



# 2021

## ANNUAL REPORT

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POWERING GROWTH INTO  
THE FUTURE OF ENERGY





## OUR MISSION

Essex Power Corporation is a dynamic energy company that provides safe, reliable, and economical energy supply and services to our customers. Our commitment to innovation, performance management, and leading by example has built the foundation at Essex Power and our affiliates to establish a diverse set of energy products and services that are valued by our customers.

At Essex Power, Your Power is Our Priority.

## OUR VISION

Essex Power Corporation's vision is to be an Energy Provider that utilizes "best in class" people, processes, and technology to lead the marketplace in sustainable energy solutions. Our customers will receive the greatest value by integrating an economic and environmental balance to the products and services we will deliver to them. As an Energy Provider, we will be a community leader in ensuring that environmental stewardship is a vital component of our services to increase customer awareness of proper energy utilization and management.

If you have questions regarding the content of this annual report please contact us at [info@essexpower.ca](mailto:info@essexpower.ca)



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# BOARD CHAIR & CEO EXECUTIVE SUMMARY

Never have the efforts of the Essex Power Group (EPC) been more timely or valuable than now. As the company continued to navigate through the pandemic, everyone adjusted and adapted to keep the business growing all while keeping everyone safe. An important message, always echoed, is that Essex Power and its group of companies, wouldn't be where we are today if it weren't for our most important resource...our people. Creating a productive, happy and healthy work environment enables us to reach the companies' goals.

As we continue to grow, it's critical for the next set of leaders to be prepared to support our goals and be provided with the tools to make the decisions needed. A focus on succession planning for key positions will be in place to secure success. Over the next five years, our operations department will be experiencing well deserved retirements. As planning for new employees to join the team, this will be an opportunity to implement new technologies to support the migration from a "poles and wires" company to an Energy Management Services Enabling company.

As EPC evolves as a company and responsible organization, we also realize we have a larger role to play for the entire region. While we typically equate the efforts of Essex Power with the LDC activities in the Essex Powerlines Corp service territory, we have a clear reach beyond utility boundaries. The activities of Essex Energy, Utilismart and WattsWorth Analysis in addition to EPL in coordination with each other bring a broader value to the industry.

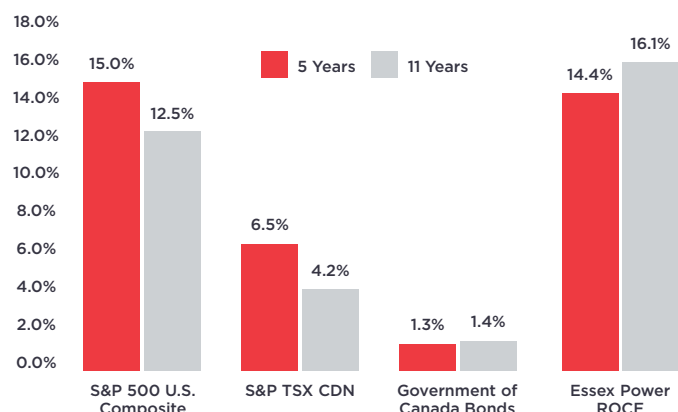
The importance of these efforts also extends to economic responsibility for the Essex-Windsor region. Essex Power Group has been evolving and transforming over many years towards the concept of a **Distribution System Operator (DSO)**. The electricity market is changing at an extremely rapid pace and is no longer about simply distributing

electricity to users. The pressures on local systems across North America are accelerating and Essex-Windsor is no different. Electrification expansion is key and critical to supporting economic growth, enabling regional energy plans that focus on decarbonization and climate change initiatives and decentralizing supply to counteract extreme weather events that are increasing in magnitude and frequency.

