended March 31 2024	2023
Regulated – Nuclear Generation	**8.0**	8.6
Regulated – Hydroelectric Generation	**8.5**	8.3
Contracted Hydroelectric and Other Generation [1]	**1.4**	1.5
Atura Power	**3.2**	1.3
Total OPG electricity generation	**21.1**	19.7

[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 1.4 TWh for the three months ended March 31, 2024, compared to the same period in 2023, due to higher electricity generation from the Atura Power business segment, partially offset by lower electricity generation from the Regulated – Nuclear Generation business segment.

Electricity generation from the Regulated – Nuclear Generation business segment decreased by 0.6 TWh for the three months ended March 31, 2024, compared to the same period in 2023. The decrease was expected and primarily due to a planned cyclical maintenance outage on Unit 2 at the Darlington GS, partially offset by fewer planned outage days at the Pickering GS.

Electricity generation from the Regulated – Hydroelectric Generation business segment for the three months ended March 31, 2024 was comparable to the same period in 2023.

Electricity generation from the Contracted Hydroelectric and Other Generation business segment for the three months ended March 31, 2024 was comparable to the same period in 2023.

Electricity generation from the Atura Power business segment increased by 1.9 TWh for the three months ended March 31, 2024, compared to the same period in 2023, primarily due to higher demand for electricity generation from the combined cycle plants.

Ontario's electricity demand as reported by the IESO, excluding electricity exports out of the province, was 35.9 TWh for the three months ended March 31, 2024, compared to 35.6 TWh for the same period in 2023.

Power that is surplus to the Ontario market is managed by the IESO, mainly through generation reductions at hydroelectric and certain nuclear stations, and other grid-connected renewable resources. Baseload generation surplus in Ontario was lower in the three months ended March 31, 2024, compared to the same period in 2023. Production forgone at OPG's regulated hydroelectric stations due to SBG conditions was nil for the three months ended March 31, 2024 and 0.3 TWh for the same period 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 was $564 million for the three months ended March 31, 2024, compared to $502 million for the same period in 2023. The increase was primarily due to lower income tax installment payments and higher revenue receipts from the Regulated – Nuclear Generation business segment. The increase was partially offset by higher OM&A expenditures.

Capital Expenditures

Capital expenditures were as follows:

(millions of dollars)	Three Months Ended March 31 2024	2023
Regulated – Nuclear Generation – Darlington Refurbishment Project	**231**	225
Regulated – Nuclear Generation – Excluding Darlington Refurbishment Project	**270**	154
Regulated – Hydroelectric Generation	**73**	55
Contracted Hydroelectric and Other Generation	**53**	80
Atura Power	**74**	4
Other [1]	**25**	25
Total capital expenditures [2]	**726**	543

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 for the three months ended March 31, 2024 increased by $183 million, compared to the same period in 2023.

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

Excluding the Darlington Refurbishment project, capital expenditures for the Regulated – Nuclear Generation business segment increased by $116 million for the first quarter of 2024, compared to the same period in 2023. The increase was primarily due to increased expenditures on small modular reactors (SMR) at the Darlington New Nuclear Project (DNNP) site and expenditures on pre-execution phase refurbishment activities for Units 5 to 8 at the Pickering GS.

Capital expenditures for the Regulated – Hydroelectric Generation business segment increased by $18 million for the first quarter of 2024, compared to the same period in 2023. The increase was mainly due to higher expenditures on the ongoing cyclical turbine and generator refurbishment program for the hydroelectric generating stations across Ontario and higher expenditures for the rehabilitation work at the Frederick House Lake Dam in northeastern Ontario, which commenced in the second quarter of 2023. The increase was partially offset by lower expenditures on the Calabogie Hydroelectric GS Redevelopment project, which was placed in service in the second quarter of 2023.

Capital expenditures for the Contracted Hydroelectric and Other Generation business segment decreased by $27 million for the first quarter of 2024, compared to the same period in 2023. The decrease was primarily due to lower expenditures on the Little Long Dam Safety project as all gates were placed in service in the third quarter of 2023.

Capital expenditures for the Atura Power business segment increased by $70 million compared to the same period in 2023. The increase was primarily due to higher expenditures for generating capacity upgrades at existing combined cycle facilities, the development of a battery energy storage system at the Napanee GS site (Napanee BESS) under a capacity agreement with the IESO, and the advancement of the Niagara Hydrogen Centre (NHC), a low-carbon hydrogen development project.

Capital expenditures within the Other category were comparable to the same period in 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

In 2023, OPG completed an updated feasibility assessment for refurbishing Units 5 to 8 at the Pickering GS as requested by the Province in September 2022. The updated assessment was based on the anticipated refurbishment project scope. Following OPG's submission of the feasibility assessment as approved by the Board of Directors (Board) in August 2023, the Province announced its support for OPG proceeding with next steps toward refurbishing Units 5 to 8 at the Pickering GS in January 2024. OPG is now proceeding with certain pre-execution phase activities, which include preliminary engineering work and securing long-lead components. The Board-approved budget for these activities is approximately $2 billion.

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

In April 2024, Unit 1 refurbishment at the Darlington GS completed the third major segment, Reassembly, which involved the installation and reassembly of reactor components, including new feeder tubes and fuel channel assemblies. The Unit 1 refurbishment is currently in the fourth and final major segment, Power Up, which involves loading new fuel into the reactor, restoring the reactor vault and reconnecting the unit to the rest of the station. Unit 1 is expected to be returned to service in the fourth quarter of 2024, ahead of its original schedule set for the second quarter of 2025.

Unit 4 refurbishment at the Darlington GS is currently in the second major segment, Disassembly. As part of this segment, the removal of feeder tubes was completed in February 2024. The removal of fuel channel assemblies is in progress and expected to be completed in the third quarter of 2024. Unit 4 is scheduled to be returned to service in 2026.

The refurbishments of Unit 1 and Unit 4 incorporate the benefits of experience with the Unit 2 and Unit 3 refurbishments, 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 is continuing 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 the selected design. The early-phase site preparation work for the first SMR was completed in March 2024, followed by the commencement of main site preparation activities. This will include construction work for site establishment activities, including the shoring wall required for reactor building excavation. Site clearing activities for the three planned additional SMRs were completed in March 2024.

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 of the two CNSC public hearings on OPG's application 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.

Small modular reactors at the DNNP site are prescribed for rate regulation by the OEB.

Refurbishment of Sir Adam Beck Hydroelectric Generating Stations

In April 2024, OPG announced it is partnering with General Electric Vernova Inc. to complete a refurbishment project at the Sir Adam Beck generating complex along the Niagara River, as part of the Company's cyclical turbine and generator refurbishment program for its hydroelectric generating units across Ontario. The project will involve the refurbishment of up to 25 generating units to ensure continued reliable operations for approximately an additional 30 years and is expected to increase the generating capacity of the existing stations by approximately 50 MW, securing up to 1,700 MW of renewable electricity to help meet the increasing demand from electrification. The refurbishment work is expected to commence in 2025 and continue over the next 15 years. The Sir Adam Beck generating stations are reported in the Regulated – Hydroelectric Generation business segment.

Financial Strength

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, a developer, owner and operator of community solar assets in the United States. The acquisition broadens Eagle Creek's core renewable energy business beyond hydroelectric operations, in alignment with OPG's strategy to expand its clean energy portfolio.

Total purchase consideration was approximately $163 million (US$121 million), subject to the customary working capital and other adjustments. The identifiable assets acquired, with an estimated fair value of $125 million, mainly comprised construction-in-progress property, plant and equipment and intangible assets pertaining to solar development projects.

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 addresses the anticipated impacts from the Market Renewal Program, an IESO initiative expected to result in a redesign of 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 (Proposed Settlement Agreement). The Proposed Settlement Agreement was submitted to the OEB for approval on May 3, 2024. If approved by the OEB, the Proposed Settlement Agreement will provide 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 represents a reduction of $22 million from the amounts sought in OPG's application. This includes 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 would be 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 Proposed 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. The Proposed Settlement Agreement did not impact OPG's financial results as at and for the three months ended March 31, 2024.

CORE BUSINESS AND OUTLOOK

The discussion in this section is qualified in its entirety by the cautionary statements included in the section, *Forward-Looking Statements* at the beginning of the MD&A.

The following sections provide an update to OPG's disclosures in the 2023 annual MD&A related to its four business imperatives – operational excellence, project excellence, financial strength, and social licence. A detailed discussion of these imperatives as part of OPG's corporate strategy is included in the 2023 annual MD&A in the sections, *The Company* and *Core Business and Outlook*.

Operational Excellence

Operational excellence at OPG is demonstrated through the safe and environmentally responsible generation of reliable and cost-effective 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

Nuclear Operations

OPG's plan to optimize the end of operations dates for the Pickering GS includes operating Units 1 and 4 to the end of September 2024 and December 2024, respectively, and Units 5 to 8 until the end of September 2026, prior to the planned refurbishment, subject to the CNSC's regulatory 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 continues 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, which included confirmation of the validity of the previously established Periodic Safety Review (PSR). The PSR, a comprehensive assessment of the station's design and operation, had confirmed that there is a high level of safety throughout the continued operation of the station to 2024. OPG submitted the PSR's Global Issues Assessment Report to the CNSC in May 2023. The associated Integrated Implementation Plan documents new actions to support operation of Units 5 to 8 of the Pickering GS through 2026. Operating any of the Pickering GS units past December 31, 2024 is subject to the CNSC's regulatory approval through a public hearing scheduled in June 2024. Planning work is also 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.

