

August 13, 2024

## OPG reports 2024 second quarter financial results

### ***OPG issues first bonds under Sustainable Finance Framework; advances refurbishments of hydroelectric generating stations and explores other clean energy opportunities***

**Toronto** – Ontario Power Generation Inc. (OPG or Company) today reported its financial and operating results for the second quarter of 2024, with net income attributable to the Shareholder of \$160 million, compared to \$418 million for the same period last year. The decrease compared to the second quarter of 2023 was expected given the planned cyclical outage activities scheduled for Unit 2 of the Darlington nuclear generating station (Darlington GS), which concluded on May 16, 2024.

Second quarter highlights include:

#### **Bond Issuance under Sustainable Finance Framework**

In late June, OPG issued \$1 billion of bonds under its recently released Sustainable Finance Framework (Framework), which replaces OPG’s Green Bond Framework and expands eligible projects and programs to include, among others, small modular reactors, large new nuclear projects, low-carbon hydrogen, and battery energy storage. Along with expanding clean energy project eligibility, the Framework also provides opportunities to facilitate Indigenous communities and businesses’ participation in OPG projects and initiatives through procurement, training, education, and employment. The Company will use net proceeds of this issuance to fund Eligible Green Projects as defined under the Framework.

“The new Framework plays a key role in enabling the clean energy transition, while advancing OPG’s commitment to work with Indigenous communities, businesses, and organizations,” said Ken Hartwick, OPG President and CEO. “Expanding the eligible use of proceeds from these bonds allows us to maintain and grow clean energy generation and further our commitments in OPG’s Reconciliation Action Plan.”

#### **Darlington Refurbishment Update**

The Darlington Refurbishment project remains on plan, with Unit 1, the second last of the four units undergoing a mid-life renewal, tracking for completion in the fourth quarter of this year – ahead of its original schedule. Unit 4, the final unit to be refurbished, continues to track to the 2026 planned project completion date.

“We are in the home stretch and continue to demonstrate that large nuclear projects can be delivered on time or ahead of schedule,” said Hartwick. “OPG and our project partners will apply the lessons and innovations from the Darlington refurbishment to the planned refurbishment of Units 5 to 8 at Pickering station and other future projects to achieve similar success.”

### **Hydroelectric Refurbishments**

OPG continues to renew generating units across its hydroelectric fleet, recently announcing plans to refurbish units at the Sir Adam Beck Complex, the R.H. Saunders generating station and across facilities in eastern Ontario over the next two decades.

“Not only does refurbishing these longtime hydroelectric workhorses ensure that they will continue to produce clean power for decades to come, but it also creates almost 1,000 highly skilled jobs across the province,” said Hartwick. “Many of these stations have been powering Ontario for decades, and through the renewal currently underway, they will continue to play an essential role in the clean energy transition.”

### **Clean Energy Initiatives with Fusion Energy and Nuclear Partnerships**

In June, OPG and Stellarex Inc., a Princeton University fusion energy spinout, signed a Memorandum of Understanding (MOU) to explore the development and deployment of fusion energy in Ontario, including identifying potential future siting and deployment of a stellarator fusion energy device in the province.

“Electrifying Ontario will require an array of reliable clean energy technologies,” said Hartwick. “We have watched with interest as fusion energy moves toward eventual commercial implementation. This MOU recognizes the role that this rapidly developing technology may play in meeting Ontario’s increasing electricity demand.”

Also in the second quarter of 2024, OPG subsidiary Laurentis Energy Partners (LEP), through its Romanian-based subsidiary Canadian Nuclear Partners S.A., signed a long-term framework agreement to provide project management related services for the preparation and implementation of the Cernavoda Nuclear Power Plant Unit 1 refurbishment project in Romania. This partnership leverages LEP’s considerable experience and knowledge to enable clean electricity generation and energy independence.

### **Net income attributable to the Shareholder**

Net income attributable to the Shareholder decreased by \$258 million for the three months ended June 30, 2024, compared to the same period in 2023. The decrease was expected and largely attributable to lower earnings from the Regulated – Nuclear Generation business segment, primarily driven by a higher number of planned outage days in the cyclical maintenance schedule at the Darlington GS resulting in lower electricity generation, 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 was 18.9 terawatt hours (TWh) and 40.0 TWh for the three and six month periods ended June 30, 2024, respectively, compared to 19.5 TWh and 39.2 TWh for the same periods in 2023.

### *Regulated – Nuclear Generation Segment*

Electricity generation from the Regulated – Nuclear Generation business segment decreased by 1.5 TWh and 2.1 TWh during the three and six month periods ended June 30, 2024, respectively, compared to the same periods in 2023. The decreases in both periods were expected and primarily due to the planned cyclical maintenance work for Unit 2 at the Darlington GS. The decrease for the six months ended June 30, 2024 was partially offset by higher electricity generation at the Pickering nuclear generating station (Pickering GS) due to fewer planned outage days.

The Darlington GS unit capability factor decreased to 61.2 per cent and 64.7 per cent for the three and six month periods ended June 30, 2024, respectively, compared to 99.9 per cent for each of the three and six month periods ended June 30, 2023. The decreases in both periods were due to a higher number of planned and unplanned outage days.

The Pickering GS unit capability factor increased to 76.7 per cent and 78.5 per cent for the three and six month periods ended June 30, 2024, respectively, compared to 74.5 per cent and 74.6 per cent for the same periods in 2023. The increases in both periods were primarily due to fewer planned outage days, partially offset by a higher number of unplanned outage days.

### *Regulated – Hydroelectric Generation Segment*

Electricity generation from the Regulated – Hydroelectric Generation business segment for the three and six month periods ended June 30, 2024 was comparable to the same periods in 2023.

Availability at the regulated hydroelectric stations decreased to 83.5 per cent and 84.6 per cent for the three and six month periods ended June 30, 2024, respectively, compared to 90.8 per cent and 89.9 per cent for the same periods in 2023. The decreases in both periods were primarily due to higher planned outages across the regulated hydroelectric fleet.

### *Contracted Hydroelectric and Other Generation Segment*

Electricity generation from the Contracted Hydroelectric and Other Generation business segment for the three and six month periods ended June 30, 2024 was comparable to the same periods in 2023.

Availability of the hydroelectric stations in the business segment decreased to 79.4 per cent and 81.7 per cent for the three and six month periods ended June 30, 2024, respectively, compared to 91.0 per cent and 91.7 per cent for the three and six month periods ended June 30, 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 0.6 TWh and 2.5 TWh during the three and six month periods ended June 30, 2024, respectively, compared to the same periods in 2023, primarily due to higher demand for electricity generation from the combined cycle plants.

Thermal Availability of the generating stations in the segment decreased to 87.9 per cent as at June 30, 2024, compared to 89.9 per cent as at June 30, 2023, primarily due to a planned outage at the Halton Hills generating station.

### **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 second 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.

Unit 1 refurbishment activities are currently in the fourth and final major segment, Power Up. The loading of new fuel into the reactor was completed in May 2024. The project is currently working to restore the reactor vault, which includes removing the bulkheads to reconnect Unit 1 back to the operating units. Vault restoration is on track for completion in August 2024. Achievement of this milestone will represent the completion of construction work, full reconnection of Unit 1 to the station, and transition of the unit to start-up activities.

Unit 4 refurbishment activities are currently in the second major segment, Disassembly, and continue to progress on schedule. 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, which will mark the end of the Disassembly segment. 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 and six month periods ended June 30, 2024, section, *Core Business and Outlook* under the heading, *Project Excellence*.

## FINANCIAL AND OPERATIONAL HIGHLIGHTS

<i>(millions of dollars – except where noted)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Revenue	1,691	1,828	3,458	3,658
Fuel expense	240	216	493	426
Operations, maintenance and administration expenses	840	847	1,710	1,596
Depreciation and amortization expenses	304	262	604	525
Accretion on fixed asset removal and nuclear waste management liabilities	305	294	611	589
Earnings on nuclear fixed asset removal and nuclear waste management funds	(274)	(263)	(545)	(522)
Other net expenses (gains)	33	(16)	42	(4)
Earnings before interest and income taxes	243	488	543	1,048
Net interest expense	51	33	96	69
Income tax expense	26	32	56	123
Net income	166	423	391	856
<b>Net income attributable to the Shareholder</b>	<b>160</b>	<b>418</b>	<b>381</b>	<b>847</b>
<b>Net income attributable to non-controlling interest <sup>1</sup></b>	<b>6</b>	<b>5</b>	<b>10</b>	<b>9</b>
<b>Earnings (loss) before interest and income taxes</b>				
Electricity generating business segments	290	472	608	1,077
Regulated – Nuclear Sustainability Services	(28)	(28)	(60)	(61)
Other	(19)	44	(5)	32
Earnings before interest and income taxes	243	488	543	1,048
<b>Cash flow provided by operating activities</b>	<b>540</b>	<b>643</b>	<b>1,104</b>	<b>1,145</b>
<b>Capital expenditures <sup>2</sup></b>	<b>993</b>	<b>694</b>	<b>1,719</b>	<b>1,237</b>
<b>Electricity generation (TWh)</b>				
Regulated – Nuclear Generation	7.2	8.7	15.2	17.3
Regulated – Hydroelectric Generation	8.3	8.0	16.8	16.3
Contracted Hydroelectric and Other Generation <sup>3</sup>	1.6	1.6	3.0	3.1
Atura Power	1.8	1.2	5.0	2.5
Total OPG electricity generation	18.9	19.5	40.0	39.2
<b>Nuclear unit capability factor (per cent) <sup>4</sup></b>				
Darlington Nuclear GS	61.2	99.9	64.7	99.9
Pickering Nuclear GS	76.7	74.5	78.5	74.6
<b>Availability (per cent)</b>				
Regulated – Hydroelectric Generation	83.5	90.8	84.6	89.9
Contracted Hydroelectric and Other Generation – hydroelectric stations	79.4	91.0	81.7	91.7
Atura Power <sup>5</sup>	87.9	89.9	87.9	89.9
<b>Equivalent forced outage rate (per cent)</b>				
Contracted Hydroelectric and Other Generation – thermal stations	0.9	1.5	0.4	3.6

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Includes OPG's proportionate share of electricity generation from co-owned and minority shareholdings in electricity generating facilities.

<sup>4</sup> 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.

<sup>5</sup> 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 and six month periods ended June 30, 2024, can be accessed on OPG's web site ([www.opg.com](http://www.opg.com)), the Canadian Securities Administrators' web site ([www.sedarplus.com](http://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 SECOND 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 and six month periods ended June 30, 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 August 13, 2024.

Additional information about OPG, including the Company's Annual Information Form, is available on SEDAR+ [www.sedarplus.com](http://www.sedarplus.com) and the Company's website at [www.opg.com](http://www.opg.com).



## FORWARD-LOOKING STATEMENTS

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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:

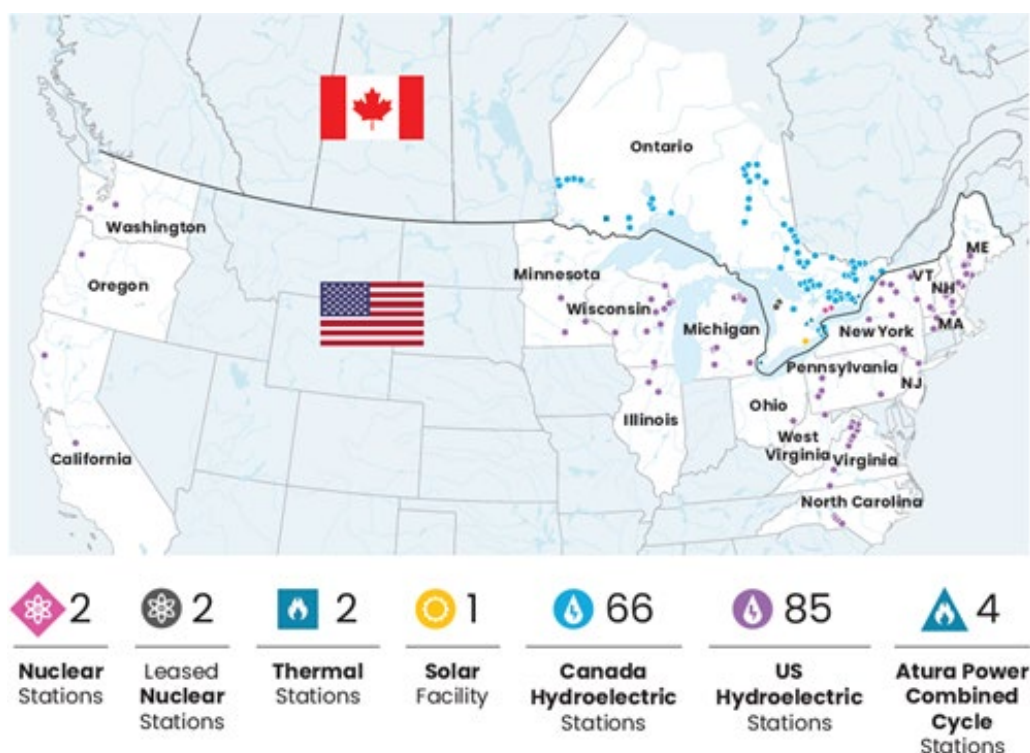
- "Earnings before Interest, Income Taxes, Depreciation and Amortization"; and
- "Gross Margin".

