



# Township of South Stormont

Rate(s) valid until 5 pm on February 24, 2023

# Who is Ontario Wholesale Energy?

We are a boutique Natural Gas and Electricity supplier that provides energy cost and risk management solutions to mid and large-size commercial customers



**30,000** customers in Ontario and growing



Combined **60+ years** of industry experience



Our major energy supplier is **Shell Energy** North America



## Office of Energy Supply

Thank you for expressing interest in Ontario Wholesale Energy Gas & Electric (a trade name of ONIT Energy Ltd.)

As Director of Energy Procurement and Supply, I am always pleased by the opportunity to explain how we can help the energy needs of your business. We strive to earn the respect and trust of our customers and would like to highlight our unique solutions.

### 100% Load Following

Traditionally, customers seeking large volume discounts for energy were left with the burden of managing their own consumption risk, matching their block purchases to their usage profile. Buying too much could result in losses when selling back to the market, while not buying enough could result in paying high prices during times of peak demand. We actively manage a large base of customers and pool them together to achieve the following:

- Leverage our total portfolio size for large volume purchases
- Assume all risk for our customers at wholesale prices – there are **no surprises**, ever

Energy rates in the spot market are at their most volatile during the winter and summer seasons and we highly recommend locking in protection for future years before prices rise even higher. Our special rates will apply regardless of how much energy is used.

We look forward to working together with you to manage your energy needs as well as explore product options that will help you maintain stability in your company's business.

Respectfully,



John Huang, Energy Risk Professional  
Director, Procurement and Supply  
Ontario Wholesale Energy Gas & Electric

Energy Solutions for Peace of Mind

2 Bloor Street West, Suite 2700, Toronto, ON M4W 3E2 T 1.844.604.7283 E info@ontariowholesaleenergy.com  
ontariowholesaleenergy.com

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## Our Supplier - Shell Energy North America

Shell Energy North America (US), L.P.  
1000 Main Street, Level 12  
Houston, TX 77002  
Tel +1 713-767-5400  
[www.shell.com](http://www.shell.com)

February 14, 2018

To: ONIT Energy Ltd. Customers or Prospects

Re: Purchase and Supply Arrangement with Shell Energy

Shell Energy North America (US), L.P. and Shell Energy North America (Canada) Inc. (collectively, "Shell Energy") have entered into a supply and financing arrangement with ONIT Energy Ltd. and its subsidiaries (collectively "ONIT"), pursuant to which Shell Energy serves as ONIT's primary supplier of gas and power. The arrangement provides ONIT the opportunity to purchase gas and power either from Shell Energy or through transactions with other suppliers in the competitively priced long and short-term gas and power markets. The arrangement also provides ONIT with a revolving credit facility that ONIT may use to allow flexibility in repayment terms and to provide for certain working capital needs. Shell Energy's dealings with ONIT are subject to ONIT's continued satisfaction of certain conditions and covenants, and required ONIT to pay fees to Shell Energy in consideration of the arrangement.

We are providing this letter to ONIT with the understanding that ONIT may from time to time provide it to its customers and potential customers that may request information regarding the supply and financing arrangements available to ONIT. The above summary of our arrangement is general in nature and speaks only to the arrangement between Shell Energy and ONIT as it exists on the date hereof. Shell Energy makes no representations or warranties regarding ONIT or its business or financial condition, and this letter may not be relied upon as a form of guaranty or other performance assurance in respect of ONIT's obligations. Shell Energy disclaims any duty to update this letter to inform any recipient of this letter of any amendment, extension or termination of our arrangement with ONIT or the existence of any defaults or the exercise of any remedies in connection therewith.

Sincerely,

Christopher Riley  
Vice President - East Retail  
Shell Energy North America (US), L.P.