Based on the results of planned inspections of the units at 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 overall budget for the project to replace the primary moisture separators in the first two SGs at Unit 3, which were completed in July 2023, and the replacement of the primary moisture separators at Unit 1 and Unit 4, which is currently underway and tracking to the overall timeline of the project, is $380 million. Life-to-date capital expenditures for the project were $205 million as of March 31, 2024. The scope of work for Unit 2 and the remaining SGs at Unit 3 is planned to be executed under a future project.

Collective Agreements

The two-year collective agreement between the Power Workers' Union (PWU) and OPG expired on March 31, 2024. Negotiations for a new renewal collective agreement began in February 2024 and are ongoing. The PWU bargaining unit represents approximately 50 percent of OPG's workforce.

Construction work in Ontario is performed through craft unions with established bargaining rights at OPG facilities. These bargaining rights are established either through the Electrical Power Systems Construction Association (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. One such agreement expired on April 30, 2023 and was renewed in March 2024 for a two-year term, covering the period from May 1, 2023 to April 30, 2025.

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, striving for excellence in the planning and delivery of all capital and maintenance projects across the organization. The status updates for OPG's major projects are outlined below.

Project *(millions of dollars)*	**Capital Expenditures Year-to-date**	**Capital Expenditures Life-to-date**	**Approved Budget**	**Expected In-service Date**	**Current Status**
Darlington Refurbishment	230	10,433	12,800 [1]	Unit 1 – 2024 Unit 4 – 2026	Unit 1 refurbishment is currently in the Power Up segment and is expected to be returned to service in the fourth quarter of 2024, ahead of its original schedule. Unit 4 refurbishment is progressing on schedule and is currently in the Disassembly segment. The project is tracking to the overall timeline to refurbish these remaining two units of the station by the end of 2026. For further details, see below.
Smoky Falls Dam Safety Project	25	264	390	2024	During the first quarter of 2024, two new sluicegates were commissioned and placed in-service ahead of the original schedule. Concrete closure of west sluiceway and dam stabilization continues to track on schedule. Major construction work is expected to be completed by the end of 2024 and within the approved budget.
Atura Power Development Projects	21	103	850 [2]	Niagara Hydrogen Centre – 2025 Napanee BESS – 2026	Initial groundwork and the procurement of critical equipment have been completed for the NHC, with onsite and permitting activities, along with equipment testing, in progress. The Napanee BESS project continues to advance engineering and permitting activities.

[1] The total project budget of $12.8 billion is for the refurbishment of all four units at the Darlington GS.
[2] The total project budget of approximately $850 million is for the Niagara Hydrogen Centre and the Napanee BESS projects.

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 third unit, Unit 1, commenced refurbishment in February 2022 and is expected to be returned to service by late 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 by the end of 2026.

Unit 1 refurbishment activities are currently in the Power Up segment. In April 2024, OPG completed the lower feeder installation series and the lower body supports installation series of the Unit 1 refurbishment, signifying the end of the Reassembly segment. The Power Up segment commenced following the completion of the Reassembly segment. The loading of new fuel into the reactor is in progress and expected to be completed in May 2024.

Unit 4 refurbishment activities are currently in the Disassembly segment and continue to progress on schedule. OPG completed the removal of 960 feeder tubes from the reactor in February 2024 and has commenced the removal of 480 fuel channel assemblies. The removal of the fuel channel assemblies is expected to be completed in the third quarter of 2024 with the removal of pressure tubes and calandria tubes, marking the end of the Disassembly segment.

OPG continues to assess and seek ways to manage the impact of the COVID-19 pandemic on the project's total cost, which is otherwise continuing to track to the $12.8 billion budget.

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.

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. 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. 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 and being prudently incurred and should be fully recovered, and that the Shareholder's investment in these assets should earn an appropriate return. For further information on OEB-approved rate base levels, refer to OPG's 2023 annual MD&A in the section, *Revenue Mechanisms for Regulated and Non-Regulated Generation*.

The following table presents the OEB-authorized regulated prices for electricity generated from OPG's 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	1.25	**1.15**	5.34	7.58
Total regulated price	109.04	**104.63**	108.19	118.91
Regulated – Hydroelectric Generation				
Base regulated price	43.88	**43.88**	43.88	43.88
Deferral and variance account rate riders	1.03	**1.03**	0.69	0.69
Total regulated price	44.91	**44.91**	44.57	44.57

[1] Base regulated prices for the nuclear facilities were established using a rate smoothing approach that defers a portion of each year's approved nuclear revenue requirement 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.

The nuclear base regulated prices in effect for the period from January 1, 2022 to December 31, 2026 were established by the payment amounts order issued by the OEB in January 2022 reflecting the OEB's decisions on OPG's 2022-2026 rate application issued during the second half of 2021.

Pursuant to *Ontario Regulation 53/05*, the base regulated price for OPG's 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.

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 generating facilities in Ontario are subject to ESAs with the IESO or other long-term contracts.

<u>Ensuring Availability of Cost Effective Funding</u>

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; long-term debt sourced from the Ontario Electricity Financial Corporation (OEFC), an agency of the Province; and private placement and other project financing arrangements.

The Company's financing strategy leverages and optimizes the strength of its balance sheet to obtain cost effective long-term corporate debt. OPG also accesses the capital markets for private placement project financing, secured by the assets of the project, where the characteristics of the project support such financing.

Credit Ratings

Maintaining an investment grade credit rating supports OPG's ability to access cost effective financing. As at March 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 2023, 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 June 2023, 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*.

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, referred to as the moderation 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, which was heard in June 2023. 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, thus upholding those provisions of the statute that apply to non-unionized employees. Following the decision, the Province repealed Bill 124 in its entirety.

Growth and Transformation

OPG strives to be a leader in the North American transition toward a low-carbon economy, while maintaining and expanding the Company's scale and energy 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 using financial and risk-based analyses as well as the application of strategic considerations, including the evaluation of potential partnership opportunities with other entities where aligned with OPG's business objectives.

New Nuclear Growth

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.

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, equity, diversity and inclusion (ED&I) practices, and to 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 2024 year to be lower than 2023, primarily due to lower nuclear electricity generation anticipated in 2024 as a result of fewer planned outage days in the cyclical maintenance schedule for the Darlington GS in 2023 and the planned shutdown of Unit 1 of the Pickering GS in September 2024, and a lower nuclear base regulated price in effect for 2024. Other factors contributing to the expected decrease include gains recognized in 2023 related to the release of a contingent liability under a 2021 settlement agreement related to an acquisition of combined cycle plants and the sale of certain premises located at 800 Kipling Avenue, Toronto, Ontario. The decrease is expected to be partially offset by the return to service of Unit 1 of the Darlington GS from refurbishment in the fourth quarter of 2024.

The Company's operating results in 2024 may be impacted by macro-economic factors and global events, as discussed further in the 2023 annual MD&A, in the section, *Risk Management*.

Nuclear Segregated Funds

OPG's operating results can be affected by earnings on the nuclear fixed asset and nuclear waste management funds (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), 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. 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 March 31, 2024, the Decommissioning Segregated Fund was overfunded by approximately 41 percent and the Used Fuel Segregated Fund was overfunded by approximately 8 percent based on the approved ONFA Reference Plan in effect for the years 2022 to 2026.

Further details on OPG's outlook, including capital expenditures and financing and liquidity, can be found in OPG's 2023 annual MD&A in the section, *Core Business and Outlook* under the heading, *Outlook*.

ENVIRONMENTAL, SOCIAL, GOVERNANCE AND SUSTAINABILITY

OPG recognizes that operating in a safe, sustainable and inclusive manner is directly connected to business success and is expected by the Company's customers, stakeholders, Rights Holders and Shareholder. As Ontario's largest clean 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 footprint, support reductions in greenhouse gas (GHG) emissions, increase resilience to climate change impacts and advance Indigenous Reconciliation, while taking into account impacts on customers. Central to OPG's Environmental, Social, Governance (ESG) and sustainability focus is the commitment to becoming a global ED&I best practice leader by 2030.

Health and Safety

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.

Environmental

In March 2022, the Canadian government began consultations to develop *Clean Electricity Regulations* (CER) to support the goal of transitioning to net-zero carbon emissions from electricity generation by 2035. In August 2023, Environment and Climate Change Canada (ECCC) released draft CER for comment. As proposed, the CER would establish a performance standard to reduce emissions from thermal generating units beginning in 2035, with some exceptions to support electricity reliability and affordability. In February 2024, ECCC released a public update recognizing the feedback received from submissions through the consultation process. OPG is engaging in the consultation process and is recommending adjustments to the draft CER, with a view to better enable Ontario's low-carbon electricity system to support economy-wide electrification, while ensuring system reliability and affordability. Final regulations are expected to be in place by the end of 2024.