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 June 30, 2024.

As at June 30, 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 June 30, 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 business segment.

## Reporting Structure

The composition of OPG's reportable business segments effective as at June 30, 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 June 30, 2024 and December 31, 2023 was as follows:

(MW)	As At	
	June 30 2024	December 31 2023
Regulated – Nuclear Generation <sup>1</sup>	4,850	4,850
Regulated – Hydroelectric Generation	6,566	6,566
Contracted Hydroelectric and Other Generation <sup>2</sup>	4,105	4,105
Atura Power	2,715	2,715
<b>Total <sup>3</sup></b>	<b>18,236</b>	<b>18,236</b>

<sup>1</sup> The in-service generating capacity as at June 30, 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.

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

<sup>3</sup> 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 and six month periods ended June 30, 2024, compared to the same periods in 2023. A discussion of OPG's performance by business segment can be found in the section, *Discussion of Operating Results by Business Segment*.

<i>(millions of dollars – except where noted)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Revenue	1,691	1,828	3,458	3,658
Fuel expense	240	216	493	426
Operations, maintenance and administration expenses	840	847	1,710	1,596
Depreciation and amortization expenses	304	262	604	525
Accretion on fixed asset removal and nuclear waste management liabilities	305	294	611	589
Earnings on nuclear fixed asset removal and nuclear waste management funds	(274)	(263)	(545)	(522)
Other net expenses (gains)	33	(16)	42	(4)
Earnings before interest and income taxes	243	488	543	1,048
Net interest expense	51	33	96	69
Income tax expense	26	32	56	123
Net income	166	423	391	856
Net income attributable to the Shareholder	160	418	381	847
Net income attributable to non-controlling interest <sup>1</sup>	6	5	10	9
Electricity generation (TWh) <sup>2</sup>	18.9	19.5	40.0	39.2
Cash flow provided by operating activities	540	643	1,104	1,145
Capital expenditures <sup>3</sup>	993	694	1,719	1,237
Earnings (loss) before interest and income taxes by segment				
Regulated – Nuclear Generation	14	168	9	445
Regulated – Hydroelectric Generation	159	165	326	342
Contracted Hydroelectric and Other Generation <sup>4</sup>	65	81	143	165
Atura Power	52	58	130	125
Total electricity generating business segments	290	472	608	1,077
Regulated – Nuclear Sustainability Services	(28)	(28)	(60)	(61)
Other	(19)	44	(5)	32
Earnings before interest and income taxes	243	488	543	1,048

<sup>1</sup> 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.

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

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

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

## Second Quarter

Net income attributable to the Shareholder was \$160 million for the second quarter of 2024, representing a decrease of \$258 million compared to the same quarter in 2023.

Earnings before interest and income taxes (EBIT) were \$243 million for the second quarter of 2024, representing a decrease of \$245 million compared to the same quarter in 2023.

### *Significant factors that decreased EBIT:*

- Decrease in revenue of \$188 million from the Regulated – Nuclear Generation business segment, due to lower electricity generation of 1.5 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 higher 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;
- Higher depreciation and amortization expenses of \$28 million from the Regulated – Nuclear Generation business segment, primarily due to higher depreciation expenses recognized from placing capital in service, including the return to service of Unit 3 of the Darlington GS following refurbishment in July 2023; and
- Higher other net expenses of \$49 million, largely due to a loss of \$25 million recorded in the second quarter of 2024 in connection with the OEB's decision and order approving the proposed settlement on OPG's application requesting disposition of regulatory account balances filed in December 2023 (Settlement Agreement) issued on June 13, 2024, compared to a gain of \$30 million recognized in the second quarter of 2023 related to the sale of certain premises located at 800 Kipling Avenue in Toronto, Ontario in October 2022. The Settlement Agreement is discussed further in the section, *Significant Developments* under the heading, *Financial Strength – OPG's Application with the OEB for Disposition of Deferral and Variance Accounts*.

### *Significant factor that increased EBIT:*

- Lower OM&A expenses of \$50 million from the Regulated – Nuclear Generation business segment, primarily due to higher compensation expenses recognized in the second quarter of 2023 related to the impact on OPG's collective agreements of the Ontario Superior Court's decision that found unconstitutional provincial legislation that set limits on compensation increases for employees in the Ontario public sector (Bill 124 Court Decision) and the OEB's subsequent decision issued in June 2023 that denied OPG's request for a regulatory variance account to record these cost impacts. 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 \$18 million in the second quarter of 2024, compared to the same quarter in 2023. The increase was largely due to lower interest earned on the Company's cash and cash equivalent balance and 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 of the Darlington GS in July 2023.

Income tax expense decreased by \$6 million for the three months ended June 30, 2024, compared to the same period in 2023. The decrease was primarily due to the impact of lower earnings before income taxes and certain tax adjustments recorded in the second quarter of 2023.

### Year-To-Date

Net income attributable to the Shareholder was \$381 million for the first six months of 2024, representing a decrease of \$466 million compared to the same period in 2023.

Earnings before interest and income taxes were \$543 million for the first six months of 2024, a decrease of \$505 million compared to the same period in 2023.

#### *Significant factors that decreased EBIT:*

- Net decrease in revenue of \$291 million from the Regulated – Nuclear Generation business segment, as a result of lower electricity generation of 2.1 TWh and a lower nuclear base regulated price in effect during 2024. The lower electricity generation was expected and primarily due to higher planned outage days at the Darlington GS 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);
- Higher OM&A expenses of \$64 million from the Regulated – Nuclear Generation business segment, primarily due to higher expenditures related to the cyclical maintenance activities and other planned maintenance work executed as a result of higher planned outage days at the Darlington GS, partially offset by lower expenses due to fewer planned outage days at the Pickering GS;
- Higher depreciation and amortization expenses of \$58 million from the Regulated – Nuclear Generation business segment, 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; and
- Higher other net expenses of \$46 million, largely due to a loss of \$25 million recorded in the second quarter of 2024 in connection with the OEB's decision and order approving the Settlement Agreement issued on June 13, 2024, compared to a gain of \$30 million recognized in the second quarter of 2023 related to the sale of certain premises located at 800 Kipling Avenue in Toronto, Ontario in October 2022.

Net interest expense increased by \$27 million for the six months ended June 30, 2024, compared to the same period in 2023, largely due to lower interest costs capitalized related to the Darlington Refurbishment project expenditures as a result of the return to service of Unit 3 of the Darlington GS in July 2023 and lower interest earned on the Company's cash and cash equivalent balance.

Income tax expense decreased by \$67 million for the six months ended June 30, 2024, compared to the same period in 2023. The decrease was primarily due to the impact of lower earnings before income taxes and certain tax adjustments recorded in the second quarter of 2023.

## 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 and six month periods ended June 30, 2024 and 2023 was as follows:

(TWh)	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Regulated – Nuclear Generation	7.2	8.7	15.2	17.3
Regulated – Hydroelectric Generation	8.3	8.0	16.8	16.3
Contracted Hydroelectric and Other Generation <sup>1</sup>	1.6	1.6	3.0	3.1
Atura Power	1.8	1.2	5.0	2.5
<b>Total OPG electricity generation</b>	<b>18.9</b>	<b>19.5</b>	<b>40.0</b>	<b>39.2</b>

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

Total OPG electricity generation decreased by 0.6 TWh for the three months ended June 30, 2024, compared to the same period in 2023, and increased by 0.8 TWh for the six months ended June 30, 2024, compared to the same period in 2023.

Electricity generation from the Regulated – Nuclear Generation business segment decreased by 1.5 TWh and 2.1 TWh for the three and six month periods ended June 30, 2024, respectively, compared to the same periods in 2023. The decreases in both periods were primarily due to higher planned and unplanned outage days at the Darlington GS. The decrease for the six months ended June 30, 2024 was partially offset by higher electricity generation at the Pickering GS due to fewer planned outage days.

Electricity generation from the Regulated – Hydroelectric Generation business segment for the three and six month periods ended June 30, 2024 was comparable to the same periods in 2023.

Electricity generation from the Contracted Hydroelectric and Other Generation business segment for the three and six month periods ended June 30, 2024 was comparable to the same periods in 2023.

Electricity generation from the Atura Power business segment increased by 0.6 TWh and 2.5 TWh for the three and six month periods ended June 30, 2024, respectively, compared to the same periods in 2023, primarily due to higher demand for electricity generation from the combined cycle plants.

Ontario's electricity demand as reported by the IESO for the three and six month periods ended June 30, 2024, excluding electricity exports out of the province, was 32.7 TWh and 68.5 TWh, respectively, compared to 31.7 TWh and 67.3 TWh for the same periods 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 for the three and six month periods ended June 30, 2024, compared to the same periods in 2023. Production forgone at OPG's regulated hydroelectric stations due to SBG conditions was 0.2 TWh for the three and six month periods ended June 30, 2024, compared to 0.5 TWh and 0.8 TWh, respectively, for the same periods 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 \$540 million and \$1,104 million for the three and six month periods ended June 30, 2024, respectively, compared to \$643 million and \$1,145 million for the same periods in 2023.

The decrease for the three months ended June 30, 2024 was primarily due to lower revenue receipts from the Regulated – Nuclear Generation business segment, partially offset by lower income tax installment payments and lower OM&A expenditures.

The decrease for the six months ended June 30, 2024 was primarily due to lower revenue receipts from the Regulated – Nuclear Generation business segment, and higher OM&A expenditures. The decrease was partially offset by lower income tax installment payments.

## Capital Expenditures

Capital expenditures for the three and six month periods ended June 30, 2024 and 2023 were as follows:

<i>(millions of dollars)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Regulated – Nuclear Generation – Darlington Refurbishment Project	262	265	493	490
Regulated – Nuclear Generation – Excluding Darlington Refurbishment Project	441	218	711	372
Regulated – Hydroelectric Generation	86	72	159	127
Contracted Hydroelectric and Other Generation	45	80	98	160
Atura Power	126	31	200	35
Other <sup>1</sup>	33	28	58	53
<b>Total capital expenditures <sup>2</sup></b>	<b>993</b>	<b>694</b>	<b>1,719</b>	<b>1,237</b>

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

<sup>2</sup> Includes net changes in accruals.

Total capital expenditures increased by \$299 million and \$482 million for the three and six month periods ended June 30, 2024, respectively, compared to the same periods in 2023.

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

Excluding the Darlington Refurbishment project, capital expenditures for the Regulated – Nuclear Generation business segment increased by \$223 million and \$339 million for the three and six month periods ended June 30, 2024, respectively, compared to the same periods in 2023. The increases in both periods were primarily due to increased expenditures on small modular reactors (SMR) at the Darlington New Nuclear Project (DNNP) site, expenditures on pre-execution phase refurbishment activities for Units 5 to 8 at the Pickering GS, and expenditures related to the water treatment facility at the Darlington GS. The increases in both periods were partially offset by lower expenditures on primary moisture separators replacements on the Darlington GS units, a component of steam generators.

Capital expenditures for the Regulated – Hydroelectric Generation business segment increased by \$14 million and \$32 million for the three and six month periods ended June 30, 2024, respectively, compared to the same periods in 2023. The increases in both periods were primarily due to higher expenditures on the ongoing cyclical turbine and generator refurbishment program for hydroelectric generating stations across Ontario and higher expenditures for the rehabilitation work at the Frederick House Lake Dam in northeastern Ontario. The increases in both periods were 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 \$35 million and \$62 million for the three and six month periods ended June 30, 2024, respectively, compared to the same periods in 2023. The decreases in both periods were 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, and lower expenditures on the Smoky Falls Dam Safety project, as two gates were placed in service in the first quarter of 2024.

Capital expenditures for the Atura Power business segment increased by \$95 million and \$165 million for the three and six month periods ended June 30, 2024, respectively, compared to the same periods in 2023. The increases in both periods were primarily due to higher expenditures on the development of a battery energy storage system at the Napanee GS site (Napanee BESS) under a capacity agreement with the IESO executed in 2023, expenditures for the expansion of the combined cycle plant at the Napanee GS under a long-term contract with the IESO executed in June 2024, higher expenditures on the advancement of the Niagara Hydrogen Centre (NHC), a low-carbon hydrogen development project, and higher expenditures for overhaul activities at existing combined cycle plant facilities. Further details on the project to expand the combined cycle plant at the Napanee GS can be found in the section, *Significant Developments* under the heading, *Napanee Generating Station Expansion*.

Capital expenditures within the Other category were comparable to the same periods 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

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### Project Excellence

#### 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 final major segment, Power Up, and is progressing towards its expected return to service in the fourth quarter of 2024, ahead of its original schedule set for the second quarter of 2025. In preparation for the unit start-up activities, the project is working toward completion of the vault restoration, and the next regulatory approval from the CNSC to proceed with the removal of the Unit 1 Guaranteed Shutdown State, to be followed by the regulatory approval which will allow OPG to increase reactor power above one percent of full power up to 35 percent of full power. Subsequently, the CNSC's approval will be required to increase reactor power above 35 percent of full power, paving the way for Unit 1 to return to service.

