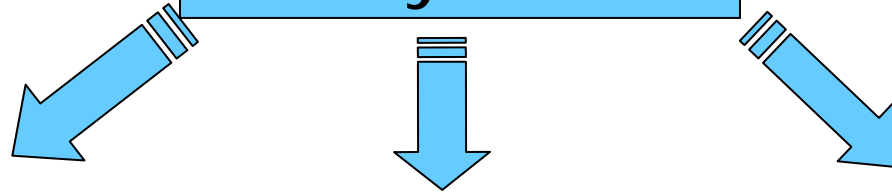


Energy Matters - Ontario's Reliability Outlook

Derek Cowbourne, Vice-President, Reliability Assurance
March 28, 2006



Ontario
Hydro



Ontario
Power
Generation



Independent
Electricity
System Operator



Hydro One

- Ensure reliability by directing the flow of electricity within Ontario and across borders
- Operate Ontario wholesale electricity market
- To fulfill these roles we:
 - Monitor the need for power in Ontario 24/7;
 - Schedule supply (generation) by assessing offers in economic order every five minutes and
 - Provide information, forecasts and assessments.

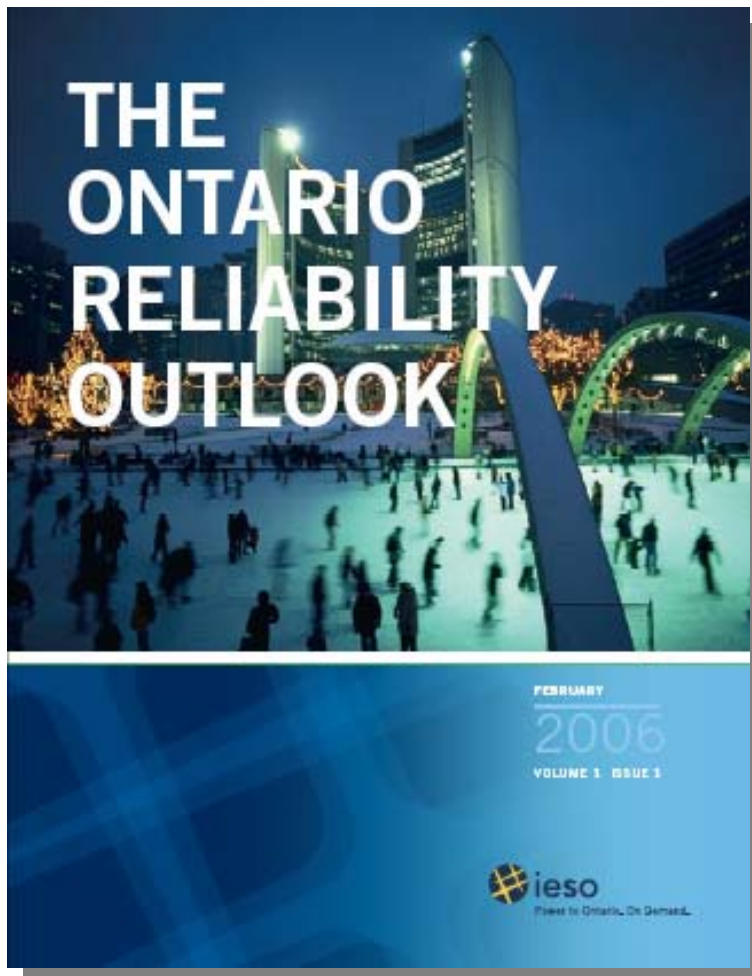


Power users urged
to cut back as
“system strained”

