

OPG just made the following announcement of interest.
ONTARIO POWER GENERATION INC. <http://www.opg.com>

Ontario Power Generation awards contract for Niagara Tunnel Project

TORONTO, Aug. 18 /CNW/ - Ontario Power Generation (OPG) today announced that it has awarded a contract to Strabag AG to design and construct a new 10.4 km long tunnel - the Niagara Tunnel Project - to supply additional water from above Niagara Falls to the Sir Adam Beck Generating Complex at Queenston Heights. "The new tunnel will be able to better utilize Niagara River water for electricity generation, while not detracting in any way from the beauty of the Niagara Falls", said Jim Hankinson, President and Chief Executive Officer of OPG. The tunnel project will enable energy output from the Sir Adam Beck Complex to increase by an average of about 1.6 Terawatt -hours a year - - more than enough clean, renewable electricity to meet the annual needs of a city twice the size of Niagara Falls.

The tunnel will be constructed under a design/build contract and is expected to be producing new clean electricity for the Ontario market by late 2009. OPG undertook an open, competitive and international process to select the successful contractor. Three pre-qualified consortia submitted design/build proposals in May 2005. Following detailed review, the proposal from Strabag AG of Austria was selected.

Strabag AG is a large construction group with extensive experience in large tunnel construction. They will be supported by ILF Beratende Ingenieure of Austria; Morrison Hershfield of Toronto; Dufferin Construction of Oakville; and several other local subcontractors.

The value of the design/build contract for the Niagara Tunnel Project is about \$600 million. The total project is expected to cost about \$985 million. In addition to the design/build contract, this estimate includes:

- Cost of remedial work at the retired Ontario Power and Toronto Power generating stations at Niagara Falls as part of their reversion to the Niagara Parks Commission and agreement on the long term disposition of water rights for use in the new tunnel;
- Cost of satisfying the conditions of the project's Environmental Assessment approval;
- Cost of retaining an external consultant with international tunneling experience as Owner's Representative to review/monitor the design and construction activities on OPG's behalf;
- Cost of a comprehensive insurance program;
- Interest cost during construction, and
- Contingency to cover unforeseen circumstances.

The Province of Ontario has committed to provide OPG with the required financing for the project. About 80 per cent of the total project construction spending is likely to be in Ontario. This includes construction labour, engineering and technical support, supply of construction equipment and other related services/materials. The site construction work force, which will primarily be hired through local union halls, is expected to average about 230 full time workers, with peaks of up to 350 workers, over the four year construction period.

There will be numerous other local employment and business opportunities associated with the Project and the contractor will make these opportunities known.

Construction related activities will start in September. There will be minimal construction effects on the Niagara Falls community as a 14.4 m diameter tunnel boring machine (TBM) will be used to excavate the tunnel about 140 m below ground level. OPG and local municipalities have signed a Community Impact Agreement that deals with issues such as additional truck traffic and provision of municipal services during construction. The additional water flow provided by the new tunnel will complement the upgrading of the 16 generating units at the Sir Adam Beck 2 station that was completed in May. This upgrading increased the potential peak output of the 16 units by 194 megawatts. The nine-year upgrading project was completed ahead of schedule and about 15 per cent under its original budget estimate of \$220 million.

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

For further information: Ontario Power Generation Media Relations,
1-877-592-4008 or (416) 592-4008