



ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD ON APRIL 30, 2015

NOTICE OF MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

March 23, 2015

ENERCARE INC.
NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the "**Meeting**") of holders of common shares ("**Shareholders**") of EnerCare Inc. ("**EnerCare**") will be held on **Thursday, April 30, 2015** at St. Andrew's Club & Conference Centre, 150 King Street West, 27th Floor, Toronto, Ontario at 10:00 a.m. (Toronto time), for the following purposes:

1. to receive the consolidated financial statements of EnerCare, for the financial year ended December 31, 2014, together with the report of the auditors thereon;
2. to re-appoint PricewaterhouseCoopers LLP as the external auditors of EnerCare for the ensuing year and to authorize the directors of EnerCare to fix the remuneration of the auditors;
3. to elect the nine nominees of EnerCare standing for election as directors of EnerCare to hold office until the close of the first annual meeting of Shareholders following their election; and
4. to transact such other business as may properly come before the Meeting or any adjournment thereof.

The Circular provides additional information relating to matters to be dealt with at the Meeting and forms part of this notice.

The directors of EnerCare have fixed March 20, 2015 as the record date for the Meeting (the "**Record Date**"). Only Shareholders of record at the close of business on the Record Date are entitled to vote at the Meeting or any adjournment thereof.

If you are a Shareholder and are unable to be present at the Meeting, please exercise your right to vote either by:

- (a) completing and returning the enclosed form of proxy that is applicable to you to EnerCare, c/o Computershare Investor Services Inc. by mail in an envelope addressed to Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 or by facsimile to 416-263-9524 (within the Toronto area) or 1-866-249-7775 (outside the Toronto area) or to Kingsdale Shareholder Services at 130 King Street West, Suite 2950, P.O. Box 361, Toronto, Ontario, M5X 1E2 or by facsimile to 416-867-2271 or toll-free 1-866-545-5580 so as to arrive not later than 10:00 a.m. (Toronto time) on April 28, 2015 or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before any reconvened meeting, or
- (b) by completing the request for voting instructions in accordance with the directions provided.

Shareholders are invited to attend the Meeting. There will be an opportunity to ask questions and meet management, the board of directors and their fellow Shareholders. After the Meeting, management will report on EnerCare's 2014 business activities.

Dated at Toronto, Ontario this 23rd day of March, 2015.

EnerCare Inc.



John Macdonald
President and Chief Executive Officer

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MANAGEMENT INFORMATION CIRCULAR
DATED MARCH 23, 2015

SOLICITATION OF PROXIES

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by management and the directors of EnerCare Inc. (“**EnerCare**”) from registered owners of common shares (the “**Shares**”) of EnerCare (and of voting instructions in the case of non-registered owners of Shares) to be used at the annual general meeting (the “**Meeting**”) of holders of Shares (the “**Shareholders**”) to be held on Thursday, April 30, 2015 at St. Andrew’s Club & Conference Centre, 150 King Street West, 27th Floor, Toronto, Ontario at 10:00 a.m. (Toronto time), and at any adjournment of the Meeting, for the purposes set forth in the accompanying Notice of Annual General Meeting (the “**Notice of Meeting**”). It is expected that the solicitation will be made primarily by mail. However, proxies and voting instructions may also be solicited by personal interview, telephone, Internet or by other means of communication by the directors of EnerCare (the “**Directors**”), or on behalf of the Directors by officers and employees of EnerCare, who will receive no compensation therefor other than their regular remuneration. The solicitation of proxies and voting instructions by this Circular is being made on behalf of the Directors by management of EnerCare and the total cost of the solicitation will be borne by EnerCare. EnerCare has engaged Kingsdale Shareholder Services as proxy solicitation agent (the “**Proxy Solicitation Agent**”) to provide the following services, among others, in connection with the Meeting: review the management information circular, press releases and other Shareholder communications; develop and implement messaging to Shareholders and the media; provide strategic advice with respect to proxy solicitation; liaise with proxy advisory firms; solicit proxies, including contacting Shareholders by telephone; and other related services. EnerCare will pay fees of approximately \$30,000 to the Proxy Solicitation Agent for the services provided, plus certain out-of-pocket expenses and service fees. Fees payable to the Proxy Solicitation Agent will be paid by EnerCare. EnerCare may also reimburse brokers and other persons holding Shares in their name or in the name of nominees for their costs incurred in sending proxy material to their principals in order to obtain their proxies.

The information contained in this Circular is given as at March 23, 2015, except where otherwise noted.

If you have any questions about the information contained in this Circular or require assistance in completing the enclosed proxy or voting instruction form, consult your professional advisors or contact the Proxy Solicitation Agent, Kingsdale Shareholder Services, by telephone at 1-888-518-6813 toll free in North America or call collect at 416-867-2272 outside of North America or by email at contactus@kingsdaleshareholder.com.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Circular contains certain forward-looking statements that involve various risks and uncertainties. When used herein, the words “anticipates”, “believes”, “budgets”, “could”, “estimates”, “expects”, “forecasts”, “intends”, “may”, “might”, “plans”, “projects”, “schedule”, “should”, “will”, “would” and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words. The forward-looking information in this Circular includes statements that reflect management’s expectation regarding EnerCare’s growth, results of operations, performance, business prospects and opportunities. Such forward-looking information reflects management’s current beliefs and is based on information available to them and/or assumptions management believes are reasonable. Many factors could cause actual results to differ materially from the results discussed in the forward-looking information. Although the forward-looking information is based on what management believes to be reasonable assumptions, EnerCare cannot assure investors that actual results will be consistent with this forward-looking information. All forward-looking information in this Circular is made as of the date of this Circular. Except as required by applicable securities laws, EnerCare does not intend and does not assume any obligations to update or revise the forward-looking information, whether as a result of new information, future events or otherwise. A thorough discussion in

respect of the material risks relating to the business and structure of EnerCare can be found in its most recent Annual Information Form, which is available on SEDAR at www.sedar.com.

MATTERS TO BE VOTED ON

The annual general business to be considered at the Meeting is as follows:

1. to receive the consolidated financial statements of EnerCare for the financial year ended December 31, 2014, together with the report of the auditors thereon;
2. to re-appoint PricewaterhouseCoopers LLP as the external auditors of EnerCare for the ensuing year and to authorize the Directors to fix the remuneration of the auditors; and
3. the election of the nine EnerCare nominee directors standing for election as directors to hold office until the close of the first annual meeting of Shareholders following their election.

APPOINTMENT OF PROXIES AND VOTING INSTRUCTIONS

REGISTERED OWNERS

If your Shares are registered in your name and you have a share certificate, you are a registered owner. Registered owners of Shares may vote in person at the Meeting or you may appoint another person to represent you as proxyholder and vote your Shares at the Meeting. If you wish to attend the Meeting, do not complete or return the enclosed form of proxy because you will vote in person at the Meeting. When you arrive at the Meeting, please register with the transfer agent, Computershare Investor Services Inc. (“**Computershare**”).

Appointment of Proxies

If you are a registered owner of Shares and do not wish to attend the Meeting, you should complete and return the enclosed form of proxy. The individuals named in the enclosed form of proxy are Directors. **A Shareholder who wishes to appoint some other person to represent such Shareholder at the Meeting may do so by striking out the names of the persons specified in the form of proxy and inserting the name of the person to be appointed in the blank space provided in the enclosed form of proxy. The person you appoint to represent you at the Meeting need not be a Shareholder.**

To be valid, proxies must be completed and delivered to EnerCare c/o Computershare or the Proxy Solicitation Agent not later than 10:00 a.m. (Toronto time) on April 28, 2015 or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before any reconvened meeting. Proxies may be returned to Computershare by mail in an envelope addressed to Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 or by facsimile to 416-263-9524 (within the Toronto area) or 1-866-249-7775 (outside the Toronto area) or to the Proxy Solicitation Agent by mail in an envelope addressed to Kingsdale Shareholder Services, 130 King Street West, Suite 2950, P.O. Box 361, Toronto, Ontario, M5X 1E2 or by facsimile to 416-867-2271 or toll-free 1-866-545-5580. The deadline for the deposit of proxies may be waived or extended by the Chair of the Meeting at the Chair’s discretion without notice.

Revoking Your Proxy

If you are a registered owner of Shares and have submitted a proxy and later wish to revoke it, you can do so by:

- (a) completing and signing a form of proxy bearing a later date and depositing it with Computershare in the manner and within the deadline described above;
- (b) depositing a document revoking the proxy that is signed by you (or by someone you have properly authorized to act on your behalf) (i) at the office of Computershare in the manner described above

at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, or (ii) with the Chair of the Meeting before the Meeting starts;

- (c) electronically transmitting your revocation in a manner permitted by law, provided the revocation is received (i) at the office of Computershare in the manner described above at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, or (ii) by the Chair of the Meeting before the Meeting starts; or
- (d) in any other manner permitted by law.

Voting Your Proxy

The persons designated in the accompanying form of proxy will vote for or against or withhold from voting the Shares in respect of which they are appointed by proxy on any vote that may be called for in accordance with your instructions as indicated on the proxy and, if you specify a choice with respect to any matter to be acted upon, the Shares will be voted accordingly.

In the absence of any direction, Shares represented by proxies will be voted:

FOR the reappointment of auditors named in this Circular and the authorization of the Directors to fix the remuneration of the auditors; and

FOR the election to EnerCare's board of directors (the "Board") of the EnerCare nominees named in this Circular.

The accompanying form of proxy confers discretionary authority upon the persons designated in the form of proxy with respect to voting on amendments to or variations of matters identified in the Notice of Meeting and with respect to other matters that may properly come before the Meeting. At the date of this Circular, the Directors and management of EnerCare do not know of any such amendments, variations or other matters.

NON-REGISTERED OWNERS

If your Shares are registered in the name of a depository (such as CDS Clearing and Depository Services Inc. or its nominee ("CDS")) or an intermediary (such as a bank, trust company, securities dealer or broker, or trustee or administrator of a self-administered RRSP, RRIF, RESP, TFSA or similar plan), you are a non-registered owner.

Only registered owners of Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. If you are a non-registered owner of Shares, you are entitled to direct how the Shares beneficially owned by you are to be voted or you may obtain a form of legal proxy that will entitle you to attend and vote at the Meeting.

In accordance with Canadian securities law, EnerCare has distributed copies of the Notice of Meeting, this Circular and the 2014 Annual Report of EnerCare (collectively, the "**meeting materials**") to the intermediaries for onward distribution to non-registered owners who have not waived their right to receive them. Typically, intermediaries will use a service company (such as Broadridge Financial Solutions Inc.) to forward the meeting materials to non-registered owners.

If you are a non-registered owner and have not waived your right to receive meeting materials, you will receive either a request for voting instructions or a form of proxy with your meeting materials. The purpose of these documents is to permit you to direct the voting of the Shares you beneficially own. You should follow the procedures set out below, depending on which type of document you receive.

Request for Voting Instructions

If you do not wish to attend the Meeting (or have another person attend and vote on your behalf), you

should complete, sign and return the enclosed request for voting instructions in accordance with the directions provided. You may revoke your voting instructions at any time by written notice to your intermediary, except that the intermediary is not required to honour the revocation unless it is received at least seven days before the Meeting.

If you wish to attend the Meeting and vote in person (or have another person attend and vote on your behalf), you must complete, sign and return the enclosed request for voting instructions in accordance with the directions provided and a form of proxy will be sent to you giving you (or your representative) the right to attend and vote at the Meeting. You (or your representative) must register with the transfer agent, Computershare, when you arrive at the Meeting.

or

Form of Proxy

The form of proxy has been signed by the intermediary (typically by a facsimile, stamped signature) and completed to indicate the number of Shares beneficially owned by you. Otherwise, the form of proxy is uncompleted.

If you do not wish to attend the Meeting, you should complete the enclosed form of proxy in accordance with the instructions set out in the section titled "Registered Owners" above.

If you wish to attend the Meeting and vote in person, you must strike out the names of the persons named in the enclosed form of proxy and insert your name in the blank space provided. To be valid, proxies must be deposited with Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 or by facsimile to 416-263-9524 (within the Toronto area) or 1-866-249-7775 (outside the Toronto area) or returned to the Proxy Solicitation Agent by mail in an envelope addressed to Kingsdale Shareholder Services, 130 King Street West, Suite 2950, P.O. Box 361, Toronto, Ontario, M5X 1E2 or by facsimile to 416-867-2271 or toll-free 1-866-545-5580 not later than 10:00 a.m. (Toronto time) on April 28, 2015 or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before any reconvened meeting. You must register with the transfer agent, Computershare, when you arrive at the Meeting.

You should follow the instructions on the document which you have received and contact your intermediary promptly if you need assistance.

SHARES

The authorized capital of EnerCare consists of an unlimited number of Shares and 10,000,000 preferred shares. Shareholders are entitled to one vote for each Share held. As at March 20, 2015, EnerCare had 91,936,252 Shares and no preferred shares issued and outstanding.

Each Shareholder of record at the close of business on March 20, 2015, the record date established for the Notice of Meeting and for voting in respect of the Meeting, will be entitled to one vote for each Share held by such holder on all matters proposed to come before the Meeting. A quorum for the transaction of business at the Meeting will consist of two or more persons present in person either holding personally or representing as proxies not less in aggregate than 25% of the votes attached to all of the Shares then outstanding.

BUSINESS OF THE MEETING

PRESENTATION OF FINANCIAL STATEMENTS AND AUDITORS' REPORT

The consolidated financial statements of EnerCare as at and for the years ended December 31, 2014 and December 31, 2013, together with the notes thereto and the report of the auditors thereon, are contained in the 2014 Annual Report of EnerCare mailed to Shareholders together with this Circular.

APPOINTMENT OF AUDITORS

Unless directed otherwise, the persons designated in the enclosed form of proxy intend to vote **FOR** the re-appointment of PricewaterhouseCoopers LLP (“PwC”), Chartered Accountants, Licensed Public Accountants, Toronto, as auditors of EnerCare to hold office until the next annual meeting of Shareholders and **FOR** the authorization of the Directors to fix the remuneration to be paid to the auditors. PwC is independent with respect to EnerCare and its subsidiaries within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario and has served as auditors of EnerCare since its formation on September 27, 2010 (and also served as auditors of The Consumers’ Waterheater Income Fund (the “Fund”), the predecessor entity to EnerCare, from its inception on October 28, 2002 to its dissolution on January 1, 2011). The resolution to reappoint PwC as auditors of EnerCare must be passed by a majority of the votes cast in person or by proxy at the Meeting.

ELECTION OF DIRECTORS

The articles of EnerCare (the “Articles”) provide that the Board shall consist of a minimum of three and maximum of 10 Directors. The number of Directors is currently fixed at nine by the Board. It is proposed that each of EnerCare’s existing nine Directors, namely Jim Pantelidis, Scott F. Boose, Lisa de Wilde, John A. Macdonald, Grace M. Palombo, Jerry Patava, Roy J. Pearce, Michael Rousseau and William M. Wells (collectively, the “EnerCare Nominees”), be elected at the Meeting to hold office until the close of the next annual meeting of Shareholders.

Unless directed otherwise, the persons designated in the enclosed form of proxy intend to vote **FOR** the election of each of the EnerCare Nominees to the Board.

It is not contemplated that any of the proposed EnerCare Nominees will be unable to serve as a Director but, if that should occur for any reason prior to the Meeting, the persons designated in the enclosed form of proxy reserve the right to vote for another nominee at their discretion. Each Director elected will hold office until the close of the next annual meeting or until his/her successor is elected or appointed.

EnerCare has four standing committees - an Audit Committee, an Investment Committee, a Governance Committee and a Corporate Responsibility and Risk Management Committee. The members of these committees are indicated below.

The following table sets forth the names of and certain additional information for the EnerCare Nominees. See “Governance Practices – Meetings Held and Attendance of Directors” for the number of meetings attended by the Directors. See “Governance Practices – Share Ownership – Directors and Executive Officers” for the Directors’ Share ownership targets.

Name, Residence and Position with EnerCare	Principal Occupation	Date of Initial Appointment as Directors of EnerCare ⁽⁵⁾	Other Public Directorships/ Trusteeships	Shares Owned, Controlled or Directed ⁽⁶⁾
Jim Pantelidis Toronto, Ontario, Canada Chair of the Board	Chair of the Board and Chairman of the Board of Directors, Parkland Fuel Corporation	December 4, 2002	Parkland Fuel Corporation; Industrial Alliance Insurance, Financial Services Inc.; RONA inc., and Intertape Polymer Group Inc.	104,854
Scott F. Boose Sarasota, Florida, USA Director	President, Direct Energy Services	October 27, 2014	-	Nil
Lisa de Wilde ⁽¹⁾⁽³⁾⁽⁴⁾ Toronto, Ontario, Canada Director	Chief Executive Officer, The Ontario Educational Communications Authority (TVO)	July 26, 2006	TELUS Corporation	4,250

Name, Residence and Position with EnerCare	Principal Occupation	Date of Initial Appointment as Directors of EnerCare ⁽⁵⁾	Other Public Directorships/ Trusteeships	Shares Owned, Controlled or Directed ⁽⁶⁾
John A. Macdonald Aurora, Ontario, Canada Director, President and Chief Executive Officer	President and Chief Executive Officer, EnerCare	April 26, 2007	–	77,462
Grace M. Palombo ⁽³⁾⁽⁴⁾ Aurora, Ontario, Canada Director	Executive Vice President, Chief Human Resources Officer, Great-West Lifeco Inc.	March 16, 2012	Student Transportation Inc.	Nil
Jerry Patava ⁽¹⁾⁽³⁾ Toronto, Ontario, Canada Director	Chief Executive Officer, Great Gulf Group of Companies	December 4, 2002	Trimac Transportation Ltd.; Capstone Infrastructure Corporation	15,000
Roy J. Pearce ⁽²⁾⁽³⁾ Stouffville, Ontario, Canada Director	Director, EnerCare	June 4, 2004	–	20,000
Michael Rousseau ⁽¹⁾⁽²⁾ St-Lambert, Québec, Canada Director	Executive Vice President and Chief Financial Officer, Air Canada	December 4, 2002	Resolute Forest Products Inc.	27,000
William M. Wells ⁽¹⁾⁽²⁾⁽⁴⁾ St. James, Barbados Director	Chairman, Evizone Limited	March 20, 2012	Acadia Pharmaceuticals Inc.	20,000

(1) Member of the Audit Committee.

(2) Member of the Investment Committee.

(3) Member of the Governance Committee.

(4) Member of the Corporate Responsibility and Risk Management Committee.

(5) Other than with respect to Ms. Palombo, Mr. Boose and Mr. Wells, the dates shown are the dates the EnerCare Nominees were initially appointed as Trustees of the Fund. Each of the EnerCare Nominees, other than Ms. Palombo, Mr. Boose and Mr. Wells were initially appointed as a Director on December 22, 2010.

(6) Does not include performance share units (the "Performance Share Units") issued under the performance share unit plan (the "PSUP"), deferred share units (the "DSUs") issued under the deferred share unit plan (the "DSUP") and options (the "Options") issued under the share option plan which came into effect on January 1, 2011 (the "2011 Option Plan") and the share option plan which came into effect on March 5, 2014 (the "2014 Option Plan", together with the 2011 Option Plan, the "Option Plans"). See "Outstanding Share-Based Awards" for the number of DSUs held by the Directors, other than Mr. Macdonald as of December 31, 2014. See "Outstanding Share-Based and Option-Based Awards" for the number of Performance Share Units and Options held by Mr. Macdonald as of December 31, 2014.

Set out below is the biography for each of the EnerCare Nominees.

Jim Pantelidis, 69, Director and Chair of the Board. Mr. Pantelidis is Chair of the board of directors of Parkland Fuel Corporation, and a member of the board of directors of Industrial Alliance Insurance Financial Services Inc., RONA inc. and Intertape Polymer Group Inc. From 2008 to 2011 Mr. Pantelidis was a non-executive director, Chair of the Compensation and Human Resources Committee and member of the Audit Committee of Equinox Minerals Limited, a mining company. Mr. Pantelidis has previously served as the Chairman and Chief Executive Officer of FisherCast Global Corporation, a manufacturer of molten metal injection technologies and Bata Limited, a leading, privately held, global footwear retailer and manufacturer. He was also the President and Chief Executive Officer of JP & Associates, a strategic consulting company. Mr. Pantelidis had a 30-year career in the petroleum industry and was at one time President of both the Resources Division and the Products Division of Petro-Canada. Mr. Pantelidis holds a Bachelor of Science degree and a Master of Business Administration degree, both from McGill University.

Scott F. Boose, 43, Director. Mr. Boose is the President of Direct Energy Services. Prior to this role, Mr. Boose was President of the Clockwork Home Services business (a Direct Energy company), which operates its franchise network in 48 states and has company-owned operations in the United States in 11 states, as well as 2 Canadian provinces. Mr. Boose joined Direct Energy in 2004 through the acquisition of the Residential Services Group, in which he held several senior positions over a ten year period. From 2007 to 2010, Mr. Boose served as the Managing Director of the Heating Services business for British Gas, an operating unit of Centrica PLC whereby he oversaw a team of 11,000, including 8,000 frontline engineers and installers. Mr. Boose also served on the board of British Gas Insurance during his time in

the United Kingdom. Mr. Boose resides in Sarasota, Florida and has a B.S. in Business, Accounting and Finance from Wright State University and graduated with Honors.