Another wave
of summer heat
hits city

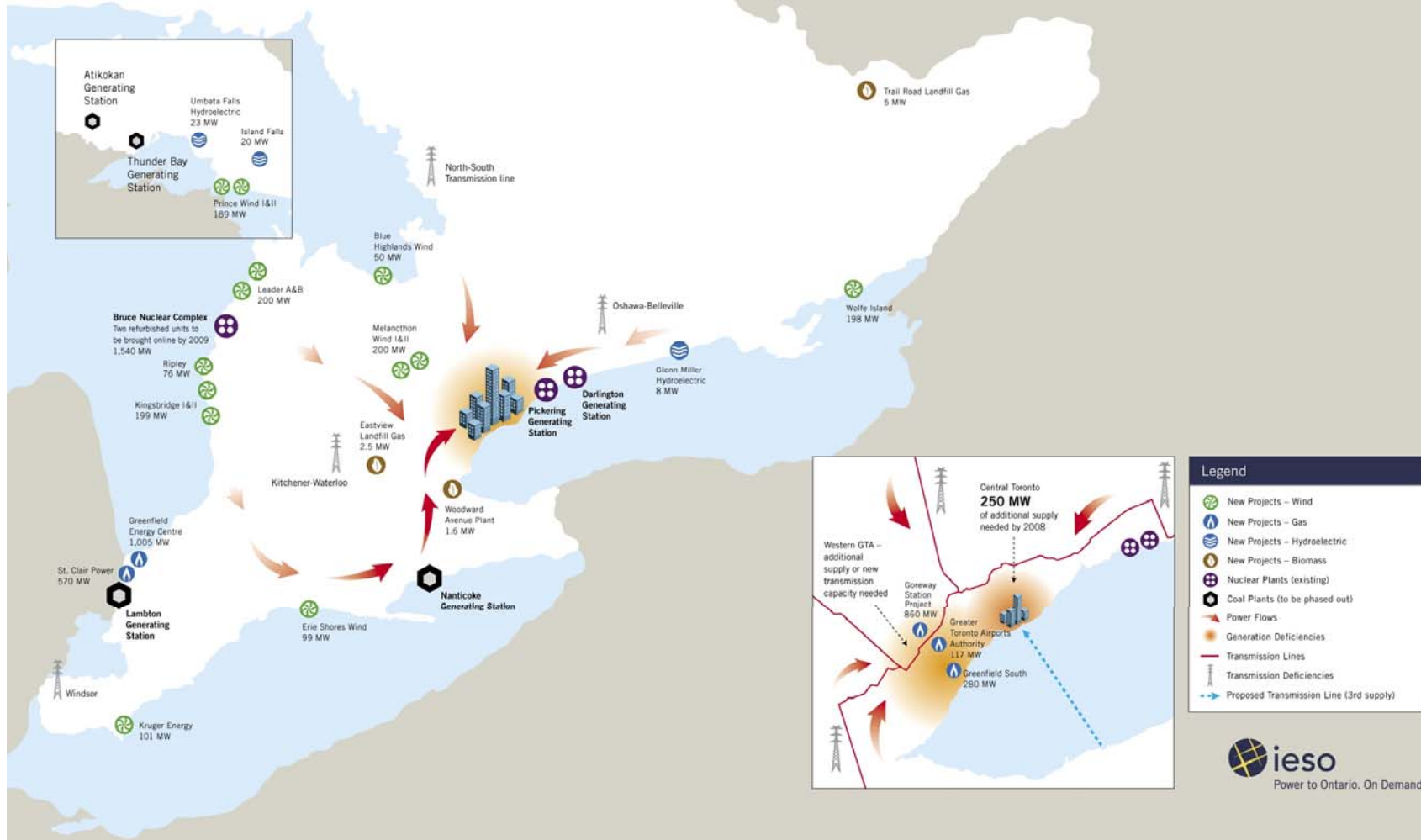
Electricity shortage
sees power
cut 5 per cent

