

Town of Ingersoll

March 9, 2009

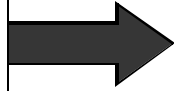
The Power of Purchasing



WattsWorth
the energy analysis people

WattsWorth's Family Tree

Town of
Ingersoll



WattsWorth Municipal Buying Group

Members:

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

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

WattsWorth Provides It Members:

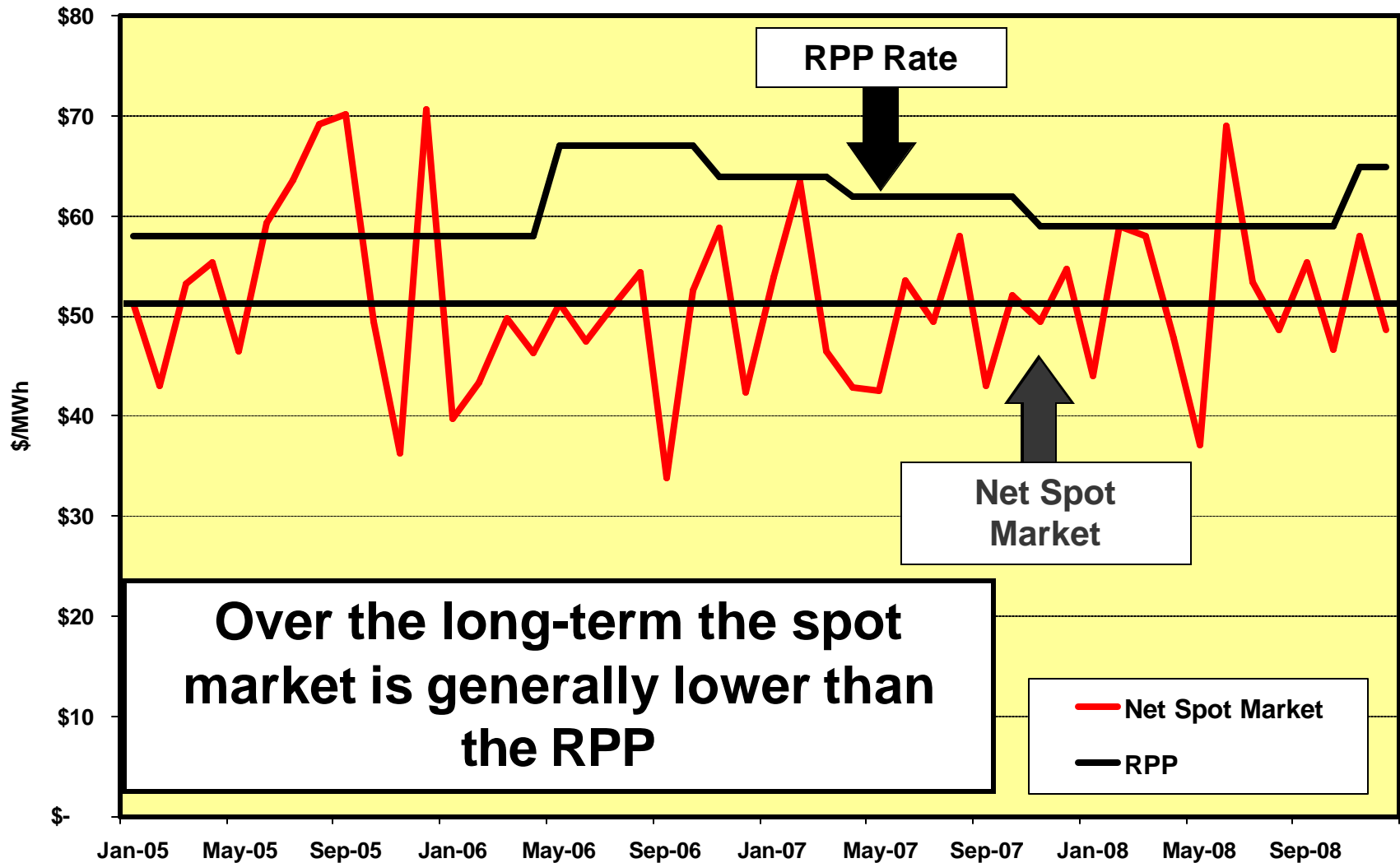
- **Management, Coordination and Growth**
- **Data collection and profiling**
- **Strategy development**
- **Conducting RFP**
- **Representing members to suppliers**
- **Monitoring legislation and market evolution**
- **Weekly newsletters**
- **Monthly Financial Reconciliations**