Unit 4 refurbishment at the Darlington GS is currently in the second major segment, Disassembly. As part of this segment, 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. Following the completion of early-phase site preparation work for the first SMR and site clearing activities for the three planned additional SMRs in March 2024, the project has commenced main site preparation activities. The project completed the tunnel boring machine launch shaft retaining wall for the condenser cooling water system in June 2024 and is commencing to drill for the reactor building shaft retaining wall. The project is also continuing to progress planning and procurement of long-lead items such as the fabrication of the reactor pressure vessel (RPV). The RPV is the core of a nuclear generating station design, acting as the primary pressure vessel and integrated steam generator, providing natural circulation for safe and efficient electricity generation.

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

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

### Napanee Generating Station Expansion

In June 2024, Atura Power entered a long-term contract with the IESO for the expansion of the combined cycle plant at the Napanee GS. The Napanee Generating Station Expansion project will add an additional combustion turbine generator unit at the Napanee GS site, providing up to 405 MW of electricity output to Ontario's electricity grid. The project was selected through the IESO's long-term procurement process, which sought 918 MW of non-storage capacity to support the province's growing electricity system needs. Natural gas-fired generation facilities continue to be an important component of maintaining the reliability of Ontario's electricity system during the energy transition by providing the flexibility to meet changing daily electricity demand and capacity requirements and enabling intermittent sources of generation such as wind and solar. Engineering design and procurement of major equipment for the project are progressing on schedule, and construction is expected to commence in 2025, with the facility projected to be in service in 2028 under a 12-year capacity agreement. Further details on the project can be found in the section, *Core Business and Outlook* under the heading, *Project Excellence*.

### **Financial Strength**

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

In December 2023, OPG filed an application with the OEB requesting disposition of regulatory account balances as at December 31, 2022, less amounts previously approved for recovery or repayment of the regulatory account balances as of December 31, 2019, through incremental rate riders on nuclear and regulated hydroelectric electricity generation. The application also 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. On June 13, 2024, the OEB issued a decision and order approving the Settlement Agreement, providing for the recovery of a net total of \$481 million in connection with amounts recorded in OPG's regulatory accounts and associated income tax impacts, which 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 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 will 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 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. In the second quarter of 2024, the Company recorded a loss of \$25 million in connection with the OEB's decision and order on the Settlement Agreement. Revenue received from the recovery of regulatory account balances is largely offset by amortization expense of regulatory assets and regulatory liabilities recorded for these balances.

#### Green Bonds

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

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

On June 28, 2024, OPG issued \$1 billion of green bonds under its Sustainable Finance Framework, through its Medium Term Note Program. The issuance consisted of \$500 million of senior notes maturing in June 2034, with a coupon interest rate of 4.83 percent, and \$500 million of senior notes maturing in June 2054, with a coupon interest rate of 4.99 percent. The net proceeds from the issuance will be used to finance or re-finance Eligible Green Projects as defined under the Sustainable Finance Framework.

## Operational Excellence

### Refurbishment of Hydroelectric Generating Stations

As part of the efforts to refurbish the Company's existing hydroelectric stations, OPG continues to progress on an ongoing cyclical turbine and generator refurbishment program for its hydroelectric generating units across Ontario.

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. 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.

In May 2024, OPG announced it is advancing the refurbishment of R.H. Saunders GS, located on the St. Lawrence River. The project will involve the refurbishment of 16 generating units, securing 1,045 MW of renewable electricity to help meet the increasing demand from electrification. The refurbishment work is expected to continue over the next 16 years.

In June 2024, OPG announced the refurbishment of the following eight hydroelectric generating stations in eastern Ontario: the Arnprior, Barrett Chute, Mountain Chute, and Stewartville generating stations located on the Madawaska River and the Chats Falls, Chenaux, Des Joachims, and Otto Holden generating stations located on the Ottawa River. The work involves the refurbishment of 45 generating units to ensure continued reliable operations for approximately an additional 30 years, securing up to approximately 1,600 MW of renewable electricity. Included in these 45 generating units are eight units each at the Chenaux GS and the Otto Holden GS, with a total generating capacity of approximately 385 MW, for which refurbishment work is expected to commence in 2024 and continue over the next 20 years.

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

### Power Workers' Union Collective Agreement

The two-year collective agreement between the Power Workers' Union (PWU) and OPG expired on March 31, 2024. On August 7, 2024, the parties reached a tentative renewal collective agreement, which is subject to a ratification vote by the PWU membership. The PWU bargaining unit represents approximately 50 percent of OPG's workforce.

## CORE BUSINESS AND OUTLOOK

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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 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, which was held in June 2024. Following the end of commercial operation of Units 1 and 4 of the Pickering GS in late 2024, the units will be placed in a safe storage state under the current operating licence for the Pickering GS.

Following OPG's submission of a 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. Planning work is ongoing to determine which refurbishment activities for Units 5 to 8 could be conducted under the existing CNSC operating licence for the Pickering GS, valid until August 31, 2028. Licence amendments and renewals would be sought as required for the remainder of the refurbishment activities.

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

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 and the replacement of the primary moisture separators at Unit 1 and Unit 4 is \$380 million. The replacement of the primary moisture separators in the first two SGs at Unit 3 and for the four SGs at Unit 1 was completed in the third quarter of 2023 and the second quarter of 2024, respectively. The replacement work at Unit 4 is currently progressing as planned and is tracking to the timeline of the project. Life-to-date capital expenditures for the project were \$227 million as of June 30, 2024. The scope of work for Unit 2 and the remaining SGs at Unit 3 is planned to be executed under a future project.

#### *Renewable Generation Operations*

OPG coordinates and collaborates with various government agencies, municipalities, Indigenous partners and community stakeholders to ensure the river systems on which the Company operates are managed safely and effectively, while meeting electricity generation needs. During the spring of 2024, a number of river systems in the North Bay area in Ontario experienced high water levels and flows as a result of heavy rainfall in April 2024. OPG managed these events safely and effectively, by maintaining a strong focus on dam and public safety and coordinating with municipalities and community stakeholders in the affected watersheds.

#### *Thermal Operations*

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

Atura Power's Brighton Beach GS operated under an energy conversion agreement with Shell Energy North America (Canada) Inc. until July 15, 2024. Effective July 16, 2024, the facility operates under a new ESA with the IESO for a term of 10 years.

#### Sale of Assets

In July 2023, Eagle Creek entered into agreements to sell 22 hydroelectric generating stations in the US with a total capacity of approximately 47 MW across a number of regions, along with two storage reservoirs in the Mid-Western US.

In June 2024, the transaction was terminated. Following the termination, the criteria for classifying these assets as held for sale were no longer met, and the assets were reclassified to property, plant and equipment (PP&E) and intangible assets on the interim consolidated balance sheets. The assets' net book values have been adjusted for depreciation and amortization expense that would have been recognized had the assets continued to be classified as PP&E and intangible assets during the period that they were considered to be held for sale. The assets continue to be valued at the lower of carrying value and fair value.

#### Collective Agreements

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 <i>(millions of dollars)</i>	Capital Expenditures		Approved Budget	Expected In-service Date	Current Status
	Year-to-date	Life-to-date			
Darlington Refurbishment	492	10,695	12,800 <sup>1</sup>	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	43	282	390	2024	During the second quarter of 2024, removal of the west sluiceway superstructure and gates were completed ahead of the original schedule. Concrete closure of west sluiceway and dam stabilization continue 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	112	194	1,500 <sup>2</sup>	Niagara Hydrogen Centre – 2026 Napanee BESS – 2026 Napanee Generating Station Expansion Project – 2028	Initial groundwork and the procurement of critical equipment have been completed for the NHC, with permitting activities, along with equipment testing, in progress. Permitting delays have impacted the project schedule, affecting construction milestones. The project is now expected to be in service in 2026.  The Napanee BESS project continues to advance engineering and permitting activities and is progressing on schedule.  Engineering and design activities along with procurement of critical equipment are progressing on schedule for the Napanee GS Expansion project.  These projects are tracking within the approved budget.

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

<sup>2</sup> The total project budget of approximately \$1.5 billion is for the Niagara Hydrogen Centre, the Napanee BESS and the Napanee GS Expansion 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 loading of new fuel into the reactor was completed in May 2024. The project is currently working to restore the reactor vault, which includes removing the bulkheads to reconnect Unit 1 back to the operating units. Vault restoration is on track for completion in August 2024. Achievement of this milestone will represent the completion of construction work, full reconnection of Unit 1 to the station, and transition of the unit to start-up activities.

Unit 4 refurbishment activities are currently in the Disassembly segment and continue to progress on schedule. 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, which will mark 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
<b>Regulated – Nuclear Generation</b>				
Base regulated price <sup>1</sup>	107.79	<b>103.48</b>	102.85	111.33
Deferral and variance account rate riders <sup>2</sup>	1.25	<b>4.28</b>	8.76	12.43
<b>Total regulated price</b>	<b>109.04</b>	<b>107.76</b>	<b>111.61</b>	<b>123.76</b>
<b>Regulated – Hydroelectric Generation</b>				
Base regulated price	43.88	<b>43.88</b>	43.88	43.88
Deferral and variance account rate riders <sup>2</sup>	1.03	<b>3.64</b>	3.30	3.30
<b>Total regulated price</b>	<b>44.91</b>	<b>47.52</b>	<b>47.18</b>	<b>47.18</b>

<sup>1</sup> 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.

<sup>2</sup> Deferral and variance account riders reflect the OEB's January 2022 payment amounts order that authorized recovery and repayment of balances recorded in regulatory accounts as at December 31, 2019, and, effective July 2024, also reflect the OEB's June 13, 2024 decision and order that authorized recovery and repayment of balances recorded in regulatory accounts as at December 31, 2022. The OEB's June 13, 2024 decision and order is discussed further in the section, *Significant Developments* under the heading, *OPG's Application with the OEB for Disposition of Deferral and Variance Accounts*.

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.

#### Ensuring Availability of Cost Effective Funding

OPG actively monitors its funding requirements and forecasts availability of funds to ensure that it can meet the Company's operational needs, project and other commitments, and long-term obligations. In addition to funds generated from operations, OPG utilizes the following primary funding sources: commercial paper; letters of credit; credit facilities; public debt offerings; 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 June 30, 2024, the Company's credit ratings were as follows:

Type of Rating	DBRS Limited (DBRS) <sup>1</sup>	S&P Global Ratings (S&P) <sup>2</sup>	Moody's Investors Service (Moody's) <sup>3</sup>
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 <sup>4</sup>
Commercial paper program – US	NR <sup>4</sup>	A-2	P-2

<sup>1</sup> 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.

<sup>2</sup> 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.

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

<sup>4</sup> NR indicates no rating assigned.

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

### Federal Clean Energy Investment Tax Credits

In March 2023, the Canadian federal government announced certain refundable investment tax credits for clean energy investments. The Clean Technology Investment Tax Credit (CTITC) and the Clean Hydrogen Investment Tax Credit (CHITC) were enacted during the second quarter of 2024. The CTITC provides a 30 percent refundable tax credit and the CHITC provides a refundable tax credit ranging from 15 percent to 40 percent depending on the carbon intensity of the project, and both credits are available to federally taxable entities. If certain labour conditions are not met, these refundable credits are reduced by 10 percent. OPG's federally taxable entities making eligible investments are expected to qualify for the CTITC and the CHITC.

Draft legislation for the Clean Electricity Investment Tax Credit (CEITC), which provides a 15 percent refundable tax credit for federally tax exempt entities including OPG, is expected to be published during fall of 2024. Certain OPG projects are expected to qualify for the CEITC. The Company continues to monitor the CEITC developments.

### Ontario Court Bill 124 Decision

*Protecting a Sustainable Public Sector for Future Generations Act, 2019* (Bill 124), which came into force on November 8, 2019, set limits on compensation increases for unionized and non-unionized employees in the Ontario public sector and applied to OPG. Bill 124 limited the maximum annual increase in both wages and total compensation to one percent for a three-year period, 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.

### *Fusion Energy*

In June 2024, OPG and Stellarex Inc. (Stellarex), a US-based fusion energy company, signed a Memorandum of Understanding (MOU) to explore the development and deployment of fusion energy in Ontario. Through this MOU, OPG and Stellarex will explore establishing a centre of excellence for fusion energy in Ontario and will work together to identify potential future siting and deployment of a stellarator fusion energy device in the province.

### *Nuclear Project Management Organization Services*

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



### **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 in advancing reconciliation with Indigenous peoples.

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

## **Outlook**

### Operating Performance

OPG expects net income for the 2024 year to be lower than 2023, primarily due to lower nuclear electricity generation anticipated in 2024 from fewer planned outage days in the cyclical maintenance schedule for the Darlington GS during the first half of 2023 and the planned shutdown of Units 1 and 4 of the Pickering GS in late 2024, and a lower nuclear base regulated price in effect for 2024. Other factors contributing to the expected decrease include a loss recorded in the second quarter of 2024 in connection with the OEB's decision and order on the Settlement Agreement and 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 June 30, 2024, the Decommissioning Segregated Fund was overfunded by approximately 40 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.

### Capital Expenditures

As at June 30, 2024, OPG's capital expenditures for the year 2024 were trending approximately \$900 million lower than previously forecasted in the 2023 annual MD&A in the section, *Core Business and Outlook* under the heading, *Outlook*. This is mainly due to the timing associated with pre-execution phase activities for the planned refurbishment of Units 5 to 8 of the Pickering GS and with continued definition phase activities for the DNNP, and lower than expected expenditures for the refurbishment of Unit 1 of the Darlington GS reflecting its expected return to service ahead of the original schedule.