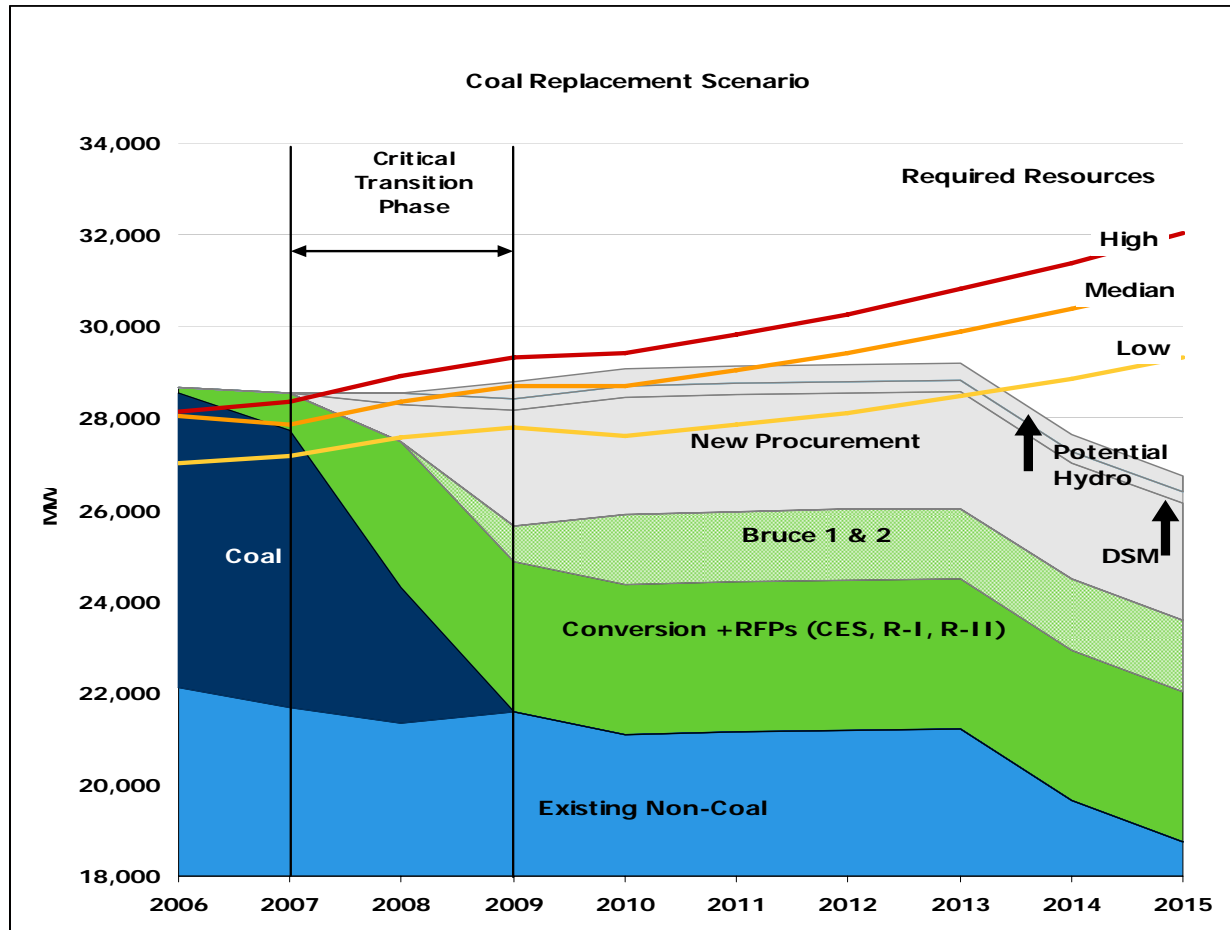
- Power voltage cut to avert blackouts

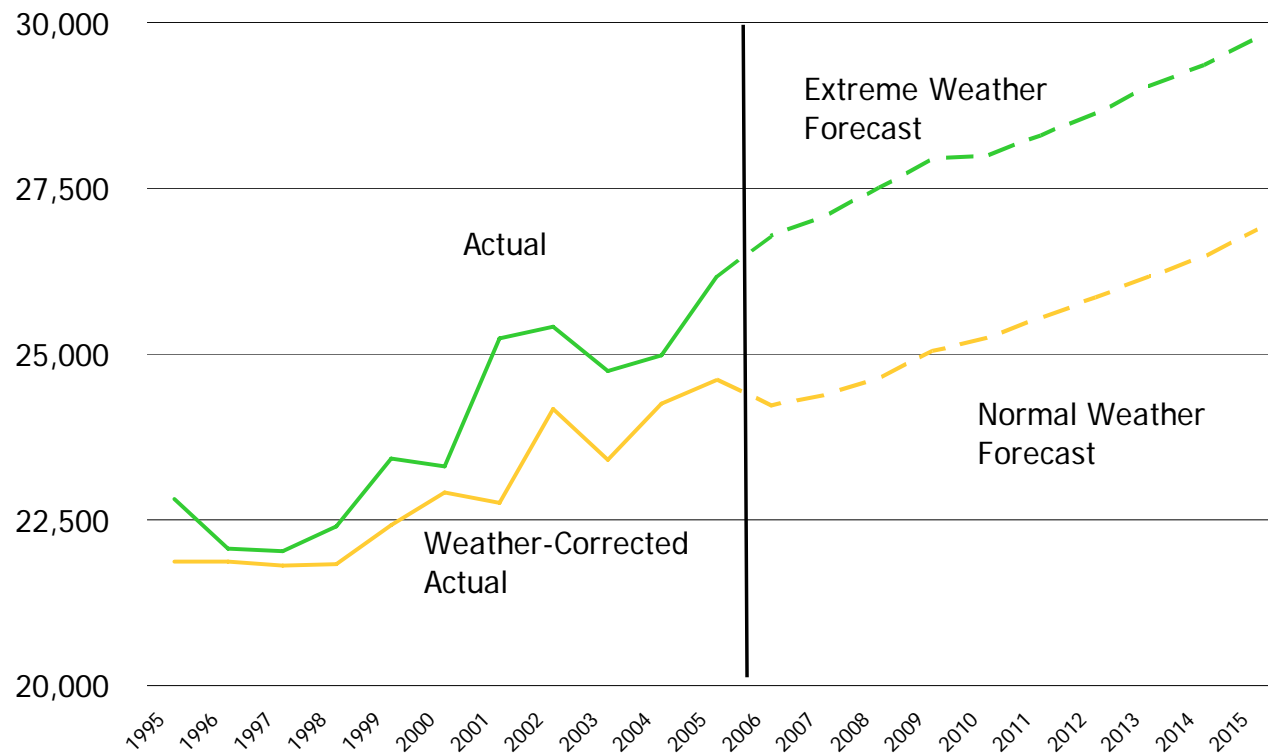


- Semi-annual progress report on the inter-related generation, transmission and demand management