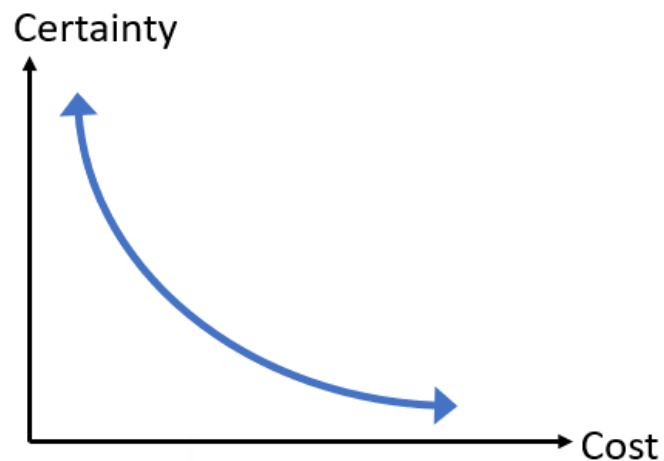
cc: David Balaban

# Managing Energy *differently*



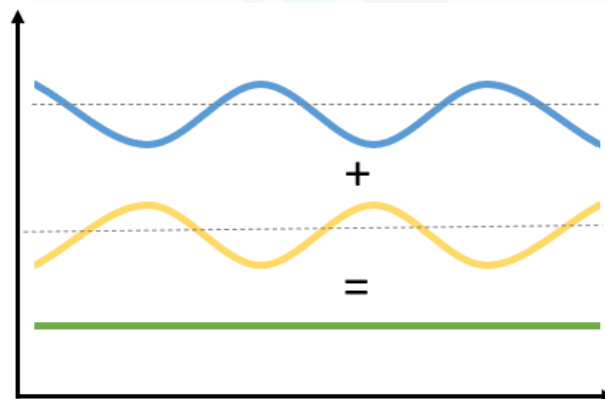
## Traditional way

High premiums for cost certainty



## Our Way

Combine many types of customers to reduce risk and buy in bulk



# Benefits of Program

- Best Daily Wholesale Rates
- Variable and Fixed Rate Options
- No extra commodity fees for changes in usage
- Special Introductory Rates
- 100% Balancing (Load Following)
- Complimentary Energy Assessment
- Energy Market Updates

**OWE** has a Referral Program which gives special discounts and benefits for signing up.

**We only share your business name, industry type and city.**

### **Our Referral Customers include:**

- Consolidated Dealers
- Osmow's
- Mary Brown's
- McDonald's Canada
- Pizza Pizza



### **Referral Program**

Gives special discounts and benefits for signing up



# Price Drop Protection

 Ontario Wholesale Energy  
GAS & ELECTRIC  
A trade name of ONIT Energy Ltd.

## PRICE DROP PROTECTION CERTIFICATE

as

PER YOUR REGISTRATION AGREEMENT YOU QUALIFY FOR BLEND & EXTEND

Customer may request this option if, during the Term, Customer's Price for Energy differs from the OWE posted price being offered to new customers for similar agreements of similar duration to this Agreement. To qualify, the Term of this agreement must be at least 3 years and Customer's request must be made at least 6 months prior to the End Date. Under the Blend & Extend option: (a) the Price will be amended to a new blended Price; (b) the Term will be deemed expired and a new Term of similar duration to this agreement will begin; (c) the blended Price and new Term will take effect as of the Customer's next billing period, or as soon thereafter as may be reasonably be effected by OWE; and (d) all terms of this Agreement except for the Price and Term will remain unchanged. Customer may Exercise the Blend & Extend option once per Location in any 3 year period.

USE ONCE IN YOUR MINIMUM THREE YEAR TERM

ISSUED TO: \_\_\_\_\_

DATE: \_\_\_\_\_ CONSULTANT: \_\_\_\_\_

By authority:  
Ontario Wholesale Energy Gas & Electric



  
David Hulyappa  
Director, Sales





# Natural Gas

- Current Market Conditions
- Regional and International Trends Affecting Rates
- Our Business Protection Solution



