

May 22, 2009

ONTARIO POWER GENERATION REPORTS 2009 FIRST QUARTER FINANCIAL RESULTS

[Toronto]: Ontario Power Generation Inc. (“OPG” or the “Company”) today reported its financial and operating results for the three months ended March 31, 2009. Net loss for the first quarter of 2009 was \$9 million compared to net income of \$162 million for the same period in 2008.

“OPG’s results were significantly affected by a reduction in electricity generation, higher fuel prices, and an increase in expenses related to planned maintenance outages at our nuclear generating stations,” said President and CEO Jim Hankinson.

Total electricity generated in the first quarter of 2009 of 25.6 terawatt hours (“TWh”) was 13 percent lower than the first quarter 2008 production of 29.4 TWh. Nuclear production decreased by 1.0 TWh primarily as a result of planned maintenance outages. Hydroelectric production of 9.0 TWh was marginally lower than production of 9.1 TWh during the first quarter 2008. Electricity production from OPG’s fossil stations decreased to 4.3 TWh compared to 7.0 TWh in the first quarter of 2008, primarily due to lower electricity demand as a result of Ontario’s contracting economy, an increase in electricity production from other Ontario generators, and a significant reduction in natural gas prices compared to the cost of coal, which resulted in a displacement of coal-fired production.

OPG’s Darlington nuclear generating station continued to achieve exceptional reliability with a unit capability factor of 99.9 percent in the first quarter of 2009. The Pickering A nuclear generating station had a unit capability factor of 42.4 percent primarily due to planned outage maintenance work. The unit capability factor of 84.9 percent for the Pickering B nuclear station was marginally lower than in the first quarter of 2008. The availability of OPG’s regulated and unregulated hydroelectric generating stations remained at historically high levels. As a result of CO₂ emission limits, the operating profile of the coal-fired generating stations has changed. The reliability of OPG’s fossil stations, now measured during the peak demand periods of January and February, and July and August, improved over the first quarter of 2008.

Income before interest and income taxes from OPG’s electricity generating segments of \$243 million in the first quarter of 2009 decreased from \$381 million for the three months ended March 31, 2008. Gross margin decreased as a result of lower fossil and nuclear generation, higher fuel costs, and lower non-electricity generation revenue. The unfavourable impact of these factors was partially offset by higher electricity sales prices reflecting the Ontario Energy Board’s (“OEB”) rate decision for OPG’s regulated hydroelectric and nuclear facilities, and revenues related to the contingency support agreement for the Nanticoke and Lambton generating stations.

Operations, Maintenance and Administration expenses increased by \$51 million in the first quarter of 2009, compared to the same quarter in 2008. The increase was primarily due to an increase in planned outage and maintenance activities at OPG's nuclear generating stations.

A loss before interest and income taxes of \$164 million in the Regulated – Nuclear Waste Management segment for the three months ended March 31, 2009 was an improvement over the \$185 million loss before interest and income taxes in the first quarter of 2008. The loss before interest and income taxes in the first quarter of 2009 primarily resulted from reductions in the Ontario Consumer Price Index, which negatively affected the guaranteed return on the Used Fuel Fund, and lower returns on the Decommissioning Fund. This loss was partially mitigated by the establishment by the OEB of a regulatory variance account associated with the stations leased to Bruce Power, since a portion of the losses from the Used Fuel and Decommissioning Segregated Funds are related to these stations.

During the first quarter of 2009, OPG advanced on a number of new generation projects aimed at significantly contributing to Ontario's long-term electricity supply requirements:

Nuclear

- The Province has announced that OPG will operate a new two-unit nuclear power plant at the Darlington site. Proposal submissions from all three respondents were received by Infrastructure Ontario at the end of February. It is expected that a preferred vendor will be selected by Infrastructure Ontario in the late spring of 2009. OPG has initiated activities related to an environmental assessment and licensing requirements.

