



December 5, 2007

Mr. Mark Kerbel  
President & CEO  
REGEN Energy Inc.  
1235 Bay Street, Suite 400  
Toronto, ON M5R 3K4

Dear Mark,

When we first met in the spring 2007, we were very intrigued by REGEN's innovative technology, and found it to be a unique approach to controlling and reducing building peak electricity demand. In keeping with our efforts to stay informed of new technology and based on your reputation, we wanted to evaluate first-hand how your technology works in a live environment, an 80,000 sq ft, 3 floor office building with a large warehouse – **our own head office**.

We initially asked REGEN to install your controllers on our rooftop air conditioning units, performing both baseline data gathering and applying your demand management control. The net result was that your product yielded approximately 25% reduction in peak demand for the test period.

We then asked REGEN to add Demand Response capabilities in addition to the Demand Management functionality, and install more controllers on electric hot water tanks and dimmable lighting circuits which you quickly accommodated and successfully responded to within days. Your web-based control centre provides a very simple and highly visual demonstration of how your technology immediately implements Demand Response using remote signals. We were delighted with your team's ability to quickly adapt and enable the technology so that we could test its ability to perform demand response functionality. The fact that it is wireless makes this technology a low cost alternative to conventionally methods.

The REGEN team consistently performed beyond the call of duty to ensure your equipment was installed and commissioned per the aggressive schedule we requested, and our team was kept informed of developments through your prompt communications.

As we continue to determine the nature of the business relationship with your firm, I want to congratulate the entire REGEN Energy team, as you proved under closely monitored conditions, that you deliver what you promise. We look forward to working with REGEN Energy in the future and solidifying a mutually beneficial business relationship.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Tyrrell", written over a white background.

Chris Tyrrell  
President, Toronto Hydro Energy Services Inc.