

November 21, 2008

ONTARIO POWER GENERATION REPORTS 2008 THIRD QUARTER FINANCIAL RESULTS

[Toronto]: Ontario Power Generation Inc. (“OPG” or the “Company”) today reported its financial and operating results for the three and nine months ended September 30, 2008. Net loss for the three months ended September 30, 2008 was \$142 million compared to net income of \$113 million for the same period in 2007. Net income for the nine months ended September 30, 2008 was \$119 million compared to \$409 million for the same period in 2007.

OPG’s operating results for the three and nine month periods ended September 30, 2008 improved compared to the same periods in 2007, with the exception of a significant reduction in the earnings from the investment funds that have been established for nuclear fixed asset removal and nuclear waste management (the “Nuclear Funds”). Operating results reflected higher generation from the nuclear and hydroelectric generating stations, partially offset by increases in fuel prices. Losses on the Nuclear Funds for the three months ended September 30, 2008 were \$190 million compared to earnings of \$92 million for the same period in 2007. For the nine months ended September 30, 2008, losses on the Nuclear Funds were \$133 million compared to earnings of \$392 million for the same period in 2007. The decrease in earnings from the Nuclear Funds, for the three and nine month periods of 2008 compared to the same periods in 2007, was primarily due to significant reductions in the trading levels of global financial markets, which reduced the current market value of the fund investments.

“While OPG’s third quarter operating results reflect higher electricity production and continuing improvements in the reliability of our generating stations, our earnings were significantly affected by losses in the market value of the Nuclear Funds,” said President and CEO Jim Hankinson.

On November 3, 2008, the Ontario Energy Board (the “OEB”) issued its decision on OPG’s application for new payment amounts for production from OPG’s regulated hydroelectric and nuclear facilities. In its decision, the OEB determined that the new payment amounts should apply retrospectively to production starting on April 1, 2008 and will be in effect until December 31, 2009. The OEB determined that the appropriate rate of return on equity for OPG’s regulated facilities for the purposes of determining the new payment amounts is 8.65%. This rate is higher than the five percent rate of return on equity, which was the basis for the initial regulated prices set by government regulation for the period up to March 31, 2008.

Total electricity generation of 27.3 terawatt hours (“TWh”) in the third quarter of 2008 exceeded production of 26.2 TWh in the third quarter of 2007. Hydroelectric production of 8.9 TWh was higher than production of 7.2 TWh during the third quarter

of 2007 mainly due to higher river flows across the province and high availability factors at OPG's hydroelectric stations. Nuclear production of 12.2 TWh during the third quarter of 2008 increased by 1.4 TWh over the third quarter of 2007 primarily as a result of a reduction in outage days at the Pickering A and Darlington nuclear stations. Electricity production from OPG's fossil stations decreased to 6.2 TWh in the third quarter of 2008 compared to 8.2 TWh in 2007, primarily as a result of higher hydroelectric and nuclear production. For the nine months ended September 30, 2008, total production from OPG's generating stations was 82.6 TWh compared to 80.4 TWh for the same period in 2007. This increase reflects higher hydroelectric and nuclear production.

The reliability of OPG's nuclear and fossil stations improved during the third quarter of 2008 in comparison to the third quarter of 2007, and availability factors at the hydroelectric stations remained at historically high levels. In the third quarter of 2008, the capability factors of the Darlington and Pickering A nuclear stations improved over the third quarter of 2007. The capability factor at the Pickering B nuclear generating station was lower than the third quarter of 2007 due to an increase in outage days caused by the shutdown of a unit since the second quarter of 2008 to replace a calandria tube.

OPG's progress on a number of new generation projects aimed at significantly contributing to Ontario's long-term electricity supply requirements is as follows:

- On June 16, 2008, the Province announced that OPG will operate two new nuclear reactors at the Darlington site. OPG is participating with Infrastructure Ontario in a process to select a nuclear reactor vendor in the spring of 2009. OPG is pursuing cost recovery mechanisms and exploring financing options for the new nuclear reactors. OPG is proceeding with initiatives associated with the Environmental Impact Statement, which is planned for completion in mid 2009.
- At September 30, 2008, the boring machine for the Niagara tunnel had advanced 3,124 metres. The contractor previously advised OPG that due to excavation difficulties under the St. David's gorge, the in-service date of the tunnel will be delayed. The contractor continues to pursue alternatives, including realignment of a portion of the tunnel. A dispute review hearing process was initiated to review, among other things, the actual subsurface conditions compared to those that were anticipated as part of the design build contract. OPG and the contractor are using the recommendations from the Dispute Review Board as a basis for negotiating revisions to the contract, which are expected to have a significant impact on project cost and schedule. The negotiations are expected to be completed in the first quarter of 2009.
- The Portlands Energy Centre ("PEC") is a 550 MW high-efficiency, combined cycle, natural gas generation plant designed to meet downtown Toronto's urgent need for electricity. PEC is a limited partnership between OPG and TransCanada Energy Ltd. The first phase was completed in a simple cycle mode, with a capacity of up to 340 MW on May 31, 2008. In September 2008, the station was taken out of service in order to complete construction of the combined cycle mode of operation. PEC is expected to be completed earlier than its contractual in-service date of June 1, 2009.