The Essex Power group is focused on supporting regional efforts and meeting all of the above challenges. We will continue to evolve and invest in measures that will ensure that the Essex County and Windsor region is prepared for complex changes surrounding this industry. EPC and its subsidiaries have always taken a leadership approach in committing to supporting economic and social responsibilities while also supporting economic growth and development in the area. It is important for our group of companies to continue to lead as we focus on **Powering Growth into the Future of Energy!**

Essex Power's strong economic performance in 2021 enabled it to continue to reinvest back into our infrastructure while providing a fair and reasonable return through dividends to our Shareholders. Essex Power issued **\$1,801,709 cash dividend** in 2021 and its **overall corporate return on common equity was 17.4%**. Essex Power's past five-year

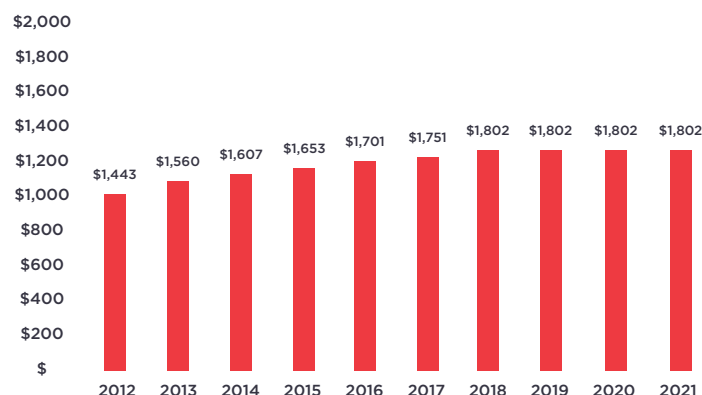
## ESSEX POWER PERFORMANCE RATE (RETURN ON COMMON EQUITY)



dividend payout has enabled our Shareholders to continue to invest in local, strategic initiatives and sustainable communities. Essex Power remains committed to ensure our Shareholders' communities are served with the highest of standards and that we are committed across every level of our organization; from our Board's direction and support, our Executives' leadership and our hard working, dedicated, and knowledgeable staff. It is through the proven relationships of being a trusted, local service provider alongside our valued customers and the strong partnerships established with each of our Shareholders that Essex Power is able to remain focused on confidently growing into the future.

Since its inception, the Essex Power Group has taken its social responsibility seriously, and this was no less true in 2021. The organization continued to give back to the community by **contributing to local food banks, educational institutions and youth programs**. Notably, for the eighth year in a row, **Essex Powerlines (EPL) donated \$10,000 to each of its four shareholders to use towards youth programs, amounting to a total contribution of \$40,000 for EPL's Youth in Community Fund in 2021**. To name only a few more examples, **EPC donated \$4,000 to local food banks in 2021**, in addition to sponsoring eight families during the holiday season. Despite the

## EPC ANNUAL DIVIDENDS DECLARED (THOUSANDS)



ever-increasing success of our group of companies, we never fail to remember where we came from, and to give back to the communities in which our organization is firmly rooted.

2022 is going to be one for the books as it will be one of the most exciting years for the Essex Power Group as we focus on implementing a **Distribution System Operator (DSO) model**. Essex Power Group was successful in being named the recipient for the **Grid Innovation Fund through the Independent Electricity System Operator (IESO) of Ontario** and the **Ontario Energy Board (OEB)**. The focus for a DSO is to enable a local energy market within the bulk Provincial system managed and operated by the IESO. This transformative project will be the first integrated energy market in North America and will 'blaze a trail' for all North American utilities to follow. This project brings together years of effort from all subsidiaries in the Essex Power Group and highlights the value of our efforts as we will be setting direction for the industry!

**Gary McNamara**  
CHAIR,  
Essex Power Corporation

**John Avdoulos**  
PRESIDENT & C.E.O.,  
Essex Power Corporation



# ESSEX POWERLINES 2021 HIGHLIGHTS

Emerging from the challenges associated with the Covid-19 pandemic, Essex Powerlines continued to lay important foundational pieces to ensure that we are well positioned for **“Powering Growth into the Future of Energy.”**

In 2021, Essex Powerlines was successful in securing funding through the **Department of Natural Resources (“NRCan”) Smart Renewables and Electrification Pathways Program (“SREPP”)**. This one and a half (1.5) million dollar investment over three (3) years will allow Essex Powerlines to install the hardware necessary in our distribution system to enable the self-healing grid. The continued installation of automatic reclosers, new real-time automation controllers and line monitoring devices as part of this program will assist in our goal of achieving a remote, self-healing and smart distribution grid.

