
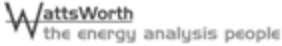
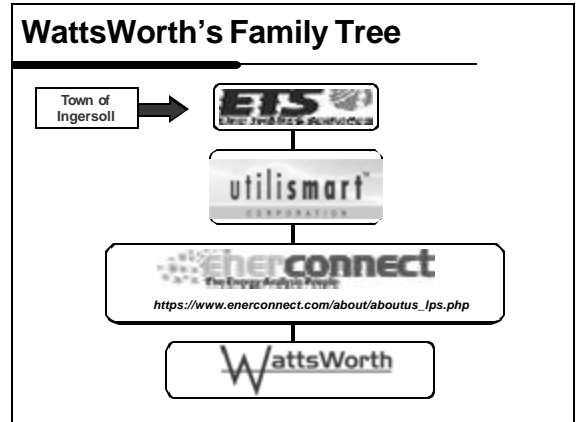


## Town of Ingersoll

February 9, 2009

*The Power of Purchasing*



### WattsWorth Municipal Buying Group

**Members:**

◊ Region of Durham	◊ County of Elgin
◊ Region of Halton	◊ Town of Aylmer
◊ City of Ajax	◊ Town of Halton Hills
◊ City of Burlington	◊ Town of Ingersoll
◊ City of Cambridge	◊ Town of Markham
◊ City of Guelph	◊ Town of Richmond Hill
◊ City of Oshawa	◊ Town of Tillsonburg
◊ City of St Thomas	◊ Township of Wilmot
◊ City of Thorold	◊ E. Elgin Community Complex
◊ City of Windsor	◊ London Convention Centre
◊ City of Woodstock	◊ Convent Garden Market
◊ Mun. of Central Elgin	◊ Essex Solid Waste Auth.
◊ Mun. of W. Perth	

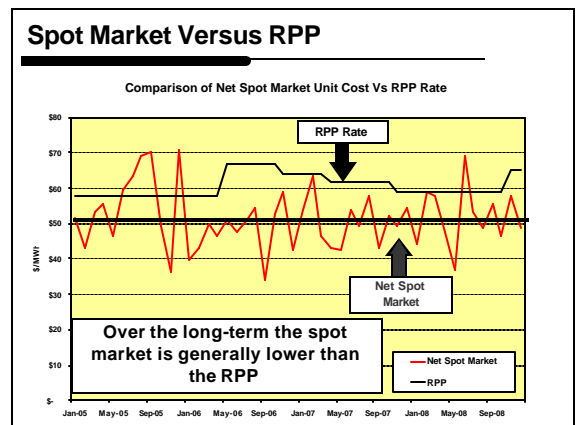
- ◊ Over 1-billion kWh consumed annually
- ◊ \$8-million saved in 2008 (~11% vs RPP)

### WattsWorth Provides It Members:

- ◊ Management, Coordination and Growth
- ◊ Data collection and profiling
- ◊ Strategy development
- ◊ Conducting RFP
- ◊ Representing members to suppliers
- ◊ Monitoring legislation and market evolution
- ◊ Weekly newsletters
- ◊ Monthly Financial Reconciliations

### Success is Based On:

- ◊ Superior understanding in electricity market
- ◊ Strategies that are:
  - Designed on an account basis
  - Manage both risk and savings
  - Avoid cross-subsidization between members
- ◊ Personalized treatment of customers



**Town of Ingersoll Results (YTD Dec 2008)**

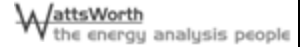
**WattsWorth's July 2008 Recommendation:**

- Move the Town's largest accounts to the spot market until April 30, 2009
- Utilize low spot market prices and RPP Exit Payments

**Ingersoll's Results:**

- 4-month savings to Town: \$23,200
- 8% reduction in electricity cost
- Results are expected to continue through to April 30, 2009

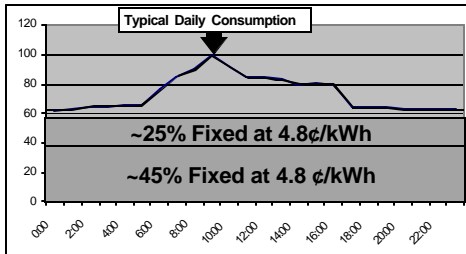
Town of Ingersoll  
**Market Changes**



**Market Outlook - 2009**

**Legislation**

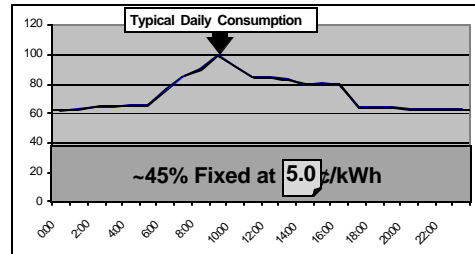
- OPG Rebate Program Expires April 30, 2009