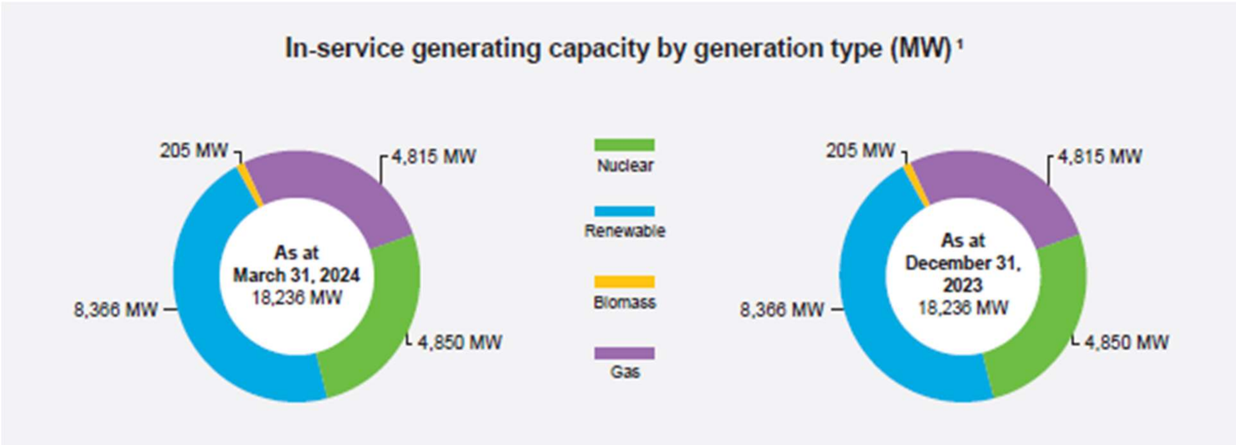
Climate Change

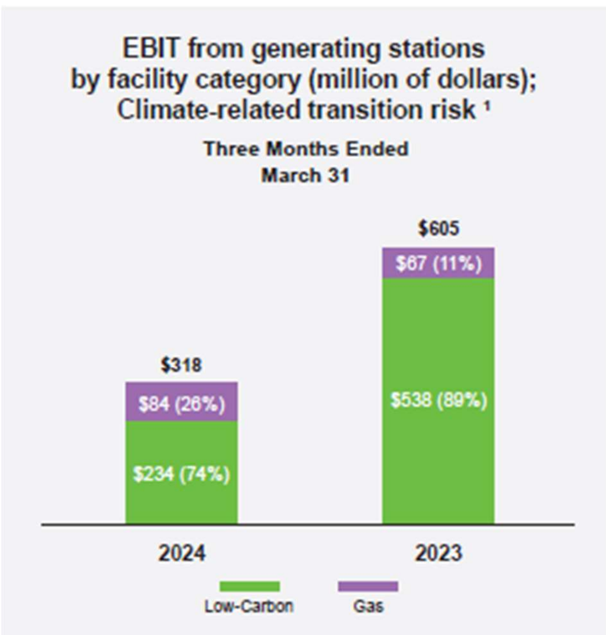
Since the launch of its Climate Change Plan in 2020, OPG has made advancements in a number of areas to ensure sustainable, resilient operations and to invest in the generation of clean energy. This includes progressing the Darlington Refurbishment project, leading the deployments of SMRs, and safely maximizing the operating life of the Pickering GS. OPG also continues to advance projects to increase the generating capacity of its hydroelectric generating assets 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 best practices.

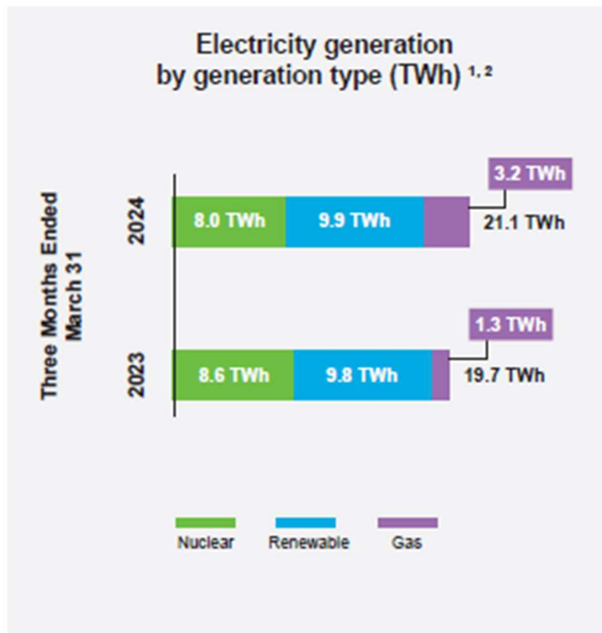
Climate-Related Performance and Key Metrics

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, as outlined below:

Climate Change Metrics







[1] Includes OPG's proportionate share of in-service generating capacity and electricity generation from co-owned and minority-held facilities, as applicable. 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] Electricity generated from the Biomass category for the three months ended March 31, 2024 represents 0.04 TWh (March 31, 2023 – 0.03 TWh).

Climate Change Metrics	
In-service generating capacity by generation type [1]	In-service generating capacity from low-carbon emitting and gas generation sources as at March 31, 2024 is the same as at December 31, 2023. Low-carbon sources continue to account for the majority of OPG's total in-service generating capacity.
Electricity generation by generation type [2]	OPG's total electricity generation supplied by low-carbon sources comprised approximately 85 percent of OPG's total electricity generation during the first quarter of 2024, compared to 93 percent during the same period in 2023. The percentage decrease was primarily due to an increase in electricity generation from the Atura Power business segment, due to higher demand for electricity generation from the combined cycle plants.
EBIT from generating stations by facility category; Climate-related transition risk [3]	Earnings before interest and income taxes from low-carbon electricity generation decreased during the three months ended March 31, 2024, compared to the same period in 2023, primarily due to planned outage activities within the Regulated – Nuclear Generation business segment and a lower nuclear base regulated price in effect during 2024. For further details, refer to the section, *Discussion of Operating Results by Business Segment* under the heading, *Regulated – Nuclear Generation Segment*.

[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.

Scope 1 GHG emissions, Emission Rate and Scope 2 GHG emissions are reported annually. Data for 2023 will be available in the second quarter of 2024.

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 building a diverse, committed and agile workforce in a dynamic and changing industry, and is fundamental to achieving the Company's strategic goals.

OPG continues to advance the Company's ED&I Strategy. Implementation of the medium-term initiatives and actions outlined in the ED&I Strategy are underway in 2024, including efforts to advance proactive employment equity initiatives to support the recruitment and development of the designated groups under the *Employment Equity Act*. OPG also continues to focus on enhancing employee communication and engagement with a view to foster a more inclusive work environment and promote a greater understanding of ED&I. The ED&I Strategy can be found on the Company's website www.opg.com.

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 Aboriginal Business' Progressive Aboriginal 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.

DISCUSSION OF OPERATING RESULTS BY BUSINESS SEGMENT

Regulated – Nuclear Generation Segment

(millions of dollars – except where noted)	**Three Months Ended March 31** **2024**	**2023**
Electricity generation (TWh)	**8.0**	8.6
Revenue	**900**	1,040
Fuel expense	**65**	67
Gross margin	**835**	973
Operations, maintenance and administration expenses	**673**	559
Property taxes	**6**	6
Earnings before interest, income taxes, depreciation and amortization	**156**	408
Depreciation and amortization expenses	**161**	131
(Loss) earnings before interest and income taxes	**(5)**	277

Earnings before interest and income taxes from the segment decreased by $282 million for the three months ended March 31, 2024, compared to the same period in 2023.

The decrease in earnings was largely due to lower revenue of $69 million driven by lower electricity generation of 0.6 TWh, as a result of a higher number of planned and unplanned outage days at the Darlington GS, and a decrease in revenue of $35 million from a lower OEB-approved nuclear base regulated price in effect during 2024.

The decrease in earnings was also driven by higher OM&A expenses of $114 million, largely due to higher expenditures related to a higher number of planned outage days at the Darlington GS driven by a planned cyclical maintenance outage on Unit 2 of the station. Increased compensation expenses related to the impact on OPG's collective agreements from the Bill 124 Court Decision and the OEB's subsequent decision issued in June 2023 that denied OPG's request for a regulatory variance account to record these cost impacts also contributed to the higher OM&A expenses.

The decrease in earnings also reflected higher depreciation and amortization expenses of $30 million, lower non-electricity generation revenue of $17 million primarily due to decreased heavy water tritium removal (detritiation) services and isotope sales, and lower amounts deferred in the Rate Smoothing Deferral Account of $16 million. The increase in depreciation and amortization expenses was primarily due to higher depreciation expense recognized from placing capital in service, including the return to service of Unit 3 of the Darlington GS following refurbishment in July 2023.

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

	Three Months Ended March 31	
	2024	**2023**
Planned Outage Days		
Darlington GS [1]	**42.4**	-
Pickering GS	**97.9**	124.0
Unplanned Outage Days		
Darlington GS [1]	**16.0**	0.4
Pickering GS	**9.6**	21.0

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

The higher planned outage days at the Darlington GS for the three months ended March 31, 2024, compared to the same period in 2023, were driven by the impact of the cyclical maintenance outage on Unit 2 of the station.

The fewer planned outage days at the Pickering GS for the three months ended March 31, 2024, compared to the same period in 2023, were driven by the impact of the station's cyclical maintenance schedule and other planned maintenance and repair work executed at the station.

The higher unplanned outages days at the Darlington GS for the three months ended March 31, 2024, compared to the same period in 2023, were primarily driven by steam generators repair activities on Unit 3 of the station.

The fewer unplanned outage days at the Pickering GS for the three months ended March 31, 2024, compared to the same period in 2023, were mainly due to required repair work associated with a turbine governing system on Unit 1 of the station in the first quarter of 2023.

