

Message from the CEO



Welcome to the spring edition of our newsletter. The first quarter has been a very exciting period for The SPi Group. On March 12, 2009 we announced that ERTH Corporation, a diversified energy services company based in southwestern Ontario, offered to purchase The SPi Group Inc., and the transaction is expected to close on April 30, 2009.

The acquisition by ERTH Corporation is an excellent strategic fit with SPi's business objectives. SPi will now be able to offer a complete meter-to-cash solution, expand our services into multiple jurisdictions, and

take advantage of the newly emerging opportunities in the energy and utilities sectors. Look for a special edition of our newsletter on the acquisition in May 2009.

In other news, SPi will again be holding its annual charity golf event on May 28, 2009 at the Saw Whet golf course in Oakville. Last year with your help we raised \$3,900 for the SickKids Foundation. For information on the event including sponsorship opportunities please call Ron Osborne or Sarah Iqbal.

I look forward to seeing you on the course. Please enjoy this edition of our newsletter.

Ven Seshadri

Preparation and Implementation Services for the Ontario MDM/R

The SPi Group and Sky Energy Consulting are providing LDCs a complete preparation and implementation service for the Ontario MDM/R.

Many LDCs are inundated with numerous priorities, leaving them with little time to understand the MDM/R implementation process. Under the new Green Energy Act the province has targeted 3.6 million smart meters to be billed on time-of-use rates by May 2011. Our new service simplifies the process and helps support LDCs in meeting their obligations. The key to a successful implementation rests with a full understanding of the technical requirements documents, allowing for an accurate impact assessment of systems and business processes.

The elements of this new service include Program Management, Project Management, Business Support Services, Technical Support Services, Retail Settlement Support and Time-of-Use Implementation Support.

SPi and Sky are providing initial assessments and workshops to assist LDCs in getting started. For more information, please contact Ron Osborne at 416.408.1395 x 235.

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Hub and Market Metrics

	2009 YTD	Since Market Opening
Hub Availability	99.99%	99.92%
Total Transactions Processed	9.57M	271.86M
Enrolment Request Transactions	49K	3.21M

Watt's New

- SPi sponsored the EDA Annual General Meeting and ENERCOM Conference that was held on March 8 to 11, 2009.
- SPi, in conjunction with CPower of New York, will be launching an LDC DR3 Program later this month.
- SPi's new web presentation tool for smart metering will be available for client demonstrations in May 2009.

Retail Settlement Proposal for Smart Metering - Update

SPI continues to lobby the Ministry of Energy and Infrastructure and the IESO for consideration of its proposal to handle retail settlements via the EBT infrastructure. Our position is that the EBT infrastructure should be leveraged for this purpose rather than replicating its functionality in the MDM/R, which will be expensive and time-consuming. This position was expressed in SPI's submission to the OEB in response to recent proposed changes to sections 11.1 and 11.2 of the Retail Settlement Code.

We have significant feedback from discussions with both retailer and LDC clients that the majority of market participants would prefer to continue to use the EBT system for transactions within the retail market. SPI's proposal demonstrates that, with minimal cost and disruption, the existing EBT infrastructure can not only solve all of the issues with respect to retail settlement and retailer access to hourly consumer data, but also facilitate the Ministry's conservation objectives by presenting a solution well ahead of any MDM/R-based solution.

The Solution

SPI's solution can be implemented simply by modifying a small number of existing EBTs, and adding a feedback path from the hub to the LDCs for settlement information purposes. In this proposal the existing Usage and Historical Usage EBTs would be modified specifically for smart meters. These special EBTs will:

- Initially not contain any consumption information; instead, they will contain the meter identification information in the MDM/R for that customer account and billing cycle.
- Allow the hub to intercept these transactions, obtain the related hourly meter data from the MDM/R on behalf of the LDC using existing MDM/R interfaces, insert the interval data into the EBT and forward it to the authorized retailer.

For settlement purposes, SPI proposes the following:

- Each time the hub populates a smart meter Usage EBT, it can also calculate the commodity cost based on hourly prices and hourly consumption.

SPI in CN Tower Climb

SPI entered two teams in the April 16th CN Tower Climb for the World Wildlife Fund. We had 11 people on our teams, including SPI staff, family and industry friends. Our teams placed 30th and 175th of 291 corporate teams. Congratulations to our fastest climber, Ron Clark of Aird & Berlis, who was 31st of 1,862 individual climbers with a time of 13:37 minutes. In total, the SPI teams raised over \$3,000 for WWF.

- If the LDC is not equipped to calculate the settlement information, the hub can provide the data to the LDC on a daily basis in batch format.
- The LDC can import the settlement information into its CIS, and use it to create the appropriate settlement EBTs.

In this solution, the EBT hub is connected to the MDM/R's standard interfaces, resulting in one connection to the MDM/R for retailers rather than connections for 15 or more retailers.

The Benefits

The SPI-proposed solution provides the following benefits to the market:

- Leverages existing market functionality and infrastructure.
- Enables LDCs to incrementally enable TOU billing for retailers as and when they are ready to begin treating smart meters as interval meters.
- Preserves the LDC's role as guardian of customer data.
- Reduces risk by leveraging both the existing infrastructure and change management processes.
- Enables retailers to market TOU products in the short term using their current EBT systems.
- Leverages the current interfaces proposed for the MDM/R.
- Can be implemented at lower cost relative to an MDM/R-based solution with less potential disruption and risk to the market.
- Enables the IESO to focus on connecting LDCs to the MDM/R to expedite the Ministry's objectives with respect to the Green Energy Act.

For more information on the proposal, please contact Ron Osborne at 416.408.1395 x 235.

Product News

- SPI and CPower will launch their DR3 program for LDCs shortly.
- SPI's new web presentment tool for smart metering will be available for client demonstrations in May 2009.
- SPI's EBT Exception Viewer will be ready for production use in June 2009.

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