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**

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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 impacts, support reductions in greenhouse gas (GHG) emissions, increase operations' 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.

### **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 has engaged 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.

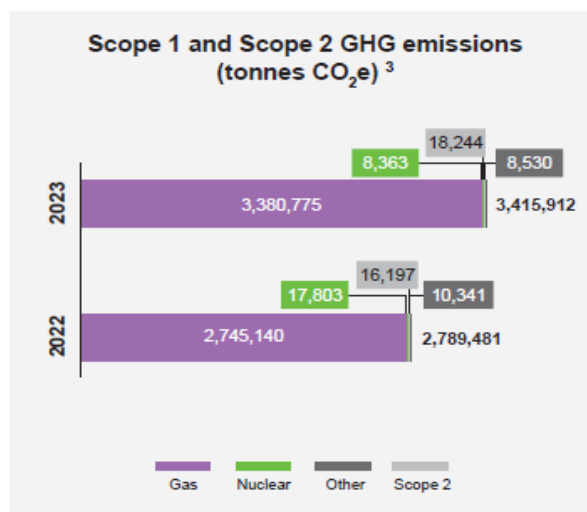
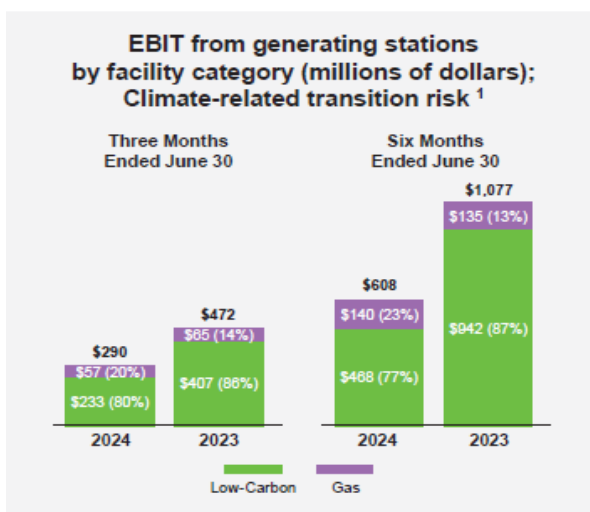
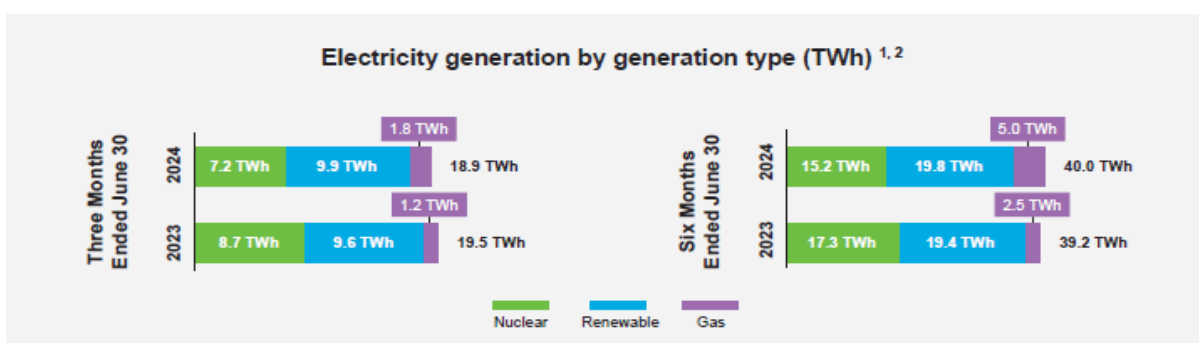
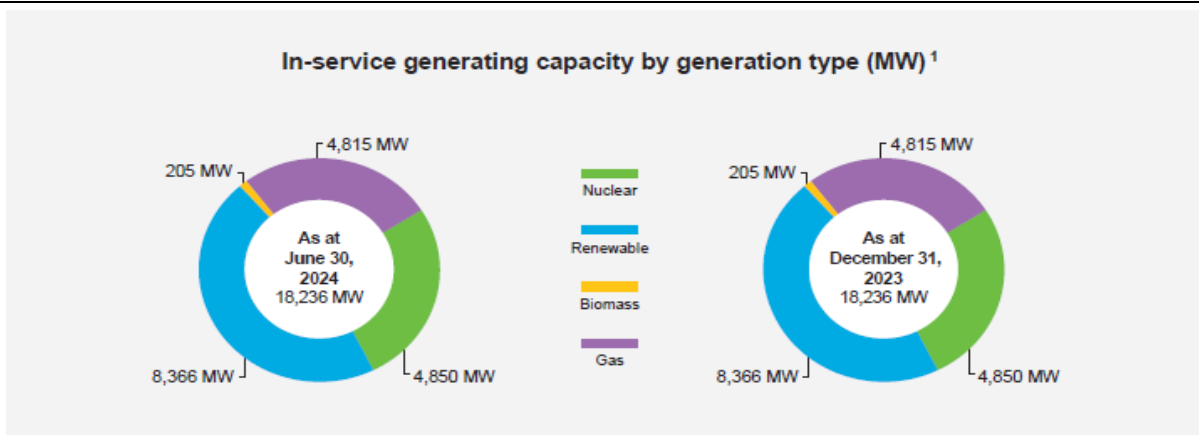
### **Climate Change**

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



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

<sup>2</sup> Electricity generated from the Biomass category for the six months ended June 30, 2024 represents 0.04 TWh (June 30, 2023 – 0.05 TWh).

<sup>3</sup> OPG continues to evaluate and enhance its Scope 1 and 2 GHG emission sources and quantification processes. OPG has revised its historical greenhouse gas emission reporting to exclude biogenic carbon dioxide emissions, in line with the Greenhouse Gas Protocol guidance. As a result, the greenhouse gas emissions data as of December 31, 2022 has been revised to reflect this change.

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**Climate Change Metrics**

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<i>In-service generating capacity by generation type</i> <sup>1</sup>	In-service generating capacity from low-carbon emitting and gas generation sources as at June 30, 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.
<i>Electricity generation by generation type</i> <sup>2</sup>	OPG's total electricity generation supplied by low-carbon sources for the three and six month periods ended June 30, 2024 was approximately 90 and 88 percent, respectively, compared to approximately 94 percent during the same periods in 2023. The decreases in the percentage of generation from low-carbon sources in both periods were primarily due to lower electricity generation from the Darlington GS due to a planned cyclical maintenance outage on Unit 2 and from an increase in electricity generation from the Atura Power business segment due to higher demand for electricity generation from the combined cycle plants.
<i>EBIT from generating stations by facility category; Climate-related transition risk</i> <sup>3</sup>	Earnings before interest and income taxes from low-carbon electricity generation decreased during the three and six month periods ended June 30, 2024, compared to the same periods 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, <i>Discussion of Operating Results by Business Segment</i> under the heading, <i>Regulated – Nuclear Generation Segment</i> .
<i>Scope 1 GHG emissions – Direct and Emission Rate</i> <sup>4</sup>	The Scope 1 GHG emissions metric identifies direct carbon dioxide equivalent (CO <sub>2</sub> e) emissions from OPG's thermal and nuclear operations and other facilities. For the year ended December 31, 2023, 3,380,775 tonnes of CO <sub>2</sub> e (2022 – 2,745,140 tonnes of CO <sub>2</sub> e) were emitted by thermal operations, representing over 99 percent of OPG's total CO <sub>2</sub> e emissions, with the remainder emitted by nuclear operations and other facilities. The increase in CO <sub>2</sub> e emissions in 2023 was primarily due to increased electricity generation from Atura Power's combined cycle plants.  For the year ended December 31, 2023, OPG emitted CO <sub>2</sub> e at an average rate of 42.0 grams per kilowatt-hour (kWh) of its total electricity generation (2022 – 35.3 grams per kWh).
<i>Scope 2 GHG emissions – Indirect</i> <sup>4</sup>	The Scope 2 GHG emissions metric identifies indirect CO <sub>2</sub> e emissions from the purchase of energy from utility providers. For the year ended December 31, 2023, an estimated 18,244 tonnes of CO <sub>2</sub> e (2022 – 16,197 tonnes of CO <sub>2</sub> e) were emitted based on purchases of energy. The increase in CO <sub>2</sub> e emissions in 2023 was primarily due to ongoing efforts to improve the GHG emissions inventory for this category.

<sup>1</sup> 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.

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

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

<sup>4</sup> Scope 1 GHG emissions, emission rate and Scope 2 GHG emissions are reported annually.



## Equity, Diversity and Inclusion

OPG is committed to workplace ED&I as part of a culture in which all employees, contractors and business partners are treated with fairness and respect. OPG recognizes that ED&I is integral to 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. During the second quarter of 2024, targeted outreach to employees resulted in an increased response rate for OPG's employment equity workforce census. Such census data helps to ensure OPG's programs, policies and practices are inclusive and reflective of the diversity of the Company's workforce. In April 2024, OPG introduced a shift in the Company's culture to focus on corporate values, with Inclusion as one of the five values. The value of Inclusion is intended to help employees prioritize ED&I, treat all individuals with dignity and respect, and strengthen trust. The ED&I Strategy can be found on the Company's website [www.opg.com](http://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](http://www.opg.com).

## DISCUSSION OF OPERATING RESULTS BY BUSINESS SEGMENT

### Regulated – Nuclear Generation Segment

<i>(millions of dollars – except where noted)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
<i>Electricity Generation (TWh)</i>	7.2	8.7	15.2	17.3
Revenue	880	1,039	1,780	2,079
Fuel expense	79	67	144	134
Gross margin	801	972	1,636	1,945
Operations, maintenance and administration expenses	619	669	1,292	1,228
Property taxes	7	6	13	12
Other losses	4	-	4	-
Earnings before interest, income taxes, depreciation and amortization	171	297	327	705
Depreciation and amortization expenses	157	129	318	260
Earnings before interest and income taxes	14	168	9	445

Earnings before interest and income taxes from the segment decreased by \$154 million and \$436 million for the three and six month periods ended June 30, 2024, respectively, compared to the same periods in 2023.

The decrease in segment earnings during the three months ended June 30, 2024, compared to the same period in 2023, was primarily due to lower revenue of \$155 million as a result of lower electricity generation of 1.5 TWh and a decrease in revenue of \$33 million from a lower OEB-approved nuclear base regulated price in effect during 2024. The decrease in earnings was also due to higher depreciation and amortization expenses of \$28 million, partially offset by lower OM&A expenses of \$50 million primarily due to higher compensation expenses recognized in the second quarter of 2023 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.

The decrease in segment earnings during the six months ended June 30, 2024, compared to the same period in 2023, was largely due to lower revenue of \$224 million driven by lower electricity generation of 2.1 TWh and a decrease in revenue of \$67 million from a lower OEB-approved nuclear base regulated price in effect during 2024. The decrease in earnings was also from higher OM&A expenses of \$64 million, largely due to higher expenditures related to higher planned outage days at the Darlington GS driven by a planned cyclical maintenance outage on Unit 2 of the station, partially offset by lower expenditures due to fewer planned outage days at the Pickering GS. Higher depreciation and amortization expenses of \$58 million and lower amounts deferred in the Rate Smoothing Deferral Account of \$32 million also contributed to the lower earnings.

The higher depreciation and amortization expenses for the three and six month periods ended June 30, 2024, compared to the same periods in 2023, were primarily due to higher depreciation expenses recognized from placing capital in service, including the return to service of Unit 3 of the Darlington GS following refurbishment in July 2023.

The decreases in segment earnings for the three and six month periods ended June 30, 2024, compared to the same periods in 2023, were partially offset by a higher amount of \$37 million recorded as recoverable from customers in the Pickering B Extension Variance Account in connection with forgone electricity generation due to activities associated with the extension of commercial operation of Units 5 to 8 of the Pickering GS to September 2026.

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

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Planned Outage Days				
Darlington GS <sup>1</sup>	58.5	-	100.9	-
Pickering GS	96.6	127.6	194.5	251.6
Unplanned Outage Days				
Darlington GS <sup>1</sup>	12.8	0.8	28.8	1.2
Pickering GS	39.2	12.9	48.8	33.9

<sup>1</sup> 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 fewer planned outage days at the Pickering GS for the three and six month periods ended June 30, 2024, compared to the same periods in 2023, were driven by the impact of the station's cyclical maintenance schedule and other planned maintenance work executed at the station.

The higher planned outage days at the Darlington GS for the three and six month periods ended June 30, 2024, compared to the same periods in 2023, were driven by the impact of the station's cyclical maintenance schedule and other planned maintenance work executed on Unit 2.

The higher unplanned outage days at the Pickering GS for the three and six month periods ended June 30, 2024, compared to the same periods in 2023, were primarily due to non-routine maintenance work and fueling machine recovery activities executed at the station.

The higher unplanned outages days at the Darlington GS for the three and six month periods ended June 30, 2024, compared to the same periods in 2023, were primarily driven by the steam generator repair activities on Unit 3.