Lisa de Wilde, 59, Director. Ms. de Wilde has been Chief Executive Officer of the Ontario Educational Communications Authority (TVO) since 2005. Previously, Ms. de Wilde was the President and CEO of Astral Television Networks Inc., and practiced law in private practice and as Legal Counsel to the CRTC. Ms. de Wilde serves as a member of the board of TELUS Corporation and as Chair of the Board of Directors of the Toronto International Film Festival. She served as a member of the Board of Trustees of Noranda Income Fund from 2002 to 2010 as well as AT&T Canada Inc. (2002 to 2003) and Cinar Corp. (2002 to 2004). Her other advisory appointments include: the University of Toronto's Mowat Centre for Policy Innovation; the Canadian Digital Media Network; and the Asia Pacific Foundation's Toronto Advisory Group. She is a member of the Institute of Corporate Directors (ICD.D) and the Law Society of Upper Canada. She holds an LL.B. and an Honours Bachelor of Arts degree, both from McGill University.

John A. Macdonald, 58, Director. Mr. Macdonald has been the President and Chief Executive Officer of EnerCare since November 27, 2006. From 2002 to 2006 Mr. Macdonald served as President and Chief Executive Officer of Hydro One Telecom Inc. Mr. Macdonald has previously held senior marketing positions at AT&T Canada Inc. and Nortel Networks Corporation and was a member of the board of advisors of Atria Networks LP until 2010. Mr. Macdonald is a registered professional engineer and holds a Bachelor of Applied Science in Electrical Engineering from the University of Toronto.

Grace M. Palombo, 51, Director. Ms. Palombo is the Executive Vice President, Chief Human Resources Officer of Great-West Lifeco Inc., a position she has held since November 2014. From 2011 to 2014, Ms. Palombo was the Executive Vice President, Head of Human Resources, TD Bank, America's Most Convenient Bank based in the U.S.A. Prior to 2011, Ms. Palombo served as the Senior Vice President, Corporate Human Resources of CanWest Global Communications Corporation ("CanWest") and also served as a member of its Management Committee. Prior to joining CanWest, Ms. Palombo held various executive positions in the areas of Human Resources, Legal and Corporate Services with Husky Injection Molding Systems Ltd., The Canada Life Assurance Company, Westcoast Energy Inc./Union Gas Limited and Bombardier Inc. She also practiced law in Toronto, in the areas of employment, labour relations and corporate law. Ms. Palombo has served as a Director and a member of the Compensation, Nominating and Corporate Governance Committees of Student Transportation Inc. since 2010, and as a Director of the Osgoode Hall Law School Alumni Association since 2009. Ms. Palombo was formerly a Director, as well as a member of the Audit Committee, Administrative Affairs Committee and Board Development Committee of the Canadian College of Naturopathic Medicine from 2002 to 2008 and a member of the Management Committee of Union Gas Ltd. from 1998 to 2002. Ms. Palombo has also served as Board and Committee Member on a voluntary basis for various organizations in the Greater Toronto area. Ms. Palombo holds an LL.B. degree from Osgoode Hall Law School in Toronto and a Bachelor of Arts in Psychology from York University. Ms. Palombo is a member of the Institute of Corporate Directors (ICD.D), Conference Board of Canada, Council of National Human Resource Executives, the Law Society of Upper Canada, The Canadian Bar Association, the Women's Law Association and the Women's Executive Network.

Jerry Patava, 61, Director and Chair of the Governance Committee. Mr. Patava is the Chief Executive Officer of the Great Gulf Group of Companies, a position he has held since July 2007. He is also Lead Director and a member of the Governance and Compensation Committee of Trimac Transportation Ltd. and a Director and Chair of the Governance and Compensation Committees of Capstone Infrastructure Corporation. Mr. Patava was Executive Vice President and Chief Financial Officer of Fairmont Hotels & Resorts Inc., a position he held from January 1998 to January 2005. Previously, he was Vice President and Treasurer of Canadian Pacific Limited and prior thereto Vice President and Director of RBC Dominion Securities Inc. Mr. Patava holds a Bachelor of Arts degree from the University of Toronto and a Master of Business Administration from York University.

Roy J. Pearce, 72, Director and Chair of the Investment Committee. Mr. Pearce was the Chief Financial Officer of K2 Pure Solutions Canada Corporation from April 2007 until his retirement in November 2008. Prior to joining K2 Pure Solutions Canada Corporation, Mr. Pearce was a trustee and member of the

Compensation Committee of ACS Media Income Fund. He was the Chief Financial Officer of several companies, including KCP Income Fund and its predecessor business, KIK Corporation, the Plastics Division of Crown Cork and Seal Company, Inc. and Crown Cork and Seal Canada, Inc. Mr. Pearce has held senior finance positions with various companies including Gilbey Canada Inc., Lever Detergents Limited, Monarch Fine Foods Limited, John Labatt Ltd., and Lever Brothers Inc. Mr. Pearce is a Chartered Professional Accountant, Chartered Accountant.

Michael Rousseau, 57, Director and Chair of the Audit Committee. Mr. Rousseau is Executive Vice President and Chief Financial Officer of Air Canada, a position he has held since 2007. Since 2010, Mr. Rousseau has been a director of Resolute Forest Products Inc. and was a member of the Finance Committee; he is currently serving on the Audit Committee and is Chair of the Human Resources and Compensation/Nominating and Corporate Governance Committee. He also served as a trustee and Chair of the Audit Committee of Golf Town Income Fund. Mr. Rousseau was the President of Hudson's Bay Company from 2006 to 2007; prior to that, he was the Executive Vice President and Chief Financial Officer. Mr. Rousseau was the Senior Vice President and Chief Financial Officer of Moore Corporation and was also a member of its Pension Committee and he was Vice President and Chief Financial Officer of Silcorp Limited. Mr. Rousseau holds a Bachelor of Business Administration from York University and is a Chartered Professional Accountant, Chartered Accountant.

William M. Wells, 54, Director and Chair of the Corporate Responsibility and Risk Management Committee. Mr. Wells is the Founder and Chairman of Evizone Limited, a privately held online communications service firm and the Founder and Chairman of HLS Therapeutics Inc. a privately held pharmaceutical company. Mr. Wells is a director of Acadia Pharmaceuticals Inc. and a trustee and member of the finance committee of the Lakefield College School Foundation. He also serves on the board of MedGenesis Therapeutix Inc. Mr. Wells previously served on the Standard & Poors' Issuers Advisory Committee. Mr. Wells was a director of Biovail Corporation ("Biovail"), a pharmaceutical company from 2005 until 2010 and was lead director, chair of the compensation committee and a member of the risk and audit committees prior to becoming Chief Executive Officer. He served as the Chief Executive Officer of Biovail from 2008 until its merger with Valeant Pharmaceuticals International, Inc. ("Valeant"), when he then served as Chairman of Valeant until 2010. Prior to joining Biovail, Mr. Wells held a number of senior executive positions, including as Chief Financial Officer of Loblaw Companies Limited, a retail grocery chain, Chief Financial Officer of Bunge Limited, a U.S. headquartered company engaged in the global agribusiness, fertilizer and food product industries, and financial management positions at McDonald's Corporation in the U.S. and Brazil. Mr. Wells holds a Master's degree in International Business from the University of South Carolina and a Bachelor's degree in Philosophy and English from the University of Western Ontario.

Unless directed otherwise, the persons designated in the enclosed form of proxy intend to vote FOR the election of each of the foregoing nominees to the Board.

DE Nomination Rights

In connection with the acquisition of the Ontario home and small commercial services businesses ("**OHS Business**") of Direct Energy Marketing Limited ("**DE**") on October 20, 2014 (the "**OHS Acquisition**"), EnerCare and DE entered into a nomination agreement dated as of October 20, 2014 (the "**Nomination Agreement**"), pursuant to which and for so long as DE controls not less than 3,846,154 Shares (as adjusted for any Share dividends, combinations, splits, recapitalizations and the like), DE will be entitled to nominate one individual (the "**DE Nominee**") for consideration by the Governance Committee and the Board, acting reasonably, for inclusion in EnerCare's annual management information circular for election as a Director. DE has agreed that it will nominate an individual who, in its good faith judgment, (i) possesses appropriate expertise and/or background knowledge of EnerCare's business, and (ii) is otherwise qualified to serve as a member of the Board under applicable law. So long as DE follows the timing and procedures specified in the Nomination Agreement, EnerCare has agreed that the Governance Committee and the Board will evaluate the DE Nominee using the same criteria the Governance Committee and the Board generally applies for other nominees and either include such individual as a nominee of the Board or give notice to DE that such DE Nominee has not been approved.

In the event the Governance Committee or the Board does not grant approval, DE will be entitled to designate one alternative individual as its nominee. In October 2014, DE formally notified EnerCare that it was putting forth Mr. Scott Boose as the DE Nominee. Following the favourable evaluation of the DE Nominee by the Governance Committee and the Board, Mr. Boose was appointed as a Director on October 27, 2014.

The Nomination Agreement replaced the previous nomination agreement between EnerCare and DE entered into in 2011 at the time of the Fund's conversion to a corporation.

Majority Voting Policy

The Board believes that each of its members should carry the confidence and support of the Shareholders. To this end, the Directors have unanimously adopted a majority voting policy that requires that Shareholders be able to vote in favour of, or withhold from voting, separately for each nominee and that other than a contested election of Directors, any nominee for Director (including any DE Nominee) who receives a greater number of votes "withheld" from his or her election than votes "for" such election (a "**Majority Withheld Vote**") shall immediately tender his or her resignation to the Board following the meeting (to the attention of the Chair of the Board or to each member of the Governance Committee if the affected Director is such Chair). The Board shall determine whether or not to accept the resignation within 90 days after the Shareholder meeting. The Board shall be expected to accept the resignation except in situations where exceptional circumstances would warrant the applicable Director to continue to serve on the Board. The resignation will be effective when accepted by the Board. A "contested election" means an election where the number of nominees for Directors is greater than the number of Directors to be elected. If all the Directors receive a Majority Withheld Vote in the same election, then all the Directors shall consider the resignation offers and determine whether to accept them, or any of them, applying the same procedures and considerations as apply to the Board under the Majority Voting Policy *mutatis mutandis*.

In the event that any Director who received a Majority Withheld Vote does not tender his or her resignation in accordance with the Majority Voting Policy, he or she will not be re-nominated by either the Governance Committee or the Board.

COMPENSATION OF EXECUTIVE OFFICERS

COMPENSATION DISCUSSION AND ANALYSIS

The objective of EnerCare's compensation program and strategy is to attract, retain, and motivate talented executives and to create sustainable shareholder value over the long term. The compensation program is designed to reward increases in Share value, sustained cash dividends and growth of EnerCare. To achieve these objectives, the executive compensation program is designed to conform to the following principles:

- Align with EnerCare's business strategy – link executive compensation with the achievement of specific strategic business objectives and EnerCare's performance as a whole;
- Align to Shareholder interests – align the interests of executives with those of Shareholders through the use of incentives that reward increases in Shareholder value, and decline in value when the Share price falls, as well as maintain significant Share ownership requirements for the President and Chief Executive Officer;
- Corporate governance – strive to be a market leader on governance issues and continually review and, as appropriate for EnerCare, adopt executive compensation practices that align to current best practices;
- Pay for performance – align with EnerCare's desire to create a performance and development culture and create clear relationships between pay and performance;
- Pay competitively – set overall target compensation to ensure it remains competitive; and
- A simple, direct program – provide a simple, direct program that is easy to understand and assess.

Elements of Compensation

The major elements of EnerCare's compensation program are base salary, annual performance bonus, awards under the PSUP and the Option Plan and personal benefits. EnerCare believes that a high proportion of senior management compensation should be at risk.

Base Salary

The purpose of base salary is to attract and retain the highest caliber senior management team. Salaries for senior management are set on the basis of the level of responsibility relative to other positions in EnerCare and relative to salaries paid by other organizations. Actual base salaries are targeted between the 25th and 50th percentile of the Compensation Peer Group (as defined below) to reflect EnerCare's positioning against most 'relative size' metrics (see "- Benchmarking" below). EnerCare will pay above or below this target to reflect each senior manager's relative experience or performance versus the market, or to reflect competitive market pressures for a given skill set.

Annual Performance Bonus

The annual performance bonus is designed to recognize both the contribution of management to corporate results and personal results. The purpose of the annual performance bonus is to pay for performance, to align with EnerCare's strategy, and to provide motivation for superior corporate and personal results. The target annual performance bonus varies on the basis of the senior manager's position and is designed to reflect the degree of influence of the participant in EnerCare's affairs. Target annual bonus levels are designed to provide 50th percentile (or "**median**") total cash (salary and bonus) levels for target levels of performance and above median total cash for above-target performance.

Performance Share Unit and Option Plans

EnerCare believes that the grant of awards under the PSUP and the Option Plan as long-term incentives help align management's interests with Shareholder interests, provide motivation and promote retention of management for the long term. Awards under the PSUP and the Option Plan are generally granted on an annual basis to senior management (see "Performance Share Unit Plan" and "Option Plans" below). EnerCare grants Performance Share Units and Options at competitive levels versus the Compensation Peer Group.

Benefits and Executive Perquisites

EnerCare offers to all its employees various benefit programs, such as medical, dental, life, and short and long-term disability insurance coverage to promote employee health and productivity in the work place. EnerCare also offers a group registered retirement savings plan to its employees to provide financial support for employees during their retirement in respect of their employment with EnerCare.

EnerCare does not have a pension plan or any other post-employment benefit program for senior management employed directly by EnerCare, including all of the Named Executive Officers. EnerCare does, however, have a program whereby it makes registered retirement and personal savings plan contributions to accounts of senior management employed by EnerCare.

In connection with the OHS Acquisition, EnerCare entered into a pension asset transfer agreement which contemplates a transfer of defined benefit and defined contribution pension assets into a new combination pension plan which will be assumed by EnerCare upon receipt of regulatory approval. The combination pension plan is available to a closed group of active employees employed by EnerCare Home and Commercial Services Inc., an indirect wholly-owned subsidiary of EnerCare that acquired the OHS Business on October 20, 2014. New employees employed by EnerCare Home and Commercial Services Inc. are eligible to participate only in the defined contribution component of the pension plan.

All eligible employees of EnerCare may participate in the Employee Share Purchase Plan (“**ESPP**”) (see “Employee Share Purchase Plan” below).

EnerCare currently provides to its senior management a limited number of perquisites, including car allowance and club membership dues.

Personal benefits provided to senior management reflect market-competitive practices.

Decision Making

The compensation for all executive officers who are employees of EnerCare (except the President and Chief Executive Officer and Mr. Ryan) is recommended by the President and Chief Executive Officer to the Governance Committee which in turn is recommended by the Governance Committee to the Board for approval. The compensation of the President and Chief Executive Officer is determined and approved by the Governance Committee, subject to final approval by the Board. Mr. Ryan, formerly an Executive Advisor and currently Interim Senior Vice President and General Manager, Home Services is engaged on a contract basis.

In its deliberations regarding executive compensation, the Governance Committee and the Board considers independent advice from external consultants and other advisors, but the Governance Committee and the Board are ultimately responsible for all decisions made. As such, these decisions may reflect factors and considerations other than, or different from, those provided by advisors.

External Advice

In August 2012, the Governance Committee first engaged Lane Caputo Compensation Inc. (“**Lane Caputo**”) to conduct a review of EnerCare’s executive and non-employee Director compensation levels and practices, as well as to analyze and comment on the mix of EnerCare’s long-term incentives.

In November 2013, the Governance Committee engaged Lane Caputo to conduct an updated review of EnerCare’s executive and non-employee Director compensation levels and practices, as well as to analyze and comment on the mix of EnerCare’s long-term incentives. In October 2014, the Governance Committee again engaged Lane Caputo to provide an update to the work performed in 2013 (the “**Lane Caputo Report**”). The scope of the 2014 review involved a review of the Compensation Peer Group (as defined below) to ensure continued alignment with EnerCare’s current size and scope of operations and the benchmarking of EnerCare’s executive and director compensation versus the Compensation Peer Group. Lane Caputo also benchmarked the structure of EnerCare’s compensation program, with particular attention to the mix of Options and Performance Share Units granted to executives.

Lane Caputo does not provide any services to EnerCare or to management and the Governance Committee must pre-approve any services that Lane Caputo or its affiliates provides to EnerCare at the request of management.

The following table provides the fees paid to Lane Caputo for the provision of compensation consulting services to the Governance Committee in respect of 2013 and 2014:

Executive Compensation – Related Fees

Activity	2013	2014
Executive Compensation Related Fees	\$44,839	\$35,609
All Other Fees	Nil	Nil
Total	\$44,839	\$35,609

Benchmarking

In 2014, on the recommendation of Lane Caputo, the Board approved the use of a group of comparator companies (the “**Compensation Peer Group**”) from which to base the assessments of both executive and Board compensation levels and practices. Companies selected for the Compensation Peer Group are TSX-listed companies of roughly one-half to two times EnerCare’s size as measured by earnings before interest, tax, depreciation and amortization (“**EBITDA**”), market capitalization, enterprise value, revenues and assets. Preference is given to companies that have a significant and regular dividend (like EnerCare) and who are not growth-oriented, resource-based companies.

For 2014, EnerCare maintained the peer group developed in 2013. The 20 companies in the 2014 Compensation Peer Group for EnerCare are:

- Aecon Group Inc.
- Algonquin Power & Utilities Corp.
- Canexus Corporation
- Capstone Infrastructure Corporation
- Davis + Henderson Corporation
- Enerflex Ltd.
- Innergex Renewable Energy Inc.
- Just Energy Group Inc.
- Liquor Stores N.A. Ltd.
- Medical Facilities Corporation
- Morneau Shepell Inc.
- Northland Power Inc.
- Parkland Fuel Corporation
- Rogers Sugar Inc.
- Russel Metals Inc.
- The North West Company Inc.
- Toromont Industries Ltd.
- Wajax Corporation
- Whistler Blackcomb Holdings Inc.
- Winpak Ltd.

The Governance Committee will monitor the appropriateness of the Compensation Peer Group on a regular basis to ensure its continued reflection of an appropriate benchmark for EnerCare’s compensation practices.

CONSIDERATION OF RISK

As part its annual review of EnerCare’s compensation policies and practices and pursuant to its mandate, the Governance Committee considers any risks associated with such policies and practices and assesses the practices used by EnerCare and the Governance Committee to mitigate risks associated with them. The Governance Committee is satisfied that the current compensation policies and practices combined with the enterprise risk management of the organization, which includes risk oversight by the Corporate Responsibility and Risk Management Committee, offer a balanced combination that promotes adequate risk-taking with appropriate and reasonable compensation incentives. In particular, risk mitigation features of EnerCare’s compensation policies and practices include:

- Appropriate balance between short and long-term (i.e., deferred) incentives with more weight on long-term incentives;
- A significant proportion of variable compensation is “at risk” and tied to target metrics aligned with EnerCare’s interests;
- Performance measures under the short-term incentive plan are primarily focused on sustained profitability growth (i.e., Acquisition Adjusted EBITDA (as defined below) and rental and sub-metering contracted units, all of which are subject to an internal rate of return threshold);
- Performance Share Units and Options reflect Share price appreciation and depreciation; and
- Maximums applied to annual bonus payout (maximum 1.5 times target in respect of the corporate component and 1.5 times in respect of the strategic objective component).

HEDGING OF EQUITY AWARDS

To further mitigate risk, EnerCare has adopted a policy prohibiting, among others, any of its Directors, officers or other employees from purchasing financial instruments that are designed to hedge or offset a decrease in the market value of the Shares, except with the prior approval of the Governance Committee. EnerCare is not aware of any Director or officer having entered into this type of transaction.

SHARE OWNERSHIP POLICY

The Board believes that Directors and the President and Chief Executive Officer can represent the interests of Shareholders more effectively if they have a significant investment in EnerCare. To that end, in January 2011, the Board instituted a share ownership policy (the “**Share Ownership Policy**”) whereby the President and Chief Executive Officer must hold a number of Shares with a market value of at least \$1,200,000 (equal to three times the annual base salary for the President and Chief Executive Officer as of the date of the most recent revision to the Share Ownership Policy). As of March 20, 2015, Mr. Macdonald exceeded his ownership requirement by a significant margin.

Under the Share Ownership Policy, Directors must hold a number of Shares with a market value of at least \$175,000 (equal to five times the current annual retainer for Directors). As of March 20, 2015, all Directors meet or exceed the Share ownership requirements except for Ms. Palombo and Mr. Boose who have until 2017 and 2019, respectively, to meet the Share ownership requirements. For details on the share ownership levels of the President and Chief Executive Officer and Directors, see “Governance Practices – Share Ownership – Directors and Executive Officers”.

