

**Gas Market Update****Renewable Energy Update****Natural Gas Decisions Something To Think About**

There's an interesting message being sent by at least three of the world's bigger energy players of late. And it has to do with natural gas. Royal Dutch Shell's CEO, Peter Voser was very clear in an editorial piece written for the Financial Times that it made more sense for the world to burn natural gas for power – not coal. Voser noted that coal-fired power, coupled with carbon capture and sequestration technology might provide an answer to the emissions puzzle, but that a faster and cheaper way to solve the problem would be shifting to using natural gas. And because he sees natural gas as being an important part of the overall energy mix, his company will see half its production comprised of this cleaner burning fuel by 2012. Then, BP's CEO, Tony Hayward offered a similar view. Natural gas, said Hayward, is a more realistic way of achieving emissions targets and it has the added advantage of being a cleaner fuel than coal, not to mention more affordable compared with the carbon sequestration options. ConocoPhillips recently made similar points. While the company is seeking to unload as much as \$10 billion US in assets, the method to the madness is about focusing its portfolio – and leveraging it to natural gas. Is there something we're all missing in Canada? As government officials stand proudly by their Carbon Capture and Sequestration (CCS) initiatives, the fact global energy players are giving a courteous nod to the CCS idea but turning around and endorsing natural gas should be getting people thinking. Maybe it does make more sense to look at natural gas as a fuel source with the capacity to achieve the carbon reduction targets the world is seeking within a shorter time frame – and at a better price than what it costs to outfit a plant with CCS gear. In natural gas rich Alberta, where per capita carbon dioxide emissions are three times the national average because of all the coal-fired power, it's certainly something to think about. (Source: *The Calgary Herald*)

**Ontario Green Energy Shifts Into High Gear**

Recently, the Ontario government announced the implementation of key steps to facilitate the development of renewable energy projects in Ontario. The steps that were discussed provide important pieces to the Ontario renewable power regulatory framework.

**Feed-in-Tariff (FIT) Program Launch**

North America's first comprehensive feed-in-tariff (FIT) program launched on October 1, 2009. There will be two phases to the application process. Applications received during the launch period, beginning October 1, 2009, and ending November 29, 2009, will be prioritized by the Ontario Power Authority (OPA) in a defined manner. Applications received after the launch period will be prioritized on a first-come, first-served basis. Applications received during the launch period will be assigned a time stamp in relative priority to other applications received during the launch period.

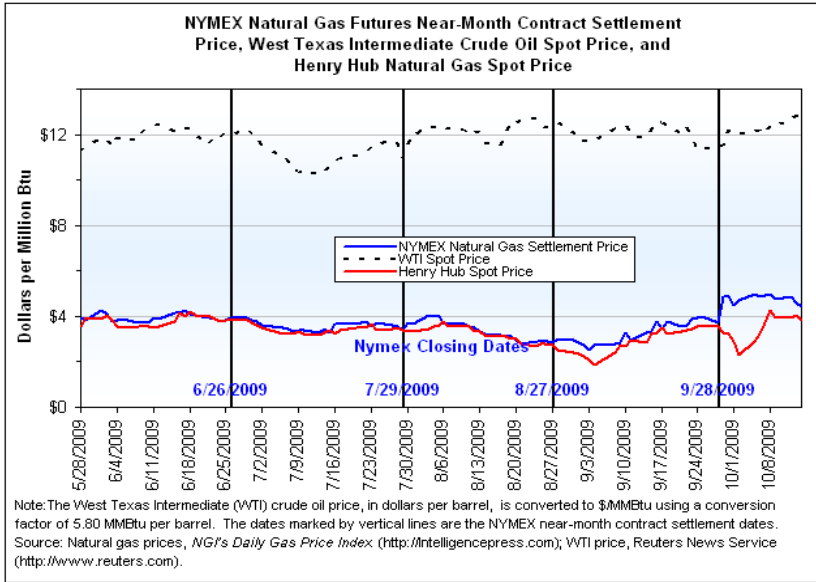
**Renewable Energy Approvals (REA)**

A REA is now available and regulated by the Renewable Energy Approvals Regulation (Reg 359). A REA, which is an approval that is required for certain renewable energy generation facilities (REGF), provides an almost "one window" approach that combines former requirements for municipal planning approvals, environmental assessments, certificates of approval, permits to take water and other provincial approvals. The Ministry of Natural Resources will continue to issue approvals for renewable energy projects under legislation that it enforces, but will do so in a manner that is coordinated with the REA.

