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Ontario Retail Market Statistics

July 2004

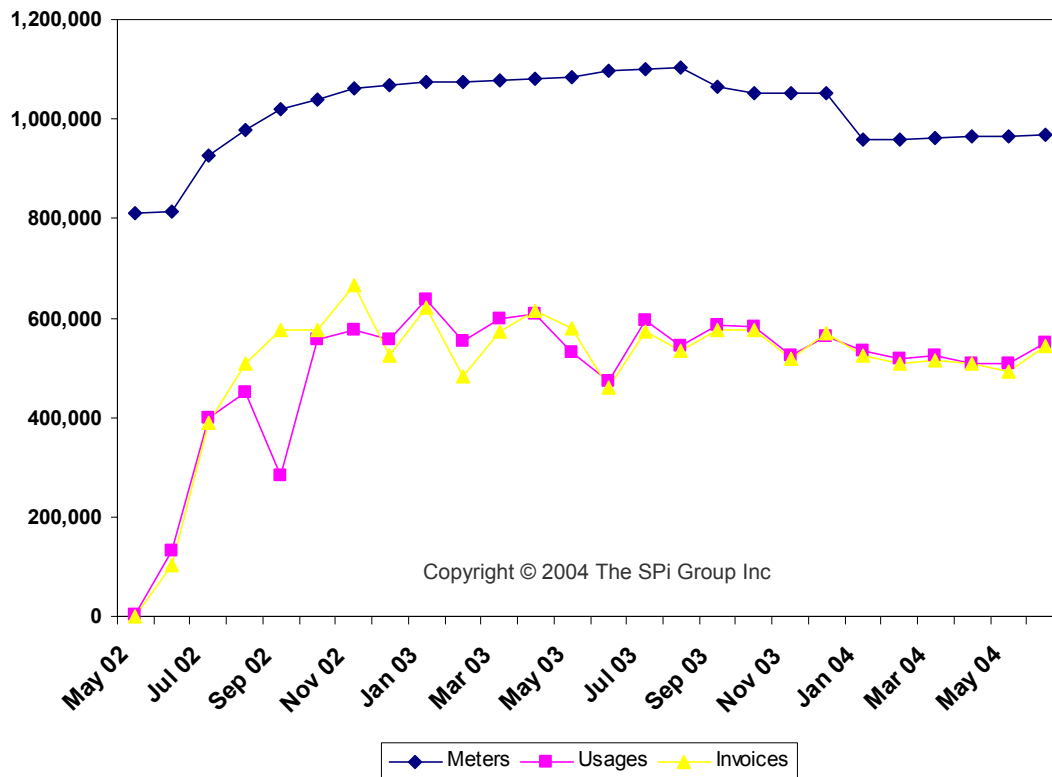
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Report on Ontario Market Statistics

The Ontario electricity marketplace has seen a lot of activity in the last few years, much of it related to the cost of power and protecting the consumer from high fluctuating electricity prices. This report shows data trends in the market over the last two and a half years, from March 2002 to June 2004. The graphs show information at an aggregated level rather than in detail.

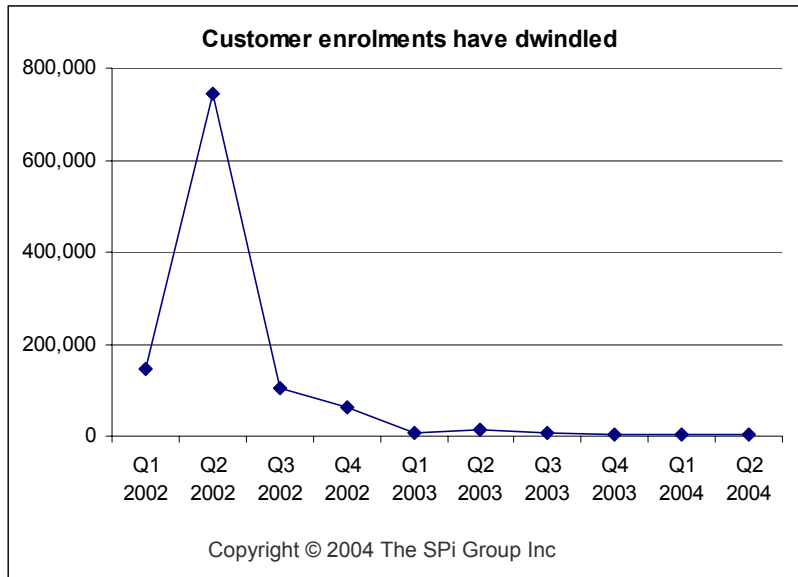
Since the Ontario market opened in May 2002, SPi has collected retail market data for about 25% of the over 4 million meters in Ontario. Meters for customers buying electricity through a competitive supplier reached a peak of 1.1 million in August 2003, decreasing to 968,000 meters as of June 2004. Another sizeable drop is expected in May 2005 as consumers' three-year contracts with retailers expire. LDCs read these meters and send energy usage information to retailers every month; however, since many customers are billed bi-monthly and some customers have multiple meters, the number of usage transactions is about half that of meters.