President and Chief Executive Officer

John A. Macdonald

Base Salary

The President and Chief Executive Officer’s base salary for 2014 was \$440,000 (an increase of \$20,000 from 2013). In the Governance Committee’s view, the amount is reasonable taking into consideration the Lane Caputo Report and EnerCare’s and Mr. Macdonald’s past performance.

Annual Performance Bonus

The target annual performance bonus for 2014 was set at 60% of the President and Chief Executive Officer’s base salary. In the Governance Committee’s view, this is reasonable taking into consideration the Lane Caputo Report and EnerCare’s and Mr. Macdonald’s past performance, as well as the performance targets and strategic objectives set in connection with such bonus.

The annual performance bonus was weighted 70% for the achievement of performance targets of EnerCare and 30% for the achievement of strategic objectives. The EnerCare performance target was based on EnerCare’s (i) Acquisition Adjusted EBITDA, which is defined as Adjusted EBITDA (comprised of net earnings plus income taxes, interest expense, amortization expense, impairment losses, loss on disposal of equipment, less investment income), excluding the additional one-time costs associated with the OHS Acquisition, including interest expense for accounting purposes on the subscription receipts issued by EnerCare to partially finance the OHS Acquisition, equity bridge financing fees, professional fees associated with due diligence, pre and post-merger integration, expenditures associated with rebranding, severance and other costs in selling, general and administrative expenses. Adjusted EBITDA is reported in EnerCare’s financial statements and both Adjusted EBITDA and Acquisition Adjusted EBITDA are reported in EnerCare’s management discussion and analysis.; (ii) successful acquisition and integration of the OHS Business with minimal disruptions to the business; (iii) increased gross sub-metering contracted unit sales; and (iv) increased sub-metering client satisfaction scores based on the point increase in net promoter score. The portion of the incentive payment dependent upon the achievement of Acquisition Adjusted EBITDA could only be paid if 95% of the target was met, in which case 95% of the target incentive payment could be paid. The portion of the incentive payment dependent

upon the achievement of successful acquisition and integration of the OHS Business target could only be paid if there were minimal disruption to the business immediately following the acquisition. The portion of the incentive payment dependent upon the achievement of the sub-metering sales targets could only be paid if 75% of the target was met, in which case 75% of the target incentive payment could be paid. The portion of the incentive payment dependent upon the achievement of the sub-metering client satisfaction target could only be paid if 47% of the target was met, in which case 47% of the target incentive payment could be paid. If the results achieved exceeded the target by the same percentage or prescribed amounts or more, the maximum incentive payment that could be paid was 150% of the target incentive payment. The maximum amount that could be earned in respect of the strategic objectives component was 150%. The strategic objectives included effective management of the DE relationship, development of the senior management team and succession planning, completion of the OHS Acquisition and effective management of initiatives in respect of *Stronger Protection for Ontario Consumers Act, 2013* ("Bill 55").

The Governance Committee approved the EnerCare performance targets at the beginning of 2014 through EnerCare's annual budget and business plan process and subsequently approved revised performance targets of Acquisition Adjusted EBITDA, acquisition and integration of the OHS Business target, sub-metering sales target and the sub-metering client satisfaction target in the fourth quarter of 2014 to reflect the impact of the OHS Acquisition on some of the previously established targets. The 2014 targets were intended to be challenging and were set at the following levels: (a) Acquisition Adjusted EBITDA (accounting for approximately 57% of the President and Chief Executive Officer's performance target) of \$185.18 million; (b) acquisition and integration of the OHS Business (accounting for approximately 21% of the President and Chief Executive Officer's performance target); (c) gross sub-metering contracted unit sales (accounting for approximately 11% of the President and Chief Executive Officer's performance target) of 20,000 units; and (d) sub-metering client satisfaction scores (accounting for approximately 11% of the President and Chief Executive Officer's performance target). EnerCare in 2014 achieved 150% of the Acquisition Adjusted EBITDA target, 150% of acquisition and integration of the OHS Business target, 145% of the sub-metering sales target, 150% in the sub-metering client satisfaction target, and 149% in the aggregate for the performance target.

In respect of 2014, the President and Chief Executive Officer was awarded approximately 149% of the target bonus for performance and, as the strategic objectives were significantly exceeded, 125% of that measure; therefore, based on the aggregate objectives for the annual performance bonus, the President and Chief Executive Officer received a bonus of \$375,131, representing 142% of the target bonus and 85% of his base salary. In recognition of his effort, effective management and successful completion of the OHS Acquisition, the President and Chief Executive Officer also received a one-time acquisition bonus of \$264,000, representing 100% of his target bonus.

Long-term Incentives

The President and Chief Executive Officer was granted an aggregate of 24,371 Performance Share Units and 180,766 Options for 2014 pursuant to the PSUP and 2014 Option Plan, respectively. The number of Performance Share Units and Options granted was determined with reference to the Lane Caputo Report, his ability to influence the performance of EnerCare as well as the various factors listed above in respect of the rationale for long-term incentive plans. It was determined that in 2014 Mr. Macdonald be granted Performance Share Units equal in value to approximately 55% of his base salary, based upon the weighted average trading price of the Shares on the Toronto Stock Exchange (the "TSX") for the five trading days immediately preceding December 31, 2013 and Options equal in value to approximately 26% of his base salary. The exercise price of the Options is \$10.71, being the closing price of the Shares on the TSX on the day immediately preceding the grant. The Governance Committee, Board and Mr. Macdonald determined to reduce the number of Options granted to him in 2014 from the amount he had otherwise achieved as they together determined that the achieved Option value using the Black-Scholes model exceeded what they believed was in the best interests of EnerCare and its Shareholders.

Chief Financial Officer

Evelyn Sutherland

Base Salary

The base salary in 2014 for the Chief Financial Officer was set at \$315,000 (an increase of \$15,000 from 2013) based on the terms of her employment agreement at hire in August 2011, the Lane Caputo Report and increases approved by the Governance Committee in subsequent years to reflect market-based compensation and performance.

Annual Performance Bonus

The target annual performance bonus for 2014 was set at 40% of the Chief Financial Officer's base salary. In the Governance Committee's view, this is reasonable taking into consideration the Lane Caputo Report, as well as the performance targets and strategic objectives set in connection with such bonus.

The annual performance bonus was weighted 65% for the achievement of performance targets of EnerCare and 35% for the achievement of strategic objectives. Except as noted below, the EnerCare performance targets were the same as those applicable to the President and Chief Executive Officer. The strategic objectives included improved profitability based on Acquisition Adjusted EBITDA, successful financing and structuring of the OHS Acquisition, development and implementation of a long-term strategic plan and milestones and compliance with applicable International Financial Reporting Standards.

The EnerCare performance targets of Acquisition Adjusted EBITDA, acquisition and integration of the OHS Business, sub-metering sales and sub-metering client satisfaction targets were the same as those applicable to the President and Chief Executive Officer; however, the weights of each target were set at the following levels for all Named Executive Officers except the President and Chief Executive Officer: (a) Acquisition Adjusted EBITDA (accounting for 50% of the EnerCare performance target) of \$185.18 million; (b) acquisition and integration of the OHS Business (accounting for 25% of the EnerCare performance target); (c) gross sub-metering contracted unit sales (accounting for 12.5% of the EnerCare performance target) of 20,000 units; and (d) sub-metering client satisfaction scores (accounting for approximately 12.5% of the EnerCare performance target). EnerCare in 2014 achieved 150% of the Acquisition Adjusted EBITDA target, 150% of the acquisition and integration of the OHS Business target, 145% of the sub-metering sales target, 150% in the sub-metering client satisfaction target, and 149% in the aggregate for the performance target.

In respect of 2014, Ms. Sutherland was awarded approximately 149% of the target bonus for performance and, as the strategic objectives were significantly exceeded, 147% of that measure; therefore, based on the aggregate objectives for the annual performance bonus, Ms. Sutherland received a bonus of \$187,317, representing 149% of the target bonus and 59% of her base salary. In recognition of her effort, effective management and successful completion of the OHS Acquisition, the Chief Financial Officer also received a one-time acquisition bonus of \$126,000, representing 100% of her target bonus.

Long-term Incentives

Ms. Sutherland was granted 9,517 Performance Share Units and 70,588 Options for 2014 pursuant to the PSUP and 2014 Option Plan, respectively. The grants were made on the same basis and pursuant to the same terms as those of Messrs. Macdonald, Toffoletto and Garland. The number of Performance Share Units and Options granted was determined with reference to the Lane Caputo Report, her ability to influence the performance of EnerCare as well as the various factors listed above in respect of the rationale for long-term incentive plans. It was determined that in 2014, Ms. Sutherland be granted Performance Share Units equal in value to approximately 30% of her base salary, based upon the weighted average trading price of the Shares on the TSX for the five trading days immediately preceding December 31, 2013 and Options equal in value to 14% of her base salary. The exercise price of the Options is \$10.71, being the closing price of the Shares on the TSX on the day immediately preceding the

grant. The Governance Committee, Board and Mr. Macdonald, with the concurrence of Ms. Sutherland, determined to reduce the number of Options granted to Ms. Sutherland in 2014 from the amount she had otherwise achieved as they together determined that the achieved Option value using the Black-Scholes model exceeded what they believed was in the best interests of EnerCare and its Shareholders.

Senior Vice President, Chief Legal Officer and Corporate Secretary

John Toffoletto

Base Salary

The base salary in 2014 for the Senior Vice President, Chief Legal Officer and Corporate Secretary was \$285,000 (an increase of \$10,000 from 2013) based on the terms of his employment agreement at hire in January 2009, the Lane Caputo Report and increases approved by the Governance Committee in subsequent years to reflect market-based compensation levels, increased responsibilities (including assumption of responsibility of the human resources department and government relations) and performance. Mr. Toffoletto was appointed Senior Vice President, Chief Legal Officer and Corporate Secretary on March 2, 2015. Prior to his appointment, Mr. Toffoletto held the position of Senior Vice President, General Counsel and Corporate Secretary.

Annual Performance Bonus

The target annual performance bonus for 2014 was set at 40% of the Senior Vice President, Chief Legal Officer and Corporate Secretary's base salary. In the Governance Committee's view, this is reasonable taking into consideration the Lane Caputo Report and EnerCare's and Mr. Toffoletto's past performance, as well as the performance targets and strategic objectives set in connection with such bonus.

The annual performance bonus was weighted 65% for the achievement of performance targets of EnerCare and 35% for the achievement of his performance objectives. The EnerCare performance targets were the same as those applicable to the Chief Financial Officer. The strategic objectives included effective deal lead in respect of the OHS Acquisition, effective government relations initiatives in respect of Bill 55, effective management of legal fees and effective oversight of various initiatives.

In respect of 2014, the Senior Vice President, Chief Legal Officer and Corporate Secretary was awarded approximately 149% of the target bonus for performance and, as the strategic objectives were significantly exceeded, 149% of that measure; therefore, based on the aggregate objectives for the annual performance bonus, the Senior Vice President, Chief Legal Officer and Corporate Secretary received a bonus of \$170,104, representing 149% of the target bonus and 60% of his base salary. In recognition of his effort, effective management and successful completion of the OHS Acquisition, the Senior Vice President, Chief Legal Officer and Corporate Secretary also received a one-time acquisition bonus of \$114,000, representing 100% of his target bonus.

Long-term Incentives

The Senior Vice President, Chief Legal Officer and Corporate Secretary was granted 8,610 Performance Share Units and 63,866 Options for 2014 pursuant to the PSUP and 2014 Option Plan, respectively. The grants were made on the same basis and pursuant to the same terms as those of Messrs. Macdonald and Garland and Ms. Sutherland. The number of Performance Share Units and Options granted was determined with reference to the Lane Caputo Report, his ability to influence the performance of EnerCare as well as the various factors listed above in respect of the rationale for long-term incentive plans. It was determined that in 2014 Mr. Toffoletto be granted Performance Share Units equal in value to approximately 30% of his base salary, based upon the weighted average trading price of the Shares on the TSX for the five trading days immediately preceding December 31, 2013 and Options equal in value to approximately 14% of his base salary. The exercise price of the Options is \$10.71, being the closing price of the Shares on the TSX on the day immediately preceding the grant. The Governance Committee, Board and Mr. Macdonald, with the concurrence of Mr. Toffoletto, determined to reduce the number of Options granted to Mr. Toffoletto in 2014 from the amount he had otherwise achieved as they together

determined that the achieved Option value using the Black-Scholes model exceeded what they believed was in the best interests of EnerCare and its Shareholders.

Senior Vice President and General Manager, Sub-metering

Ross Garland

Base Salary

The base salary in 2014 for the Senior Vice President and General Manager, Sub-metering was \$280,000 (an increase of \$10,000 from 2013) based on the terms of his employment agreement at hire in April 2013, the Lane Caputo Report and an increase approved by the Governance Committee in 2014 to reflect market-based compensation levels and performance.

Annual Performance Bonus

The target annual performance bonus for 2014 was set at 40% of the Senior Vice President and General Manager, Sub-metering's base salary. In the Governance Committee's view, this is reasonable taking into consideration the Lane Caputo Report and EnerCare's and Mr. Garland's past performance, as well as the performance targets and strategic objectives set in connection with such bonus.

The annual performance bonus was weighted 35% for the achievement of performance targets of EnerCare, 30% for the achievement of performance targets of sub-metering operations and 35% for the achievement of strategic objectives. The EnerCare performance targets were the same as those applicable to the Chief Financial Officer.

The sub-metering operation performance targets were based on a number of objectives, including (i) Sub-metering Adjusted EBITDA (defined as net earnings plus income taxes, interest expenses and amortization, loss on disposal of equipment and impairment charges, less interest income for the sub-metering business); (ii) increased gross sub-metering contracted unit sales; (iii) increased sub-metering client satisfaction scores based upon the point increase in net promoter score; and (iv) the completion of numerous key billing system and continuous improvement projects. The portion of the incentive payment dependent upon the achievement of Sub-metering Adjusted EBITDA could only be paid if 95% of the target was met, in which case 95% of the target incentive payment could be paid. The portion of the incentive payment dependent upon the achievement of the sub-metering sales targets could only be paid if 75% of the target was met, in which case 75% of the target incentive payment could be paid. The portion of the incentive payment dependent upon the achievement of the sub-metering client satisfaction target could only be paid if 47% of the target was met, in which case 47% of the target incentive payment could be paid. The portion of the incentive payment dependent upon the completion of numerous key billing system and continuous improvement projects could only be paid if the projects were completed as specified and operationalized. If the results achieved exceeded the target by the same percentage or prescribed amounts or more, the maximum incentive payment that could be paid was 150% of the target incentive payment. The strategic objectives included strategies to improve operational efficiencies and customer outcomes, accelerate sales momentum, the commencement of a revenue assurance program and operational strategies to improve credit and debt management in the sub-metering operation.

The Governance Committee approved the sub-metering performance targets of Sub-metering Adjusted EBITDA, sub-metering sales target, sub-metering client satisfaction target and billing and continuous improvement projects target at the beginning of 2014 through EnerCare's annual budget and business plan process. The 2014 targets were intended to be challenging and were set at the following levels: (a) Sub-metering Adjusted EBITDA (accounting for 30% of the sub-metering performance target) of \$8.03 million; (b) gross sub-metering contracted unit sales (accounting for 20% of the sub-metering performance target) of 20,000 units; (c) sub-metering client satisfaction scores (accounting for 20% of the sub-metering performance target); and (d) completion of numerous key billing system and continuous improvement projects as specified and operationalized (accounting for 30% of the sub-metering performance target). The sub-metering operation in 2014 achieved 57% of the Sub-metering Adjusted EBITDA target, 145% of the sub-metering sales target, 150% in the sub-metering client satisfaction

target, 92% of the billing and continuous improvement projects target and 103% in the aggregate for the sub-metering performance target.

In respect of 2014, Mr. Garland was awarded approximately 149% of the target bonus for performance targets of EnerCare, 103% of the target bonus for performance targets of the sub-metering operation and, as the strategic objectives were exceeded, 112% of that measure; therefore, based on the aggregate objectives for the annual performance bonus, Mr. Garland received a bonus of \$137,211, representing 123% of the target bonus and 49% of his base salary.

Long-term Incentives

Mr. Garland was granted 4,935 Performance Share Units and 36,601 Options for 2014 pursuant to the PSUP and the 2014 Option Plan, respectively. The grants were made on the same basis and pursuant to the same terms as those of Messrs. Macdonald and Toffoletto and Ms. Sutherland. The number of Performance Share Units and Options granted was determined with reference to the Lane Caputo Report, his ability to influence the performance of EnerCare as well as the various factors listed above in respect of the rationale for long-term incentive plans. It was determined that in 2014 Mr. Garland be granted Performance Share Units equal in value to 18% of his base salary based upon the weighted average trading price of the Shares on the TSX for the five trading days immediately preceding December 31, 2013 and Options equal in value to 18% of his base salary. The exercise price of the Options is \$10.71, being the closing price of the Shares on the TSX on the day immediately preceding the grant. The Governance Committee, Board and Mr. Macdonald, with the concurrence of Mr. Garland, determined to reduce the number of Options granted to Mr. Garland in 2014 from the amount he had otherwise achieved as they together determined that the achieved Option value using the Black-Scholes model exceeded what they believed was in the best interests of EnerCare and its Shareholders.

Interim Senior Vice President and General Manager, Home Services (formerly Executive Advisor)

Larry Ryan

Base Salary

The base salary in 2014 for Mr. Ryan was \$230,000 (no increase from 2013) based on his employment agreement effective January 1, 2009 and subsequent increases to reflect market-based compensation levels and performance. Mr. Ryan was appointed Interim Senior Vice President and General Manager, Home Services effective January 16, 2015, with responsibility for the OHS Business. Prior to his appointment Mr. Ryan held the position of Executive Advisor. Pursuant to the terms of his employment agreement, Mr. Ryan does not receive any annual performance or long-term incentives. In recognition of his effort, effective management and successful completion of the OHS Acquisition, the Interim Senior Vice President and General Manager, Home Services also received a one-time acquisition bonus of \$150,000.

2014 COMPENSATION TABLE

The following table sets forth the annual compensation for 2014, 2013 and 2012 earned by EnerCare's "Named Executive Officers" under applicable securities laws.