projects underway to meet future reliability requirements.
- Toronto, Western GTA
- Coal replacement
- Approvals processes

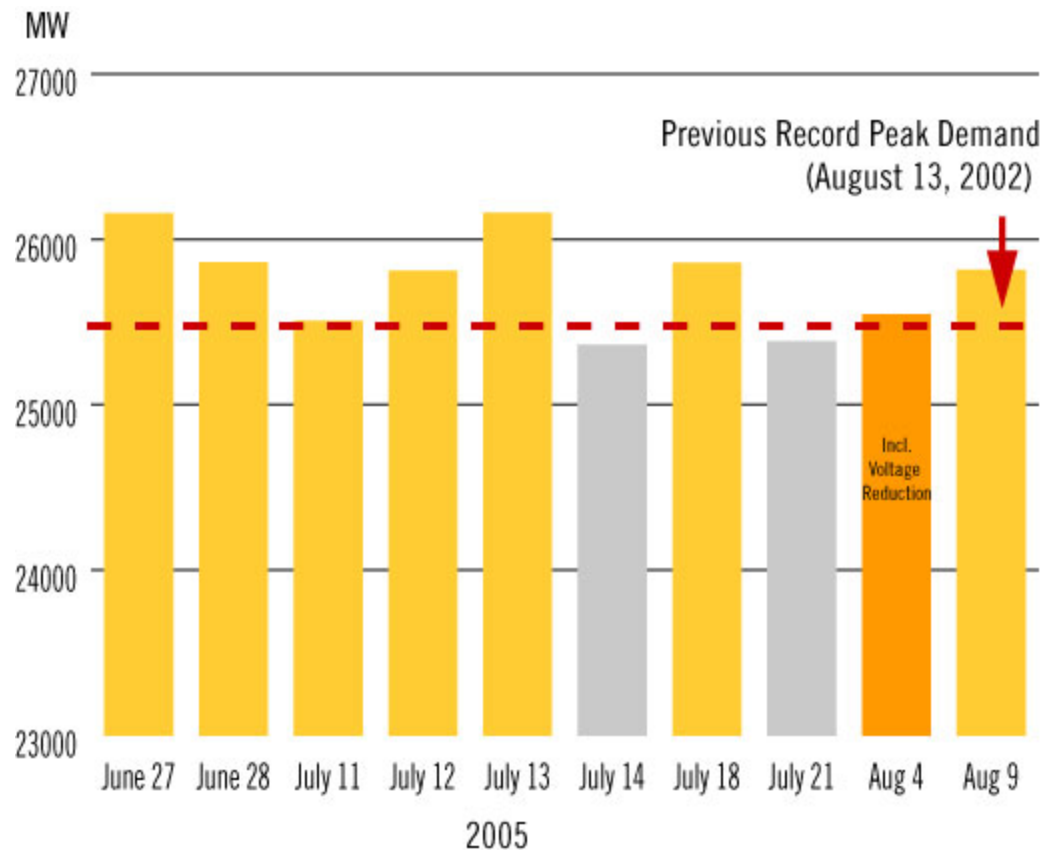
ONTARIO ELECTRICITY PROJECTS AT A GLANCE







