

WEEKLY MARKET UPDATE

Gas Market Update

Conservation Update

TransCanada To Increase Pipeline Toll Fees

The dramatic decline in Alberta's natural gas production has created another problem for the hard-hit sector: a surge in pipeline costs. TransCanada Corp., which moves most of the province's gas, is warning that its transportation tolls will rise by nearly 50 percent on its Canadian mainline system next year as it works to maintain profitability in the face of dwindling natural gas production. The higher costs come as the latest in a long series of punches to the bottom line for Alberta's suffering gas sector. Production in the province fell by about six percent last year, due to the freefall in gas prices, the emergence of new competition in United States shale gas reservoirs and changes to Alberta's royalty regime. TransCanada's tolls are expected to jump from \$1.19 to between \$1.65 and \$1.90 per gigajoule (about 1,000 cubic feet of gas) in 2010. To ease the blow, TransCanada is looking to decrease its own costs, and may spread out the toll hike over several years. The additional toll will not directly affect home heating bills, whose natural gas rates are based on broader market trading. It remains unclear, however, how long the toll pain will last, and whether it will accelerate the downward spiral in Alberta gas production. Transportation typically represents a relatively small percentage of a company's costs. The TransCanada mainline transports roughly half of Alberta's natural gas exports. Alliance Pipeline LP, which is 50 percent owned by Enbridge Inc., also moves Alberta gas. However, since the majority of Alliance's volumes are secured, declines in natural gas production tend to leave empty space primarily on the TransCanada mainline. As a result, gas producers shipping on the Alliance pipeline will see a small rise in tolls (standard annual increase) for 2010 rather than the volume-related hike being considered by TransCanada in order to offset the reduced production of natural gas from Alberta. *(Source: The Globe And Mail Website)*



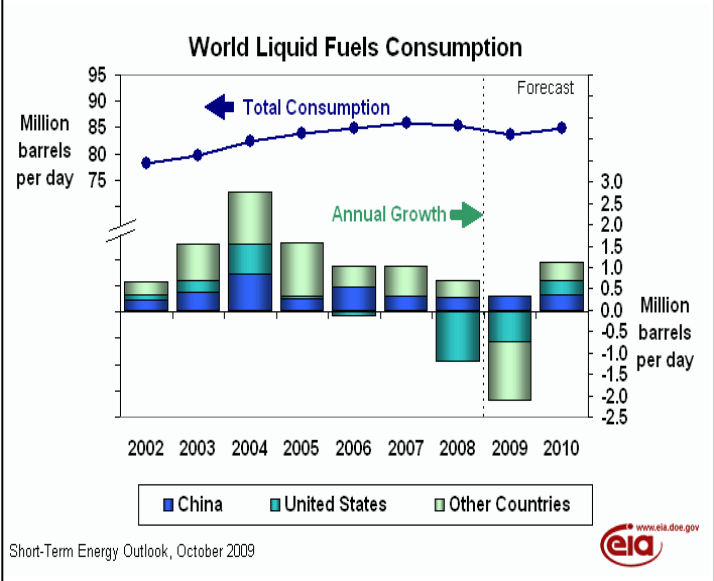
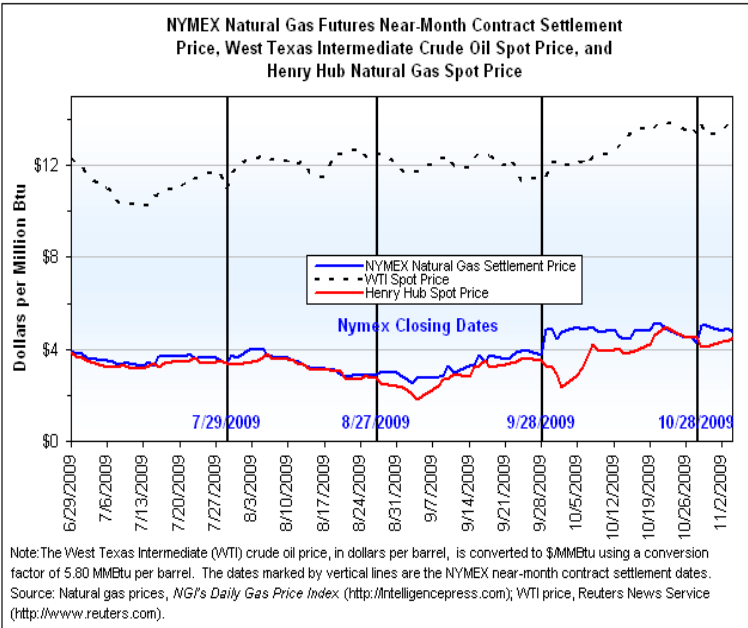
Taking A Load Off: Energy Use Controls