Name and Principal Position	Year	Salary (\$)	PSUP Awards ⁽¹⁾ (\$)	Option Awards ⁽²⁾ (\$)	Non-Equity Incentive Compensation Annual Incentive Plan ⁽³⁾ (\$)	All Other Comp. ⁽⁴⁾ (\$)	Total Comp. (\$)
John A. Macdonald President and Chief Executive Officer	2014	440,000	242,248	114,224	639,131	45,300	1,480,903
	2013	420,000	233,545	133,056	249,558	43,900	1,080,059
	2012	400,000	527,521	-	166,212	42,500	1,136,233
Evelyn Sutherland Chief Financial Officer	2014	315,000	94,599	44,604	313,317	36,450	803,970
	2013	300,000	90,987	51,840	137,022	35,400	615,249
	2012	280,000	201,416	-	94,354	34,000	609,770
John Toffoletto ⁽⁵⁾ Senior Vice President, Chief Legal Officer and Corporate Secretary	2014	285,000	85,583	40,356	284,104	34,350	729,393
	2013	275,000	83,411	47,520	152,553	49,515	607,999
	2012	265,000	190,626	-	98,933	32,950	587,509
Ross Garland ⁽⁶⁾ Senior Vice President and General Manager, Sub-metering	2014	280,000	49,054	23,128	137,211	25,000	514,393
	2013	192,288	38,671	22,032	53,325	17,413	323,729
	2012	-	-	-	-	-	-
Larry Ryan ⁽⁷⁾ Interim Senior Vice President and General Manager, Home Services	2014	230,000	Nil	Nil	150,000	Nil	380,000
	2013	230,000	Nil	Nil	Nil	Nil	230,000
	2012	230,000	Nil	Nil	Nil	38,333	268,333

- (1) In respect of 2014, based upon 24,371, 9,517, 8,610 and 4,935 Performance Share Units awarded in 2014 to Mr. Macdonald, Ms. Sutherland, Mr. Toffoletto and Mr. Garland, respectively, the value of which is calculated on the basis of the volume weighted average trading price of the Shares on the TSX for the five trading days immediately preceding December 31, 2013. In respect of 2013, based upon 28,240, 11,002, 10,086 and 4,676 Performance Share Units awarded in 2013 to Mr. Macdonald, Ms. Sutherland, Mr. Toffoletto and Mr. Garland, respectively, the value of which is calculated on the basis of the volume weighted average trading price of the Shares on the TSX for the five trading days immediately preceding December 31, 2012. In respect of 2012, based upon 56,179, 21,450 and 20,301 Performance Share Units awarded in 2012 (of which 33,021, 12,608 and 11,933 were not subject to a Performance Factor for each of Mr. Macdonald, Ms. Sutherland and Mr. Toffoletto, respectively) to Mr. Macdonald, Ms. Sutherland and Mr. Toffoletto, respectively, the value of which is calculated on the basis of the volume weighted average trading price of the units of the Fund on the TSX for the five trading days immediately preceding December 31, 2011.
- (2) The estimated fair value of each Option grant was calculated using the Black-Scholes option pricing model, as this is a widely used methodology that satisfies Canadian generally accepted accounting principles for publicly accountable enterprises (as defined by the Accounting Standards Board of The Canadian Institute of Chartered Accountants, as amended from time to time) and corresponds to the compensation value intended to be provided to each Named Executive Officer, within EnerCare's total compensation policy, and the fair value used for accounting purposes. The following assumptions were used: (i) expected life – option term plus assumed 3-year vesting period; (ii) risk-free rate – average yield of a Government of Canada bond with a term corresponding to the expected life; (iii) stock price volatility – based on daily closing prices for the 36 months preceding the date of the grant (volatility being capped at 50%); and (iv) dividend yield – average yield of the 12-month period preceding the date of grant. The Options awarded to Messrs. Macdonald, Toffoletto, Garland and Ms. Sutherland were issued at an exercise price equal to \$10.71, being the closing price of the Shares on the TSX on the day immediately preceding the date of grant on March 10, 2014. See "2014 Option Plan".
- (3) Amounts under the annual incentive plan and the one-time acquisition bonus are payable in the year following the year in respect of which they are earned. For 2014: Under the annual incentive plan \$375,131, \$187,317, \$170,104 and \$137,211 was awarded to Mr. Macdonald, Ms. Sutherland, Mr. Toffoletto and Mr. Garland, respectively, and a one-time acquisition bonus in recognition of the successful completion of the OHS Acquisition of \$264,000, \$126,000, \$114,000 and \$150,000 was awarded to Mr. Macdonald, Ms. Sutherland, Mr. Toffoletto and Mr. Ryan, respectively.
- (4) For 2014: The \$45,300 in respect of Mr. Macdonald consists of a \$12,000 car allowance, \$30,800 registered personal savings plan contributions, and \$2,500 club membership dues; the \$36,450 in respect of Ms. Sutherland consists of a \$14,400 car allowance and \$22,050 registered personal savings plan contributions; the \$34,350 in respect of Mr. Toffoletto consists of a \$14,400 car allowance, and \$19,950 registered personal savings plan contributions; the \$25,000 in respect of Mr. Garland consists of a \$9,600 car allowance, and \$15,400 registered personal savings plan contributions. For 2013: The \$43,900 in respect of Mr. Macdonald consists of a \$12,000 car allowance, \$29,400 registered personal savings plan contributions, and \$2,500 club membership dues; the \$35,400 in respect of Ms. Sutherland consists of a \$14,400 car allowance and \$21,000 registered personal savings plan contributions; the \$49,515 in respect of Mr. Toffoletto consists of a \$14,400 car allowance, \$15,865 for a payment made in lieu of vacation, and \$19,250 registered personal savings plan contributions; the \$17,413 in respect of Mr. Garland consists of a \$6,837 car allowance, and \$10,576 registered personal savings plan contributions. For 2012: The \$42,500 in respect of Mr. Macdonald consists of a \$12,000 car allowance, \$28,000 registered personal savings plan contributions and \$2,500 club membership dues; the \$34,000 in respect of Ms. Sutherland consists of a \$14,400 car allowance and \$19,600 registered personal savings plan contributions; the \$32,950 in respect of Mr. Toffoletto consists of a \$14,400 car allowance and \$18,550 registered personal savings plan contributions; the \$38,333 in respect of Mr. Ryan consists of a payment made in lieu of vacation.
- (5) Mr. Toffoletto was appointed Senior Vice President, Chief Legal Officer and Corporate Secretary of EnerCare and its subsidiaries on March 2, 2015. Prior to his recent appointment, Mr. Toffoletto held the position of Senior Vice President, General Counsel and Corporate Secretary.
- (6) Mr. Garland was appointed Senior Vice President and General Manager, Sub-metering of EnerCare and its subsidiaries on April 15, 2013 and the figures reported above for 2013 represent the pro-ration of his actual compensation for 2013.
- (7) Mr. Ryan was appointed Interim Senior Vice President and General Manager, Home Services on January 16, 2015. Prior to his recent appointment, Mr. Ryan held the position of Executive Advisor.

INCENTIVE PLANS**OUTSTANDING SHARE-BASED AND OPTION-BASED AWARDS**

The following table sets forth the number of Options and Performance Share Units held by the Named Executive Officers as at December 31, 2014.

Name	Option Awards				PSUP Awards	
	Number of Shares Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options ⁽¹⁾ (\$)	Number of Performance Share Units that have not Vested ⁽²⁾ (#)	Market or Payout Value of PSUP Awards that have not Vested ⁽³⁾ (\$)
John A. Macdonald	293,494	7.07	February 28, 2019	2,180,660	67,687	987,553
	208,108	8.88	March 4, 2021	1,169,567		
	180,766	10.71	March 10, 2022	685,103		
Evelyn Sutherland	26,476	7.79	August 15, 2019	177,654	26,394	385,088
	81,081	8.88	March 4, 2021	455,675		
	70,588	10.71	March 10, 2022	267,529		
John Toffoletto	69,307	7.07	February 28, 2019	514,951	24,055	350,962
	74,324	8.88	March 4, 2021	417,701		
	63,866	10.71	March 10, 2022	242,052		
Ross Garland	33,010	9.27	April 15, 2021	172,642	12,318	179,720
	36,601	10.71	March 10, 2022	138,718		
Larry Ryan	Nil	Nil	-	Nil	Nil	Nil

(1) The value of the Options is calculated as the difference between the closing price of the Shares on the TSX on December 31, 2014 (\$14.50) (assumes all vesting requirements are met) and the exercise price of the Options.

(2) The number of Performance Share Units includes Performance Share Units granted on an annual basis in 2013 and 2014, Performance Share Units credited reflecting dividends on the Shares to December 31, 2014 and additional Performance Share Units credited to reflect a Performance Factor of 1.0 for 2013 and a Performance Factor of 1.5 for 2014 in respect of Performance Share Units granted in 2013 and a Performance Factor of 1.5 for 2014 in respect of Performance Share Units granted in 2014 (see "Performance Share Unit Plan").

(3) The value of the Performance Share Units is calculated on the basis of the weighted average trading price of the Shares on the TSX for the five trading days immediately preceding December 31, 2014 and assumes all time vesting requirements are met, in respect of Performance Share Units granted in 2013, that the Performance Factor for 2015 in respect of Performance Share Units granted in 2013 will be 1.0, and in respect of Performance Share Units granted in 2014, the Performance Factor for each of 2015 and 2016 will be 1.0 (see "Performance Share Unit Plan").

INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING 2014

The following table sets forth the Option Plans and PSUP awards vested and non-equity incentive plan compensation earned in 2014.

Name	Option Awards – Value Vested During the Year ⁽¹⁾ (\$)	PSUP Awards – Value Vested During the Year (\$)	Non-equity Incentive Plan Compensation – Value Earned During the Year (\$)
John A. Macdonald	1,116,742	1,075,562	639,131
Evelyn Sutherland	211,110	410,666	313,317
John Toffoletto	310,884	388,667	284,104
Ross Garland	57,547	-	137,211
Larry Ryan	-	-	150,000

(1) One-third of the Options granted in 2011 and 2013, respectively, vested in 2014 pursuant to the 2011 Option Plan. No Options granted pursuant to the 2014 Option Plan vested in 2014. The value of the Options that vested during the year is calculated as the difference between the exercise price of the Options and the closing price of the Shares on the TSX on December 31, 2014 (\$14.50).

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth certain information on equity compensation plans of EnerCare as at December 31, 2014⁽¹⁾.

Plan Category	Number of Shares to be Issued upon Exercise of Outstanding Options (#)	Weighted-average Exercise Price of Options (\$)	Number of Shares Remaining Available for Future Issuance under the 2014 Option Plan (excluding Shares reflected in the first column) ⁽²⁾ (#)
Equity compensation plans approved by Shareholders	1,137,621	8.85	2,648,179
Equity compensation plans not approved by Shareholders	-	-	-
Total	1,137,621	8.85	2,648,179

(1) As at December 31, 2014, EnerCare's equity compensation plans include the 2011 Option Plan and 2014 Option Plan (see "Option Plans").

(2) Following the approval of the 2014 Option Plan by Shareholders on May 1, 2014, grants of Options in 2014 and thereafter were made under the 2014 Option Plan. As the 2011 Option Plan is considered an "evergreen" plan, no additional Options may be granted under the 2011 Option Plan because Shareholders were not asked to approve the unallocated Options thereunder within three years from the date the 2011 Option Plan was adopted as required by the rules of the TSX.

PERFORMANCE SHARE UNIT PLAN

General

Effective January 1, 2011, EnerCare amended and restated the Fund's 2010 PSUP for the Trustees, officers and senior employees of the Fund and its affiliates to reflect the Conversion. The PSUP was subsequently amended and restated on June 1, 2011 as described below.

The purpose of the PSUP is to (i) support the achievement of EnerCare's performance objectives; (ii) ensure that interests of key persons are aligned with the success of EnerCare; and (iii) provide compensation opportunities to attract, retain and motivate senior employees critical to the long-term success of EnerCare and its subsidiaries.

The PSUP is administered by the Governance Committee of the Board. Subject to a requirement to report all matters to the Board and a requirement to obtain approval from the Board on certain matters, the Governance Committee has discretion to (a) establish, amend and rescind rules and regulations relating to the PSUP; (b) determine which employees of EnerCare and its subsidiaries may participate in the PSUP; (c) set, waive or amend performance vesting targets; (d) correct any defect or supply any omission or reconcile any inconsistency; (e) make adjustments deemed necessary on the occurrence of a capital adjustment such as a Share split, merger, consolidation or spin-off; and (f) make any determinations that the Governance Committee deems necessary or desirable for the administration of the PSUP. The Governance Committee also has the authority to amend, suspend or terminate the PSUP, subject to obtaining any required consent or approval from PSUP participants or regulatory authorities.

Pursuant to the PSUP, Performance Share Units that are subject to time and performance vesting requirements are granted to eligible participants (the "**Performance Share Unitholders**"). The Governance Committee does not take previous grants into consideration when making new grants of PSUPs. Grants of Performance Share Units are credited to a notional account for each Performance Share Unitholder. If dividends are paid on the Shares, additional Performance Share Units are credited to the Performance Share Unitholder's account, with the number of additional Performance Share Units determined by dividing the dollar amount of the dividends payable in respect of the Performance Share Units and additional Performance Share Units allocated to the Performance Share Unitholder's account by the then fair market value of the Shares, which the PSUP defines as the weighted average trading

price of the Shares on the principal Canadian stock exchange on which the Shares are traded for the five trading days immediately preceding the applicable day.

Each vested Performance Share Unit is redeemed by EnerCare and a cash payment, subject to applicable withholdings and deductions, is made to the Performance Share Unitholder. The cash payment is equal to the fair market value of a Share on the date of redemption.

Since EnerCare's adoption of the deferred share unit plan (the "DSUP") in 2011, no Performance Share Units have been granted to Directors and EnerCare does not currently intend to make further grants of Performance Share Units under the PSUP to Directors.

Termination and Change of Control

On termination of employment of a Performance Share Unitholder for reasons other than for cause or resignation, the Performance Share Units will vest immediately if the Governance Committee determines that the relevant performance target established for a grant of Performance Share Units has been or is reasonably likely to be met or exceeded and the number of Performance Share Units that will vest will be pro-rated for the period of the Performance Share Unitholder's active employment or service. On termination of employment of a Performance Share Unitholder for cause or on the Performance Share Unitholder's resignation, all unvested Performance Share Units shall be forfeited. On the occurrence of a change of control (as defined in the PSUP), Performance Share Units will vest immediately prior to the date of closing of the change of control, and in the case of grants of Performance Share Units in 2014, payment will be based on the Performance Factor determined for a completed calendar year and at a Performance Factor of 1.0 for any calendar year not completed (see "- Vesting – Performance Vesting" below).

Vesting

The time vesting requirements provide that Performance Share Units vest on the earlier of: (a) December 31 of the third year following the date of the Performance Share Unit grant; (b) immediately prior to the date of a closing of a change of control, as defined in the PSUP; and (c) such earlier date determined by the Governance Committee. In addition to time vesting requirements, Performance Share Units may be subject to performance vesting requirements being met for a specified performance period.

Performance Vesting

The Performance Share Units granted in respect of performance periods commencing on January 1, 2012, consisted of Performance Share Units that were subject to a Performance Factor and Performance Share Units that were not subject to a Performance Factor. With respect to the Performance Share Units granted in 2012 that are subject to a Performance Factor, the Governance Committee determined the performance vesting requirements for them as follows: the number of Performance Share Units which vest shall be equal to the number of Performance Share Units granted multiplied by the relevant "Performance Factor" for each of 2012, 2013 and 2014, respectively, with one-third of the grant allocated to each such year. The "Performance Factor" for each calendar year is determined with reference to the "Total Shareholder Return" on the Shares compared to the shares or units, as applicable, of the entities constituting the S&P/TSX Small Cap Index on January 2, 2012 (the "**2012 Comparator Group**"). If the Total Shareholder Return for EnerCare for a year is in the top, second, third or fourth quartile compared to that of the 2012 Comparator Group for the same year, the Performance Factor for that year is as follows: (a) Top Quartile - 1.5; (b) Second Quartile - 1.0; (c) Third Quartile - 0.5; and (d) Fourth Quartile - 0. For 2012, the Performance Factor was 0.5, for 2013 the Performance Factor was 1.5 and for 2014 the Performance Factor was 1.5. "Total Shareholder Return" with respect to the Performance Share Units granted in 2012 for each year is equal to the quotient of dividing A by B, where A is equal to the closing trading price of a share or unit, as applicable, on the last day of each year, plus the total dividends or other distributions paid on a share or unit, as applicable, minus the closing trading price of a share or unit, as applicable, on the last trading day of the immediately preceding year, and B is equal to the closing trading price of a share or unit, as applicable, on the last trading day of the immediately preceding year.

The performance vesting requirements were met and the Performance Share Units vested on December 31, 2014.

For Performance Share Units granted in respect of performance periods commencing on January 1, 2013, the Governance Committee determined the performance vesting requirements would be as follows: the number of Performance Share Units which vest shall be equal to the number of Performance Share Units granted multiplied by the relevant "Performance Factor" for each of 2013, 2014 and 2015, respectively, with one-third of the grant allocated to each such year. The "Performance Factor" for each calendar year is determined with reference to the "Total Shareholder Return" on the Shares compared to the shares or units, as applicable, of the entities constituting the S&P/TSX Small Cap Index on January 2, 2013 (the "**2013 Comparator Group**"). If the Total Shareholder Return for EnerCare for a year is in the top, second, third or fourth quartile compared to that of the 2013 Comparator Group for the same year, the Performance Factor for that year is as follows: (a) Top Quartile - 1.5; (b) Second Quartile - 1.0; (c) Third Quartile - 0.5; and (d) Fourth Quartile - 0. For 2013, the Performance Factor was 1.0 and for 2014 the Performance Factor was 1.5. "Total Shareholder Return" with respect to the Performance Share Units granted in 2013 for each year is equal to the quotient of dividing A by B, where A is equal to the closing trading price of a share or unit, as applicable, on the last day of each year, plus the total dividends or other distributions paid on a share or unit, as applicable, minus the closing trading price of a share or unit, as applicable, on the last trading day of the immediately preceding year, and B is equal to the closing trading price of a share or unit, as applicable, on the last trading day of the immediately preceding year. On a change of control (as defined in the PSUP), the Performance Share Units shall vest with the Performance Factor determined for a completed calendar year and at a Performance Factor of 1.0 for any calendar year not completed.

For Performance Share Units granted in respect of performance periods commencing on January 1, 2014, the Governance Committee determined the performance vesting requirements would be as follows: the number of Performance Share Units which vest shall be equal to the number of Performance Share Units granted multiplied by the relevant "Performance Factor" for each of 2014, 2015 and 2016, respectively, with one-third of the grant allocated to each such year. The "Performance Factor" for each calendar year is determined with reference to the "Total Shareholder Return" on the Shares compared to the shares or units, as applicable, of the entities constituting the S&P/TSX Small Cap Index on January 2, 2014 (the "**2014 Comparator Group**"). If the Total Shareholder Return for EnerCare for a year is in the top, second, third or fourth quartile compared to that of the 2014 Comparator Group for the same year, the Performance Factor for that year is as follows: (a) Top Quartile - 1.5; (b) Second Quartile - 1.0; (c) Third Quartile - 0.5; and (d) Fourth Quartile - 0. For 2014, the Performance Factor was 1.5. "Total Shareholder Return" with respect to the Performance Share Units granted in 2014 for each year is equal to the quotient of dividing A by B, where A is equal to the closing trading price of a share or unit, as applicable, on the last day of each year, plus the total dividends or other distributions paid on a share or unit, as applicable, minus the closing trading price of a share or unit, as applicable, on the last trading day of the immediately preceding year, and B is equal to the closing trading price of a share or unit, as applicable, on the last trading day of the immediately preceding year. On a change of control (as defined in the PSUP), the Performance Share Units shall vest with the Performance Factor determined for a completed calendar year and at a Performance Factor of 1.0 for any calendar year not completed.

OPTION PLANS

2011 Option Plan

Effective January 1, 2011, EnerCare adopted the 2011 Option Plan which was approved by unitholders of the Fund at the meeting of unitholders held in November 2010 to consider the Conversion. As the 2011 Option Plan is considered an "evergreen" plan, no additional Options may be granted under the 2011 Option Plan because Shareholders were not asked to approve the unallocated Options thereunder within three years from the date the 2011 Option Plan was adopted as required by the rules of the TSX.

The 2011 Option Plan reserved a maximum of 5% of the Shares that were from time to time issued and outstanding. As of March 20, 2015, 816,671 Options have been granted under the 2011 Option Plan.

Grants of Options made under the 2011 Option Plan were made on substantially similar terms as the 2014 Option Plan and, except for the number of Shares reserved for issuance, the material terms of the 2011 Option Plan are substantially the same as those of the 2014 Option Plan. All future grants of Options will be made under the 2014 Option Plan.

2014 Option Plan

Effective March 5, 2014, EnerCare adopted the 2014 Option Plan which was approved by Shareholders of EnerCare at the meeting of Shareholders held on May 1, 2014. A maximum of 3,000,000 Shares are reserved for issuance under the 2014 Option Plan (which represents approximately 3.3% of the Shares issued and outstanding as of March 20, 2015).

Under the 2014 Option Plan, EnerCare and its affiliates' employees and officers (the "**Participants**") are eligible for grants of Options. All Options require the approval of and are at the discretion of the Board. The Board does not take previous grants into consideration when making new grants of Options. Non-employee Directors are not eligible to receive Options under the 2014 Option Plan.

The market price of the Shares for determining the exercise price of an Option will be the closing price of the Shares on the TSX on the day immediately before the relevant date or such other higher exercise price determined by the Board.

The Options will typically vest one third on each of the first three anniversaries of the date of grant. The Board may establish a different vesting schedule and may also establish performance target requirements. On a change of control (as defined in the 2014 Option Plan), the acquiring entity shall assume outstanding Options. If it does not, or otherwise in the discretion of the Board, the vesting of Options will accelerate and there will be a limited time period for the exercise of Options to permit the holder of an Option to participate in the change of control transaction. Any Options not so exercised expire.

The following rules will apply if a Participant's employment is terminated before expiry:

- if terminated by death, the Participant's legal representatives may exercise Options which have vested at the date of death, for one year;
- if terminated for disability or retirement, the Participant's Options continue to vest for two years, and all vested Options may be exercised for two years, from the date of disability or retirement;
- if terminated by resignation or for cause, the Participant's vested and unvested Options expire on the termination date; and
- if terminated for any other reason, the Participant's vested Options may be exercised until 90 days after the termination date and unvested Options or Options which are not exercised within the 90-day period will expire.

Each Option will expire eight years after the Option was granted, provided that, any Option which would otherwise expire during or within 10 business days following a trading blackout may be exercised until the tenth business day following the end of the trading blackout.

Except as provided below, the Board may amend, suspend or terminate the 2014 Option Plan at any time, provided, however, that any such amendment, suspension or termination may not materially adversely affect the entitlements of a Participant which have accrued prior to the date of the amendment, suspension or termination. For example, the Board may make the following types of amendments to the 2014 Option Plan without seeking Shareholder approval:

- i. amendments of a "housekeeping" or administrative nature including, without limiting the generality of the foregoing, any amendment for the purpose of curing any ambiguity, error or omission in the 2014 Option Plan or to correct or supplement any provision of the 2014 Option Plan that is inconsistent with any other provision of the 2014 Option Plan;

- ii. amendments necessary to comply with the provisions of applicable law;
- iii. amendments necessary for awards of Options to qualify for favorable treatment under tax laws;
- iv. any amendment to the vesting provisions;
- v. any amendment to the termination or early termination provisions of the 2014 Option Plan or any Option, whether or not such Option is held by an insider, provided such amendment does not entail an extension beyond the expiry date; and
- vi. amendments necessary to suspend or terminate the 2014 Option Plan.