As part of its efforts to reduce its carbon footprint, Essex Powerlines continued to implement **Paperless Billing** in 2021. Using a variety of strategies, the organization has incentivized customers since 2017 to switch from paper to online billing, with the ultimate goal of reducing greenhouse gas emissions. In 2021, **1,565 hydro customers signed up for paperless billing**. This adds up to a **total of 6,913 hydro customers** that have enrolled in paperless billing to date! Three campaigns spurred the high take-up of paperless billing by EPL’s customers last year: the two **#SupportLocal** campaigns in September and

Transformer Replacement performed by Essex Powerlines lineperson.



Essex Powerlines lineperson in the field.



#SupportLocal Winner From September's Paperless Billing Campaign

October, respectively, and the **Hôtel-Dieu Grace Healthcare Foundation (HDGH): Children's Mental Health campaign**, which ran from November to December 2021. For September's #SupportLocal campaign, customers who signed up for paperless billing were entered in a draw to win one of four \$200 gift cards to a local restaurant. For October's #SupportLocal campaign, customers who signed up for paperless billing were entered in a draw to win one of eight \$200 gift cards to a local restaurant, this time with two winners being drawn in each of the four municipalities. #SupportLocal campaign gave back a total of **\$2,400 to small businesses within the community**--a beacon of light at a time where Covid-19 impacted

these restaurants. The HDGH Foundation: Children's Mental Health campaign was one of our most successful campaigns yet, resulting in **406 paperless billing enrolments**. For every customer that signed up for paperless billing, EPL donated \$10 to the HDGH Foundation. EPL matched the donation amount, resulting in a **total donation of \$8,120**. Our paperless billing campaigns are an example of a locally owned utility that actively makes strides to reduce its carbon footprint while at the same time giving back to the community.



Essex Powerlines continued to ensure that all customer and capital work was designed, managed, planned and scheduled for completion by the operations department on a priority schedule basis. **Residential growth has been increasing significantly over the last few years.** In 2021, Essex Powerlines continued to experience an active growth period with respect to pre-serviced lots, new subdivisions and various condominium developments. Historical growth has and continues to be mostly in LaSalle. In 2022, we are forecasting continued growth levels in most of our service territories.

THE FUTURE OF ENERGY IS  
CERTAINLY EXCITING AT ESSEX  
POWERLINES AND WE ARE  
READY FOR THE CHALLENGE!



# ESSEX ENERGY

## 2021 HIGHLIGHTS



Essex Energy Corporation's ("EEC") commitment to The Future of Energy was key to the company's resilience and success in 2021 and will continue to pave a path forward in the near and medium term. Prudent investment in a portfolio of sustainable assets over the past decade has provided stable earnings in a time filled with market and societal head winds, putting the company in a position to continue innovating and pivoting its businesses to adapt to change.

The company identified the following market trends in 2021 – all of which will be very relevant for years to come:

- Electrification of transportation
- De-centralized generation through Distributed Energy Resources ("DER")
- Energy Storage (as a leader in DER potential)
- Digital transformation and utility analytics
- Net Zero communities, microgrids, and Virtual Net Metering ("VNM")

EEC has doubled down on its efforts to electrify transportation in the Essex County region. In doing so, it has been successful in negotiating an agreement with **Natural Resources Canada ("NRCan") under the federal agency's Zero Emissions Vehicle Infrastructure Program ("ZEVIP")**. This agreement will **attract \$2,000,000 in federal funding** to the region to empower EEC to incentivize the deployment of **over \$4,000,000 of electric vehicle ("EV") charging infrastructure in public places**, and will undoubtedly contribute significantly to the sustainability measures our municipal shareholders are planning.

Additional 2021 strategic initiatives – to name a few – that the company undertook include ongoing efforts to develop a regional VNM solar

PV / energy storage combined facility, exploration of on-bill financing mechanisms for DERs, SmartMAP development to give utility visibility to EVs and DERs, a stronger push in the PV market, engineering support for Self-Healing Grids, and an expansion of its Field Services capabilities to include locates. Success was manifested in the achievement of a multi-megawatt solar PV pipeline of projects.