Italpasta Ltd. is spending a lot of time thinking about consumption, its own and that of its customers. The company, based in Brampton, Ontario, is the largest pasta manufacturer in Canada. To keep up with consumer trends, Italpasta is moving into more health-conscious lines. And, in another nod to the modern era, it is also increasingly focused on sustainability and energy conservation. Four years ago, Italpasta undertook a major upgrade to reduce plant power use when it learned of the Ontario Power Authority's demand response programs. The Ontario Power Authority was looking at how best to meet the aggressive conservation targets set by the province in 2005, and demand response was the result. There is a variety of demand response programs targeting larger businesses using more than 50 kilowatts of energy. These are large energy consumers that can manage their rate of electricity consumption for short periods of time to lessen the load on the power grid during peak use times. Italpasta signed up for a demand response three peak-shedding program in summer. "We are a three-shift operation and run six days a week. The busiest part of the plant is the packaging area", Riccardo Bordignon, Plant Manager and Vice-President of Operations says. He was nervous about the implications of shutting down front-end operations for four-hour blocks, as specified by the program. His concerns were allayed when he met with the agent, known as an aggregator, delivering the program for the Ontario Power Authority. In fact, the aggregator established Italpasta's load profile, analyzing its power consumption to create a baseline and help the company determine how it could best meet its conservation targets without negatively affecting the packaging aspect of the operation. Italpasta had its first request in August, and met its target for a 325-kilowatt reduction. "demand response gives us a flexible and affordable alternative to building new generating plants," says Sean Brady, Director of Demand Response and Industrial Programs at the Ontario Power Authority. "demand response and generation resources work together to meet the peak electricity needs of the province." *(Source: Financial Post Website)*

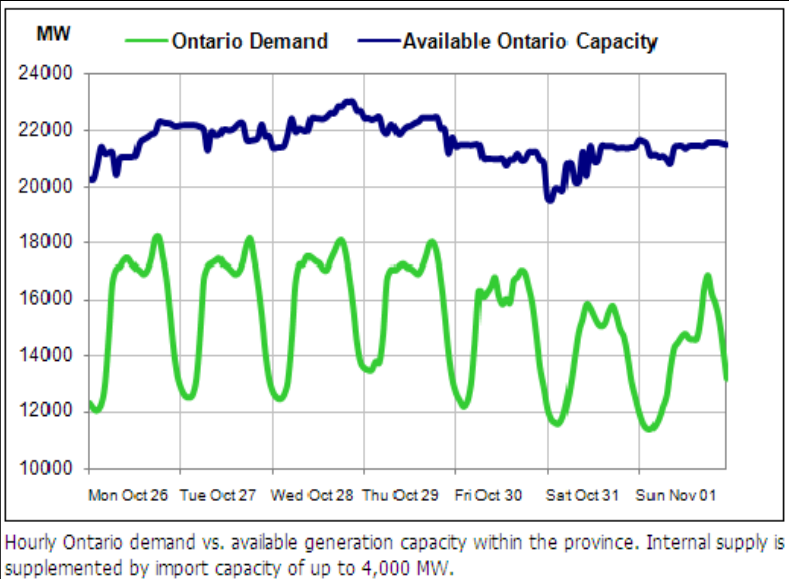


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At the New York Mercantile Exchange (NYMEX), the December 2009 natural gas contract fell \$0.34 per MMBtu, or 7%. The November contract expired on Wednesday, October 28. (Source: EIA Website)



Global oil consumption declined by 3.2 million bbl/d in the first half of 2009 compared with year-earlier levels. Members of the Organization for Economic Co-operation and Development accounted for most of the decline. Preliminary data indicates that oil consumption in the third quarter of 2009 was 1.2 million bbl/d below year-earlier levels. Energy Information Administration's (EIA) current macroeconomic outlook assumes that the world economy begins to recover at the end of 2009. As a result, EIA expects world oil consumption to grow in the fourth quarter of 2009 compared with year-earlier levels, which would be the first such growth in 5 quarters. (Source: EIA Website)



For the week ending November 1, Ontario's Peak Demand, was 18,170 MW and occurred on October 26, 2009 (between 7 pm to 8 pm). (Source: IESO Website)