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

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Unit Capability Factor (%) <sup>1,2</sup>				
Darlington GS	61.2	99.9	64.7	99.9
Pickering GS	76.7	74.5	78.5	74.6

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

<sup>2</sup> Nuclear Unit Capability Factor is defined in the section, *Key Operating Performance Indicators and Non-GAAP Financial Measures*.

The Unit Capability Factor at the Pickering GS increased for the three and six month periods ended June 30, 2024, compared to the same periods in 2023, primarily due to fewer planned outage days, partially offset by a higher number of unplanned outage days. The Unit Capability Factor at Darlington GS decreased for the three and six month periods ended June 30, 2024, compared to the same periods in 2023, due to a higher number of planned and unplanned outage days.

### Regulated – Nuclear Sustainability Services Segment

<i>(millions of dollars – except where noted)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Revenue	44	73	80	121
Operations, maintenance and administration expenses	44	73	80	121
Accretion on nuclear fixed asset removal and nuclear waste management liabilities	302	291	605	583
Earnings on nuclear fixed asset removal and nuclear waste management funds	(274)	(263)	(545)	(522)
Loss before interest and income taxes	(28)	(28)	(60)	(61)

The segment loss before interest and income taxes decreased by nil and \$1 million for the three and six month periods ended June 30, 2024, respectively, compared to the same periods in 2023. The decrease for the six months ended June 30, 2024 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 six months ended June 30, 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

<i>(millions of dollars – except where noted)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
<i>Electricity generation (TWh)</i>	8.3	8.0	16.8	16.3
Revenue <sup>1</sup>	403	392	787	777
Fuel expense	88	86	158	152
Gross margin	315	306	629	625
Operations, maintenance and administration expenses	103	93	204	190
Property taxes	1	-	1	-
Other losses	5	3	5	3
Earnings before interest, income taxes, depreciation and amortization	206	210	419	432
Depreciation and amortization expenses	47	45	93	90
Earnings before interest and income taxes	159	165	326	342

<sup>1</sup> During the three and six month periods ended June 30, 2024, the Regulated – Hydroelectric Generation business segment revenue included incentive payments of \$7 million and \$9 million, respectively, related to the OEB-approved hydroelectric incentive mechanism (three and six month periods ended June 30, 2023 – incentive payments of \$2 million and \$4 million, respectively). 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 \$6 million and \$16 million for the three and six month periods ended June 30, 2024, respectively, compared to the same periods in 2023. The decreases in both periods were mainly due to higher OM&A expenses, driven by increased planned maintenance activities. Higher OM&A expense for the six months ended June 30, 2024 also reflected increased project activities at the hydroelectric stations in the Niagara and Western regions in Ontario. The decreases in earnings in both periods were partially offset by higher revenue, including higher hydroelectric incentive mechanism payments.

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

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Hydroelectric Availability (%) <sup>1</sup>	83.5	90.8	84.6	89.9

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

The Hydroelectric Availability decreased for the three and six month periods ended June 30, 2024, compared to the same periods in 2023, primarily due to higher planned outages across the regulated hydroelectric fleet.

### Contracted Hydroelectric and Other Generation Segment

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
<i>(millions of dollars – except where noted)</i>				
Electricity generation (TWh)	1.6	1.6	3.0	3.1
Revenue	212	206	422	423
Fuel expense	13	13	26	28
Gross margin	199	193	396	395
Operations, maintenance and administration expenses	79	69	151	140
Accretion on fixed asset removal liabilities	2	2	4	4
Property taxes	4	4	9	8
Other gains	(1)	(3)	(4)	(3)
Earnings before interest, income taxes, depreciation and amortization	115	121	236	246
Depreciation and amortization expenses	50	40	93	81
Earnings before interest and income taxes	65	81	143	165

Earnings before interest and income taxes from the segment decreased by \$16 million and \$22 million for the three and six month periods ended June 30, 2024, respectively, compared to the same periods in 2023. The decrease for the three months ended June 30, 2024 was due to lower earnings from Ontario-based hydroelectric facilities, driven by lower revenues from the Lower Mattagami generating stations, and lower earnings from the thermal facilities. The decrease was also attributable to lower earnings from the US operations, mainly driven by higher depreciation and amortization expenses.

The decrease in segment earnings for the six months ended June 30, 2024, compared to the same period in 2023, was primarily due to lower earnings from the US operations, largely driven by higher OM&A expenses and higher depreciation and amortization expenses.

The higher depreciation and amortization expenses for the three and six month periods ended June 30, 2024, compared to the same periods in 2023, were mainly due to a depreciation adjustment recorded during the second quarter of 2024 in relation to the reclassification of certain US-based hydroelectric facilities from being held for sale to PP&E and intangible assets, as discussed in the section, *Core Business and Outlook* under the heading, *Operational Excellence – Sale of Assets*.

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 June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Hydroelectric Availability (%) <sup>1,2</sup>	79.4	91.0	81.7	91.7
Thermal EFOR (%) <sup>2</sup>	0.9	1.5	0.4	3.6

<sup>1</sup> Hydroelectric Availability reflects the Company's hydroelectric generating stations in Ontario and the United States.

<sup>2</sup> 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 and six month periods ended June 30, 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 and six month periods ended June 30, 2024, compared to the same period in 2023, due to improved availability at the Atikokan GS.

## Atura Power Segment

<i>(millions of dollars – except where noted)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
<i>Electricity Generation (TWh)</i>	1.8	1.2	5.0	2.5
Revenue	172	161	407	337
Fuel expense	60	50	165	112
Gross margin	112	111	242	225
Operations, maintenance and administration expenses	30	21	50	38
Accretion on fixed asset removal liabilities	-	1	1	1
Property taxes	-	1	1	2
Earnings before interest, income taxes, depreciation and amortization	82	88	190	184
Depreciation and amortization expenses	30	30	60	59
Earnings before interest and income taxes	52	58	130	125

Earnings before interest and income taxes from the segment decreased by \$6 million for the three months ended June 30, 2024, compared to the same period in 2023. The decrease in earnings was primarily due to higher OM&A expenses, mainly driven by increased maintenance activities at the combined cycle plants.

Earnings before interest and income taxes from the segment increased by \$5 million for the six months ended June 30, 2024, compared to the same period in 2023. The increase was primarily due to higher gross margin as a result of higher demand for electricity generation from the combined cycle plants. The increase was partially offset by higher OM&A expenses, mainly driven by increased maintenance activities at the combined cycle plants.

The Thermal Availability for the assets within the Atura Power business segment as at June 30, 2024 and 2023 was as follows:

	As At June 30	
	2024	2023
Thermal Availability (%) <sup>1</sup>	87.9	89.9

<sup>1</sup> 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 decreased as at June 30, 2024, compared to June 30, 2023, primarily due to a planned outage at the Halton Hills GS.

## LIQUIDITY AND CAPITAL RESOURCES

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

Changes in cash and cash equivalents for the three and six month periods ended June 30, 2024 and 2023 were as follows:

<i>(millions of dollars)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Cash, cash equivalents and restricted cash, beginning of period	926	1,410	1,481	1,595
Cash flow provided by operating activities	540	643	1,104	1,145
Cash flow used in investing activities	(1,050)	(632)	(1,861)	(1,339)
Cash flow provided by financing activities	1,461	80	1,149	100
Effect of exchange rate changes on cash, cash equivalents and restricted cash	2	(3)	6	(3)
Net increase (decrease) in cash, cash equivalents and restricted cash	953	88	398	(97)
Cash, and cash equivalents and restricted cash, end of period	1,879	1,498	1,879	1,498

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 and six month periods ended June 30, 2024 increased by \$418 million and \$522 million, respectively, compared to the same periods in 2023. The increase for the three months ended June 30, 2024 was primarily due to the higher capital expenditures, mainly within the Regulated – Nuclear Generation business segment. The increase for the six months ended June 30, 2024 was primarily due to the higher capital expenditures, mainly within the Regulated – Nuclear Generation business segment, and the acquisition of Lightstar on January 31, 2024. The increase was partially offset by the purchase of the new corporate headquarters building and surrounding lands at 1908 Colonel Sam Drive in Oshawa, Ontario in February 2023.

### Financing Activities

Cash flow provided in financing activities for the three and six month periods ended June 30, 2024 increased by \$1,381 million and \$1,049 million, respectively, compared to the same periods in 2023. The increases in both periods were primarily due the issuance of \$1 billion of green bonds through the Company's Medium Term Note Program and higher net issuances of corporate commercial paper during the second quarter of 2024.



Committed credit facilities and maturity dates as at June 30, 2024 were as follows:

<i>(millions of dollars)</i>	<b>Amount</b>
<b>Bank facilities:</b>	
Corporate <sup>1,2</sup>	<b>1,484</b>
Corporate <sup>1</sup>	<b>750</b>
Lower Mattagami Energy Limited Partnership <sup>3</sup>	<b>460</b>
OPG Eagle Creek Holdings LLC and subsidiaries	<b>20</b>
<b>OEFC facility <sup>2</sup></b>	<b>750</b>

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

<sup>2</sup> Represents amounts available under the facility net of debt issuances.

<sup>3</sup> Letter of credit of \$60 million was outstanding under this facility as at June 30, 2024.

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

<i>(millions of dollars)</i>	<b>As At</b>	<b>June 30</b>	<b>December 31</b>
		<b>2024</b>	<b>2023</b>
Lower Mattagami Energy Limited Partnership		<b>200</b>	200
Corporate commercial paper		<b>400</b>	-
<b>Total short-term debt</b>		<b>600</b>	200
Letters of credit		<b>492</b>	525
Guarantees <sup>1</sup>		<b>32</b>	32

<sup>1</sup> As at June 30, 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 June 30, 2024, a total of \$492 million of letters of credit had been issued. This included \$308 million for the supplementary pension plans, \$66 million for general corporate purposes, \$60 million for Lower Mattagami Energy Limited Partnership, \$26 million for Atura Power, \$16 million for Eagle Creek and its subsidiaries, \$15 for UMH Energy Partnership, and \$1 million for PSS Generating Station Limited Partnership.

Long-term debt balances were as follows:

<i>(millions of dollars)</i>	<b>As At</b>	<b>June 30</b>	<b>December 31</b>
		<b>2024</b>	<b>2023</b>
Medium Term Notes payable		<b>5,650</b>	4,650
Senior notes payable under corporate credit facilities		<b>2,586</b>	2,822
Project financing		<b>2,893</b>	2,877
Other		<b>25</b>	25
<b>Total long-term debt <sup>1</sup></b>		<b>11,154</b>	10,374

<sup>1</sup> 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:

<i>(millions of dollars)</i>	As At	
	June 30 2024	December 31 2023
<b>Property, plant and equipment – net</b> 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, <i>Highlights</i> under the heading, <i>Capital Expenditures</i> .	<b>34,692</b>	33,460
<b>Nuclear fixed asset removal and nuclear waste management funds</b> <i>(current and non-current portions)</i> The increase was primarily due to earnings recognized on the Nuclear Segregated Funds, partially offset by reimbursement of eligible expenditures on nuclear fixed asset removal and nuclear waste management activities from the Nuclear Segregated Funds.	<b>21,983</b>	21,563
<b>Short-term debt</b> The increase was due to higher net issuances of corporate commercial paper.	<b>600</b>	200
<b>Long-term debt</b> <i>(current and non-current portions)</i> The increase was primarily due to issuances under the Company's Medium Term Note Program and corporate credit facilities, net of debt repayments to the OEFC.	<b>11,113</b>	10,342
<b>Fixed asset removal and nuclear waste management liabilities</b> The increase was primarily a result of accretion expense, partially offset by expenditures on fixed asset removal and nuclear waste management activities.	<b>25,840</b>	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 June 30, 2024 was \$589 million, including \$509 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 <sup>1</sup>	2025	2026
Estimated fuel requirements hedged (%)	100%	77%	80%

<sup>1</sup> Based on actual fuel requirements hedged for the six months ended June 30, 2024 and forecast for the remainder of the year.

<sup>2</sup> 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:

<i>(millions of dollars)</i>	Three Months Ended June 30			
	2024		2023	
	Income	Expense	Income	Expense
Hydro One				
Electricity sales	4	-	2	-
Services	-	2	-	3
Dividends	1	-	1	-
Province of Ontario				
Change in Decommissioning Segregated Fund amount due to Province <sup>1</sup>	-	35	24	-
Change in Used Fuel Segregated Fund amount due to Province <sup>1</sup>	-	46	40	-
Hydroelectric gross revenue charge	-	31	-	30
OEFC				
Hydroelectric gross revenue charge	-	58	-	55
Interest expense on long-term notes	-	22	-	24
Income taxes	-	93	-	100
Property taxes	-	3	-	3
IESO				
Electricity-related revenue	1,448	-	1,642	-
Fair Hydro Trust				
Interest income	8	-	8	-
	<b>1,461</b>	<b>290</b>	<b>1,717</b>	<b>215</b>

<sup>1</sup> 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 June 30, 2024 and December 31, 2023, the Nuclear Segregated Funds were reported net of amounts due to the Province of \$8,685 million and \$7,640 million, respectively.