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

	Three Months Ended March 31	
	2024	**2023**
Unit Capability Factor *(%)* [1, 2]		
Darlington GS	**68.1**	99.8
Pickering GS	**80.3**	74.6

[1] Nuclear Unit Capability Factor excludes unit(s) during the period in which they are undergoing refurbishment.
[2] Nuclear Unit Capability Factor is defined in the section, *Key Operating Performance Indicators and Non-GAAP Financial Measures.*

The Unit Capability Factor at the Darlington GS decreased for the three months ended March 31, 2024, compared to the same period in 2023, due to a higher number of planned and unplanned outage days. The Unit Capability Factor at the Pickering GS increased for the three months ended March 31, 2024, compared to the same period in 2023, due to fewer planned and unplanned outage days.

Regulated – Nuclear Sustainability Services Segment

	Three Months Ended March 31	
(millions of dollars)	**2024**	**2023**
Revenue	**36**	48
Operations, maintenance and administration expenses	**36**	48
Accretion on nuclear fixed asset removal and nuclear waste management liabilities	**303**	292
Earnings on nuclear fixed asset removal and nuclear waste management funds	**(271)**	(259)
Loss before interest and income taxes	**(32)**	(33)

The segment loss before interest and income taxes decreased by $1 million for the three months ended March 31, 2024, compared to the same period in 2023. The decrease was primarily due to higher earnings on the Nuclear Segregated Funds, largely offset by higher accretion expense on the nuclear fixed asset removal and nuclear waste management liabilities (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 the three months ended March 31, 2024, and during the same period in 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 OPG's 2023 annual MD&A in the section, *Critical Accounting Policies and Estimates* under the heading, *Nuclear Fixed Asset Removal and Nuclear Waste Management Funds*.

Regulated – Hydroelectric Generation Segment

	Three Months Ended March 31	
(millions of dollars – except where noted)	**2024**	**2023**
Electricity generation (TWh)	**8.5**	8.3
Revenue [1]	**384**	385
Fuel expense	**70**	66
Gross margin	**314**	319
Operations, maintenance and administration expenses	**101**	97
Earnings before interest, income taxes, depreciation and amortization	**213**	222
Depreciation and amortization expenses	**46**	45
Earnings before interest and income taxes	**167**	177

[1] During the three months ended March 31, 2024 and 2023, the Regulated – Hydroelectric Generation business segment revenue included incentive payments of $2 million 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 decreased by $10 million for the three months ended March 31, 2024, compared to the same period in 2023. The decrease in earnings was mainly due to the impact of higher market prices on congestion management revenues in 2023, and higher OM&A expenses in 2024 driven by increased planned maintenance activities at the hydroelectric stations in the Niagara and Eastern regions in Ontario.

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

	Three Months Ended March 31	
	2024	**2023**
Hydroelectric Availability *(%)* [1]	**85.8**	89.1

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

The Hydroelectric Availability decreased for the three months ended March 31, 2024, compared to the same period in 2023, primarily due to higher planned outages at the regulated hydroelectric stations in the Eastern and Northwest regions in Ontario.

Contracted Hydroelectric and Other Generation Segment

(millions of dollars – except where noted)	Three Months Ended March 31 2024	2023
Electricity generation (TWh)	**1.4**	1.5
Revenue	**210**	217
Fuel expense	**13**	15
Gross margin	**197**	202
Operations, maintenance and administration expenses	**72**	71
Accretion on fixed asset removal liabilities	**2**	2
Property taxes	**5**	4
Other gains	**(3)**	-
Earnings before interest, income taxes, depreciation and amortization	**121**	125
Depreciation and amortization expenses	**43**	41
Earnings before interest and income taxes	**78**	84

Earnings before interest and income taxes from the segment decreased by $6 million for the three months ended March 31, 2024, compared to the same period in 2023. The decrease was mainly a result of lower earnings from the US operations, reflecting the impact of lower wholesale electricity market prices. The decrease was partially offset by higher earnings from the Ontario-based hydroelectric facilities, driven by higher revenues from the Lower Mattagami generating stations.

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

	Three Months Ended March 31 2024	2023
Hydroelectric Availability *(%)* [1, 2]	**84.0**	92.4
Thermal EFOR *(%)* [2]	**-**	5.7

[1] Hydroelectric Availability reflects the Company's 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 for the three months ended March 31, 2024, compared to the same period in 2023, primarily due to higher planned outages at the Lower Mattagami hydroelectric generating stations.

The Thermal EFOR decreased for the three months ended March 31, 2024, compared to the same period in 2023, due to improved availability at the Atikokan and Lennox GS.

Atura Power Segment

(millions of dollars– except where noted)	Three Months Ended March 31 2024	2023
Electricity Generation (TWh)	**3.2**	1.3
Revenue	**235**	176
Fuel expense	**105**	62
Gross margin	**130**	114
Operations, maintenance and administration expenses	**20**	17
Accretion on fixed asset removal liabilities	**1**	-
Property taxes	**1**	1
Earnings before interest, income taxes, depreciation and amortization	**108**	96
Depreciation and amortization expenses	**30**	29
Earnings before interest and income taxes	**78**	67

Earnings before interest and income taxes from the segment increased by $11 million for the three months ended March 31, 2024 compared to the same period in 2023. The increase in earnings was primarily due to a higher gross margin as a result of higher demand for electricity generation from the combined cycle plants.

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

	As At March 31 2024	2023
Thermal Availability *(%)* [1]	**89.6**	90.4

[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 period end date, calculated on a three-year rolling average basis.

The Thermal Availability for the combined cycle plants in the first quarter of 2024 was comparable to the same period in 2023.

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 were as follows:

	Three Months Ended March 31	
(millions of dollars)	**2024**	**2023**
Cash, cash equivalents and restricted cash, beginning of period	**1,481**	1,595
Cash flow provided by operating activities	**564**	502
Cash flow used in investing activities	**(811)**	(707)
Cash flow (used in) provided by financing activities	**(312)**	20
Effect of exchange rate changes on cash, cash equivalents and restricted cash	**4**	-
Net decrease in cash, cash equivalents and restricted cash	**(555)**	(185)
Cash and cash equivalents and restricted cash, end of period	**926**	1,410

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

Cash flow used in investing activities for the three months ended March 31, 2024 increased by $104 million, compared to the same period in 2023. The increase was primarily due to the acquisition of Lightstar on January 31, 2024 and higher capital expenditures, mainly within the Regulated – Nuclear Generation business segment. 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

Cash flow used in financing activities for the three months ended March 31, 2024 increased by $332 million, compared to the same period in 2023. The increase was primarily due to higher net repayments of long-term debt and lower net issuances of short-term debt in the first quarter of 2024, compared to the same period in 2023.

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

(*millions of dollars*)		**Amount**
Bank facilities:		
Corporate [1, 2]		**1,571**
Corporate [1]	US Dollars	**750**
Lower Mattagami Energy Limited Partnership [3]		**460**
OPG Eagle Creek Holdings LLC and subsidiaries	US Dollars	**20**
OEFC 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 March 31, 2024.

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

	As At	
(*millions of dollars*)	**March 31 2024**	**December 31 2023**
Lower Mattagami Energy Limited Partnership	**200**	200
Corporate commercial paper	**15**	-
Total short-term debt	**215**	200
Letters of credit	**530**	525
Guarantees [1]	**32**	32

[1] As at March 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 March 31, 2024, a total of $530 million of letters of credit had been issued. This included $308 million for the supplementary pension plans, $26 million for Atura Power, $60 million for Lower Mattagami Energy Limited Partnership, $95 million for general corporate purposes, $25 million for Eagle Creek and its subsidiaries, $15 million for UMH Energy Partnership, and $1 million for PSS Generating Station Limited Partnership.

Long-term debt balances were as follows:

	As At	
(*millions of dollars*)	**March 31 2024**	**December 31 2023**
Medium Term Notes payable	**4,650**	4,650
Senior notes payable under corporate credit facilities	**2,499**	2,822
Project financing	**2,889**	2,877
Other	**25**	25
Total long-term debt [1]	**10,063**	10,374

[1] Excludes the impact of fair value premium or discount and unamortized bond issuance fees.

BALANCE SHEET HIGHLIGHTS

Highlights of OPG's interim consolidated financial position are noted below:

(millions of dollars)	As at March 31 2024	As at December 31 2023
Property, Plant and equipment – net The increase was primarily due to capital expenditures during the quarter, partially offset by depreciation expense. Further details on capital expenditures can be found in the section, *Highlights* under the heading, *Capital Expenditures.*	**33,937**	33,460
Nuclear fixed asset removal and nuclear waste management funds *(current and non-current portions)* 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.	**21,801**	21,563
Long-term debt *(current and non-current portions)* The decrease was primarily due to debt repayments made to the OEFC during the first quarter of 2024.	**10,031**	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.	**25,619**	25,386

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.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

OPG's significant accounting policies are outlined in Note 3 to OPG's audited consolidated financial statements as at and for the year ended December 31, 2023. OPG's critical accounting policies are consistent with those noted in OPG's 2023 annual MD&A.

RISK MANAGEMENT

The discussion in this section is qualified in its entirety by the cautionary statements included in the section, *Forward-Looking Statements* at the beginning of the MD&A. The following section provides an update to the discussion of the Company's risks and risk management activities included in OPG's 2023 annual MD&A in the section, *Risk Management*.

