



Energizing Our Community

Telephone: (705) 326-7315
Fax: (705) 326-0800

September 9, 2009

VIA COURIER AND RESS

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, Ontario
M4P 1E4

**Re: Orillia Power Distribution Corporation – Report on Notification re Eligibility
for the Regulated Price Plan – EB-2009-0317**

Dear Ms. Walli:

In compliance with the Board's letter dated August 13, 2009, Orillia Power confirms that it has notified its customers of the forthcoming changes regarding the pricing that each affected consumer will be subject to based on the consumer's metering and the final settlement variance the consumer will be subject to.

A package was mailed to General Service >50 kW customers currently billed the Regulated Price Plan (RPP) prices under standard supply service. The cover letter notifies the customer of the change in pricing, if any, effective November 1, 2009. A general information letter provides a summary of changes to eligibility for the RPP, an option available to opt out, an explanation of the final RPP variance settlement, how RPP prices are determined and who pays the Provincial Benefit and why. A copy of the IESO pamphlet "What You Need to Know about Changes to Electricity Prices" and the IESO publication "Managing Your Electricity Costs – a Guide for Business" were also included.

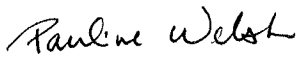
We plan to follow up with a letter to customers with non-interval meters in the next few days regarding their option to request an interval meter for the purpose of receiving the hourly Ontario energy price.



Samples of all written communications provided to consumers including the follow up letter are enclosed.

Please direct any comments or questions to myself at (705) 326-2495 Ext. 240 or by e-mail to pwelsh@orilliapower.ca.

Sincerely,

A handwritten signature in cursive script that reads "Pauline Welsh".

Pauline Welsh
Regulatory Officer

c.c. OPDC File
Pat Hurley, Treasurer
John Mattinson, President & Secretary

SAMPLE LETTERS

(Printed on Orillia Power Letterhead)

September 3, 2009

GS>50 MARKET PRICES –INTERVAL

XXXXXXXXXXXXXX
XXX XXXXXXXX Ave.
Orillia ON
L3V XXX

Dear Sir/Madam:

Re: Account # XXXXXXXX-00

On Nov 1, 2009, public sector customers will move from paying the Regulated Price Plan (RPP) to a market-based, or hourly, price for electricity. The above account will be billed the market-based price for electricity for the first bill period following Nov 1, 2009. The electricity line on your bill will be calculated using hourly market prices.

We have enclosed an informational letter and other material relating to electricity prices and managing your costs which may be of interest to you.

If you have any questions, you can reach us at (705)326-7315.

Yours respectfully,

Pauline Welsh
Regulatory Officer

cc John Mattinson, President & Secretary
Pat Hurley, Treasurer
Grant Hipgrave, Controller
Alanna McSorley, Senior Billing Clerk

September 3, 2009

GS>50 MARKET PRICES – NON INTERVAL

XXXXXXXXXXXXXXXXXX
XXX XXXXXX St.
Orillia ON
L3V XXX

Dear Sir/Madam:

Re: Account # XXXXXXXX-00

On Nov 1, 2009, public sector customers will move from paying the Regulated Price Plan (RPP) to a market-based, or hourly, price for electricity. The above account will be billed the market-based price for electricity for the first bill period following Nov 1, 2009. The electricity line on your bill will be calculated using the weighted average market price.

We have enclosed an informational letter and other material relating to electricity prices and managing your costs which may be of interest to you.

If you have any questions, you can reach us at (705)326-7315.

Yours respectfully,

Pauline Welsh
Regulatory Officer

cc John Mattinson, President & Secretary
Pat Hurley, Treasurer
Grant Hipgrave, Controller
Alanna McSorley, Senior Billing Clerk

September 3, 2009

GS>50 ELIGIBLE FOR RPP

XXXXXXXXXXXXXXXXX
XXXXX Dr
Orillia ON
L3V XXX

Dear Sir/Madam:

Re: Account # XXXXXXXX-00

On Nov 1, 2009, public sector customers will move from paying the Regulated Price Plan (RPP) to a market-based, or hourly, price for electricity. The above account will continue to be billed under the RPP. We have enclosed an informational letter and other material relating to electricity prices and managing your costs which may be of interest to you.

If you have any questions or would like more information about the RPP or options for moving to market prices, you can reach us at (705)326-7315.

Yours respectfully,

Pauline Welsh
Regulatory Officer

cc John Mattinson, President & Secretary
Pat Hurley, Treasurer
Grant Hipgrave, Controller
Alanna McSorley, Senior Billing Clerk

September 3, 2009

Attention: General Service Customers

Re: Changes to Electricity Commodity Prices coming November 1, 2009

On November 1, 2009, Ontario's public sector (municipalities, universities, colleges, school boards and hospitals) and other designated customers, currently billed under the Regulated Price Plan (the "RPP"), will begin to pay a market-based price for electricity for each account with consumption greater than 250,000 kWh per year and demand greater than 50 kW.

You are currently billed under the RPP and your electricity bill may be impacted by this change. We have enclosed a brochure "What You Need to Know about Changes to Electricity Prices" and a booklet, "Managing Your Electricity Costs – a Guide for Business". These publications were developed by the Independent Electricity System Operator (IESO) to assist consumers in planning for this change and for consumers already paying the market price.

The General Service >50 kW classification applies to a non-residential account with average monthly maximum demand equal to or greater than, or forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Certain consumers in this classification will remain eligible for the RPP after November 1, 2009. They include:

- consumer using at least 150,000 kWh but not more than 250,000 kWh per year;
- consumer account that relates to a dwelling;
- consumer account that relates to a property as defined in the Condominium Act;
- consumer account that relates to a residential complex as defined in the Residential Tenancies Act; or
- consumer account that relates to a property that includes one or more dwellings, owned or leased by a co-operative as defined in the Co-operative Corporations Act.