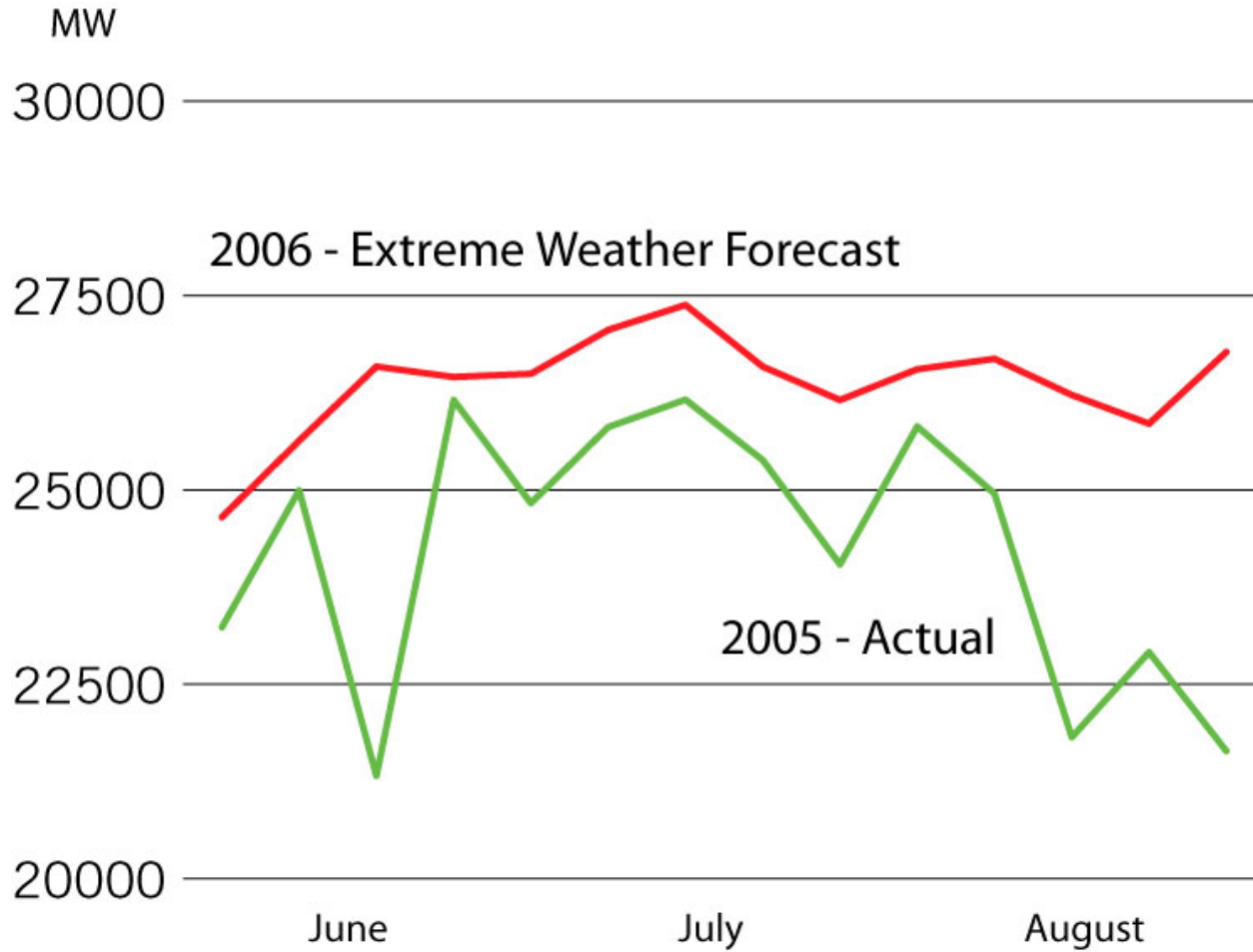
- Winter peak is expected to climb to roughly 27,373 MW in 2015 (Extreme Weather)
- Summer peak rising to 29,759 MW in 2015 (Extreme Weather)
- Energy: 156.8 TWh in 2006 to 169.7 TWh in 2015



Summer 2005 was a greater challenge to system reliability than 2002.