Risks to Maintaining Financial Strength

Risks related to macro-economic factors, rate regulation, financial markets and long-term obligations could significantly impact OPG's financial performance. The Company is also exposed to risks such as changes in market prices of electricity and renewal of energy supply contracts. Additionally, escalation of the current conflicts in Ukraine and the Middle East, in conjunction with geo-political tensions between the US and China, could drive long-lasting implications for global commodity and financial markets.

Credit

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 energy market transactions as at March 31, 2024 was $538 million, including $457 million with the IESO. OPG continues to consider overall credit risk exposure relating to electricity sales to be low, as the majority of sales are through the IESO-administered market in Ontario.

Commodity Markets

Changes in the market prices of fuels used to produce electricity can adversely impact OPG's earnings and cash flow from operations.

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.

	2024 [1]	2025	2026
Estimated fuel requirements hedged *(%)* [2]	100%	73%	79%

[1] Based on actual fuel requirements hedged for the three months ended March 31, 2024 and forecast for the remainder of the year.

[2] 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.

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 were as follows:

	Three Months Ended March 31			
	2024		2023	
(millions of dollars)	**Income**	**Expense**	**Income**	**Expense**
Hydro One				
Electricity sales	**6**	**-**	6	-
Services	**-**	**2**	-	2
Dividends	**1**	**-**	1	-
Province of Ontario				
Change in Decommissioning Segregated Fund amount due to Province [1]	**-**	**413**	-	383
Change in Used Fuel Segregated Fund amount due to Province [1]	**-**	**551**	-	485
Hydroelectric gross revenue charge	**-**	**30**	-	29
OEFC				
Hydroelectric gross revenue charge	**-**	**41**	-	36
Interest expense on long-term notes	**-**	**23**	-	23
Income taxes	**-**	**70**	-	132
Property taxes	**-**	**3**	-	3
IESO				
Electricity related revenue	**1,582**	**-**	1,626	-
Fair Hydro Trust				
Interest income	**8**	**-**	8	-
	1,597	**1,133**	1,641	1,093

[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 March 31, 2024 and December 31, 2023, the Nuclear Segregated Funds were reported net of amounts due to the Province of $8,604 million and $7,640 million, respectively.

Balances between OPG and its related parties are summarized below:

	As at	
(millions of dollars)	**March 31 2024**	**December 31 2023**
Receivables from related parties		
Hydro One	**4**	4
IESO − Electricity related receivables	**457**	623
Fair Hydro Trust	**12**	4
OEFC	**9**	-
Province of Ontario	**7**	-
Loan receivable		
Fair Hydro Trust	**904**	905
Equity securities		
Hydro One shares	**157**	164
Accounts payable, accrued charges and other payables		
Hydro One	**1**	2
OEFC	**78**	82
Province of Ontario	**7**	8
IESO − Electricity related payables	**5**	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 March 31, 2024, the Nuclear Segregated Funds held $1,496 million of Province of Ontario bonds (December 31, 2023 – $1,603 million) and $3 million of Province of Ontario treasury bills (December 31, 2023 – $4 million). As of March 31, 2024, the OPG registered pension plan held $321 million of Province of Ontario bonds (December 31, 2023 − $336 million) and $6 million of Province of Ontario treasury bills (December 31, 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

The Company maintains a comprehensive system of policies, procedures, and processes that represents its framework for Internal Control over Financial Reporting (ICOFR) and for its Disclosure Controls and Procedures (DC&P). There were no changes in the Company's internal control system during the current interim period that has or is reasonably likely to have a material impact on the financial statements.

QUARTERLY FINANCIAL HIGHLIGHTS

The following tables set out selected 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.

(millions of dollars – except where noted) *(unaudited)*	**March 31 2024**	**December 31 2023**	**September 30 2023**	**June 30 2023**
Electricity generation *(TWh)*	**21.1**	20.8	20.9	19.5
Revenue	**1,767**	1,894	1,882	1,828
Net income	**225**	454	449	423
Less: Net income attributable to non-controlling interest	**4**	4	5	5
Net income attributable to the Shareholder	**221**	450	444	418
Earnings per share, attributable to the Shareholder *(dollars)* [1]	**$0.80**	$1.64	$1.62	$1.52

(millions of dollars – except where noted) *(unaudited)*	**March 31 2023**	**December 31 2022**	**September 30 2022**	**June 30 2022**
Electricity generation *(TWh)*	19.7	16.8	20.4	20.1
Revenue	1,830	1,557	1,978	1,856
Net income	433	205	488	451
Less: Net income attributable to non-controlling interest	4	2	4	5
Net income attributable to the Shareholder	429	203	484	446
Earnings per share, attributable to the Shareholder *(dollars)* [1]	$1.56	$0.74	$1.76	$1.62

[1] Earnings per share was calculated using the weighted average number of shares outstanding of 274.6 million for all periods presented. There were no dilutive securities during any of the periods presented.

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. As at March 31, 2024, the Darlington GS had two units in service and the Pickering GS had six units in service.

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

In addition to production reliability, cost effectiveness and financial performance indicators, OPG has identified certain environmental and safety performance measures. As applicable, these measures 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.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
MARCH 31, 2024

INTERIM CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

Three Months Ended March 31 *(millions of dollars except where noted)*	**2024**	**2023**
Revenue	**1,767**	1,830
Fuel expense	**253**	210
Gross margin	**1,514**	1,620
Operations, maintenance and administration expenses	**870**	749
Depreciation and amortization expenses	**300**	263
Accretion on fixed asset removal and nuclear waste management liabilities	**306**	295
Earnings on nuclear fixed asset removal and nuclear waste management funds	**(271)**	(259)
Property taxes	**12**	11
	1,217	1,059
Income before other (gains) losses, interest and income taxes	**297**	561
Other (gains) losses	**(3)**	1
Income before interest and income taxes	**300**	560
Net interest expense *(Note 5)*	**45**	36
Income before income taxes	**255**	524
Income tax expense	**30**	91
Net income	**225**	433
Net income attributable to the Shareholder	**221**	429
Net income attributable to non-controlling interest	**4**	4
Basic and diluted earnings per share *(dollars)* [1]	**0.80**	1.56

[1] The weighted average number of shares outstanding as at March 31, 2024 and 2023 was 274.6 million. There were no dilutive securities during the three months ended March 31, 2024 and 2023.

See accompanying notes to the interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

Three Months Ended March 31 *(millions of dollars)*	**2024**	**2023**
Net income	**225**	433
Other comprehensive income, net of income taxes *(Note 8)*		
Reclassification to income of amounts related to pension and other post-employment benefits [1]	**(1)**	(1)
Reclassification to income of amount related to derivatives designated as cash flow hedges [2]	**(1)**	-
Net (loss) gain on derivatives designated as cash flow hedges [3]	**(7)**	9
Currency translation adjustment	**49**	(3)
Other comprehensive income for the period	**40**	5
Comprehensive income	**265**	438
Comprehensive income attributable to the Shareholder	**261**	434
Comprehensive income attributable to non-controlling interest	**4**	4

1 Net of income tax recovery of nil for each of the three months ended March 31, 2024 and 2023.

2 Net of income tax recovery of nil for each of the three months ended March 31, 2024 and 2023.

3 Net of income tax recovery of $2 million and net of income tax expense of $3 million for the three months ended March 31, 2024 and 2023, respectively.

See accompanying notes to the interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

Three Months Ended March 31 *(millions of dollars)*	**2024**	**2023**
Operating activities		
Net income	**225**	433
Adjust for non-cash items:		
Depreciation and amortization expenses	**300**	263
Accretion on fixed asset removal and nuclear waste management liabilities	**306**	295
Earnings on nuclear fixed asset removal and nuclear waste management funds	**(271)**	(259)
Pension and other post-employment benefit costs *(Note 9)*	**91**	93
Deferred income tax expense	**1**	17
Regulatory assets and regulatory liabilities	**(2)**	(27)
Other	**(1)**	(16)
Expenditures on fixed asset removal and nuclear waste management	**(103)**	(93)
Reimbursement of eligible expenditures on nuclear fixed asset removal and nuclear waste management	**35**	33
Contributions to pension funds and expenditures on other post-employment benefits and supplementary pension plans	**(67)**	(80)
Net changes to other long-term assets and long-term liabilities	**29**	50
Net changes in non-cash working capital balances *(Note 14)*	**21**	(207)
Cash flow provided by operating activities	**564**	502
Investing activities		
Investment in property, plant and equipment and intangible assets	**(680)**	(598)
Acquisition of Lightstar Renewables and Lightstar Operations One *(Note 3)*	**(131)**	-
Purchase of new corporate headquarters real estate site	**-**	(102)
Short-term investments	**-**	(7)
Cash flow used in investing activities	**(811)**	(707)
Financing activities		
Net repayment of long-term debt *(Note 5)*	**(323)**	(20)
Distribution to non-controlling interest	**(5)**	(5)
Net issuance of short-term debt *(Note 6)*	**15**	45
Equity investment from non-controlling interest	**1**	-
Cash flow (used in) provided by financing activities	**(312)**	20
Effect of exchange rate changes on cash, cash equivalents and restricted cash	**4**	-
Net decrease in cash, cash equivalents and restricted cash	**(555)**	(185)
Cash, cash equivalents and restricted cash, beginning of period	**1,481**	1,595
Cash, cash equivalents and restricted cash, end of period	**926**	1,410

