

North America has an energy waste problem. And Direct Energy, one of Canada's largest energy companies, is on a mission to not only help change that, but in the process, it's helping its customers save money.

Power provider. Energy saver.

One of the largest energy providers in the country, Direct Energy is also fast becoming one of Canada's largest energy savers thanks to the many ways it helps residential, commercial and industrial consumers reduce their energy consumption.

For most of this decade, Direct Energy has been offering an expanding list of programs and services that allow homeowners and businesses to reduce their consumption of both electricity and natural gas.

On the residential side, Direct Energy helps homeowners take advantage of federal and provincial rebate programs to upgrade energy-hungry equipment such as furnaces and air conditioners. Typically, the biggest single impact for a residential customer is furnace replacement, in regards to both government rebates and energy savings. This year, the company will carry out about 3,000 energy efficiency assessments under the federal ecoENERGY program.

Direct Energy's programs to conserve energy are even more ambitious with regards to commercial and industrial users. "Heating and cooling are a big part of what we do, but our services also extend into what we call energy performance contracting," said Rob Comstock, the company's senior vice-president of Canada Services.

Under an energy performance agreement, Direct Energy will investigate possible energy savings not just with regards to heating and cooling requirements, but also what impact factors such as current lighting systems, windows and other equipment have on energy usage. "Companies can make a big impact on energy consumption by better



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Direct Energy works with businesses and homeowners to help them reduce their consumption of both electricity and natural gas.

managing their systems and using energy more intelligently," said Mr. Comstock.

Woodbine Entertainment Group worked with Direct Energy to make its facility more energy efficient, a three-year process that included retrofitting a boiler plant, installing power-saving lighting controls and updating building automation systems. "We have helped Woodbine to save about 14 per cent of its baseline utility costs, which is a yearly savings of about \$440,000," said Mr. Comstock.

Direct Energy worked with the Hudson's Bay Company (Hbc) to implement various energy initiatives over a period of time, using cutting-edge technology and just plain common sense, to reduce their impact on the environment. In the process, Hbc has been able to save significantly by reducing its power consumption by as much as 25 per cent in some cases. "These are projects that shed electricity consumption over the longer term. They have a much bigger impact than turning something off

temporarily during a period of peak demand," said Mr. Comstock.

For commercial and industrial users, Direct Energy offers Energy Performance Contracting where a team of engineers assess a facility or an entire business and determine where energy can be saved with a list of specific upgrades and energy-saving additions with their costs and corresponding savings. Under these contracts, Direct Energy agrees to manage the efficiency projects, track energy usage and make good on any

promised energy savings.

Direct Energy is also a key member of the Canadian Environmental Equipment Manufacturers Alliance (CEEMA), which helps businesses and other large energy users reduce consumption through advances such as smart monitoring, high-efficiency chiller units (for air conditioning) and geothermal heat pump systems.

"It is all based on using technology to save energy," said Murray Weightman, president of the CEEMA, whose members have includ-

ed SMART Chillers, Mitsubishi Electric Canada, The Cooling Tower Company (TCTC) and EnviroTower. "We aim for energy savings per technology of 25 to 30 per cent."

Direct Energy is currently working on bringing to market smart energy management systems for homeowners that deliver the same sort of energy savings that businesses now enjoy. "We have been out testing various systems to get something in people's homes that assists them in managing their energy," said David Dollihite, vice-president of Product Development with Direct Energy.

One of those tests took place in Milton, Ontario, where Direct Energy, Milton Hydro and Bell worked in collaboration to develop the Direct Energy Smart Home Energy Conservation Program and research project. Results from the program showed dramatic savings for some participants, including up to 44 per cent energy savings during peak demand periods.

For such systems to gain widespread acceptance in North America, it will have to be smart and cheap (under \$100), Mr. Dollihite noted. A smart system would allow energy providers to monitor an individual home's energy meter and thermostat and provide consumers with "real-time energy information so that they can see cause and effect," and even set a monthly energy budget, Mr. Dollihite said.

"One of the things that we always say is we don't have an energy problem in North America, we have an energy waste problem," he concluded. "What Direct Energy is trying to provide is a product or service that will lower our customer's bill."

About Direct Energy

Direct Energy is one of North America's largest energy and energy-related services providers with over 5 million residential and commercial customer relationships. Direct Energy provides customers with choice and support in managing their energy costs

through a portfolio of innovative products and services. A subsidiary of Centrica plc (LSE: CNA), one of the world's leading integrated energy companies, Direct Energy operates in 20 states plus DC and 10 provinces in Canada.

