

May 23, 2008

ONTARIO POWER GENERATION REPORTS 2008 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, 2008. Net income for the first quarter of 2008 was \$162 million compared to net income of \$171 million for the same period in 2007.

"In the first quarter of 2008, OPG continued to improve its operational performance. Our nuclear and hydroelectric stations increased their electricity production and improved their reliability. We continually strive to increase our generating capacity while operating safely," said President and CEO Jim Hankinson.

Electricity generated in the first quarter of 2008 of 29.4 terawatt hours ("TWh") was four per cent higher than first quarter 2007 production of 28.2 TWh. Nuclear production increased by 1.7 TWh as a result of fewer outages at both Pickering nuclear stations. Hydroelectric production of 9.1 TWh was higher than production of 8.5 TWh during the first quarter 2007 due to mild weather and increased rainfall in northwestern Ontario. Electricity production from OPG's fossil stations decreased to 7.0 TWh in the first quarter of 2008 compared to 8.1 TWh in 2007, primarily as a result of higher nuclear and hydroelectric production.

Net income during the three months ended March 31, 2008 was marginally lower than net income in the first quarter of 2007. Gross margin increased due to higher electricity generation from OPG's lower marginal cost nuclear and unregulated hydroelectric generating stations. Income tax expense decreased due to a reduction in income tax liabilities as a result of the resolution of a number of tax uncertainties. These favourable impacts were offset by a decrease in earnings on the nuclear fixed asset removal and nuclear waste management funds, as a result of significant volatility and unfavourable returns in the capital markets.

During the first quarter of 2008, there was noteworthy progress on the Portlands Energy Centre ("PEC") project. PEC is a 550 MW gas-fired, combined cycle generating station that is under construction near downtown Toronto. PEC is a limited partnership between OPG and TransCanada Energy Ltd. Construction of the station started in 2006 and is on schedule to be operational in a simple cycle mode, with a capacity of up to 340 MW, in June 2008. Project costs to date are on budget. The station will operate as needed to meet peak demand during the summer of 2008, after which it will be taken out of service in order to complete construction of the combined cycle mode. PEC is expected to be completed and fully operational in the combined cycle configuration in the second quarter of 2009, providing up to 550 MW of power.

OPG continues to make progress on a number of new generation projects that will significantly contribute to meeting Ontario's long-term electricity supply requirements including:

- At March 31, 2008, the boring machine for the Niagara tunnel had advanced 1,848 metres. Considerable uncertainty remains with respect to the schedule until the tunnel boring machine has advanced beyond the St. David's gorge to approximately 2,300 metres, and establishes consistent tunneling performance. The project cost estimate of \$985 million will be reviewed in conjunction with any changes to the project completion schedule, and a dispute resolution process to review, among other things, the actual subsurface rock conditions compared to those that were anticipated as part of the design-build contract.
- The expected in-service date for the new Lac Seul generating station continues to be in the third quarter of 2008, based on the contractor's current schedule.
- During the first quarter of 2008, OPG finalized a Hydroelectric Energy Supply Agreement for the Lac Seul station and continued negotiations for the Upper Mattagami and Hound Chute stations.
- In January 2008, the Canadian Nuclear Safety Commission recommended to the Federal Minister of Environment that the project for new nuclear generating units at the Darlington nuclear generating site be referred to a panel review, which is the highest level of review under current legislation. In March 2008, the Federal Minister of Environment accepted the recommendation and referred the project Environmental Assessment to a review panel. OPG is a part of the commercial team directed by Infrastructure Ontario that will manage the procurement process to select a nuclear reactor vendor by the end of 2008.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

<i>(millions of dollars – except where noted)</i>	Three Months Ended March 31	
	2008	2007
<i>Earnings</i>		
Revenue after revenue limit rebate	1,563	1,524
Fuel expense	(304)	(328)
Gross margin	1,259	1,196
Operations, maintenance and administration	691	694
Other expenses	414	274
Income tax (recovery) expense	(8)	57
Net income	162	171
<i>Cash flow</i>		
Cash flow provided by operating activities	249	163
<i>Electricity Generation (TWh)</i>		
Regulated – Nuclear	13.3	11.6
Regulated – Hydroelectric	4.6	4.6
Unregulated Generation – Hydroelectric	4.5	3.9
Unregulated Generation – Fossil-Fuelled	7.0	8.1
Total electricity generation	29.4	28.2
<i>Average electricity sales price (¢/kWh)</i>		
Regulated – Nuclear	4.9	4.9
Regulated – Hydroelectric ¹	3.6	3.6
Unregulated Generation – Hydroelectric ²	4.7	4.7
Unregulated Generation – Fossil-Fuelled ²	4.8	4.8
OPG average sales price	4.7	4.7
<i>Nuclear unit capability factor (per cent)</i>		
Darlington	98.9	93.6
Pickering A	77.6	63.5
Pickering B	86.5	69.6
<i>Equivalent forced outage rate (per cent)</i>		
Unregulated – Fossil-Fuelled	15.5	11.7
<i>Availability (per cent)</i>		
Regulated – Hydroelectric	93.4	92.0
Unregulated – Hydroelectric	95.7	95.7

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 per cent 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 months ended March 31, 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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