However, Shareholder approval is required for any amendment which:

- i. increases the number of Shares issuable under the 2014 Option Plan or changes that number from a fixed maximum number of Shares to a fixed maximum percentage;
- ii. extends the length of the period after a blackout period during which Options may be exercised;
- iii. reduces the exercise price of an Option (other than adjustments in connection with a transaction or reorganization);
- iv. expands the categories of eligible persons which would have the potential of broadening or increasing insider participation, including to add non-employee Director participation;
- v. removes, or causes the 2014 Option Plan to exceed, the insider participation limit;
- vi. extends the term of an Option beyond its original expiry date, except an extension of an Option that would otherwise expire during a blackout period, to 10 business days following the end of the blackout period;
- vii. adds any other provision which results in Participants receiving Shares for no cash consideration;
- viii. adds a cashless exercise feature if there is no full deduction of the underlying Shares;
- ix. permits any transfer or assignment of an Option other than for normal estate settlement purposes;
- x. amends the amendment provision; or
- xi. is required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

The 2014 Option Plan restricts the participation of insiders in the 2014 Option Plan and all other security-based compensation arrangements as follows:

- i. the number of Shares issuable to any one person pursuant to Options granted under the 2014 Option Plan and any other security-based compensation arrangements shall not at any time exceed 5% of the outstanding issue;
- ii. the number of Shares issuable to insiders pursuant to Options granted under the 2014 Option Plan and any other security-based compensation arrangements shall not at any time exceed 10% of the outstanding issue; and
- iii. the number of Shares issued under the 2014 Option Plan and/or any other security-based compensation arrangements to insiders and their associates in a 12-month period shall not exceed 10% of the outstanding issue.

Options granted under the 2014 Option Plan are not transferrable or assignable other than by will or the laws of descent and distribution.

EMPLOYEE SHARE PURCHASE PLAN

On November 1, 2014, the Board adopted an employee share purchase plan (the “**ESPP**”) to offer eligible employees, defined as all permanent full-time and part-time employees of EnerCare and its subsidiaries

who have completed at least three months of continuous service, the opportunity to purchase Shares. Named Executive Officers are entitled to participate in the ESPP on the same terms as other eligible employees. The ESPP is a voluntary plan that provides a convenient, systematic and cost-effective way for eligible employees to purchase Shares through automatic payroll deductions. EnerCare's goal is that the ESPP will further align the interests between employees and Shareholders and promote and recognize employee commitment to EnerCare by sharing EnerCare's financial success with as many employees as possible. An eligible employee can contribute 1% to 5% of his or her base salary to the ESPP, subject to an annual maximum of \$10,000 (\$2,000 in 2014 to account for the stub period). EnerCare will facilitate or contribute to the purchase of one Share on the open market for every two Shares purchased by a participant and held for two years under the ESPP (the "**Matching Shares**"). Any Shares sold or transferred (with the exception of certain permitted internal transfers) before the two year holding period will not be matched by EnerCare. ESPP Shares may be held in either a non-registered account, group registered retirement saving plan account or group tax-free savings account. The trustee of the ESPP acquires the participant's Shares on the open market through the TSX. The trustee of the ESPP will automatically reinvest any cash dividends received on the participant's Shares by acquiring additional Shares on the open market. The price of each Share acquired under the ESPP will be the market price on the TSX at the time of purchase or where Shares have been purchased on more than one day at various prices, the purchase price of all such Shares will be the weighted average price paid for all purchases of Shares in that month. The purchase of treasury Shares is not available under the ESPP and Shares are not purchased at a discount.

In the event of a change of control (as defined in the ESPP) Matching Shares will be awarded with respect to all Shares purchased under the ESPP as soon as practicable regardless of how long the corresponding purchased Shares have been held. An employee's participation in the ESPP will cease if he or she retires, dies or in the event that his or her employment relationship with EnerCare or its subsidiary is terminated for any reason. Upon cessation of participation in the ESPP, the former employee (or his or her beneficiary, successor holder or legal representative of his or her estate, as applicable) will be required to sell or transfer any Shares held in his or her ESPP account(s) within 90 days of retirement, death or termination of employment and, unless the employee is an Eligible Leaver (as defined below), he or she will not be awarded Matching Shares in respect of purchased Shares for which the two year hold period has not been met. If the employee is an Eligible Leaver, Matching Shares will be awarded as soon as practicable following the date the employee ceases employment. For the purposes of the ESPP, an "**Eligible Leaver**" is a participant who ceases their employment relationship by reason of death, involuntary termination by EnerCare or its subsidiary without cause or retirement with the advanced written agreement of EnerCare or its subsidiary.

The ESPP is administered by the Governance Committee of the Board or such other committee as may be designated by the Board. The Governance Committee may amend or suspend at any time, and from time to time, all or any of the provisions of the ESPP, except that no such amendment shall operate so as to cause the ESPP to cease qualifying as an employee benefit plan or become a salary deferral arrangement under the *Income Tax Act* (Canada) nor to deprive a participating employee of any Shares credited to a his or her account(s) prior to the date thereof. Notwithstanding the foregoing, if any provision of the ESPP contravenes any applicable laws or stock exchange rules, then the Governance Committee may amend such provision, retroactively or prospectively, to the extent required to bring such provision into compliance therewith.

TERMINATION AND CHANGE OF CONTROL BENEFITS

The respective employment agreements for each of the Named Executive Officers require EnerCare to make certain payments and/or provide certain benefits to each upon their being terminated by EnerCare without cause. EnerCare believes these payments and benefits are comparable to those of its principal competitors and that their provision is in the best interest of EnerCare as it encourages its executives to focus on the operation of EnerCare. Differences in amounts are generally driven by the position held by the officer.

In addition, the PSUP provides that on termination of employment of a Performance Share Unitholder for reasons other than for cause or resignation, the terminated Performance Share Unitholder will be entitled to a cash payment on redemption of the Performance Share Units by EnerCare based on an estimate by the Governance Committee of the performance expected to be achieved for the relevant performance period and pro-rated for the period of the Performance Share Unitholder's active employment or service, except as otherwise expressly provided in respect of a particular grant. On termination of employment of a Performance Share Unitholder for cause or on the Performance Share Unitholder's resignation, all unvested Performance Share Units shall be forfeited. On the occurrence of a change of control (as defined in the PSUP), Performance Share Units will vest immediately prior to the date of closing of the change of control, and in the case of grants of Performance Share Units in 2013 and 2014, payment will be based on the Performance Factor determined for a completed calendar year (which was 1.0 for 2013 and 1.5 for 2014 in respect of Performance Share Units granted in 2013 that are subject to a performance factor, and 1.5 for 2014 in respect of Performance Share Units granted in 2014) and at a Performance Factor of 1.0 for any calendar year not completed (see "Performance Share Unit Plan").

Under the Option Plans, upon a termination of a Participant for reasons other than death, disability or retirement, resignation or for cause, the terminated Participant's vested Options may be exercised until 90 days after the termination date and unvested Options or Options which are not exercised within the 90 day period will expire. On a change of control (as defined in the Option Plans), the acquiring entity shall assume outstanding Options. If it does not, or otherwise in the discretion of the Board, the vesting of Options will accelerate and there will be a limited time period for the exercise of Options to permit the holder of an Option to participate in the change of control transaction. Any Options not so exercised expire.

John A. Macdonald

Under the employment agreement with Mr. Macdonald, in the event EnerCare terminates Mr. Macdonald's employment without cause, EnerCare will pay a salary continuance equivalent to twenty-four months of base salary and Mr. Macdonald will receive, to the extent permitted by the relevant plan or program, a continuation of all benefits and perquisites available prior to termination for a period of twenty-four months, provided that if a plan or program does not permit the continuance of some or all of such benefits or perquisites for some or all of such period, EnerCare shall pay the cost otherwise payable by EnerCare for such benefits.

The agreement provides for, among other things, confidentiality and non-disclosure covenants in favour of EnerCare and its affiliates during the term of Mr. Macdonald's employment agreement with EnerCare and such covenants survive the termination or expiration of the agreement. The agreement further provides that Mr. Macdonald will not compete with a business from which EnerCare derives its income whether carried on by EnerCare or any of its affiliates or a third party for a period of twenty-four months following termination or expiration of the agreement.

Evelyn Sutherland

Under the employment agreement with Ms. Sutherland, in the event that EnerCare terminates Ms. Sutherland's employment without cause, EnerCare will pay a salary continuance equivalent to twelve months of base salary and an annual incentive equal to 40% of Ms. Sutherland's salary and in the event such termination occurs within nine months of a change of control (as defined in Ms. Sutherland's employment agreement), EnerCare will pay a salary continuance equivalent to 18 months of base salary and an annual incentive equal to 40% of Ms. Sutherland's salary for 18 months. Ms. Sutherland will also receive, to the extent permitted by the relevant plan or program, a continuation of all benefits and perquisites available prior to termination for a period of twelve months or 18 months, as applicable, provided that if a plan or program does not permit the continuance of some or all of such benefits or perquisites for some or all of such period, EnerCare shall pay the cost otherwise payable by EnerCare for such benefits.

The agreement provides for, among other things, confidentiality and non-disclosure covenants in favour of EnerCare and its affiliates during the term of Ms. Sutherland's employment agreement with EnerCare and such covenants survive the termination or expiration of the agreement. The agreement further provides that Ms. Sutherland will not compete with a business that competes with or is substantially similar to the business of EnerCare or of its affiliates within any jurisdiction in which EnerCare or any of its affiliates conducts a material portion of its business for a period of twelve months following termination of her employment.

John Toffoletto

Under the employment agreement with Mr. Toffoletto, in the event EnerCare terminates Mr. Toffoletto's employment without cause, EnerCare will pay a salary continuance equivalent to twelve months of base salary and an annual incentive equal to 40% of Mr. Toffoletto's salary and Mr. Toffoletto will receive, to the extent permitted by the relevant plan or program, a continuation of all benefits and perquisites available prior to termination for a period of twelve months, provided that if a plan or program does not permit the continuance of some or all of such benefits or perquisites for some or all of such period, EnerCare shall pay the cost otherwise payable by EnerCare for such benefits.

The agreement provides for, among other things, confidentiality and non-disclosure covenants in favour of EnerCare and its affiliates during the term of Mr. Toffoletto's employment agreement with EnerCare and such covenants survive the termination or expiration of the agreement. The agreement further provides that Mr. Toffoletto will not compete with a business that competes with or is substantially similar to the business of EnerCare within Ontario for a period of twelve months following termination or expiration of the agreement.

Ross Garland

Under the employment agreement with Mr. Garland, in the event EnerCare terminates Mr. Garland's employment without cause, EnerCare will pay a salary continuance equivalent to twelve months of base salary and an annual incentive equal to 40% of Mr. Garland's salary and Mr. Garland will receive, to the extent permitted by the relevant plan or program, a continuation of all benefits and perquisites available prior to termination for a period of twelve months, provided that if a plan or program does not permit the continuance of some or all of such benefits or perquisites for some or all of such period, EnerCare shall pay the cost otherwise payable by EnerCare for such benefits.

The agreement provides for, among other things, confidentiality and non-disclosure covenants in favour of EnerCare and its affiliates during the term of Mr. Garland's employment agreement with EnerCare and such covenants survive the termination or expiration of the agreement. The agreement further provides that Mr. Garland will not compete with a business that competes with or is substantially similar to the business of EnerCare or of its affiliates within any jurisdiction in which EnerCare or any of its affiliates conducts a material portion of its business for a period of twelve months following termination of his employment.

Larry Ryan

Under the employment agreement with Mr. Ryan, in the event EnerCare terminates Mr. Ryan's employment without cause, EnerCare will pay a salary continuance equivalent to 60 days of base salary.

The agreement provides for, among other things, confidentiality and non-disclosure covenants in favour of EnerCare and its affiliates during the term of Mr. Ryan's employment agreement with EnerCare and such covenants survive the termination or expiration of the agreement. The agreement further provides that Mr. Ryan will not compete with EnerCare or of its affiliates within any jurisdiction in which EnerCare or any of its affiliates conducts its business for a period of twelve months following termination of his employment.

QUANTITATIVE ESTIMATES OF PAYMENTS AND BENEFITS UPON TERMINATION OR CHANGE OF CONTROL

The following table sets forth the estimated amount of payments and other benefits each Named Executive Officer would be entitled to receive upon their being terminated without cause or upon a change of control, assuming the event occurred on December 31, 2014.

The material assumptions made with respect to the figures set forth below are as follows:

- the salary and incentive payments are calculated on the amounts of salary and incentive payments which were payable as of December 31, 2014;
- payment under the PSUP is calculated assuming all time vesting requirements are met, in respect of Performance Share Units granted in 2013, the Performance Factor is 1.0 for 2013, 1.5 for 2014 and will be 1.0 for 2015, and in respect of the Performance Share Units granted in 2014, the Performance Factor for 2014 is 1.5 and for each of 2015 and 2016 will be 1.0 (see "Performance Share Unit Plan");
- the values of the vesting Performance Share Units are based upon the closing market price of the Shares on December 31, 2014, being \$14.50 per Share;
- the values of the vesting Options are shown as the in-the-money amount of Options based upon the closing market price of the Shares on December 31, 2014, being \$14.50 per Share; and
- the values of the continuation of benefits are based upon the current cost to EnerCare for providing to Mr. Macdonald, Ms. Sutherland, Mr. Toffoletto and Mr. Garland EnerCare's employees benefits programs for medical, dental, life, and short and long-term disability insurance.

Name	Salary (\$)	Incentive Payment (\$)	Vesting of Performance Share Units ⁽¹⁾ (\$)	Vesting of Stock Options ⁽²⁾ (\$)	Benefits (\$)	Other Compensation ⁽³⁾ (\$)	Total (\$)
John A. Macdonald							
Termination without Cause	880,000	-	981,462	-	21,493	90,600	1,973,555
Disability or Retirement	-	-	-	1,236,447	-	-	1,236,447
Change of Control	-	-	981,462	-	-	-	981,462
Evelyn Sutherland							
Termination without Cause	315,000	126,000	382,713	-	5,424	36,450	865,587
Disability or Retirement	-	-	-	482,136	-	-	482,136
Change of Control ⁽⁴⁾	472,500	189,000	382,713	-	8,136	54,675	1,107,024
John Toffoletto							
Termination without Cause	285,000	114,000	348,797	-	9,738	34,350	791,885
Disability or Retirement	-	-	-	439,835	-	-	439,835
Change of Control	-	-	348,797	-	-	-	348,797
Ross Garland							
Termination without Cause	280,000	112,000	178,611	-	8,682	25,000	604,293
Disability or Retirement	-	-	-	207,573	-	-	207,573
Change of Control	-	-	178,611	-	-	-	178,611
Larry Ryan							
Termination without Cause	37,808	-	-	-	-	-	37,808
Disability or Retirement	-	-	-	-	-	-	-
Change of Control	-	-	-	-	-	-	-

(1) The figures include the Performance Share Units granted in respect of 2013 and 2014, as applicable, Performance Share Units credited reflecting dividends in the Shares to December 31, 2014 and, in respect of Performance Share Units granted in 2013, additional Performance Share Units credited to reflect a Performance Factor of 1.0 for 2013 and 1.5 for 2014 and in respect of Performance Share Units granted in 2014, additional Performance Share Units credited to reflect a Performance Factor of 1.5 for 2014 (see "Performance Share Unit Plan").

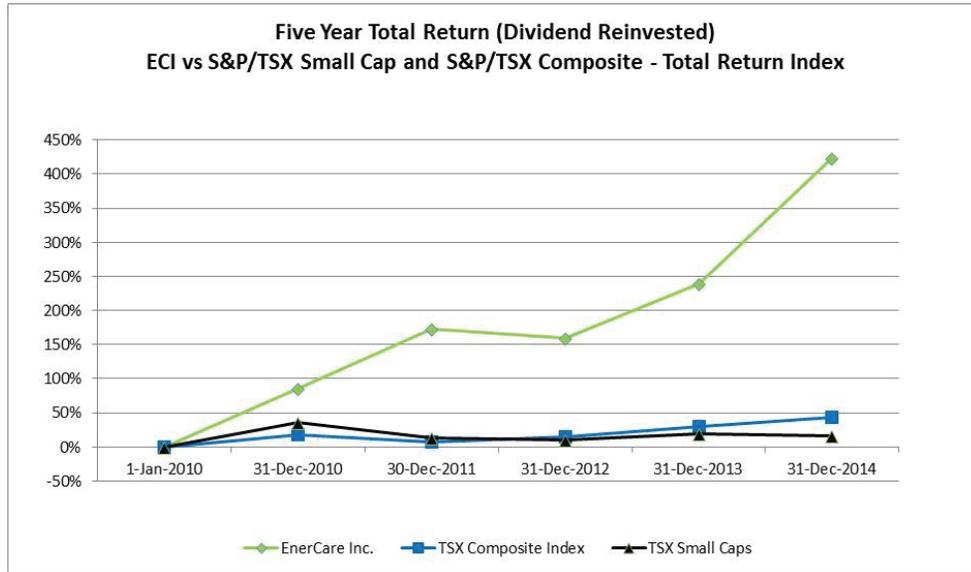
(2) The figures are comprised of all of the Options which were invested as of December 31, 2014 and which would continue to vest until December 31, 2016. On a change of control (as defined in the Option Plans), the acquiring entity shall assume outstanding Options and if it does not, or otherwise in the discretion of the Board, the vesting of Options will accelerate and there will be a limited time period for the exercise of Options to permit the holder of an Option to participate in the change of control transaction. See "Option Plans – 2014 Option Plan" above.

(3) The \$90,600 in respect of Mr. Macdonald consists of the following: \$24,000 car allowance, \$61,600 registered personal savings plan contributions and \$5,000 club membership dues. The \$36,450 in respect of Ms. Sutherland consists of the following on a per annum basis: a \$14,400 car allowance and \$22,050 registered personal savings plan contributions. The \$34,350 in respect of Mr. Toffoletto consists of the following on a per annum basis: a \$14,400 car allowance and \$19,950 registered personal savings plan contributions. The \$25,000 in respect of Mr. Garland consists of the following on a per annum basis: a \$9,600 car allowance and \$15,400 registered personal savings plan contributions.

(4) Amounts are only payable to Ms. Sutherland upon a termination without cause within nine months after a change of control (as defined in Ms. Sutherland's employment agreement).

PERFORMANCE GRAPH

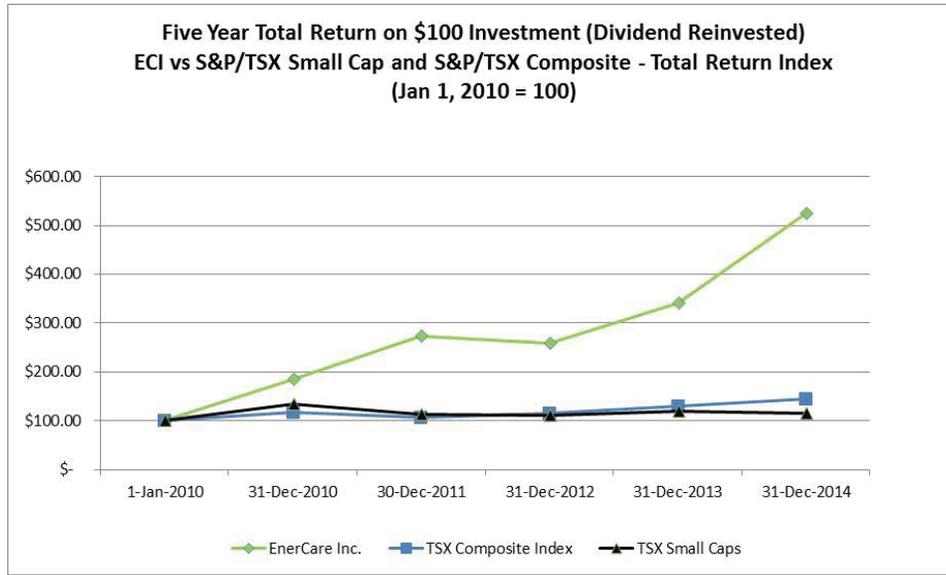
The following graph compares the percentage change in the cumulative Shareholder return for \$100 invested in units of the Fund and, following the Conversion, Shares with the total cumulative return of the S&P/TSX Composite Index and the S&P/TSX Small Cap Index for the five year period from January 1, 2010 to December 31, 2014, assuming reinvestment of distributions and dividends, as applicable, on a non-taxable basis.



Impact of 2010 to 2014 Financial Performance of the Fund/EnerCare on Senior Management Compensation

In respect of 2010 and 2011, increases in Named Executive Officer compensation were substantially less than the increases in unitholder/shareholder return for such periods whereas in respect of 2012, Named Executive Officer compensation was moderately increased despite a decline in EnerCare’s Shareholder return; however, the decline in EnerCare’s shareholder return in 2012 was, in EnerCare’s view, predominantly as a result of external factors and does not reflect EnerCare’s performance.

In respect of 2013 and 2014, increases in Named Executive Officer compensation were significantly less than the increases in shareholder return for such periods. For the period from 2010 through 2014, inclusive, and as demonstrated by the following graph, shareholder return was substantially greater than increases in Named Executive Officer compensation even though EnerCare’s executive management team expanded over that period in-line with, among other things, the expansion of its sub-metering business and the OHS Acquisition in October 2014.