- OPG is replacing four hydroelectric stations. Three of the stations are on the Upper Mattagami River (Wawaitin, Sandy Falls and Lower Sturgeon) and the fourth (Hound Chute) is located on the Montreal River. The project includes the demolition and decommissioning of the four existing powerhouses that are at the end of their useful lives, and the rehabilitation of the existing dams and other civil structures to meet the current dam safety requirements. Upon completion of the project, the total installed capacity of the four stations will increase from 23 MW to 44 MW. The Sandy Falls and Lower Sturgeon stations are currently being demolished and site preparation is in progress at the Wawaitin and Hound Chute stations. Total project costs are expected to be \$300 million.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

<i>(millions of dollars – except where noted)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2008	2007	2008	2007
<i>Earnings</i>				
Revenue after revenue limit rebate	1,513	1,421	4,461	4,318
Fuel expense	334	336	915	962
Gross margin	1,179	1,085	3,546	3,356
Operations, maintenance and administration	689	689	2,130	2,159
Loss (earnings) on nuclear fixed asset removal and nuclear waste management funds	190	(92)	133	(392)
Other net expenses	378	349	1,116	1,068
Income tax expenses	64	26	48	112
Net (loss) income	(142)	113	119	409
<i>Cash flow</i>				
Cash flow provided by operating activities	434	248	835	723
<i>Electricity Generation (TWh)</i>				
Regulated – Nuclear	12.2	10.8	35.6	33.5
Regulated – Hydroelectric	4.7	4.4	14.2	13.7
Unregulated – Hydroelectric	4.2	2.8	14.1	10.6
Unregulated – Fossil-Fuelled	6.2	8.2	18.7	22.6
Total electricity generation	27.3	26.2	82.6	80.4
<i>Average electricity sales price (¢/kWh)</i>				
Regulated – Nuclear	4.9	4.9	4.9	4.9
Regulated – Hydroelectric ¹	3.8	3.5	3.6	3.5
Unregulated – Hydroelectric ²	4.8	4.7	4.7	4.7
Unregulated – Fossil-Fuelled ²	5.1	4.9	5.0	4.9
OPG average sales price	4.8	4.7	4.7	4.6
<i>Nuclear unit capability factor (percent)</i>				
Darlington	99.1	96.3	92.9	91.4
Pickering A	84.3	-	75.1	41.5
Pickering B	64.2	82.0	69.3	74.7
<i>Equivalent forced outage rate (percent)</i>				
Unregulated– Fossil-Fuelled	7.4	10.5	11.1	11.2
<i>Availability (percent)</i>				
Regulated – Hydroelectric	93.9	97.4	93.4	94.2
Unregulated– Hydroelectric	93.5	92.2	95.6	94.2

¹ Electricity generated from stations in the Regulated – Hydroelectric segment received a fixed price of 3.3¢/kWh for the first 1,900 MWh of generation in any hour, and the Ontario spot electricity market price for generation above this level.

² Eighty-five percent of the electricity generated from unregulated stations, excluding the Lennox generating station, those stations where generation output is subject to a Hydroelectric Energy Supply Agreement with the Ontario Power Authority, and forward sales as of January 1, 2005, is subject to a revenue limit. During the period from May 1, 2006 to April 30, 2007, the revenue limit was set at 4.6¢/kWh. The revenue limit increased to 4.7¢/kWh effective May 1, 2007 and to 4.8 ¢/kWh effective May 1, 2008.

Ontario Power Generation Inc. is an Ontario-based electricity generation company whose principal business is the generation and sale of electricity in Ontario. Our focus is on the efficient production and sale of electricity from our generation assets, while operating in a safe, open and environmentally responsible manner.

Ontario Power Generation Inc.'s unaudited interim consolidated financial statements and Management's Discussion and Analysis as at and for the three and nine months ended September 30, 2008, can be accessed on OPG's website (www.opg.com), the Canadian Securities Administrators' website (www.sedar.com), or can be requested from the Company.

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