In addition to providing external services, EEC has been a reliable innovation and technology hub for the Essex Power Group of internal companies. 2021 was no different as the company provided support for the aggressive growth plans of Utilismart Corporation through its software development and engineering departments as well as the multi-year Digital Transformation initiative that is ongoing at EPL.

EEC successfully amalgamated with Essex Power Services in 2021 and will look to improve efficiencies in the resulting **Meter Service Provider ("MSP")** and street lighting businesses as a 2022 initiative.

Essex Energy's ongoing commitment to power growth and help shape the future of energy would not be possible in such a dynamic market without the tremendous contributions of its talented and flexible workforce. To that end, the company will continue to focus on attracting and retaining top talent as a key strategy for years to come.



# 2021 RENEWABLE HIGHLIGHTS



Essex Energy Corporation (“EEC”) not only develops world-class renewable energy projects for customers across the province, it has also invested in owning renewable assets that help fuel Ontario’s electricity grid with clean, carbon-free energy.

In 2021, EEC’s renewable assets generated **more than 5,100,000 kWh’s for the province of Ontario**. This resulted in the offset of **>220,000 kgs of Greenhouse Gas (“GHG”)** and enough energy to power over **530 homes**.

Since the company began investing in clean energy in 2009, EEC has generated **over 33 million kWh’s** capable of **powering a community of 3,450 homes** over the twelve year span while also delivering 1,424 tonnes of GHG savings to the province – a proud accomplishment!

Perhaps overshadowing these accomplishments is the future pipeline of projects that EEC was able to assemble in 2021. Looking forward into 2022/23, the company has been awarded **eleven customer contracts, totalling over 2.2 megawatts of solar PV**, as well as IESO funding that will support an investment in a 1 megawatt battery energy storage system (“BESS”) as a part of Essex Power’s broader Distribution System Operator (“DSO”) initiative.

Essex Energy has positioned itself as a premier supplier of solar PV in Ontario and will not only expand its offering to include BESS, but will also look to expand into the Alberta market as that province adopts climate-friendly policy going forward.

## THE FUTURE IS BRIGHT!



Waterloo Paramedic Facility located in Waterloo, ON.  
Annual System Output: 114 MWh



Lakeshore 34 located in Belle River, ON.  
Annual system output: 500 MWh



Essex Powerlines  
Operations Centre  
located in Oldcastle,  
ON. Annual System  
Output: 85 MWh

# UTILISMART 2021 HIGHLIGHTS



Utilismart's 2020 Business Plan began with the statement, "The past year was a true test of our company's resilience – and we succeeded..."

So, in describing 2021, we can only repeat... The past year was a true test of our company's resilience – and we succeeded! Our success has not come without exciting challenges. Our customers and prospects have taken on the challenge of digital transformation, and Utilismart has taken the challenge of servicing their broad ranging needs. Rising to this challenge have been Utilismart's resilient employees who have innovated throughout the global pandemic -- for nearly two years -- while delivering on commitments to customers, ensuring critical operations for Essential Service Providers did not go unattended.

Big data, bigger thinking... This mindset has helped Utilismart strengthen its brand in the North American market. The company's intense focus on customer service and unique products differentiate it from its competitors and has led to a strong **Net Promoter Score ranging from 32% to 42% -- far exceeding the US average score of 10%**. While this score indicates a large percentage of Utilismart customers are Promoters of the company, it still leaves plenty of room for improvement as we grow... and we're working intensely on that.

Beginning in 2021, and looking forward into the future, Utilismart will look to make strategic changes to its product development organization as it internalizes and upsizes this department dramatically. This will enable efficiencies, reduce risk, and facilitate the consolidation of all software development activities across all products. This will be a key enabler to our projected top line growth from 2021 through 2024.

**Sales growth in the US market was a ground-breaking achievement in 2021** and is projected to continue in 2022. Growth in the mature Canadian market was slightly more modest, but retention of key customers through multi-year commitments was a rewarding theme in the company's native segment.