- New Ontario Demand Record (26,160 MW) surpassed previous record by more than 600 MW.
- 2 Provincial Voltage Reductions
- 2 GTA Voltage Reductions

Summer 2005 vs. Summer 2006



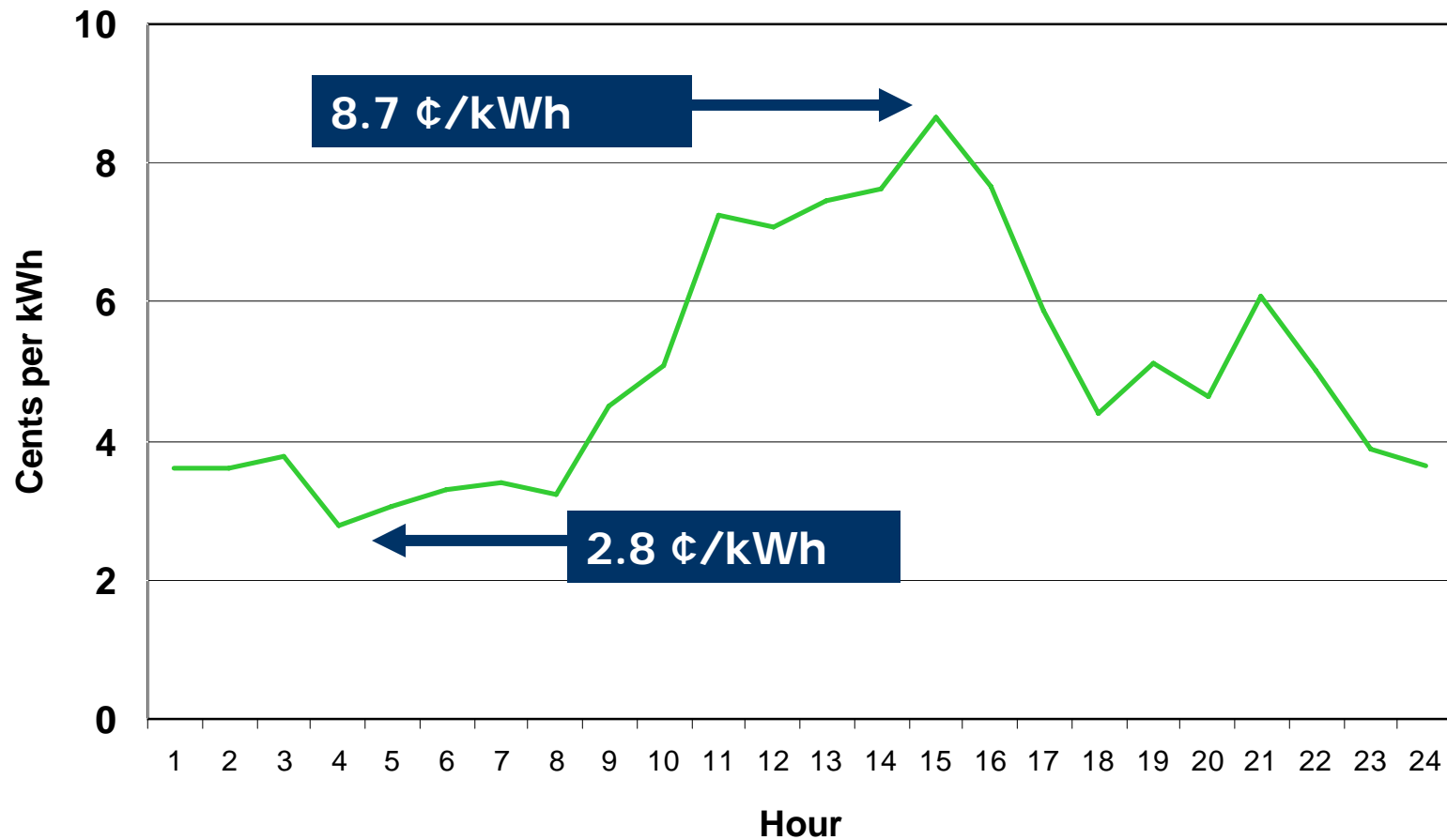
- New Generation on-line
 - more than 700 MW since last summer
- More price-responsive demand
 - over 600 MW of dispatchable load available this summer
- Transmission Projects
- Market Changes through IESO programs:
 - Day-Ahead Commitment Process
 - Emergency Load Reduction Program