**Market Outlook - 2009**

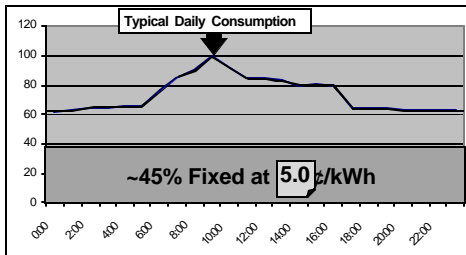
**Legislation**

- OPG Rebate Program Expires April 30, 2009
- Provincial Benefit Rate ↑ by 11% on January 1, 2009



**Market Outlook - 2009**

**Result:** Municipalities are being forced out of the RPP at a time when their exposure to volatility and risk are increasing!

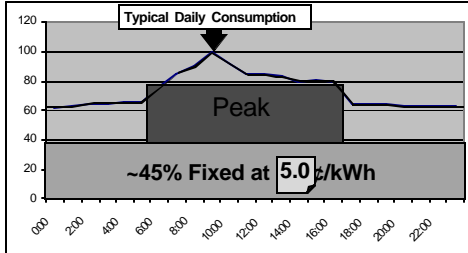


Town of Ingersoll  
**Strategy Recommendations**



### Recommended Hedge Design

- On-Peak contract matches risk with hedge
- Low Off-Peak spot prices more than make up for premium paid over Base-Load contract



### Recommended Hedge

#### Large Non-Interval Account

- Currently on Spot Market until April 30, 2009
- Recommend the following:
  - Hedge Size: 45 kW
  - Hedge Type: 5x16 (7a.m. to 11 p.m, Mon to Fri)
  - On-Peak Coverage: 85%
  - Price Threshold: \$75 per MWh

### Recommended Hedge

#### Interval Accounts - Peaking

Ratio of On-Peak Consumption to Off-Peak

Account #	Description	Off Peak	On Peak					Account Pool
			Winter	Spring	Summer	Fall	Annual	
0010049-00	130 OXFORD ST	1	1.497	1.559	1.714	1.557	1.588	Peaking
00181062-00	121 THAMES ST N	1	1.560	1.421	1.666	1.544	1.540	Peaking
00100499-04	366 WELLINGTON ST	1	1.276	1.325	1.448	1.343	1.342	Peaking

- Majority of electricity is consumed when spot market price is at its greatest and most volatile
- Recommend the following:
  - Hedge Size: 70 kW
  - Hedge Type: 5x16 (7a.m. to 11 p.m, Mon to Fri)
  - On-Peak Coverage: 75% (Maximum Possible)
  - Price Threshold: \$75 per MWh

### Recommended Hedge

#### Interval Accounts - Low Summer Consumption

Ratio of On-Peak Consumption to Off-Peak

Account #	Description	Off Peak	On Peak					Account Pool
			Winter	Spring	Summer	Fall	Annual	
00100606-01	80 PEMBERTON ROAD	1	1.405	1.252	1.176	1.264	1.317	LSC
00100680-03	87 MUTUAL ST	1	1.232	1.255	1.214	1.227	1.239	LSC

- Majority of electricity is consumed when spot market price is at its least risky
- Recommend that these accounts be left on the spot market as hedge would not add value

### Recommended Hedge

#### Street Light Account

- Naturally hedged because the majority of their consumption occurs in the off-peak when prices are their lowest.
- Recommend that this account be left on the spot market

### Strategy Items to Consider:

#### Term

- Current market prices for forward contracts are at an all time low.


#### Recommendation

- Buy a two year contract and extend current market opportunity beyond current year.

### **Expected Strategy Results**


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- Expect the Town's total cost of electricity to remain at or below 5.5¢ per kWh
- Represents an 8% reduction in cost over previous RPP rate of 5.9¢ per kWh
- RPP Rate was increased to 6.5¢ per kWh on November 1, 2008, an increase of 11%



# Questions?

*The Power of Purchasing Program*



**WattsWorth**  
the energy analysis people