

## CANADIAN MARKET EXPERIENCE

London Economics International LLC (LEI) has extensive experience analyzing Canadian energy markets. We have worked across Canada, from Vancouver to St. John's. Our clients include both private sector companies and regulatory institutions, and both Canadian and foreign companies. We have performed a number of engagements related to the dynamic market environments such as those found in the provinces of Alberta and Ontario, and are knowledgeable about developments in both electricity and natural gas trading.

### HOW WE CAN HELP

**MARKET DESIGN:** LEI has worked on a variety of issues related to market design and Independent System Operator (ISO) formation. In Ontario, we have advised clients on issues surrounding the Global Adjustment, Standard Service Supply Code, as well as reviewing the activities of the Market Design Committee. In Alberta, we were responsible for the initial proposed contractual structure which addresses market power without forcing divestiture. These Auctioned Biddable Contracts (ABCs) have since been used elsewhere to address similar situations. We also led the Industry Structure Review, in which we recommended revisions to the market design there. We have also worked extensively with both the Alberta Electric System Operator (AESO) and the Ontario Independent Electricity System Operator (IESO).

**WHOLESALE GENERATION MARKETS:** Extensive experience modeling wholesale generation markets across North America and around the world provides LEI with a detailed understanding of electricity price dynamics. Our long-term price forecasts for Ontario have been incorporated into analysis underpinning several asset purchases, including successful bids for the Bruce nuclear assets and for the Mississagi hydro-electric assets. In Alberta, our model of strategic bidding capabilities was used to determine the impact of the sale of Auction Biddable Contracts on an incumbent's portfolio. In depth experience with the dynamics of neighbouring US markets helps us to design highly relevant scenarios for modeling Canadian markets; use of our proprietary marginal cost based and strategic bidding models ensures that fundamental aspects of system dynamics are appropriately represented. Application of real options models assures that flexibility in peaking plants is also appropriately valued.

**DISTRIBUTION VALUATION:** Our comprehensive knowledge of performance based ratemaking (PBR) regimes around the world gives us unique capabilities in valuing natural gas and electricity network assets in evolving regulatory environments like those found in Alberta and Ontario. LEI advised the Ontario Energy Board on second generation PBR and the Coalition of Large Distributors on third generation PBR. Our valuation techniques are enhanced through our ability to recognize hidden assets such as telecommunication rights, and value them. In addition we have acquired in-depth knowledge of sophisticated leasing and swap transactions used in a number of European network financings which are relevant to Canada.

### REPRESENTATIVE CLIENTS

Alberta DOE  
AltaLink  
AMPCO  
Brookfield Renewable Power  
British Energy  
Coalition of Large Distributors  
ENMAX  
Hydro Quebec  
Ontario Energy Board  
Ontario IESO  
Ontario Power Authority  
Pension Funds  
Power Pool of Alberta  
Scotia Capital  
SNC-Lavalin  
Toronto Hydro  
TransAlta



LONDON  
ECONOMICS



ASSET VALUATION,  
PRICE FORECASTING &  
MARKET ANALYSIS



REGULATORY  
ECONOMICS, PBR &  
MARKET DESIGN



EXPERT TESTIMONY &  
LITIGATION  
CONSULTING



TRANSMISSION



RENEWABLE ENERGY



PROCUREMENT

717 Atlantic Avenue, Suite 1A  
Boston, Massachusetts 02111  
Tel: (617) 933-7200 Fax: (617) 933-7201

390 Bay Street, Suite 1101  
Toronto, Ontario M5H 2Y2  
Tel: (416) 643-6610 Fax: (416) 643-6611

[www.londoneconomics.com](http://www.londoneconomics.com)