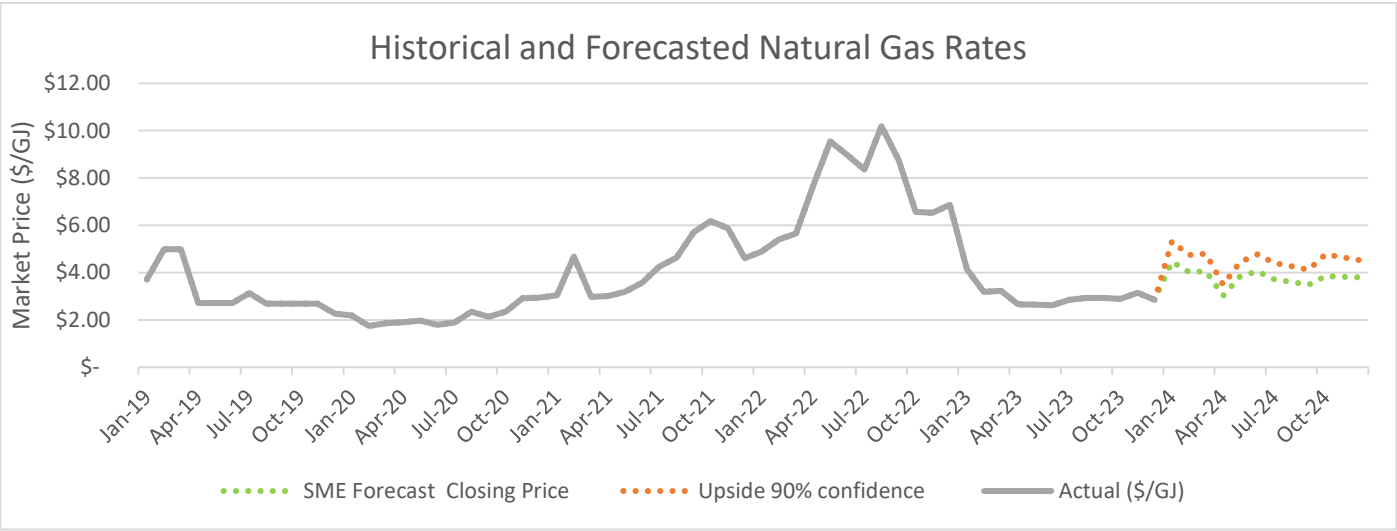


Appendix A – Supporting Information

Section 1 – Forecast 2023-2024 Natural Gas Rates

Figure 1 shows that the SME forecast closing price and the upside 90% confidence are following the same trend and close from each other in 2024, which means there is less volatility expected in the gas prices moving forward.

Figure 1: Historical and Forecasted Natural Gas Rates



Section 2 – Review of Natural Gas Strategy for 2024

Forecast and Actual Conditions

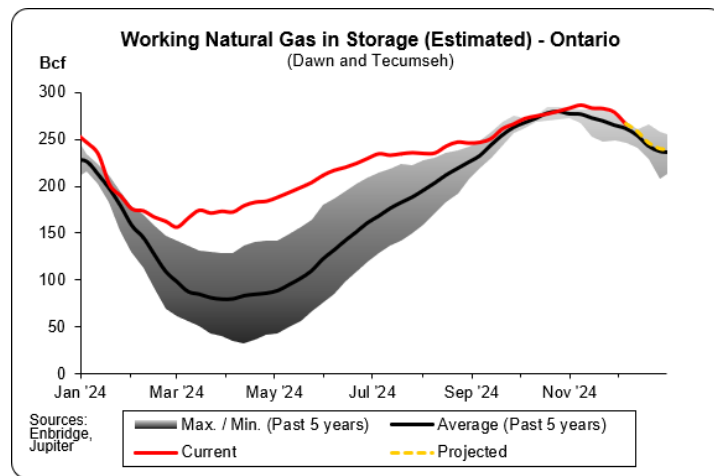
Natural gas prices are impacted by supply and demand factors. To anticipate natural gas prices, volatility and evaluate hedging options, the following factors provided by the SME were reviewed in the end of 2023, indicating that 2024 is showing a stable market forecast.