See accompanying notes to the interim consolidated financial statements

INTERIM CONSOLIDATED BALANCE SHEETS (UNAUDITED)

As at *(millions of dollars)*	**March 31 2024**	**December 31 2023**
Assets		
Current assets		
Cash, cash equivalents and restricted cash	**926**	1,481
Equity securities	**157**	164
Receivables from related parties	**489**	631
Nuclear fixed asset removal and nuclear waste management funds	**85**	68
Fuel inventory	**373**	295
Materials and supplies	**105**	106
Regulatory assets *(Note 4)*	**107**	143
Prepaid expenses	**338**	321
Other current assets *(Note 15)*	**359**	342
	2,939	3,551
Property, plant and equipment	**48,134**	47,339
Less: accumulated depreciation	**14,197**	13,879
	33,937	33,460
Intangible assets	**904**	802
Less: accumulated amortization	**329**	310
	575	492
Goodwill *(Note 3)*	**216**	168
Other assets		
Nuclear fixed asset removal and nuclear waste management funds	**21,716**	21,495
Loan receivable from related party	**904**	905
Long-term materials and supplies	**363**	382
Regulatory assets *(Note 4)*	**5,200**	5,078
Investments subject to significant influence	**53**	53
Other long-term assets	**115**	104
	28,351	28,017
	66,018	65,688

See accompanying notes to the interim consolidated financial statements

INTERIM CONSOLIDATED BALANCE SHEETS (UNAUDITED)

As at *(millions of dollars)*	**March 31 2024**	**December 31 2023**
Liabilities		
Current liabilities		
Accounts payable, accrued charges and other payables	**1,755**	1,729
Short-term debt *(Note 6)*	**215**	200
Long-term debt due within one year *(Note 5)*	**203**	603
Regulatory liabilities *(Note 4)*	**98**	131
	2,271	2,663
Long-term debt *(Note 5)*	**9,828**	9,739
Other liabilities		
Fixed asset removal and nuclear waste management liabilities *(Note 7)*	**25,619**	25,386
Pension liabilities	**861**	883
Other post-employment benefit liabilities	**2,676**	2,641
Long-term accounts payable and accrued charges	**278**	247
Deferred revenue	**362**	364
Deferred income taxes	**2,190**	2,149
Regulatory liabilities *(Note 4)*	**1,077**	1,025
	33,063	32,695
Equity		
Common shares [1]	**5,126**	5,126
Class A shares [2]	**787**	787
Contributed surplus	**29**	30
Retained earnings	**14,702**	14,481
Accumulated other comprehensive income (loss) *(Note 8)*	**25**	(15)
Equity attributable to the Shareholder	**20,669**	20,409
Equity attributable to non-controlling interest	**187**	182
Total equity	**20,856**	20,591
	66,018	65,688

[1] 256,300,010 Common shares outstanding at a stated value of $5,126 million as at March 31, 2024 and December 31, 2023, respectively.

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

Commitments and Contingencies *(Notes 5, 6, 9 and 12)*

See accompanying notes to the interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY (UNAUDITED)

Three Months Ended March 31 *(millions of dollars)*	**2024**	**2023**
Common shares	**5,126**	5,126
Class A shares	**787**	787
Contributed surplus		
Balance at beginning of period	**30**	32
Reclassification to income of amounts related to gain on deconsolidation of Fair Hydro Trust	**(1)**	(1)
Balance at end of period	**29**	31
Retained earnings		
Balance at beginning of period	**14,481**	12,740
Net income attributable to the Shareholder	**221**	429
Balance at end of period	**14,702**	13,169
Accumulated other comprehensive income (loss), net of income taxes *(Note 8)*		
Balance at beginning of period	**(15)**	128
Other comprehensive income	**40**	5
Balance at end of period	**25**	133
Equity attributable to the Shareholder	**20,669**	19,246
Equity attributable to non-controlling interest		
Balance at beginning of period	**182**	176
Equity investment from non-controlling interest	**6**	-
Income attributable to non-controlling interest	**4**	4
Distribution to non-controlling interest	**(5)**	(5)
Balance at end of period	**187**	175
Total equity	**20,856**	19,421

See accompanying notes to the interim consolidated financial statements

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION

These interim consolidated financial statements for the three months ended March 31, 2024 and 2023 include the accounts of Ontario Power Generation Inc. (OPG or the Company) and its subsidiaries. The Company consolidates its interest in entities over which it is able to exercise control and attributes the results to its sole shareholder, the Province of Ontario (the Province or the Shareholder). These interim consolidated financial statements have been prepared and presented in accordance with United States generally accepted accounting principles (US GAAP). These interim consolidated financial statements do not contain all of the disclosures required by US GAAP for annual financial statements. Accordingly, they should be read in conjunction with the annual consolidated financial statements of the Company as at and for the year ended December 31, 2023.

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 interim consolidated financial statement presentation.

Seasonal Variations

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.

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 variance and deferral accounts (regulatory accounts) authorized by the Ontario Energy Board (OEB).

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 Energy Supply Agreements with the Independent Electricity System Operator (IESO) and other long-term contracts for the contracted generating facilities in Ontario.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies followed in the presentation of these interim consolidated financial statements are consistent with those of the previous fiscal year.

Recent Accounting Pronouncements Not Yet Adopted

Improvements to Reportable Segment Disclosures

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (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. Based on OPG's continued assessment, this update is not expected to have a material impact on the disclosures contained in the Company's consolidated interim financial statements.

Improvements to Income Tax Disclosures

In December 2023, the FASB issued 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 continued assessment, this update is not expected to have a material impact on the disclosures contained in the Company's consolidated interim financial statements.

Recent Updates to Tax Laws Not Yet Effective

Following the Organization for Economic Cooperation and Development's recommendation, Canada released draft legislation in August 2023 that proposes to impose a global minimum tax of 15 percent on large multinational enterprises. If passed, the *Global Minimum Tax Act* (GMTA) will apply to Canadian multinational enterprises with revenues in excess of a certain threshold effective January 1, 2024. The GMTA is expected to apply to OPG, and the Company is monitoring the progress of this legislation and evaluating its impact.

3. ACQUISITIONS

On January 31, 2024, through its wholly-owned subsidiary, Eagle Creek Holdings LLC (Eagle Creek), OPG acquired Lightstar Renewables LLC and Lightstar Operations One LLC (collectively, Lightstar) for a total purchase price of approximately $163 million (US$121 million), including cash paid of $131 million (US$97 million) and a contingent consideration of $32 million (US$24 million), subject to the customary working capital and other adjustments. Lightstar is a developer, owner and operator of community solar assets in the United States (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, based on preliminary allocations, consisted of $125 million of intangible assets and property, plant and equipment (PP&E). Based on preliminary allocations, goodwill of $43 million was recognized. Goodwill represents the excess of the purchase price over the aggregate fair value of net assets acquired. The Company will continue to review information and perform further analysis prior to finalizing the fair value of the assets acquired and the liabilities assumed.

4. REGULATORY ASSETS AND REGULATORY LIABILITIES

The regulatory assets and regulatory liabilities consist of the following:

As at *(millions of dollars)*	**March 31 2024**	**December 31 2023**
Regulatory assets		
Variance and deferral accounts authorized by the OEB		
Rate Smoothing Deferral Account	**660**	654
Pension & OPEB Cash Versus Accrual Differential Deferral Account	**558**	602
Capacity Refurbishment Variance Account	**429**	384
Nuclear Liability Deferral Account	**424**	378
Hydroelectric Surplus Baseload Generation Variance Account	**385**	393
Nuclear Development Variance Account	**123**	122
Other variance and deferral accounts [1]	**140**	131
	2,719	2,664
Pension and OPEB Regulatory Asset *(Note 9)*	**624**	619
Deferred Income Taxes	**1,964**	1,938
Total regulatory assets	**5,307**	5,221
Less: current portion	**107**	143
Non-current regulatory assets	**5,200**	5,078
Regulatory liabilities		
Variance and deferral accounts authorized by the OEB		
Pension & OPEB Cash Payment Variance Account	**418**	426
Pension and OPEB Cost Variance Account	**337**	319
Hydroelectric Water Conditions Variance Account	**195**	185
Nuclear Deferral and Variance Over/Under Recovery Variance Account	**75**	77
Ancillary Services Net Revenue Variance Account	**46**	47
Other variance and deferral accounts [2]	**92**	87
	1,163	1,141
COVID-19 net credit to ratepayers	**12**	15
Total regulatory liabilities	**1,175**	1,156
Less: current portion	**98**	131
Non-current regulatory liabilities	**1,077**	1,025

[1] Represents amounts for the Hydroelectric Deferral and Variance Over/Under Recovery Variance Account, the Fitness for Duty Deferral Account, the Pickering Closure Costs Deferral Account, the Niagara Tunnel Project Pre-December 2008 Disallowance Variance Account, the Clarington Corporate Campus Variance Account, the Bruce Lease Net Revenues Variance Account, the Pickering B Extension Variance Account, the Impact Resulting from Changes to Pickering Station End-of-Life Dates (December 31, 2017) Deferral Account and the Impact Resulting from Optimization of Pickering Station End-of-Life Dates Deferral Account.

[2] Represents amounts for the Income and Other Taxes Variance Account, the SR&ED ITC Variance Account and the Pension & OPEB Forecast Accrual Versus Actual Cash Payment Differential Carrying Charges Variance Account.