You may voluntarily opt out of the RPP before November 1, 2009. Facilities with an interval meter will pay hourly market prices for electricity. Facilities without an interval meter will pay weighted average market prices based on the consumption patterns of consumers in the area. Retail contracts are another way to opt out of the RPP but they do not cover other charges such as delivery and the Provincial Benefit.

There is a one-time charge or credit, the "final RPP variance settlement", that will appear on your electricity bill when leaving the RPP. You will receive a credit if you have been paying more for electricity than was paid to generators or will pay an additional charge if you have been paying less than was paid to generators. The Ontario Energy Board (OEB) updates the "final RPP variance settlement factor" on a monthly basis based on the total consumption of all RPP consumers over the most recent 12 months.

Electricity prices reflect prices paid to generators. Under the RPP, prices are smoothed over the course of a year; prices for larger consumers are not. Prices under the RPP are reviewed every six months and are based on the OEB's forecast of prices and quantities for the various sources of supply. Differences between the OEB's forecast and actual amounts paid to generators will be built into future RPP prices. A Provincial Benefit adjustment described in the next paragraph is also built into the RPP.

Electricity prices paid each month by large consumers that are not covered by the RPP are based on market prices paid during the month, not on the smoothed pricing of the RPP based on forecasts by the OEB. A Provincial Benefit adjustment relating to the amount paid under some generation and conservation contracts versus the actual market price of electricity will appear as a separate line on your bill. If the market price for electricity is more than the amount paid under the contracts, the Provincial Benefit will appear as a credit. If the market price was less than the amount paid under the contracts, the Provincial Benefit will appear as a charge.

For many customers, the change to market-based prices will lower their commodity costs. Large numbers across the province have already opted out of the RPP to save money.

If you have any questions, or you would like more information about moving to market-based prices, you can reach us at (705)326-7315.

Yours respectfully,

Pauline Welsh
Regulatory Officer

cc John Mattinson, President & Secretary
Pat Hurley, Treasurer
Grant Hipgrave, Controller
Alanna McSorley, Senior Billing Clerk

Moving to Hourly Prices

On November 1, 2009*, Ontario's public sector including municipalities, universities, schools, hospitals and other designated customers will move from paying the Regulated Price Plan (RPP) to a market-based, or hourly, price for electricity.

Many public sector customers have already moved to market prices to save money.

* Extended from May 1, 2009



Timmins and District Hospital made the switch to hourly pricing and saved money on its electricity bill

Timmins and District Hospital was paying for virtually all of its consumption at the higher-tiered RPP rate. In April 2006, it moved off the RPP and since that time has saved over \$230,000 on its bill.

Visit www.ieso.ca/publicsector for more information.

Front cover image: To find out how the York Catholic District School Board saved money and energy, visit www.ieso.ca/publicsector

For more information about the change in electricity pricing for the public sector visit:

IESO Website:

www.ieso.ca/publicsector

Electricity Pricing Information:

www.ieso.ca/electricitypricing

Retail Electricity Contracts:

www.ieso.ca/retailers

Business and Institutional Profiles and Publications:

www.ieso.ca/businessprofiles

Your local distribution company:

www.ieso.ca/findutility

Or contact IESO Customer Relations:

Tel.: 905-403-6900

Toll-Free: 1-888-448-7777

Fax: 905-403-6921

E-mail: customer.relations@ieso.ca

The Independent Electricity System Operator (IESO) is a not-for-profit entity that manages the province's power system so that Ontarians receive power when and where they need it. Ontario's IESO balances demand for electricity against available supply through the wholesale market and directs the flow of electricity across the transmission system.



Power to Ontario. On Demand.



Power to Ontario. On Demand.



WHAT YOU NEED TO KNOW ABOUT CHANGES TO ELECTRICITY PRICES COMING NOVEMBER 1, 2009

A Guide for Ontario's Public Sector

Market Price Options

Changes to Electricity Commodity Prices coming November 1, 2009*

Most municipalities, universities, schools and hospitals and other designated customers who are still on the Regulated Price Plan (RPP) will no longer be billed the RPP rate starting November 1, 2009.

This change applies to all accounts with consumption greater than 250,000 kilowatt hours (kWh) per year and demand greater than 50 kilowatts (which is equivalent to an electricity bill of approximately \$2,000 per month). Customers with or without an interval meter can now voluntarily come off the RPP before November 1, 2009. Contact your local distribution company for more information.

On November 1, 2009, these customers will pay Ontario's market price for the energy portion of their bill – that is, the hourly electricity price or a weighted average electricity price.

* Extended from May 1, 2009

HOW WILL YOUR ELECTRICITY BILL CHANGE?

The electricity charge on your bill appears as a single line when you're on the RPP. It includes both the commodity charge and the Provincial Benefit¹. When you leave the RPP, the electricity charge and Provincial Benefit¹ will appear as two separate line items.

You will also receive an RPP Settlement Variance which is a one-time credit or charge. A consumer leaving the RPP in May that consumed 250,000 kWh per year would have received a credit of almost \$500. The value of the variance changes every month depending on the difference between the actual price paid to generators and the forecast price paid under the RPP.

Hourly electricity price: Facilities with an interval meter will pay the hourly price for electricity. That means paying for electricity when it is used.

Weighted average electricity price: Without an interval meter customers will pay a weighted average of the hourly price based on the consumption patterns of consumers in the area.

Retail contracts: Contracts are another way to purchase the electricity commodity but they do not cover other charges such as delivery and the Provincial Benefit.¹ Contracts can add an element of certainty as they allow you to lock in your electricity price for a term. Before you sign, ensure you understand all the terms and conditions.

Some customers aggregate their energy use with other facilities in their community or sector to increase their buying power. Contact IESO Customer Relations (see reverse) for more information.

