ONTARIO POWER GENERATION INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Ontario Power Generation Inc.'s (OPG or the Company) Management and Board of Directors are responsible for the presentation and preparation of the annual consolidated financial statements.

The consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles (US GAAP). The consolidated financial statements necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. Something is considered material if it is reasonably expected to have a significant impact on the Company's earnings, cash flow, value of an asset or liability or reputation.

The Company maintains and relies on a system of internal controls to ensure, on a reasonable and cost-effective basis, reliability of the financial information. These controls are designed to provide the Company with reasonable assurance that the financial records are reliable for preparing consolidated financial statements and other financial information, assets are safeguarded against unauthorized use or disposition, liabilities are recognized and compliance with all regulatory requirements is achieved.

The consolidated financial statements have been audited by Ernst & Young LLP, independent external auditors appointed by the Board of Directors. Their Independent Auditor's Report outlines the auditor's responsibilities and the scope of their examination and their opinion on OPG's consolidated financial statements. The independent external auditor, as confirmed by the Audit and Risk Committee, had direct and full access to the Audit and Risk Committee, with and without the presence of management, to discuss their audit and their findings therefrom, as to the integrity of OPG's financial reporting and the effectiveness of the system of internal controls.

Nicolle Butcher (signed)

President and Chief Executive Officer

Aida Cipolla (signed)

Chief Financial Officer and Corporate Services Officer

March 4, 2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Ontario Power Generation Inc.

Opinion

We have audited the consolidated financial statements of Ontario Power Generation Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheets as at December 31, 2024 and 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in shareholder's equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and 2023, and the consolidated results of its operations and its consolidated cash flows for the years then ended in accordance with United States generally accepted accounting principles.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Integrated Environmental Social and Governance and Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with United States generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Ernst & Young LLP

Toronto, Canada
March 4, 2025

Chartered Professional Accountants
Licensed Public Accountants

CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31 *(millions of dollars except where noted)*	**2024**	**2023**
Revenue	**7,187**	7,434
Fuel expense	**1,049**	974
Gross margin	**6,138**	6,460
Operations, maintenance and administration expenses	**3,318**	3,136
Depreciation and amortization expenses *(Note 6)*	**1,270**	1,071
Accretion on fixed asset removal and nuclear waste management liabilities *(Note 11)*	**1,221**	1,178
Earnings on nuclear fixed asset removal and nuclear waste management funds *(Note 11)*	**(1,102)**	(1,057)
Property taxes	**50**	48
	4,757	4,376
Income before other losses (gains), interest and income taxes	**1,381**	2,084
Other losses (gains)	**19**	(114)
Income before interest and income taxes	**1,362**	2,198
Net interest expense *(Note 9)*	**186**	103
Income before income taxes	**1,176**	2,095
Income tax expense *(Note 12)*	**170**	336
Net income	**1,006**	1,759
Net income attributable to the Shareholder	**988**	1,741
Net income attributable to non-controlling interest	**18**	18
Basic and diluted earnings per share *(dollars) (Note 18)*	**3.60**	6.34

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31 *(millions of dollars)*	**2024**	**2023**
Net income	**1,006**	1,759
Other comprehensive income (loss), net of income taxes *(Note 13)*		
Actuarial gain (loss), net of past service costs, on remeasurement of liabilities for pension and other post-employment benefits [1]	**41**	(109)
Reclassification to income of amounts related to pension and other post-employment benefits [2]	**(2)**	(4)
Reclassification to income of amounts related to derivatives designated as cash flow hedges [3]	**(5)**	4
Net gain on derivatives designated as cash flow hedges [4]	**1**	11
Currency translation adjustment	**173**	(45)
Other comprehensive income (loss) for the year	**208**	(143)
Comprehensive income	**1,214**	1,616
Comprehensive income attributable to the Shareholder	**1,196**	1,598
Comprehensive income attributable to non-controlling interest	**18**	18

1 Net of income tax expense of $13 million and net of income tax recovery of $36 million for 2024 and 2023, respectively.
2 Net of income tax recovery of nil and $1 million for 2024 and 2023, respectively.
3 Net of income tax recovery of $2 million and net of income tax expense of $2 million for 2024 and 2023, respectively.
4 Net of income tax expense of nil and $4 million for 2024 and 2023, respectively.

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31 *(millions of dollars)*	**2024**	**2023**
Operating activities		
Net income	**1,006**	1,759
Adjust for non-cash items:		
Depreciation and amortization expenses *(Note 6)*	**1,270**	1,071
Accretion on fixed asset removal and nuclear waste management liabilities	**1,221**	1,178
Earnings on nuclear fixed asset removal and nuclear waste management funds	**(1,102)**	(1,057)
Pension and other post-employment benefit costs *(Note 14)*	**361**	370
Deferred income tax expense *(Note 12)*	**39**	82
Regulatory assets and regulatory liabilities	**(23)**	(230)
Other losses (gains)	**22**	(104)
Other	**(19)**	18
Expenditures on fixed asset removal and nuclear waste management	**(529)**	(436)
Reimbursement of eligible expenditures on nuclear fixed asset removal and nuclear waste management	**252**	198
Contributions to pension funds and expenditures on other post-employment benefits and supplementary pension plans	**(342)**	(300)
Net changes to other long-term assets and long-term liabilities	**116**	103
Net changes in non-cash working capital balances *(Note 22)*	**(61)**	(114)
Cash flow provided by operating activities	**2,211**	2,538
Investing activities		
Investment in property, plant and equipment and intangible assets *(Note 20)*	**(3,537)**	(2,901)
Acquisition of Lightstar Renewables and Lightstar Operations One *(Note 4)*	**(131)**	-
Purchase of new corporate headquarters real estate site *(Note 24)*	**-**	(102)
Proceeds from sale of non-core real estate site	**-**	34
Cash flow used in investing activities	**(3,668)**	(2,969)
Financing activities		
Issuance of short-term debt *(Note 10)*	**2,960**	970
Repayment of short-term debt *(Note 10)*	**(2,945)**	(835)
Issuance of long-term debt *(Note 9)*	**1,930**	244
Repayment of long-term debt *(Note 9)*	**(603)**	(43)
Equity investment from non-controlling interest	**3**	3
Distribution to non-controlling interest	**(19)**	(19)
Cash flow provided by financing activities	**1,326**	320
Effect of exchange rate changes on cash, cash equivalents and restricted cash	**13**	(3)
Net decrease in cash, cash equivalents and restricted cash	**(118)**	(114)
Cash, cash equivalents and restricted cash, beginning of year	**1,481**	1,595
Cash, cash equivalents and restricted cash, end of year	**1,363**	1,481

See accompanying notes to the consolidated financial statements

CONSOLIDATED BALANCE SHEETS

As at December 31 *(millions of dollars)*	**2024**	**2023**
Assets		
Current assets		
Cash, cash equivalents and restricted cash *(Note 5)*	**1,363**	1,481
Equity securities *(Note 21)*	**159**	164
Receivables from related parties *(Note 21)*	**616**	631
Nuclear fixed asset removal and nuclear waste management funds *(Note 11)*	**283**	68
Fuel inventory	**297**	295
Materials and supplies	**145**	106
Regulatory assets *(Note 7)*	**540**	143
Prepaid expenses	**292**	321
Other current assets	**388**	342
	4,083	3,551
Property, plant and equipment *(Note 6)*	**51,290**	47,339
Less: accumulated depreciation	**15,159**	13,879
	36,131	33,460
Intangible assets *(Note 6)*	**1,029**	802
Less: accumulated amortization	**439**	310
	590	492
Goodwill *(Note 8)*	**230**	168
Other assets		
Nuclear fixed asset removal and nuclear waste management funds *(Note 11)*	**22,129**	21,495
Loan receivable from related party *(Note 21)*	**902**	905
Long-term materials and supplies	**355**	382
Regulatory assets *(Note 7)*	**4,367**	5,078
Investments subject to significant influence	**52**	53
Other long-term assets	**137**	104
	27,942	28,017
	68,976	65,688

See accompanying notes to the consolidated financial statements

CONSOLIDATED BALANCE SHEETS

As at December 31 *(millions of dollars)*	**2024**	**2023**
Liabilities		
Current liabilities		
Accounts payable, accrued charges and other payables	**2,068**	1,729
Short-term debt *(Note 10)*	**215**	200
Long-term debt due within one year *(Note 9)*	**604**	603
Regulatory liabilities *(Note 7)*	**246**	131
	3,133	2,663
Long-term debt *(Note 9)*	**11,103**	9,739
Other liabilities		
Fixed asset removal and nuclear waste management liabilities *(Note 11)*	**26,042**	25,386
Pension liabilities *(Note 14)*	**46**	883
Other post-employment benefit liabilities *(Note 14)*	**2,716**	2,641
Long-term accounts payable and accrued charges	**382**	247
Deferred revenue	**355**	364
Deferred income taxes *(Note 12)*	**2,461**	2,149
Regulatory liabilities *(Note 7)*	**939**	1,025
	32,941	32,695
Equity		
Common shares [1] *(Note 17)*	**5,126**	5,126
Class A shares [2] *(Note 17)*	**787**	787
Contributed surplus	**28**	30
Retained earnings	**15,469**	14,481
Accumulated other comprehensive income (loss) *(Note 13)*	**193**	(15)
Equity attributable to the Shareholder	**21,603**	20,409
Equity attributable to non-controlling interest	**196**	182
Total equity	**21,799**	20,591
	68,976	65,688

[1] 256,300,010 common shares outstanding at a stated value of $5,126 million as at December 31, 2024 and 2023.
[2] 18,343,815 Class A shares outstanding at a stated value of $787 million as at December 31, 2024 and 2023.

Commitments and contingencies *(Notes 9, 10, 12, 14 and 19)*

See accompanying notes to the consolidated financial statements

On behalf of the Board of Directors:

Wendy Kei (signed)
Board Chair

Jill Pepall (signed)
Director

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

Years Ended December 31 *(millions of dollars)*	**2024**	**2023**
Common shares *(Note 17)*	**5,126**	5,126
Class A shares *(Note 17)*	**787**	787
Contributed surplus		
Balance at beginning of year	**30**	32
Reclassification to income of amounts related to gain on deconsolidation of Fair Hydro Trust	**(2)**	(2)
Balance at end of year	**28**	30
Retained earnings		
Balance at beginning of year	**14,481**	12,740
Net income attributable to the Shareholder	**988**	1,741
Balance at end of year	**15,469**	14,481
Accumulated other comprehensive income (loss), net of income taxes *(Note 13)*		
Balance at beginning of year	**(15)**	128
Other comprehensive income (loss)	**208**	(143)
Balance at end of year	**193**	(15)
Equity attributable to the Shareholder	**21,603**	20,409
Equity attributable to non-controlling interest		
Balance at beginning of year	**182**	176
Income attributable to non-controlling interest	**18**	18
Equity investment from non-controlling interest *(Note 23)*	**15**	7
Distribution to non-controlling interest	**(19)**	(19)
Balance at end of year	**196**	182
Total equity	**21,799**	20,591

See accompanying notes to the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

Ontario Power Generation Inc. (OPG or the Company) was incorporated on December 1, 1998 pursuant to the *Business Corporations Act* (Ontario) and is wholly-owned by the Province of Ontario (the Province or the Shareholder). OPG is an Ontario-based electricity generation company whose principal business is the generation and sale of electricity.

Unless the context indicates otherwise, references in the consolidated financial statements to “the Company”, or “OPG” are made to Ontario Power Generation Inc. and its subsidiaries.

As at December 31, 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 United States (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 December 31, 2024. In addition, OPG owns two nuclear generating stations in Ontario, the Bruce A generating station (GS) and the Bruce B GS (together, the Bruce nuclear generating stations), which are leased on a long-term basis to Bruce Power L.P. (Bruce Power).

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared and presented in accordance with United States generally accepted accounting principles (US GAAP).

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 consolidated financial statement presentation.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

a) Basis of Consolidation

The consolidated financial statements of the Company include the accounts of OPG and its majority-owned subsidiaries and variable interest entities (VIEs) where OPG is the primary beneficiary. All intercompany balances and intercompany transactions are eliminated on consolidation.

Where OPG does not control an investment but has significant influence over operating and financing policies of the investee, the investment is accounted for under the equity method.

Outlined below is information related to OPG's investments which are accounted for under the equity method as at December 31, 2024:

Entity	Place of Business	Entity Type	Ownership Interest
Ontario Charging Network L.P. [1]	Canada	Limited Partnership	50.00%
South Fork II Associates, L.P.	United States	Limited Partnership	50.00%
Concord Hydro Associates	United States	Limited Partnership	26.94%
New Hampshire Hydro Associates	United States	Partnership	27.08%
North Hartland, LLC	United States	Limited Liability Company	26.80%
Dodge Falls Associates, L.P.	United States	Limited Partnership	26.80%
Mesalonskee Stream Hydro, LLC	United States	Limited Liability Company	26.80%
HCE-Dodge Falls, Inc.	United States	Corporation	26.94%
Benton Falls Associates	United States	Partnership	27.08%
HMG, LLC	United States	Limited Liability Company	33.00%
Boltonville Hydro Associates	United States	Partnership	11.25%
Briar Hydro Associates	United States	Partnership	27.08%
Brassua TIC	United States	Tenancy-in-Common	24.19%
Kennebec Water Power Company	United States	Corporation	50.20%

1 In the first quarter of 2025, OPG entered into an agreement to divest its interest in Ontario Charging Network L.P (operating as Ivy Charging Network) to Hydro One Limited. The transaction was completed during the same quarter.

b) Variable Interest Entities

OPG performs ongoing analysis to assess whether it holds any VIEs. VIEs of which OPG is deemed to be the primary beneficiary are consolidated. The primary beneficiary of a VIE has both the power to direct the activities of the entity that most significantly impact its economic performance and the obligation to absorb losses of the entity that could potentially be significant to the Company. In circumstances where OPG is not deemed to be the primary beneficiary, the VIE is not recorded in OPG's consolidated financial statements. VIEs are deconsolidated when facts and circumstances arise which indicate that OPG is no longer deemed to be the primary beneficiary.

As of December 31, 2024, the Company's significant VIE was the Nuclear Waste Management Organization (NWMO).

Nuclear Waste Management Organization

In 2002, OPG and other Canadian used nuclear fuel producers established a separately incorporated NWMO in accordance with the *Nuclear Fuel Waste Act* (Canada) (NFWA). The primary long-term mandate of the NWMO is to implement an approach to address the long-term management of used nuclear fuel in Canada. OPG has the majority of voting rights at the NWMO Board of Directors' and members' level. The NFWA requires the used nuclear fuel owners to establish and make payments into trust funds for the purpose of funding the implementation of the long-term used nuclear fuel management plan in accordance with the NFWA. OPG provides over 90 percent of the NWMO's funding, primarily towards the design and implementation of Canada's Adaptive Phased Management (APM) plan for the long-term management of used nuclear fuel. As a result, OPG is expected to absorb a majority of the NWMO's expected losses through future funding in the event of any shortfall. Therefore, OPG holds a variable interest in the NWMO, of which it is the primary beneficiary. Accordingly, the applicable amounts in the accounts of the NWMO, after elimination of intercompany transactions, are consolidated.

c) Use of Management Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period, and the reported amounts of revenues and expenses for the reporting periods. Management evaluates these estimates on an ongoing basis based upon historical experience, current conditions and assumptions believed to be reasonable at the time the estimate is made, with any adjustments recognized in the period incurred. Significant estimates are included in the determination of pension and other post-employment benefits (OPEB) balances, asset retirement obligations (AROs) and associated asset retirement costs capitalized as part of property, plant and equipment (PP&E), income taxes (including deferred income taxes), contingencies, regulatory assets and regulatory liabilities, goodwill and intangible assets, valuation of investments in segregated funds, depreciation and amortization expenses and inventories. Actual results may differ significantly from these estimates.

d) Business Combinations

The Company accounts for acquisitions of entities or assets that meet the definition of a business as business combinations. Business combinations are accounted for using the acquisition method. Assets acquired and liabilities assumed in business combinations are measured at their fair value at the acquisition date. Acquisition costs incurred in connection with business combinations are expensed in the period incurred. When a set of activities acquired does not represent a business, the transaction is accounted for as an asset acquisition and acquisition costs are capitalized.

Intangible assets acquired in business combinations are recognized separately at fair value if they arise from contractual or other legal rights or are separable.

e) Goodwill

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the assets acquired and liabilities assumed.

The Company allocates goodwill to operating segments that are expected to benefit from the goodwill recognized. At least once a year, the Company assesses qualitative and quantitative factors to determine whether it is more likely than not that the fair value of a reporting unit to which goodwill is attributed is less than its carrying amount. If it is more likely than not that a reporting unit's fair value is less than its carrying amount or if a quantitative assessment is elected, the Company calculates the fair value of the reporting unit. The carrying amount of a reporting unit's goodwill is considered not recoverable if the carrying amount of the reporting unit exceeds its fair value. Any impairment charge represents the excess of the reporting unit's carrying amount over its fair value, to the extent that the impairment charge is limited to the total amount of goodwill allocated to the reporting unit. Goodwill is tested for impairment between annual assessments if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

f) Cash, Cash Equivalents, Restricted Cash and Short-Term Investments

Cash and cash equivalents include cash on deposit and money market securities with a maturity of 90 days or less on the date of purchase. Restricted cash primarily includes amounts set aside pursuant to requirements of various debt and financing agreements. All other money market securities with a maturity on the date of purchase that is greater than 90 days, but less than one year, are recorded as short-term investments and classified as current assets. These securities are valued at the lower of cost and market value.

g) Loan Receivables

Loan receivables are financial assets with fixed or determined payments that are not quoted in an active market. Loan receivables are initially recorded at fair value, and subsequently recorded at amortized cost using the effective interest method. The loan receivable balance relates to the subordinated notes issued by the Fair Hydro Trust to OPG. The balance was recognized by OPG following the deconsolidation of the Fair Hydro Trust as a result of the *Fixing the Hydro Mess Act, 2019.*

h) Inventories

Inventories, consisting of fuel and materials and supplies, are measured at the lower of cost and net realizable value. Cost is determined as weighted average cost for fuel inventory and average cost for materials and supplies.

i) Intangible Assets

Intangible assets are recorded at cost. Intangible assets that are not considered to have an indefinite life are amortized using an amortization method that reflects the pattern in which their economic benefits are consumed or on a straight-line basis if that pattern is not readily determinable. Amortization of intangible assets is reflected in the depreciation and amortization expenses on the consolidated statements of income. Intangible assets are subject to impairment testing and if impaired, the carrying value is accordingly reduced.

As at December 31, 2024, the amortization periods of intangible assets were as follows:

Power purchasing contracts	2 to 20 years
Operating licences – Federal Energy Regulatory Commission	10 to 40 years
Major application and computer software	3 to 5 years

Power purchasing contracts are amortized on a straight-line basis over the remaining terms of the respective contracts. Operating licences are amortized on a straight-line basis over the remaining terms of the respective licences.

j) Property, Plant and Equipment and Depreciation

PP&E is recorded at cost. Interest costs incurred during construction are capitalized as part of the cost of the asset based on the interest rates on OPG's long-term debt. Expenditures for replacements of major components are capitalized.

Major maintenance expenditures for combined cycle plants under long-term service agreements with third parties are accounted for using the deferral method, whereby the costs are capitalized and depreciated over their estimated useful life. Repairs and other maintenance costs are expensed when incurred.

Asset removal costs that have not been specifically provided for in current or previous periods are charged to operations, maintenance and administration (OM&A) expenses when incurred.

Depreciation rates for the various classes of assets are based on their estimated service lives. PP&E are depreciated on a straight-line basis, except for computer equipment, which are depreciated on a declining balance basis.