As Utilismart strives to grow, certain investments will be necessary along the way. These investments include:

- IT infrastructure planning for capacity and security
- Automation to better serve a growing number of customers across a growing number of products and services
- Specialized training aimed at technical and career development outcomes
- Forming a US corporate entity, and prior to that, maintaining US tax accounting at the Federal and State levels
- Forming an internal Software Development department with enhanced capabilities (AI, BI, etc.)

For Utilismart, "Powering Growth into the Future of Energy" means finding new ways to help existing and new customers leverage the increased volume and velocity of their data sources to make prudent decisions in a timely fashion – digital transformation. It also means positioning Utilismart with top talent by investing in its employees and organizational structure and offering professional development and growth opportunities. This will form a cornerstone of our success in the coming years.

# WATTSWORTH 2021 HIGHLIGHTS



WattsWorth Analysis Inc. (“WW”) was very active in 2021 despite significant headwinds brought on by the global pandemic that took hold for most of the year. The pandemic had far-reaching impacts in the market for traditional consultancies, but WW pivoted to focus on acceleration of data analytics software tools aimed at helping clients manage energy costs.

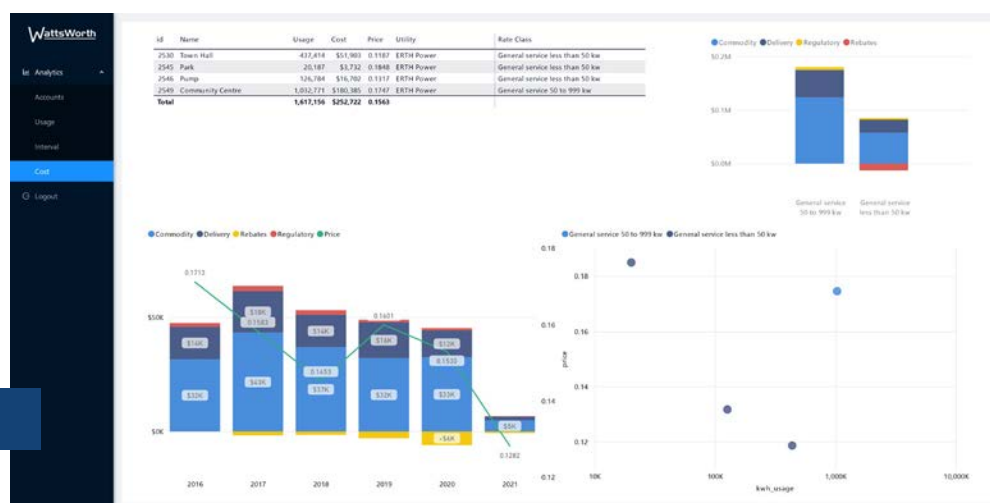
In Q4 of 2021, WW launched its new application, **“WW Energy Portal”**, as a beta version to a small sample of customers – Cambridge, Wilmot, and Windsor. In 2022, WW will continue its path towards offering a commercial solution to more municipalities, enabling them to manage and forecast costs associated with their electricity, natural gas and water usage. This approach is very much in line with the direction WW is taking its business overall... analytics applications leveraging consolidated data streams, using Microsoft Power BI as a platform.

The company currently has four core business units, down from five units as compared to last year. In 2021, as part of a larger strategic organization structuring initiative, **WW’s Utility Services business unit was moved to Utilismart and amalgamated with UC’s Settlement business.** This included the **migration of software applications and employees.**

WW’s four main business units, serving >45 customers through a variety of consulting means, are:

- Public Sector Energy Strategy
- Large Energy Users – Peak Shaving and Market Settlement Services
- Generator / Energy Storage – Market Settlement Services
- General Energy Market Consulting

In 2022, new sales will be comprised of growth in existing market segments as well as expansion of services that are new to **WW (“WW Energy Portal”)**. This presents an exciting opportunity for WW to grow, as well as continue to support the sales efforts of its affiliates.