¹ **NOTE:** There is an adjustment to the market price called the Provincial Benefit that applies to all electricity consumers. This charge or credit is included in the RPP rate but will be itemized separately on your bill once you leave the RPP.

Regulated Price Plan (RPP)

Public sector consumers still paying the fixed RPP rate (adjusted semi-annually) are charged based on a consumption threshold.

Effective May 1, 2009:

- 5.7 cents per kilowatt hour (kWh) up to 750 kWh
- 6.6 cents per kWh over 750 kWh

It is likely that most of your consumption is charged at the higher rate of 6.6 cents per kWh.

Public sector consumers who have already moved off the RPP pay market prices or the price in their retail contract or a combination of the two. The average market price with adjustments since November 2008 has been 5.4 cents per kWh.

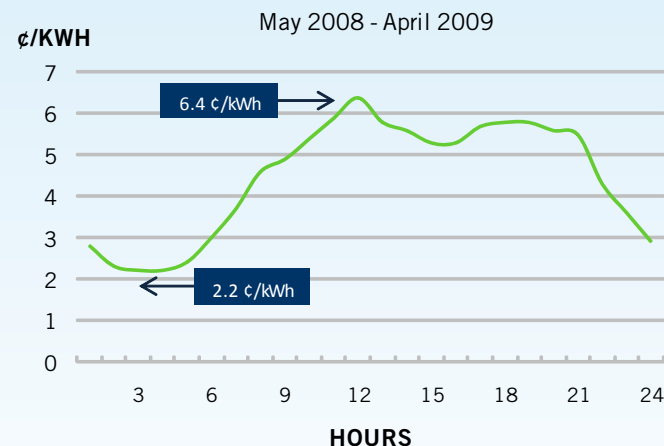
Ontario's Electricity Market



In Ontario's wholesale electricity market, the Independent Electricity System Operator (IESO) calculates price by balancing the supply of electricity with demand. As demand increases, more expensive forms of generation can raise the price.

Factors such as weather, consumer behaviour and available generation cause the price to fluctuate over the course of the day. Many customers are able to respond to changes in the hourly price by shifting some of their demand to off-peak periods.

Hourly average electricity price:



On average daytime prices are 35 per cent higher than at night and on weekends.



Power to Ontario. On Demand.



managing your **electricity costs**

*a guide
for business*

Ontario's electricity market opened in 2002. Managed by the Independent Electricity System Operator, the market provides a fair and transparent means of pricing this essential commodity – with an hourly price that reflects the true cost of producing it.

Electricity acts like other commodities where the price is influenced by supply and demand. There is one key difference: since electricity can't be stored, hourly prices are much more volatile than other commodities. With changing hourly prices come more opportunities for businesses to control their electricity costs by targeting their consumption to lower-priced times of the day.

The IESO is responsible for managing and balancing the real-time supply and demand for electricity in Ontario. The IESO directs generators and companies that deliver electricity to operate their equipment to ensure that the electricity system as a whole functions in a stable and reliable manner.

The IESO aims to provide businesses with information about the electricity market to help them manage their bottom line. Visit us at www.ieso.ca/business



REDUCING ELECTRICITY COSTS BOOSTS YOUR BOTTOM LINE

More and more businesses across Ontario are recognizing that electricity costs aren't just an overhead – they're a drag on their bottom line.

By understanding how and when your facility uses electricity, you will be able to discover opportunities to cut costs and boost profits. You will also be able to tell your customers and community that your business is using electricity wisely.

FIVE KEYS TO MANAGING ELECTRICITY COSTS

1. Understand how you're billed

Businesses that use at least 250,000 kilowatt-hours of electricity per year (or at least \$2,000 per month in electricity costs) pay the market price for electricity rather than the flat-rate price that households, small businesses and designated large-volume customers pay.

As a business that pays the wholesale, competitive price for electricity, your costs are based on:

- how much you use;
- your peak demand or how quickly you draw electricity from the system; and
- the time of day and week you use it (if you have an interval meter).

With these variables, there are many opportunities to save on electricity costs. By managing peak demand and using your interval meter to take advantage of price fluctuations, you can lower your electricity costs.

2. Know where you stand today

The cost-savings opportunities will become clear by finding answers to these questions:

- What price are you paying – the hourly price, the monthly average market price, or a retail contract price?
- How much are you using?
- What's the pattern of your usage – is it higher at certain times of the day or month?
- Do you draw heavily from the system for a short period of time once or twice a month to perform a specific operation?

3. Control your electricity use

Making changes to your operations or equipment can yield significant savings.

Use less electricity. Shut off or reduce lighting at certain times of the day or in certain areas of your facility, and ensure non-essential equipment is powered down. Invest in energy-efficient equipment and technology that reduce the overall amount of electricity you use.

Take advantage of price fluctuations. Electricity prices change hourly in the open market, just like other commodities whose prices move in response to supply and demand. In fact, electricity prices are among the most volatile of any commodity. If you have an interval meter and understand the basic pricing patterns, you can schedule production to times when electricity prices are lower.

Manage your demand. Since certain charges are based on your peak demand – the fastest rate at which you "draw" electricity from the power system – you can control this charge. You can run pieces of equipment or complete production processes in series rather than all at once and significantly lower your demand charges.

4. Invest in an energy management plan

An energy management plan can boost your bottom line over the short and long-term. Understanding how you incur costs for electricity, how you use it, what changes you can make to your operations to become more energy efficient – and then putting the plan into action – can significantly reduce your costs.

5. Cash in on incentives

Provincial agencies and many electricity utilities offer financial incentives for businesses that take steps to conserve electricity or change the way they use electricity. These 'Conservation and Demand Management' (CDM) incentives can make energy efficiency a profitable exercise.

1

understand how you're billed



To reduce your electricity costs, the first step is to understand how you're charged for electricity.