<i>(millions of dollars)</i>	Six Months Ended June 30			
	2024		2023	
	Income	Expense	Income	Expense
Hydro One				
Electricity sales	10	-	8	-
Services	-	4	-	5
Dividends	2	-	2	-
Province of Ontario				
Change in Decommissioning Segregated Fund amount due to Province <sup>1</sup>	-	448	-	359
Change in Used Fuel Segregated Fund amount due to Province <sup>1</sup>	-	597	-	445
Hydroelectric gross revenue charge	-	61	-	59
OEFC				
Hydroelectric gross revenue charge	-	99	-	91
Interest expense on long-term notes	-	45	-	47
Income taxes	-	163	-	232
Property taxes	-	6	-	6
IESO				
Electricity-related revenue	3,031	-	3,269	-
Fair Hydro Trust				
Interest income	16	-	16	-
	<b>3,059</b>	<b>1,423</b>	3,295	1,244

<sup>1</sup> 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 June 30, 2024 and December 31, 2023, the Nuclear Segregated Funds were reported net of amounts due to the Province of \$8,685 million and \$7,640 million, respectively.

Balances between OPG and its related parties are summarized below:

<i>(millions of dollars)</i>	<b>June 30 2024</b>	<b>December 31 2023</b>
Receivables from related parties		
Hydro One	4	4
IESO – Electricity related receivables	509	623
Fair Hydro Trust	4	4
OEFC	9	-
Province of Ontario	7	-
Loan receivable		
Fair Hydro Trust	904	905
Equity securities		
Hydro One shares	143	164
Accounts payable, accrued charges and other payables		
Hydro One	1	2
OEFC	88	82
Province of Ontario	5	8
IESO – Electricity related payables	1	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 June 30, 2024, the Nuclear Segregated Funds held \$1,546 million of Province of Ontario bonds (December 31, 2023 – \$1,603 million) and \$5 million of Province of Ontario treasury bills (December 31, 2023 – \$4 million). As of June 30, 2024, the OPG registered pension plan held \$326 million of Province of Ontario bonds (December 31, 2023 – \$336 million) and \$4 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.

<i>(millions of dollars – except where noted) (unaudited)</i>	<b>June 30 2024</b>	<b>March 31 2024</b>	<b>December 31 2023</b>	<b>September 30 2023</b>
Electricity generation (TWh)	<b>18.9</b>	21.1	20.8	20.9
Revenue	<b>1,691</b>	1,767	1,894	1,882
Net income	<b>166</b>	225	454	449
Less: Net income attributable to non-controlling interest	<b>6</b>	4	4	5
Net income attributable to the Shareholder	<b>160</b>	221	450	444
<b>Earnings per share, attributable to the Shareholder (dollars)</b>	<b>\$0.58</b>	\$0.80	\$1.64	\$1.62

<i>(millions of dollars – except where noted) (unaudited)</i>	<b>June 30 2023</b>	<b>March 31 2023</b>	<b>December 31 2022</b>	<b>September 30 2022</b>
Electricity generation (TWh)	19.5	19.7	16.8	20.4
Revenue	1,828	1,830	1,557	1,978
Net income	423	433	205	488
Less: Net income attribute to the non-controlling interest	5	4	2	4
Net income attributable to the Shareholder	418	429	203	484
<b>Earnings per share, attributable to the Shareholder (dollars)</b>	<b>\$1.52</b>	\$1.56	\$0.74	\$1.76

<sup>1</sup> 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

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### 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 June 30, 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)**  
**JUNE 30, 2024**



# INTERIM CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

<i>(millions of dollars – except where noted)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
<b>Revenue</b>	<b>1,691</b>	1,828	<b>3,458</b>	3,658
Fuel expense	<b>240</b>	216	<b>493</b>	426
<b>Gross margin</b>	<b>1,451</b>	1,612	<b>2,965</b>	3,232
Operations, maintenance and administration expenses	<b>840</b>	847	<b>1,710</b>	1,596
Depreciation and amortization expenses	<b>304</b>	262	<b>604</b>	525
Accretion on fixed asset removal and nuclear waste management liabilities	<b>305</b>	294	<b>611</b>	589
Earnings on nuclear fixed asset removal and nuclear waste management funds	<b>(274)</b>	(263)	<b>(545)</b>	(522)
Property taxes	<b>12</b>	12	<b>24</b>	23
	<b>1,187</b>	1,152	<b>2,404</b>	2,211
<b>Income before other losses (gains), interest and income taxes</b>	<b>264</b>	460	<b>561</b>	1,021
Other losses (gains) <i>(Note 4)</i>	<b>21</b>	(28)	<b>18</b>	(27)
<b>Income before interest and income taxes</b>	<b>243</b>	488	<b>543</b>	1,048
Net interest expense <i>(Note 5)</i>	<b>51</b>	33	<b>96</b>	69
<b>Income before income taxes</b>	<b>192</b>	455	<b>447</b>	979
Income tax expense	<b>26</b>	32	<b>56</b>	123
<b>Net income</b>	<b>166</b>	423	<b>391</b>	856
<b>Net income attributable to the Shareholder</b>	<b>160</b>	418	<b>381</b>	847
Net income attributable to non-controlling interest	<b>6</b>	5	<b>10</b>	9
<b>Basic and diluted earnings per share (dollars)</b> <sup>1</sup>	<b>0.58</b>	1.52	<b>1.39</b>	3.08

<sup>1</sup> The weighted average number of shares outstanding as at June 30, 2024 and 2023 was 274.6 million. There were no dilutive securities during the three and six month periods ended June 30, 2024 and 2023.

See accompanying notes to the interim consolidated financial statements

# INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

<i>(millions of dollars)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
<b>Net income</b>	<b>166</b>	423	<b>391</b>	856
<b>Other comprehensive income (loss), net of income taxes (Note 8)</b>				
Reclassification to income of amounts related to pension and other post-employment benefits <sup>1</sup>	-	(1)	(1)	(2)
Reclassification to income of amounts related to derivatives designated as cash flow hedges <sup>2</sup>	(1)	2	(2)	2
Net gain on derivatives designated as cash flow hedges <sup>3</sup>	8	7	1	16
Currency translation adjustment	20	(42)	69	(45)
Other comprehensive income (loss) for the period	27	(34)	67	(29)
<b>Comprehensive income</b>	<b>193</b>	389	<b>458</b>	827
<b>Comprehensive income attributable to the Shareholder</b>	<b>187</b>	384	<b>448</b>	818
Comprehensive income attributable to non-controlling interest	6	5	10	9

<sup>1</sup> Net of income tax expense of nil for each of the three and six month periods ended June 30, 2024. Net of income tax recovery of \$1 million for each of the three and six month periods ended June 30, 2023.

<sup>2</sup> Net of income tax recovery of \$1 million for each of the three and six month periods ended June 30, 2024. Net of income tax expense of nil for each of the three and six month periods ended June 30, 2023.

<sup>3</sup> Net of income tax expense of \$2 million and nil for the three and six month periods ended June 30, 2024, respectively. Net of income tax expense of \$2 million and \$5 million for the three and six month periods ended June 30, 2023, respectively.

See accompanying notes to the interim consolidated financial statements.

# INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

<i>(millions of dollars)</i>	Six Months Ended June 30	
	2024	2023
<b>Operating activities</b>		
Net income	391	856
Adjust for non-cash items:		
Depreciation and amortization expenses	604	525
Accretion on fixed asset removal and nuclear waste management liabilities	611	589
Earnings on nuclear fixed asset removal and nuclear waste management funds	(545)	(522)
Pension and other post-employment benefit costs <i>(Note 9)</i>	182	181
Deferred income tax expense	18	32
Regulatory assets and regulatory liabilities	(57)	(59)
Other losses (gains)	21	(22)
Other	(8)	(21)
Expenditures on fixed asset removal and nuclear waste management	(225)	(202)
Reimbursement of eligible expenditures on nuclear fixed asset removal and nuclear waste management	121	98
Contributions to pension funds and expenditures on other post-employment benefits and supplementary pension plans	(150)	(167)
Net changes to other long-term assets and long-term liabilities	156	20
Net changes in non-cash working capital balances <i>(Note 14)</i>	(15)	(163)
<b>Cash flow provided by operating activities</b>	<b>1,104</b>	<b>1,145</b>
<b>Investing activities</b>		
Investment in property, plant and equipment and intangible assets	(1,730)	(1,271)
Acquisition of Lightstar Renewables and Lightstar Operations One <i>(Note 3)</i>	(131)	-
Purchase of new corporate headquarters real estate site	-	(102)
Proceeds from sale of non-core real estate site	-	34
<b>Cash flow used in investing activities</b>	<b>(1,861)</b>	<b>(1,339)</b>
<b>Financing activities</b>		
Net issuance of long-term debt <i>(Note 5)</i>	756	44
Net issuance of short-term debt <i>(Note 6)</i>	400	65
Equity investment from non-controlling interest	3	-
Distribution to non-controlling interest	(10)	(9)
<b>Cash flow provided by financing activities</b>	<b>1,149</b>	<b>100</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	6	(3)
Net increase (decrease) in cash, cash equivalents and restricted cash	398	(97)
<b>Cash, cash equivalents and restricted cash, beginning of period</b>	<b>1,481</b>	<b>1,595</b>
<b>Cash, cash equivalents and restricted cash, end of period</b>	<b>1,879</b>	<b>1,498</b>

See accompanying notes to the interim consolidated financial statements

# INTERIM CONSOLIDATED BALANCE SHEETS (UNAUDITED)

<b>As at</b> <i>(millions of dollars)</i>	<b>June 30</b> <b>2024</b>	<b>December 31</b> <b>2023</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash, cash equivalents and restricted cash <i>(Note 5)</i>	1,879	1,481
Equity securities	143	164
Receivables from related parties	533	631
Nuclear fixed asset removal and nuclear waste management funds	62	68
Fuel inventory	331	295
Materials and supplies	120	106
Regulatory assets <i>(Note 4)</i>	534	143
Prepaid expenses	378	321
Other current assets	338	342
	<b>4,318</b>	<b>3,551</b>
<b>Property, plant and equipment</b>	<b>49,225</b>	<b>47,339</b>
Less: accumulated depreciation	<b>14,533</b>	<b>13,879</b>
	<b>34,692</b>	<b>33,460</b>
<b>Intangible assets</b>	<b>892</b>	<b>802</b>
Less: accumulated amortization	<b>321</b>	<b>310</b>
	<b>571</b>	<b>492</b>
<b>Goodwill <i>(Note 3)</i></b>	<b>218</b>	<b>168</b>
<b>Other assets</b>		
Nuclear fixed asset removal and nuclear waste management funds	21,921	21,495
Loan receivable from related party	904	905
Long-term materials and supplies	340	382
Regulatory assets <i>(Note 4)</i>	4,944	5,078
Investments subject to significant influence	54	53
Other long-term assets	125	104
	<b>28,288</b>	<b>28,017</b>
	<b>68,087</b>	<b>65,688</b>

See accompanying notes to the interim consolidated financial statements

# INTERIM CONSOLIDATED BALANCE SHEETS (UNAUDITED)

As at <i>(millions of dollars)</i>	June 30 2024	December 31 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable, accrued charges and other payables	1,770	1,729
Short-term debt <i>(Note 6)</i>	600	200
Long-term debt due within one year <i>(Note 5)</i>	403	603
Regulatory liabilities <i>(Note 4)</i>	308	131
	<b>3,081</b>	<b>2,663</b>
<b>Long-term debt <i>(Note 5)</i></b>	<b>10,710</b>	<b>9,739</b>
<b>Other liabilities</b>		
Fixed asset removal and nuclear waste management liabilities <i>(Note 7)</i>	25,840	25,386
Pension liabilities	839	883
Other post-employment benefit liabilities	2,695	2,641
Long-term accounts payable and accrued charges	355	247
Deferred revenue	359	364
Deferred income taxes	2,276	2,149
Regulatory liabilities <i>(Note 4)</i>	886	1,025
	<b>33,250</b>	<b>32,695</b>
<b>Equity</b>		
Common shares <sup>1</sup>	5,126	5,126
Class A shares <sup>2</sup>	787	787
Contributed surplus	29	30
Retained earnings	14,862	14,481
Accumulated other comprehensive income (loss) <i>(Note 8)</i>	52	(15)
<b>Equity attributable to the Shareholder</b>	<b>20,856</b>	<b>20,409</b>
Equity attributable to non-controlling interest	190	182
<b>Total equity</b>	<b>21,046</b>	<b>20,591</b>
	<b>68,087</b>	<b>65,688</b>

<sup>1</sup> 256,300,010 Common shares outstanding at a stated value of \$5,126 million as at June 30, 2024 and December 31, 2023.

<sup>2</sup> 18,343,815 Class A shares outstanding at a stated value of \$787 million as at June 30, 2024 and December 31, 2023.

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)

<i>(millions of dollars)</i>	Six Months Ended June 30	
	2024	2023
<b>Common shares</b>	5,126	5,126
<b>Class A shares</b>	787	787
<b>Contributed surplus</b>		
Balance at beginning of period	30	32
Reclassification to income of amounts related to gain on deconsolidation of Fair Hydro Trust	(1)	(2)
Balance at end of period	29	30
<b>Retained earnings</b>		
Balance at beginning of period	14,481	12,740
Net income attributable to the Shareholder	381	847
Balance at end of period	14,862	13,587
<b>Accumulated other comprehensive income (loss), net of income taxes</b> <i>(Note 8)</i>		
Balance at beginning of period	(15)	128
Other comprehensive income (loss)	67	(29)
Balance at end of period	52	99
<b>Equity attributable to the Shareholder</b>	20,856	19,629
<b>Equity attributable to non-controlling interest</b>		
Balance at beginning of period	182	176
Income attributable to non-controlling interest	10	9
Equity investment from non-controlling interest	8	-
Distribution to non-controlling interest	(10)	(9)
Balance at end of period	190	176
<b>Total equity</b>	21,046	19,805

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 and six month periods ended June 30, 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 interim consolidated 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 interim consolidated financial statements.