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**

Spot Market Versus RPP

Comparison of Net Spot Market Unit Cost Vs RPP Rate



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**

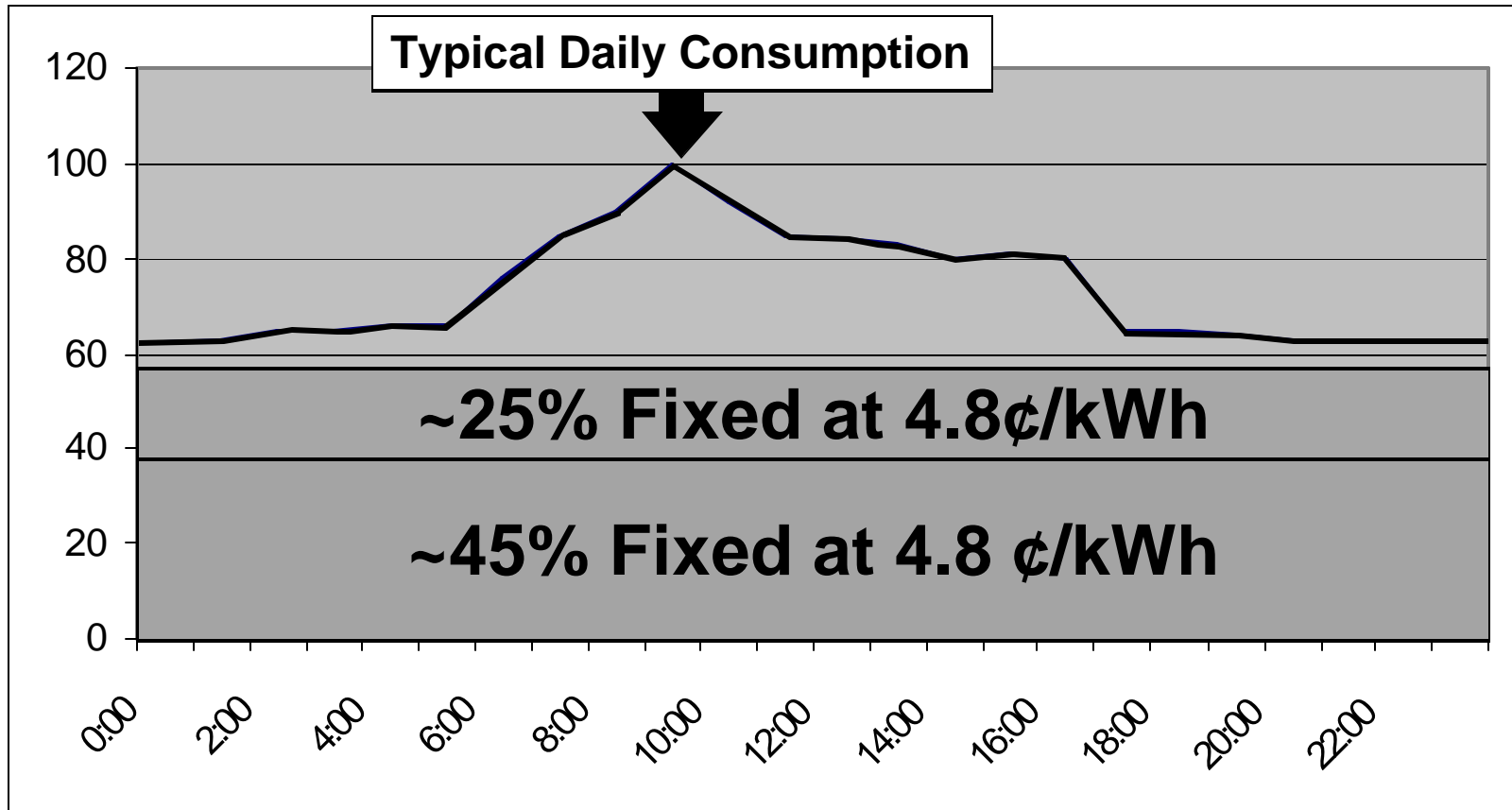
Town of Ingersoll

Market Changes

Market Outlook - 2009

Legislation

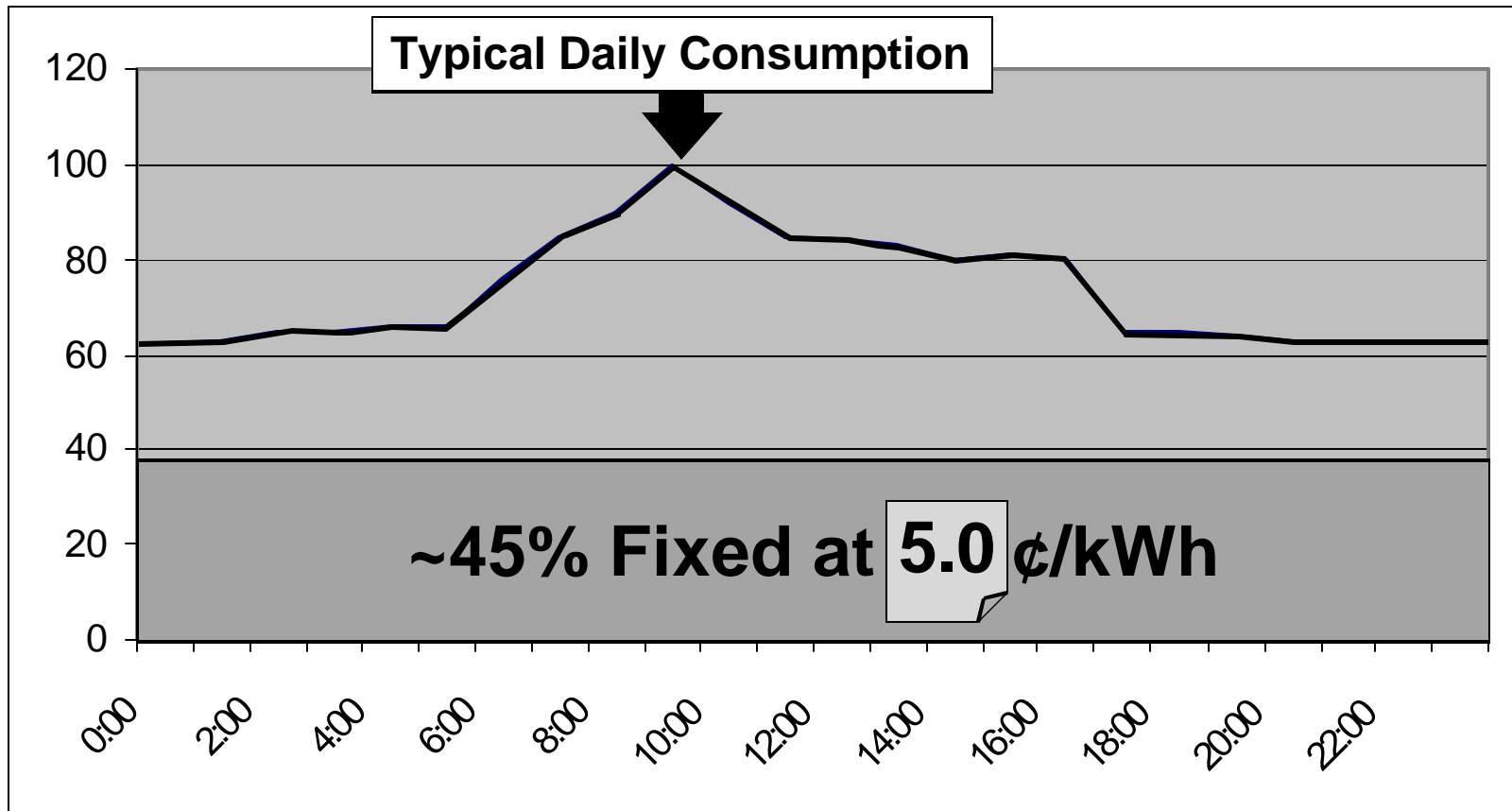
- OPG Rebate Program Expires April 30, 2009