- **Electricity/Commodity** - This is the cost of the electricity measured in kilowatt-hours (kWh) supplied to you. It is the part of the bill that is subject to competition. This means you can buy it through your local utility (Standard Supply Service), or choose a retailer licensed by the Ontario Energy Board.
- **Line Loss** - When electricity is delivered along distribution lines, not all of it reaches its destination. For example, when electricity moves along the wires, some of it is lost as heat – it's simply a function of the physics of how electricity moves. Utilities use a “loss factor” to adjust the electricity consumption so that you pay the full amount of what it costs to supply your electricity. This difference is typically shown on bills as metered usage and billed usage.
- **Standard Supply Service (SSS) Administration** - This \$0.25 charge per month covers the administrative costs to your utility if you don't have a retail contract.
- **Regulatory (Wholesale Market Services)** - This rate provides for the reliable management of the power system and the wholesale electricity market. It is 0.62¢/kWh and is approved by the Ontario Energy Board.
- **Debt Retirement** - This charge of 0.7¢/kWh is set by the Ontario Ministry of Finance to pay down the residual stranded debt of the former Ontario Hydro.
- **Ontario Power Generation (OPG) Rebate** - This rebate is paid quarterly and appears on your electricity bill as a credit based on your total electricity consumption for the quarter. If your business purchases electricity from a retailer, you may or may not receive this rebate depending on the terms of the contract. This rebate will be in effect until April 30, 2009.

ENERGY CHARGES (kWh)

Basic Terms

Energy
Consumption/Use/Usage

Units

Kilowatt-hours (kWh)

Related Bill Items

- Electricity/Commodity Charges
- Line Loss Charges
- SSS Administration Charges
- Regulatory Charges (Wholesale Market Services Charges)
- Debt Retirement Charges

Adjustments

- OPG Rebate
- Provincial Benefit

- **Provincial Benefit** - The price of electricity in Ontario is set by a competitive market. However, to ensure that there is always an adequate supply of electricity, certain generators receive payments through regulation or contracts that differ from the market price. The Provincial Benefit, set at the beginning of each month, settles up differences between the market price and rates paid for regulated and contracted generation and demand response. The Provincial Benefit may be a credit or a charge, depending on whether the market price is higher or lower than the regulated and contracted rates.

Although each utility in Ontario uses a slightly different bill format and terminology for its customers, two basic principles are common to all. Your electricity costs are based on:

- (i) **How much** electricity you consume, measured in kilowatt-hours (kWh), and
- (ii) **Peak demand** – this is how fast you draw electricity from the system, measured in either kilowatts (kW) or kilovolt-amperes (kVA).

DEMAND CHARGES (kW or kVA)

Basic Terms

Power
Demand (Peak or Maximum)

Units

Kilowatts (kW), Kilovolt-Amperes (kVA)

Related Bill Items

- Transmission Charges:
 - Transmission Connection Charges
 - Transmission Network Charges
- Distribution Charges
 - Customer Service Charges

Adjustments

- Transformer Credit
- Power Factor

- **Transformer Credit** – Customers who own and maintain their own transformers that connect them to the power grid receive this credit. The rate is based on peak demand, and is typically set at \$0.60/kW.

- **Power Factor** – Power factor does not typically appear as a line item on your bill, however, if your facility has low power factor, this can result in higher distribution and transmission charges. Distribution and transmission charges are often billed on either the metered kW or 90% of the metered kVA, whichever is greater. Therefore, low power factor (which is the ratio between the maximum kW and maximum kVA) results in extra charges. A number of industries have found that correcting power factor can provide one of the fastest paybacks when making investments to reduce electricity costs. Your local utility can tell you if you're paying a penalty for power factor.

- **Transmission*** – These regulated charges are required to cover the capital and operating costs of Ontario's high-voltage electricity grid. They include two components:
 - **Transmission Connection** – Your utility is connected to the transmission system and the electricity has to be transformed to lower voltages before your business can use it. This charge covers the cost of doing this.
 - **Transmission Network** – This covers the cost of operating and maintaining the towers, wires and other equipment used to deliver electricity from where it's generated to your local utility.
- **Distribution*** – This rate, regulated by the OEB, covers the cost of delivering electricity from the transmission system to your business. The charges go to your local distribution company to build and maintain the distribution lines and poles.
- **Customer Service** – This fixed monthly charge covers your utility's administrative costs such as meter reading, billing and customer service.

Talk to your utility

If you have questions about how your bill is calculated or don't understand the cost breakdown, talk to your local distribution company. They can explain your demand and energy charges and confirm whether you're paying the competitive market price for electricity.

Note: your electricity bill may or may not reflect all the charges outlined here – sometimes charges may be bundled.

** Delivery is the term used when a utility bundles the distribution and transmission charges.*



Understanding how much energy you use and when, and how fast you draw it from the system, can reveal the cost-savings opportunities.

Interval meters track usage hourly

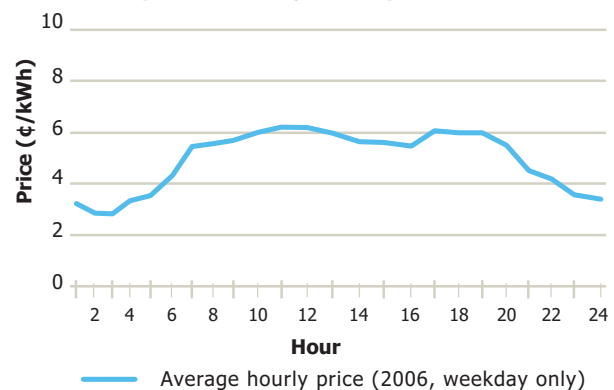
As a market rate customer, interval meters are the only way for you to take advantage of fluctuations in price. Interval meters allow you to track how much electricity you use on an hourly basis and your electricity costs for every hour of the day. Having an interval meter means your utility charges the Hourly Ontario Energy Price (HOEP) for electricity.