As at December 31, 2024, the depreciation periods of PP&E were as follows:

Nuclear generating stations and major components	5 to 87 years [1]
Hydroelectric generating stations and major components	3 to 100 years
Thermal generating stations and major components	5 to 50 years
Administration and service facilities	5 to 50 years
Computer equipment	40% per year
Service equipment	3 to 15 years

[1] As at December 31, 2024, the end of station life for depreciation purposes for the Darlington, Units 5 to 8 of the Pickering, Bruce A and Bruce B nuclear generating stations ranged between 2052 and 2070. Major components are depreciated over the lesser of the station life and the life of the components. Units 1 to 4 of the Pickering nuclear generating station have been permanently shut down and have been or are being placed in a safe storage state.

The accounting estimates related to end-of-life assumptions for PP&E require significant management judgment, including consideration of various operating, technological and economic factors. OPG reviews the estimated useful lives for its PP&E, including end-of-life assumptions for major generating assets, on a regular basis.

For nuclear generating stations operated by OPG, establishing station end-of-life assumptions primarily involves an assessment of operating lives of major life-limiting components such as fuel channel assemblies, taking into account expectations of future ability to economically operate and, as appropriate, refurbish the station for continued use. Expected operating lives of major life-limiting components are established through technical assessments of their fitness-for-service. Expectations of future ability to operate the station may be affected by operating licence requirements, ability to recover capital, operating and decommissioning costs and government policy, among other factors.

Although there is a link between the age of a hydroelectric generating facility and the capital investment required to maintain that facility, age does not generally establish an overall upper limit on the expected useful life of a hydroelectric generating station. Regular maintenance and the replacement of specific components typically allow hydroelectric stations to operate for very long periods. An estimated useful life not exceeding 100 years is used by OPG to depreciate dams and other major hydroelectric station structures.

Station end-of-life assumptions for thermal and solar generating assets are established based on operating life expectations of major components and expectations of future ability to economically operate the station taking into consideration available revenue mechanisms.

k) Asset Impairment

Long-lived assets with defined lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The review is based on the presence of impairment indicators such as the future economic benefit of the assets and external market conditions. The net carrying amount of assets is considered impaired if it exceeds the sum of the estimated undiscounted cash flows expected to result from the asset’s use and eventual disposition. In cases where the sum of the undiscounted expected future cash flows is less than the carrying amount, an impairment loss is recognized. This loss equals the amount, if any, by which the carrying amount exceeds the fair value. Fair value is determined using expected discounted cash flows when quoted market prices are not available. The impairment is recognized in income in the period in which it is identified.

The carrying values of investments accounted for under the equity method are reviewed annually for the presence of any indicators of impairment. If an impairment exists and is determined to be other-than-temporary, an impairment charge is recognized. This charge equals the amount by which the carrying value exceeds the investment’s fair value.

l) Rate Regulated Accounting

The *Ontario Energy Board Act, 1998* and *Ontario Regulation 53/05* provide that OPG receives regulated prices for electricity generated from the 54 prescribed hydroelectric generating stations and the Darlington and Pickering nuclear generating stations located in Ontario. OPG's regulated prices for these facilities are determined by the Ontario Energy Board (OEB).

The OEB is a self-funding Crown corporation. Its mandate and authority come from the *Ontario Energy Board Act, 1998*, the *Electricity Act, 1998* and a number of other provincial statutes. The OEB is an independent, quasi-judicial tribunal that reports to the Legislature of the Province through the Ontario Ministry of Energy and Electrification. It regulates market participants in Ontario's natural gas and electricity industries. The OEB carries out its regulatory functions through public hearings and other more informal processes such as consultations.

US GAAP recognizes that rate regulation can create economic benefits and obligations that are required by the regulator to be obtained from, or settled with, the customers. When the Company assesses that there is sufficient assurance that incurred costs in respect of its generating facilities prescribed for economic regulation by the OEB (regulated facilities) will be recovered in the future, those costs are deferred and reported as a regulatory asset. When the Company is required to refund amounts to customers in the future in respect of the regulated facilities, 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.

Certain regulatory assets and regulatory liabilities recognized by the Company relate to deferral and variance accounts (regulatory accounts) authorized by the OEB, or *Ontario Regulation 53/05.* The measurement of these 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.

Regulatory assets and regulatory liabilities for regulatory account balances approved by the OEB for inclusion in regulated prices are amortized based on approved recovery or repayment periods.

In addition to regulatory assets and regulatory liabilities for regulatory accounts, OPG recognizes regulatory assets and regulatory liabilities for unamortized amounts recorded in accumulated other comprehensive income or loss (AOCI) in respect of pension and OPEB obligations, deferred income taxes, and, as applicable, differences between interim regulated prices charged to customers during an interim rate period and final regulated prices authorized or to be authorized by the OEB for that period, to reflect the expected recovery or repayment of these amounts through future regulated prices to be charged to customers. There are measurement uncertainties related to these balances due to the assumptions made in the determination of pension and OPEB obligations and deferred income taxes that are attributed to the regulated business segments, and assumptions made with respect to final regulated prices to be authorized by the OEB for an interim rate period.

The regulatory assets and regulatory liabilities recognized by the Company for unamortized pension and OPEB amounts recorded in AOCI has reflected the OEB's use, since April 1, 2008, of the accrual basis of accounting for including pension and OPEB amounts in approved regulated prices for OPG. This is also the manner in which these costs are recognized in OPG's consolidated financial statements. Therefore, unamortized amounts in respect of OPG's pension and OPEB plans recognized in AOCI generally would not be reflected in regulated prices until they have been reclassified from AOCI and recognized as amortization components of the benefit costs for these plans. The regulatory assets and regulatory liabilities are reduced as underlying unamortized balances are amortized as components of the benefit cost.

For the period from November 1, 2014 to December 31, 2021, the OEB limited amounts for pension and OPEB costs included in the nuclear and hydroelectric regulated prices to the respective regulated business' portions of the Company's cash expenditures for its pension and OPEB plans. The differences between actual pension and OPEB costs determined using the accrual method applied in OPG's consolidated financial statements and OPG's actual cash expenditures for these plans were captured in the OEB-authorized Pension & OPEB Cash Versus Accrual Differential Deferral Account for future consideration by the OEB.

In 2017, the OEB issued a report outlining the guiding principles and policy for recovery mechanisms of pension and OPEB costs of rate regulated utilities in the Ontario electricity and natural gas sectors. The report established the accrual basis of accounting as the method of determining pension and OPEB amounts for rate-setting purposes, unless the OEB finds that this method does not result in just and reasonable rates in the circumstances of a particular utility.

The OEB's February 2019 decision and order approving the proposed settlement reached by OPG and intervenors on OPG's August 2018 application to disposition regulatory accounts resulted in approval to recover the balance recorded in the Pension & OPEB Cash Versus Accrual Differential Deferral Account as of December 31, 2017, without adjustments. In making that decision and order, the OEB approved that the accrual method was the appropriate regulatory accounting and cost recovery basis for the December 31, 2017 pension and OPEB-related balances in the Pension & OPEB Cash Versus Accrual Differential Deferral Account.

In the second half of 2021, the OEB issued decisions approving a proposed settlement reached by OPG and intervenors on most of the issues in OPG's 2022-2026 application for new regulated prices (2021 Settlement Agreement). The 2021 Settlement Agreement provided for recovery of pension and OPEB costs in the nuclear revenue requirements using the accrual method of accounting, with the differences between actual pension and OPEB costs determined under this method and corresponding forecast amounts reflected in the approved revenue requirements to be recorded in the Pension and OPEB Cost Variance Account for subsequent review and approval by the OEB. For the hydroelectric facilities, the Pension & OPEB Cash Versus Accrual Differential Deferral Account continues to record the differences between actual pension and OPEB costs determined using the accrual method and actual cash expenditures for these plans. The 2021 Settlement Agreement and the OEB's June 2024 decision and order approving the proposed complete settlement on OPG's December 2023 application to disposition regulatory accounts reached by OPG and intervenors (2024 Settlement Agreement) provided for recovery of the balance recorded in the Pension & OPEB Cash Versus Accrual Differential Deferral Account as of December 31, 2019 and December 31, 2022, respectively, without adjustments. Further details on the 2024 Settlement Agreement can be found in Note 7.

It is the Company's position that the above outcomes have collectively established the accrual basis of accounting as the default method of determining pension and OPEB amounts for rate-setting purposes and that there is sufficient likelihood that unamortized pension and OPEB amounts that have not yet been reclassified from AOCI, as well as amounts recorded in the Pension & OPEB Cash Versus Accrual Differential Deferral Account subsequent to December 31, 2022, will be included in future regulated prices. Therefore, the Company continues to recognize regulatory assets and regulatory liabilities for these balances.

m) Revenue Recognition

i) Revenue from Contracts with Customers – Regulated Generation

Provided OPG maintains a valid generation licence from the OEB and continues to remain in compliance with the Independent Electricity System Operator's (IESO) Market Rules, its regulated nuclear and regulated hydroelectric generating facilities can continue to offer electricity into the wholesale energy market. OPG's generation licence was renewed in 2023 and is valid until October 2043. Energy revenue generated from OPG's regulated facilities is based on regulated prices determined by the OEB that include base regulated prices and, as applicable, rate riders for the recovery or repayment of approved regulatory account balances. The revenue from the regulated hydroelectric facilities is also subject to the OEB-approved hydroelectric incentive mechanism that 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 majority of OPG's electricity generation is offered into Ontario's real-time energy spot market administered by the IESO. For electricity generated from its regulated nuclear and regulated hydroelectric facilities, OPG receives payment from the IESO on a monthly basis based on regulated prices authorized by the OEB. OPG's performance obligation with respect to regulated generation is to supply electricity generated from its regulated facilities to the wholesale energy market in Ontario. The Company has determined that this performance obligation is satisfied over time; OPG utilizes the output method to recognize revenue by applying the relevant base regulated price and rate riders as applicable to each unit of electricity generated and metered to the IESO. This methodology reflects the real-time nature of electricity generation and the underlying performance obligation, of which no portion remains unsatisfied at the end of the applicable reporting period.

During any interim rate periods authorized by the OEB, revenue is recognized on the basis of interim regulated prices set by the OEB. In instances where a subsequent OEB decision results in a difference between final regulated prices retroactively effective for the interim period and the interim regulated prices, OPG records the resulting adjustment to revenue in connection with that period, based on the OEB's decision, as a regulatory asset or regulatory liability. Any resulting revenue shortfall in connection with the interim rate period is collected prospectively from the IESO in the manner authorized by the OEB.

OPG's receivables for electricity generated from its regulated nuclear and regulated hydroelectric facilities are part of the Company's electricity-related receivables from the IESO, representing OPG's unconditional right to payment for satisfying its performance obligation wherein only the passage of time is required before payment is received.

Base regulated prices in effect for the period from January 1, 2022 to December 31, 2026 for OPG's regulated nuclear and regulated hydroelectric generation were established by the OEB's final payment amounts order issued in January 2022, reflecting the OEB's decisions on OPG's 2022-2026 application for new regulated prices issued in the second half of 2021. These decisions and orders confirmed the continued use of a custom incentive regulation framework for the nuclear facilities.

The base regulated price for hydroelectric electricity generation (hydroelectric base regulated price) in effect for the period from January 1, 2022 to December 31, 2026 has been set equal to the 2021 hydroelectric base regulated price pursuant to *Ontario Regulation 53/05*. For the period from June 1, 2017 to December 31, 2021, the base regulated prices for the hydroelectric facilities were determined by annually escalating the previously approved base regulated prices, with some adjustments, using an approved formula equal to an industry-specific weighted inflation factor based on indices published annually by the OEB, less a stretch factor adjustment.

The base regulated prices for nuclear electricity generation (nuclear base regulated price) are set under a rate smoothing approach that defers a portion of approved nuclear revenue requirements for future collection in the Rate Smoothing Deferral Account, with the objective of making more stable changes in OPG's overall production-weighted average regulated price year over year during the Darlington Refurbishment project period, consistent with the requirements of *Ontario Regulation 53/05*. The nuclear revenue requirement for each of the years is based on the OEB-allowed level of operating costs and a return of and on rate base, less a stretch factor adjustment. Rate base is a regulatory construct that, for OPG, represents the average net level of investment in regulated fixed and intangible assets in service and an allowance for working capital.

Further details on the Rate Smoothing Deferral Account can be found in Note 7.

ii) Revenue from Contracts with Customers – Non-regulated Generation and Other Revenue

All of OPG's non-regulated generating facilities in Ontario are subject to energy supply agreements with the IESO (ESAs).

Revenue from the generating stations subject to an ESA is recognized in the amount that OPG has a right to invoice on a monthly basis as the Company satisfies its performance obligation in accordance with the terms of the agreement to supply energy and capacity from the applicable generating facilities. No portion of OPG's performance obligation remains unsatisfied at the end of any applicable reporting period. OPG estimates revenues for variable or conditional amounts under each ESA using a most likely amount approach on a contract-by-contract basis. Variable consideration under each ESA is included in revenue only to the extent that it is probable that the amount will not be subject to significant reversal when the underlying uncertainty is resolved.

OPG's receivables for electricity generated under ESAs with the IESO are part of the Company's electricity-related receivables from the IESO, representing OPG's unconditional right to payment for satisfying its performance obligation wherein only the passage of time is required before payment is received.

OPG's generating facilities in the US are either subject to power purchase agreements (PPAs) for the supply of energy and capacity into the respective markets, or receive wholesale market prices. The counterparties to PPAs currently in effect are primarily local government entities and local electric utilities based in the US. Depending on the contractual terms in each PPA, the performance obligation is either to supply energy, capacity, renewable energy certificates (RECs) or a combination thereof. The performance obligations to supply energy and capacity is satisfied over time, with revenue recognized in the amount the Company has a right to invoice on a monthly basis to the applicable counterparty. The performance obligation to supply RECs is satisfied at a point in time, with revenue recognized when the certificates related to the respective RECs are delivered.

OPG also sells into, and purchases from, interconnected electricity markets in other Canadian provinces and the northeast and mid-west regions of the US. Under these arrangements, OPG's performance obligation is to either physically supply energy, settle financially, or provide capacity, depending on the contract, to a counterparty in a control area outside of Ontario. Gains and losses on energy trading contracts (including those to be physically settled) are recorded on a net basis in the consolidated statements of income.

OPG also derives non-energy revenue under the terms of a lease arrangement and associated non-lease agreements with Bruce Power related to the Bruce nuclear generating stations. The associated agreements include revenue from heavy water sales, heavy water tritium removal (detritiation) services and nuclear waste management services. Revenues under these agreements are recognized as services are provided or when products are delivered, satisfying OPG's performance obligation.

In addition, non-energy revenue includes isotope sales and other service revenue. Revenue from these activities is recognized as the respective performance obligations are satisfied, in accordance with the terms stipulated in the respective contracts.

iii) Revenue Recognition – Leasing Revenue

The minimum lease payments stemming from OPG's lease arrangement with Bruce Power related to the Bruce nuclear generating stations are recognized in revenue on a straight-line basis over the term of the lease. Similarly, revenue from real estate leasing arrangements is recognized on a straight-line basis over the term of the lease as the Company renders the requisite services outlined in the respective contracts.

n) Fixed Asset Removal and Nuclear Waste Management Liabilities

OPG recognizes AROs for fixed asset removal and nuclear waste management, discounted for the time value of money. OPG estimates both the amount and timing of future cash expenditures based on the plans for fixed asset removal and nuclear waste management. The liabilities are initially recorded at their estimated fair value, which is based on a discounted value of the expected costs to be paid.

On an ongoing basis, the liabilities for nuclear fixed asset removal and nuclear waste management (Nuclear Liabilities) are increased by the present value of the incremental (variable) cost portion for the nuclear waste generated each year, with the corresponding amounts charged to expenses. Variable expenses relating to low and intermediate level irradiated materials (known as low and intermediate level waste or L&ILW) are charged to OM&A expenses. Variable expenses relating to the management and storage of used nuclear fuel are charged to fuel expense. The liabilities may also be adjusted due to changes in the estimated amount or timing of the underlying future cash flows, with resulting changes in the related asset retirement costs capitalized as part of the carrying amount of the related fixed assets in service.

A number of significant assumptions used in the calculation of Nuclear Liabilities are subject to inherent uncertainty and judgment as nuclear fixed asset removal and nuclear waste management programs evolve. As a result, changes to the underlying operational and technical factors and other assumptions underlying these estimates could change significantly over time, and may result in material changes to increase or decrease the costs for these programs.

A comprehensive reassessment of all underlying assumptions and baseline cost estimates for the Nuclear Liabilities is performed periodically. Changes in the Nuclear Liabilities resulting from changes in assumptions or estimates that impact the amount or timing of the originally estimated undiscounted future cash flows are recorded as an adjustment to the liabilities. Upward revisions in the Nuclear Liabilities represent the present value of increases in future undiscounted cash flows determined using a current credit-adjusted risk-free rate. Downward revisions in the Nuclear Liabilities represent the present value of decreases in future undiscounted cash flows determined using the weighted average discount rate reflected in the existing liability. Upon settlement of the liabilities, a gain or loss would be recorded.

Accretion arises because the fixed asset removal and nuclear waste management liabilities are reported on a present value basis. Accretion expense is the increase in the carrying amount of the liabilities due to the passage of time.

The asset retirement cost is capitalized by increasing the carrying value of the related fixed assets in service. The capitalized cost is depreciated over the remaining service life of the related fixed assets and is included in depreciation and amortization expenses.

OPG has no legal obligation associated with the decommissioning of its hydroelectric generating facilities and the costs cannot be reasonably estimated because of the long service life of these assets. With either maintenance efforts or rebuilding, the water control structures are assumed to be used for the foreseeable future. Accordingly, OPG has not recognized a liability for the decommissioning of its hydroelectric generating facilities.

o) Nuclear Fixed Asset Removal and Nuclear Waste Management Funds

Pursuant to the Ontario Nuclear Funds Agreement (ONFA) between OPG and the Province, OPG has established and sets aside funds in a Used Fuel Segregated Fund and a Decommissioning Segregated Fund (together, the Nuclear Segregated Funds). The Used Fuel Segregated Fund is intended to fund expenditures associated with the long-term management of used nuclear fuel bundles and certain costs of used nuclear fuel storage incurred after the nuclear generating stations are shut down. The Decommissioning Segregated Fund was established to fund the costs of nuclear fixed asset removal and long-term L&ILW management, and certain costs of used nuclear fuel storage incurred after the nuclear generating stations are shut down. OPG's funding obligations and resulting contributions to the Nuclear Segregated Funds are in connection with the existing facilities and are determined based on periodically updated reference plans approved by the Province under the ONFA. OPG maintains the Nuclear Segregated Funds in third-party custodial and trust accounts that are segregated from the rest of OPG's assets.

OPG's investments in the Nuclear Segregated Funds and the corresponding amounts payable to, or receivable from the Province are classified as held-for-trading. The Nuclear Segregated Funds are measured at fair value based on the bid prices of the underlying equity and fixed income securities, and, in the case of the real assets portfolio, using appropriate valuation techniques as outlined in Note 16, with realized and unrealized gains and losses recognized in OPG's consolidated statements of income.

p) Derivatives

All derivatives are generally classified as held-for-trading and recorded at fair value in the consolidated balance sheets. Transaction costs are expensed as incurred for financial instruments classified or designated as held-for-trading.

Derivatives qualify for hedge accounting if they meet relevant hedging documentation requirements, and if the derivative instrument that is designated as a hedge is expected to effectively hedge the identified risk throughout the life of the hedged item. At the inception of a hedging relationship, OPG documents the relationship between the hedging instrument and the hedged item, its risk management objective and its strategy for undertaking the hedge.