A vision for a smarter energy future

Q&A: Chris Weston
President & CEO,
Direct Energy

What are your views on energy conservation?

Consumers want to save money and reduce their energy consumption, as long as it doesn't infringe on their lifestyle. The question for our industry is how do we create products and services that deliver this type of value to consumers? Getting people to change their behaviour – to turn off lights or run the washing machine in off-peak hours – requires them to actively think about saving energy, but 99.9 per cent of the population has more exciting things to think about. It's up to us to deliver innovative energy efficiency solutions to our business and residential customers.

So does Direct Energy help its customers save energy?

For starters, our Services business helps our customers make energy-saving structural changes to their homes and businesses. By weatherizing a home, upgrading the air conditioner or installing a high-effi-



Direct Energy president and CEO Chris Weston leads the company's charge to deliver innovative energy efficiency solutions to business and residential customers.

PHOTO: SUPPLIED

ciency furnace, consumers can significantly reduce their energy consumption. The challenge is these improvements have an upfront cost before the savings are gained.

What role does technology play in saving energy?

Technology is going to be the single biggest game changer in our industry for the foresee-

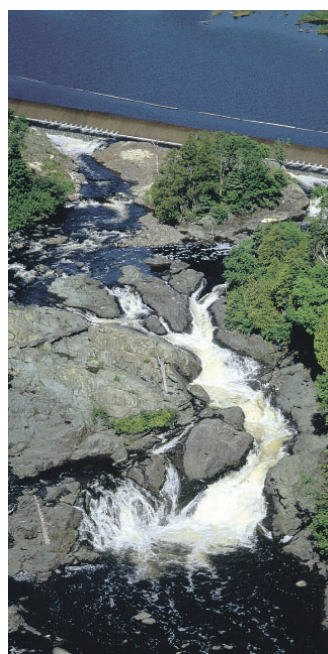
able future. As a company that is here in Canada for the long run, Direct Energy sees value in supporting the development of new technologies like e-Radio, an Ontario-developed load-control solution that operates over FM radio frequencies, and home energy management systems that work through web or cable interfaces. These initiatives are only in the early stages, but we believe eventually they and other solutions will give consumers the ability to save energy without thinking about it.

Are competitive power markets part of the solution?

We believe introducing competitive energy markets and effective price signals across North America is key. Competition will ultimately help us to make rapid progress in two areas that are fundamental to smarter, more sustainable home energy use. Firstly, effective price signals help to drive efficient energy usage. Secondly, competitive markets encourage private investment – rather than investment by ratepayers – to drive innovation, conservation and new generation.

New program greens Ontario customers' power supply

The largest energy retailer in Ontario, Direct Energy is becoming a whole lot greener when it comes to delivering electricity to residential and small commercial



Direct Energy is committed to supporting environmentally conscious initiatives by offering customers innovative green electricity plans.

PHOTO: COURTESY OF BROOKFIELD RENEWABLE POWER

customers across the province.

Direct Energy's new and renewing electricity customers in Ontario can both do good and feel good knowing Direct Energy's offering of green electricity plans can help offset the emissions created by their electricity usage through the purchase of Renewable Energy Credits (RECs). These RECs are currently sourced from low-impact hydroelectric generation facilities based in Ontario.

"We are currently offering our lowest advertised, five-year, fixed-price Green Electricity Price Protection Plan in Ontario," said Tanis Kozak, general manager of Canadian Mass Markets Energy.

Direct Energy offers customers a choice of two green electricity plans: its five-year, Green Open Flex plan, which floats with Ontario wholesale market prices plus 2 cents/kWh; or the five-year, Green Electricity Price Protection Plan under which customers pay 7.99 cents/kWh.

"We're responding to requests from customers for more environmentally conscious energy options," said Ms. Kozak. "However, this

doesn't give people a licence to use more electricity – regardless of what products or services our customers may have, we always recommend consumers do what they can to reduce their energy consumption; this product allows customers to support renewable initiatives."

Direct Energy's Home Services business also offers a variety of energy-efficient products and services such as high-efficiency heating, ventilation and air conditioning equipment, as well as home energy audits.

Direct Energy feels confident about the move towards renewable energy sources, and it does not currently offer anything other than green electricity plans in Ontario to new and renewing residential and small commercial customers. "Customers asked for it and we really see it as a step to being the supplier-of-choice for Ontarians as a provider of green electricity plans in the province, and to support the development of more environmentally conscious energy generation," said Ms. Kozak.

For more information, please visit www.directenergy.com.

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