Businesses without interval meters pay a weighted average of the hourly price which is based on the consumption patterns of consumers in their area, rather than just their own.

If your electricity use is fairly consistent 24 hours a day, or if you use more electricity during off-peak hours, it's likely you can reduce your costs by installing an interval meter. Your costs may rise, however, if you get an interval meter and you use more electricity during high-priced periods. Your local distribution company or an energy consultant can help you determine whether it may be advantageous to purchase one.

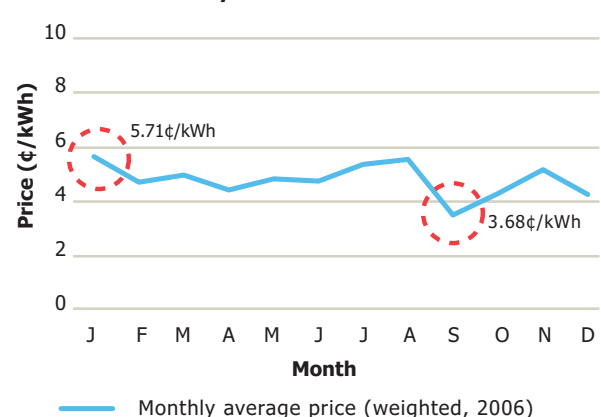
If you don't have an interval meter or a smart meter, you will be required to have one soon. As part of an Ontario Government initiative, all electricity consumers will have one by 2010, with a significant number of installations beginning in 2007.

Electricity Prices Change Hourly



Customers who have interval meters and pay the Hourly Ontario Energy Price (HOEP), can track how much electricity they use each hour of the day and how much it costs.

Variable Monthly Prices



Approximate 2006 prices for companies that paid the market rate but did not have interval meters.

“I would never advise investing a cent until you’ve taken care of all the low-cost energy savings opportunities first.”

Brian Laine, Plant Engineer, Baskin and Robbins,
Peterborough, Ontario

Get the details on your demand

Demand profiles are like a fingerprint – they detail the characteristics of your company’s electricity use over time. They are an important tool to help you understand your company’s electricity use patterns and how to manage them more effectively.

You will see what times of day you’re using electricity, how much you’re using, and when your peak demand occurs each month. Understanding when your business sets a demand peak can help determine what equipment or process may need to be adjusted in order to lower demand charges. You can also determine whether there are ways to avoid using electricity at the most expensive times of the day. Your local utility or an energy consultant can provide you with data and information on your demand profile.

Energy audits reveal potential savings

Consider hiring a professional to help you understand how you’re using electricity, when you’re using it, and how much each piece of equipment draws (demand) and uses (consumption). The auditor can also provide you with suggestions on process changes and/or investments in energy-efficient technology. You will also be shown the decrease in electricity use with each change, and how soon investments will pay for themselves through savings on electricity costs.

How an energy audit paid off for Baskin and Robbins

The Baskin and Robbins facility in Peterborough has been undertaking energy savings projects for a number of years. “There is no question, the investments we’ve made in technology upgrades have paid off,” says Brian Laine, Plant Engineer. Lighting retrofits and installing variable frequency drives on freezer motors, dairy pumps and tank agitators have saved tens of thousands of dollars annually. “Energy projects have helped our bottom line and have kept our plant competitive,” said Laine.

With 19 million litres of ice cream shipped to 30 countries every year, the plant’s 50 employees are committed to quality. “Our focus is making great ice cream - so we tend to overlook how our actions affect our electricity use.” But employees began to see things differently when an energy audit identified annual savings of more than \$25,000 with no up-front investment. The auditor pointed out how minor operational changes like reducing the condensing pressure, optimizing the frequency and length of defrosting cycles, and shutting off evaporator fans and lighting when not needed, all led to significant cost savings with no impact on the final product. “We didn’t have to invest in new equipment - all it took was a change in our behaviour.”

3

control your electricity use



Making decisions on potential energy savings initiatives is easier when you understand daily and weekly pricing trends as well as the impact of rebates and adjustments.

Understanding how electricity prices vary can help you manage electricity costs. Simply put, if you have an interval meter, using less electricity at times when the price is high can cut costs considerably.

What influences fluctuations in electricity prices? Electricity acts like any other commodity where price depends on supply and demand with one important difference. Because electricity can't be stored, prices are much more volatile hour-to-hour than other commodities.

When demand for electricity is high, more generation is needed. This often drives up the cost of power. Think about hot summer afternoons when chillers are running full tilt and industrial production is at its peak.

Supply is determined by how much generators can produce. Certain power sources are more expensive to run than others. These higher-cost generators only run when demand is high relative to supply.

If your business can't take advantage of price fluctuations or needs more certainty

Consider a retail contract

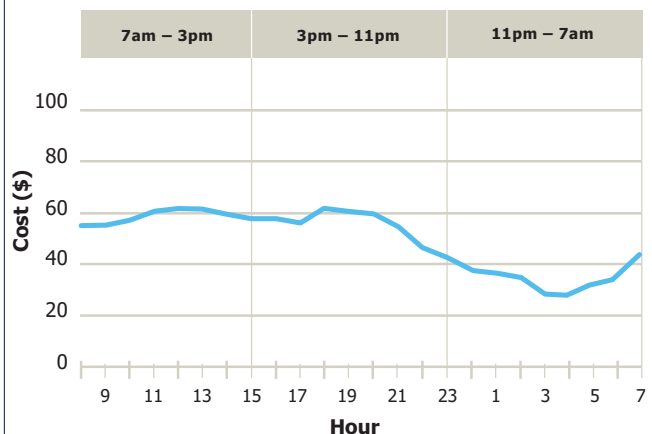
As a large volume consumer, it might make sense to purchase electricity at a fixed rate through a licensed retailer. Fixed-rate contracts will not necessarily save money, for much like gas prices or interest rates, no one can predict what future prices will be. A retail contract can, however, provide your business with certainty about the electricity portion of your bill - regardless of how prices fluctuate. Conditions and prices do vary

and under some contracts, you may be required to sign away the Ontario Power Generation (OPG) rebate. For information on retail contracts see www.ieso.ca/retailers

Hourly price trends

For most of the year, electricity prices tend to be higher in the afternoon, particularly between 4:00 p.m. to 6:00 p.m. Prices are usually lowest on weekends and overnight, between 11 p.m. and 7 a.m.

