

The Ontario Energy Market is Changing



Is Your Organization Prepared?

On Nov. 1, 2009,* Municipalities, Universities, Schools, Hospitals (“MUSH” customers) and other public-sector consumers will no longer be eligible for the Ontario Regulated Price Plan, or RPP. As a result, these customers will be rolling onto an hourly pricing model, which means a greater alignment between the cost of electricity and the time that it is being used. Customers who have been maintaining budget certainty through the RPP structure—which saw prices change only twice a year—will likely need to start thinking about an energy procurement plan to minimize their market exposure, since hourly rates can fluctuate due to many factors. In addition, the Ontario Power Generation (OPG) Rebate will be phased out in April, further increasing customers’ exposure to the hourly spot market. These two changes in the power market create more volatility for customers who were used to stable, regulated pricing.

In uncertain economic times, managing risk is more important than ever

For MUSH-sector consumers in particular, managing and mitigating the risks associated with budget variables is an important part of ensuring that your organization meets its goals so that programs and projects don’t suffer from depleted funds. If the hourly energy price rises beyond your budgeted expectations or the bulk of your usage occurs during peak hours, other aspects of your organization may suffer. However, if you plan accordingly, you may also be able to take advantage of the fact that the elimination of the RPP will take the Ontario wholesale energy markets one step closer to realizing the true price of power and will open the door for more competitive price offerings from alternative energy suppliers.

A competitive supplier can provide insight into the complex and often volatile energy markets and apply your usage, goals, level of risk and business model to a purchasing strategy that helps to protect your bottom line and keeps you within your budget. As specialists within the ever-changing world of commodity purchasing, energy suppliers stay abreast of the factors that influence current and future pricing and they can assist with the timing of purchases to match your budget cycle.

Choose Wisely

Ontario’s restructured energy markets allow you to choose an energy supplier, like Direct Energy Business, to procure your energy and help you implement a plan that fits your business model and usage. Direct Energy Business has extensive experience working with MUSH and public sector clients to devise customized energy procurement solutions that align with our customers’ business plans and help them manage their market risk.

By analyzing your organization's risk tolerance, annual goals and energy usage, along with market patterns, pricing forecasts and industry trends, we can help ensure that the volume, term, structure and timing of your electricity purchases are appropriate, cost-effective and that they meet your goals. For MUSH and public sector customers, it's not simply about trying to buy energy at the best price—it is about effectively creating and matching a procurement strategy with your business model, which can include energy conservation efforts, load shifting and a combination of fixed-rate and market-based buying strategies.

Protect the Environment

Direct Energy Business also recognizes that protecting the environment demonstrates good corporate citizenship, as well as good business practice. We know that environmental issues are top-of-mind and we are proud to help support your environmental initiatives by providing renewable energy credits and related services to help manage and lower your organization's impact on the environment.

Staying Power

Direct Energy Marketing Limited, which operates as Direct Energy Business, is a subsidiary of Centrica plc. Centrica carries a strong credit rating from the world's foremost providers of independent credit ratings and risk evaluation (Moody's and S&P), and is one of the world's top 10 utilities, serving over 20 million homes and businesses worldwide and five million customer relationships in North America. Our strong credit ratings will ensure that we remain a secure energy player, even during volatile financial and commodity markets.

Timing is of the Essence

It's important to prepare now for the changes that will occur in the Ontario market. For more information on how Direct Energy Business can devise a customized energy procurement plan to help protect your bottom line and mitigate the risk of fluctuating energy rates, please call us at: 1-866-867-8167 or email us: ontarioenergy@directenergy.com.

For More Information

To learn more about the changes in the Ontario power markets and how those changes might affect your organization, please visit:

IESO's Guide for Ontario's Public Sector & RPP:

<http://www.ieso.ca/imoweb/pubs/bi/public-sector-2009.pdf>

RPP information from the IESO:

http://www.ieso.ca/imoweb/businessIndustry/bi_profile-default.asp

OPG Rebate information from the IESO:

http://www.ieso.ca/imoweb/siteShared/electricity_bill.asp?sid=md

Managing your electricity costs publication series from the IESO:

http://www.ieso.ca/imoweb/siteShared/pubs_library.asp?sid=bi#take_control

* In late March, the Ontario Minister of Energy & Infrastructure announced that changes to the eligibility requirements for the Ontario Regulated Price Plan that were previously scheduled to take place on May 1, 2009 will now take effect on Nov. 1, 2009. This extension is intended to allow more time for educational outreach and preparation for those entities that will be impacted by this change.



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