**Ontario Wholesale Energy**

**GAS & ELECTRIC**

*A trade name of ONIT Energy Ltd.*



# Current Market Conditions

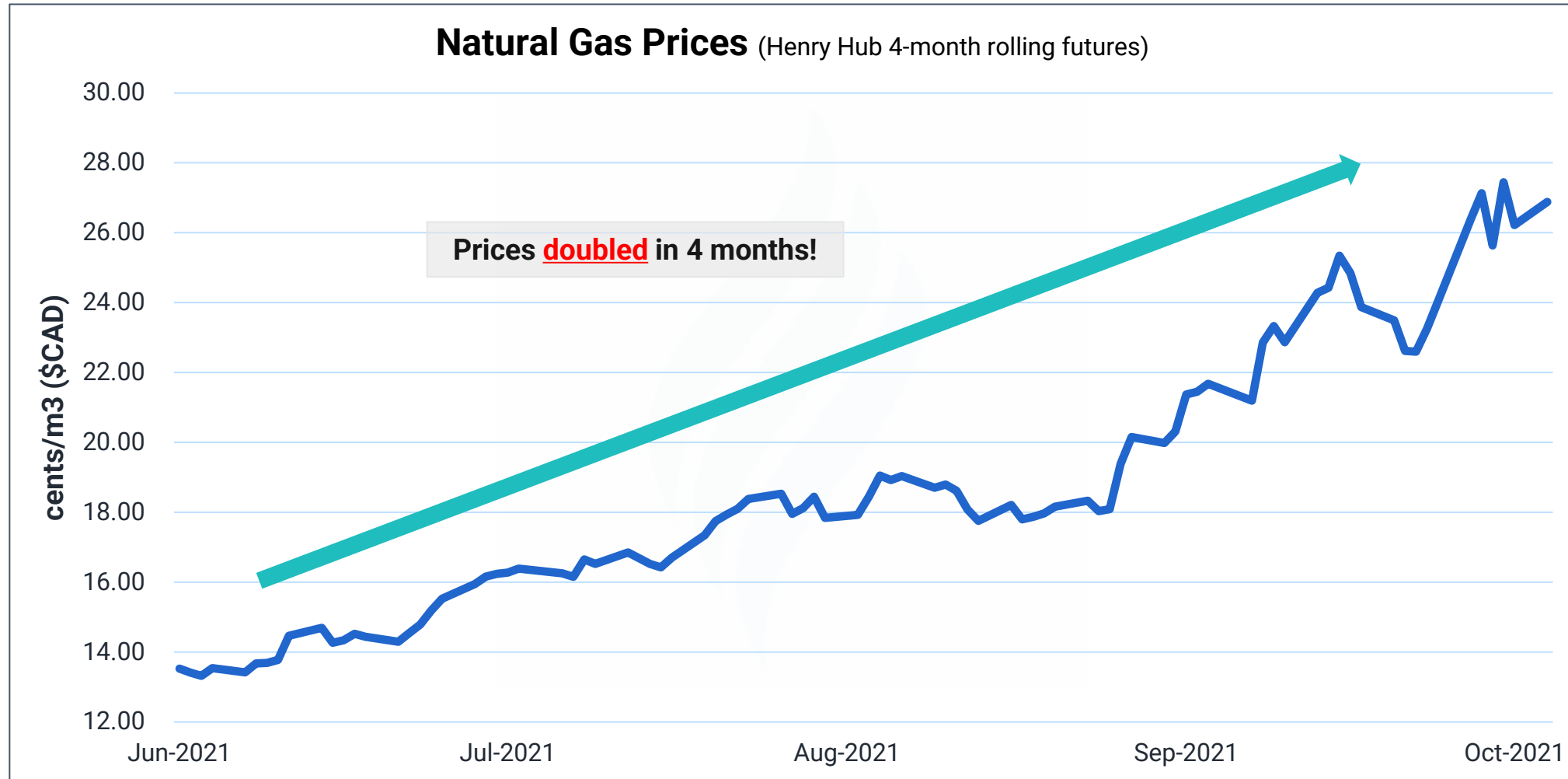


- Commodity rates increased in January 2022 (Enbridge rose 40% year-over-year) and expected to continue rising for rest of 2022.
- COVID-19 caused downturn = artificially depressed rates.
- Producers cut costs dramatically = reduced long term supply and possible shortages.
- More natural gas expected to be used for generating power in 2022 and beyond.



- Nuclear closures causing shift to more expensive sources of electricity.
- U.S. LNG exports continue to grow and could increase by 200% by 2026.
- Exports to higher-priced international destinations are putting pressure on domestic prices.
- Colder weather increases demand.
- Natural gas usage expected to increase for commercial and industrial purposes.