**Domestic Content**

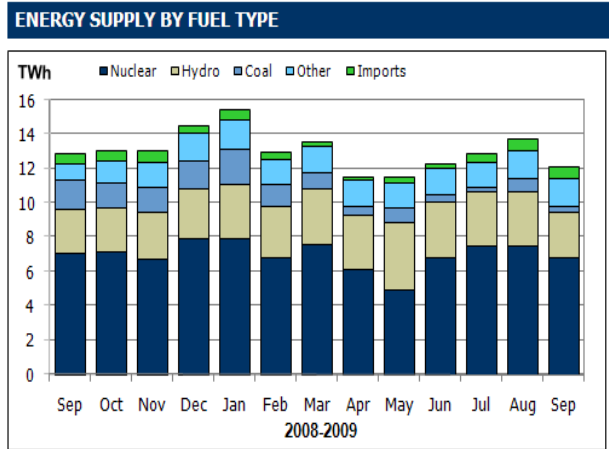
The FIT program has "Minimum Required Domestic Content Level" rules that require certain wind and solar energy project developers to ensure that a specified percentage of their facilities' project costs come from Ontario goods and labour by the time the facility reaches commercial operation. If a facility does not meet the Minimum Required Domestic Content Level, the project developer will be in default under its FIT contract. (Source: *Financial Post Website*)

# WEEKLY MARKET UPDATE



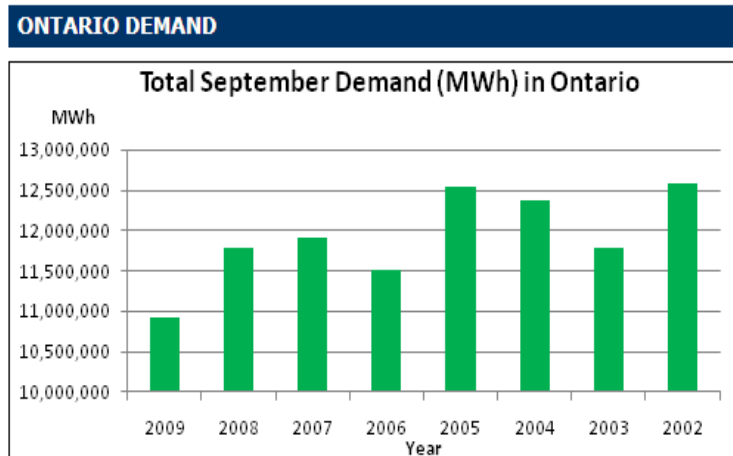
At the NYMEX, the price of the near-month contract (for November delivery) decreased nearly 10% during the week ending October 14. The combined price decrease came about as traders reacted to forecasts of rising temperatures next week. As of October 14, the November contract is priced higher than the monthly expiration price of the October 2009 contract. However, compared with the expiration price of November contracts from the previous 2 years, the difference in price for this year's November contract is still stark. (Source: EIA Website)

Supply By Fuel Type for September		
Nuclear:	6.8 TWh	56%
Hydro:	2.7 TWh	22%
Coal:	0.3 TWh	3%
Other (gas, oil, wind, etc.):	1.6 TWh	13%
Imports:	0.7 TWh	6%



\*A Megawatt (MW) is a unit of electrical power equal to 1 million watts. (A typical light bulb uses 100 W of power). A Megawatt-hour (MWh) is the measure of 1 million watts produced or consumed in 1 hour. For example, 1 MWh is enough electricity to power 10,000 light bulbs for an hour. A Gigawatt-hour (GWh) is equal to 1,000 MWh. A Terawatt-hour (TWh) is equal to 1,000 GWh. (Source: IESO Website)

Total Monthly Demand for September	10,932 GWh
Highest Hourly Demand (at 4:00 pm on Sep-08-09)	19,731 MW
Lowest Hourly Demand (at 4:00 am on Sep-20-09)	10,890 MW
Average Hourly Demand:	15,183 MW
Average Hourly Available Capacity:	23,832 MW
Average Hourly Imports:	941 MW
Average Hourly Exports:	1,633 MW



Source: IESO Website