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 addresses the anticipated impacts from the Market Renewal Program, an IESO initiative expected to result in a redesign of 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 (Proposed Settlement Agreement). The Proposed Settlement Agreement was submitted to the OEB for approval on May 3, 2024. If approved by the OEB, the Proposed Settlement Agreement will provide 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 represents a reduction of $22 million from the amounts sought in OPG's application. This includes 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 would be 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 Proposed 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. The Proposed Settlement Agreement did not impact OPG's financial results as at and for the three months ended March 31, 2024.

5. LONG-TERM DEBT AND NET INTEREST EXPENSE

Long-term debt consists of the following:

As at *(millions of dollars)*	**March 31 2024**	**December 31 2023**
Medium Term Note Program senior notes	**4,650**	4,650
Senior notes payable under corporate credit facilities	**2,499**	2,822
Lower Mattagami Energy Limited Partnership senior notes	**1,995**	1,995
PSS Generating Station Limited Partnership senior notes	**245**	245
UMH Energy Partnership senior notes	**163**	163
OPG Eagle Creek Holdings LLC and subsidiaries senior notes	**486**	474
Other	**25**	25
	10,063	10,374
Plus: net fair value premium	**3**	5
Less: unamortized bond issuance fees	**(35)**	(37)
Less: amounts due within one year	**(203)**	(603)
Long-term debt	**9,828**	9,739

For the three months ended March 31, 2024, net repayment of long-term debt under the Company's corporate credit facilities totalled $323 million (March 31, 2023 – $20 million), which comprised repayments of $400 million (March 31, 2023 – $20 million) and issuances of $77 million (March 31, 2023 – nil).

Net Interest Expense

The following table summarizes the net interest expense:

	Three Months Ended March 31	
(millions of dollars)	**2024**	**2023**
Interest on long-term debt	**92**	91
Interest on short-term debt	**4**	2
Interest income	**(23)**	(25)
Interest capitalized to property, plant and equipment and intangible assets	**(28)**	(34)
Interest related to regulatory assets and regulatory liabilities [1]	**-**	2
Net interest expense	**45**	36

[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.

6. SHORT-TERM DEBT

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

(millions of dollars)		**Amount**	**Maturity**
Bank facilities:			
Corporate		**1,571**	September 2027 and May 2028 [1]
Corporate	US Dollars	**750**	November 2024 [2]
Lower Mattagami Energy Limited Partnership		**460**	August 2028 [3]
OPG Eagle Creek Holdings LLC and subsidiaries	US Dollars	**20**	October 2028
Ontario Electricity Financial Corporation facility		**750**	December 2026 [4]

[1] Represents amounts available under the facility net of debt issuances. Of the total credit facilities, $571 million is expected to mature in September 2027 and is available to finance certain expenditures of the Darlington New Nuclear Project (DNNP), subject to certain conditions, and $1,000 million matures in May 2028.

[2] The facility has a one-year extension option beyond the maturity date of November 2024.

[3] A letter of credit of $60 million was outstanding under this facility as at March 31, 2024.

[4] Represents amounts available under the facility, net of debt issuances.

Short-term debt consist of the following:

As at *(millions of dollars)*	**March 31 2024**	**December 31 2023**
Lower Mattagami Energy Limited Partnership	**200**	200
Corporate commercial paper	**15**	-
Total short-term debt	**215**	200

As of March 31, 2024, a total of $530 million of letters of credit had been issued (December 31, 2023 – $525 million). As of March 31, 2024, this included $308 million for the supplementary pension plans, $26 million for Atura Power, $60 million for Lower Mattagami Energy Limited Partnership, $95 million for general corporate purposes, $25 million for Eagle Creek and its subsidiaries, $15 million for UMH Energy Partnership, and $1 million for PSS Generating Station Limited Partnership.

For the three months ended March 31, 2024, net issuances of short-term debt totalled $15 million (March 31, 2023 – $45 million), which comprised issuances of $415 million (March 31, 2023 – $110 million) and repayments of $400 million (March 31, 2023 – $65 million).

The weighted average interest rate on the short-term debt as at March 31, 2024 is 5.15 percent (December 31, 2023 – 5.29 percent).

7. FIXED ASSET REMOVAL AND NUCLEAR WASTE MANAGEMENT LIABILITIES

Liabilities for fixed asset removal and nuclear waste management on a present value basis consist of the following:

As at *(millions of dollars)*	**March 31 2024**	**December 31 2023**
Liability for used nuclear fuel management	**15,766**	15,623
Liability for nuclear decommissioning and nuclear low and intermediate level waste management	**9,579**	9,493
Liability for non-nuclear fixed asset removal	**274**	270
Fixed asset removal and nuclear waste management liabilities	**25,619**	25,386

8. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The changes in the balance of each component of accumulated other comprehensive income (loss) (AOCI), net of income taxes, were as follows:

	Three Months Ended March 31, 2024			
(millions of dollars)	**Unrealized Gains and Losses on Cash Flow Hedges**	**Pension and OPEB**	**Currency Translation Adjustment**	**Total**
Balance, beginning of period	**9**	**(33)**	**9**	**(15)**
Net loss on cash flow hedges	**(7)**	**-**	**-**	**(7)**
Amounts reclassified from AOCI	**(1)**	**(1)**	**-**	**(2)**
Translation of foreign operations	**-**	**-**	**49**	**49**
Other comprehensive (loss) income for the period	**(8)**	**(1)**	**49**	**40**
Balance, end of period	**1**	**(34)**	**58**	**25**

	Three Months Ended March 31, 2023			
(millions of dollars)	**Unrealized Gains and Losses on Cash Flow Hedges**	**Pension and OPEB**	**Currency Translation Adjustment**	**Total**
Balance, beginning of period	(6)	80	54	128
Net gain on cash flow hedges	9	-	-	9
Amounts reclassified from AOCI	-	(1)	-	(1)
Translation of foreign operations	-	-	(3)	(3)
Other comprehensive income (loss) for the period	9	(1)	(3)	5
Balance, end of period	3	79	51	133

The significant amounts reclassified out of each component of AOCI, net of income taxes, were as follows:

(millions of dollars)	Amount Reclassified from AOCI for the Three Months Ended March 31 2024	2023	Statement of Income Line Item
Amortization of amounts related to cash flow hedges			
Gains	**(1)**	-	Revenue and Net interest expense
Income tax recovery	**-**	-	Income tax expense
	(1)	-	
Amortization of amounts related to pension and OPEB			
Net actuarial gains, net of past service costs	**(1)**	(1)	See (1) below
Income tax recovery	**-**	-	Income tax expense
	(1)	(1)	
Total reclassifications for the period	**(2)**	(1)	

1 These AOCI components are included in the computation of pension and OPEB costs (see Note 9 for additional details).

Existing pre-tax net losses for derivatives of $1 million deferred in AOCI as at March 31, 2024 are expected to be reclassified to net income within the next 12 months.

9. PENSION AND OTHER POST-EMPLOYMENT BENEFITS

OPG's pension and other post-employment benefit (OPEB) costs for the three months ended March 31, 2024 and 2023 were as follows:

	Registered Pension Plans		Supplementary Pension Plans		Other Post-Employment Benefits	
(millions of dollars)	2024	2023	2024	2023	2024	2023
Components of Cost Recognized for the Year						
Current service costs	**76**	46	**2**	1	**25**	16
Interest on projected benefit obligation	**198**	196	**4**	4	**33**	32
Expected return on plan assets, net of expenses	**(258)**	(250)	**-**	-	**-**	-
Amortization of past service costs [1]	**-**	-	**-**	-	**1**	-
Amortization of net actuarial loss (gain) [1]	**-**	-	**1**	-	**(8)**	(13)
Costs recognized [2]	**16**	(8)	**7**	5	**51**	35

1 The net impact of amortization of past service costs and net actuarial loss (gain) is recognized as an increase (a decrease) to other comprehensive income. This decrease in the first quarter of 2024 was partially offset by an increase in the Pension and OPEB Regulatory Asset of $5 million (three months ended March 31, 2023 - a decrease in the Pension and OPEB Regulatory Liability of $12 million).

2 These pension and OPEB costs for the three months ended March 31, 2024 exclude the net addition of costs of $17 million resulting from the recognition of changes in the regulatory assets or regulatory liabilities for the Pension & OPEB Cost Variance Account, the Pension & OPEB Cash Versus Accrual Differential Deferral Account and the Pension & OPEB Cash Payment Variance Account (three months ended March 31, 2023 - net addition of costs of $61 million).

10. 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 debt issuances, fuels and certain materials and services purchased for generating stations and major development projects may be denominated in, or tied to, US dollars. To manage this risk, the Company employs 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 from operations. 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 sell energy and capacity into 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 was $1 million as at March 31, 2024 and December 31, 2023.

The fair value of the derivative instruments totalled a net liability of $11 million as at March 31, 2024 (December 31, 2023 − $6 million).