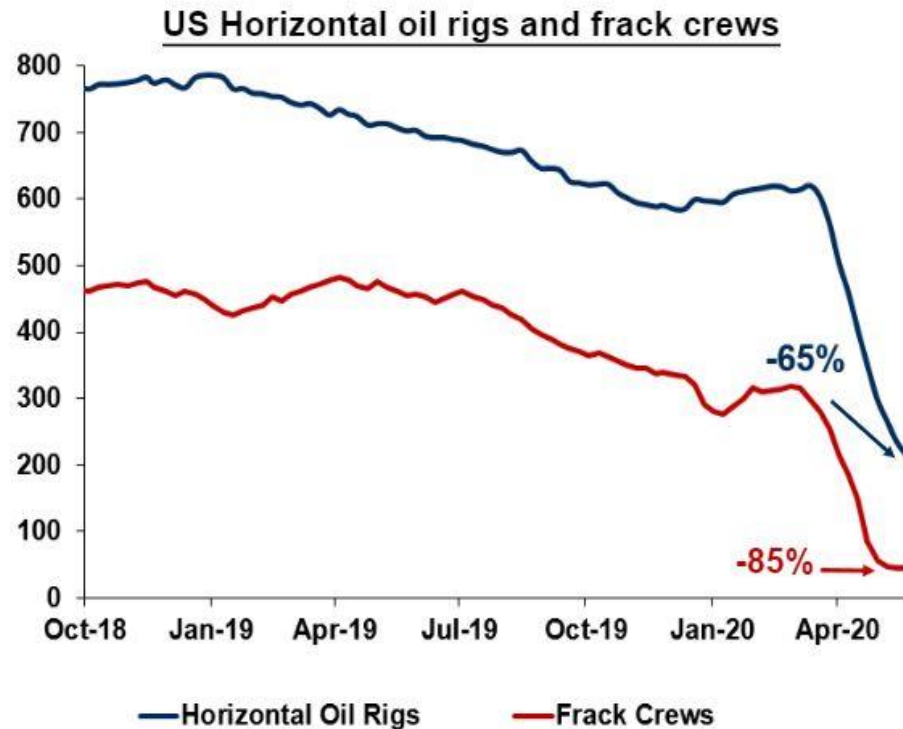
# Market Prices



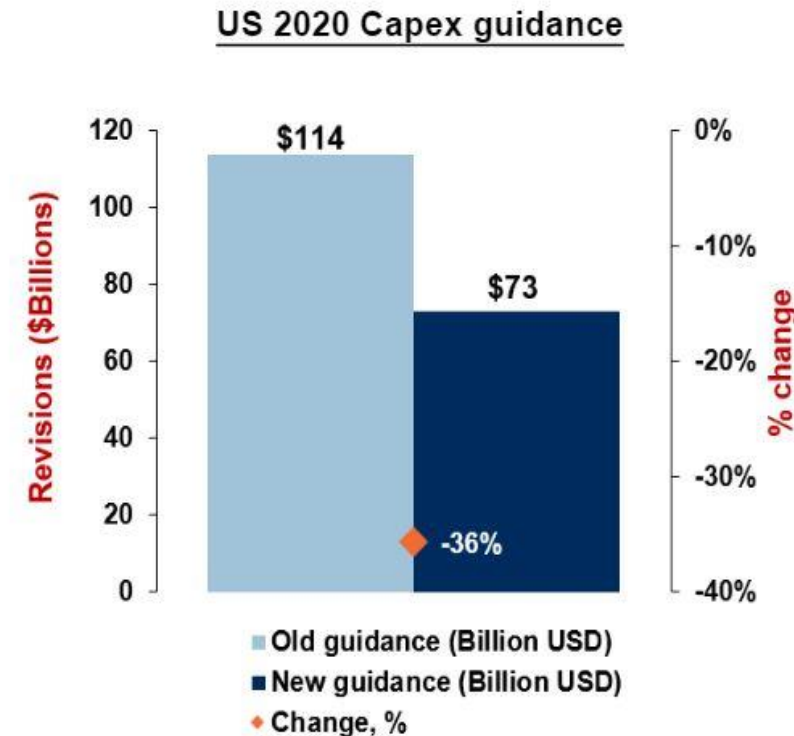
Source: NYMEX

# COVID-19 Impact

Since mid-March, US horizontal oil rigs down 65%, frack crews 85% and capex 36%, but drop starting to stabilize