INDEBTEDNESS OF OFFICERS AND DIRECTORS

No Director or officer of EnerCare, or former Director or officer of EnerCare, or any of their associates is, or has at any time since the establishment of the Fund, been indebted to the Fund or EnerCare, as applicable, or their respective subsidiaries or had indebtedness the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Fund or EnerCare, as applicable, or their respective subsidiaries.

GOVERNANCE PRACTICES

GENERAL

The following description of governance practices of EnerCare is made with reference to National Instrument 58-101 – Disclosure of Corporate Governance Practices (“**NI 58-101**”) and National Policy 58-201 – Corporate Governance Guidelines. Under NI 58-101, EnerCare is required to disclose certain information relating to its governance practices. That information is set out below.

There are currently nine Directors, eight of whom are “independent” within the meaning of NI 58-101: Jim Pantelidis, Lisa de Wilde, Grace M. Palombo, Jerry Patava, Roy J. Pearce, Michael Rousseau, William M. Wells and Scott F. Boose. John A. Macdonald is the President and Chief Executive Officer of EnerCare and is not considered independent within the meaning of NI 58-101.

Jim Pantelidis is the Chair of the Board and is an independent Director. In his role as Chair, Mr. Pantelidis’ responsibilities include ensuring that the Directors’ agenda at meetings will enable the Directors to successfully discharge their responsibilities in respect of EnerCare, managing the affairs of the Directors, chairing meetings of the Board and participation in each of the Board’ committees.

Jerry Patava (Chair), Roy J. Pearce, Lisa de Wilde and Grace M. Palombo served as the members of the Governance Committee during the financial year ended December 31, 2014. Each is an independent Director.

See “Business of the Meeting – Election of EnerCare Nominees” for other reporting issuers in respect of which the Directors are directors.

In-camera meetings of the independent Directors at which no non-independent Directors and management are present and in-camera meetings of independent Directors with management at which

no non-independent Directors are present are held in conjunction with every regular meeting of the Board. The independent Directors also hold in-camera meetings on an as-required basis.

The Board has a retirement policy requiring Directors (including any DE Nominee) to offer their resignation on reaching the age of 75 and every year thereafter, upon receipt of which the Board may choose to accept or decline such offers of resignation.

ROLES AND RESPONSIBILITIES OF DIRECTORS

The Board Mandate delineates the roles and responsibilities of the Directors and the Chair of the Board. The Board Mandate is attached as Schedule A to this Circular.

To facilitate the supervision and management of EnerCare's operating entities, the Directors are also the directors of each of EnerCare's subsidiaries.

The Board is assisted in certain areas by its four standing committees, the Audit Committee, the Investment Committee, the Governance Committee and the Corporate Responsibility and Risk Management Committee.

The Directors, through the Governance Committee, have developed a written position description for the President and Chief Executive Officer of EnerCare. The written mandates of the Audit Committee, the Investment Committee, the Governance Committee and the Corporate Responsibility and Risk Management Committee as well as the Board Mandate, which delineate the responsibilities of each committee, guide each committee's actions and those of the Chair of each committee. The mandates of each of the committees, except that of the Corporate Responsibility and Risk Management Committee, were adopted as of January 1, 2011 and the Corporate Responsibility and Risk Management Committee Mandate was adopted on February 27, 2013. Mandates were reviewed by the Board on November 12, 2014 and on March 2, 2015.

In addition to the Board Mandate attached hereto as Schedule A, the following mandates, policies and other documents are available on EnerCare's website at www.enercare.ca.

Audit Committee Mandate	Majority Voting Policy
Investment Committee Mandate	Insider Trading Policy
Governance Committee Mandate	Whistleblower Policy
Corporate Responsibility and Risk Management Committee Mandate	Disclosure Policy
Chief Executive Officer Mandate	Privacy Policy
Code of Business Conduct	Permitted Investment Policy
Share Ownership Policy	Anti-Hedging Policy
Retirement Policy	Diversity Policy

STANDING COMMITTEES OF THE BOARD

The Board has four standing committees: an Audit Committee, an Investment Committee, a Governance Committee and a Corporate Responsibility and Risk Management Committee.

AUDIT COMMITTEE

The Board has appointed an audit committee (the "**Audit Committee**") consisting of four Directors, all of whom are, and are required by the Audit Committee Mandate to be, independent Directors. The members of the Audit Committee are: Michael Rousseau (Chair), Lisa de Wilde, Jerry Patava and William M. Wells.

The disclosure required by National Instrument 52-110 – Audit Committees, including information regarding the Audit Committee and fees paid to the auditors, can be found in the section entitled "Directors and Officers – Committees of the Board – Audit Committee" in EnerCare's current Annual Information Form (the "**AIF**"). A copy of the AIF can be obtained on SEDAR at www.sedar.com, on

EnerCare's website at www.enercare.ca or by contacting Evelyn Sutherland, Chief Financial Officer of EnerCare, at esutherland@enercare.ca or by telephone at 416.649.1860.

INVESTMENT COMMITTEE

The Board has appointed an investment committee (the "**Investment Committee**") consisting of three Directors, all of whom are, and are required by the Investment Committee Mandate to be, independent Directors. The members of the Investment Committee are: Roy J. Pearce (Chair), Michael Rousseau and William M. Wells.

The Investment Committee is responsible for:

- (a) reviewing all proposals regarding investments, dispositions and borrowings of EnerCare and making recommendations in connection therewith to the Directors;
- (b) approving any material changes to EnerCare's investment policy, if any;
- (c) financing and interest rate hedging strategies; and
- (d) target leverage ratios, target ratings on the Shares (and shares of EnerCare Solutions), distributions and debt securities of EnerCare and target Share (and shares of EnerCare Solutions) distributions.

GOVERNANCE COMMITTEE

Composition of the Governance Committee

The Board has appointed a governance committee (the "**Governance Committee**") consisting of four Directors, all of whom are, and are required by the Governance Committee Mandate to be, independent Directors. The members of the Governance Committee are: Jerry Patava (Chair), Grace Palombo, Roy J. Pearce and Lisa de Wilde.

Responsibilities, Powers and Operation of the Governance Committee

The Governance Committee is responsible for:

- (i) annually reviewing the compliance by EnerCare and its subsidiaries of their respective undertakings in respect of EnerCare's continuous disclosure obligations;
- (ii) developing EnerCare's approach to corporate governance;
- (iii) advising the Board in filling Director vacancies;
- (iv) periodically reviewing the compensation and effectiveness of the Board and the contribution of individual Directors;
- (v) assisting in orientating and providing for continuing education for the Directors;
- (vi) advising the Directors in the selection and retention of senior management;
- (vii) periodically reviewing the compensation and performance of senior management;
- (viii) assisting in the professional development of senior management;
- (ix) assisting in developing and managing benefit plans for employees; and
- (x) performing the additional duties set out in its mandate or otherwise delegated to the Governance Committee from time to time by the Board or otherwise required by law.

In addition to the responsibilities noted above, the Governance Committee has the authority and responsibility for recommendations to the Directors in respect of, among other things: (a) conflicts of

interest; (b) EnerCare's approach to governance; (c) senior management development; (d) incentive compensation plans and equity-based plans; (e) human resources strategies; (f) benefit plans and perquisites; (g) employment agreements and severance agreements; (h) evaluation and compensation of the Chief Executive Officer; (i) compensation of senior management; (j) appointments to committees of the Board; (k) performance assessments; (l) direct equity ownership; and (m) filling Director vacancies. The Governance Committee must report to the Board on all significant matters dealt with by the Governance Committee.

Relevant Experience and Skills in Compensation Matters

Mr. Patava is the Chair of the Governance Committee and has served as a member of the Governance Committee since the inception of the Fund in 2002, providing him with the necessary familiarity with EnerCare and its management to guide the Governance Committee in making executive compensation decisions and developing executive compensation policies and practices. Mr. Patava has also developed relevant experience and skills as the Chief Executive Officer of the Great Gulf Group of Companies and a member of the Governance and Compensation Committees of Trimac Transportation Ltd. and Capstone Infrastructure Corporation. He has also served previously on a number of governance and compensation committees for both public and private companies.

Ms. Palombo is the Executive Vice President, Chief Human Resources Officer of Great-West Lifeco Inc. Ms. Palombo has also developed relevant experience and skills as the Executive Vice President, Human Resources for TD Bank, America's Most Convenient Bank, Senior Vice President, Corporate Human Resources of CanWest and as a member of its Management Committee and as a member of the Compensation, Nominating and Corporate Governance Committee of Student Transportation Inc. She held various executive positions in the areas of Human Resources, Legal and Corporate Services with Husky Injection Molding Systems Ltd., The Canada Life Assurance Company, Westcoast Energy Inc./Union Gas Limited, and Bombardier Inc. Ms. Palombo is also a member of the Institute of Corporate Directors and is a lawyer. Ms. Palombo has been a member of the Governance Committee since March 28, 2012.

Mr. Pearce was a member of the Compensation Committee of ACS Media Canada Inc. and also developed relevant experience and skills in determining executive compensation as Chief Financial Officer of KCP Income Fund. Mr. Pearce has served as a member of the Governance Committee since 2004.

Ms. de Wilde is the Chief Executive Officer of The Ontario Educational Communications Authority (TVO), and a member of the Board of Directors of TELUS Corporation. She was previously the President and Chief Executive Officer of Astral Television Networks Inc. In addition to these positions, Ms. de Wilde has had a number of other board and advisory appointments, including the Chair of the Board of Trustees and member of the Governance Committee of Noranda Income Fund. Through these positions and appointments, she has developed relevant experience and skills. Ms. de Wilde is also a member of the Institute of Corporate Directors (ICD.D) and is a lawyer. Ms. de Wilde has been a member of the Governance Committee since 2006.

Given their experiences as executives and members of compensation committees of other companies, the individual and collective qualifications provide the skills and experience necessary for the Governance Committee to assess and determine EnerCare's compensation policies with due regard to its risk profile.

CORPORATE RESPONSIBILITY AND RISK MANAGEMENT COMMITTEE

Composition of the Corporate Responsibility and Risk Management Committee

The Board has appointed a corporate responsibility and risk management committee (the "**Corporate Responsibility and Risk Management Committee**") consisting of three Directors, all of whom are, and are required by the Corporate Responsibility and Risk Management Committee Mandate to be,

independent Directors. The members of the Corporate Responsibility and Risk Management Committee are: William M. Wells (Chair), Grace Palombo and Lisa de Wilde.

Responsibilities, Powers and Operation of the Corporate Responsibility and Risk Management Committee

The Corporate Responsibility and Risk Management Committee is responsible for:

- (a) assisting the Board in overseeing the development of strategy and policy on effective management of social, environmental, ethical, legal, regulatory and operational issues and risk (collectively, the “**Risks**”) and promoting a culture of integrity at EnerCare;
- (b) overseeing key stakeholder engagement on social, environmental and ethical issues;
- (c) approving EnerCare’s Code of Business Conduct (the “**Code of Business Conduct**”), monitoring compliance with the Code of Business Conduct and approving any waivers related to the Code of Business Conduct with respect to any Director or member of senior management;
- (d) identifying and monitoring EnerCare’s key Risks and evaluating their management;
- (e) reviewing and approving Risk management policies, systems and metrics to manage Risk; and reviewing such policies, systems and metrics at least once a year to satisfy itself that they remain appropriate and prudent; and
- (f) providing a forum for “big picture” analysis of future Risks, including the consideration of Risk trends.

DIVERSITY

EnerCare believes that a Board and senior management team comprised of highly qualified individuals that reflect the diverse populations of the communities in which EnerCare operates will result in effective decision making and support EnerCare’s commitment to strong corporate governance. In March 2015, the Board adopted a written diversity policy (the “Diversity Policy”) by which EnerCare will endeavor to increase diversity on the Board and senior management team. In support of the Diversity Policy, the Governance Committee in recommending future nominees for election to the Board and the President and Chief Executive Officer in recruiting and hiring senior management will consider diversity criteria such as gender, race, religion, ethnicity, sexual orientation, physical ability, geographic representation, age and other characteristics of the communities in which EnerCare operates.

Board Diversity

The Board strongly believes in the benefits of a diverse Board, which include accessing a broader pool of qualified candidates and different perspectives, experiences and ideas which will enhance decision making and the provide the opportunity for innovation. Accordingly, consideration of the number of women who are directors, along with consideration of other diversity criteria, are important components of the selection process for future nominees. In support of the Diversity Policy, when recommending nominees to the Board, the Governance Committee will develop and recommend strategies for identifying and attracting women candidates. Of the current nominees proposed for election to the Board, two out of nine (22%) are women. The Board is committed to gender diversity; however, has not established a target for women directors as the Board believes that its criteria for recommending future nominees take into account EnerCare’s overall objectives of increasing diversity while also ensuring that the Board possesses the necessary skills and experience to fulfill its responsibilities.

Adherence to the Diversity Policy will be assessed by the Board and the Governance Committee on an annual basis. As part of the Governance Committee’s assessment, it will consider the level of representation on the Board of the various diversity criteria outlined in the Diversity Policy, including the representation of women. The Board will also have the opportunity to evaluate the Board’s effectiveness, including effectiveness of the Diversity Policy, through the Board’s self-assessment process (see

“Governance Practices – Assessment of Directors”). The Governance Committee will review the Diversity Policy at least annually and may recommend changes in order to achieve the goals outlined in the policy.

Executive Diversity

EnerCare employs a mix of formal and informal policies and practices, including the Diversity Policy and Code of Business Conduct, aimed at promoting a diverse workforce. EnerCare also focuses on the development and advancement of women as an integral part of the senior management team, which includes both executive officers and senior positions reporting directly to executive officers. Currently, one out of five executive officers (20%), EnerCare’s Chief Financial Officer, is a woman. EnerCare considers many factors, including necessary skills and experience required when recruiting and hiring senior management. Diversity criteria, including the level of representation of women in senior management, is also considered as a factor during recruitment and hiring. While there are currently no targets with respect to women in executive officer positions, EnerCare recognizes that in order to achieve a more representative balance of women in senior management it must develop strategies for identifying and attracting women candidates for recruitment. Such strategies include engaging the services of external advisors where necessary to help identify future candidates who possess the necessary skills and experience as well as developing its internal talent to ensure that where possible, there will be highly qualified women within EnerCare available to fill vacancies. To that end, EnerCare has made it an organizational goal to identify and address obstacles that may hinder the progression of women into senior management and is committed to building a strategy and execution plan with the objective of increasing diversity and the representation of women in senior management.

As part of the Governance Committee’s assessment of the Diversity Policy, it will consider the level of diversity, including gender diversity, in the senior management team. The Governance Committee will also review the Diversity Policy at least annually and may recommend changes to achieve EnerCare’s diversity goals for senior management.

BOARD RENEWAL

The Board has not established term limits for its Directors as it believes that its mandatory retirement policy and the board evaluation and peer review process described below are effective in achieving the appropriate level of renewal of the Board’s membership.

The Board has a retirement policy requiring Directors (including any DE Nominee) to offer their resignation upon reaching the age of 75 and every year thereafter, upon receipt of which the Board may choose to accept or decline such offers of resignation. The Governance Committee shall, within 30 days of receipt of such resignation offer, consider the resignation offer and shall recommend to the Board whether or not to accept it. The Board shall act on the Governance Committee’s recommendation within 60 days following the Governance Committee’s recommendation. If a resignation is accepted, it shall be effective at the next annual meeting of the Corporation’s shareholders following such offer of resignation. In the event that any director who attained the age of 75 does not offer his or her resignation in accordance with this policy, he or she will not be re-nominated by either the Governance Committee or the Board. The Board believes that the retirement policy reflects the importance and value of renewal of the Board’s membership.

To further facilitate board renewal and effectiveness, the Governance Committee regularly assesses the Directors to ensure, among other things, that a balance is struck between ensuring that there are fresh ideas and viewpoints while not losing the insight and experience of longer serving directors. In addition, as part of its assessment process, the Governance Committee and Board assess the independence of Directors, including any impacts on a Director’s independence as a result of his or her tenure on the Board. See “Assessments of Directors” below.

Three new members have been added to the Board since March 2012.

NOMINATION OF DIRECTORS

The Governance Committee, all of whose members are independent Directors, is responsible for advising the Board in filling Director vacancies. Under the Governance Committee Mandate, the Governance Committee must establish the qualification standards for Directors, develop a list of candidates for membership of the Board with a view to enhancing the independence and quality of nominees and determine if each potential candidate would be an independent Director. The Governance Committee also focuses on diversity, including gender diversity, when considering candidates for nomination to the Board (see “Governance Practices - Board and Senior Management Diversity” for more information on how EnerCare considers diversity in this process). The Chair of the Governance Committee must, with the assistance of the Chair, approach potential candidates and ensure that interested candidates fully understand the role of a Director and the contribution they are expected to make, including the commitment of time and energy that EnerCare expects of its Directors. The Board determines Director nominees, and the Shareholders elect Directors. This same process is applied by both the Governance Committee and the Board in its review of the DE Nominee.

The Governance Committee can be assisted in its role of identifying prospective Director candidates by external advisors, and has done so in the past.

ORIENTATION AND CONTINUING EDUCATION

The Governance Committee Mandate provides that the Governance Committee must ensure that new Directors are given a proper orientation to both EnerCare and their responsibilities and duties as Directors. Working with management, the Governance Committee has developed an orientation program that includes a process for new Directors which is designed to educate newly elected Directors about EnerCare and its business and the constating documents of EnerCare and its subsidiaries, EnerCare’s policies and mandates, material contracts, continuous disclosure filings and other relevant legal and business information. New Directors also receive orientation sessions with the Chair of the Governance Committee, management and EnerCare’s legal advisors. EnerCare also encourages new Directors to consult with EnerCare’s legal advisors on an on-going basis with respect to duties and responsibilities of Directors.

The Governance Committee Mandate provides that the Governance Committee must ensure that EnerCare provides the Directors with an appropriate continuing education program. Over the course of the year, Directors receive briefings from management on various aspects of EnerCare’s business and from EnerCare’s legal advisors in respect of relevant legal developments. Education opportunities such as seminars and courses designed at enabling individual Directors to maintain or enhance their skills and abilities as directors are available to and encouraged for all Directors.

Additionally, certain of the Directors serve on multiple boards, as directors, which facilitate external benchmarking of EnerCare’s Board structure, process and performance.

ASSESSMENTS OF DIRECTORS

The Governance Committee is responsible for reviewing the effectiveness of the Directors and evaluating the contribution of individual Directors on an annual basis. The Audit Committee members conduct self-assessments of the performance of the Audit Committee in comparison to its responsibilities as outlined in its mandate and reports on the outcome of this assessment to the Board.

EnerCare has a formal process for the assessment of Directors and the members of the Investment Committee, the Governance Committee and the Corporate Responsibility and Risk Management Committee. As part of the assessment process, Directors complete a confidential board assessment questionnaire at least once every two years. The Directors also complete an annual peer review evaluation questionnaire. The results of the board assessment are summarized and reviewed by the Governance Committee. The Chair of the Governance Committee reports to the Board at the second quarter’s meeting, at which time the results of the board assessment are discussed. The results of the

peer review assessment are summarized by the Chair of the Board and reviewed by the Governance Committee. The Chair of the Board reports to the Board at the second quarter's meeting, at which time the Directors engage in a full and comprehensive discussion of Board effectiveness. The goal of the peer assessment is to provide candid feedback to individual Directors and to stimulate insight and motivate developmental action and enable Directors to enhance their individual contributions to Board and committee work.

CODE OF BUSINESS CONDUCT

EnerCare has adopted the Code of Business Conduct for its employees, officers and Directors, which is reviewed annually. A copy of the Code of Business Conduct can be obtained online by visiting SEDAR at www.sedar.com or on EnerCare's website at www.enercare.ca.

EnerCare has a Whistleblower Policy in order to encourage the reporting of behaviour(s) that violate the Code of Business Conduct and has set in place various avenues for such reporting, including the establishment of a Whistleblower Line. Procedures have been put in place to ensure all individuals subject to the Code of Business Conduct are aware of, and have access to, the Whistleblower Line. Under the Corporate Responsibility and Risk Management Committee Mandate, the Corporate Responsibility and Risk Management Committee must approve any waivers of the Code of Business Conduct that are sought by members of senior management or Directors. The Corporate Responsibility and Risk Management Committee also ensures that significant waivers of the Code of Business Conduct are promptly disclosed to the Board so that it can determine the appropriate public disclosure, if any. The President and Chief Executive Officer is responsible for reporting any complaints, waivers, confirmations or near misses with respect to compliance with the Code of Business Conduct and/or Whistleblower Policy to the Corporate Responsibility and Risk Management Committee on an annual basis, or more frequently if necessary. There were no complaints filed during 2014, or since the inception of the Whistleblower Policy.

MEETINGS HELD AND ATTENDANCE OF DIRECTORS

All Directors are expected to attend Board and committee meetings of which they are a member and annual and special meetings of Shareholders, except where the failure to attend is due to unavoidable circumstances.