A documented assessment is made, both at the inception of a hedge and on an ongoing basis, of whether or not the derivatives that are used in hedging transactions are highly effective in offsetting the changes attributable to the hedged risks in the fair values or cash flows of the hedged items.

All derivative contracts not designated as hedges are recorded as derivative assets or derivative liabilities at fair value, with changes in the fair value recorded in the consolidated statements of income. Refer to Note 15 for a discussion of OPG's risk exposures and the derivative instruments used to manage these risks.

q) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly arm's-length transaction between market participants at the measurement date. Fair value measurements are required to reflect the assumptions that market participants would use in pricing an asset or liability based on the best available information. These assumptions include the risks inherent in a particular valuation technique, such as a pricing model, and the risks inherent in the inputs to the model. OPG uses a fair value hierarchy, grouping assets and liabilities into three levels based on the relative objectivity of the inputs used to measure fair value, with Level 1 representing the most objective. Refer to Note 16 for a discussion of fair value measurements and the fair value hierarchy.

r) Equity Securities

Equity securities held by OPG are measured at fair value, with gains and losses due to changes in fair value recognized in the consolidated statements of income. Related transaction costs are expensed as incurred, and dividend income is included in net income in the period in which dividends are declared. Equity securities are initially measured at cost.

s) Foreign Currency Translation

The functional currency of all of OPG's significant subsidiaries is the Canadian dollar, except for subsidiaries based in the US, whose functional currency is the United States dollar (USD) and the Company's Romanian subsidiary, whose functional currency is the Romanian Leu. The functional currency of the Company's subsidiaries is the currency of the primary economic environment in which they operate.

Transactions in currencies other than the functional currency are translated into the functional currency at the rate of exchange prevailing at the date of the transaction. Monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the consolidated balance sheet dates. Exchange gains and losses on settlement of transactions and the translation of monetary assets and monetary liabilities are recorded in the consolidated statements of income.

The results and financial position of all of the Company's subsidiaries that have a USD or Romanian Leu functional currency are translated into the presentation currency at the closing rate at the consolidated balance sheet dates for assets and liabilities and at the average exchange rate for the period for items of income and expenses. Unrealized gains or losses arising as a result of the translation of the financial information of these entities are reported as a component of other comprehensive income or loss (OCI) and are accumulated in AOCI on the consolidated balance sheets, and are not recorded in net income or retained earnings unless there is a complete or substantially complete sale or liquidation of the investment.

t) Leases

The Company determines if an arrangement is, or contains, a lease at the inception date. A contract is determined to contain a lease if it consists of an identified asset, and the customer in the arrangement has the right to control the use of the asset for a period of time in exchange for consideration. Leases are evaluated and classified as either operating or finance leases for financial reporting purposes. Finance leases, which transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the present value of the minimum lease payments. Finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains substantially all the risks and benefits incidental to ownership of the asset are classified as operating leases. Operating lease payments, other than contingent rentals, are recognized as an expense in the consolidated statements of income on a straight-line basis over the lease term. Where the amount of rent expense recognized is different from the actual operating lease payment, other than contingent rentals, the difference is deferred and included as assets or liabilities on the consolidated balance sheets.

OPG recognizes a right-of-use asset and lease liability for operating lease arrangements, other than short-term leases, in which OPG is the lessee. Short-term leases include leases that have a term of 12 months or less at the commencement date and do not contain an option to purchase the underlying asset that the entity is reasonably certain to exercise. Operating lease assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. When determinable, the rate implicit in the lease is used as the discount rate to calculate the present value of the lease payments related to arrangements in which the Company is the lessee. Otherwise, the incremental borrowing rate is used. The discount rate is reassessed if the respective lease liability is required to be remeasured because of changes in key assumptions or modifications in the underlying contract.

Lease arrangements with lease and non-lease components are accounted for as a single lease component.

u) Pension and Other Post-Employment Benefits

OPG's post-employment benefit programs covering most of the regular employees include a contributory defined benefit registered pension plan, a defined benefit supplementary pension plan, other post-retirement benefits (OPRB) including group life insurance and health care benefits and long-term disability (LTD) benefits. Certain post-employment defined benefit programs are also provided by the NWMO and subsidiaries of the Company, all of which are consolidated into OPG's financial results. Certain subsidiaries of the Company sponsor defined contribution employee savings plans for eligible employees, under which each of employer and employees make contributions according to the plan terms. The OPG defined benefit pension plan is indexed to inflation, subject to certain maximums. Unless otherwise noted, information on the Company's post-employment benefit programs is presented on a consolidated basis.

OPG recognizes the funded status of its defined benefit plans on the consolidated balance sheets. The funded status is measured as the difference between the fair value of plan assets and the benefit obligation, on a plan-by-plan basis.

The obligations for defined benefit pension and OPRB are determined using the projected benefit method pro-rated on service. The obligation for LTD benefits is determined using the projected benefit method on a terminal basis. Defined benefit pension and OPEB obligations are impacted by factors including demographic (such as mortality and retirement) and economic (such as discount rates, salary levels, inflation and health care cost escalation) assumptions, experience gains or losses, and adjustments arising from plan amendments. Defined benefit pension and OPEB costs and obligations are determined annually by independent actuaries using management's best estimate assumptions.

Assumptions are significant inputs to actuarial models that measure defined benefit pension and OPEB obligations and related effects on operations. Discount rate, inflation rate and changes in salary levels are three key assumptions in the determination of benefit costs and obligations. In addition, the expected long-term rate of return on plan assets is a key assumption in the determination of defined benefit registered pension plan cost and the health care cost trend rate is a key assumption in the determination of OPEB cost and obligations. These assumptions, as well as other assumptions involving demographic factors such as retirement age, mortality and employee turnover, are evaluated periodically by management in consultation with independent actuaries. During the evaluation process, the assumptions are updated to reflect past experience and expectations for the future. Actual results in any given year will often differ from actuarial assumptions because of economic and other factors giving rise to actuarial gains and losses. In accordance with US GAAP, for pension and OPRB, the impact of these updates and differences on the respective benefit obligations is accumulated and amortized over future periods, as discussed below.

The discount rates, which are representative of AA corporate bond yields, are used to calculate the present value of the expected future cash flows on the measurement date in order to determine the projected benefit obligations for the Company's employee benefit plans. A lower discount rate increases the benefit obligations and increases benefit costs. OPG uses a full yield curve approach to estimate the service and interest cost components of defined benefit pension and OPEB costs, whereby specific spot rates along the yield curve used in the determination of the projected benefit obligations are applied to the relevant projected cash flows. The expected rate of return on defined benefit pension plan assets is based on the pension fund's asset allocation and the expected return considering long-term risks and returns associated with each asset class within the plan portfolio. A lower expected rate of return on plan assets increases pension cost.

Pension fund assets include domestic and international equity securities, corporate and government fixed income securities, pooled funds, real estate, infrastructure and other investments. These assets are managed by professional investment managers. The pension fund does not invest in equity or debt securities issued by OPG or its subsidiaries and partnerships. Pension fund assets of defined benefit pension plans are valued using market-related values for purposes of determining the amortization of actuarial gains or losses and the expected return on plan assets. The market-related value for pension fund assets of the OPG defined benefit pension plan recognizes gains and losses on equity assets relative to a six percent assumed real return over a five-year period.

Defined benefit pension and OPEB costs include current service costs, interest costs on the obligations, the expected return on pension plan assets, recognition of past service costs or credits resulting from plan amendments, and recognition of actuarial gains or losses, resulting from changes in assumptions and experience gains and losses. Past service costs or credits arising from defined benefit pension and OPRB plan amendments are amortized on a straight-line basis over the expected average remaining service life to full eligibility of the employees covered by the corresponding plan. Past service costs or credits arising from amendments to LTD benefits are immediately recognized as OPEB costs in the period incurred. Due to the long-term nature of pension and OPRB liabilities, the excess of the net cumulative unamortized gain or loss, over ten percent of the greater of the benefit obligation and the market-related value of the plan assets (the corridor) for each plan is amortized over the expected average remaining service life of the employees covered by the plan, which represents the period during which the associated economic benefits are expected to be realized by the Company. Actuarial gains or losses for LTD benefits are immediately recognized as OPEB costs in the period incurred.

Actuarial gains or losses and past service costs or credits arising during the year that are not recognized immediately as components of defined benefit plan costs are recognized as increases or decreases in OCI, net of income taxes. These unamortized amounts in AOCI are subsequently reclassified and recognized as amortization components of pension and OPRB costs as described above.

OPG records an offsetting regulatory asset or regulatory liability for the portion of the adjustments to AOCI that is attributable to the regulated operations in order to reflect the expected recovery or refund of these amounts through future regulated prices charged to customers. For such recoverable or refundable portion, OPG records a corresponding change in this regulatory asset or regulatory liability for the amount of the increases or decreases in OCI and for the reclassification of AOCI amounts into benefit costs during the period.

When the recognition of the transfer of employees and employee-related benefits gives rise to both a curtailment and a settlement, the curtailment is accounted for prior to the settlement. A curtailment is the loss by employees of the right to earn future benefits under the plan. A settlement is the discharge of a plan's liability.

Where defined benefit costs are eligible for capitalization, only the service cost component is capitalized.

v) Income Taxes and Investment Tax Credits

OPG, with the exception of certain consolidated entities, is exempt from income taxes on its operations under the *Income Tax Act* (Canada) and the *Taxation Act, 2007* (Ontario). However, under the *Electricity Act, 1998*, OPG is required to make payments in lieu of corporate income taxes to the Ontario Electricity Financial Corporation (OEFC), an agency of the Province. These payments are calculated in accordance with the *Income Tax Act* (Canada) and the *Taxation Act, 2007* (Ontario), as modified by the *Electricity Act, 1998* and related regulations. This results in OPG paying taxes similar to those imposed under the federal and Ontario tax acts.

Certain entities consolidated by OPG are subject to income taxes under the *Income Tax Act* (Canada) and the *Taxation Act, 2007* (Ontario). These entities are required to pay federal and provincial income taxes.

OPG's US entities are subject to US federal and state income taxes under the US Internal Revenue Code and state income tax codes. These subsidiaries file tax returns and pay taxes in the applicable jurisdictions as required under these codes.

OPG's Romanian entity is subject to Romanian tax under the Romanian Fiscal Code. This subsidiary files tax returns and pays taxes in Romania as required under this code.

OPG's operations are complex and the computation of the provision for income taxes involves interpretation of the various tax statutes and regulations. OPG has taken certain filing positions in calculating the amount of its income tax provision. These filing positions may be challenged on audit, including by the Ontario Ministry of Finance, and some of them possibly disallowed, resulting in a potential significant change in OPG's tax provision upon reassessment. A change in the tax provision upon reassessment impacting regulated operations may be recoverable from or refundable to customers through certain regulatory accounts.

OPG follows the liability method of accounting for income taxes. Under the liability method, deferred income tax assets and deferred income tax liabilities are determined based on differences between the accounting and tax bases of assets and liabilities. Deferred amounts are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The effect of a change in tax rates on deferred income tax assets and deferred income tax liabilities is included in income in the period the change is enacted.

If management determines, upon considering positive and negative evidence as defined under Accounting Standards Codification Topic 740, *Income Taxes*, that it is more likely than not that some, or all, of a deferred income tax asset will not be realized, a valuation allowance is recorded to report the balance at the amount expected to be realized. The valuation allowance may be decreased in future periods if it is determined that it is more likely than not that the deferred income tax asset will be realized.

OPG recognizes deferred income taxes associated with its regulated operations and records an offsetting regulatory asset or regulatory liability for the deferred income taxes that are expected to be recovered or refunded through future regulated prices charged to customers.

Tax benefits associated with income tax positions taken, or expected to be taken, in a tax return and investment tax credits are recorded only when the more likely than not recognition threshold is satisfied. Tax benefits and investment tax credits recognized are measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement.

Non-refundable investment tax credits primarily consist of Scientific Research & Experimental Development (SR&ED) tax credits, which are recorded as a reduction to income tax expense. Refundable investment tax credits are recorded as a reduction to the carrying amount of the associated asset to which they relate.

OPG classifies interest and penalties associated with unrecognized income tax benefits as income tax expense.

The income tax impact of any intra-entity transfers of non-inventory assets is recognized upon the occurrence of the transfer.

w) Changes in Accounting Estimates

Useful Lives of Nuclear Long-Lived Assets

Effective December 31, 2023, OPG revised the accounting end-of-life assumptions for Units 5 to 8 of the Pickering nuclear generating station (Pickering GS) from 2024 to 2070, reflecting the results of the updated refurbishment feasibility assessment approved by OPG's Board of Directors in August 2023 and the Province's January 2024 announcement supporting OPG to proceed with next steps toward refurbishing these units. An associated increase of $160 million was recorded to the Nuclear Liabilities and associated asset retirement costs capitalized as part of the carrying value of the assets as at December 31, 2023. These changes did not impact OPG's net income in 2023 and did not have a material impact on OPG's net income in 2024, with the associated impact on expenses largely offset by OEB-authorized regulatory accounts. Further details can be found in Note 11.

x) Recent Accounting Pronouncements Not Yet Adopted

Improvements to Income Tax Disclosures

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (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 assessment as at December 31, 2024, this update is not expected to have a material impact on the disclosures contained in the Company's consolidated financial statements.

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses* (ASU 2024-03), an update to Subtopic 220-40, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures*. The purpose of the standard update is to improve the disclosures about a public business entity's expenses by requiring more detailed information about the types of expenses (including purchases of inventory and employee compensation) included within consolidated income statement expense captions. The update is effective for fiscal years beginning after December 15, 2026 and interim periods beginning after December 15, 2027. Early adoption is permitted. The standard updates are to be applied prospectively with the option for retrospective application. The Company is currently evaluating the impact of adoption of the standard update on the disclosures contained within the Company's annual and interim consolidated financial statements.

y) Implementation of Accounting Standard Updates

Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued 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.

The revised guidance was adopted by OPG effective January 1, 2024 for all segment reporting disclosures, with 2023 comparative information conforming to the revised guidance. This update did not have a material impact on the disclosures contained in the Company's consolidated financial statements.

z) Recent Updates to Tax Laws

Following the Organization for Economic Cooperation and Development's recommendation, the Government of Canada 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 liability with respect to the GMTA.

In March 2023, the Government of Canada 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 ten percent. OPG's federally taxable entities making eligible investments may qualify for the CTITC and the CHITC.

4. ACQUISITIONS

On January 31, 2024, through its wholly-owned subsidiary, Eagle Creek, OPG acquired Lightstar Renewables LLC and Lightstar Operations One LLC (collectively, Lightstar) for a total purchase price of $163 million (US$121 million), including cash paid of $131 million (US$97 million) and a contingent consideration of $32 million (US$24 million). Lightstar is a developer, constructor and operator of community solar assets in the 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 consisted of $125 million of intangible assets and PP&E, with goodwill recognized of $43 million. As of December 31, 2024, the Company finalized the fair value of the assets acquired and the liabilities assumed with no adjustments to the preliminary allocations.

5. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash, cash equivalents and restricted cash as at December 31 were as follows:

(millions of dollars)	2024	2023
Cash and cash equivalents	**1,351**	1,459
Restricted cash	**12**	22
Total cash, cash equivalents and restricted cash	**1,363**	1,481

Restricted cash is held primarily for prescribed purposes, including debt service, insurance, general collateral purposes and other contractual arrangements.

6. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND DEPRECIATION AND AMORTIZATION

PP&E as at December 31 were as follows:

(millions of dollars)	2024	2023
Nuclear generating stations	**23,888**	21,490
Regulated hydroelectric generating stations	**11,352**	11,026
Contracted hydroelectric and other generating stations	**7,696**	7,047
Atura Power generating stations	**3,562**	3,437
Other property, plant and equipment	**475**	461
Construction in progress	**4,317**	3,878
	51,290	47,339
Less: accumulated depreciation		
Generating stations	**14,911**	13,656
Other property, plant and equipment	**248**	223
	15,159	13,879
	36,131	33,460

Construction in progress as at December 31 was as follows:

(millions of dollars)	2024	2023
Darlington Refurbishment	**1,110**	1,864
Darlington New Nuclear Project	**971**	400
Pickering Refurbishment Project	**387**	15
Other	**1,849**	1,599
	4,317	3,878

Interest capitalized to construction in progress during 2024 was $136 million (2023 – $119 million), at an average rate of approximately four percent (2023 – approximately three percent).

Intangible assets as at December 31 were as follows:

(millions of dollars)	**2024**	**2023**
Nuclear generating stations	**107**	88
Regulated hydroelectric generating stations	**8**	8
Contracted hydroelectric and other generating stations [1]	**332**	165
Atura Power generating stations [1]	**126**	126
Computer software and other intangible assets	**400**	347
Development in progress	**56**	68
	1,029	802
Less: accumulated amortization		
Generating stations	**185**	110
Computer software and other intangible assets	**254**	200
	439	310
	590	492

[1] Represents power purchasing contracts, Federal Energy Regulatory Commission licences and water rights, as applicable.

Depreciation and amortization expenses, including amounts recognized in regulatory accounts, for the years ended December 31 were as follows:

(millions of dollars)	**2024**	**2023**
Depreciation	**1,281**	1,199
Amortization of intangible assets	**65**	62
Amounts recognized in regulatory variance and deferral accounts	**(161)**	(202)
Amortization of regulatory assets and regulatory liabilities *(Note 7)*	**85**	12
	1,270	1,071

7. REGULATORY ASSETS AND REGULATORY LIABILITIES

The regulatory assets and regulatory liabilities as at December 31 were as follows:

(millions of dollars)	**2024**	**2023**
Regulatory assets		
Deferral and variance accounts authorized by the OEB		
Rate Smoothing Deferral Account	**677**	654
Nuclear Liability Deferral Account	**520**	378
Capacity Refurbishment Variance Account	**460**	384
Pension & OPEB Cash Versus Accrual Differential Deferral Account	**376**	602
Hydroelectric Surplus Baseload Generation Variance Account	**307**	393
Pickering B Extension Variance Account	**131**	26
Nuclear Development Variance Account	**85**	122
Other deferral and variance accounts [1]	**174**	105
	2,730	2,664
Pension and OPEB Regulatory Asset *(Note 14)*	**-**	619
Deferred Income Taxes *(Note 12)*	**2,151**	1,938
Other	**26**	-
Total regulatory assets	**4,907**	5,221
Less: current portion	**540**	143
Non-current regulatory assets	**4,367**	5,078
Regulatory liabilities		
Deferral and variance accounts authorized by the OEB		
Pension and OPEB Cost Variance Account	**411**	319
Pension & OPEB Cash Payment Variance Account	**321**	426
Hydroelectric Water Conditions Variance Account	**173**	185
Nuclear Deferral and Variance Over/Under Recovery Variance Account	**61**	77
Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges Variance Account	**51**	32
Other deferral and variance accounts [2]	**152**	102
	1,169	1,141
Pension and OPEB Regulatory Liability *(Note 14)*	**16**	-
COVID-19 net credit to ratepayers	**-**	15
Total regulatory liabilities	**1,185**	1,156
Less: current portion	**246**	131
Non-current regulatory liabilities	**939**	1,025

[1] Represents amounts for the Hydroelectric Deferral and Variance Over/Under Recovery Variance Account, Clarington Corporate Campus Deferral Account, Fitness for Duty Deferral Account, Pickering Closure Costs Deferral Account, Niagara Tunnel Project Pre-December 2008 Disallowance Variance Account, Impact Resulting from Optimization of Pickering Station End-of-Life Dates Deferral Account and Impact Resulting from Changes to Pickering Station End-of-Life Dates Deferral Account (December 31, 2017).