Table 1: Natural Gas 2024 SME Forecast Conditions

Forecast Conditions		Status
Storage	Storage levels to be on par with the 5 year average.	Normal
Production Levels	Production to remain on par with pre pandemic levels.	Normal
Demand	Natural gas exports were expected to remain around the 2023 levels with slight domestic increase.	Normal
Weather	Weather forecasts indicated warmer than normal winter conditions 2023 into 2024.	Low

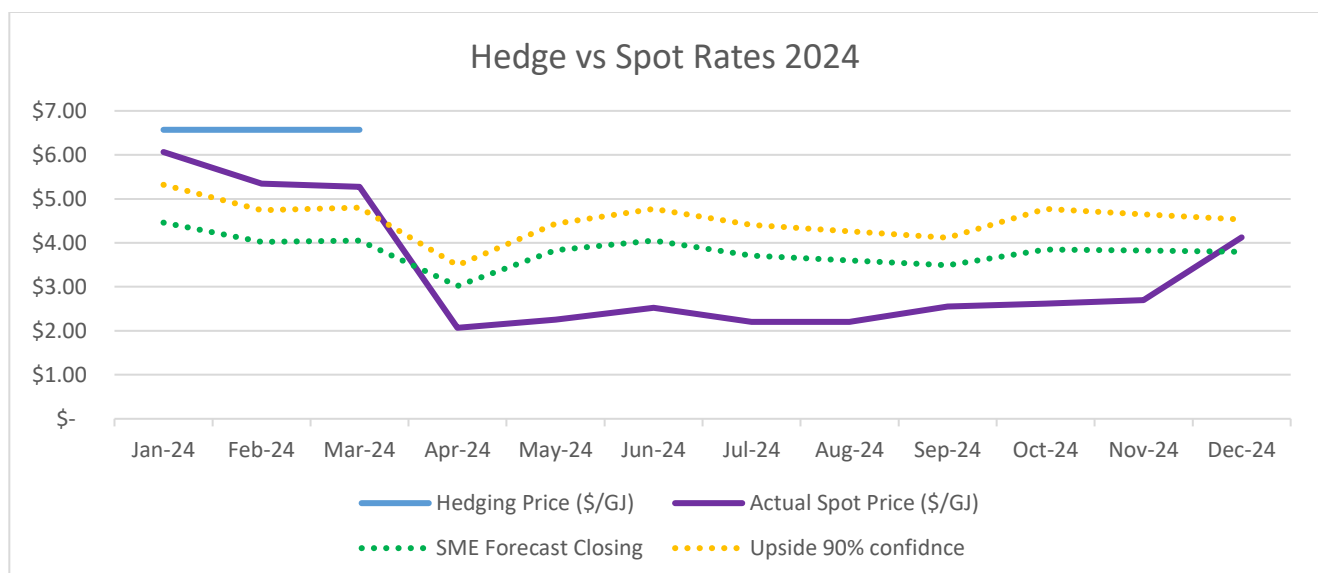
Natural gas market pricing is forecast based on four main factors. Going into 2024, the SME suggest that based on the market conditions surrounding storage, production, weather and demand that the market price would somewhat reflect that of 2023. However, a mild winter coupled with pre-pandemic production levels and lower demand lead to increase storage levels of natural gas in Ontario (see Figure 2). This therefore led to lower market prices than anticipated due to a surplus of natural gas available.

Figure 2: Natural Gas Storage Conditions 2024



The annual average hedge rate that the City paid for natural gas delivered to Dawn (transportation included) was \$6.57/GJ. This rate was higher than the average rate forecast for 2024 by the SME closing rate shown below in Figure 3. This higher hedge rate, along with stable forecast pricing heavily influenced the cities decision to not pursue hedging beyond the first quarter of 2024.

Figure 3: Actual Spot Rates vs Forecast Spot Rate VS Hedge Rate for 2024



Section 3 - Review of Natural Gas Strategy for 2025

Table 2 shows that the SME is forecasting that the 2025 market is expected to be stable. The City currently has no current or future fixed price hedges for natural gas procurement.

Table 2: Natural Gas 2025 SME Forecast

	2025 Forecast Conditions
Storage - Normal	Storage levels are expected to be on par with the 5 year average in 2025.
Production Levels - Normal	Production is expected to increase slightly only gradually through the remainder of 2024 into 2025.
Demand - Low	Domestic use is expected to be slightly below the 2024 demand in 2025.
Weather - Mild	Weather forecasts indicate that generally winter temperatures are expected to be mild.