Average Hourly Cost to Use 1 MW (including daily totals) for 2006



This example compares the cost of consuming 1 MW during the three eight-hour shifts.

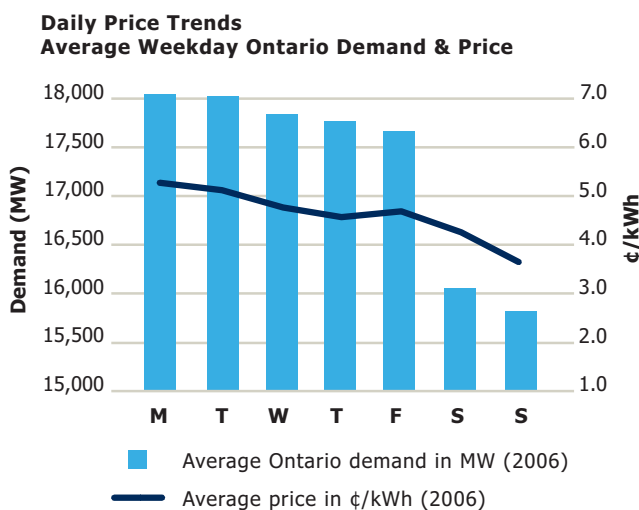
Cost savings opportunity: If you have an interval meter, shifting operations to cheaper times of the day, or testing back-up generation during high-priced times, will save money. Running operations overnight can cut energy costs by more than 30 per cent.

“In the three years since we began tracking our consumption data and prices, we’ve managed to shave almost \$12 million off our energy budget for a total savings of 25 per cent.”

Steve Hall, *Director of Corporate Energy, Region of Peel*

Daily price trends

Electricity consumption across the province tends to be highest on Mondays. As a result, prices also tend to be highest on Mondays. Consumption is lowest on the weekends, as is the price.



Understanding average weekday and weekend pricing trends will help you decide how to moderate consumption or structure operations to take advantage of lower average prices.

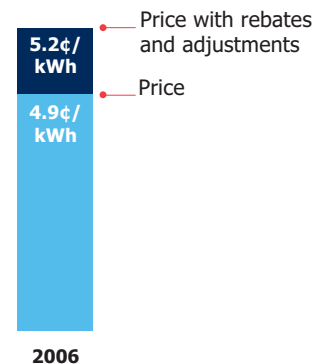
Cost savings opportunity: If you have an interval meter, consider whether your business can reschedule some of its operations to weekends, when prices are lower. You may also consider planning maintenance outages early in the week.

Rebates and adjustments

While electricity prices are determined by the open market, you do have some protection from price volatility. Adjustments to your electricity costs reflect

the difference between market prices and rates paid for certain generation and conservation activities. Although hourly and monthly prices can fluctuate, adjustments to the market price, as depicted in the adjacent graph, can help to mitigate changes.

Currently there are two adjustment programs in place:



1. **Ontario Power Generation (OPG) Rebate** – This rebate is paid quarterly and appears on your electricity bill as a credit based on your total electricity consumption for the quarter. If your business purchases electricity from a retailer, you may or may not receive this rebate depending on the terms of the contract. This rebate will be in effect until April 30, 2009.
2. **Provincial Benefit** – This adjustment relates to the amount paid under some generation and conservation contracts versus the actual market price of electricity. If the market price for electricity is more than the amount paid under the contracts, the Provincial Benefit will appear as a credit on your monthly bill. If the market price was less than the amount paid under the contracts, the Provincial Benefit will appear as a charge. This is an ongoing monthly adjustment.

3

control your electricity use



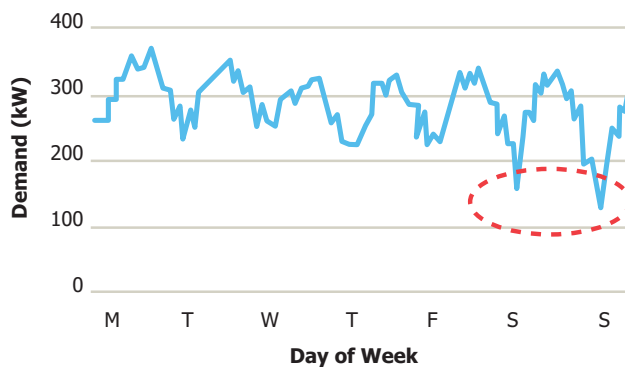
Make operational changes and save three ways: use electricity when prices are lower, reduce your peak demand, and use less electricity overall.

Conserve

You might be surprised to discover that making changes to use less electricity won't cost you much or anything at all, and can lead to considerable savings.

Regular equipment maintenance or turning off equipment not in use won't cost much but can shave up to five per cent off your electricity bill. For example, a grocery store in Burlington recently took a closer look at how it used electricity. When they saw the store's usage pattern – or demand profile – the staff noticed that overnight electricity use dipped much lower on weekends. They realized that staff were turning off fewer lights during the week than on weekends. Changing the closing procedures on weekdays was easy and free, and the electricity savings added up.

A demand profile can point to savings opportunities



More savings were obvious once the electricity use profile showed that fewer lights were being turned off on weekday nights than on weekends at this grocery store.

