

PLANET ENERGY

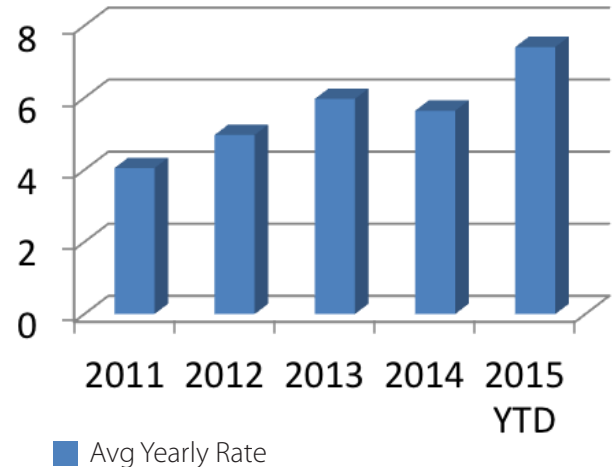
GLOBAL ADJUSTMENT EXPLANATION



WHAT IS THE GLOBAL ADJUSTMENT?

The Global Adjustment (GA) is mandated by the Ontario government. It is regulated by the Ontario Energy Board (OEB), and calculated by the Independent Electricity System Operator (IESO) each month. The GA affects every electricity customer in Ontario regardless of how you purchase your electricity. The GA is included in Time of Use (TOU) and Regulated Price Plan (RPP) rates, but will appear as a separate line item on your bill when you select a Retail Energy provider like Planet Energy. The GA can be either a credit or a charge depending on the changing market price; however, since 2006 it has generally been a charge. The GA reflects the differences between the market price of electricity and the regulated or contract prices that are paid to generators for the electricity they produce.

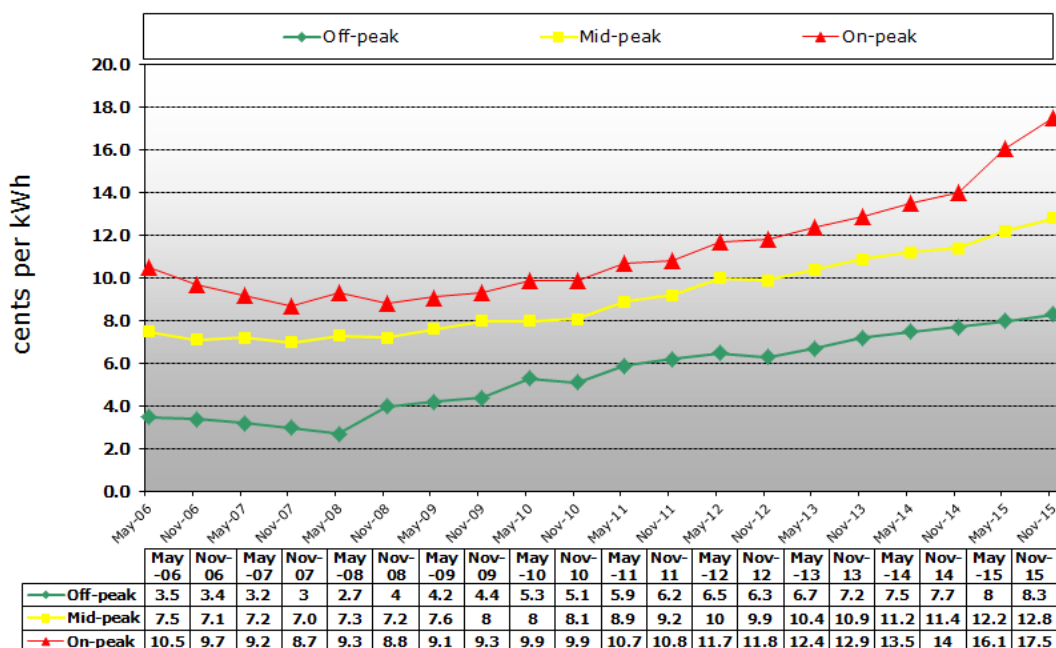
Global Adjustment
(c/kWh)



FIXED RATE VS. VARIABLE UTILITY RATE?