Fixed Rates - Municipalities

- 5.0¢ per kilowatt-hour for first 600 kWh/month.
- 5.8¢ per kilowatt-hour for all electricity used over 600 kWh per month.
- OEB to adjust Regulated Price Plan (RPP) rates in April
- Customers over 50 kW to come off RPP in 2008

Market Rates

- Paid by all businesses that use over 250,000 kWh per year or those that opt-out of RPP.
- The market price is different for every hour of the day (Hourly Ontario Energy Price- HOEP.)
- Organizations may contract for fixed rates with a retailer.



What Influences the Wholesale Price of Electricity?

1. Supply

- Total supply available:
 - Generation located inside Ontario
 - Import capability from outside Ontario
- Type of fuel to produce electricity

2. Demand

- Weekdays vs. weekends and holidays
- Time of day
- Weather



Adjustments and rebates impact your energy costs

- **Provincial Benefit** is a monthly adjustment on each bill -- cannot be signed over to a retailer

February: rebate of 0.35 cents/kWh
 March: charge of 0.20 cents/kWh

- **OPG Rebate** in place until May 1, 2009
 - First rebate will be 0.65 cents/kWh for every kWh you consumer between April 1, 2005 and December 31, 2005
 - Second rebate for period from Jan. 1, 2006 – April 30, 2006
 - Subsequent rebates will be quarterly
 - Previously, this rebate may have been signed over to a retailer

	February 2006	YTD*
Average Hourly Price	4.90	5.31
Provincial Benefit	-0.35	-0.90
Estimated OPG Rebate	-0.18	-0.18
Your Bottom Line	4.37	4.23

* Year-to-date (Jan 1, 2006 to Feb 27, 2006)

Estimated OPG Rebate for Apr 1, 2005 to Dec 31, 2005**	-0.65 ¢/kWh
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** Most recent rebate period

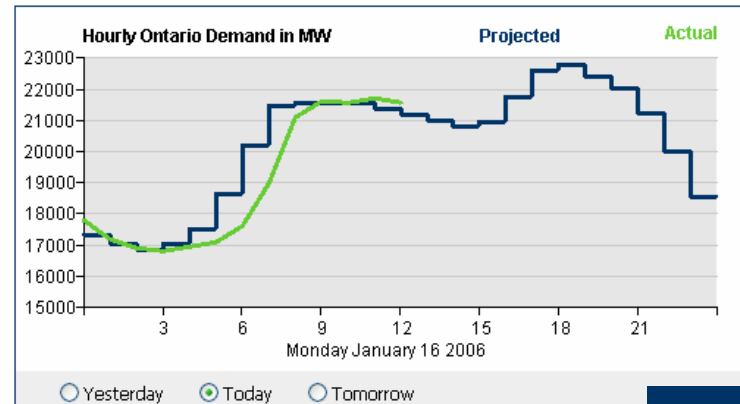
Demand and Price Information

ONTARIO DEMAND

21,572 MW

at 12:00 p.m. EST
January 16, 2006

Projected Demand at 1:00 p.m. EST	21,189 MW
Today's Projected Peak (at 7:00 p.m. EST)	22,819 MW
Winter Record Peak (Dec 20, 2004)	24,979 MW



Note: Projected Ontario Demand uses a step graph to show the highest expected demand within an hour. Actual Demand uses a line graph to show average demand for that hour.