Consider self-generation

Generating your own electricity might be an option for your business. Thermal generators, wind turbines, solar power, biomass systems or small-scale hydroelectric can be used to replace what you consume from the power system during your business's demand peaks or when the price of electricity is high. It can be more economic to generate your own power during these times.

An added benefit is that you will always have back-up power in the event of power outages. You may also have the option of selling any surplus electricity back into the power grid. If you generate using renewable sources, you may be able to receive credits or even payments under the Ontario Power Authority's (OPA) Standard Offer Program. Contact your local utility for more information on the technical requirements and approvals process.





“By ensuring that all my equipment wasn’t running at once, I was able to reduce my demand charges and see substantial savings on my electricity bill.”

Tenzin Gyaltsan, Owner of Newcastle IGA

Manage your peak demand

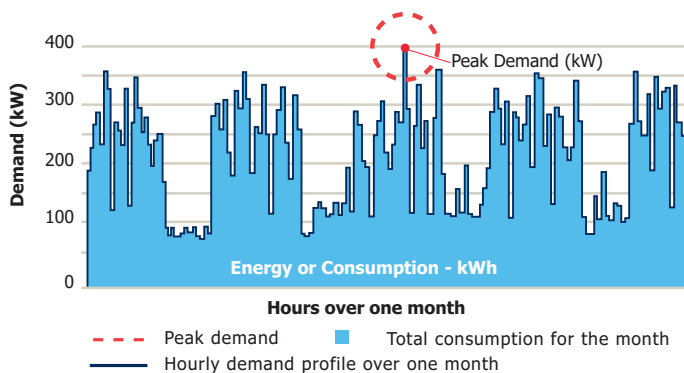
You can use the same amount of energy overall and still reduce your electricity bill. How? All you need to do is manage your business’s electricity demand and draw the same amount of electricity from the system at a slower rate.

Demand charges cover the cost of the size and type of wires and equipment needed to get the electricity to your business. Drawing a lot of electricity at one time creates a higher demand. Higher demand requires additional wires and transformers that can supply electricity at the rate you draw it without overloading. So, the higher your monthly peak demand, the higher your bill.

Remember, your electricity delivery charges for the month are typically based on one 15-minute or 60-minute peak. If you can reduce your peak, you will also reduce your delivery charges.

Many utilities across Ontario have programs that reward businesses for reducing the demand on the system. Contact your local utility for more information.

Your peak demand determines your monthly delivery charges



How Newcastle IGA is saving money by managing electricity demand

“As the Newcastle IGA owner, I’m also the energy manager. You need to stay educated to keep on top of ways to save money. Every penny adds up,” says Tenzin Gyaltsan, Owner of Newcastle IGA. “I’ve had an energy audit done in the store and I attended a seminar for grocers that explained my electricity bill and the demand charges, both of which helped me better understand what to do,” he added.

Gyaltsan uses a computer automation system that turns lights off and sets the compressors and defrost cycles in his refrigeration equipment on timers to ensure they are not all coming on at the same time. By reducing how many pieces of equipment are running at once, Gyaltsan can reduce how fast his store draws electricity, which lowers the demand charges on his store’s bill. “It’s not easy. I have to look at the store and all the equipment as a whole system and optimize my energy use,” says Gyaltsan.

“I’ve managed to significantly reduce electricity use in my store – it’s something I’m always working on and I watch my bill to see how my actions are having an impact.”



Energy use should be a key part of your business's strategic plan.

Understanding your business's technical systems and how your staff operates them are the key to identifying opportunities to use electricity wisely and reducing your electricity costs. Outlining this information in an official plan helps you ensure your staff understands what changes need to be made and why. It also helps you track your progress, cost-savings, and payback on investments in energy efficiency over time.

The following eight steps provide a simple, systematic approach to understanding how your business uses electricity, what influences costs, how you can use less and how to chart your success:

Step 1: Understand your Energy Costs

Understanding which factors influence your demand (kW or kVA) and energy (kWh) costs are important aspects in understanding what steps you need to take to reduce those costs.

Step 2: Monitor and Target

Comparing monthly data can help you determine how energy consumption at your facility varies over time. For example, comparing energy consumption against production can help you determine energy costs per unit of production as a means of assessing potential savings opportunities.

Step 3: Understand When Energy is Used

The cost of electricity is influenced by when it's consumed. Your company's demand profile shows your energy use patterns - information which is useful if you're considering changes to lower demand, or, if you have an

interval meter, to take advantage of times of the day or month when electricity prices are lower.

Step 4: Understand Where Energy is Used

Identify your energy hogs – equipment that draws the most power to run. If you make changes to this equipment, you will see a bigger reduction in your electricity costs. An energy audit provides a useful, detailed breakdown of how much gets consumed in your facility and where.

Step 5: Eliminate Waste

Energy waste can appear in many forms including excess time, volume, pressure and temperature. In order to realize energy savings opportunities, it's important to match what your business actually uses to what's really needed. Once these requirements are established, eliminating waste becomes an effective cost-savings tool.

Step 6: Maximize Efficiency

The condition of your company's equipment and operating conditions can have a significant impact on energy-savings potential. Changing the way you operate or maintain existing equipment, or investing in more energy-efficient technology, can yield significant savings. While some operational changes can have relatively little or no implementation costs, investments in equipment upgrades or retrofits may have a shorter payback period than you would think and can lead to permanent long-term savings.

“Electricity savings projects over the last three to four years have saved our company over \$1.2 million.”

Scott Wilkens, Plant Power Systems Owner,
Procter and Gamble, Belleville, Ontario

Step 7: Optimize the Energy Supply

Once you’ve reduced your requirement for energy, you may consider higher cost alternatives to meet your growing energy needs. You may wish to investigate heat recovery, cogeneration and renewable generation options.

