



balancingpool

Critical Path for 2005

**Presented by Gary Reynolds
President and CEO**

IPPSA Conference
March 2005



Topics

1. MAP III
2. Clover Bar PPA
3. Consumer Charge

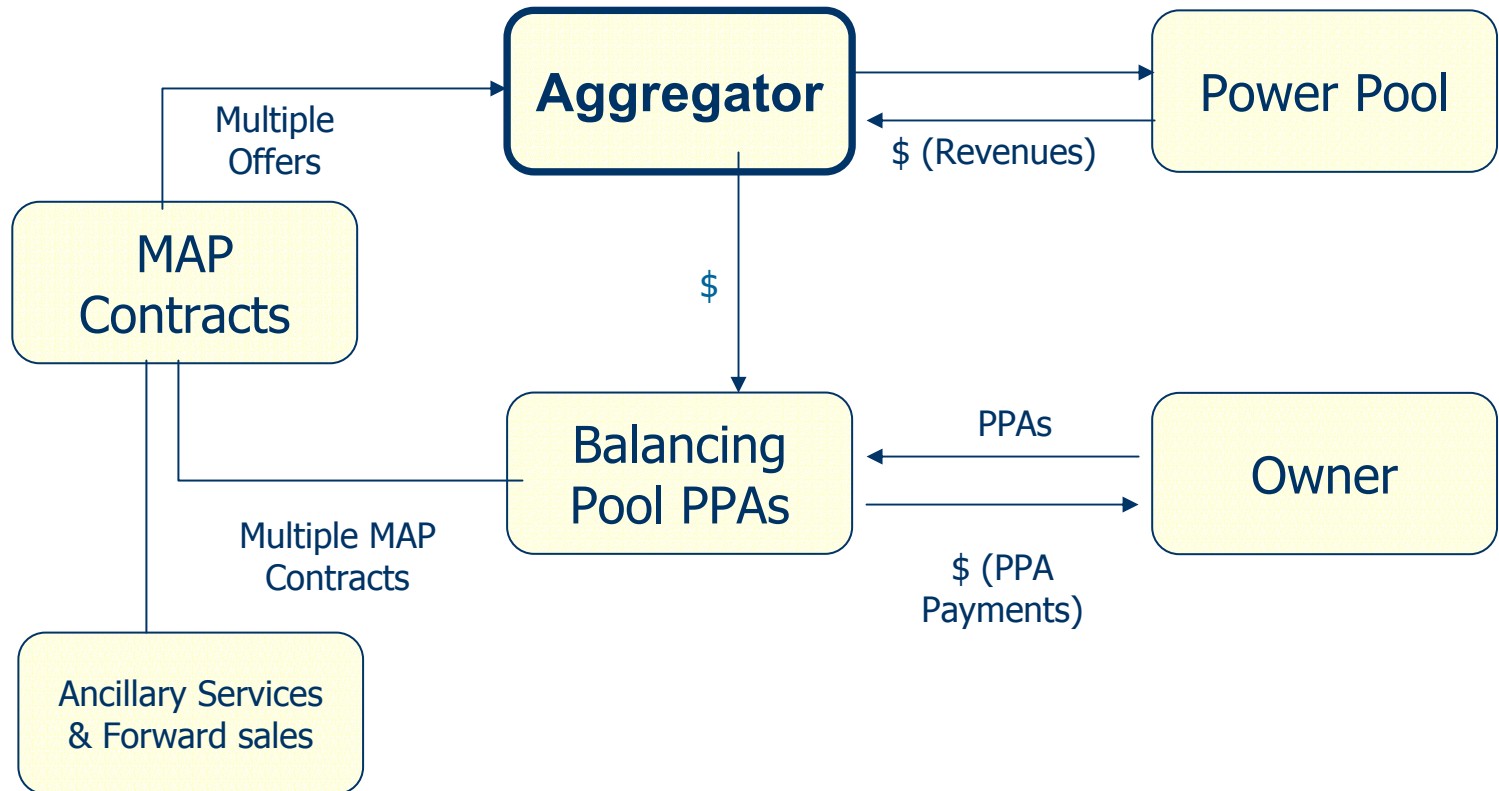


BP's mandate per the EUA:

- to manage generation assets in a commercial manner
- to sell generation assets when, in the opinion of the Balancing Pool, market conditions are such that a competitive sale will result in receiving fair market value



MAP Contracts





Planning for Map III

- MAP contracts are for generation capacity and are very different from financial swaps
- MAP II contracts currently held by 11 different buyers
- MAP II contracts mature as follows:
 - Sep. 2005: 400 MW's of Sheerness PPA
 - Dec. 2005: 356 MW's of Sheerness PPA
 - March 2006: 762 MW's of Genesee PPA



Planning for MAP III

- Presently under consideration:
 - Amount of PPA capacity to sell and phasing in the sale process
 - Term: offer varying maturities of 1 year and longer
 - Contract Size: offer varying sizes of contracts
 - PPA Risk Sharing e.g. change of law



Planning for MAP III

- Flexibility in contract size and maturity dates will allow participants to bid where they see the most value, and optimize the value of MAP sale process
- It is anticipated that demand for MAP III product will be high
- Balancing Pool will establish reserve prices, and MAP contracts will be sold only if market prices exceed reserve prices



Planning for MAP III

Prospective Timeline:

March 2005: Input from prospective buyers

April 2005: Product design phase

May 2005: Information Memorandum distributed

June 2005: Finalization of Contract and sales timeline

Note: Timeline and process may vary as a result of any major change in market policy



Planning for MAP III

Prospective Timeline cont'd:

July 2005: Feedback on Sheerness contract

Aug/Sept 2005: Initial bids due for Oct 1st close

Q4/05- Q1/06: Sale of Sheerness MAP contracts

Q2/06- Q3/06: Sale of Genesee MAP contracts



Clover Bar PPA

- Balancing Pool has been reviewing future commercial potential of the Clover Bar PPA
- At sub-12 market heat rates, the PPA is uneconomic and recoveries from MAP sales cover only 10% of the fixed carrying costs
- Consultation process re early termination underway with consumers and the Minister of Energy
- Final decision concerning plan for this PPA will be announced prior to the MAP III auction process



Consumer Charge?

- To date, the Balancing Pool has paid out \$800 million to consumers from internal cash flow
- Balancing Pool has not implemented a charge in the past 4 years and intends to minimize future consumer charges.
- Dependent upon power prices and value generated from PPA assets, cashflow deficit is expected to be short-term and will be funded by bank borrowing
- Decision re upcoming year is announced annually in October



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For more information:

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Annual Meeting: Wednesday April 20, 2005