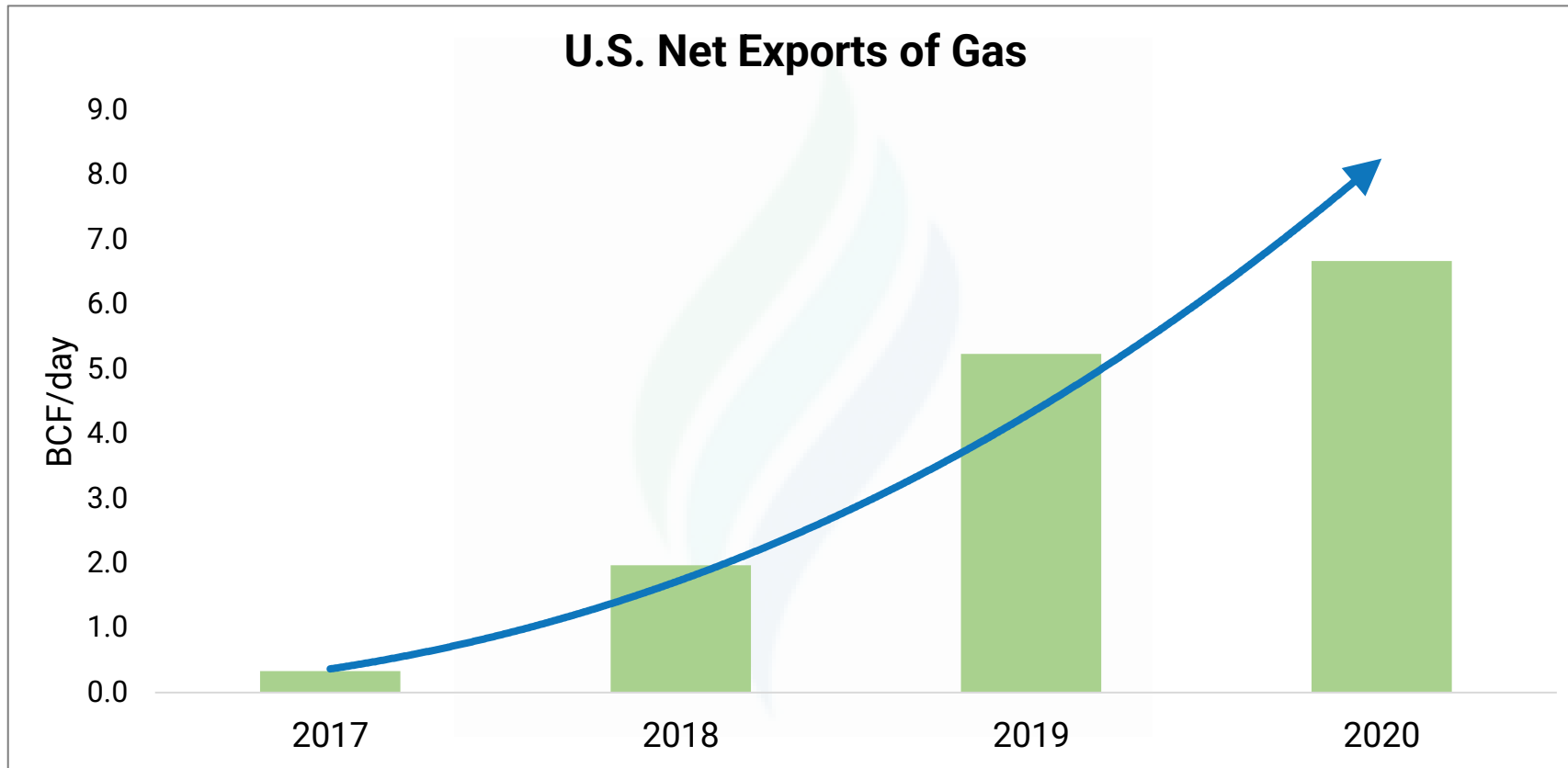


S&P Global Platts Source: Baker Hughes, Primary Vision



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# Export Outlook



Source: U.S. Energy Information Administration

# World Prices

## World LNG Estimated Landed Prices : Oct-21

Federal Energy Regulatory Commission [Market Assessments](#)