WattsWorth Energy Portal



# GLOBAL REPORTING INITIATIVE





The Global Reporting Initiative (GRI) is an internationally recognized standardized framework for disclosing an organization’s environmental, social and economic performance. The GRI is a commonly used tool that many organizations in Ontario, Canada, as well as around the world use. For Essex Power’s report, please visit [www.essexpower.ca](http://www.essexpower.ca)

ABOUT GRI

EPC’s report focuses on its operations, which leads to the process of defining the report content and topic boundaries. The organization used past reports and meetings between employees to define the report content. Material topics were decided on by a team who consulted previous reports, current company documents and operations, and future trends.

Essex Power Corporation has reported in accordance with the Core option, and therefore reported on the required disclosures from GRI 102.

REPORT SCOPE AND BOUNDARIES

Our regulated electricity distribution company, Essex Powerlines, is accountable for providing a safe, reliable and cost-effective supply of electricity to the municipalities of all our stakeholders and communities. The scope of this report and GRI submission includes all of the Essex Power Group of Companies.

To measure our success and progress in sustainability, we have defined key areas that we see are of great importance to achieving success. Essex Power has made sustainability a core foundation for all decision-making and has initiated best practices for managing operational and environmental risk. The GRI report analyzes and measures Essex Power’s performance within the three pillars of sustainability.

Environmental stewardship is evaluated by our success in energy conservation, renewable energy investment, and environmental risk mitigation of our operations.

Social responsibility is evaluated by how we ensure the safety and wellness of people including our employees, our contractors, and our communities. We are committed to providing a safe and respectful workplace where employees are highly valued, treated fairly, provided with challenging and meaningful work, and benefit from opportunities for knowledge growth and career development.

**HOW IT WORKS**

How we measure our success and progress



## 2021 SOCIAL PERFORMANCE

Here at Essex Power Corporation, our commitment to our communities remains at the core of our organization. Various initiatives were supported by Essex Power throughout the year that brought positive impacts within our community. Here is an overview of some of the worthy causes we supported in 2021:

**\$4,000**

Donated to local food banks



Amherstburg  
Food and  
Fellowship  
Mission



Tecumseh  
Goodfellows



Leamington  
Salvation Army



St. Andrew's  
LaSalle  
Food Bank



Sponsored eight families this holiday season through Windsor-Essex Children's Aid Society, Adopt A Family Program.

**\$500**

Essex Power Corporation  
Powering Future Leaders Award

\$500 bursary program awarded to a Grade 12 graduating student.

The recipient is pursuing post secondary education in the areas of study that build and support our industry, for example, Powerline Technician and the many STEM avenues of study. Eight students were recipients.



Sponsored **local organizations and charities** through Community Events.



**\$40,000**

EPL Youth in  
Community  
Fund

For the 8th consecutive year, EPL provided \$10,000 to Amherstburg, LaSalle, Leamington and Tecumseh to be used towards youth-oriented programming and initiatives.

**\$5,000**

Provided \$5,000 in in-kind services to each of our municipal Shareholders



Municipality of  
**Leamington**  
live | play | work



Co-operative  
education  
programs

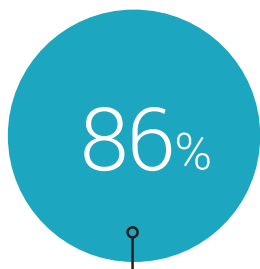


Essex Power continued to participate in the co-operative education programs with universities and colleges.

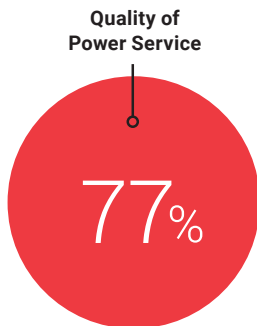
# 2021 FAST FACTS



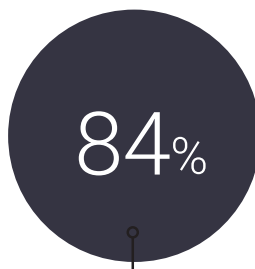
**85%** Public Safety Awareness Index Score



