SCHEDULE OF REGULATORY BALANCES
AS AT DECEMBER 31, 2019

The *Ontario Energy Board Act, 1998* and *Ontario Regulation 53/05* provide that Ontario Power Generation Inc. (OPG or the Company) receives regulated prices for electricity generated from most of the Company's hydroelectric generating facilities and all of the nuclear generating facilities that the Company operates. OPG's regulated prices for the generation from these facilities are determined by the Ontario Energy Board (OEB).

The OEB's decisions and orders have authorized OPG to establish certain variance and deferral accounts, including those authorized pursuant to *Ontario Regulation 53/05*. The balances in these accounts are calculated in accordance with the OEB's decisions and orders and *Ontario Regulation 53/05*. In accordance with United Stated generally accepted accounting principles ("US GAAP"), OPG's consolidated financial statements recognize regulatory assets and regulatory liabilities for balances in the variance and deferral accounts.

Through its March 2017 and December 2017 decisions on OPG's application for new regulated prices under case number EB-2016-0152 and related partial settlement agreement between OPG and intervenors, the OEB approved the balances in all of the Company's variance and deferral accounts as at December 31, 2015, with the exception of the Pension & OPEB Cash to Accrual Differential Deferral Account, and less amounts previously approved for recovery or repayment in these accounts during 2016 under case number EB-2014-0370. To effect recovery of the balances approved in the EB-2016-0152 proceeding, the OEB established rate riders for OPG's regulated generation for the period from March 1, 2018 to December 31, 2020.

Through its February 2019 decision on OPG's application for a base regulated price adjustment for the regulated hydroelectric facilities and disposition of variance and deferral account balances and related settlement agreement between OPG and intervenors, under case number EB-2018-0243, the OEB approved the balances in all of the Company's variance and deferral accounts as at December 31, 2017, with the exception of the Capacity Refurbishment Variance Account and Fitness for Duty Deferral Account that were excluded from OPG's application, and less amounts previously approved for recovery or repayment under case number EB-2016-0152. To effect recovery of the balances approved in the EB-2018-0243 proceeding, the OEB established rate riders for OPG's regulated generation for the period from January 1, 2019 to December 31, 2021.

For the period from January 1, 2018 to December 31, 2019, OPG recognized additions to the variance and deferral accounts and amortized the balances in the accounts as authorized by the OEB in the EB-2016-0152 Payment Amounts Order, the EB-2018-0002 Decision and Order and the EB-2018-0243 Payment Amounts Order, as applicable. Where authorized by the OEB, OPG recorded interest on the unamortized balances in the applicable variance and deferral accounts at the OEB-prescribed rate ranging from 1.50 percent per annum to 2.45 percent per annum during the period from January 1, 2018 to December 31, 2019.

As at December 31, 2019, the balances to be recovered from (refunded to) ratepayers in the variance and deferral accounts authorized for OPG were as follows:

(millions of dollars)	**2019**
Regulated Hydroelectric	
Hydroelectric Surplus Baseload Generation Variance Account	**448**
Capacity Refurbishment Variance Account – Hydroelectric	**26**
Pension & OPEB Cash Versus Accrual Differential Deferral Account – Hydroelectric – Registered Pension Plan (RPP) – EB-2018-0243 Approved	**41**
Pension & OPEB Cash Versus Accrual Differential Deferral Account – Hydroelectric – Non RPP – EB-2018-0243 Approved	**35**
Pension & OPEB Cash Versus Accrual Differential Deferral Account – Hydroelectric – Post-2017 Additions	**44**
Pension and OPEB Cost Variance Account – Hydroelectric – Post 2012 Additions	**16**
Pension and OPEB Cost Variance Account – Hydroelectric – Future Recovery	**6**
Pension & OPEB Cash Payment Variance Account – Hydroelectric	**(60)**
Pension and OPEB Forecast Accrual versus Actual Cash Differential Variance Account – Carrying Charges Sub-Account – Hydroelectric[1]	**-**
Ancillary Services Net Revenue Variance Account – Hydroelectric	**(62)**
Hydroelectric Water Conditions Variance Account	**(216)**
Hydroelectric Deferral and Variance Over/Under Recovery Variance Account	**17**
Niagara Tunnel Project Pre-December 2008 Disallowance Variance Account	**8**
Hydroelectric Incentive Mechanism Variance Account[1]	**-**
Income and Other Taxes Variance Account – Hydroelectric	**(3)**
Gross Revenue Charge Variance Account	**-**
Total – Regulated Hydroelectric	**300**
Nuclear	
Pension and OPEB Cost Variance Account – Nuclear – Future Recovery	**137**
Pension and OPEB Cost Variance Account – Nuclear – Post 2012 Additions	**331**
Pension & OPEB Cash Versus Accrual Differential Deferral Account – Nuclear – Registered Pension Plan (RPP) – EB-2018-0243 Approved	**266**
Pension & OPEB Cash Versus Accrual Differential Deferral Account – Nuclear – Non-RPP – EB-2018-0243 Approved	**221**
Pension & OPEB Cash Versus Accrual Differential Deferral Account – Nuclear – Post-2017 Additions	**278**
Pension & OPEB Cash Payment Variance Account – Nuclear	**(288)**
Pension and OPEB Forecast Accrual Versus Actual Cash Differential Variance Account – Carrying Charges Sub-Account – Nuclear	**(1)**
Nuclear Liability Deferral Account	**13**
Bruce Lease Net Revenues Variance Account – Derivative Sub-Account	**(27)**
Bruce Lease Net Revenues Variance Account – Non-Derivative Sub-Account	**192**
Nuclear Deferral and Variance Over/Under Recovery Variance Account	**20**
Capacity Refurbishment Variance Account – Nuclear – DRP	**38**
Capacity Refurbishment Variance Account – Nuclear – Non-DRP	**(103)**
Capacity Refurbishment Variance Account – Nuclear – Accelerated Investment Incentive CCA-DRP	**(19)**
Capacity Refurbishment Variance Account – Nuclear – Heavy Water Storage Facility (D2O)	**58**
Income and Other Taxes Variance Account – Nuclear	**(22)**
Nuclear Development Variance Account	**5**
Impact Resulting from Changes in Station End-of-Life Dates (December 31, 2015) Deferral Account	**(92)**
Impact Resulting from Changes to Pickering Station End-of-Life Dates (December 31, 2017) Deferral Account	**(246)**
Ancillary Services Net Revenue Variance Account – Nuclear	**(1)**
SR&ED ITC Variance Account	**(15)**
Fitness for Duty Deferral Account	**1**
Rate Smoothing Deferral Account	**104**
Total – Nuclear	**850**