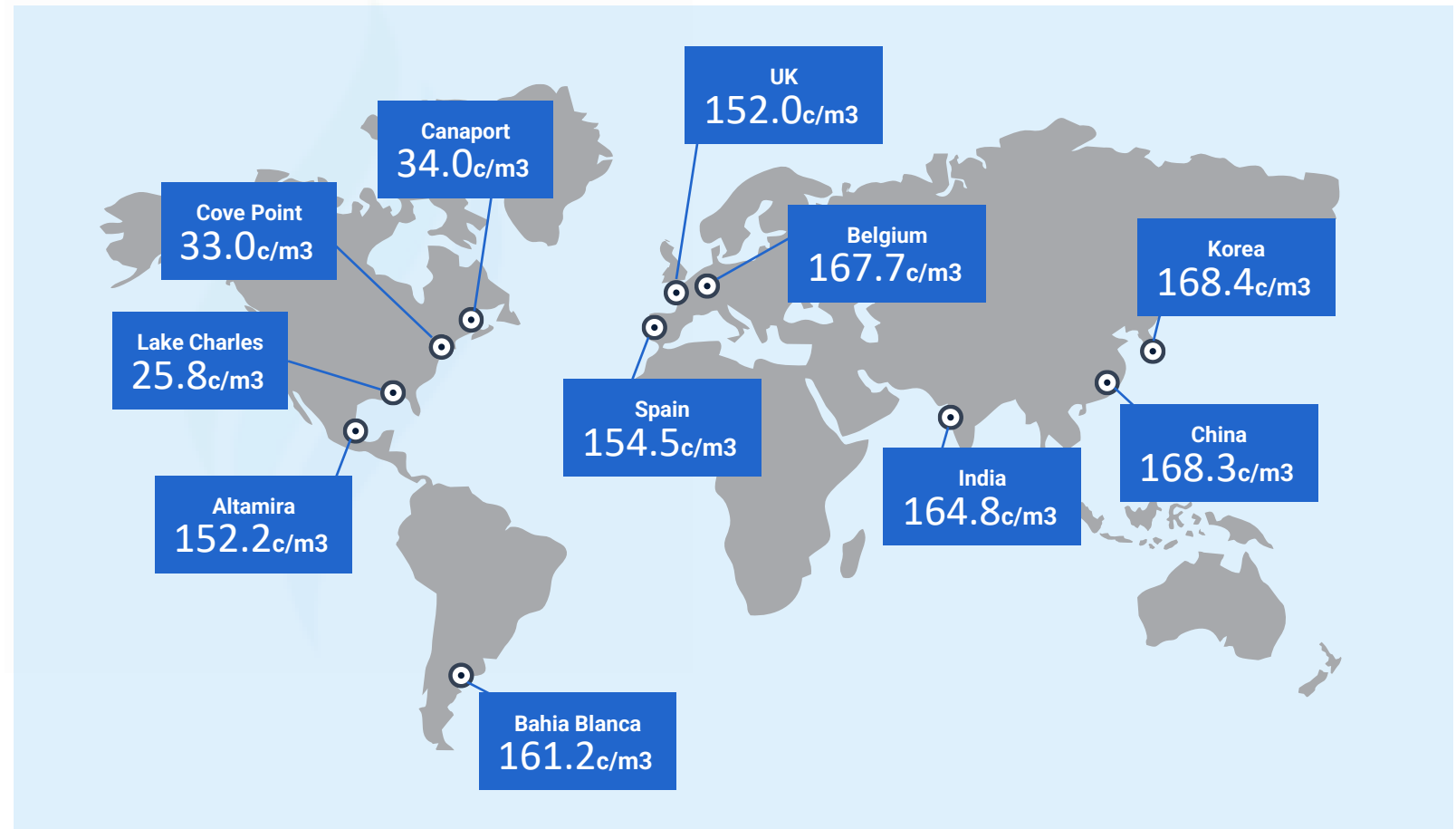
### Comparison

Prices 3-4X higher abroad



### Impact

Local prices follow international prices upwards



Source: Federal Energy Regulatory Commission

# Natural Gas - Price Protection Solution

5 Year Regular Retail Rate =

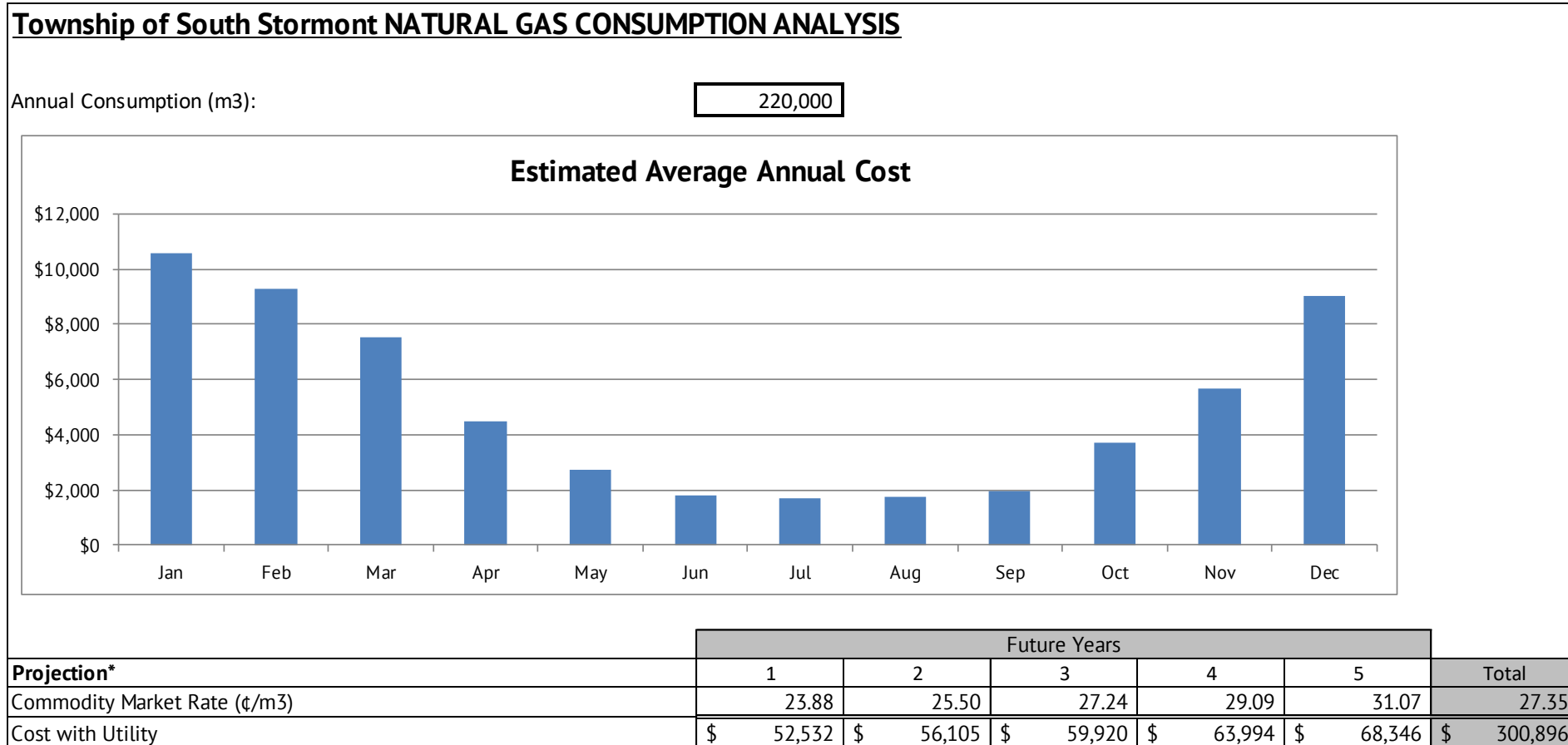
23.50 c/m<sup>3</sup>

**OWE Preferred Customer Rate =**

**20.95 c/m<sup>3</sup>**

- **Forecasting & Reporting:** reporting, usage analysis and cost comparisons
- **Rebates & Government Initiatives:** assist in application for eligible government rebates, implementation of conservation initiatives and cost reduction strategies
- **Rate Security:** utilize hedging strategies and portfolio size leverage to protect against long-term inflationary energy price hikes
- **100% Load Following:** rates are guaranteed regardless of consumption patterns and/or fluctuations in usage (no excess/overage fees)
- **Blend and Extend:** should an unprecedented market dip occur, OWE, at your discretion, will negotiate lower pricing based on availability – offering greater assurance, stability and peace of mind (Price Drop Certificate)

# Natural Gas Market Price Projection



Projections are based on latest available data as below. Actual results may vary due to weather, demand and/or other factors.