### New Tax Laws

Following the Organization for Economic Cooperation and Development's recommendation, the Canadian federal government released draft legislation in August 2023 that proposed to impose a global minimum tax of 15 percent on large multinational enterprises. The resulting *Global Minimum Tax Act* (GMTA) was enacted during the second quarter of 2024. It applies to Canadian multinational enterprises with revenue in excess of a certain threshold and is effective as of January 1, 2024, and applies to OPG. Based on preliminary estimates, the Company is not expected to have a material liability with respect to this tax.

In March 2023, the Canadian federal government announced certain refundable investment tax credits for clean energy investments. The Clean Technology Investment Tax Credit (CTITC) and the Clean Hydrogen Investment Tax Credit (CHITC) were enacted during the second quarter of 2024. The CTITC provides a 30 percent refundable tax credit and the CHITC provides a refundable tax credit ranging from 15 percent to 40 percent depending on the carbon intensity of the project, and both credits are available to federally taxable entities. If certain labour conditions are not met, these refundable credits are reduced by 10 percent. OPG's federally taxable entities making eligible investments are expected to qualify for the CTITC and the CHITC.

### 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 continues 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:

<b>As at</b> <i>(millions of dollars)</i>	<b>June 30</b> <b>2024</b>	<b>December 31</b> <b>2023</b>
<b>Regulatory assets</b>		
<i>Variance and deferral accounts authorized by the OEB</i>		
Rate Smoothing Deferral Account	666	654
Pension & OPEB Cash Versus Accrual Differential Deferral Account	513	602
Nuclear Liability Deferral Account	470	378
Capacity Refurbishment Variance Account	453	384
Hydroelectric Surplus Baseload Generation Variance Account	382	393
Nuclear Development Variance Account	124	122
Pickering B Extension Variance Account	94	26
Other variance and deferral accounts <sup>1</sup>	118	105
	<b>2,820</b>	2,664
Pension and OPEB Regulatory Asset (Note 9)	630	619
Deferred Income Taxes	2,028	1,938
Total regulatory assets	<b>5,478</b>	5,221
Less: current portion	<b>534</b>	143
<b>Non-current regulatory assets</b>	<b>4,944</b>	5,078
<b>Regulatory liabilities</b>		
<i>Variance and deferral accounts authorized by the OEB</i>		
Pension & OPEB Cash Payment Variance Account	408	426
Pension and OPEB Cost Variance Account	360	319
Hydroelectric Water Conditions Variance Account	187	185
Nuclear Deferral and Variance Over/Under Recovery Variance Account	72	77
Ancillary Services Net Revenue Variance Account	45	47
Other variance and deferral accounts <sup>2</sup>	114	87
	<b>1,186</b>	1,141
COVID-19 net credit to ratepayers	8	15
Total regulatory liabilities	<b>1,194</b>	1,156
Less: current portion	<b>308</b>	131
<b>Non-current regulatory liabilities</b>	<b>886</b>	1,025

<sup>1</sup> 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 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.

<sup>2</sup> Represents amounts for the Income and Other Taxes Variance Account, the SR&ED ITC Variance Account, the Bruce Lease Net Revenues Variance Account, the Pension & OPEB Forecast Accrual Versus Actual Cash Payment Differential Carrying Charges Variance Account and the Sale of Unprescribed Kipling Site Deferral 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 addressed 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. On June 13, 2024, the OEB issued a decision and order approving the proposed settlement (Settlement Agreement), providing for the recovery of a net total of \$481 million in connection with amounts recorded in OPG's regulatory accounts and associated income tax impacts, which 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 sale of certain premises at 800 Kipling Avenue in Toronto, Ontario received in 2022 should be credited to ratepayers. The 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 balances agreed by the parties will 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. Based on the approved recovery or repayment periods, the OEB authorized OPG to collect \$97 million in 2024 and \$192 million in each of 2025 and 2026 related to these balances.

In the second quarter of 2024, the Company recorded a loss of \$25 million in connection with the OEB's decision and order on the Settlement Agreement. Revenue received from the recovery of regulatory account balances is largely offset by amortization expense of regulatory assets and regulatory liabilities recorded for these balances.

## 5. LONG-TERM DEBT AND NET INTEREST EXPENSE

Long-term debt consists of the following:

<b>As at</b> <i>(millions of dollars)</i>	<b>June 30</b> <b>2024</b>	<b>December 31</b> <b>2023</b>
Medium Term Note Program senior notes	5,650	4,650
Senior notes payable under corporate credit facilities	2,586	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	162	163
OPG Eagle Creek Holdings LLC and subsidiaries senior notes	491	474
Other	25	25
	<b>11,154</b>	10,374
Plus: net fair value premium	2	5
Less: unamortized bond issuance fees	(43)	(37)
Less: amounts due within one year	(403)	(603)
<b>Long-term debt</b>	<b>10,710</b>	9,739

For the six months ended June 30, 2024, net repayment of long-term debt under the Company's corporate credit facilities totalled \$236 million (June 30, 2023 – net issuance of \$44 million), which comprised repayment of \$400 million (June 30, 2023 – issuances of \$85 million) and issuances of \$164 million (June 30, 2023 – repayment of \$41 million).

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

Proceeds from OPG's green bond issuance are restricted in purpose and are to be used to finance or re-finance Eligible Green Projects as defined under OPG's Sustainable Finance Framework and are held in a segregated account. As of June 30, 2024, restricted cash was \$1,022 million, of which \$990 million is from green bond issuance proceeds. In July 2024, approximately \$985 million was released from the segregated account, representing funds invested in the eligible projects.

### Net Interest Expense

The following table summarizes the net interest expense:

<i>(millions of dollars)</i>	<b>Three Months Ended</b> <b>June 30</b>		<b>Six Months Ended</b> <b>June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Interest on long-term debt	94	95	186	186
Interest on short-term debt	8	4	12	6
Interest income	(16)	(22)	(39)	(47)
Interest capitalized to property, plant and equipment and intangible assets	(33)	(38)	(61)	(72)
Interest related to regulatory assets and regulatory liabilities <sup>1</sup>	(2)	(6)	(2)	(4)
<b>Net interest expense</b>	<b>51</b>	33	<b>96</b>	69

<sup>1</sup> 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 June 30, 2024 were as follows:

<i>(millions of dollars)</i>	<b>Amount</b>	<b>Maturity</b>
<b>Bank facilities:</b>		
Corporate	<b>1,484</b>	September 2027 and May 2029 <sup>1</sup>
Corporate	<b>750</b>	November 2024 <sup>2</sup>
Lower Mattagami Energy Limited Partnership	<b>460</b>	June 2029 <sup>3</sup>
OPG Eagle Creek Holdings LLC and subsidiaries	<b>20</b>	October 2028
Ontario Electricity Financial Corporation facility	<b>750</b>	December 2026 <sup>4</sup>

<sup>1</sup> Represents amounts available under the facility net of debt issuances. Of the total credit facilities, \$484 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 2029.

<sup>2</sup> The facility has a one-year extension option beyond the maturity date of November 2024.

<sup>3</sup> A letter of credit of \$60 million was outstanding under this facility as at June 30, 2024.

<sup>4</sup> Represents amounts available under the facility, net of debt issuances.

Short-term debt consist of the following:

<b>As at</b> <i>(millions of dollars)</i>	<b>June 30</b> <b>2024</b>	<b>December 31</b> <b>2023</b>
Lower Mattagami Energy Limited Partnership	<b>200</b>	200
Corporate commercial paper	<b>400</b>	-
<b>Total short-term debt</b>	<b>600</b>	200

As of June 30, 2024, a total of \$492 million of letters of credit had been issued (December 31, 2023 – \$525 million). As of June 30, 2024, this included \$308 million for the supplementary pension plans, \$66 million for general corporate purposes, \$60 million for Lower Mattagami Energy Limited Partnership, \$26 million for Atura Power, \$16 million for Eagle Creek and its subsidiaries, \$15 for UMH Energy Partnership, and \$1 million for PSS Generating Station Limited Partnership.

For the six months ended June 30, 2024, net issuances of short-term debt totalled \$400 million (June 30, 2023 – \$65 million), which comprised issuances of \$1,795 million (June 30, 2023 – \$330 million) and repayments of \$1,395 million (June 30, 2023 – \$265 million).

The weighted average interest rate on the short-term debt as at June 30, 2024 is 4.88 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:

<b>As at</b> <i>(millions of dollars)</i>	<b>June 30</b> <b>2024</b>	<b>December 31</b> <b>2023</b>
Liability for used nuclear fuel management	15,907	15,623
Liability for nuclear decommissioning and nuclear low and intermediate level waste management	9,658	9,493
Liability for non-nuclear fixed asset removal	275	270
<b>Fixed asset removal and nuclear waste management liabilities</b>	<b>25,840</b>	<b>25,386</b>

## 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:

<i>(millions of dollars)</i>	<b>Six Months Ended June 30, 2024</b>			<b>Total</b>
	<b>Unrealized Gains and Losses on Cash Flow Hedges</b>	<b>Pension and OPEB</b>	<b>Currency Translation Adjustment</b>	
Balance, beginning of period	9	(33)	9	(15)
Net gain on cash flow hedges	1	-	-	1
Amounts reclassified from AOCI	(2)	(1)	-	(3)
Translation of foreign operations	-	-	69	69
Other comprehensive (loss) income for the period	(1)	(1)	69	67
Balance, end of period	8	(34)	78	52

<i>(millions of dollars)</i>	<b>Six Months Ended June 30, 2023</b>			<b>Total</b>
	<b>Unrealized Gains and Losses on Cash Flow Hedges</b>	<b>Pension and OPEB</b>	<b>Currency Translation Adjustment</b>	
Balance, beginning of period	(6)	80	54	128
Net gain on cash flow hedges	16	-	-	16
Amounts reclassified from AOCI	2	(2)	-	-
Translation of foreign operations	-	-	(45)	(45)
Other comprehensive income (loss) for the period	18	(2)	(45)	(29)
Balance, end of period	12	78	9	99



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

<i>(millions of dollars)</i>	Amount Reclassified from AOCI		Statement of Income Line Item
	Three Months Ended June 30, 2024	Six Months Ended	
Amortization of amounts related to cash flow hedges			
Gains	(2)	(3)	Net interest expense
Income tax recovery	1	1	Income tax expense
	(1)	(2)	
Amortization of amounts related to pension and OPEB			
Net actuarial gains, net of past service costs	-	(1)	See (1) below
Income tax recovery	-	-	Income tax expense
	-	(1)	
<b>Total reclassifications for the period</b>	<b>(1)</b>	<b>(3)</b>	

<i>(millions of dollars)</i>	Amount Reclassified from AOCI		Statement of Income Line Item
	Three Months Ended June 30, 2023	Six Months Ended	
Amortization of amounts related to cash flow hedges			
Losses	2	2	Net interest expense
Income tax expense	-	-	Income tax expense
	2	2	
Amortization of amounts related to pension and OPEB			
Actuarial gains	(2)	(3)	See (1) below
Income tax recovery	1	1	Income tax expense
	(1)	(2)	
<b>Total reclassifications for the period</b>	<b>1</b>	<b>-</b>	

<sup>1</sup> 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 nil deferred in AOCI as at June 30, 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 June 30, 2024 and 2023 were as follows:

<i>(millions of dollars)</i>	Registered Pension Plans		Supplementary Pension Plans		Other Post-Employment Benefits	
	2024	2023	2024	2023	2024	2023
<i>Components of Cost Recognized for the period</i>						
Current service costs	77	45	2	1	25	16
Interest on projected benefit obligation	198	197	4	4	32	32
Expected return on plan assets, net of expenses	(258)	(250)	-	-	-	-
Amortization of past service credits <sup>1</sup>	-	(1)	-	-	-	-
Amortization of net actuarial loss (gain) <sup>1</sup>	-	-	1	-	(7)	(13)
<b>Costs recognized <sup>2</sup></b>	<b>17</b>	<b>(9)</b>	<b>7</b>	<b>5</b>	<b>50</b>	<b>35</b>

<sup>1</sup> The net impact of amortization of past service credits and net actuarial loss (gain) is recognized as an increase (decrease) to other comprehensive income. This decrease for the three months ended June 30, 2024 was partially offset by an increase in the Pension and OPEB Regulatory Asset of \$6 million (three months ended June 30, 2023 – a decrease in the Pension and OPEB Regulatory Liability of \$12 million).

<sup>2</sup> These pension and OPEB costs for the three months ended June 30, 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 June 30, 2023 – net addition of costs of \$57 million).