11. 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 interim 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 interim 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 March 31, 2024 and December 31, 2023 was as follows:

	Fair Value		Carrying Value [1]		
(millions of dollars)	**2024**	**2023**	**2024**	**2023**	**Balance Sheet Line Item**
Nuclear Segregated Funds (includes current portion) [2]	**21,801**	21,563	**21,801**	21,563	Nuclear fixed asset removal and nuclear waste management funds
Loan receivable - from Fair Hydro Trust	**795**	817	**904**	905	Loan receivable
Investment in Hydro One Limited Shares	**157**	164	**157**	164	Equity securities
Payable related to cash flow hedges	**-**	(1)	**-**	(1)	Long-term accounts payable and accrued charges
Long-term debt (includes current portion)	**(9,203)**	(9,793)	**(10,031)**	(10,342)	Long-term debt
Other financial instruments	**109**	107	**109**	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 Ontario Nuclear Funds Agreement 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 *(millions of dollars)*	**March 31, 2024** Level 1	Level 2	Level 3	Total
Assets				
Used Fuel Segregated Fund				
Investments measured at fair value, excluding investments measured at NAV	**6,759**	**6,077**	**-**	**12,836**
Investments measured at NAV [1]				**4,338**
				17,174
Due to Province				**(4,783)**
Used Fuel Segregated Fund, net				**12,391**
Decommissioning Segregated Fund				
Investments measured at fair value, excluding investments measured at NAV	**5,232**	**4,609**	**-**	**9,841**
Investments measured at NAV [1]				**3,390**
				13,231
Due to Province				**(3,821)**
Decommissioning Segregated Fund, net				**9,410**
Equity securities	**157**	**-**	**-**	**157**
Other financial assets	**53**	**1**	**88**	**142**
Liabilities				
Other financial liabilities	**(32)**	**-**	**(1)**	**(33)**

As at *(millions of dollars)*	**December 31, 2023** Level 1	Level 2	Level 3	Total
Assets				
Used Fuel Segregated Fund				
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
Decommissioning Segregated Fund				
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 interim consolidated balance sheets.

During the three months ended March 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 three months ended March 31, 2024 were as follows:

(millions of dollars)	**Other financial instruments**
Opening balance, January 1, 2024	**81**
Unrealized gains included in revenue	**3**
Purchases	**3**
Closing balance, March 31, 2024	**87**

Investments Measured at Net Asset Value

Nuclear Segregated Funds

Nuclear Segregated Funds' investments classified as Level 3 consist of real estate, infrastructure, and agriculture investments within the alternative investment portfolio. 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 March 31, 2024 were as follows:

(millions of dollars except where noted)	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice**
Alternative Investments				
Infrastructure	**4,203**	**1,403**	**n/a**	**n/a**
Real Estate	**3,125**	**1,300**	**n/a**	**n/a**
Private Debt	**79**	**462**	**n/a**	**n/a**
Other	**321**	**21**	**n/a**	**n/a**
Pooled Funds				
Short-term Investments	**22**	**n/a**	**Daily**	**1-5 days**
Fixed Income	**2,277**	**n/a**	**Daily**	**1-5 days**
Equity	**969**	**n/a**	**Daily**	**1-5 days**
Total	**10,996**	**3,186**		

The fair value of the pooled funds is classified as Level 2. Infrastructure, real estate, private debt and other investments are measured using NAV as a practical expedient for determining their fair value.

12. 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. Each of 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 interim consolidated financial position.

Guarantees

As at March 31, 2024, the total amount of guarantees provided by OPG was $32 million (December 31, 2023 – $32 million). As at March 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 March 31, 2024 were as follows:

(millions of dollars)	**2024** [1]	**2025**	**2026**	**2027**	**2028**	**Thereafter**	**Total**
Fuel supply agreements	55	143	119	92	77	110	596
Contributions to the OPG registered pension plan [2]	121	166	-	-	-	-	287
Long-term debt repayment	203	593	674	530	254	7,809	10,063
Interest on long-term debt	273	360	342	330	311	4,267	5,883
Short-term debt repayment	215	-	-	-	-	-	215
Commitments related to Darlington Refurbishment project and DNNP [3]	304	-	-	-	-	-	304
Operating licences	42	54	51	41	39	84	311
Operating lease obligations	16	13	12	9	4	21	75
Accounts payable, accrued charges and other payables	1,558	1	-	-	-	-	1,559
Other	106	53	18	15	11	86	289
Total	2,893	1,383	1,216	1,017	696	12,377	19,582

[1] Represents amounts for the remainder of the year.

[2] The pension contributions include ongoing funding requirements in accordance with the actuarial valuation of the OPG registered pension plan as at January 1, 2023. The next actuarial valuation of the OPG registered pension plan must have an effective date no later than January 1, 2026. The pension contributions are affected by various factors including market performance, changes in actuarial assumptions, plan experience, changes in the pension regulatory environment and the timing of funding valuations. Funding requirements after January 1, 2026 are excluded due to significant variability in the assumptions required to project the timing of future cash flows. The amount of OPG's additional, voluntary contribution, if any, is revisited from time to time.

[3] 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.

Collective Bargaining Agreements

The Company maintains labour agreements with the Power Workers' Union (PWU) and the Society of United Professionals (Society).

The two-year collective agreement between the PWU and OPG expired on March 31, 2024. Negotiations for a new renewal collective agreement began in February 2024 and are ongoing. The PWU bargaining unit represents approximately 50 percent of OPG's workforce.

Construction work in Ontario is performed through craft unions with established bargaining rights at OPG facilities. These bargaining rights are established either through the Electrical Power Systems Construction Association (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. One such agreement expired on April 30, 2023 and was renewed in March 2024 for a two-year term, covering the period from May 1, 2023 to April 30, 2025.

13. BUSINESS SEGMENTS

Segment (Loss) Income For the Three Months Ended March 31, 2024 *(millions of dollars)*	**Regulated**			**Unregulated**				
	Nuclear Generation	**Nuclear Sustainability Services**	**Hydroelectric Generation**	**Contracted Hydroelectric and Other Generation**	**Atura Power**	**Other**	**Elimination**	**Total**
Revenue	**893**	**-**	**384**	**204**	**235**	**9**	**-**	**1,725**
Leasing revenue	**7**	**-**	**-**	**-**	**-**	**1**	**-**	**8**
Other revenue	**-**	**36**	**-**	**6**	**-**	**51**	**(59)**	**34**
Total revenue	**900**	**36**	**384**	**210**	**235**	**61**	**(59)**	**1,767**
Fuel expense	**65**	**-**	**70**	**13**	**105**	**-**	**-**	**253**
Gross margin	**835**	**36**	**314**	**197**	**130**	**61**	**(59)**	**1,514**
Operations, maintenance and administration expenses	**673**	**36**	**101**	**72**	**20**	**27**	**(59)**	**870**
Depreciation and amortization expenses	**161**	**-**	**46**	**43**	**30**	**20**	**-**	**300**
Accretion on fixed asset removal and nuclear waste management liabilities	**-**	**303**	**-**	**2**	**1**	**-**	**-**	**306**
Earnings on nuclear fixed asset removal and nuclear waste management funds	**-**	**(271)**	**-**	**-**	**-**	**-**	**-**	**(271)**
Property taxes	**6**	**-**	**-**	**5**	**1**	**-**	**-**	**12**
Other gains	**-**	**-**	**-**	**(3)**	**-**	**-**	**-**	**(3)**
(Loss) income before interest and income taxes	**(5)**	**(32)**	**167**	**78**	**78**	**14**	**-**	**300**
Net interest expense								**45**
Income before income taxes								**255**
Income tax expense								**30**
Net income								**225**

Segment Income (Loss) For the Three Months Ended March 31, 2023 *(millions of dollars)*	**Regulated**			**Unregulated**				
	Nuclear Generation	**Nuclear Sustainability Services**	**Hydroelectric Generation**	**Contracted Hydroelectric and Other Generation**	**Atura Power**	**Other**	**Elimination**	**Total**
Revenue	1,033	-	385	194	176	6	-	1,794
Leasing revenue	7	-	-	-	-	2	-	9
Other revenue	-	48	-	23	-	28	(72)	27
Total revenue	1,040	48	385	217	176	36	(72)	1,830
Fuel expense	67	-	66	15	62	-	-	210
Gross margin	973	48	319	202	114	36	(72)	1,620
Operations, maintenance and administration expenses	559	48	97	71	17	29	(72)	749
Depreciation and amortization expenses	131	-	45	41	29	17	-	263
Accretion on fixed asset removal and nuclear waste management liabilities	-	292	-	2	-	1	-	295
Earnings on nuclear fixed asset removal and nuclear waste management funds	-	(259)	-	-	-	-	-	(259)
Property taxes	6	-	-	4	1	-	-	11
Other losses	-	-	-	-	-	1	-	1
Income (loss) before interest and taxes	277	(33)	177	84	67	(12)	-	560
Net interest expense								36
Income before income taxes								524
Income tax expense								91
Net income								433

14. NET CHANGES IN NON-CASH WORKING CAPITAL BALANCES

	Three Months Ended March 31	
(millions of dollars)	**2024**	**2023**
Receivables from related parties	**142**	(77)
Fuel Inventory	**(76)**	(47)
Materials and supplies	**7**	7
Prepaid expenses	**(5)**	18
Other current assets	**15**	27
Accounts payable, accrued charges and other payables	**(62)**	(135)
Net changes to non-cash working capital balances	**21**	(207)

15. ASSETS HELD FOR SALE

In July 2023, Eagle Creek entered into agreements to sell 22 hydroelectric generating stations in the US with a total capacity of approximately 47 megawatts (MW) across a number of regions, along with two storage reservoirs in the Mid-Western US, as part of the Company's strategy to optimize the US hydroelectric portfolio. The transactions are expected to close in 2024. The assets are no longer depreciated or amortized and are held within Other current assets on the interim consolidated balance sheets within the Contracted Hydroelectric and Other Generation business segment.