\* Based on commodity supply costs only and excludes transportation, delivery, taxes and other LDC costs.

\*\* Projection is based on 12-month futures prices for Empress natural gas from NYMEX/NGX on May 5, 2022 and annual increases of 5.7% inflation from Canada Consumer Price Index on March 16, 2022. Savings are not guaranteed.

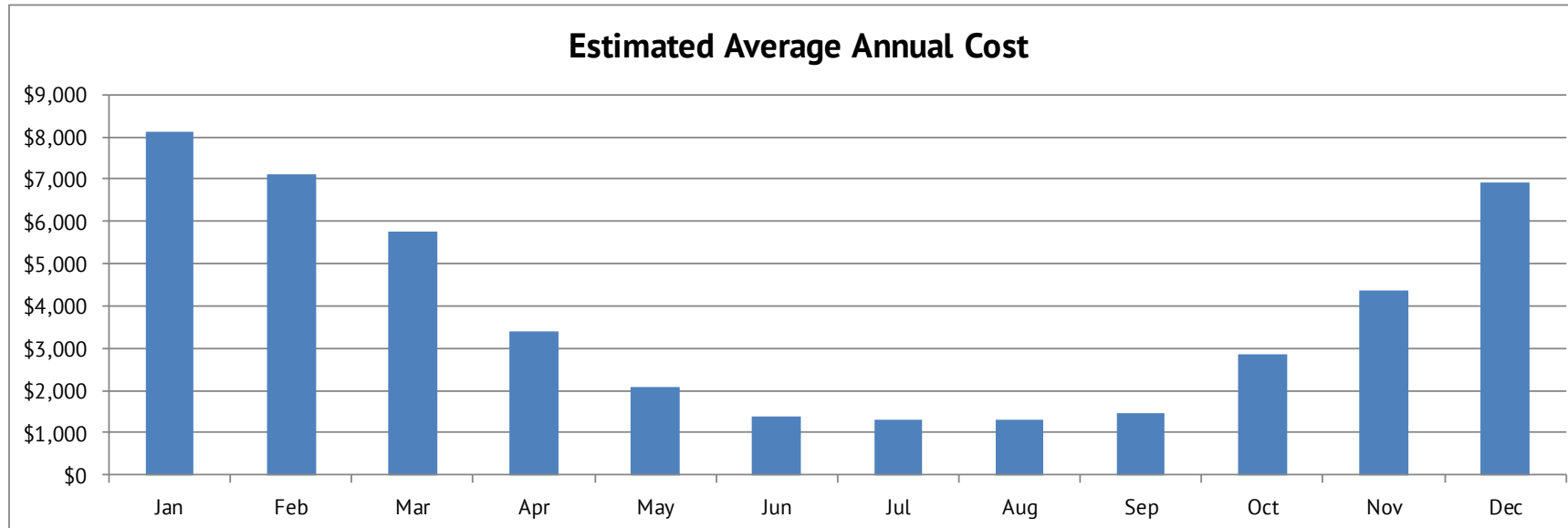


# Natural Gas PriceLock Projection

## Township of South Stormont NATURAL GAS CONSUMPTION ANALYSIS

Annual Consumption (m3):

220,000



Projection*	Future Years					Total
	1	2	3	4	5	
Commodity Fixed Rate (¢/m <sup>3</sup> )	20.95	20.95	20.95	20.95	20.95	20.95
Cost with OWE	\$ 46,090	\$ 46,090	\$ 46,090	\$ 46,090	\$ 46,090	\$ 230,450

*Projections are based on latest available data as below. Actual results may vary due to weather, demand and/or other factors.*

\* Based on commodity supply costs only and excludes transportation, delivery, taxes and other LDC costs.

\*\* Projection is based on OWE PriceLock rate. Savings are not guaranteed.

# Territory Manager: Chris Griffiths



587 966 2385



[Chris.Griffiths@ontariowholesaleenergy.com](mailto:Chris.Griffiths@ontariowholesaleenergy.com)



[www.ontariowholesaleenergy.com](http://www.ontariowholesaleenergy.com)