OPG's pension and OPEB costs for the six months ended June 30, 2024 and 2023 were as follows:

<i>(millions of dollars)</i>	Registered Pension Plans		Supplementary Pension Plans		Other Post-Employment Benefits	
	2024	2023	2024	2023	2024	2023
<i>Components of cost recognized for the period</i>						
Current service costs	153	91	4	2	50	32
Interest on projected benefit obligation	396	393	8	8	65	64
Expected return on plan assets, net of expenses	(516)	(500)	-	-	-	-
Amortization of past service (credits) costs <sup>1</sup>	-	(1)	-	-	1	-
Amortization of net actuarial loss (gain) <sup>1</sup>	-	-	2	-	(15)	(26)
<b>Costs recognized <sup>2</sup></b>	<b>33</b>	<b>(17)</b>	<b>14</b>	<b>10</b>	<b>101</b>	<b>70</b>

<sup>1</sup> The net impact of amortization of past service (credits) costs and net actuarial loss (gain) is recognized as an increase (decrease) to other comprehensive income. This decrease for the six months ended June 30, 2024 was partially offset by an increase in the Pension and OPEB Regulatory Asset of \$11 million (six months ended June 30, 2023 – a decrease in the Pension and OPEB Regulatory Liability of \$24 million).

<sup>2</sup> These pension and OPEB costs for the six months ended June 30, 2024 exclude the net addition of costs of \$34 million resulting from the recognition of changes in the regulatory assets or regulatory liabilities for the Pension and OPEB Cost Variance Account, the Pension & OPEB Cash Versus Accrual Differential Deferral Account and the Pension & OPEB Cash Payment Variance Account (six months ended June 30, 2023 – net addition of costs of \$118 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 June 30, 2024 and December 31, 2023.

The fair value of the derivative instruments totalled a net asset of \$4 million as at June 30, 2024 (December 31, 2023 – net liability of \$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 June 30, 2024 and December 31, 2023 was as follows:

<i>(millions of dollars)</i>	Fair Value		Carrying Value <sup>1</sup>		Balance Sheet Line Item
	2024	2023	2024	2023	
Nuclear Segregated Funds (includes current portion) <sup>2</sup>	<b>21,983</b>	21,563	<b>21,983</b>	21,563	Nuclear fixed asset and nuclear waste management funds
Loan receivable - from Fair Hydro Trust	<b>796</b>	817	<b>904</b>	905	Loan receivable
Investment in Hydro One Limited Shares	<b>143</b>	164	<b>143</b>	164	Equity securities
Payable related to cash flow hedges	-	(1)	-	(1)	Long-term accounts payable and accrued charges
Long-term debt (includes current portion)	<b>(10,213)</b>	(9,793)	<b>(11,113)</b>	(10,342)	Long-term debt
Other financial instruments	<b>134</b>	107	<b>134</b>	107	Various

<sup>1</sup> 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.

<sup>2</sup> 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)	June 30, 2024			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
<i>Used Fuel Segregated Fund</i>				
Investments measured at fair value, excluding investments measured at NAV	6,733	6,159	-	12,892
Investments measured at NAV <sup>1</sup>				4,428
				17,320
Due to Province				(4,829)
Used Fuel Segregated Fund, net				12,491
<i>Decommissioning Segregated Fund</i>				
Investments measured at fair value, excluding investments measured at NAV	5,201	4,682	-	9,883
Investments measured at NAV <sup>1</sup>				3,465
				13,348
Due to Province				(3,856)
Decommissioning Segregated Fund, net				9,492
Equity securities	143	-	-	143
Other financial assets	74	-	90	164
<b>Liabilities</b>				
Other financial liabilities	(29)	(1)	-	(30)

As at (millions of dollars)	December 31, 2023			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
<i>Used Fuel Segregated Fund</i>				
Investments measured at fair value, excluding investments measured at NAV	6,130	6,083	-	12,213
Investments measured at NAV <sup>1</sup>				4,277
				16,490
Due to Province				(4,232)
Used Fuel Segregated Fund, net				12,258
<i>Decommissioning Segregated Fund</i>				
Investments measured at fair value, excluding investments measured at NAV	4,745	4,627	-	9,372
Investments measured at NAV <sup>1</sup>				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
<b>Liabilities</b>				
Other financial liabilities	(48)	(1)	(1)	(50)

<sup>1</sup> 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 six months ended June 30, 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 six months ended June 30, 2024 were as follows:

<i>(millions of dollars)</i>	<b>Other financial instruments</b>
Opening balance, January 1, 2024	81
Realized losses included in revenue	(2)
Unrealized gains included in revenue	4
Purchases	7
Closing balance, June 30, 2024	<b>90</b>

### 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 June 30, 2024 were as follows:

<i>(millions of dollars except where noted)</i>	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice</b>
Alternative Investments				
Infrastructure	4,315	1,362	n/a	n/a
Real Estate	3,143	1,309	n/a	n/a
Private Debt	99	448	n/a	n/a
Other	336	13	n/a	n/a
Pooled Funds				
Fixed Income	2,285	n/a	Daily	1-5 days
Equity	1,045	n/a	Daily	1-5 days
<b>Total</b>	<b>11,223</b>	<b>3,132</b>		

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 June 30, 2024, the total amount of guarantees provided by OPG was \$32 million (December 31, 2023 – \$32 million). As at June 30, 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 June 30, 2024 were as follows:

<i>(millions of dollars)</i>	2024 <sup>1</sup>	2025	2026	2027	2028	Thereafter	Total
Fuel supply agreements	36	216	185	172	136	440	1,185
Contributions to the OPG registered pension plan <sup>2</sup>	80	166	-	-	-	-	246
Long-term debt repayment	2	595	674	530	256	9,097	11,154
Interest on long-term debt	212	419	402	390	371	5,294	7,088
Short-term debt repayment	600	-	-	-	-	-	600
Commitments related to Darlington Refurbishment project and DNNP <sup>3</sup>	371	9	9	9	9	237	644
Commitments related to Atura Power development projects <sup>3</sup>	133	417	104	-	7	-	661
Operating licences	29	54	51	41	39	84	298
Operating lease obligations	14	13	13	9	4	33	86
Accounts payable, accrued charges and other payables	1,607	1	-	-	-	-	1,608
Other	45	36	60	40	23	91	295
<b>Total</b>	<b>3,129</b>	<b>1,926</b>	<b>1,498</b>	<b>1,191</b>	<b>845</b>	<b>15,276</b>	<b>23,865</b>

<sup>1</sup> Represents amounts for the remainder of the year.

<sup>2</sup> 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.

<sup>3</sup> 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. On August 7, 2024, the parties reached a tentative renewal collective agreement, which is subject to a ratification vote by the PWU membership. 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 Income (Loss) For the Three Months Ended June 30, 2024 <i>(millions of dollars)</i>	Regulated			Unregulated			Elimination	Total
	Nuclear Generation	Nuclear Sustainability Services	Hydroelectric Generation	Contracted Hydroelectric and Other Generation	Atura Power	Other		
Revenue	873	-	403	211	172	-	-	1,659
Leasing revenue	7	-	-	-	-	2	-	9
Other revenue	-	44	-	1	-	45	(67)	23
Total revenue	880	44	403	212	172	47	(67)	1,691
Fuel expense	79	-	88	13	60	-	-	240
Gross margin	801	44	315	199	112	47	(67)	1,451
Operations, maintenance and administration expenses	619	44	103	79	30	32	(67)	840
Depreciation and amortization expenses	157	-	47	50	30	20	-	304
Accretion on fixed asset removal and nuclear waste management liabilities	-	302	-	2	-	1	-	305
Earnings on nuclear fixed asset removal and nuclear waste management funds	-	(274)	-	-	-	-	-	(274)
Property taxes	7	-	1	4	-	-	-	12
Other losses (gains)	4	-	5	(1)	-	13	-	21
Income (loss) before interest and income taxes	14	(28)	159	65	52	(19)	-	243
Net interest expense								51
<b>Income before income taxes</b>								<b>192</b>
Income tax expense								26
<b>Net income</b>								<b>166</b>

Segment Income (Loss) For the Three Months Ended June 30, 2023 <i>(millions of dollars)</i>	Regulated			Unregulated				Total
	Nuclear Generation	Nuclear Sustainability Services	Hydroelectric Generation	Contracted			Elimination	
				Hydroelectric and Other Generation	Atura Power	Other		
Revenue	1,033	-	392	209	161	7	-	1,802
Leasing revenue	6	-	-	-	-	-	-	6
Other revenue	-	73	-	(3)	-	36	(86)	20
Total revenue	1,039	73	392	206	161	43	(86)	1,828
Fuel expense	67	-	86	13	50	-	-	216
Gross margin	972	73	306	193	111	43	(86)	1,612
Operations, maintenance and administration expenses	669	73	93	69	21	8	(86)	847
Depreciation and amortization expenses	129	-	45	40	30	18	-	262
Accretion on fixed asset removal and nuclear waste management liabilities	-	291	-	2	1	-	-	294
Earnings on nuclear fixed asset removal and nuclear waste management funds	-	(263)	-	-	-	-	-	(263)
Property taxes	6	-	-	4	1	1	-	12
Other losses (gains)	-	-	3	(3)	-	(28)	-	(28)
Income (loss) before interest and income taxes	168	(28)	165	81	58	44	-	488
Net interest expense								33
<b>Income before income taxes</b>								455
Income tax expense								32
<b>Net income</b>								423

Segment Income (Loss) For the Six Months Ended June 30, 2024 <i>(millions of dollars)</i>	Regulated			Unregulated			Elimination	Total
	Nuclear Generation	Nuclear Sustainability Services	Hydroelectric Generation	Contracted				
				Hydroelectric and Other Generation	Atura Power	Other		
Revenue	1,766	-	787	415	407	9	-	3,384
Leasing revenue	14	-	-	-	-	3	-	17
Other revenue	-	80	-	7	-	96	(126)	57
Total revenue	1,780	80	787	422	407	108	(126)	3,458
Fuel expense	144	-	158	26	165	-	-	493
Gross margin	1,636	80	629	396	242	108	(126)	2,965
Operations, maintenance and administration expenses	1,292	80	204	151	50	59	(126)	1,710
Depreciation and amortization expenses	318	-	93	93	60	40	-	604
Accretion on fixed asset removal and nuclear waste management liabilities	-	605	-	4	1	1	-	611
Earnings on nuclear fixed asset removal and nuclear waste management funds	-	(545)	-	-	-	-	-	(545)
Property taxes	13	-	1	9	1	-	-	24
Other losses (gains)	4	-	5	(4)	-	13	-	18
Income (loss) before interest and income taxes	9	(60)	326	143	130	(5)	-	543
Net interest expense								96
<b>Income before income taxes</b>								<b>447</b>
Income tax expense								56
<b>Net income</b>								<b>391</b>

Segment Income (Loss) For the Six Months Ended June 30, 2023 <i>(millions of dollars)</i>	Regulated			Unregulated			Elimination	Total
	Nuclear Generation	Nuclear Sustainability Services	Hydroelectric Generation	Contracted Hydroelectric and Other Generation	Atura Power	Other		
Revenue	2,066	-	777	403	337	13	-	3,596
Leasing revenue	13	-	-	-	-	2	-	15
Other revenue	-	121	-	20	-	64	(158)	47
Total revenue	2,079	121	777	423	337	79	(158)	3,658
Fuel expense	134	-	152	28	112	-	-	426
Gross margin	1,945	121	625	395	225	79	(158)	3,232
Operations, maintenance and administration expenses	1,228	121	190	140	38	37	(158)	1,596
Depreciation and amortization expenses	260	-	90	81	59	35	-	525
Accretion on fixed asset removal and nuclear waste management liabilities	-	583	-	4	1	1	-	589
Earnings on nuclear fixed asset removal and nuclear waste management funds	-	(522)	-	-	-	-	-	(522)
Property taxes	12	-	-	8	2	1	-	23
Other losses (gains)	-	-	3	(3)	-	(27)	-	(27)
Income (loss) before interest and income taxes	445	(61)	342	165	125	32	-	1,048
Net interest expense								69
<b>Income before income taxes</b>								979
Income tax expense								123
<b>Net income</b>								856

#### 14. NET CHANGES IN NON-CASH WORKING CAPITAL BALANCES

<i>(millions of dollars)</i>	Six Months Ended June 30	
	2024	2023
Receivables from related parties	98	(105)
Fuel Inventory	(33)	(74)
Materials and supplies	(3)	12
Prepaid expenses	(18)	(5)
Other current assets	10	235
Accounts payable, accrued charges and other payables	(69)	(226)
<b>Net changes to non-cash working capital balances</b>	<b>(15)</b>	<b>(163)</b>

#### 15. SALE OF ASSETS

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 across a number of regions, along with two storage reservoirs in the Mid-Western US. While the transaction was being negotiated and closed, the assets were no longer depreciated or amortized, and were held within other current assets on the interim consolidated balance sheets within the Contracted Hydroelectric and Other Generation business segment.

In June 2024, the transaction was terminated. Following the termination, the criteria for classifying these assets as held for sale were no longer met, and the assets were reclassified to PP&E and intangible assets on the interim consolidated balance sheets. The assets' net book values have been adjusted for depreciation and amortization expense that would have been recognized had the assets continued to be classified as PP&E and intangible assets during the period that they were considered held for sale. The assets continue to be valued at the lower of carrying value and fair value.