[2] Represents amounts for the Income and Other Taxes Variance Account, SR&ED ITC Variance Account, Ancillary Services Net Revenue Variance Account, Sale of Unprescribed Kipling Site Deferral Account and Bruce Lease Net Revenues Variance Account.

During the years ended December 31, 2024 and 2023, OPG recognized regulatory assets and regulatory liabilities for additions recorded in regulatory accounts consistent with the applicable OEB decision and orders, relative to amounts reflected in the regulated prices in effect during those periods, and *Ontario Regulation 53/05*.

During the years ended December 31, 2024 and 2023, amortization of regulatory assets and liabilities for regulatory account balances and the net ratepayer credit related to impacts arising from the Company's COVID-19 pandemic response was recorded on a straight-line basis, based on the portion of the amounts authorized to be collected or repaid by the OEB's decisions and orders during the applicable period. Differences in recovery or repayment of the approved balances due to differences between forecasted electricity production used to set the deferral and variance account rate riders and actual electricity production upon which the rate riders are collected are recorded in the Nuclear Deferral and Variance Over/Under Recovery Variance Account and the Hydroelectric Deferral and Variance Over/Under Recovery Variance Account authorized by the OEB.

Where authorized by the OEB, OPG recorded interest on unamortized balances in the regulatory accounts at an OEB-prescribed interest rate ranging from 4.40 to 5.49 percent per annum during the year ended December 31, 2024 (2023 – 4.73 to 5.49 percent per annum).

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 to redesign Ontario's electricity markets, on OPG's regulated facilities.

In June 2024, OPG and intervenors in the proceeding reached a proposed complete settlement on OPG's December 2023 application. On June 13, 2024, the OEB issued a decision and order approving the 2024 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 represented a reduction of $22 million from the amounts sought in OPG's application. This included the resolution of the parties' positions with respect to whether any of the net proceeds from OPG's 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 are being 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. The 2024 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. 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.

In the second quarter of 2024, the Company recorded a loss of $25 million in connection with the OEB's decision and order approving the 2024 Settlement Agreement.

The changes in the regulatory assets and regulatory liabilities for the years ended December 31 were as follows:

(millions of dollars)	Rate Smoothing Deferral Account	Nuclear Liability Deferral Account	Capacity Refurbishment Variance Account	Pension & OPEB Cash Versus Accrual Differential Deferral Account	Hydroelectric Surplus Baseload Generation Variance Account	Pickering B Extension Variance Account	Nuclear Development Variance Account	Pension and OPEB Cost Variance Account	Pension & OPEB Cash Payment Variance Account	Hydroelectric Water Conditions Variance Account	Nuclear Deferral and Variance Over/Under Recovery Variance Account	Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges Variance Account	Pension and OPEB Regulatory Asset (Liability)	Deferred Income Taxes	Other Variance and Deferral (net) Accounts	Other	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)			
Net regulatory assets (liabilities) January 1, 2023	569	188	74	799	403	-	111	(78)	(460)	(172)	(75)	(14)	(1,029)	1,753	(119)	-	1,950
Increase (decrease)	64	190	259	(20)	29	26	6	(219)	(16)	(41)	(6)	-	1,648	185	15	-	2,120
Interest	21	-	13	-	17	-	6	-	(21)	(8)	(4)	(18)	-	-	1	-	7
Amortization	-	-	38	(177)	(56)	-	(1)	(22)	71	36	8	-	-	-	91	-	(12)
Net regulatory assets (liabilities) December 31, 2023	654	378	384	602	393	26	122	(319)	(426)	(185)	(77)	(32)	619	1,938	(12)	-	4,065
Increase (decrease)	**-**	**180**	**54**	**(11)**	**11**	**102**	**(18)**	**(95)**	**(12)**	**(35)**	**(1)**	**-**	**(635)**	**213**	**(51)**	**26**	**(272)**
Interest	**23**	**-**	**22**	**-**	**17**	**3**	**4**	**-**	**(18)**	**(9)**	**(4)**	**(22)**	**-**	**-**	**(2)**	**-**	**14**
Amortization	**-**	**(38)**	**-**	**(215)**	**(114)**	**-**	**(23)**	**3**	**135**	**56**	**21**	**3**	**-**	**-**	**87**	**-**	**(85)**
Net regulatory assets (liabilities) December 31, 2024	**677**	**520**	**460**	**376**	**307**	**131**	**85**	**(411)**	**(321)**	**(173)**	**(61)**	**(51)**	**(16)**	**2,151**	**22**	**26**	**3,722**

a) Rate Smoothing Deferral Account

The Rate Smoothing Deferral Account was established by the OEB's decisions and orders related to OPG's application for 2017-2021 regulated prices pursuant to *Ontario Regulation 53/05* to record, for future collection, a portion of annual OEB-approved revenue requirements for OPG's nuclear facilities during the period from January 1, 2017 to the end of the Darlington Refurbishment project. *Ontario Regulation 53/05* requires the annual deferred portion, if any, to be determined in a manner that makes more stable changes in OPG's overall production-weighted regulated price year over year. The regulation requires the OEB to determine the deferred portion on a five-year basis for the ten-year period beginning on January 1, 2017. Per the regulation, the Rate Smoothing Deferral Account records interest at a long-term debt rate reflecting OPG's cost of long-term borrowing approved by the OEB, compounded annually. The regulation requires the OEB to authorize recovery of the balance in the account on a straight-line basis over a period not to exceed ten years following the end of the Darlington Refurbishment project.

OPG recognizes positive or negative amounts deferred under rate smoothing and recorded in the Rate Smoothing Deferral Account as an increase or decrease in the regulatory asset for the deferral account and an increase or decrease in revenue in the period to which the underlying approved revenue requirement relates, respectively.

The OEB's decisions and orders on OPG's 2022-2026 application for new regulated prices set a rate smoothing approach and the resulting nuclear base regulated prices such that no portion of the nuclear revenue requirement is to be deferred from 2024 to 2026.

b) Nuclear Liability Deferral Account

Pursuant to *Ontario Regulation 53/05*, the OEB has authorized the Nuclear Liability Deferral Account in connection with changes to OPG's liabilities for used nuclear fuel management and nuclear decommissioning and L&ILW management associated with the Darlington and Pickering nuclear generating stations. The deferral account records the revenue requirement impact associated with changes in these liabilities arising from an approved reference plan, in accordance with the terms of the ONFA.

Effective January 1, 2022, the Province approved an updated reference plan under the ONFA, for the years 2022 to 2026 (2022 ONFA Reference Plan). As the nuclear base regulated prices in effect during the 2022-2026 period do not reflect the impact of the 2022 ONFA Reference Plan, effective January 1, 2022, OPG records an incremental regulatory asset for the Nuclear Liability Deferral Account representing the revenue requirement impact for the Darlington and Pickering nuclear generating stations arising from the approved 2022 ONFA Reference Plan. OPG will continue to record such additions to the Nuclear Liability Deferral Account until impacts arising from the approved 2022 ONFA Reference Plan are reflected in nuclear base regulated prices in the future.

Components of the regulated asset recorded for the Nuclear Liability Deferral Account during the years ended December 31, with reductions to corresponding expenses, are summarized as follows:

(millions of dollars)	**2024**	**2023**
Fuel expense	**21**	20
Low and intermediate level waste management variable expenses [1]	**26**	31
Depreciation expense	**110**	110
Return on rate base [2]	**3**	7
Income taxes	**20**	22
	180	190

[1] Amount was recorded as a reduction to OM&A expenses.
[2] Amount was recorded as a reduction to accretion on fixed asset removal and nuclear waste management liabilities.

c) Capacity Refurbishment Variance Account

Pursuant to *Ontario Regulation 53/05*, the OEB has authorized the Capacity Refurbishment Variance Account to record revenue requirement variances from forecasts reflected in OPG's regulated prices approved by the OEB for capital and non-capital costs and firm financial commitments incurred to increase the output of, refurbish or add operating capacity to one or more of OPG's regulated generating facilities, including costs related to the refurbishment of the Darlington nuclear generating station (Darlington GS), life extension initiatives at the Pickering GS, refurbishment and other life extension activities at regulated hydroelectric facilities, and other eligible projects.

d) Pension & OPEB Cash Versus Accrual Differential Deferral Account

The Pension & OPEB Cash Versus Accrual Differential Deferral Account was originally established by the OEB's November 2014 decision and December 2014 order and was continued by the OEB's decisions and orders related to OPG's application for 2017-2021 regulated prices. For the period from November 1, 2014 to December 31, 2021, this deferral account recorded, for the regulated hydroelectric facilities and the nuclear facilities, the differences between OPG's actual pension and OPEB costs determined on the accrual basis of accounting under US GAAP and OPG's corresponding actual cash expenditures for these plans.

The account continues to record the above difference for the regulated hydroelectric facilities. The approved nuclear base regulated prices for the 2022-2026 period reflect recovery of pension and OPEB costs calculated on the accrual basis of accounting. Therefore, for the nuclear facilities, the account only records amortization of balances approved for recovery by the OEB effective January 1, 2022. As discussed in Note 3, the Company has recognized the amount set aside in the deferral account as a regulatory asset.

In accordance with US GAAP requirements, OPG recognizes a regulatory asset for the OPRB portion of deferred costs recorded in the Pension & OPEB Cash Versus Accrual Differential Deferral Account to the extent that the recovery of these costs commences within five years and is completed in full within 20 years of the period in which the costs were incurred, provided that the pattern of recovery within these constraints does not result in rate increases for a future year that is higher than the previous year. Taking into account the recovery of balances in the Pension & OPEB Cash Versus Accrual Differential Deferral Account approved by the OEB, OPG continues to satisfy the above requirements for continued recognition of the regulatory asset for the OPRB portion of deferred costs.

e) Hydroelectric Surplus Baseload Generation Variance Account

The Hydroelectric Surplus Baseload Generation Variance Account records the impact of forgone production at OPG's regulated hydroelectric facilities due to surplus baseload generation conditions.

f) Pickering B Extension Variance Account

The Pickering B Extension Variance Account was established pursuant to an amendment to *Ontario Regulation 53/05* made in December 2022. The variance account records the difference between the revenues generated from the output of Units 5 to 8 at the Pickering GS during the period from January 1, 2026 to September 30, 2026, and the sum of any forgone revenue related to forgone output from these units arising from activities undertaken in furtherance of their operation during the period from January 1, 2026 to September 30, 2026 and the revenue requirement impact resulting from actual capital and non-capital costs incurred for such extension activities.

On January 28, 2025, the Province released a proposal for potential amendments to *Ontario Regulation 53/05* intended clarify the scope of the Pickering B Extension Variance Account to ensure that OPG can record costs incurred beginning in 2024 to retain the capacity and readiness to operate Units 5 to 8 of the Pickering GS upon refurbishment, subject to the requisite approvals. The comment period for the proposal ends on March 14, 2025.

g) Nuclear Development Variance Account

Pursuant to *Ontario Regulation 53/05*, the Nuclear Development Variance Account records variances between the revenue requirement impact of actual capital and non-capital costs incurred and firm financial commitments made for proposed new nuclear generation facilities and the corresponding forecasts reflected in OPG's regulated prices approved by the OEB. In its November 2021 decision on OPG's 2022-2026 application for new regulated prices, the OEB determined that OPG's non-capital costs related to the development of a small modular reactor (SMR) at the Darlington New Nuclear Project (DNNP) site were being appropriately recorded in the Nuclear Development Variance Account and, in its June 2024 decision approving the 2024 Settlement Agreement, authorized the recovery of such balance as at December 31, 2022.

h) Pension and OPEB Cost Variance Account

The Pension and OPEB Cost Variance Account was established to record, for the regulated hydroelectric facilities and the nuclear facilities, the differences between OPG's actual pension and OPEB costs determined on the accrual basis of accounting and related tax impacts and corresponding forecast amounts reflected in the regulated prices then in effect. Based on the OEB's November 2014 and other subsequent decisions, the account recorded only amortization for the period from November 1, 2014 to December 31, 2021, as applicable. As the approved nuclear base regulated prices for the 2022-2026 period reflect recovery of pension and OPEB costs calculated on the accrual basis of accounting, the account has resumed recording the above difference for the nuclear facilities effective January 1, 2022, as approved by the OEB.

i) Pension & OPEB Cash Payment Variance Account

The Pension & OPEB Cash Payment Variance Account records the differences between OPG's actual contributions to its registered pension plan and expenditures on its OPEB and supplementary pension plans for the regulated hydroelectric facilities, and such forecast amounts reflected in the regulated prices. The approved nuclear base regulated prices for the 2022-2026 period reflect recovery of pension and OPEB costs calculated on the accrual basis of accounting. Therefore, for the nuclear facilities, the account only records amortization of balances approved for recovery by the OEB effective January 1, 2022.

j) Hydroelectric Water Conditions Variance Account

The Hydroelectric Water Conditions Variance Account records the impact of differences in regulated hydroelectric electricity production due to differences between forecast water conditions underlying the production forecast approved by the OEB in setting regulated hydroelectric prices, and the actual water conditions.

k) Nuclear Deferral and Variance Over/Under Recovery Variance Account

The Nuclear Deferral and Variance Over/Under Recovery Variance Account records differences in recovery of the approved balances in the regulatory accounts related to the nuclear facilities due to differences between forecasted electricity production from the nuclear facilities used to set rate riders for recovery or repayment of these balances and the actual electricity production from the nuclear facilities upon which the rate riders are collected.

l) Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges Variance Account

The Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges Variance Account records asymmetric carrying charges in favour of customers on differences between pension and OPEB costs determined on the accrual basis that are recovered in regulated prices, including amounts recovered from the Pension & OPEB Cash Versus Accrual Differential Deferral Account, and the cash payments made in respect of pension and OPEB plans in connection with the regulated facilities.

m) Pension and OPEB Regulatory Asset and Regulatory Asset (Liability)

The Pension and OPEB Regulatory Asset and the Pension and OPEB Regulatory Liability represent unamortized amounts in respect of OPG's pension and OPEB plans that have been recognized in OCI and not yet reclassified into the amortization component of the benefit costs in respect of these plans. These amounts are expected to be settled with customers through future regulated prices. The regulatory asset or regulatory liability is reduced as underlying unamortized balances are amortized as components of benefit costs. For further details, refer to Note 3 under the heading, *Rate Regulated Accounting*. The AOCI amounts related to pension and OPEB plans are presented in Note 13.

n) Deferred Income Taxes

In accordance with US GAAP, OPG is required to record a regulatory asset or regulatory liability for the deferred income taxes that are expected to be recovered or refunded through future regulated prices charged to customers for generation from OPG's regulated facilities. In addition, OPG is required to recognize a deferred income tax liability or deferred income tax asset for the regulatory asset or regulatory liability for the amount of deferred income taxes expected to be included in future regulated prices and recovered from, or paid to customers. Income taxes are discussed in Note 12.

8. GOODWILL

All goodwill pertains to the Contracted Hydroelectric and Other Generation business segment. The goodwill recorded as at December 31 was as follows:

(millions of dollars)	**2024**	**2023**
Opening balance, January 1	**168**	172
Acquisition of Lightstar *(Note 4)*	**43**	-
Foreign exchange differences	**19**	(4)
Closing balance, December 31	**230**	168

An annual goodwill impairment assessment is performed as of the same date each year. In the fourth quarter of 2024, as per the Company's policy, the assessment was performed and no impairment factors were identified. The Company concluded that the fair value of the Contracted Hydroelectric and Other Generation business segment exceeded its carrying value as of the assessment date.

9. LONG-TERM DEBT AND NET INTEREST EXPENSE

Long-term debt as at December 31 was as follows:

(millions of dollars)	Weighted Average Interest Rate	Maturity	2024	2023
Medium Term Note Program [1]				
Senior Notes	3.63%	2025 - 2054	**5,950**	4,650
Notes payable under OEFC and corporate credit facilities [1]				
Senior Notes	3.44%	2026 - 2048	**2,859**	2,822
UMH Energy Partnership [2]				
Senior Notes	7.59%	2041	**160**	163
PSS Generating Station Limited Partnership [3]				
Senior Notes	4.80%	2067	**245**	245
Lower Mattagami Energy Limited Partnership [4]				
Senior Notes	3.98%	2026 - 2054	**1,995**	1,995
OPG Eagle Creek Holdings LLC and subsidiaries [5]				
Senior Notes	4.84%	2025 - 2030	**516**	474
Other			**25**	25
			11,750	10,374
Plus: net fair value premium			**-**	5
Less: unamortized bond issuance fees			**(43)**	(37)
Less: amounts due within one year			**(604)**	(603)
Long-term debt			**11,103**	9,739

1 These notes are direct unsecured obligations of OPG and rank *pari passu* with all of OPG's unsubordinated and unsecured obligations.
2 These notes are secured by the assets of the Upper Mattagami and Hound Chute project. Principal repayments of approximately $3 million per year are made on a semi-annual basis until maturity in 2041, at which time the remaining principal balance of $116 million becomes due.
3 These notes are secured by the assets of the Peter Sutherland Sr. GS project, and are recourse to OPG until the recourse release date. These notes rank *pari passu* with all of OPG's unsubordinated and unsecured obligations. The notes have an interest-only feature until 2025 and will be amortized with blended semi-annual principal and interest payments thereafter until maturity in 2067, at which time the remaining principal balance of $49 million becomes due.
4 These notes are secured by the assets of the Lower Mattagami River project, including existing and new operating facilities.
5 These notes are secured by the corresponding assets of the respective subsidiary.

For the year ended December 31, 2024, net issuance of long-term debt under the Company's corporate credit facilities totalled $37 million (2023 – net issuance of $204 million), which comprised issuances of $437 million (2023 – issuances of $244 million) repayment of $400 million (2023 – repayment of $40 million).

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.

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 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.

On September 11, 2024, OPG re-opened the June 28, 2024 dual tranche bond issuances under its Medium Term Note Program for an additional $300 million. The additional green bond issuance consisted of $200 million of senior notes maturing in June 2034, with a coupon interest rate of 4.83 percent, and $100 million of senior notes maturing in June 2054, with a coupon interest rate of 4.99 percent.

Net Interest Expense

Net interest expense for the years ended December 31 was as follows:

(millions of dollars)	2024	2023
Interest on long-term debt	**401**	373
Interest on short-term debt	**24**	15
Interest income	**(88)**	(101)
Interest capitalized to property, plant and equipment and intangible assets	**(136)**	(119)
Interest related to regulatory assets and regulatory liabilities [1]	**(15)**	(65)
Net interest expense	**186**	103

[1] Includes interest to recognize the cost of financing regulatory account balances as authorized by the OEB, and interest costs deferred in certain regulatory accounts.

Interest paid in 2024 was $442 million (2023 – $395 million), of which $418 million (2023 – $380 million) relates to interest paid on long-term debt.

The total net book value of the pledged assets of PSS Generating Station Limited Partnership (PSS), UMH Energy Partnership (UMH), LME, Lower Mattagami Limited Partnership (LMLP) and Eagle Creek and its subsidiaries against their debt as at December 31, 2024 was $5,013 million (2023 – $4,941 million).