In 2014, the number of Board and standing committee meetings held and Directors' attendance was as follows:

Name	Board Meetings Attended	Audit Committee Meetings Attended	Investment Committee Meetings Attended	Governance Committee Meetings Attended	Corporate Responsibility and Risk Management Committee	% of Meetings Attended
Jim Pantelidis	12 of 12	N/A	N/A	N/A	N/A	100%
Scott F. Boose ⁽¹⁾	1 of 2	N/A	N/A	N/A	N/A	50%
Lisa de Wilde	12 of 12	4 of 4	N/A	3 of 3	1 of 1	100%
John A. Macdonald	12 of 12	N/A	N/A	N/A	N/A	100%
Jerry Patava	12 of 12	4 of 4	N/A	3 of 3	N/A	100%
Roy J. Pearce	12 of 12	N/A	8 of 8	3 of 3	N/A	100%
Michael Rousseau	12 of 12	4 of 4	8 of 8	N/A	N/A	100%
Grace Palombo	11 of 12	N/A	N/A	3 of 3	1 of 1	94%
William M. Wells	10 of 12	4 of 4	6 of 8	N/A	1 of 1	84%
Total Meeting Attendance (%)	96%	100%	92%	100%	100%	96%

⁽¹⁾ Mr. Boose was appointed to the Board of Directors on October 27, 2014.

DEFERRED SHARE UNIT PLAN

EnerCare adopted the DSUP effective January 1, 2011, as amended and restated effective March 11, 2011 and as further amended and restated effective June 1, 2011, for non-employee Directors to assist EnerCare to: promote a greater alignment of interests between the Directors and the Shareholders; provide a compensation system for Directors that is reflective of the responsibility, commitment and risk accompanying Board membership; assist EnerCare to attract and retain individuals with experience and ability to serve as members of the Board; and allow the Directors to participate in the long-term success of EnerCare. Pursuant to the DSUP, non-employee Directors will receive 50% of their fees in the form of DSUs until the Director has met the Director's share ownership requirements. Directors may also elect on a quarterly basis to receive all or any portion of their fees (or the balance remaining after the provision of DSUs referred to above) in the form of DSUs for the immediately succeeding year. In addition, the Board has the discretion to grant additional DSUs to the Directors, provided that (i) all such additional DSUs granted, together with all other grants to the Directors under EnerCare's equity compensation plans (other than grants made in lieu of Directors' fees) will not exceed 1% of EnerCare's outstanding Shares, and (ii) all such additional DSUs granted, other than grants made in lieu of Directors' fees, to any Director will not have a market value which exceeds \$100,000 on the date of the grant. Grants of discretionary DSU to Directors, if any, are made on an annual basis.

A Director's DSUs may be redeemed only when the Director ceases to be a Director and must be redeemed no later than December 15 of the calendar year following the year the Director ceases to be a Director. At the time of redemption, the Director is entitled to receive a lump-sum cash payment equal to the number of DSUs credited to the Director's account multiplied by the market value of a Share, less applicable withholdings and deductions. DSUs accrue dividends in the form of additional DSUs at the same rates as dividends on the Shares. The market value of the Shares for calculating DSUs granted and credited as dividends, and the redemption price, will be the volume weighted average trading price of a Share for the five trading days before the relevant date.

The Board may amend, suspend or terminate the DSUP or any portion thereof at any time in accordance with applicable legislation, and subject to any required regulatory or Shareholder approval. Any amendment that has the effect of increasing the limits described above relating to additional grants of DSUs require Shareholder approval.

DIRECTOR COMPENSATION

Compensation Philosophy and Approach

The compensation of non-employee Directors is guided by the following goals: compensation should fairly pay Directors for work required in an issuer of EnerCare's size and scope; it should not exceed what is customary given the size and scope of the EnerCare's business and operations; compensation should align Directors' interests with the long-term interests of Shareholders, and the structure of the compensation should be simple, transparent and easy for Shareholders to understand. The Governance Committee reviews Director compensation at least annually, and makes compensation recommendations to the Board for its review and approval.

Compensation Peer Group

In 2014, the Governance Committee engaged Lane Caputo to provide an independent, third-party analysis of the compensation levels and practices for Director compensation as well as for EnerCare's senior executive team (for additional information, see "Compensation of Executive Officers"). Based on the findings and recommendations of Lane Caputo, the Board approved the use of the same peer group of companies (the "**Compensation Peer Group**") from which to base the assessments of both Director and executive compensation levels and practices. While the Governance Committee may rely on external information and advice, all of the decisions with respect to Director compensation are made by the Governance Committee and the Board alone and may reflect factors and considerations other than, or that may differ from, the information and recommendations provided by external consultants or advisors.

Board of Director Compensation - 2014 Details

For 2014, each member of the Board received an annual retainer of \$35,000, the Chairs of the Board, Audit, Governance, Investment and Corporate Responsibility and Risk Management Committees received additional annual retainers of \$75,000, \$15,000, \$8,000, \$8,000 and \$8,000, respectively, and, in addition to the annual retainers, each Director received an annual member retainer for the Audit, Governance, Investment and Corporate Responsibility and Risk Management Committees of \$5,000, \$3,000, \$3,000 and \$3,000, respectively, provided a Director is not a Chair of the applicable committee, and each Director received \$1,500 for each board, committee, shareholder or strategy meeting attended. Where a board or committee meeting of EnerCare was held together or consecutively with meetings of directors of subsidiary entities of EnerCare, such meetings were counted as a single meeting for purposes of Director remuneration. All Directors were entitled to reimbursement for out-of-pocket expenses incurred in acting as a Director. The Lane Caputo Report noted that EnerCare's annual, Committee Chair and Committee member retainers were generally below those in the Compensation Peer Group and were on the low end of EnerCare's target positioning.

EnerCare does not have a pension plan or any other post-employment benefit program for Directors.

Director Compensation Table

The following table provides information on the total compensation paid to the non-employee Directors⁽¹⁾ for the year ended December 31, 2014:

Name	Fees Earned ⁽²⁾ (\$)	DSU Awards ⁽³⁾ (\$)	Total (\$)
Jim Pantelidis ⁽⁴⁾	131,000	90,086	221,086
Scott F. Boose ⁽⁵⁾	8,006	-	8,006
Lisa de Wilde	79,000	40,038	119,038
Jerry Patava ⁽⁶⁾	79,500	45,048	124,548
Roy J. Pearce ⁽⁷⁾	83,500	45,048	128,548
Michael Rousseau ⁽⁸⁾	92,000	45,048	137,048
William M. Wells ⁽⁹⁾	85,500	45,048	130,549
Grace M. Palombo	65,000	40,038	105,038

(1) John A. Macdonald, EnerCare's President and Chief Executive Officer, did not receive compensation for serving as a member of the Board. Please refer to the section titled, "Compensation of Executive Officers" for compensation provided to Mr. Macdonald.

(2) Pursuant to Mr. Pantelidis' election to receive in the form of DSUs 100% of his retainer and meeting fees for 2014, Mr. Pantelidis received 10,325 DSUs in lieu of \$131,000. Pursuant to Mr. Pearce's election to receive 100% of his retainer fees in the form of DSUs, Mr. Pearce received \$37,500 of his fees in the form of cash and 3,624 DSUs in lieu of \$46,000. Of total fees earned by Directors in 2014, 27% was paid in DSUs.

(3) Based upon the following discretionary DSUs awarded on March 5, 2014 in respect of the performance period commencing January 1, 2014: Jim Pantelidis, 9,063 DSUs; Lisa de Wilde, 4,028 DSUs; Jerry Patava, 4,532 DSUs; Roy J. Pearce, 4,532 DSUs; Michael Rousseau, 4,532 DSUs; William M. Wells, 4,532 DSUs; and Grace Palombo, 4,028 DSUs. The value of the DSUs is calculated on the basis of the volume weighted average trading price of the Shares on the TSX for the five trading days immediately preceding December 31, 2013.

(4) Chair of the Board.

(5) Mr. Boose was appointed to the Board of Directors on October 27, 2014.

(6) Chair of the Governance Committee.

(7) Chair of the Investment Committee.

(8) Chair of the Audit Committee.

(9) Chair of the Corporate Responsibility and Risk Management Committee.

The Board is of the opinion that EnerCare's non-employee Directors are fairly compensated based on EnerCare's guiding philosophy.

OUTSTANDING SHARE-BASED AWARDS

The following table sets forth the number of DSUs held by Directors other than Named Executive Officers⁽¹⁾ as at December 31, 2014:

Name	DSU Awards	
	Number of DSUs ⁽²⁾ (#)	Market or Payout Value of DSUs Awards ⁽³⁾ (\$)
Jim Pantelidis	121,223	1,768,644
Scott F. Boose ⁽⁴⁾	-	-
Lisa de Wilde	23,803	347,286
Jerry Patava	21,117	308,097
Roy J. Pearce	48,487	707,425
Michael Rousseau	21,117	308,097
William M. Wells	8,285	120,878
Grace M. Palombo	7,055	102,932

(1) Mr. Macdonald, EnerCare's President and Chief Executive Officer, receives no compensation for acting as a Director. For a discussion of his compensation, see "Compensation of Executive Officers".

(2) The number of DSUs includes DSUs granted on an annual basis since the introduction of the DSUP in 2011 issued in connection with EnerCare's share ownership requirements, DSUs issued pursuant to elections by the Directors to receive all or any portion of their fees in the form of DSUs, and DSUs credited reflecting dividend on the Shares to December 31, 2014 (see "Deferred Share Unit Plan" above).

(3) The value of the DSUs is calculated on the basis of the volume weighted average trading price of the Shares on the TSX for the five trading days immediately preceding December 31, 2014 and assumes all redemption requirements are met (see "Deferred Share Unit Plan" above).

(4) Mr. Boose was appointed to the Board of Directors on October 27, 2014.

SHARE OWNERSHIP – DIRECTORS AND EXECUTIVE OFFICERS

The Board believes that Share ownership by certain members of senior management and the Board is a key element of strong corporate governance. The Board also believes that long-term equity ownership further aligns the interest of Directors and senior management with those of Shareholders and enables them to share in the long-term growth and success of EnerCare. In January 2011, the Board approved a share ownership policy (the "**Share Ownership Policy**") which was subsequently revised on February 27, 2013 to require Directors to hold such number of Shares with a market value of at least \$175,000 (which as of February 27, 2013 was equal to five times the annual retainer for Directors) and the Chief Executive Officer to hold a number of Shares with a market value of at least \$1,200,000 (which as of February 27, 2013 was equal to three times the base salary for the Chief Executive Officer). Where the Director or Chief Executive Officer was a Director or Chief Executive Officer, as applicable, of EnerCare on February 27, 2013, they must meet their Share ownership targets by December 31, 2014, unless under a previous version of the Share Ownership Policy a Director had a greater period of time, in which case such period shall apply, and where a Director or Chief Executive Officer is elected or appointed, as applicable, after February 27, 2013, they must meet their Share ownership targets within five years of appointment. The Board periodically reviews the ownership targets with a view to changes in compensation and Share price.

For the purposes of the Share Ownership Policy, "Share ownership" includes Shares and the 6.25% convertible unsecured subordinated debentures of EnerCare due June 30, 2017 (the "**Convertible Debentures**") owned or controlled, Performance Share Units accumulated under the PSUP and DSUs accumulated under the DSUP. The determination of whether an individual has satisfied the target Share ownership requirement is made annually and is calculated as follows. The market value of Shares is determined annually as of November 30 and calculated based on the greater of the market value and the weighted average purchase price of the Shares. The market value of Convertible Debentures is determined annually as of November 30 and calculated based on the value of the underlying Shares calculated as if the Convertible Debentures were converted into such Shares on the date of calculation. The market value of Performance Share Units under the PSUP and DSUs under the DSUP is determined annually as of November 30 calculated based on the market value of the Shares. For these purposes, "market value of the Shares" is calculated as the volume weighted-average trading price of the Shares on

the TSX for the five trading days immediately preceding the relevant date. As of November 30, 2014, the value of the target number of securities and the value of the actual number of securities held by Directors and the President and Chief Executive Officer were as follows:

Directors and Executive Officers	Value of Securities Held ⁽¹⁾ (\$)	Target Value of Securities (\$)	% of Target
Jim Pantelidis	3,382,272	175,000	1933
Scott F. Boose ⁽²⁾	-	175,000	-
Lisa de Wilde	432,728	175,000	247
John A. Macdonald	3,349,965	1,200,000	279
Jerry Patava	557,760	175,000	319
Roy J. Pearce	1,044,946	175,000	597
Michael Rousseau	743,520	175,000	425
Grace M. Palombo ⁽³⁾	108,747	175,000	62
William M. Wells	437,325	175,000	250

(1) Includes Shares owned or controlled and Performance Share Units and DSUs awarded, Performance Share Units and DSUs credited reflecting dividends on the Shares to November 30, 2014, as well as additional Performance Share Units credited to reflect a Performance Factor of 1.5 for 2013 and 1.5 for 2014 and in respect of the Performance Share Units granted in 2013 to which a Performance Factor applies and, additional Performance Share Units credited to reflect a Performance Factor of 1.5 for 2014 in respect of the Performance Share Units granted in 2014, in respect of Performance Share Units granted in 2013, that the Performance Factor for 2015 will be 1.0 and in respect of Performance Share Units granted in 2014, that the Performance Factor for each of 2015 and 2016 will be 1.0.

(2) Mr. Boose was appointed to the Board of Directors on October 27, 2014 and therefore has until October 26, 2019 to achieve the required target under the Share Ownership Policy.

(3) Ms. Palombo was appointed a Director on March 16, 2012 and therefore has until March 15, 2017 to achieve the required target under the Share Ownership Policy.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

EnerCare obtains directors' and officers' liability insurance to protect its Directors and officers against liability incurred by them in those capacities. The current policy is in place through April 1, 2015, and provides coverage on losses to a maximum of \$100 million (subject to a deductible of \$100,000). The premium for 2015 is \$209,789.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

The Directors are not aware of any material interest of any Director, EnerCare Nominee, executive officer of EnerCare or holder who beneficially owns more than 10% of the Shares, or any known associate or affiliate of these persons, in any transaction since the commencement of EnerCare's most recently completed financial year or in any proposed transaction that has materially affected or would materially affect EnerCare or any of its subsidiaries.

OTHER BUSINESS

The Directors and management are not aware of any matter intended to come before the Meeting other than those items of business set forth in the Notice of Meeting. If any other matters properly come before the Meeting, it is the intention of the persons appointed under the accompanying form of proxy to vote in respect of those matters in accordance with their judgment.

SHAREHOLDER PROPOSALS FOR NEXT YEAR'S ANNUAL MEETING

Shareholders who comply with the applicable provisions of the *Canada Business Corporations Act* ("CBCA") are, subject to certain conditions in the CBCA, entitled to have EnerCare include in an information circular for its 2016 annual meeting any matter that the person proposes to raise at that annual meeting. Any Shareholder who intends to make such a proposal to be considered by EnerCare for the 2016 annual meeting must arrange for EnerCare to receive the proposal at its registered office no later than January 30, 2016. Shareholders should consult their legal advisors for more information. Only Shareholder proposals that comply with the requirements of the CBCA received by that date, and EnerCare's responses, will be printed in the information circular EnerCare sends to Shareholders in 2016.

In addition, EnerCare's By-Law No. 2 fixes a deadline by which Shareholders must submit director nominations prior to any meeting of Shareholders. In the case of annual meetings, advance notice must be delivered to EnerCare not less than 30 nor more than 65 days prior to the date of the meeting. By-Law No. 2 also requires any Shareholder making a director nomination to provide certain important information about its nominees with its advance notice. Only Shareholders who comply with the requirements of By-Law No. 2 will be permitted to nominate Directors to the Board unless the "advance notice" requirements of By-Law No. 2 are waived by the Board in its sole discretion. EnerCare's By-Law No. 2 is available online on SEDAR at www.sedar.com.

ADDITIONAL INFORMATION

The Shares are listed on the TSX under the trading symbol ECI. Prior to January 1, 2011, which was the date the Conversion was completed, the Fund's units were listed on the TSX under the trading symbol CWI.UN.

Financial information in respect of EnerCare is provided in the consolidated financial statements of EnerCare for the year ended December 31, 2014 and related management's discussion and analysis (the "MD&A"), which are included in the 2014 Annual Report of EnerCare. Copies of EnerCare's current AIF, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the current AIF, EnerCare's most recently filed consolidated financial statements, together with the accompanying report of the auditor, and any interim financial statements of EnerCare that have been filed for any period after the end of EnerCare's most recently completed financial year are each available online on SEDAR at www.sedar.com, or on EnerCare's website at www.enercare.ca.

These documents can also be obtained upon request by contacting Evelyn Sutherland, Chief Financial Officer of EnerCare by telephone at 416.649.1860 or at esutherland@enercare.ca with no charge to Shareholders.

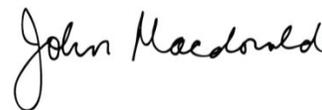
Shareholders who wish to be added to EnerCare's mailing list for the annual and/or interim financial statements and MD&A should contact Evelyn Sutherland, as outlined in the previous paragraph, or their financial intermediaries if their Shares are held for them by their brokers or banks.

Additional information relating to EnerCare is also available online on SEDAR at www.sedar.com or on EnerCare's website at www.enercare.ca.

APPROVAL OF DIRECTORS

The undersigned hereby certifies that the Directors of EnerCare have approved the contents and the sending of this Circular.

By Order of
ENERCARE INC.



Toronto, Ontario
March 23, 2015

John Macdonald
President and Chief Executive Officer

SCHEDULE A – BOARD MANDATE

Mandates for the Board, Audit Committee, Governance Committee and Investment Committee were adopted on January 1, 2011 and the Corporate Responsibility and Risk Management Committee Mandate was adopted on February 27, 2013. Mandates were reviewed by the Board on November 12, 2014 with the exception of the Corporate Responsibility and Risk Management Committee Mandate which was reviewed on March 2, 2015 and are available on EnerCare's website at www.enercare.ca. The Board Mandate follows.

BOARD OF DIRECTORS MANDATE

1. **GENERAL**

The Board of Directors (the “**Board**”) believes that sound corporate governance practices are essential to the well-being of the Corporation and the promotion and protection of its shareholders' interests. The Board oversees the functioning of the Corporation's governance system, in part through the work of the Governance Committee.

The Board has adopted this Mandate, which reflects the Corporation's commitment to high standards of corporate governance, to assist the Board in supervising the management of the business and affairs of the Corporation as required under applicable law and stock exchange rules and requirements.

The fundamental responsibility of the Board is to supervise the activities and manage the investments and affairs of the Corporation. Our primary commitment is to (i) maintain strong underlying business fundamentals; (ii) generating stable and growing distributable cash; (iii) external growth with a proven growth strategy through acquisitions; (iv) organic growth by focusing on growing installed residential and commercial customer asset base; and (v) quality service by executing a predictable and reliable customer-service model.

The Board promotes fair reporting, including financial reporting, to shareholders of the Corporation and other interested persons as well as ethical and legal corporate conduct through an appropriate system of corporate governance, internal controls and disclosure controls.

The Board believes that the Corporation is best served by a board of directors that functions independently of management and is informed and engaged.

The Governance Committee will review this Mandate annually, or otherwise as it deems appropriate, and recommend to the Board such changes as it deems necessary and appropriate in light of the Corporation's needs and legal and regulatory developments.

2. **BOARD COMPOSITION**

(a) **Board Membership Criteria**

The Governance Committee is responsible for establishing the competencies, skills and personal qualities that the Board considers to be necessary for the Board, as a whole, to possess; the competencies, skills and personal qualities that the Board considers each existing Director to possess; and the competencies, skills and personal qualities each new candidate to be elected or appointed by shareholders will bring to the Board.

Including those Directors who may be put forth for consideration to serve as a director of the Corporation by Direct Energy Marketing Limited (“Direct Energy”), if any, the Governance Committee recommends candidates for initial Board membership and Board members for nomination. In making its recommendations, the Governance Committee focuses on the competencies, skills, and personal qualities of the candidates as well as the other business experience that the candidates possess to enhance the Board's decision-making process and overall management of the business and affairs of the Corporation.

Directors must have sufficient time to carry out their duties and not assume responsibilities which would materially interfere with or be incompatible with Board membership. Directors who change their principal occupation are expected to advise the Governance Committee and, if determined appropriate by the Governance Committee, resign from the Board.

(b) **Director Independence**

The Board's composition and procedures are designed to permit it to function independently from management and to promote and protect the interests of all shareholders. A majority of Directors holding office at any time must be independent.

The Board will determine whether a Director is independent. Independent shall have the meaning, as the context requires, given to it in National Instrument 58-101 - Disclosure of Corporate Governance Practices, as replaced or amended from time to time (including any successor rule or policy thereto).

The Board will review the independence of all Directors on an annual basis and will publish its determinations in the management information circular relating to the Corporation's annual meeting. To facilitate this review, Directors will be asked to provide the Board with full information regarding their business and other relationships with the Corporation and its affiliates, with senior management and their affiliates and with Direct Energy. Directors have an on-going obligation to inform the Board of any material changes in their circumstances or relationships which may affect the Board's determination as to their independence.