Step 8: Monitor your Progress, Share the Results

Charting your progress over time helps you share these successes with staff and encourage them to keep looking for ways to lower electricity costs. You will have a rolling operational schedule and maintenance plan that takes advantage of opportunities to reduce electricity costs. And you will see how investments in energy efficiency pay off.

Ready to make an investment in energy-efficiency?

For a fee, an energy efficiency professional can help find new ways to use less electricity in your operations and save money month after month. You will also get advice on planning upgrades and retrofits to get the most out of your investment. Contact Natural Resources Canada’s (NRCan) Office of Energy Efficiency (OEE) for information on financial incentives to help implement your energy upgrades: www.oee.nrcan.gc.ca

How an energy management plan led to big dividends at P&G

For close to 20 years, Procter and Gamble (P&G) Inc. has been hard at work identifying energy efficiency opportunities. But it wasn't until its Belleville facility expanded five years ago that the company began tracking its progress in reducing energy costs. “The practice of energy conservation has always been an integral part of our business and approach,” said Scott Wilkens, Plant Power Systems Owner at the P&G Belleville facility. “We recognize the importance of energy conservation to both P&G’s bottom line and the environment, and have taken a pro-active approach over the years to building energy efficiency programs that address both.”

Tracking its hourly energy readings is key to understanding the effects of demand and price on P&G’s monthly electricity consumption patterns. These hourly readings allow P&G to create its own consumption profile and monthly baseline. “Tracking demand and price information is extremely important when you’re building energy savings projects,” said Wilkens. “We save \$158,000 annually on eliminating pre-filter fans, \$50,000 from using water chiller automation and \$58,000 in shutting off lighting in over-lit areas.” These steps have clearly paid off. P&G has reduced its electricity use by 26 per cent over the past three years.



Taking advantage of incentive programs can directly impact your bottom line.

EMERGENCY LOAD REDUCTION PROGRAM

The IESO has developed a program to keep the power system functioning reliably during times when the electricity system is under heavy strain. The Emergency Load Reduction Program (ELRP) provides financial incentives to businesses that reduce electricity or use back-up generation when the electricity supply-demand situation is tight. Not only will you avoid using electricity when prices are high, but you will get paid to do it. Participating companies also have the opportunity to tell customers that they are doing their part to help keep the power flowing in Ontario. See www.ieso.ca/ELRP for more information.

CONSERVATION AND DEMAND MANAGEMENT

Local Programs by Utilities

Utilities across Ontario are launching Conservation and Demand Management (CDM) programs designed to help businesses. Talk to your local utility about the complete range of strategic conservation and load management incentives. Contact information for all utilities in Ontario is available at www.ieso.ca/findutility.

Provincial Programs by OPA

The Ontario Power Authority's (OPA) Demand Response Program provides businesses with incentives to reduce their demand on the electricity system. Businesses that stop drawing electricity or reduce their electricity demand at peak times, or who invest in their own electricity generation facilities can receive financial incentives. Visit: www.conservationbureau.on.ca for more information on this and other conservation and energy-efficiency programs administered by the OPA.

Natural Resources Canada

Natural Resources Canada's Office of Energy Efficiency (OEE) offers a wide range of programs and services to improve energy conservation and energy efficiency in every sector. The OEE offers financial incentives and other resources, including workshops, data interpretation and numerous publications to help Canadians save energy. For more information or a list of publications visit: www.oee.nrcan.gc.ca

For information on:

Your local utility – www.ieso.ca/findutility

Electricity price information for businesses – www.ieso.ca/business

Retail electricity contracts – www.ieso.ca/retailers

Joining the IESO's Emergency Load Reduction Program – www.ieso.ca/ELRP

The Ontario Power Authority – www.powerauthority.on.ca

Conservation programs available province wide – www.conservationbureau.on.ca

Federal government Office of Energy Efficiency – www.oeenrncan.gc.ca



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September 9, 2009

XXXXXXXXXXXXXXXXXXXX
XXX XXXXXX St.
Orillia ON
L3V XXX

Dear Sir/Madam:

Re: Account # XXXXXXXX-00

This letter is a follow up to our letter dated September 3, 2009 regarding the change on Nov 1, 2009 for some public sector customers moving from paying the Regulated Price Plan (RPP) to a weighted average market-based price, or the hourly Ontario energy price (HOEP) for electricity.

Your service address currently has a conventional meter which is read monthly by a meter reader. Your consumption for billing purposes will be the difference between the current meter read and the previous meter read. The electricity line on your bill is calculated using the weighted average price for Orillia's service territory or the RPP price if a self-declaration form has been completed in the case of multi-unit residential premises.

You may be eligible to submit a self-declaration form if you have not already done so. If you are not sure of your eligibility, you may call for further information. You also have the option to request an interval meter for purposes of receiving the HOEP.

Interval Meters

Interval meters are metering devices that store hourly consumption information. They are "read" daily - usually after midnight, by a telephone or other communication line. Business customers with an interval meter are billed for their hourly energy consumption using the HOEP, which is set hourly by the Independent Electricity System Operator (IESO). A customer must submit a written request for an interval meter and is responsible for the cost of changing the meter including the cost of the meter, installation, and ongoing maintenance, verification and re-verification of the meter, and ongoing provision of communication line or communication link with the customer's meter.

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Accessing your Interval Data, Pricing, and Energy Costs

Orillia Power's eMeterData.com allows customers to efficiently monitor their energy usage and pricing trends to better manage and control their energy costs. The metering and pricing data is generally updated within two business days, and because the eMeterData.com is accessed through an internet browser, customers can utilize the easy-to-understand profiles and graphical displays whenever they want.

If you require more information or would like to request a change to an interval meter, please call us at (705)326-7315.

Yours respectfully,

Pauline Welsh
Regulatory Officer

cc John Mattinson, President & Secretary
Pat Hurley, Treasurer
Grant Hipgrave, Controller
Alanna McSorley, Senior Billing Clerk