10. SHORT-TERM DEBT

Committed credit facilities and maturity dates as at December 31, 2024 were as follows:

(millions of dollars)		Amount	Maturity
Bank facilities:			
Corporate		**1,211**	July 2025 and May 2029 [1]
Corporate	US Dollars	**750**	November 2025 [2]
Lower Mattagami Energy Limited Partnership		**460**	June 2029 [3]
OPG Eagle Creek Holdings LLC and subsidiaries	US Dollars	**20**	October 2028
Ontario Financing Authority facility		**1,250**	December 2029 [1]
Ontario Electricity Financial Corporation facility		**750**	December 2026 [1]

[1] Represents amounts available under the facility net of debt issuances. Of the total available corporate credit facilities, $211 million matures by September 2027 and is available to finance certain expenditures of the DNNP, subject to certain conditions, and $1,000 million matures in May 2029.
[2] The facility has a one-year extension option beyond the maturity date of November 2025.
[3] A letter of credit of $60 million was outstanding under this facility as at December 31, 2024.

Short-term debt as at December 31 was as follows:

(millions of dollars)	2024	2023
Lower Mattagami Energy Limited Partnership	**215**	200
Total short-term debt	**215**	200

As of December 31, 2024, a total of $504 million of letters of credit had been issued (2023 – $525 million). As of December 31, 2024, this included $314 million for the supplementary pension plans, $60 million for LME, $51 million for general corporate purposes, $45 million for Atura Power, $19 million for Eagle Creek and its subsidiaries, $14 million for UMH, and $1 million for PSS.

For the year ended December 31, 2024, net issuance of short-term debt totalled $15 million (2023 – net issuance of $135 million), which was comprised of issuances of $2,960 million (2023 – $970 million) and repayments of $2,945 million (2023 – $835 million).

The weighted average interest rate on the short-term debt as of December 31, 2024 is 3.71 percent (2023 – 5.29 percent).

11. NUCLEAR FIXED ASSET REMOVAL AND NUCLEAR WASTE MANAGEMENT FUNDS AND FIXED ASSET REMOVAL AND NUCLEAR WASTE MANAGEMENT LIABILITIES

Liabilities for fixed asset removal and nuclear waste management on a present value basis as at December 31 were as follows:

(millions of dollars)	**2024**	**2023**
Liability for used nuclear fuel management	**15,991**	15,623
Liability for nuclear decommissioning and nuclear low and intermediate level waste management	**9,782**	9,493
Liability for non-nuclear fixed asset removal	**269**	270
Fixed asset removal and nuclear waste management liabilities	**26,042**	25,386

The changes in the fixed asset removal and nuclear waste management liabilities for the years ended December 31 were as follows:

(millions of dollars)	**2024**	**2023**
Liabilities, beginning of year	**25,386**	24,315
Increase in liabilities due to accretion [1]	**1,203**	1,162
Increase in liabilities reflecting changes to the estimated useful lives of nuclear generating stations *(Note 3)*	**-**	160
Decrease in liabilities reflecting changes in the estimate of liabilities for thermal generating facilities and other adjustments	**(10)**	(10)
Increase in liabilities due to used nuclear fuel, nuclear waste management and other expenses [1]	**163**	195
Liabilities settled by expenditures on fixed asset removal and nuclear waste management during the year [2]	**(700)**	(436)
Liabilities, end of year	**26,042**	25,386

[1] Amounts shown exclude the impact of regulatory accounts.
[2] Includes accruals for expenditures eligible for reimbursement from the Nuclear Segregated Funds.

OPG's fixed asset removal and nuclear waste management liabilities are comprised of expected costs to be incurred up to and beyond termination of operations and the closure of nuclear, thermal and solar generating facilities, and other facilities. Costs will be incurred for activities such as preparation for safe storage and safe storage of nuclear generating stations, dismantlement, demolition and disposal of facilities and equipment, remediation and restoration of sites, and the ongoing and long-term management of used nuclear fuel and L&ILW material.

The determination of the accrual for fixed asset removal and nuclear waste management costs requires significant assumptions since these programs are long-term in nature. The most recent comprehensive update of the cost estimates for the Nuclear Liabilities is contained in the 2022 ONFA Reference Plan approved by the Province in accordance with ONFA. This update has been reflected in the Nuclear Liabilities since December 31, 2021. As of December 31, 2023, OPG recorded an increase of $160 million in the Nuclear Liabilities and associated asset retirement costs capitalized as part of the carrying value of nuclear PP&E to reflect the extension of the accounting end-of-life assumptions for Units 5 to 8 of the Pickering GS, as discussed in Note 3. The increase in the liabilities as at December 31, 2023 was determined by discounting the net incremental future cash flows at 3.93 percent.

For the purposes of calculating the Nuclear Liabilities as at December 31, 2024, consistent with the current accounting end-of-life assumptions for the nuclear generating stations, nuclear facilities decommissioning activities are projected to occur over approximately the next 80 years and the placement of used nuclear fuel into the assumed long-term deep geological repository (DGR) under the APM is projected to occur until 2106, followed by extended monitoring.

A number of significant assumptions used in the calculation of the accrued liabilities are subject to inherent uncertainty and judgment. The significant assumptions underlying operational, technical and economic factors used in the calculation of the Nuclear Liabilities are subject to periodic review. Changes to these assumptions, including changes to assumptions on the timing of the programs, construction of assumed disposal facilities, station end-of-life dates, disposal methods, financial indicators, decommissioning strategy and the technology employed, may result in significant changes to the value of the accrued liabilities. With programs of such long-term duration and the evolving technology to handle nuclear waste, there is a significant degree of inherent uncertainty surrounding the measurement of the costs for these programs, including from factors beyond the Company’s control. These costs may increase or decrease materially over time.

Liability for Used Nuclear Fuel Management Costs

The liability for used nuclear fuel management represents the cost of managing the used nuclear fuel bundles. The federal NFWA, proclaimed into force in 2002, required that Canada’s used nuclear fuel owners form a nuclear waste management organization, and that each such owner establish a trust fund for used nuclear fuel management costs as specified in the NFWA. This organization, the NWMO, is responsible for the design and implementation of Canada’s plan for the long-term management of used nuclear fuel. To estimate its liability for used nuclear fuel management costs, OPG has adopted an approach consistent with the APM concept approved by the Government of Canada. On November 28, 2024, the NWMO announced that it had selected Wabigoon Lake Ojibway Nation and the Township of Ignace, Ontario as the host communities for the future site of Canada’s DGR for used nuclear fuel under the APM.

Liability for Nuclear Decommissioning and L&ILW Management Costs

The liability for nuclear decommissioning and L&ILW management represents the estimated costs of decommissioning the nuclear generating stations after the end of their service lives, as well as the cost of managing L&ILW generated by the stations.

The significant assumptions used in estimating future nuclear fixed asset removal costs include a deferred dismantlement basis for decommissioning of the nuclear generating stations. Under this strategy, each reactor will be defueled and de-watered immediately after it has ceased operation and prepared for a period of safe storage and monitoring. Station dismantlement and site restoration activities will take place over a period of time after an appropriate safe storage period. The life cycle costs of L&ILW management include the costs of processing and storage of such materials during and following the operation of the nuclear generating stations, as well as the costs of the ultimate long-term management of these materials. The assumptions used to establish the obligation for these costs recognized in the consolidated financial statements include a conceptual long-term disposal strategy assumption consistent with the NWMO’s recommended integrated strategy for the long-term management of irradiated wastes in Canada, as set out in its Integrated Strategy for Radioactive Waste (ISRW) prepared at the request of the Government of Canada and subsequently accepted by the federal Minister of Energy and Natural Resources in 2023. The strategy contemplates disposal of low-level waste in near-surface disposal facilities to be implemented by the waste owners and disposal of intermediate-level waste and the small amount of non-fuel high-level waste in a central DGR to be implemented by the NWMO. OPG will continue to evaluate underlying assumptions and estimates based on available information, including developments related to the NWMO’s future siting process for such DGR.

Liability for Non-Nuclear Fixed Asset Removal Costs

The liability for non-nuclear fixed asset removal primarily represents the estimated costs of decommissioning OPG's thermal generating stations at the end of their service lives. The liability is based on third-party cost estimates following a review of plant sites and an assessment of required clean-up and restoration activities. For the purposes of measuring the non-nuclear fixed asset removal liability, thermal asset removal activities are assumed to take place over approximately the next 40 years.

Ontario Nuclear Funds Agreement

In accordance with the ONFA, OPG sets aside and invests funds that are held in segregated custodian and trustee accounts specifically for discharging its life cycle obligation for nuclear decommissioning and long-term nuclear waste management in connection with the existing facilities. The Used Fuel Segregated Fund and the Decommissioning Segregated Fund were established under the ONFA for this purpose. OPG makes contributions, if any, to the Nuclear Segregated Funds based on the approved ONFA reference plan in effect. ONFA reference plans and associated contribution schedules are subject to approval by the Province. The Ontario NFWA Trust (NFWA Trust) established by OPG pursuant to the NFWA forms part of the Used Segregated Fund, with any portion of the fund not in the NFWA Trust being able to be applied towards the NFWA Trust's annual contribution requirements pursuant to the NFWA.

As required under the ONFA reference plans in effect, OPG has made contributions to the Used Fuel Segregated Fund based on the assumed lives of its nuclear generating stations, as specified in the ONFA. ONFA requirements have resulted in the majority of the underlying used nuclear fuel obligation being funded through OPG contributions over the initial estimated useful lives of the nuclear generating stations assumed in the ONFA, which did not reflect subsequent refurbishment and other life extension decisions for the stations.

To date, OPG has not been required to make contributions to the Decommissioning Segregated Fund, which was fully funded at its inception through the initial contribution made by the OEFC and, taking into account fund asset performance and changes in underlying funding obligations over time, at the time of every subsequent approved ONFA reference plan.

Based on the funded status of the Used Fuel Segregated Fund and the Decommissioning Segregated Fund reflecting the life cycle liability estimates per the 2022 ONFA Reference Plan, no overall contributions to either fund are currently required. Contributions may be required in the future should either or both of the funds be in an underfunded position when a new or amended ONFA reference plan is prepared.

The *Nuclear Safety and Control Act* (Canada) requires OPG to have sufficient funds available to discharge its existing nuclear waste management and nuclear facilities decommissioning obligations. The CNSC process requires the CNSC financial guarantee requirement to be updated once every five years and for OPG to provide an annual report to the CNSC on the assumptions, fund asset values and resulting financial guarantee requirements. The CNSC financial guarantee requirement calculation takes into account used nuclear fuel and L&ILW expected to be generated to the end of each year. In 2022, the CNSC accepted OPG's proposed CNSC financial guarantee requirement for the 2023-2027 period to be satisfied by the forecast fair market value of the Nuclear Segregated Funds without the requirement for a Provincial guarantee. As provided by the terms of the ONFA, the Province is committed to provide a Provincial guarantee to the CNSC as required, on behalf of OPG, should there be a shortfall between the CNSC financial guarantee requirement and the fair market value of the Nuclear Segregated Funds during the 2023-2027 period, as it has done in the past. OPG pays the Province an annual guarantee fee equal to 0.5 percent of the outstanding amount, if any, of the Provincial guarantee.

Investments in the Nuclear Segregated Funds include a diversified portfolio of equity and fixed income securities, pooled funds, infrastructure, real estate and other investments. As the Nuclear Segregated Funds are invested to fund long-term liability requirements, the portfolio asset mix is structured to achieve the required return over a long-term horizon. While short-term fluctuations in the market value will occur, managing the long-term return of the Nuclear

Segregated Funds remains the primary goal. OPG jointly oversees the investment management of the Nuclear Segregated Funds with the Province.

Decommissioning Segregated Fund

Under the ONFA, OPG is wholly responsible for cost estimate changes and investment returns in the Decommissioning Segregated Fund.

Upon termination of the ONFA, the Province has the sole right to any excess funds in the Decommissioning Segregated Fund, which is the excess of the fair market value of the fund’s assets over the underlying estimated future costs, as per the most recently approved ONFA reference plan. Accordingly, when the Decommissioning Segregated Fund is overfunded, OPG limits the fund earnings recognized in the consolidated financial statements by recording an amount due to the Province, such that the fund asset recognized on the consolidated balance sheets is equal to the cost estimate of the funding liability based on the most recently approved ONFA reference plan. Additionally, OPG recognizes the portion of the surplus that it may direct to the Used Fuel Segregated Fund, which is possible when the surplus in the Decommissioning Segregated Fund is such that the underlying liabilities, as defined by the most recently approved ONFA reference plan, are at least 120 percent funded. In those circumstances, OPG may direct, at the time a new or amended reference plan is approved, up to 50 percent of the surplus over 120 percent to the Used Fuel Segregated Fund, with the OEFC being entitled to a distribution of an equal amount. Therefore, when the Decommissioning Segregated Fund is at least 120 percent funded, OPG recognizes 50 percent of the excess greater than 120 percent in income, up to the amount by which the Used Fuel Segregated Fund is underfunded.

When the Decommissioning Segregated Fund is in an overfunded status of less than 120 percent, the above results in OPG recognizing annual earnings on the fund at 3.25 percent plus the long-term Ontario Consumer Price Index (CPI) specified in the most recently approved ONFA reference plan, which is the rate of growth in the underlying funding liability. The same treatment is applied when the Decommissioning Segregated Fund is in an overfunded status of greater than 120 percent, if the Used Fuel Segregated Fund is fully funded. When the Decommissioning Segregated Fund is underfunded, the earnings on the fund reflect actual fund returns based on the market value of the assets.

As at December 31, 2024 and 2023, the Decommissioning Segregated Fund was in an overfunded position of greater than 120 percent based on the approved ONFA reference plan in effect. As a result, OPG recognized a due to the Province amount such that the Decommissioning Segregated Fund asset on the consolidated balance sheets as at December 31, 2024 and 2023 was limited to the value of the underlying funding liability per the approved ONFA reference plan in effect, plus 50 percent of the surplus over 120 percent up to the amount, if any, by which the Used Fuel Segregated Fund was underfunded. This payable to the Province may be reduced in subsequent periods in the event that the Decommissioning Segregated Fund earns less than its target rate of return, a new or amended ONFA reference plan is approved with a higher underlying funding liability, or the amount of the underfunding, if any, in the Used Fuel Segregated Fund increases.

Used Fuel Segregated Fund

OPG is responsible for cost increases in the funding liability for used nuclear fuel management under the ONFA, subject to specified graduated liability thresholds, pursuant to which the Province limits OPG’s total financial exposure for the first 2.23 million used nuclear fuel bundles at approximately $24.1 billion in present value dollars as at December 31, 2024. The graduated liability thresholds do not apply to used nuclear fuel bundles beyond the 2.23 million threshold.

Under the ONFA, the Province guarantees OPG’s annual return in the Used Fuel Segregated Fund at 3.25 percent plus the change in the Ontario CPI, as defined by ONFA, for funding related to the first 2.23 million used nuclear fuel bundles, (committed return). OPG recognizes the committed return on the Used Fuel Segregated Fund as earnings on the Nuclear Segregated Funds. The difference between the committed return and the actual market return determined based on the fair value of the fund assets related to the first 2.23 million used nuclear fuel bundles is recorded as due to or due from the Province. This amount due to or due from the Province represents the amount that would be paid to or received from the Province if the committed return were to be settled as at the consolidated balance sheet date. Upon approval of a new or amended ONFA reference plan, the Province is obligated to make an additional contribution to the Used Fuel Segregated Fund in relation to the first 2.23 million used nuclear fuel bundles if the fund assets earned a rate of return that is less than the guaranteed rate of return. If the return on the fund assets exceeded the Province's guaranteed rate of return, the Province is entitled to withdraw any portion of such excess related to the first 2.23 million used nuclear fuel bundles, upon approval of a new or amended ONFA reference plan. The 2.23 million threshold represents the estimated total life cycle used nuclear fuel bundles based on the initial estimated useful lives of the nuclear generating stations assumed in the ONFA.

As prescribed under the ONFA, OPG's contributions for used nuclear fuel bundles in excess of 2.23 million are not subject to the rate of return guaranteed by the Province, and earn a return based on changes in the market value of the assets of the Used Fuel Segregated Fund.

If there is a surplus in the Used Fuel Segregated Fund such that the underlying liabilities, as defined by the most recently approved ONFA reference plan, are at least 110 percent funded after taking into account the committed return adjustment, the Province, has the right, at any time, to access the excess amount greater than 110 percent. Upon termination of the ONFA, the Province has the sole right to any surplus in the fund, which is the excess of the fair market value of the Used Fuel Segregated Fund assets over the estimated future costs, as per the most recently approved ONFA reference plan. Neither OPG nor the Province have a right to direct any amounts from the Used Fuel Segregated Fund to the Decommissioning Segregated Fund. Therefore, when the Used Fuel Segregated Fund is overfunded after taking into account the committed return adjustment, OPG limits the earnings it recognizes on the fund by recording an amount due to the Province, such that the fund asset recognized on the consolidated balance sheets is equal to the cost estimate of the funding liability based on the most recently approved ONFA reference plan. When the fund is overfunded, this results in OPG recognizing annual earnings on the fund, after taking into account the committed return adjustment, at 3.25 percent plus the long-term Ontario CPI specified in the most recently approved ONFA reference plan, which is the rate of growth in the underlying funding liability.

Based on the approved ONFA reference plan in effect, the Used Fuel Segregated Fund was in an overfunded position as at December 31, 2024 and 2023, after taking into account the committed return adjustment. The due to the Province amount recognized for the fund as at December 31, 2024 and 2023 related to the committed return adjustment and the overfunded position of the fund.

Nuclear Segregated Funds

The nuclear fixed asset removal and nuclear waste management funds as at December 31 were as follows:

	Fair Value	
(millions of dollars)	**2024**	**2023**
Decommissioning Segregated Fund	**14,220**	12,713
Due to Province – Decommissioning Segregated Fund	**(4,545)**	(3,408)
	9,675	9,305
Used Fuel Segregated Fund [1]	**18,428**	16,490
Due to Province – Used Fuel Segregated Fund	**(5,691)**	(4,232)
	12,737	12,258
Total Nuclear Segregated Funds	**22,412**	21,563
Less: current portion	**(283)**	(68)
Non-current Nuclear Segregated Funds	**22,129**	21,495

[1] The NFWA Trust represents $5,211 million as at December 31, 2024 (2023 – $4,867 million) of the Used Fuel Segregated Fund on a fair value basis.