(c) **Board Size**

The Board shall consist of a minimum of 3 and a maximum of 10 Directors. The current Board is comprised of 9 Directors and the Board considers this to be an appropriate size for effective decision-making and committee work given the nature of the operations of the Corporation and its current ownership.

(d) **Quorum**

A quorum shall consist of: (i) a majority of Directors then holding office; and (ii) two independent Directors and, notwithstanding any vacancy among the number of Directors, a quorum may exercise all of the powers of the Directors.

(e) **Term**

Directors are generally elected at the annual meeting of shareholders of the Corporation for a term expiring at the close of the next annual meeting of shareholders. The Board does not believe it should establish term limits for its members as such limits may deprive the Corporation and its shareholders of the contributions of members who have been able to develop, over time, valuable insights into the Corporation, its strategy and business operations.

(f) **Board Succession**

The Governance Committee is responsible for Board succession planning so that it can be responsive to the Corporation's needs and the interests of its shareholders.

(g) **Service on Other Boards and Committees**

The Board does not believe that its members should be prohibited from serving as a trustee, director or in a similar position for a government agency or an outside entity, so long as these commitments do not create a conflict of interest or interfere with their ability to fulfill their duties as a member of the Board. Directors must be mindful of the number of other public company boards and committees of those boards on which they serve, taking into account potential board and committee attendance, participation and effectiveness on those boards and committees.

On or before accepting an appointment to the board or a committee of any entity, a Director should advise the Chair of the Board.

(h) **Retirement Policy**

The Board believes that a retirement policy reflecting the importance and the value of renewal of the Board of Directors membership is appropriate.

3. **DIRECTORS' RESPONSIBILITIES**

Directors must act honestly and in good faith with a view to the best interests of the Corporation and its shareholders and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In order to fulfill this responsibility, each Director is expected to:

- (i) participate, with management, in developing a multi-year strategic plan and annual business plans and approve such plans;
- (ii) develop and maintain a thorough understanding of the Corporation's operational and financial objectives, financial position and performance and the performance of the Corporation relative to its principal competitors;
- (iii) ensure that the Corporation's activities are at all times conducted in accordance with its strategic plan;
- (iv) diligently prepare for each meeting, including reviewing all meeting materials distributed in advance;
- (v) actively and constructively participate in each meeting, including seeking clarification from management and outside advisors where necessary to fully understand the issues under consideration;
- (vi) engage in continuing education programs for Directors, as appropriate; and
- (vii) diligently attend meetings of the Board and any committee of which he or she is a member.

4. **BOARD DUTIES AND RESPONSIBILITIES**

In fulfilling its responsibilities, the Board is, among other matters, responsible for the following matters.

(a) **Appointment and Supervision of Chief Executive Officer and Senior Management**

The Board appoints and supervises the Chief Executive Officer (the "CEO") and other members of senior management, approves their compensation and, as permitted by applicable law, delegates to senior management responsibility for the day-to-day operations of the Corporation.

The Board will, to the extent feasible and through the Corporate Responsibility and Risk Management Committee, satisfy itself as to the integrity of the CEO and the other members of senior management and that the CEO and the other members of senior management create a culture of integrity throughout the Corporation.

The Board will establish and maintain a position description for the CEO.

(b) **Strategic Planning and Risk Management**

The Board will develop with management an annual investment plan and annual budget with measurable performance indicators and will approve such plans. In this regard, the Board will:

- (i) participate in strategic planning by reviewing, questioning and ultimately approving the investment plans proposed and developed by senior management including, on an annual basis a budget that includes rigorous but realistic goals within which management will operate in relation to capital expenditures, acquisitions and dispositions, finance and investment, risk management, internal controls over financial reporting, disclosure controls and management information systems;
- (ii) approve key success indicators;
- (iii) through the Governance Committee, approve annual corporate and management performance targets consistent with the Corporation's strategic plan;
- (iv) through the Corporate Responsibility and Risk Management Committee confirm that a system is in place to identify the principal risks facing the Corporation and its subsidiaries and their businesses and that appropriate procedures are in place to monitor and mitigate such risks; and
- (v) through the Corporate Responsibility and Risk Management Committee confirm that processes are in place to address and comply with applicable legal, regulatory, corporate, securities and other compliance matters.

(c) **Financial Reporting and Management**

The Board will:

- (i) approve the Corporation's annual and interim financial statements and related management's discussion and analysis and review and oversee the integrity of the Corporation with respect to its compliance with applicable audit, accounting and financial reporting requirements;
- (ii) approve annual operating and capital budgets;
- (iii) confirm the integrity of the Corporation's internal controls over financial reporting and management information systems; and
- (iv) review operating and financial performance results relative to established strategies, plans, budgets and objectives.

(d) **Disclosure**

The Board will satisfy itself that appropriate policies and procedures are in place regarding public disclosure, communications and restricted trading by insiders. In this regard, the Board will maintain a written Disclosure Policy and Insider Trading Policy in order to:

- (i) disclose all material information in compliance with the Corporation's timely disclosure obligations and to prevent selective disclosure of material information to analysts, institutional investors, market professionals and others;
- (ii) verify that news releases and corporate documents issued by the Corporation and public oral statements made by or on behalf of the Corporation are accurate and do not contain a misrepresentation;
- (iii) inform all Directors, officers and other applicable employees of the Corporation and any applicable service providers about their obligation to preserve the confidentiality of undisclosed material information about the Corporation; and
- (iv) inform all Directors, officers and other applicable respective employees of the Corporation and any applicable service providers about prohibitions on illegal insider trading and tipping under applicable law and the stock exchange rules.

(e) **Corporate Governance**

The Board will:

- (i) establish an appropriate system of corporate governance including practices to facilitate the Board's independence;
- (ii) establish committees and approve their respective mandates and the limits of authority delegated to each committee;
- (iii) establish appropriate processes for the regular evaluation of the effectiveness of the Board and its committees and the contributions of individual Directors;
- (iv) approve the nomination of Directors; and
- (v) review the adequacy and form of Directors' compensation to confirm that it realistically reflects the responsibilities and risks involved in being a Director.

(f) **Approval of Certain Other Matters**

Notwithstanding the delegation to management of the authority to manage the business of the Corporation, the Board must approve the following:

- (i) those matters which may not be delegated by the Board by law; and
- (ii) such other matters as the Board may, from time to time, determine require its approval.

5. CHAIR

(a) Appointment

The Directors will appoint one independent Director to be Chair of the Board. If, in any year, the Board does not appoint its Chair, the incumbent Chair will continue in office until a successor is appointed. In the absence of the Chair at a meeting of the Board, the Directors in attendance shall select one of them to act as chair of that meeting.

(b) General

The Chair of the Board is responsible for the management, development and effective performance of the Directors, and for providing leadership to the Directors in carrying out their collective responsibility for supervising the management of the business and affairs of the Corporation.

(c) Specific Role and Responsibilities

The Chair will:

- (i) ensure that appropriate procedures are in place to allow the Board to work effectively and efficiently and to function independently of management;
- (ii) ensure that the responsibilities of the Board are understood by both the Directors and management and that the boundaries between the Board's and management's responsibilities are understood and respected;
- (iii) ensure the responsibilities of the Directors are effectively carried out in compliance with this mandate and that the functions of the Board delegated to committees are carried out by the committees and reported to the Board;
- (iv) maintain an effective relationship between the Board and management;
- (v) provide direction and advice to senior management, including defining major issues, maintaining accountability to stakeholders and building relationships;
- (vi) ensure that the Board and the committees have the necessary resources to support their work (in particular, timely and relevant information);
- (vii) ensure compliance with the Corporation's governance policies, including those regarding regularity and conduct of Board meetings, managing and reporting information and other policies relating to the Board's business;
- (viii) provide leadership to ensure that the Board works as a cohesive team;
- (ix) require the Board to meet as many times as necessary for the Directors to carry out their duties and responsibilities effectively;
- (x) on an on-going basis, work with the CEO to develop schedules of meetings of the Board and committees and, in consultation with other Directors and senior management, establish the agenda of the Board;
- (xi) chair meetings of the Board, including requiring appropriate briefing materials to be delivered in a timely fashion, stimulating debate, providing adequate time for

discussion of issues, facilitating consensus, encouraging full participation and discussion by individual Directors and ensuring that clarity regarding decisions is reached and duly recorded;

- (xii) chair meetings of the shareholders of the Corporation;
- (xiii) work closely with senior management to ensure that the Corporation is building a healthy corporate governance culture;
- (xiv) work closely with the Governance Committee to develop strategic criteria for recruitment of Directors and succession planning;
- (xv) work closely with senior management to ensure effective relations with the Board and external stakeholders, such as shareholders, the investment community, the media, governments and the public generally;
- (xvi) ensure that functions are delegated to appropriate committees and that the functions are carried out and the results reported to the Board;
- (xvii) actively participate in and oversee the administration of an annual evaluation of the performance and effectiveness of the Board, committees, and all individual Directors and committee chairs; and
- (xviii) carry out other duties as requested by the Directors, as needs and circumstances arise.

6. **SECRETARY**

(a) **Appointment**

The Board will have a Secretary who is not the CEO.

(b) **General**

The Secretary will be responsible for assisting the Chair in managing the operations and affairs of the Board and for performing additional duties requested by the Chair or the Board or any of its committees.

(c) **Specific Role and Responsibilities**

The Secretary will:

- (i) confirm that all notices and materials are delivered to shareholders and Directors in a timely manner;
- (ii) confirm that all minutes of meetings of shareholders, the Board and committees are accurately recorded;
- (iii) confirm that copies of the minutes are circulated to each Board or committee member, as the case may be, on a timely basis (with Directors receiving minutes of all committee meetings once approved by the applicable committee);
- (iv) facilitate communication among the Directors and among the Board, its committees and management;
- (v) administer the operations of the Board and its committees; and

- (vi) perform additional duties requested by the Chair or the Board or any of its committees.

7. BOARD COMMITTEES

(a) General

The Board carries out its responsibilities directly and through the Audit Committee, the Governance Committee, and the Corporate Responsibility and Risk Management Committee, the Investment Committee, and such other committees as it may establish from time to time.

(b) Committee Chairs

The Board shall appoint one member to be the Chair of a committee and such Chair shall be an independent Director. If in any year the Board does not appoint a committee Chair, the incumbent Chair will continue in office until a successor is appointed. In the absence of a committee Chair at a meeting of the committee, the members in attendance shall select one member to act as Chair of that meeting.

The Chair will:

- (i) in consultation with the Chair of the Board, senior management and the committee members, as appropriate, determine the time and location of meetings of the committee;
- (ii) ensure the committee's activities are consistent with, and fulfill, the committee's mandate;
- (iii) take all reasonable steps to ensure that the responsibilities and duties of the committee, as outlined herein and in its mandate, are well understood by the committee members and executed as effectively as possible;
- (iv) require the committee to meet as many times as necessary to carry out its responsibilities effectively;
- (v) in consultation with the Chair of the Board, committee members and senior management, as appropriate, review the meeting agendas to ensure all required business is brought before the committee to enable the committee to carry out its responsibilities;
- (vi) with the assistance of the CEO, senior management or other management, as required, ensure that agenda items for all committee meetings are ready for presentation and that adequate information is distributed to committee members in advance of such meetings in order that committee members may properly inform themselves on matters to be acted upon;
- (vii) ensure that minutes are kept of all meetings and sign minutes approved by the committee;
- (viii) report to the Board at its next meeting following any decision or recommendation arising from any meeting of the committee or the signing of a written resolution evidencing a decision or recommendation of the committee, including reporting on the considerations that led to such decision or recommendation;

- (ix) provide leadership to enable the committee to act as an effective team in carrying out its responsibilities; and
- (x) act as liaison between the Board and the committee and between management and the committee and also act as liaison with outside advisors to the committee.

(c) **Mandates**

Each committee shall adopt a mandate which sets out its responsibilities and duties. On at least an annual basis, each committee's mandate shall be reviewed by both the committee itself and the Governance Committee and shall also be reviewed and approved by the Board. Copies of each mandate of the Corporation are posted on the Corporation's website. Below is a brief description of the responsibilities of each Committee:

(i) **Audit Committee**

The role of the Audit Committee, subject to the determination of the Board from time to time, is to review: (i) the engagement of auditors; (ii) the financial policies and procedures of the Corporation; (iii) the financial statements of the Corporation; and (iv) budgets.

(ii) **Governance Committee**

The Governance Committee is responsible, subject to the determination of the Board from time to time, for (i) annually reviewing the compliance by the Corporation and its subsidiaries of their respective undertakings in respect of the Corporation's continuous disclosure obligations; (ii) developing the Corporation's approach to corporate governance; (iii) advising the Directors in filling Director vacancies; (iv) periodically reviewing the compensation and effectiveness of the Directors and the contribution of individual Directors; (v) assisting in orientating and providing for continuing education for the Directors; (vi) advising the Directors in the selection and retention of senior management; (vii) periodically reviewing the compensation and performance of senior management; (viii) assisting in the professional development of senior management; and (ix) assisting in developing and managing benefit plans for employees.

(iii) **Investment Committee**

The Investment Committee is responsible, subject to the determination of the Board from time to time, for (i) reviewing all proposals regarding investments, dispositions and borrowings of the Corporation and making recommendations in connection therewith to the Directors; (ii) approving any material changes to the Investment Policy of the Corporation, if any; (iii) financing and interest rate hedging strategies; and (iv) target leverage ratios, target ratings on the Corporation, the Corporation's shares, and debt securities of the Corporation, and target dividends on the Corporation's shares.

(iv) **Corporate Responsibility and Risk Management Committee**

The Corporate Responsibility and Risk Management Committee is responsible for the management of the social, environmental, ethical, legal, regulatory and operational issues and risks (collectively, the "Risks") of the Corporation; the responsibilities of the Corporate Responsibility and Risk Management Committee shall, subject to the determination of the Board from time to time, consist of:

- (i) assisting the Board in overseeing the development of strategy and policy on effective Risk management and promoting a culture of integrity at the Corporation;
- (ii) overseeing key stakeholder engagement on social, environmental and ethical issues;
- (iii) approving the Corporation's Code of Business Conduct (the "Code"), monitoring compliance with the Code, and receiving reports assuring the Board that the Code is being adhered to;
- (iv) identifying and monitoring key Risks of the Corporation and evaluating their management by ensuring that policies, systems and metrics are in place relating to such Risks;
- (v) approving Risk management policies, systems and metrics and other checks and balances to manage Risk and reviewing such policies, systems and metrics at least once a year to satisfy itself that they remain appropriate and prudent; and
- (vi) providing a forum for "big picture" analysis of future Risks, including the consideration of Risk trends.

8. BOARD AND COMMITTEE MEETINGS

(a) Scheduling

Board meetings are scheduled in advance at appropriate intervals throughout the year, which will be not less than quarterly. In addition to regularly scheduled Board meetings, additional Board meetings may be called upon proper notice at any time to address specific needs of the Corporation.

Each committee shall meet as often as it determines is necessary to fulfill its responsibilities, which will be not less than quarterly.

(b) Agenda

The Chair establishes the agenda for each Board meeting in consultation with the other Directors and senior management. Any Director may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

Committee chairs establish the agenda for each committee meeting. Any committee member may propose the inclusion of items on the agenda, request the presence of or a report by any member of management, or at any committee meeting raise subjects that are not on the agenda for the meeting.

An officer of the Corporation will distribute agenda and meeting materials in advance of each Board or committee meeting to allow Board or committee members, as the case may be, sufficient time to review and consider the matters to be discussed.

(c) Meetings of Independent Directors

To promote open discussion among the independent Directors, those Directors will meet separately at every regularly scheduled Board meeting without management present and will meet at such other time as any independent Director may request. These meetings

are chaired by the Chair, who informs management of the substance of these meetings to the extent that action is required by them.

(d) **Distribution of Information**

Information that is important to the Board's and a committee's understanding of the business and its agenda shall be distributed to Directors and committee members, as applicable, sufficiently in advance of Board and committee meetings to permit the Directors adequate time to consider the material and ask questions of management as appropriate. Sensitive subject matters may be discussed at a meeting without written materials being distributed in advance or at the meeting.

(e) **Preparation, Attendance and Participation**

Each Director is expected to be diligent in attending meetings of the Board and any committee of which he or she is a member. In addition, each Director is expected to attend each annual meeting of shareholders. A Director who is unable to attend a Board or committee meeting in person may participate by telephone or teleconference.

(f) **Attendance of Non-Directors at Board Meetings**

The CEO, Chief Financial Officer and the Secretary are expected to attend Board meetings. The CEO, at his or her discretion, may invite other employees, advisors or consultants to attend Board meetings for the purpose of making presentations or otherwise providing advice to the Board. The Chair, at his or her discretion, will also invite employees of the Corporation, consultants, advisors or others, as appropriate, to attend Board meetings.

9. **COMPENSATION OF DIRECTORS**

The Governance Committee has the responsibility for recommending to the Board compensation and benefits for service on the Board and on Board committees by Directors. In discharging this duty, the Governance Committee will be guided by three goals: compensation should fairly pay Directors for work required in an issuer of the Corporation's size and scope; it should not exceed what is customary given the size and scope of the Corporation's business and operations; compensation should align Directors' interests with the long-term interests of shareholders, and the structure of the compensation should be simple, transparent and easy for shareholders to understand. Not less often than annually, the Governance Committee shall review Director compensation and benefits and recommend any changes to the Board.

10. **DIRECTOR ORIENTATION AND CONTINUING EDUCATION**

The Board, either directly or through the Governance Committee, will ensure procedures are in place and resources are made available to provide new Directors with a proper orientation to both the Corporation and their responsibilities and duties as Directors and to provide other Directors with appropriate continuing education opportunities.

11. **DIRECTOR EQUITY OWNERSHIP**

The Board believes that Directors should hold meaningful equity ownership positions in the Corporation.

12. BOARD ACCESS TO MANAGEMENT, OUTSIDE COUNSEL AND ADVISORS

The Board has complete access to members of management and the Corporation's outside counsel and auditors. It is the obligation of each Director to use judgment to ensure that such contact is not distracting to the business operations of the Corporation. The Board and its committees may invite any member of management, employee of the Corporation, outside advisor or other person to attend any of their meetings.

The Board and any of its committees may retain an outside advisor at the expense of the Corporation at any time and have the authority to determine the advisor's fees and other retention terms. Individual Directors may retain an outside advisor at the expense of the Corporation with the approval of the Governance Committee.

13. PERFORMANCE ASSESSMENT OF THE BOARD AND ITS COMMITTEES

The Governance Committee annually reviews the effectiveness of the Board and its committees (other than the Audit Committee), in fulfilling their responsibilities and duties.

In addition, the Governance Committee evaluates individual Directors to assess their suitability for nomination for re-election or re-appointment.

14. CODE OF BUSINESS CONDUCT AND WHISTLEBLOWER POLICY

The Corporation has established and will maintain a written Code of Business Conduct for its Directors, officers, suppliers and employees. The Corporation has also established and will maintain a Whistleblower Policy in order to encourage the reporting of behaviour(s) that violate the Code. The purpose is to ensure that the Corporation maintains a high level of trust and integrity in accordance with the highest ethical standards.

15. ROLE OF MANAGEMENT

Management is responsible, on a shared basis with the Board, for developing strategy, and directly responsible for implementing strategy. Management is also responsible for safeguarding the Corporation's assets and for creating wealth for shareholders. When management performance is inadequate, the Board has the responsibility to bring about appropriate change, and when management performance is effective, the Board will reward management accordingly.

The Corporation's governance guidelines are designed to create autonomy and effective decision-making of management, and to ensure appropriate oversight by the Board and the Board's committees. Management of the Corporation is under the direction and control of the CEO. Senior management, through the CEO, reports to and is accountable to the Board.

Management is responsible for developing an annual investment plan and annual budget, which includes an annual operating and capital budget for review and approval of the Board. The Board's approval of the investment plan and budget provides a mandate for management to conduct the affairs of the Corporation. Material deviations from the investment plan and budget are reported to and considered by the Board.

16. **FEEDBACK**

The Board welcomes input and comments from shareholders of the Corporation. You may contact one or more members of the Board or its committees, by writing to the Chair of the Governance Committee at:

Chair of the Governance Committee
EnerCare Inc.
4000 Victoria Park Avenue
Toronto, ON
M2H 3P4

This Mandate will be posted on the Corporation's website.

Any questions and requests for assistance may be directed to the
Proxy Solicitation Agent:



KINGSDALE
Shareholder Services Inc.

The Exchange Tower
130 King Street West, Suite 2950, P.O. Box 361
Toronto, Ontario
M5X 1E2

www.kingsdaleshareholder.com

North American Toll Free Phone:

1-888-518-6813

Email: contactus@kingsdaleshareholder.com

Facsimile: 416-867-2271

Toll Free Facsimile: 1-866-545-5580

Outside North America, Banks and Brokers Call Collect: 416-867-2272