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March 23, 2009

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, Ontario, M4P 1E4

Dear Ms. Walli:

Re: EB-2008-0280 –Written Comments on Draft Filing Guidelines for the Pre-Approval of Long-Term Gas Supply and/or Upstream Transportation Contracts of LPMA & BOMA

This letter is in response to the Board's February 11, 2009 letter inviting written comments from parties on the draft LTD filing guidelines.

LPMA & BOMA have reviewed the Draft Filing Guidelines for the Pre-Approval of Long-Term Natural Gas Supply and/or Upstream Transportation Contracts dated February 11, 2009 and in general agrees with those guidelines.

LPMA & BOMA understand that the draft guidelines are limited to applications that support the development of new natural gas infrastructure.

LPMA & BOMA believe that the LDCs have a key role to play in enabling the development of new transportation infrastructure projects. These projects require long term contractual commitments to enable them to proceed. LDCs are in the best position to provide this long term commitment. Wholesalers and marketers have demonstrated that they are not willing/able to provide similar commitments.

The benefits of having LDCs committed to long term transportation contracts include diversity of supply, security of supply, access to new sources of supply and increased competition. These benefits are likely to outweigh the potential risks. These risks are related to customer mobility and potential stranded costs. LPMA & BOMA believe that the risk from customer mobility can be minimized, through the use of the vertical slice allocation of capacity that is currently utilized.

LPMA & BOMA are concerned with the statement that "the pre-approval process for long-term contracts can be used at the discretion of the utility". It I should be made clear that the implication for a contract that was not brought before the Board and then the cost consequences of that contract were disallowed by the Board in a rates proceeding would be a shareholder risk. Further, LPMA & BOMA believe that any long term contract that involves an affiliate of the LDC should automatically require application for the pre-approval process.

The major concern of LPMA & BOMA with the draft guidelines is that there does not appear to be any definition of constitutes "long term". During the consultation there was significant disagreement over what long-term meant. As shown in Board Staff summary of the comments received at the October stakeholder meetings, long term transportation contracts were defined as longer than 1 year by wholesalers and markets and as 5 years and longer by transportation and supply providers and others. In its presentation, Enbridge indicated that new transportation paths require a minimum 10 year commitment. It is submitted that the draft guidelines should indicate what is considered long-term. It should also specify whether there is a different definition of "long term" to be applied to transportation contracts as that applied to supply contracts. As noted in the Staff summary of comments, wholesalers & marketers and transportation and supply providers considered a gas supply contract longer than 1 year to be long term while others defined a long term gas supply contract to be longer than 2 years. It was also indicated that it was the length of the pricing commitment that was the relevant factor in determining the length of a supply contract.

Sincerely,

Randy Aiken

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