The fair values of the securities invested in the Nuclear Segregated Funds as at December 31 were as follows:

	Fair Value	
(millions of dollars)	**2024**	**2023**
Cash and cash equivalents and short-term investments	**444**	224
Alternative investments	**8,424**	7,618
Pooled funds	**3,447**	3,209
Marketable equity securities	**11,926**	10,614
Fixed income securities	**8,352**	7,475
Net receivables/payables	**55**	63
	32,648	29,203
Less: Due to Province	**(10,236)**	(7,640)
	22,412	21,563

The historical cost, gross unrealized aggregate appreciation and gross unrealized depreciation of investments, gross unrealized foreign exchange gains and fair value of the Nuclear Segregated Funds as at December 31 were as follows:

		2024	
(millions of dollars)	**Decommissioning Segregated Fund**	**Used Fuel Segregated Fund**	**Total**
Historical cost	**11,392**	**14,828**	**26,220**
Gross unrealized gains (losses)			
Aggregate appreciation	**2,733**	**3,450**	**6,183**
Aggregate depreciation	**(522)**	**(638)**	**(1,160)**
Foreign exchange	**617**	**788**	**1,405**
	14,220	**18,428**	**32,648**
Less: Due to Province	**(4,545)**	**(5,691)**	**(10,236)**
Total fair value	**9,675**	**12,737**	**22,412**
Less: current portion	**(60)**	**(223)**	**(283)**
Non-current fair value	**9,615**	**12,514**	**22,129**

		2023	
(millions of dollars)	**Decommissioning Segregated Fund**	**Used Fuel Segregated Fund**	**Total**
Historical cost	10,424	13,619	24,043
Gross unrealized gains (losses)			
Aggregate appreciation	2,565	3,201	5,766
Aggregate depreciation	(496)	(597)	(1,093)
Foreign exchange	220	267	487
	12,713	16,490	29,203
Less: Due to Province	(3,408)	(4,232)	(7,640)
Total fair value	9,305	12,258	21,563
Less: current portion	(24)	(44)	(68)
Non-current fair value	9,281	12,214	21,495

Net realized and unrealized gains or losses from investments in the Nuclear Segregated Funds for the years ended December 31 were as follows:

	2024		
(millions of dollars)	**Decommissioning Segregated Fund**	**Used Fuel Segregated Fund**	**Total**
Net realized gains			
Net realized gains excluding foreign exchange	**759**	**950**	**1,709**
Net realized foreign exchange gains	**58**	**72**	**130**
Net realized gains	**817**	**1,022**	**1,839**
Net unrealized gains			
Net unrealized gains excluding foreign exchange	**34**	**203**	**237**
Net unrealized foreign exchange gains	**505**	**526**	**1,031**
Net unrealized gains	**539**	**729**	**1,268**

	2023		
(millions of dollars)	**Decommissioning Segregated Fund**	**Used Fuel Segregated Fund**	**Total**
Net realized gains			
Net realized gains excluding foreign exchange	328	421	749
Net realized foreign exchange gains	68	107	175
Net realized gains	396	528	924
Net unrealized gains			
Net unrealized gains excluding foreign exchange	671	858	1,529
Net unrealized foreign exchange losses	(198)	(276)	(474)
Net unrealized gains	473	582	1,055

The change in the Nuclear Segregated Funds for the years ended December 31 were as follows:

	Fair Value	
(millions of dollars)	**2024**	**2023**
Decommissioning Segregated Fund, beginning of year	**9,305**	8,919
Increase in fund due to return on investments	**1,612**	1,102
Decrease in fund due to reimbursement of eligible expenditures	**(105)**	(70)
Increase in due to Province	**(1,137)**	(646)
Decommissioning Segregated Fund, end of year	**9,675**	9,305
Used Fuel Segregated Fund, beginning of year	**12,258**	11,787
Increase in fund due to return on investments	**2,085**	1,419
Decrease in fund due to reimbursement of eligible expenditures	**(147)**	(128)
Increase in due to Province	**(1,459)**	(820)
Used Fuel Segregated Fund, end of year	**12,737**	12,258

The earnings from the Nuclear Segregated Funds during the years ended December 31, 2024 and 2023 were impacted by the Bruce Lease Net Revenues Variance Account authorized by the OEB. The earnings on the Nuclear Segregated Funds for the years ended December 31 were as follows:

(millions of dollars)	**2024**	**2023**
Decommissioning Segregated Fund	**475**	456
Used Fuel Segregated Fund	**626**	599
Bruce Lease Net Revenues Variance Account	**1**	2
Earnings on nuclear fixed asset removal and nuclear waste management funds	**1,102**	1,057

12. INCOME TAXES

OPG follows the liability method of accounting for income taxes. The Company records an offsetting regulatory asset or regulatory liability for the deferred income taxes that are expected to be recovered or refunded through future regulated prices charged to customers for electricity generation from OPG's regulated facilities.

A reconciliation between the statutory and the effective rate of income taxes for the years ended December 31 was as follows:

(millions of dollars)	**2024**	**2023**
Income before income taxes	**1,176**	2,095
Combined Canadian federal and provincial statutory enacted income tax rates	**26.5%**	26.5%
Statutory income tax rates applied to accounting income	**312**	555
(Decrease) increase in income taxes resulting from:		
Income tax expense deferred in regulatory assets and regulatory liabilities	**(125)**	(161)
Scientific Research and Experimental Development investment tax credits	**(22)**	(25)
Manufacturing and processing credit	**(18)**	(31)
Valuation allowance	**15**	(1)
Other	**8**	(1)
	(142)	(219)
Income tax expense	**170**	336
Effective rate of income taxes	**14.5%**	16.0%

Significant components of the income tax expense for the years ended December 31 were as follows:

(millions of dollars)	**2024**	**2023**
Current income tax expense	**131**	254
Deferred income tax expense	**39**	82
Income tax expense	**170**	336

The income tax effects of temporary differences that give rise to deferred income tax assets and deferred income tax liabilities as at December 31 were as follows:

(millions of dollars)	**2024**	**2023**
Deferred income tax assets:		
Fixed asset removal and nuclear waste management liabilities	**6,512**	6,325
Other assets and liabilities	**1,486**	1,463
Valuation allowance	**(77)**	(55)
	7,921	7,733
Deferred income tax liabilities:		
Property, plant and equipment and intangible assets	**(2,747)**	(3,281)
Nuclear fixed asset removal and nuclear waste management funds	**(5,603)**	(5,390)
Other assets and liabilities	**(2,032)**	(1,211)
	(10,382)	(9,882)
Net deferred income tax liabilities	**(2,461)**	(2,149)

As of December 31, 2024, OPG has federal tax losses in the US of $504 million (2023 – $406 million) of which $8 million will expire in 2031 to 2037 if unused (2023 – $7 million). As of December 31, 2024, OPG has state tax losses in the US of $507 million (2023 – $460 million) of which $371 million will expire if unused in 2028 to 2044 (2023 – $308 million).

During 2024, OPG recorded an increase in the deferred income tax liability for income taxes that are expected to be recovered through regulated prices charged to customers of $213 million (2023 – $185 million) and a corresponding increase to the regulatory asset for deferred income taxes. As a result, the deferred income tax expense for 2024 and 2023 was not impacted.

The following table summarizes the deferred income tax liabilities recorded for the rate regulated operations that are expected to be recovered through future regulated prices:

(millions of dollars)	**2024**	**2023**
January 1:		
Deferred income tax liabilities on temporary differences related to regulated operations	**1,453**	1,314
Deferred income tax liabilities on temporary differences related to the regulatory asset for deferred income tax liabilities	**485**	439
	1,938	1,753
Changes during the year:		
Increase in deferred income tax liabilities on temporary differences related to regulated operations	**160**	139
Increase in deferred income tax liabilities on temporary differences related to the regulatory asset for deferred income tax liabilities	**53**	46
Balance as at December 31	**2,151**	1,938

The tax benefit associated with an income tax position is recognized only when it is more likely than not that such a position will be sustained upon examination by the taxing authorities based on the technical merits of the position. The current and deferred income tax benefit is equal to the largest amount, considering possible settlement outcomes, that is greater than 50 percent likely of being realized upon settlement with the taxing authorities.

A reconciliation of the beginning and ending amount of unrecognized tax benefits for the years ended December 31 were as follows:

(millions of dollars)	**2024**	**2023**
Unrecognized tax benefits, beginning of year	**84**	115
Additions	**7**	8
Reductions	**(16)**	(39)
Unrecognized tax benefits, end of year	**75**	84

As at December 31, 2024, OPG's unrecognized tax benefits were $75 million (2023 – $84 million), excluding interest and penalties, all of which, if recognized, would affect OPG's effective tax rate. Changes in unrecognized tax benefits over the next 12 months cannot be predicted with certainty.

OPG recognizes interest and penalties related to unrecognized tax benefits as income tax expense. As at December 31, 2024, OPG had recorded interest on unrecognized tax benefits of $20 million (2023 – $18 million). OPG considers its significant tax jurisdiction to be Canada for its Canadian entities, the US for its US subsidiaries and Romania for its Romanian subsidiary. OPG remains subject to income tax examination for years after 2019 in Canada, while certain of its wholly owned US subsidiaries are subject to federal and state income tax examinations for tax years after 2018 and 2017, respectively.

OPG paid $216 million in payments in lieu of income taxes, net of tax refunds, during 2024 (2023 – $441 million). OPG paid a negligible amount in Canadian federal and provincial income taxes, US federal and state income taxes and Romanian income tax during 2024 and 2023.

13. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The changes in the balance of each component of AOCI, net of income taxes, for the years ended December 31 were as follows:

	2024			
(millions of dollars)	**Unrealized Gains and Losses on Cash Flow Hedges**	**Pension and OPEB**	**Currency Translation Adjustment**	**Total**
Balance, beginning of year	**9**	**(33)**	**9**	**(15)**
Net gain on cash flow hedges	**1**	**-**	**-**	**1**
Actuarial gain on remeasurement of liabilities and past service costs for pension and OPEB	**-**	**41**	**-**	**41**
Amounts reclassified from AOCI	**(5)**	**(2)**	**-**	**(7)**
Translation of foreign operations	**-**	**-**	**173**	**173**
Other comprehensive (loss) income for the year	**(4)**	**39**	**173**	**208**
Balance, end of year	**5**	**6**	**182**	**193**

	2023			
(millions of dollars)	**Unrealized Gains and Losses on Cash Flow Hedges**	**Pension and OPEB**	**Currency Translation Adjustment**	**Total**
Balance, beginning of year	(6)	80	54	128
Net gain on cash flow hedges	11	-	-	11
Actuarial loss on remeasurement of liabilities and past service costs for pension and OPEB	-	(109)	-	(109)
Amounts reclassified from AOCI	4	(4)	-	-
Translation of foreign operations	-	-	(45)	(45)
Other comprehensive income (loss) for the year	15	(113)	(45)	(143)
Balance, end of year	9	(33)	9	(15)

The significant amounts reclassified out of each component of AOCI, net of income taxes, for the years ended December 31, were as follows:

	Amount Reclassified from AOCI		
(millions of dollars)	**2024**	**2023**	**Statement of Income Line Item**
Amortization of amounts related to cash flow hedges			
(Gains) losses	**(7)**	6	Revenue and Net interest expense
Income tax recovery (expense)	**2**	(2)	Income tax expense
	(5)	4	
Amortization of amounts related to pension and OPEB			
Net actuarial gains, net of past service credits	**(2)**	(5)	See (1) below
Income tax recovery	**-**	1	Income tax expense
	(2)	(4)	
Total reclassifications for the year	**(7)**	-	

[1] These AOCI components are included in the computation of pension and OPEB costs (see Note 14 for additional details).

14. PENSION AND OTHER POST-EMPLOYMENT BENEFITS

Fund Assets

The OPG registered pension fund investment guidelines are stated in an approved Statement of Investment Policies and Procedures (SIPP). The SIPP is reviewed and approved by the Audit and Risk Committee of OPG's Board of Directors at least annually and includes a discussion of investment objectives and expectations, asset mix and rebalancing and the basis for measuring the performance of the pension fund assets.

In accordance with the SIPP, investment allocation decisions are made with a view to achieve OPG's objective of meeting obligations of the plan as they come due. The pension fund assets are invested in four categories of asset classes. The first category is fixed income assets, which are used to provide a ballast against heightened equity volatility in a slowing economic environment. The second category is equities, which offer the potential for higher investment returns beyond returns generally expected for fixed income assets. The third category is real assets, which offer exposure to a mixture of characteristics from the fixed income and equities. The fourth category is other alternatives, which offer the potential to improve the overall return of the pension fund while controlling the amount of downside market risk.

To achieve the above objective, OPG has adopted the following target strategic asset allocation for the OPG pension plan:

	Target
Asset class	
Fixed income assets	32.5%
Equities	33.0%
Real assets	32.5%
Other alternatives	2.0%

The plan may use derivative instruments for risk management or strategic purposes, where such activity is consistent with the plan's investment objectives.

Significant Concentrations of Risk in Fund Assets

The assets of the OPG pension fund are diversified to limit the impact of any individual investment. The pension fund is diversified across multiple asset classes. Fixed income securities are diversified among Canadian government bonds, government agency bonds, real return bonds, and corporate bonds. Equity securities are diversified across Canadian, US, and Global stocks. There are also real estate, infrastructure and agriculture portfolios that are included as part of the total pension fund assets as at December 31, 2024. Investments in the above asset classes are further diversified across funds, investment managers, strategies, vintages, sectors and geographies, depending on the specific characteristics of each asset class.

Credit risk with respect to the pension fund's fixed income securities is managed by risk tolerance guidelines, which require that fixed income securities comply with various investment constraints that ensure prudent diversification and prescribed minimum required credit rating quality. Credit risk, as it relates to the pension fund's derivatives, is managed through the use of International Swap and Derivatives Association documentation and counterparty management performed by the fund's investment managers.

Risk Management

Risk management oversight with respect to the OPG pension fund includes, but is not limited to, the following activities:

- Periodic asset/liability management and strategic asset allocation studies;
- Monitoring of funding levels and funding ratios;
- Monitoring compliance with asset allocation guidelines and investment management agreements;
- Monitoring asset class performance against asset class benchmarks;
- Monitoring investment manager performance against benchmarks; and
- Monitoring of risk tolerance guidelines.

Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based on the fund's asset allocation, as well as the return expectations considering long-term risks and returns associated with each asset class within the plan portfolio. The asset management decisions consider the economic liabilities of the plan.

Fair Value Measurements

OPG is required to classify fair value measurements using a fair value hierarchy. This hierarchy groups financial instruments into three levels, based on the significance of inputs used in measuring the fair value of the assets and liabilities. Refer to Note 16 for a detailed discussion of fair value measurements and the fair value hierarchy.

The pension plan assets measured at fair value in accordance with the fair value hierarchy as at December 31 were as follows:

	2024			
(millions of dollars)	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	**379**	**-**	**-**	**379**
Fixed income				
Corporate debt securities	**15**	**3,144**	**-**	**3,159**
Government bonds	**39**	**2,068**	**-**	**2,107**
Equities				
Canadian	**622**	**868**	**-**	**1,490**
US	**1,310**	**-**	**-**	**1,310**
Global	**560**	**-**	**-**	**560**
Pooled funds	**93**	**1,274**	**-**	**1,367**
	3,018	**7,354**	**-**	**10,372**
Forward foreign exchange contracts	**-**	**(110)**	**-**	**(110)**
Futures contracts and repurchase agreements	**-**	**(977)**	**-**	**(977)**
	3,018	**6,267**	**-**	**9,285**
Investments measured at NAV [1]				**8,496**
				17,781 [2]

	2023			
(millions of dollars)	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	283	-	-	283
Short-term investments	-	4	-	4
Fixed income				
Corporate debt securities	13	2,981	-	2,994
Government bonds	30	2,028	-	2,058
Equities				
Canadian	670	597	-	1,267
US	1,082	-	-	1,082
Global	576	-	-	576
Pooled funds	86	1,279	-	1,365
Forward foreign exchange contracts	-	106	-	106
Futures contracts and repurchase agreements	1	-	-	1
	2,741	6,995	-	9,736
Futures contracts and repurchase agreements	-	(975)	-	(975)
	2,741	6,020	-	8,761
Investments measured at NAV [1]				7,842
				16,603 [2]

[1] 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 the total fair value of plan assets presented in tables following.
[2] The table above excludes pension fund receivables and payables.

Defined Benefit Plan Costs and Liabilities

Details of OPG's consolidated pension and OPEB obligations, pension fund assets and costs, together with the key assumptions used in determining these amounts, are presented in the following tables:

	Registered and Supplementary Pension Plans		Other Post-Employment Benefits	
	2024	**2023**	**2024**	**2023**
Weighted average assumptions – benefit obligations at year-end				
Discount rate for projected benefit obligation	**4.70 %**	4.64 %	**4.70 %**	4.64 %
Salary schedule escalation rate - initial rate [1]	**3.00 %**	3.25 %	**3.00 %**	3.25 %
- thereafter	**2.75 %**	2.75 %	**2.75 %**	2.75 %
Rate of cost of living increase to pensions	**2.00 %**	2.00 %	**2.00 %**	2.00 %
Initial health care trend rate	**n/a**	n/a	**5.40 %**	4.79 %
Ultimate health care trend rate	**n/a**	n/a	**4.05 %**	4.05 %
Year ultimate health care trend rate reached	**n/a**	n/a	**2040**	2040
Rate of increase in disability benefits	**n/a**	n/a	**2.00 %**	2.00 %

	Registered and Supplementary Pension Plans		Other Post-Employment Benefits	
	2024	**2023**	**2024**	**2023**
Weighted average assumptions – costs for the year				
Expected return on plan assets, net of expenses	**6.25 %**	6.25 %	**n/a**	n/a
Discount rate for current service cost	**4.62 %**	5.25 %	**4.61 %**	5.23 %
Discount rate for interest on projected benefit obligation	**4.63 %**	5.23 %	**4.63 %**	5.23 %
Discount rate for interest on current service cost	**4.63 %**	5.25 %	**4.63 %**	5.24 %
Salary schedule escalation rate - initial rate [1]	**3.25 %**	1.70 %	**3.25 %**	1.70 %
- thereafter	**2.75 %**	2.50 %	**2.75 %**	2.50 %
Rate of cost of living increase to pensions	**2.00 %**	2.00 %	**2.00 %**	n/a
Initial health care trend rate	**n/a**	n/a	**4.79 %**	4.17 %
Ultimate health care trend rate	**n/a**	n/a	**4.05 %**	4.05 %
Year ultimate health care trend rate reached	**n/a**	n/a	**2040**	2040
Rate of increase in disability benefits	**n/a**	n/a	**2.00 %**	2.00 %
Expected average remaining service life for employees (years)	**14**	13	**15**	14

n/a – assumption not applicable.

[1] Average rate per year to December 31, 2026.

(millions of dollars)	Registered Pension Plans 2024	Registered Pension Plans 2023	Supplementary Pension Plans 2024	Supplementary Pension Plans 2023	Other Post-Employment Benefits 2024	Other Post-Employment Benefits 2023
Components of cost recognized for the year						
Current service costs	**305**	183	**8**	4	**99**	64
Interest on projected benefit obligation	**791**	785	**17**	16	**130**	128
Expected return on plan assets, net of expenses	**(1,031)**	(1,000)	**-**	-	**-**	-
Amortization of past service (credits) costs [1]	**(1)**	(1)	**-**	-	**2**	-
Amortization of net actuarial (gain) loss [1]	**-**	(1)	**4**	-	**(29)**	(52)
Recognition of LTD past service costs	**-**	-	**-**	-	**1**	-
Recognition of LTD net actuarial (gain) loss	**-**	-	**-**	-	**(26)**	39
Costs recognized [2]	**64**	(34)	**29**	20	**177**	179

[1] The net impact of amortization of net actuarial (gain) loss and amortization of past service (credits) costs was recognized as an increase to OCI. This increase was partially offset by the impact of the Pension and OPEB Regulatory Asset/Liability discussed in Note 7.

[2] Excludes the impact of regulatory accounts discussed in Note 7.