[1] The account balance is less than $0.5 million, which rounds to nil million.

This schedule of regulatory balances has been prepared solely for the use of OPG's management and for filing with the OEB, and is considered by OPG's management to be a fair and reasonable representation of the balances in the authorized variance and deferral accounts as at December 31, 2019. These balances have been determined in accordance with the basis of accounting described in Note 1 to this schedule.

On behalf of Ontario Power Generation Inc.

John Mauti
Chief Financial Officer and Senior Vice President – Finance
December 22, 2020

See accompanying note to the schedule

NOTE TO THE SCHEDULE OF REGULATORY BALANCES AS AT DECEMBER 31, 2019

1. Basis of Accounting

The schedule of regulatory balances presents the balances as at December 31, 2019 in all variance and deferral accounts authorized for OPG, with the exception of the Pension and OPEB Forecast Accrual Versus Actual Cash Differential Variance Account – Primary and Contra sub-accounts which are offsetting by definition. The balances presented represent the regulatory assets and regulatory liabilities for these accounts recorded by OPG in accordance with US GAAP for the purposes of its consolidated financial statements, as modified to include a return on equity amount as part of cost of capital additions recorded in the accounts for recovery from, or refund to, ratepayers and to include the full amount of additions recorded in the Capacity Refurbishment Variance Account – Hydroelectric effective June 1, 2017. The Pension and OPEB Forecast Accrual Versus Actual Cash Differential Variance Account – Primary and Contra sub-accounts have a net zero balance at all times pursuant to the Report of the Ontario Energy Board under case number EB-2015-0040. All dollar amounts are presented in Canadian dollars.

For the purposes of its consolidated financial statements prepared in accordance with US GAAP, as required by FASB Accounting Standards Codification Topic 980, *Regulated Operations*, OPG limits the portion of cost of capital additions recognized as a regulatory asset to the amount calculated using the average rate of capitalized interest applied by OPG to construction and development in progress balances. The amortization expense related to the regulatory assets for variance and deferral accounts that include cost of capital additions are correspondingly limited in OPG's consolidated financial statements to amounts calculated using the average rate of capitalized interest applied to OPG's construction and development in progress balances.

In the EB-2016-0152 payment amounts order issued on March 23, 2018, the OEB stipulated that OPG will be entitled to future recovery of additions recorded in the Capacity Refurbishment Variance Account – Hydroelectric effective June 1, 2017 to the extent that OPG's total capital in-service additions for the regulated hydroelectric facilities over the 2017-2021 period exceed the funding for capital expenditures for these facilities implicit in the hydroelectric payment amounts over that period, as calculated pursuant to the EB-2016-0152 payment amounts order. In accordance with US GAAP, OPG's consolidated financial statements do not recognize a regulatory asset for additions recorded in the Capacity Refurbishment Variance Account – Hydroelectric effective June 1, 2017 until such time as OPG assesses that there is sufficient assurance that these amounts will be recoverable in the future based on the above condition.

US GAAP recognizes that rate regulation can create economic benefits and obligations that are required to be obtained from, or settled with, the ratepayers. When OPG assesses that there is sufficient assurance that incurred costs in respect of its regulated facilities will be recovered in the future, those costs are deferred and reported as a regulatory asset in the Company's consolidated financial statements. When OPG is required to refund amounts in respect of its regulated facilities to ratepayers in the future, including amounts related to costs that have not been incurred and for which the OEB has provided recovery through regulated prices, the Company records a regulatory liability in its consolidated financial statements. The measurement of regulatory assets and regulatory liabilities is subject to certain estimates and assumptions, including assumptions made in the interpretation of *Ontario Regulation 53/05* and the OEB's decisions. The estimates and assumptions made in the interpretation of the regulation and the OEB's decisions are reviewed as part of the OEB's regulatory process.

OPG's most recent annual consolidated financial statements filed with the Ontario Securities Commission are as at and for the year ended December 31, 2019. OPG's most recent interim consolidated financial statements filed with the Ontario Securities Commission are as at and for the nine months ended September 30, 2020.