

**GAS MARKETER GROUP (GMG) (DIRECT ENERGY MARKETING LIMITED,
ONTARIO ENERGY SAVINGS L.P., and
SUPERIOR ENERGY MANAGEMENT GAS L.P.)**

**Information Request Responses to Industrial Gas Users Association re: Commodity Pricing, Load
Balancing, and Cost Allocation Methodologies for Natural Gas Distributors**

IGUA Interrogatory #1

Interrogatory:

Issue: A - Review of Quarterly Rate Adjustment Mechanism

Ref: Exhibit E8/E14/E19, pages 21-27

Please provide a step-by-step description of the process the Gas Marketer Group envisions will be associated with its proposed Monthly Rate Adjustment Mechanism (MRAM). Please indicate the steps and timelines that will be involved under the following category of activities: calculation of reference price / effective rate, determination of change in revenue requirement, derivation of rate changes including any riders, application review and approval.

Response:

The GMG has offered alternatives for rate setting in this proceeding including the methods found on page 10 of GMG's evidence, as well as the GCFR process found on page 15. Furthermore the timelines for the GCFR process have been outlined in Table 9. The Alberta example is cited to illustrate some of the mechanics that could be used with regards to establishing the price based on timely market data. Given the "market area" nature of the Ontario gas market (little in-province production), the GMG recognizes that the GCFR process would need to be modified to account for the pricing impacts of transportation and storage requirements.

The GMG's goal is to establish a consistent and transparent method that can be easily understood by all parties. The actual method and calculation for the setting of rates should be determined by this proceeding and should be easily understood by stakeholders, Board staff, and customers.

As noted in GMG's evidence submission in section 7.1, GMG supports Enbridge's approach in paragraph 88 of their pre-filed submission to allow the Board and stakeholders to determine which information and in what order should be presented by the utilities in their rate adjustment application. The GMG believes that the outcome of this consultation will be the best determinant of stakeholder ability to readily recreate and verify reference prices and effective rates.

IGUA Interrogatory #2

Interrogatory:

Issue: A - Review of Quarterly Rate Adjustment Mechanism

Ref: Exhibit E8/E14/E19, page 26

GMG indicates in its response to Question 5.2 of the Board specific questions that it supports changes in the Board pre-approved revenue requirement components associated with a change in the reference price.

Under its proposed MRAM, is GMG proposing that each utility's delivery rates change on a monthly basis? If yes, please provide the rationale, including an explanation of what GMG anticipates the advantages and disadvantages might be to each of the small-volume and large-volume distribution customer groups.

Response:

No. The GMG was referring to commodity rate setting in response to Board specific question 5.2, and not delivery.

IGUA Interrogatory #3

Interrogatory:

Issue: E – Implementation Issues

Ref: Exhibit E8/E14/E19, page 31, paragraph “E.1 – Overview”

- a. GMG indicates that implementation costs for any changes resulting from this proceeding should be recovered from “all affected distribution customers”. Please indicate who the affected customers are and why for each of the following areas of potential change: the rate adjustment mechanism, load balancing, and billing terminology.
- b. GMG states it is important to separate proper market structure decisions from the associated costs, so not to unduly influence the decision-making process away from doing what is right. Please explain.
- c. GMG indicates the implementation of all changes should be codified. Please explain.

Response:

- a. The GMG is referring to the fact that the changes contemplated in this proceeding are for the betterment of all consumers, and the costs should be recovered from all distribution customers. GMG recognizes that large unbundled industrial users may not be affected by or benefit from some of the changes implemented in this proceeding. As such, the GMG believes that those distribution customers not directly impacted by any such changes should not be burdened with an allocation of those costs.
- b. The GMG is referring to the fact that the utilities have included millions of dollars in cost estimates in either their submissions or responses to interrogatories to implement changes contemplated in this proceeding, without providing detailed project estimates based on formal investigations. An example of this is Enbridge including an \$8.5 million estimate in their pre-filed evidence submission to implement three point balancing and MDV re-establishment. Mr. Manwaring, representing Enbridge indicated on pages 117 and 118 of the November 27th transcripts in the Technical Conference in this proceeding that “There wasn’t a formal cost study done...” and that “These estimates were done kind of in advance of doing any kind of a design session or a scoping study.”.

It is the GMG’s view that the changes contemplated in this proceeding should be judged on the merits of the proposed change, and not prejudiced by what could be termed “ball-park” estimates.

- c. The GMG is requesting that any changes approved by the Board should be included in the Order(s) handed down by the Board in this proceeding.