Total benefit costs, including the impact of the Pension and OPEB Cost Variance Account, the Pension & OPEB Cash Payment Variance Account and the Pension & OPEB Cash Versus Accrual Differential Deferral Account, for the years ended December 31 were as follows:

(millions of dollars)	2024	2023
Registered pension plans	**64**	(34)
Supplementary pension plans	**29**	20
Other post-employment benefits	**177**	179
Pension and OPEB Cost Variance Account	**68**	169
Pension & OPEB Cash Payment Variance Account	**12**	16
Pension & OPEB Cash Versus Accrual Differential Deferral Account	**11**	20
Pension and other post-employment benefit costs	**361**	370

The consolidated pension and OPEB obligations and pension fund assets measured as at December 31 were as follows:

(millions of dollars)	Registered Pension Plans		Supplementary Pension Plans		Other Post-Employment Benefits	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Change in plan assets						
Fair value of plan assets, beginning of year	**16,636**	15,944	**-**	-	**-**	-
Contributions by employer	**206**	164	**17**	17	**119**	119
Contributions by employees	**121**	102	**-**	-	**-**	-
Actual return on plan assets, net of expenses	**1,668**	1,229	**-**	-	**-**	-
Benefit payments	**(825)**	(803)	**(17)**	(17)	**(119)**	(119)
Fair value of plan assets, end of year	**17,806**	16,636	**-**	-	**-**	-
Change in projected benefit obligations						
Projected benefit obligations, beginning of year	**17,158**	15,202	**378**	311	**2,770**	2,437
Employer current service costs	**305**	183	**8**	4	**99**	64
Contributions by employees	**121**	102	**-**	-	**-**	-
Interest on projected benefit obligation	**791**	785	**17**	16	**130**	128
Benefit payments	**(825)**	(803)	**(17)**	(17)	**(119)**	(119)
Past service costs	**15**	-	**-**	-	**24**	20
Net actuarial (gain) loss	**(96)**	1,689	**14**	64	**(56)**	239
Transfer in	**-**	-	**-**	-	**-**	1
Projected benefit obligations, end of year	**17,469**	17,158	**400**	378	**2,848**	2,770
Funded status – surplus (deficit), end of year	**337**	(522)	**(400)**	(378)	**(2,848)**	(2,770)

The pension and OPEB assets (liabilities) composition as at December 31 were as follows:

	Registered Pension Plans		Supplementary Pension Plans		Other Post-Employment Benefits	
(millions of dollars)	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Non-current assets	**337**	-	**-**	-	**-**	-
Current liabilities	**-**	-	**(17)**	(17)	**(132)**	(129)
Non-current liabilities	**-**	(522)	**(383)**	(361)	**(2,716)**	(2,641)
Total assets (liabilities)	**337**	(522)	**(400)**	(378)	**(2,848)**	(2,770)

The accumulated benefit obligations for the registered pension plans and supplementary pension plans as at December 31, 2024 were $15,966 million and $341 million, respectively (2023 – $15,729 million and $332 million, respectively). The accumulated benefit obligation differs from the projected benefit obligation in that the accumulated benefit obligation includes no assumption about future compensation levels.

The projected benefit obligations for the registered pension plan and the supplementary pension plan increased from $17,158 million and $378 million as at December 31, 2023 to $17,469 million and $400 million as at December 31, 2024, respectively. The increase was mainly due to benefits earned for additional employee service and interest costs on the liabilities during 2024, partially offset by pension payments and a remeasurement of the benefit obligations reflecting higher discount rates at year-end 2024.

The projected benefit obligations for OPEB plans increased from $2,770 million as at December 31, 2023 to $2,848 million as at December 31, 2024. This increase was largely due to interest costs on the liabilities during 2024.

The following table provides the components of OPG's OCI related to pension and OPEB plans and the offsetting Pension and OPEB Regulatory Asset/Liability, discussed in Note 7, for the years ended December 31, on a pre-tax basis:

	Registered Pension Plans		Supplementary Pension Plans		Other Post-Employment Benefits	
(millions of dollars)	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Changes in plan assets and benefit obligations recognized in OCI						
Current year net actuarial (gain) loss	**(733)**	1,460	**14**	64	**(30)**	200
Current year past service costs	**15**	-	**-**	-	**23**	20
Amortization of net actuarial gain (loss)	**-**	1	**(4)**	-	**29**	52
Amortization of past service credits (costs)	**1**	1	**-**	-	**(2)**	-
Total (increase) decrease in OCI	**(717)**	1,462	**10**	64	**20**	272
Less: (decrease) increase in Pension and OPEB Regulatory Asset *(Note 7)*	**(664)**	1,348	**9**	60	**20**	240
Net (increase) decrease in OCI (pre-tax)	**(53)**	114	**1**	4	**-**	32

The following table provides the components of OPG's AOCI and the offsetting Pension and OPEB Regulatory Asset/Liability that have not yet been recognized as benefit costs as at December 31, on a pre-tax basis:

	Registered Pension Plans		Supplementary Pension Plans		Other Post-Employment Benefits	
(millions of dollars)	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Unamortized amounts recognized in AOCI						
Past service costs (credits)	**11**	(5)	**-**	-	**52**	31
Net actuarial loss (gain)	**504**	1,237	**97**	87	**(687)**	(686)
Total recognized in AOCI	**515**	1,232	**97**	87	**(635)**	(655)
Less: Pension and OPEB Regulatory Asset (Liability) *(Note 7)*	**473**	1,137	**90**	81	**(579)**	(599)
Net recognized in AOCI (pre-tax)	**42**	95	**7**	6	**(56)**	(56)

Details of the unamortized net actuarial loss (gain) and unamortized past service cost (credits) as at December 31 are as follows:

	Registered Pension Plans		Supplementary Pension Plans		Other Post-Employment Benefits	
(millions of dollars)	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Net actuarial (gain) loss not yet subject to amortization due to use of market-related values	**(340)**	180	**-**	-	**-**	-
Net actuarial loss (gain) not subject to amortization due to use of the corridor	**853**	1,057	**40**	38	**(259)**	(251)
Net actuarial (gain) loss subject to amortization	**(9)**	-	**57**	49	**(428)**	(435)
Unamortized net actuarial loss (gain)	**504**	1,237	**97**	87	**(687)**	(686)
Unamortized past service costs (credits)	**11**	(5)	**-**	-	**52**	31

The most recently filed actuarial valuation, for funding purposes, of the OPG registered pension plan, as at January 1, 2024, was filed with the Financial Services Regulatory Authority of Ontario in September 2024. The next filed funding valuation must have an effective date no later than January 1, 2027. For 2025, the Company's estimated contribution to the OPG registered pension plan is expected to be $125 million.

As part of the actuarial valuation for funding purposes of the registered pension plan as at January 1, 2024, the plan's demographic and other assumptions were reviewed and revised, as necessary, by independent actuaries. Using updated demographic data as at January 1, 2024, and demographic assumptions consistent with the new funding valuation for the registered pension plan, OPG conducted a comprehensive actuarial valuation for accounting purposes of the OPG defined benefit pension and OPEB plans in 2024. The results of this valuation were reflected in the 2024 year-end obligations reflecting appropriate assumptions for accounting purposes as at December 31, 2024.

The supplementary pension plans are not funded, but are secured by letters of credit totalling $314 million as at December 31, 2024 (2023 – $308 million).

Estimated future benefit payments to participants in the pension and OPEB plans based on the assumptions used to measure the benefit obligations as at December 31, 2024 were as follows:

(millions of dollars)	**Registered Pension Plans**	**Supplementary Pension Plans**	**Other Post-Employment Benefits**
2025	871	18	132
2026	890	18	133
2027	899	19	136
2028	945	19	137
2029	942	19	139
2030 through 2034	5,107	101	749

A change in the following assumptions, holding all other assumptions constant, would increase (decrease) defined benefit pension and OPEB costs for the year ended December 31, 2024 as follows:

(millions of dollars)	**Registered Pension Plans [1]**	**Supplementary Pension Plans [1]**	**Other Post-Employment Benefits [1]**
Expected long-term rate of return			
0.25% increase	**(40)**	**n/a**	**n/a**
0.25% decrease	**40**	**n/a**	**n/a**
Discount rate			
0.25% increase	**(13)**	**(1)**	**(10)**
0.25% decrease	**14**	**1**	**11**
Inflation [2]			
0.25% increase	**60**	**2**	**1**
0.25% decrease	**(54)**	**(1)**	**(1)**
Salary increases			
0.25% increase	**16**	**4**	**1**
0.25% decrease	**(15)**	**(3)**	**(1)**
Health care cost trend rate			
1% increase	**n/a**	**n/a**	**66**
1% decrease	**n/a**	**n/a**	**(50)**

n/a – change in assumption not applicable.

[1] Excludes the impact of regulatory accounts.

[2] With a corresponding change in the salary increase assumption.

15. 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 certain materials, services and fuels purchased for generating stations and major development projects, as well as debt issuances, may be denominated in, or tied to, USD. To manage this risk, the Company may employ 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 provided by operating activities. 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 are exposed to 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 at December 31, 2024 was less than $1 million (2023 − $1 million).

The fair value of the derivative instruments totalled a net liability of $17 million as at December 31, 2024 (2023 − $6 million).

The pre-tax amounts related to derivative instruments recorded in AOCI and net income for the years ended December 31 were as follows:

(millions of dollars)	**2024**	**2023**
Cash flow hedges (recorded in AOCI)		
Reclassification of (gains) losses to revenue and net interest expense	**(7)**	6
Commodity derivatives (recorded in net income)		
Realized losses in revenue	**(4)**	(16)
Unrealized losses in revenue	**(2)**	(10)

Existing pre-tax net losses of nil deferred in AOCI as at December 31, 2024 are expected to be reclassified to net income within the next 12 months.

16. 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 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 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 December 31 were as follows:

	Fair Value		Carrying Value [1]		
(millions of dollars)	**2024**	**2023**	**2024**	**2023**	**Balance Sheet Line Item**
Nuclear Segregated Funds (includes current portion) [2]	**22,412**	21,563	**22,412**	21,563	Nuclear fixed asset removal and nuclear waste management funds
Loan receivable − from Fair Hydro Trust	**828**	817	**902**	905	Loan receivable
Investment in Hydro One Limited Shares	**159**	164	**159**	164	Equity securities
Payable related to cash flow hedges	**-**	(1)	**-**	(1)	Long-term accounts payable and accrued charges
Long-term debt (includes current portion)	**(11,204)**	(9,793)	**(11,707)**	(10,342)	Long-term debt
Other financial instruments	**129**	107	**129**	107	Various

[1] 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.

[2] 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 ONFA 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 December 31 were as follows:

	2024			
(millions of dollars)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Used Fuel Segregated Fund				
Investments measured at fair value, excluding investments measured at NAV	**7,030**	**6,676**	**-**	**13,706**
Investments measured at NAV [1]				**4,722**
				18,428
Due to Province				**(5,691)**
Used Fuel Segregated Fund, net				**12,737**
Decommissioning Segregated Fund				
Investments measured at fair value, excluding investments measured at NAV	**5,362**	**5,156**	**-**	**10,518**
Investments measured at NAV [1]				**3,702**
				14,220
Due to Province				**(4,545)**
Decommissioning Segregated Fund, net				**9,675**
Equity securities	**159**	**-**	**-**	**159**
Other financial assets	**73**	**-**	**97**	**170**
Liabilities				
Other financial liabilities	**(41)**	**-**	**-**	**(41)**

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

[1] 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 consolidated balance sheets.

For the year ended December 31, 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 year ended December 31, 2024 were as follows:

(millions of dollars)	**Other financial instruments**
Opening balance, January 1, 2024	**81**
Realized losses included in revenue	**(3)**
Unrealized gains included in revenue	**9**
Purchases	**10**
Closing balance, December 31, 2024	**97**

Investments Measured at Net Asset Value

Nuclear Segregated Funds

Nuclear Segregated Funds' investments classified as Level 3 consist of real estate, infrastructure, other real assets, and private debt investments. 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 December 31, 2024 were as follows:

(millions of dollars except where noted)	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice**
Real assets				
Infrastructure	**4,661**	**1,656**	**n/a**	**n/a**
Real estate	**3,163**	**1,254**	**n/a**	**n/a**
Private debt	**182**	**598**	**n/a**	**n/a**
Other	**418**	**15**	**n/a**	**n/a**
Pooled funds				
Fixed income	**2,380**	**n/a**	**Daily**	**1-5 days**
Equity	**1,067**	**n/a**	**Daily**	**1-5 days**
Total	**11,871**	**3,523**		

The fair value of the pooled funds is classified as Level 2. Infrastructure, real estate, other real assets and private debt investments are measured using NAV as a practical expedient for determining their fair value.

Infrastructure

This class includes investments in funds whose investment objective is to generate a combination of long-term capital appreciation and current income, generally through investments such as energy, transportation and utilities. The fair values of investments in this class have been estimated using the NAV of the Nuclear Segregated Funds' ownership interest in these investments. The ownership interest in the respective funds are not redeemable. However, the Nuclear Segregated Funds may transfer any of their ownership interests to another party, as stipulated in the partnership agreements and/or shareholders' agreements. Cash distributions are received based on the operations of the underlying investments and/or as the underlying investments are liquidated. It is not possible to estimate when the underlying assets of the infrastructure funds in this class will be liquidated.

Real Estate

This class includes investments in institutional-grade real estate property. The investment objective is to provide a stable level of income with an opportunity for long-term capital appreciation. The fair values of the investments in this class have been estimated using the NAV of the Nuclear Segregated Funds' ownership interest in these investments. The investments in the respective funds are not redeemable. However, the Nuclear Segregated Funds may transfer any of their ownership interests to another party, as stipulated in the partnership agreements and/or shareholders' agreements. For investments in private real estate corporations, shares may be redeemed through a pre-established redemption process. Cash distributions are received based on the operations of the underlying investments and/or as the underlying investments are liquidated. It is not possible to estimate when the underlying assets in this class will be liquidated.

Other Real Assets

This class includes a diversified portfolio of real asset investments that are not classified in the real estate or infrastructure asset classes, such as agriculture and other private market partnership investments. The investment objective is to provide a differentiated return source, income yield and inflation protection. The fair values of the investments in this class have been estimated using the NAV of the Nuclear Segregated Funds' ownership interest in these investments. The investments in the respective funds are not redeemable. However, the Nuclear Segregated Funds may transfer any of their ownership interests to another party, as stipulated in the partnership agreements and/or shareholders' agreements. Cash distributions are received based on the operations of the underlying investments and/or as the underlying investments are liquidated. It is not possible to estimate when the underlying assets in this class will be liquidated.

Private Debt

This class represents investments in private indebtedness issued mainly by Canadian and US borrowers. The investment objective of private debt is to achieve income yield through a portfolio of professionally managed loans. The fair values of the investments in this class have been estimated using the NAV of the Nuclear Segregated Funds' ownership interest in these investments. Cash distributions are received based on the income of the loans and/or as the loans are matured or liquidated. There may be certain restrictions on the ability to sell the investments in this class.

Pooled Funds

This class represents investments in pooled funds, which primarily include a diversified portfolio of fixed income securities, issued mainly by Canadian corporations, and diversified portfolios of Emerging Market listed equity. The investment objective of the pooled funds is to achieve capital appreciation and income through professionally managed portfolios. The fair value of the investments in this class has been estimated using NAV per share of the investments. There are no significant restrictions on the ability to sell the investments in this class.

17. SHARE CAPITAL

Common Shares

As at December 31, 2024 and 2023, OPG had 256,300,010 common shares issued and outstanding at a stated value of $5,126 million. OPG is authorized to issue an unlimited number of common shares without nominal or par value. Any issue of new shares is subject to the consent of OPG's shareholder, the Province.

Class A Shares

The Company's Articles of Amalgamation were amended effective December 1, 2017 to allow for the creation and issuance of non-voting Class A shares to the Province in exchange for equity injections in OPG. All of the outstanding shares are owned directly by the Province and OPG is authorized to issue an unlimited number of Class A shares without nominal or par value. The Class A and common shares rank equally as to entitlement to dividends, and all dividends declared by OPG must be declared in equal amounts per share on all outstanding shares without preference or distinction. Upon the liquidation, dissolution or wind-up of OPG, whether voluntary or involuntary, the holders of Class A shares and common shares are entitled to share equally, on a share-for-share basis, in all distributions of property and assets without preference or distinction. Any issue of new class of shares is subject to the consent of the Province. OPG is entitled to redeem outstanding Class A shares as may be approved by OPG's Board of Directors.

As at December 31, 2024 and 2023, OPG had 18,343,815 Class A shares issued and outstanding at a stated value of $787 million.

18. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing net income attributable to the Shareholder by the weighted average number of shares outstanding.

Class A shares are included in the weighted average number of shares outstanding. The weighted average number of shares outstanding as at December 31, 2024 and 2023 was 274.6 million. There were no dilutive securities during the years ended December 31, 2024 and 2023.

19. 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. 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 consolidated financial position.

Guarantees

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

(millions of dollars)	**2025**	**2026**	**2027**	**2028**	**2029**	**Thereafter**	**Total**
Fuel supply agreements	218	186	172	143	109	343	1,171
Contributions to the OPG registered pension plan [1]	125	128	-	-	-	-	253
Long-term debt repayment	604	674	530	269	505	9,168	11,750
Interest on long-term debt	439	421	410	392	379	5,153	7,194
Short-term debt repayment	215	-	-	-	-	-	215
Commitments related to Darlington Refurbishment project [2]	163	-	-	-	-	-	163
Commitments related to Atura Power development projects [2]	503	132	-	16	-	-	651
Commitments related to Pickering Refurbishment project and DNNP [2]	229	-	-	-	-	-	229
Operating licences	57	57	64	62	51	105	396
Operating lease obligations	15	14	11	4	3	36	83
Accounts payable, accrued charges and other payables	1,890	9	10	9	10	278	2,206
Other	50	71	49	33	20	89	312
Total	4,508	1,692	1,246	928	1,077	15,172	24,623

[1] Represents the estimated pension contributions consistent with the period covered by the actuarial valuation of the OPG registered pension plan as at January 1, 2024. The next actuarial valuation of the OPG registered pension plan must have an effective date no later than January 1, 2027. Funding requirements after January 1, 2027 are excluded due to significant variability in the assumptions required to project the timing of future cash flows.

[2] 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.

Lease Commitments

The Company leases the Bruce nuclear generating stations to Bruce Power. Under the lease agreement, Bruce Power has options to renew the lease up to the end of 2064. As per *Ontario Regulation 53/05* pursuant to the *Ontario Energy Board Act, 1998*, the difference between OPG's revenues and costs associated with the Bruce nuclear generating stations is included in the determination of OPG's nuclear regulated prices established by the OEB. The OEB has determined that, since the Bruce nuclear generating stations are not prescribed under *Ontario Regulation 53/05*, these revenues, including lease revenues, and costs, including depreciation expense, are to be calculated on the basis of the manner in which they are recognized in OPG's consolidated financial statements, without the application of regulatory constructs. As such, the net book value of the assets for these stations is not included in the regulated rate base.

The net book value of PP&E on lease to Bruce Power as at December 31, 2024 was $1,633 million (2023 – $1,667 million). The net book value is largely comprised of asset retirement costs.

Collective Bargaining Agreements

The Company maintains labour agreements with the Power Workers' Union (PWU) and the Society of United Professionals (Society), which represent most of OPG's regular workforce.

As at December 31, 2024, the PWU represented approximately 5,180 regular and term-based employees, or 47 percent of OPG and its subsidiaries' regular workforce. Union membership includes station operators, technicians, skilled trades, clerical staff and security personnel.

The governing two-year collective agreement between the PWU and OPG expired on March 31, 2024. On November 20, 2024, the PWU membership ratified a three-year renewal collective agreement negotiated by the parties, covering the period from April 1, 2024 to March 31, 2027. The collective agreement provides for annual wage increases beginning April 1, 2024, and a lump sum payment to active employees effective November 20, 2024, and includes impacts arising in connection with the Ontario Superior Court's decision dated November 29, 2022 that found unconstitutional provincial legislation that set limits on compensation increases for employees in the Ontario public sector (Bill 124 Court Decision). On December 29, 2022, the Government of Ontario filed an appeal of the decision with the Ontario Court of Appeal. 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. Following the decision, the Province repealed Bill 124 in its entirety. In 2023, the OEB denied OPG's request for a regulatory account to record compensation cost impacts attributable to the nuclear facilities as a result of the Bill 124 Court Decision subject to a future review and disposition by the OEB.

On July 19, 2024, the PWU-represented employees at the Brighton Beach GS ratified a two-year renewal collective agreement between the PWU and Atura Power, expiring on November 16, 2025. The governing collective agreement covering PWU-represented employees at Atura Power's other facilities expired on December 31, 2024, and negotiations for a renewal collective agreement are ongoing.