Hydroelectric

- With respect to the Niagara tunnel project, at March 31, 2009, the tunnel boring machine had advanced to 3,794 metres, which represents 37 percent of the tunnel length. It is now operating on a revised alignment that will minimize remaining excavation in the Queenston shale formation. OPG and the contractor are renegotiating the design build contract with a revised target cost and schedule. The contract includes incentives related to achieving the target cost and schedule. The original project cost was estimated at \$985 million with a scheduled completion of June 2010, as approved by OPG's Board of Directors. The revised project cost is estimated at \$1.6 billion and the revised schedule targets completion by December 2013. This contract is expected to be finalized during the second quarter of 2009.
- The Lac Seul generating station was declared in-service in February 2009 and has a capacity of 12.5 MW. OPG entered into a partnership agreement with the Lac Seul First Nations ("LSFN") regarding this facility. OPG will have a 75 percent interest in the station, while the LSFN will have a 25 percent interest.
- Project financing was completed for the Upper Mattagami and Hound Chute development projects in May 2009. Senior Notes totaling \$200 million were issued by the UMH Energy Partnership, a general partnership between OPG and UMH Energy Inc., a wholly-owned subsidiary of OPG.

Natural Gas

- The Portlands Energy Centre (“PEC”) is a 550 MW high-efficiency, combined cycle, natural gas generation plant designed to meet downtown Toronto’s need for electricity. PEC is a limited partnership between OPG and TransCanada Energy Ltd. PEC was declared in-service in a combined cycle mode in April 2009, earlier than the contractual in-service date of June 2009.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

<i>(millions of dollars – except where noted)</i>	Three Months Ended March 31	
	2009	2008
<i>Earnings</i>		
Revenue after revenue limit rebate	1,481	1,563
Fuel expense	261	304
Gross margin	1,220	1,259
Operations, maintenance and administration expense	742	691
Depreciation and amortization	178	175
Accretion on fixed asset removal and nuclear waste management liabilities	159	135
Losses on nuclear fixed asset removal and nuclear waste management funds	6	51
Other net expenses	26	13
Income before interest and income taxes	109	194
Net interest expense	39	40
Income tax expenses (recoveries)	79	(8)
Net (loss) income	(9)	162
<i>Cash flow</i>		
Cash flow provided by operating activities	41	245
<i>Income (loss) before interest and income taxes</i>		
Generating segments	243	381
Nuclear Waste Management segment	(164)	(185)
Other segment	30	(2)
Total income before interest and income taxes	109	194
<i>Electricity generation (TWh)</i>		
Regulated – Nuclear	12.3	13.3
Regulated – Hydroelectric	4.7	4.6
Unregulated – Hydroelectric	4.3	4.5
Unregulated – Fossil-Fuelled	4.3	7.0
Total electricity generation	25.6	29.4

FINANCIAL AND OPERATIONAL HIGHLIGHTS

<i>(millions of dollars – except where noted)</i>	Three Months Ended March 31	
	2009	2008
<i>Average electricity sales price (¢/kWh)</i>		
Regulated – Nuclear	5.5	4.9
Regulated – Hydroelectric	3.6	3.6
Unregulated – Hydroelectric	4.4	4.7
Unregulated – Fossil-Fuelled	4.8	4.8
OPG average sales price	4.8	4.7
<i>Nuclear unit capability factor (percent)</i>		
Darlington	99.9	98.9
Pickering A	42.4	77.6
Pickering B	84.9	86.5
<i>Equivalent forced outage rate – Peak (percent)</i>		
Unregulated– Fossil-Fuelled	15.8	18.6
<i>Availability (percent)</i>		
Regulated – Hydroelectric	94.2	93.4
Unregulated– Hydroelectric	95.5	95.7

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 consolidated financial statements and Management's Discussion and Analysis as at and for the three months ended March 31, 2009, can be accessed on OPG's Web site (www.opg.com), the Canadian Securities Administrators' Web site (www.sedar.com), or can be requested from the Company.

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