Market Outlook - 2009

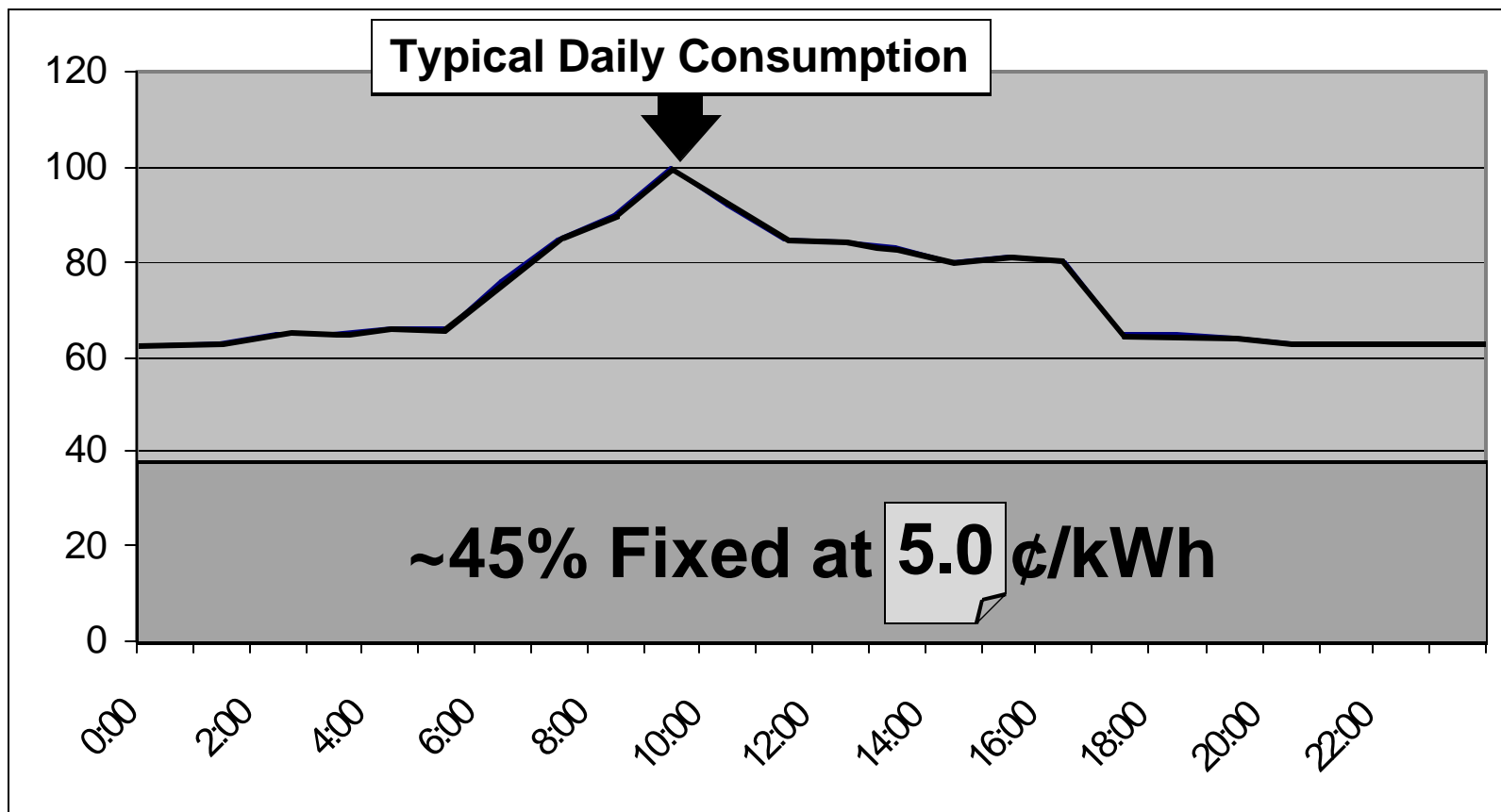
Legislation

- OPG Rebate Program Expires April 30, 2009
- Provincial Benefit Rate \uparrow 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!



