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PRESS RELEASE

Energy Savings Enters Into Alberta Billing, Collection and Supply Agreements and Completes the Acquisition of Natural Gas and Electricity Deregulated Customers from EPCOR

TORONTO, ONTARIO – December 2, 2004: Energy Savings Income Fund (“Energy Savings” or the “Fund”) announced today the signing of five year billing, collection and supply agreements with subsidiaries of EPCOR Utilities Inc., the Edmonton-based integrated energy services and utility holding company (“EPCOR”), as well as completion of the acquisition in Alberta of long term fixed price contracts equating to approximately 45,000 residential customer equivalents (“RCEs”) of deregulated gas customers and 90,000 RCEs of deregulated electricity customers aggregated by EPCOR. The contracts have an average term of 2 remaining years. The total up-front cost of the arrangement was \$10.975 million.

The Fund also announced it has been granted a natural gas and an electricity licence to enable it to market natural gas and electricity contracts in Alberta. The Fund’s marketing activities in Alberta will commence in January 2005.

The Alberta market has a total of 1,200,000 natural gas and 1,500,000 electricity residential customer equivalents. Market penetration to date is estimated by management at 6%. The Alberta electricity and gas markets are open for both residential and commercial customers making this market larger than any of the existing deregulated Manitoba, British Columbia (commercial only) or Quebec (commercial only) markets.

The Fund

Energy Savings’ business, which is conducted in Ontario, Manitoba, Quebec, British Columbia, Alberta and Illinois, involves the sale of natural gas to residential, small to mid-size commercial and small industrial customers under long term, irrevocable fixed price contracts. Energy Savings also supplies electricity to Ontario and Alberta customers under similar long term contracts. By fixing the price of natural gas or electricity under its fixed price contracts for a period of up to five years, Energy Savings’ customers eliminate their exposure to changes in the price of these essential commodities. Energy Savings, which commenced business in July of 1997, derives its margin or gross profit from the difference between the fixed price at which it is able to sell the commodities to its customers and the fixed price at which it purchases the matching volumes from its suppliers.

Forward-Looking Statements

The Fund’s press releases may contain forward-looking statements including statements pertaining to customer revenues and margins, customer additions and renewals, customer consumption levels, distributable cash and treatment under governmental regulatory regimes. Forward-looking statements are based on current expectations that involve a number of risks and uncertainties which could cause actual results to differ from those anticipated. These risks

include, but are not limited to, levels of customer natural gas and electricity consumption, rates of customer additions and renewals, fluctuations in natural gas and electricity prices, changes in regulatory regimes and decisions by regulatory authorities, competition and dependence on certain suppliers. Additional information on these and other factors that could affect the Fund's operations, financial results or distribution levels are included in the Fund's annual information form and other reports on file with Canadian securities regulatory authorities which can be accessed through the SEDAR website at www.sedar.com or through the Fund's website at www.esif.ca

The Toronto Stock Exchange has neither approved nor disapproved of the contents of this release.

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