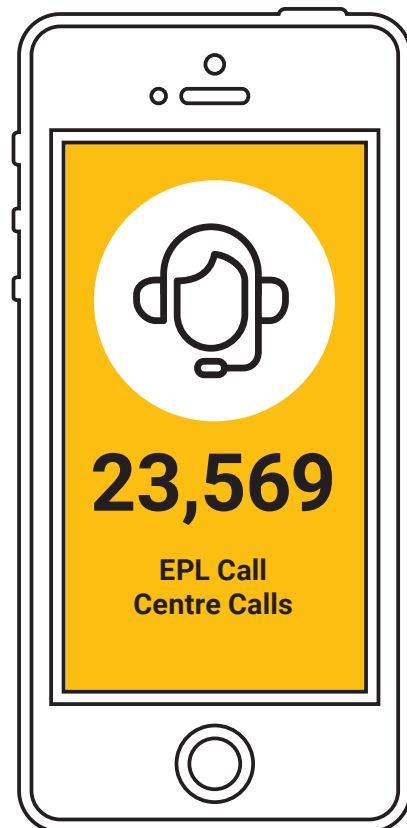
Overall Satisfaction



Quality of Power Service



Quality of Customer Service



**23,569**

EPL Call Centre Calls



Total Customers

**34,050**

Total Electricity Consumed

**277,440,136** kWh  
Residential  
**239,743,197** kWh  
Commercial & Industrial



**6,282**  
Poles

**131**

New Service Installed



**1,135**

Overhead Transformers



**1,914**

Underground Transformers



**25**

Fleet Vehicles



**181 km**

Primary Overhead Lines

**427 km**

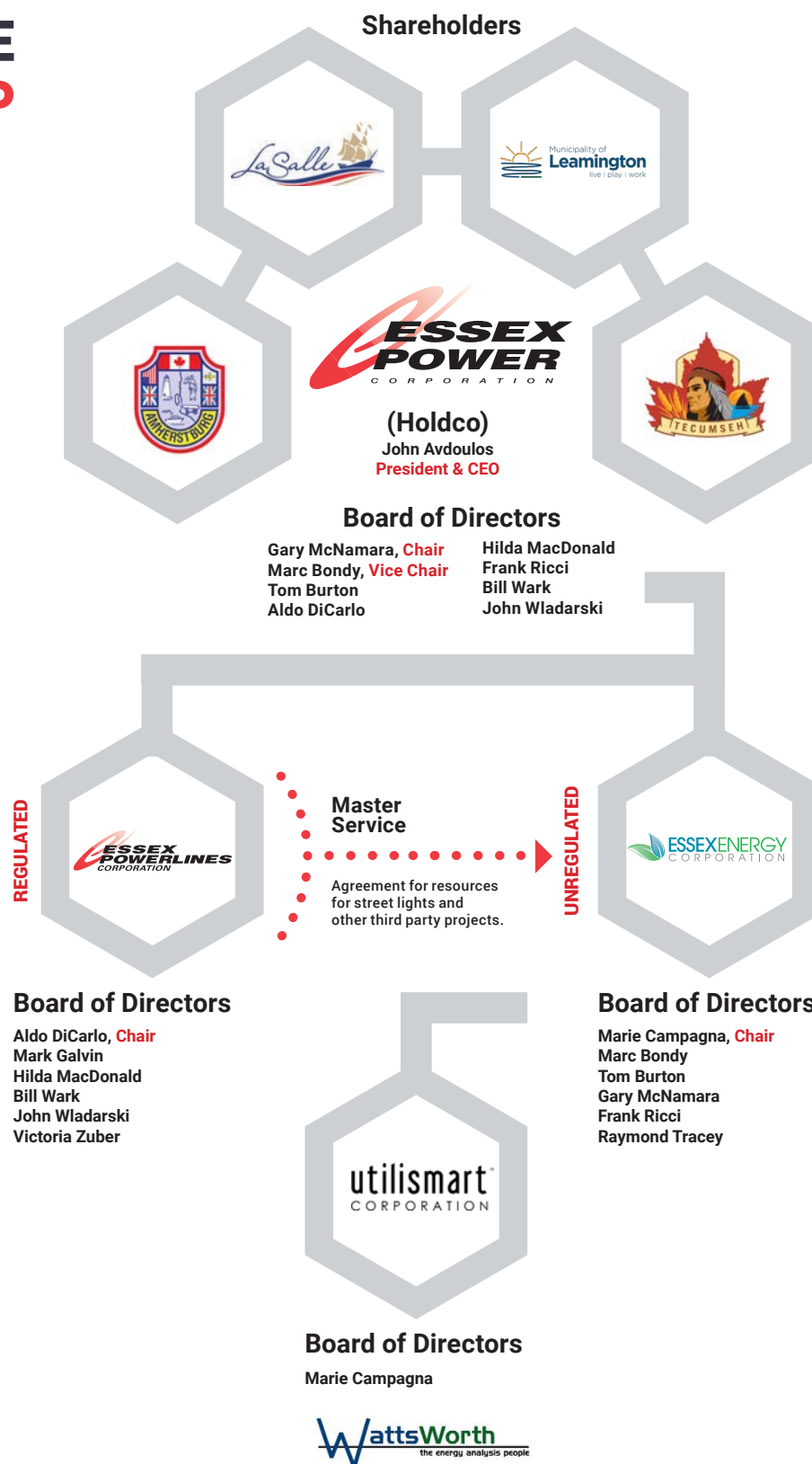
Secondary Overhead Lines

**273 Km** Primary Underground Cable **735 km** Secondary Underground Cable



# CORPORATE OWNERSHIP STRUCTURE

Committed to strong corporate governance and accountability, the Board of Directors brings a depth of experience to governing **Essex Power Corporation** in the best interests of customers and the community.





**Essex Power Corporation** is a dynamic energy company that provides safe, reliable and economical energy supply and services to our customers. Our commitment to innovation, performance management and leading by example has built the foundation for Essex Power and our affiliates to establish a diverse set of energy products and services that are valued by our customers.



**Essex Powerlines Corporation**, a regulated company, provides safe, reliable and economical electrical distribution and service to over 34,000 residents and businesses in Amherstburg, LaSalle, Leamington, and Tecumseh. The foundation to empower our corporate vision is based on a dynamic and progressive workforce that will be industry leaders in providing “best in class” business solutions in the delivery of service to our customers.



**Essex Energy Corporation** is a dynamic energy company that focuses on implementing a wide range of energy related initiatives, including but not limited to, solar PV projects, site feasibility assessments, and full turnkey solar PV solutions. With almost 20 years of experience in the energy market, EEC has