As at December 31, 2024, the Society represented approximately 4,000 regular and term-based employees, or 36 percent of OPG and its subsidiaries' regular workforce. Union membership includes supervisors, professional engineers, scientists and other professionals. The current two-year collective agreement between the Society and OPG expires on December 31, 2025.

In June 2023, the Society filed a related employer application with the Ontario Labour Relations Board. The application identified OPG and Atura Power as responding parties and asserted that they constitute a single employer for purposes of the Ontario *Labour Relations Act, 1995*, or in the alternative that a sale of business has occurred. Both OPG and Atura Power are opposing the application. Discussions are ongoing between the parties and two additional hearing dates have been scheduled in September 2025.

Contingencies

In the fourth quarter of 2023, Atura Power released a contingent liability recognized under a 2021 settlement agreement that related to certain post-closing activities of an acquisition of combined cycle plants, resulting in a pre-tax gain of $94 million.

20. BUSINESS SEGMENTS

As at December 31, 2024, OPG has the following five reportable business segments:

- Regulated – Nuclear Generation;
- Regulated – Nuclear Sustainability Services;
- Regulated – Hydroelectric Generation;
- Contracted Hydroelectric and Other Generation; and
- Atura Power.

The identification of business segments is based on a combination of revenue mechanisms and the type of electricity generation or the nature of services provided. Given the differences of the reportable segments, each segment is managed separately taking into account the distinct operational activities by type of electricity generation and services provided.

Regulated – Nuclear Generation Segment

The Regulated – Nuclear Generation business segment operates in Ontario, generating and selling electricity from the Darlington and Pickering nuclear generating stations, both owned and operated by OPG. The business segment also includes revenue under the terms of a long-term lease arrangement and related non-lease agreements with Bruce Power related to the Bruce nuclear generating stations. This revenue includes lease revenue, fees for nuclear waste management services, and revenue from heavy water sales and detritiation services. The segment also earns revenue from regulated isotope sales contracts and from supplying ancillary services to the electricity system from the nuclear generating stations operated by OPG. Additionally, the segment includes expenditures related to SMRs at the DNNP site as these SMRs are prescribed for rate regulation by the OEB.

Regulated – Nuclear Sustainability Services Segment

OPG's Regulated – Nuclear Sustainability Services business segment reports the results of the Company's operations associated with the management of used nuclear fuel and L&ILW, the decommissioning of OPG's nuclear generating stations including the stations on lease to Bruce Power and other facilities, the management of the Nuclear Segregated Funds, and related activities including the inspection and maintenance of the used nuclear fuel and L&ILW storage facilities. Accordingly, accretion expense, which is the increase in the Nuclear Liabilities carried on the consolidated balance sheets in present value terms due to the passage of time, and earnings from the Nuclear Segregated Funds are reported under this segment.

As the nuclear generating stations operate over time, OPG incurs incremental costs related to used nuclear fuel and L&ILW, which increase the Nuclear Liabilities. OPG charges these incremental costs to current operations in the Regulated – Nuclear Generation business segment to reflect the cost of producing energy from the Darlington and Pickering nuclear generating stations and earning revenue under the Bruce Power lease arrangement and related agreements. Since the incremental costs increase the Nuclear Liabilities reported in the Regulated – Nuclear Sustainability Services business segment, OPG records an inter-segment charge between the Regulated – Nuclear Generation and the Regulated – Nuclear Sustainability Services business segments. The impact of the inter-segment charge is eliminated in the consolidated statements of income and balance sheets.

The Regulated – Nuclear Sustainability Services business segment is considered regulated because OPG's costs associated with the Nuclear Liabilities are included in the OEB's determination of regulated prices for electricity produced from the Darlington and Pickering nuclear generating stations.

Regulated – Hydroelectric Generation Segment

OPG's Regulated – Hydroelectric Generation business segment operates in Ontario, generating and selling electricity from most of the Company's hydroelectric generating stations. The business segment comprises the results of the 54 regulated hydroelectric generating stations located across a number of major river systems in the province. Additionally, the business segment includes revenues from supplying ancillary services to the electricity system and other revenues from OPG's regulated hydroelectric stations.

Contracted Hydroelectric and Other Generation Segment

The Contracted Hydroelectric and Other Generation business segment operates in Ontario and in the US, generating and selling electricity from the Company's non-regulated generating stations. The segment primarily includes generating facilities that operate under ESAs with the IESO. The majority of the facilities in the US currently supply energy and capacity into wholesale electricity markets. In Ontario, the current contracts for the thermal generating facilities are set to expire in 2029, for the solar facility in 2039 and for the hydroelectric facilities over the 2059 to 2067 period. In the US, the current contracts have expiration dates ranging from 2025 to 2043.

The Contracted Hydroelectric and Other Generation business segment includes OPG's share of equity income from co-owned and minority-held electricity generating facilities, and revenues from supplying ancillary services to the electricity system and other revenues from the stations included in the segment.

Atura Power Segment

The Atura Power business segment operates in Ontario, generating and selling electricity from the Company's fleet of combined cycle generating stations. All of the generating facilities included in the segment operate under ESAs with the IESO. The current contracts for these generating facilities are set to expire over the 2029 to 2040 period. The segment also includes revenues from participation in the IESO's operating reserve markets and generation cost guarantee programs. Additionally, the segment includes Atura Power's expenditures on business development projects, including low-carbon hydrogen production, battery energy storage systems (BESS) and combined cycle plant expansion.

Measure of Profit or Loss and Segment Assets

The Company evaluates performance of its reportable segments based on segment income or loss from operations before interest and income taxes.

The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies in Note 3.

Chief Operating Decision Maker and Use of Reported Measures

The Company's' Chief Operating Decision Maker (CODM) is comprised of the members of OPG's Enterprise Leadership Team. The CODM uses segment income or loss before interest and income taxes to assist in the allocation of resources (including employees, capital and financial resources). In addition, the CODM uses segment income or loss before interest and income taxes to assess performance of each segment by comparing results including variances with prior periods and other segments.

Service Fees

OM&A expenses of the regulated electricity generating business segments and the Contracted Hydroelectric and Other Generation business segment include a service fee for the use of certain shared PP&E and intangible assets held within the Other category. The service fee is recorded as an increase to revenue of the Other category, but is eliminated in the consolidated statements of income.

The service fees included in OM&A expenses by business segment for the years ended December 31 were as follows:

(millions of dollars)	**2024**	**2023**
Regulated – Nuclear Generation	**79**	75
Regulated – Hydroelectric Generation	**15**	14
Contracted Hydroelectric and Other Generation	**7**	6
	101	95

Segment Income (Loss) For the Year Ended December 31, 2024 *(millions of dollars)*	Regulated			Unregulated				
	Nuclear Generation	Nuclear Sustainability Services	Hydroelectric Generation	Contracted Hydroelectric and Other Generation	Atura Power	Other	Elimination	Total
Revenue	3,770	-	1,571	803	871	18	-	7,033
Leasing revenue	28	-	-	-	-	6	-	34
Other revenue	-	185	-	12	-	187	(264)	120
Total revenue	3,798	185	1,571	815	871	211	(264)	7,187
Fuel expense	288	-	335	59	367	-	-	1,049
Gross margin	3,510	185	1,236	756	504	211	(264)	6,138
Operations, maintenance and administration	2,474	185	413	307	98	105	(264)	3,318
Depreciation and amortization expenses	665	-	227	174	125	79	-	1,270
Accretion on fixed asset removal and nuclear waste management liabilities	-	1,210	-	9	2	-	-	1,221
Earnings on nuclear fixed asset removal and nuclear waste management funds	-	(1,102)	-	-	-	-	-	(1,102)
Property taxes	25	-	1	18	2	4	-	50
Other losses (gains) [1]	9	-	11	6	1	(8)	-	19
Income (loss) before interest and income taxes	337	(108)	584	242	276	31	-	1,362
Net interest expense [2]								186
Income before income taxes								1,176
Income tax expense								170
Net income								1,006

[1] A pre-tax loss totaling $25 million was recognized in Regulated – Nuclear Generation, Regulated – Hydroelectric Generation and Other in connection with the OEB's decision and order approving the 2024 Settlement Agreement during the second quarter of 2024.

[2] Further details on net interest expense can be found in Note 9.

Segment Income (Loss) For the Year Ended December 31, 2023 *(millions of dollars)*	**Regulated**			**Unregulated**				
	Nuclear Generation	**Nuclear Sustainability Services**	**Hydroelectric Generation**	**Contracted Hydroelectric and Other Generation**	**Atura Power**	**Other**	**Elimination**	**Total**
Revenue	4,251	-	1,485	784	789	16	-	7,325
Leasing revenue	26	-	-	-	-	5	-	31
Other revenue	-	203	-	31	-	133	(289)	78
Total revenue	4,277	203	1,485	815	789	154	(289)	7,434
Fuel expense	269	-	327	58	320	-	-	974
Gross margin	4,008	203	1,158	757	469	154	(289)	6,460
Operations, maintenance and administration	2,410	203	391	274	80	67	(289)	3,136
Depreciation and amortization expenses	527	-	181	165	121	77	-	1,071
Accretion on fixed asset removal and nuclear waste management liabilities	-	1,167	-	8	2	1	-	1,178
Earnings on nuclear fixed asset removal and nuclear waste management funds	-	(1,057)	-	-	-	-	-	(1,057)
Property taxes	25	-	1	18	3	1	-	48
Other losses (gains) [1,2]	-	-	9	4	(93)	(34)	-	(114)
Income (loss) before interest and taxes	1,046	(110)	576	288	356	42	-	2,198
Net interest expense [3]								103
Income before income taxes								2,095
Income tax expense								336
Net income								1,759

[1] Atura Power – a pre-tax gain of $94 million was recognized under a 2021 settlement agreement for certain post-closing activities of an acquisition of combined cycle plants in the fourth quarter of 2023.

[2] Other – a pre-tax gain for of $30 million was recognized on receiving an additional payment for the sale of the premises located at 800 Kipling Avenue in the second quarter of 2023.

[3] Further details on net interest expense can be found in Note 9.

Selected Consolidated Balance Sheets information as at December 31, 2024 *(millions of dollars)*	**Regulated**			**Unregulated**			
	Nuclear Generation	**Nuclear Sustainability Services**	**Hydroelectric Generation**	**Contracted Hydroelectric and Other Generation**	**Atura Power**	**Other**	**Total**
Segment property, plant and equipment in-service, net	**14,046**	**-**	**8,189**	**6,322**	**3,033**	**224**	**31,814**
Segment construction in progress	**3,139**	**-**	**398**	**140**	**426**	**214**	**4,317**
Segment property, plant and equipment, net	**17,185**	**-**	**8,587**	**6,462**	**3,459**	**438**	**36,131**
Segment intangible assets in-service, net	**48**	**-**	**2**	**244**	**95**	**145**	**534**
Segment development in progress	**18**	**-**	**-**	**1**	**-**	**37**	**56**
Segment intangible assets, net	**66**	**-**	**2**	**245**	**95**	**182**	**590**
Segment goodwill	**-**	**-**	**-**	**230**	**-**	**-**	**230**
Segment fuel inventory	**231**	**-**	**-**	**39**	**27**	**-**	**297**
Segment materials and supplies inventory							
Current	**142**	**-**	**-**	**3**	**-**	**-**	**145**
Long-term	**352**	**-**	**-**	**3**	**-**	**-**	**355**
Nuclear fixed asset removal and nuclear waste management funds (current and non-current portions)	**-**	**22,412**	**-**	**-**	**-**	**-**	**22,412**
Loan receivable	**-**	**-**	**-**	**-**	**-**	**902**	**902**
Fixed asset removal and nuclear waste management liabilities	**-**	**(25,773)**	**-**	**(161)**	**(54)**	**(54)**	**(26,042)**

Selected Consolidated Balance Sheets information as at December 31, 2023 *(millions of dollars)*	**Regulated**			**Unregulated**			
	Nuclear Generation	**Nuclear Sustainability Services**	**Hydroelectric Generation**	**Contracted Hydroelectric and Other Generation**	**Atura Power**	**Other**	**Total**
Segment property, plant and equipment in-service, net	12,434	-	8,016	5,868	3,027	237	29,582
Segment construction in progress	3,015	-	309	251	165	138	3,878
Segment property, plant and equipment, net	15,449	-	8,325	6,119	3,192	375	33,460
Segment intangible assets in-service, net	38	-	2	135	102	147	424
Segment development in progress	26	-	-	-	-	42	68
Segment intangible assets, net	64	-	2	135	102	189	492
Segment goodwill	-	-	-	168	-	-	168
Segment fuel inventory	243	-	-	29	23	-	295
Segment materials and supplies inventory							
Current	105	-	-	1	-	-	106
Long-term	380	-	-	2	-	-	382
Nuclear fixed asset removal and nuclear waste management funds (current and non-current portions)	-	21,563	-	-	-	-	21,563
Loan receivable	-	-	-	-	-	905	905
Fixed asset removal and nuclear waste management liabilities	-	(25,116)	-	(157)	(52)	(61)	(25,386)

Segment Capital Expenditure *(millions of dollars)*	**Regulated** Nuclear Generation	**Regulated** Nuclear Sustainability Services	**Regulated** Hydroelectric Generation	**Unregulated** Contracted Hydroelectric and Other Generation	**Unregulated** Atura Power	**Other** [1]	**Total**
Year ended December 31, 2024							
Investment in property, plant and equipment and intangible assets	**2,535**	**-**	**434**	**220**	**382**	**154**	**3,725**
Net change in accruals and other non-cash items							**(188)**
Investment in property, plant and equipment and intangible assets – cash flow							**3,537**
Year ended December 31, 2023							
Investment in property, plant and equipment and intangible assets	1,859	-	370	313	148	139	2,829
Net change in accruals and other non-cash items							72
Investment in property, plant and equipment and intangible assets – cash flow							2,901

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

21. 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 for the years ended December 31 were as follows:

	2024		2023	
(millions of dollars)	**Income**	**Expense**	**Income**	**Expense**
Hydro One				
Electricity sales	**18**	**-**	16	-
Services	**-**	**9**	-	11
Dividends	**5**	**-**	5	-
Province of Ontario				
Change in Decommissioning Segregated Fund amount due to Province [1]	**-**	**1,137**	-	646
Change in Used Fuel Segregated Fund amount due to Province [1]	**-**	**1,459**	-	820
Hydroelectric gross revenue charge	**-**	**118**	-	114
OEFC				
Hydroelectric gross revenue charge	**-**	**223**	-	216
Interest expense on long-term notes	**-**	**88**	-	94
Income taxes	**-**	**377**	-	526
Property taxes	**-**	**13**	-	13
IESO				
Electricity related revenue	**6,473**	**-**	6,694	-
Fair Hydro Trust				
Interest income	**33**	**-**	33	-
	6,529	**3,424**	6,748	2,440

[1] 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 December 31, 2024 and 2023, the Nuclear Segregated Funds were reported net of amounts due to the Province of $10,236 million and $7,640 million, respectively.

Balances between OPG and its related parties as at December 31 were as follows:

(millions of dollars)	**2024**	**2023**
Receivables from related parties		
Hydro One	**3**	4
IESO − Electricity related receivables	**608**	623
Fair Hydro Trust	**4**	4
Province of Ontario	**1**	-
Loan receivable		
Fair Hydro Trust	**902**	905
Equity securities		
Hydro One shares	**159**	164
Accounts payable, accrued charges and other payables		
Hydro One	**3**	2
OEFC	**85**	82
Province of Ontario	**10**	8
IESO − Electricity related payables	**-**	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 December 31, 2024, the Nuclear Segregated Funds held $1,740 million of Province of Ontario bonds (2023 – $1,603 million) and $8 million of Province of Ontario treasury bills (2023 – $4 million). As of December 31, 2024, the OPG registered pension plan held $327 million of Province of Ontario bonds (2023 − $336 million) and $9 million of Province of Ontario treasury bills (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.

22. NET CHANGES IN NON-CASH WORKING CAPITAL BALANCES

Years Ended December 31 *(millions of dollars)*	**2024**	**2023**
Receivables from related parties	**15**	(147)
Fuel inventory	**3**	(47)
Materials and supplies	**(34)**	29
Prepaid expenses	**5**	(66)
Other current assets	**(32)**	144
Accounts payable, accrued charges and other payables	**(18)**	(27)
Net changes in non-cash working capital balances	**(61)**	(114)

23. NON-CONTROLLING INTEREST

Lower Mattagami LP

LMLP is a limited partnership between OPG and Amisk-oo-Skow Finance Corporation, a corporation wholly owned by the Moose Cree First Nation. The principal business of the partnership is the development, construction, ownership, operation and maintenance of 490 megawatts (MW) of hydroelectric generating capacity on the Lower Mattagami River located in Ontario, which includes generating units at Smoky Falls, Little Long, Harmon and Kipling hydroelectric generating stations. OPG owns approximately 75 percent of the equity interest in LMLP. OPG consolidates the results of LMLP in its consolidated financial statements and reports the equity interest of the other partner as non-controlling interest.

PSS Generating Station LP

PSS is a limited partnership between OPG and a corporation wholly owned by the Taykwa Tagamou Nation. The principal business of the partnership is the development, construction, ownership, operation and maintenance of the 28 MW Peter Sutherland Sr. hydroelectric GS on the New Post Creek located in Ontario. OPG owns approximately 67 percent of the equity interest in PSS. OPG consolidates the results of PSS in its consolidated financial statements and reports the equity interest of the other partner as non-controlling interest.

Nanticoke Solar LP

Nanticoke Solar LP (NSLP) is a partnership between OPG, a corporation wholly owned by the Six Nations of the Grand River Development Corporation, and the Mississaugas of the Credit First Nation. The partnership operates a 44 MW solar facility at OPG's former Nanticoke GS site and adjacent lands located in Ontario. OPG owns 80 percent of the equity interest in NSLP. OPG consolidates the results of NSLP in its consolidated financial statements and reports the equity interest of the other partners as non-controlling interest.

Little Falls Hydroelectric Associates, LP

OPG, through Eagle Creek, has an 83 percent interest in the Little Falls Hydroelectric Associates, LP. The partnership operates the 14 MW Little Falls hydroelectric GS located in New York State, US. OPG consolidates the results of Little Falls Hydroelectric Associates, LP in its consolidated financial statements and reports the equity interest of the other partners as non-controlling interest.

Napanee BESS Inc. and Atura Hydrogen Inc.

In 2023, the Company, through Atura Power, entered into partnerships with Ameresco BESS Holdings Inc., a subsidiary of Ameresco Inc., to undertake projects to build a battery energy storage system and hydrogen production facilities. As part of these partnerships, OPG owns approximately 90 percent of the voting interest in Napanee BESS Inc., which is undertaking the project to build a 250 MW four-hour BESS at the Napanee GS site under a long-term agreement with the IESO, and owns 89 percent of the voting interest in Atura Hydrogen Inc., which is developing the Niagara Hydrogen Centre, a large-scale low-carbon hydrogen production facility in Niagara Falls, Ontario. OPG consolidates the results of Napanee BESS Inc. and Atura Hydrogen Inc. in its consolidated financial statements and reports the equity interests of the other partners as non-controlling interest.

24. PURCHASE AND SALE OF REAL ESTATE SITES

In February 2023, OPG acquired the building and surrounding lands at 1908 Colonel Sam Drive in Oshawa, Ontario, for $102 million. The building is being retrofitted prior to occupancy and will serve as the Company's new corporate headquarters.

25. SALE OF ASSETS

In July 2023, Eagle Creek entered into agreements to sell 22 hydroelectric generating stations in the US with a total generating 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 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, during the second of quarter of 2024, the assets were reclassified to PP&E and intangible assets on the 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.