Monthly Retail Market Statistics

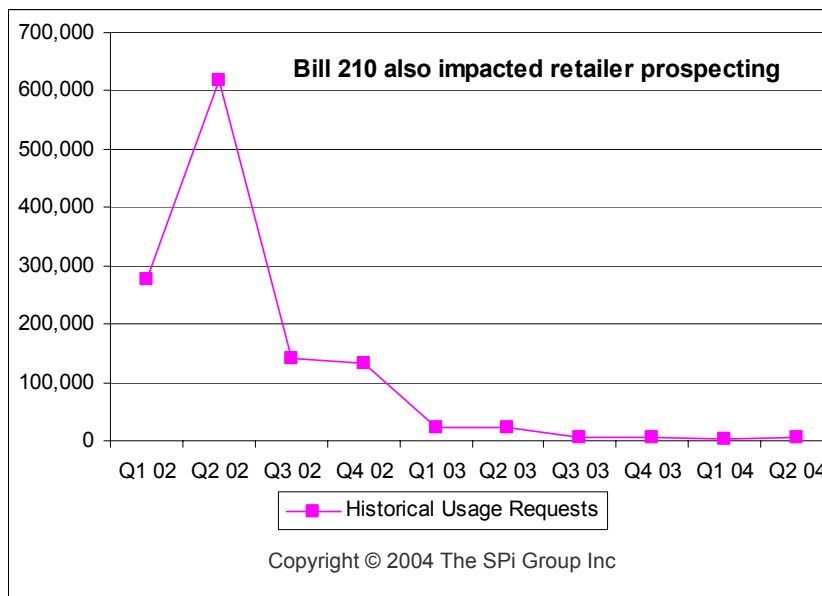


The graph above shows the number of meters in the retail market by quarter, along with the number of EBT transactions provided for usage data and the corresponding invoice data for customer bills. As expected, there is a high correlation between usage and invoice transactions.

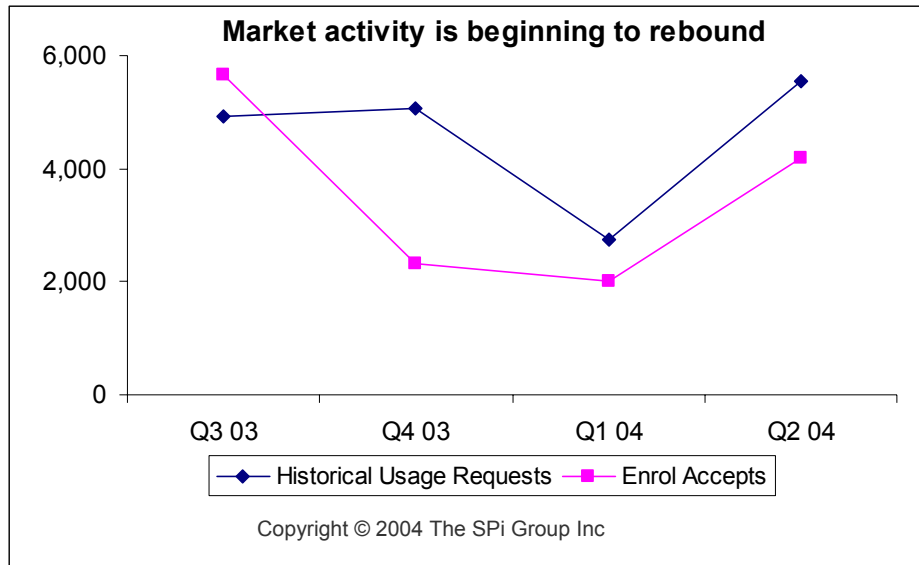
The graph below shows that the Ontario retail market was one of the most successful in the industry. Before it opened on May 1, 2002, about 700,000 customers were confirmed as having switched to a competitive retailer; this was unprecedented in the history of deregulation. This high switch rate is partly due to the fact that retailers had the opportunity to market for over two years prior to market opening. After market open, customer switching rates continued to increase with over 20,000 enrolments accepted in Oct 2002, primarily because of dramatic fluctuations in the Ontario wholesale market spot market price. In late 2002, the government capped retail market prices for the smaller users in the market to protect them from dramatic fluctuations in wholesale electricity prices. This greatly affected the retail market, leading to a significant drop in retailer enrolments from a peak of 20,000 enrolments in Oct 2002 to 1,300 enrolments in June 2004.



This action also affected retailer requests for historical energy usage for prospective customers—with the customer’s permission, retailers may request such information before enrolling them.



The data also shows early indications of the positive effects of the latest government electricity reform. There is a slight increase in customer enrolments as well as historical usage requests by retailers. Although some of the enrolments are a result of customer moves in which the retailer needed to re-sign an existing customer, historical usage requests are a strong indicator of activity, particularly in the commercial and industrial sector.



This report, which is based on data extracted from transactions flowing through SPi's XDi Data Warehouse, shows overall market trends. SPi can provide more detailed analysis of the data, for example, interval metered vs. non-interval metered customers, if requested.

For further information please contact: SPi_info@thespigroup.com.