grown its success and has exceeded boundaries in Ontario by developing its in-house expertise and Distributed Energy Resources portfolio of assets and services, as well as its engineering and consulting services. As a leading energy technology company, EEC has been called on to assist both nascent and established solar PV developers in the completion, connection, monitoring, and maintenance of their solar PV projects, and to date, manages over 100MW of distributed generation equipment. EEC provides streetlight maintenance services to our shareholder communities and is registered with the IESO as a Metering Service Provider currently maintaining a total of 23 wholesale metering installations.



Since 2002, **Utilismart** has been the industry leader in providing settlement services to utilities throughout Ontario. Our services are built on industry expertise and an in-depth understanding of both the settlement processes in the marketplace and the needs of the customer. Our hosted solutions offer customers an economical, efficient settlement service that has built-in reporting and analysis tools. Our knowledge in this area allows for seamless integration into CIS, Financial, and other customer systems requiring settlement data.



As a Canadian company based in Ontario, **WattsWorth** offers a variety of energy management services to participants in the Ontario market. Our clients include large industrial/commercial companies, electric utilities, electricity generators and municipalities. WattsWorth has over 1-billion kWh consumed annually. In addition to technical expertise and a highly specialized and robust infrastructure, WattsWorth makes a commitment to listen to our clients’ requirements and tailor solutions that respect their objectives. WattsWorth has a business manner that reflects high standards of professionalism, attention to detail, and a logical approach to problem solving.



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Municipality of  
**Leamington**  
live | play | work