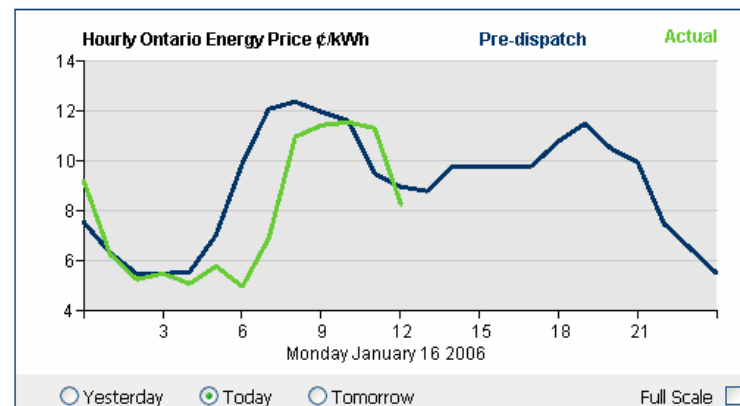
www.ieso.ca/business

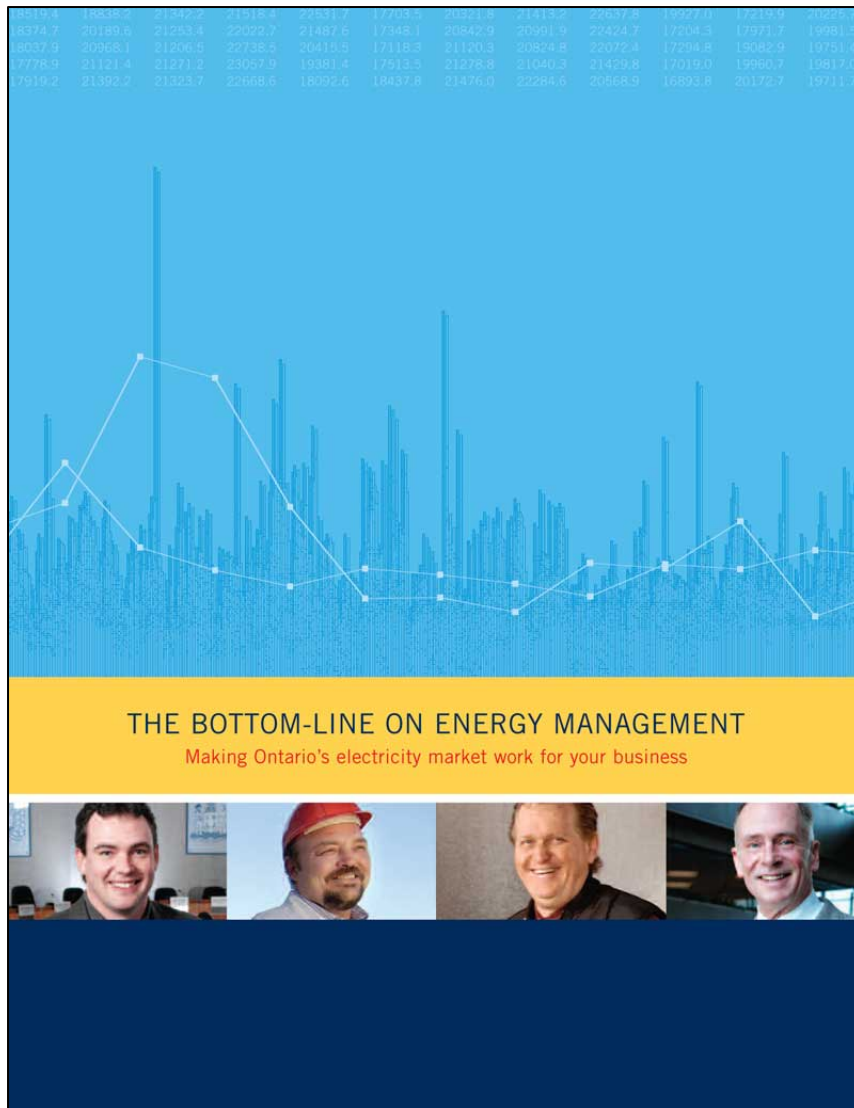
WHOLESALE PRICES

8.28¢/kWh

at 12:00 p.m. EST
January 16, 2006

Average Weighted Price for January	5.32¢/kWh
Average Weighted Price since May 1, 2005	7.74¢/kWh





- Publication with case studies on managing energy costs.
- Peel Region is featured.

- Largest infrastructure change in a century
- Complex but coordinated
- IESO will continue to monitor, assess and report on electricity system reliability
- We will support others through the transition
 - OPA
 - Project developers
 - LDCs and Municipalities

A Shared Responsibility



Conservation and Demand Management

- Will ease the strain on the grid in the short term.
- Will reduce the amount of new generation, transmission and distribution needed in the long term.
- Will benefit your communities and ratepayers.

www.ieso.ca

1 (888) 448-7777 or (905) 403-6900

customer.relations@ieso.ca