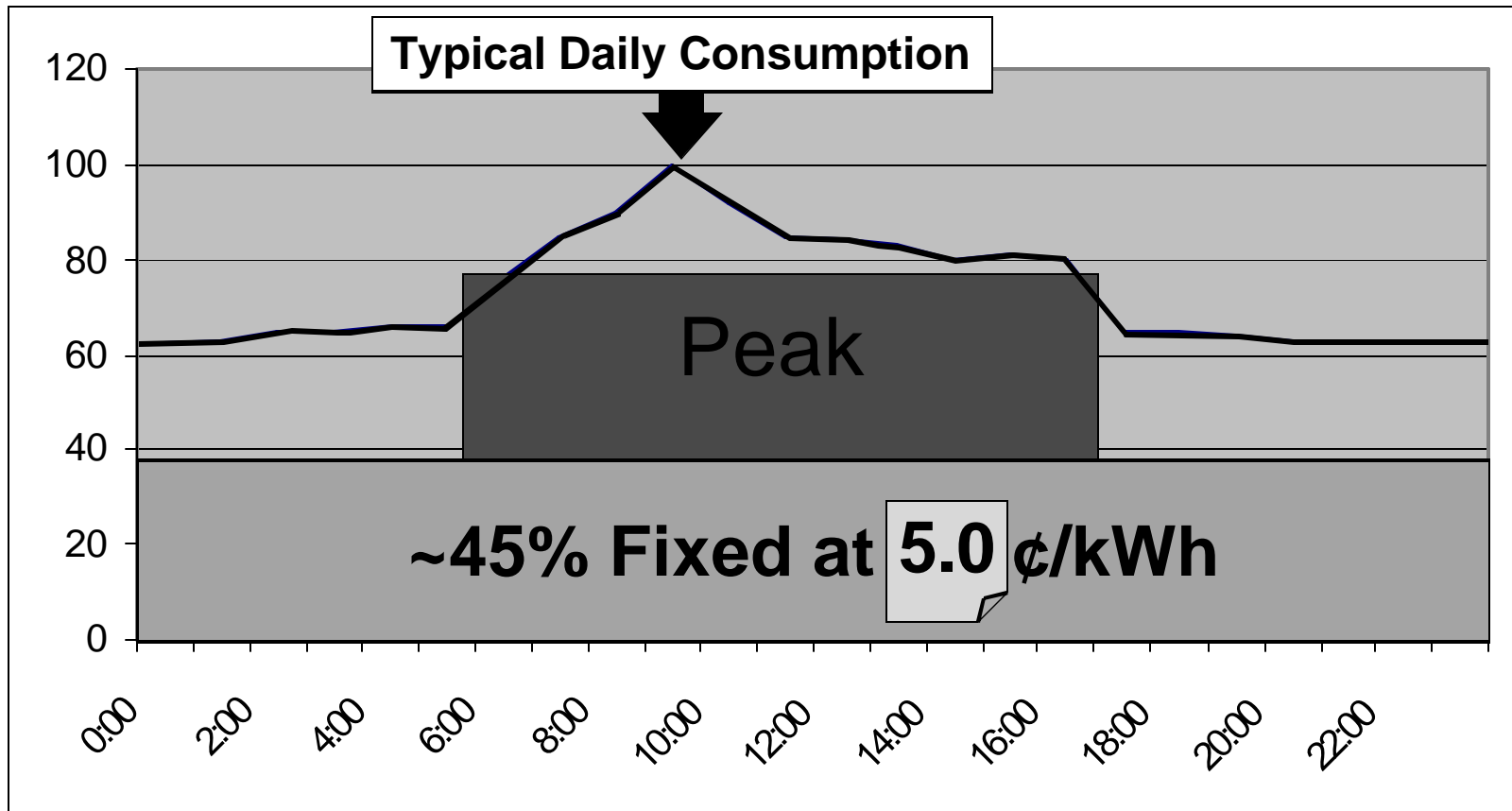
Town of Ingersoll

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	
00100549-00	130 OXFORD ST	1:	1.497	1.559	1.714	1.557	1.588	Peaking
00161052-00	121 THAMES ST N	1:	1.560	1.421	1.656	1.544	1.540	Peaking
00100499-04	355 WELLINGTON ST	1:	1.275	1.325	1.446	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	1.282	1.176	1.354	1.317	LSC
00100580-03	97 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

- **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



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