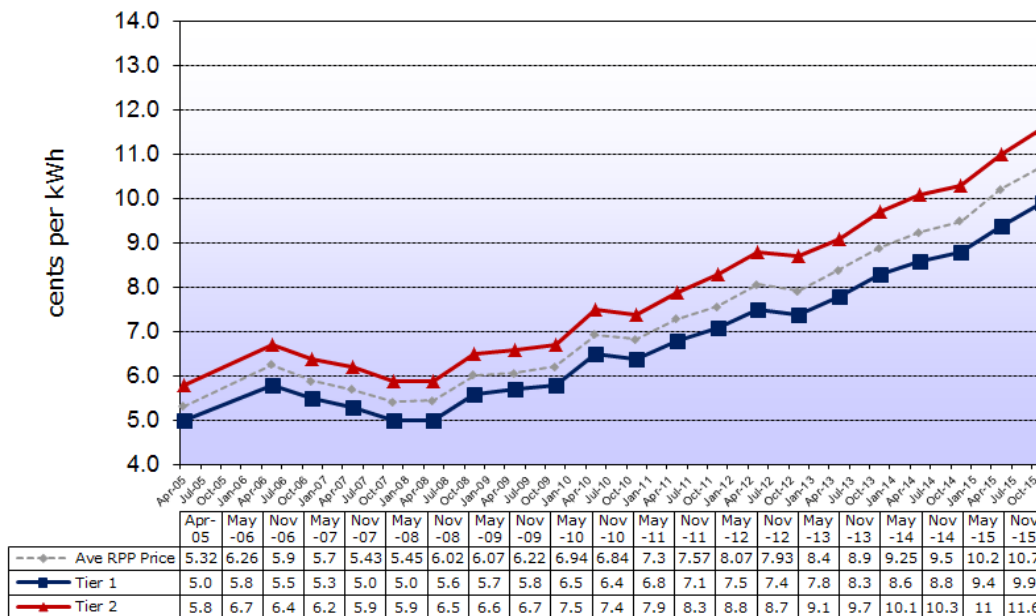
Utilities only generate revenues on the delivery of the electricity, not on the commodity itself, so they pass through the cost of the electricity and can only offer consumers TOU or RPP Variable rate plans. Variable rates change with the market conditions each billing period. The OEB and IESO set the rates and manage the energy grid. Planet Energy offers a variety of Fixed Rate plans. Fixed Rate plans provide the same rate for the full duration of a contract term regardless of changes in the energy market. So when the market spikes or drops, the customer can budget and pay the same rate every month.

The following charts from the OEB indicate that both TOU and RPP rates have been increasing over time. Please note these rates already include the GA.



TIERED PRICES

The following table and chart track commodity prices for tiered customers. Time-of-use pricing replaced tiered pricing for households and small businesses beginning in 2005. Under tiered pricing, customers are charged two rates for electricity: a lower rate for the first chunk of electricity used and a second, higher rate for all additional use.



The following chart compares the average yearly Planet Energy Fixed Rate + GA charge, versus the average yearly utility TOU rates for Peak, Mid-Peak, and Off-Peak rates.

As the chart indicates, on average the combined Planet Energy/GA rate has been consistently lower than the average utility TOU Peak rate, roughly even for the Mid-Peak rate, and higher than the Off-Peak rate. How that will affect your total costs is highly dependent on when you use your electricity.

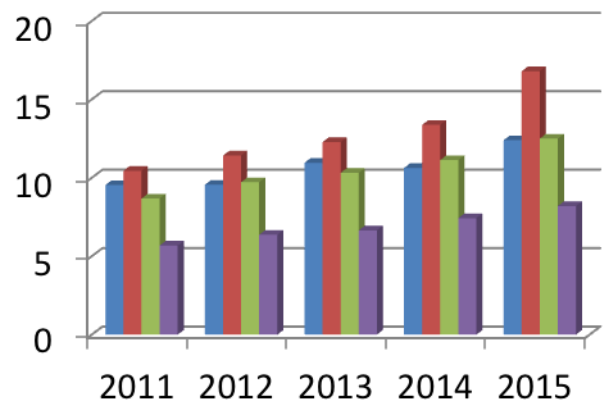
TOU rate plans charge consumers a higher rate when they use energy during peak demand times (when there is the highest demand for power on the Ontario energy grid), and a lower rate if they opt to move their usage to non-peak usage periods. While it may be an option to schedule some usage for non-peak hours (washing/drying clothes, etc.), TOU rates can be costly if you cannot or do not want to shift usage (air conditioning in the Summer, energy used during normal operating hours of a small business, etc.).

A fixed rate provides customers with one set electricity rate regardless of the time of day, allowing customers to use energy and schedule their daily activities when and how they want to.

While there is no guarantee where rates will go, Fixed Rate plans provide the peace of mind of knowing that you will pay the same rate for the full term of the contract regardless of the weather or fluctuations in the market.

There is no "perfect" plan that guarantees both the lowest rate and full rate protection over time. Each customer needs to determine which is the most important to them.

Average Yearly Rates
(c/kWh)



■ PE Fixed Rate + GA ■ TOU Mid-Peak
■ TOU Peak ■ TOU Off-Peak

Please refer to the following websites for additional information:

- Ontario Energy Board (OEB)
<http://www.ontarioenergyboard.ca/OEB>
- Independent Electricity System Operator (IESO)
<http://www.ieso.ca/>