



# **Natural Gas Regulation in Ontario: A Renewed Policy Framework**

**Report on the Ontario Energy Board  
Natural Gas Forum**

**March 30, 2005**

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- create an environment that is conducive to investment, to the benefit of customers and shareholders

The Board believes that a multi-year incentive regulation (IR) plan can be developed that will meet these criteria. A properly designed plan will ensure downward pressure on rates by encouraging new levels of efficiency in Ontario's gas utilities. By implementing a multi-year IR framework, the Board also intends to provide the regulatory stability needed for investment in Ontario.

The following are the Board's conclusions on the key parameters:

In a multi-year IR plan, the **annual adjustment mechanism** embodies the combined assessment of cost changes and productivity improvements. The Board concludes that making an appropriate determination of this component will ensure that the benefits of efficiencies are shared with customers during the term of the plan. The Board will determine the methodology for the annual adjustment mechanism through a generic hearing.

The Board's view is that a thorough cost-of-service **rebasing** must occur at the end of each IR plan's term before a new plan is put in place. Rebasing is an important consumer protection feature. Through robust rebasing, efficiency improvements will be revealed and the benefits passed on to customers through base rates for the next period. The Board will determine the base rates through a hearing for each utility.

The Board does not intend for earnings sharing mechanisms to form part of IR plans.  
The Board views the retention of earnings by a utility within the term of an IR plan to be a strong incentive for the utility to achieve sustainable efficiencies. The Board will ensure that the benefits of efficiencies are shared with customers through the annual adjustment mechanism and thorough rebasing.

The Board expects that the **term** of IR plans will be between three and five years.

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factor to reduce the forecast inflation number. This plan would have no separate productivity factor. Union said that setting an accurate productivity factor can be a controversial process, and suggested that adopting an earnings sharing mechanism with no deadband would act as a form of implicit productivity factor.

Other suggestions included a rate freeze in the second and third years of a three-year plan, which would eliminate the need for controversial issues such as inflation and productivity factors. Another suggestion was to use 50 per cent of the Ontario CPI in each year, with the remaining 50 per cent being deemed to cover all other adjustments, such as productivity, stretch factors and so on.

#### **The Board's Conclusions**

In a multi-year IR plan, the annual adjustment mechanism embodies the combined assessment of cost changes and productivity improvements. Various methods can be used to evaluate these trends (inflation factors, industry productivity factors, and so on), and the resulting adjustment mechanism could be a complex formula or it could be a single factor, taking the form of an increase, a decrease or a rate freeze. The Board understands that determining an appropriate productivity factor may be challenging. It concludes, however, that making an appropriate determination of this component will ensure that the benefits of efficiencies are shared with customers during the term of the plan. As stated above, the Board believes that ensuring that customers share in the benefits of efficiencies is a key criterion for an effective rate regulation framework.

Some stakeholders submitted that separate earnings sharing mechanisms could be used instead of specific productivity factors. The Board does not believe that using an earnings sharing mechanism is the appropriate approach. Its reasons are discussed in the section below on earnings sharing.

*The Board will hold a generic hearing to determine the appropriate basis for setting the annual adjustment mechanism. The Board expects that once the generic methodology is determined, its application to each utility may result in different specific adjustments.*

As described above, the benefits of efficiencies can be shared with customers in two ways – during the term of the plan, through the adjustment mechanism, and in the base rates for the subsequent plan. With robust rebasing, all of the efficiency improvements achieved during the term of a plan would be built into the base rates for the subsequent plan. In this way, shareholders retain the benefits of any efficiency gains (that is, any achieved over and above the productivity factor) during the term of the initial plan, and all of the benefits flow to customers during the term of subsequent plans.

During rebasing, the Board will be particularly interested in determining whether the efficiency improvements achieved by the utility are temporary or sustainable, and it will expect to receive a thorough analysis of this issue. For example, the Board will be interested in the relationship between operation, maintenance and administration costs and capital expenditures, the timing of capital expenditures and the associated impacts on shareholders and customers. The Board will also expect to see, during the plan's term, measures that are designed to improve the utility's productivity on a sustained basis – not temporary, unsustainable budget cuts. The Board's determination of the new base rates and forward plan will reflect its assessment of all of these factors. The Board also cautions that it will take an unfavourable view of sudden and significant increases in costs at the time of rebasing, unless thoroughly justified.

### **Earnings Sharing Mechanisms**

Earnings sharing mechanisms (ESMs) are sometimes employed in incentive-based ratemaking schemes to provide for the sharing of earnings in excess of a pre-established level between the utility's shareholders and ratepayers, usually during the term of the plan. That is, ESMs are intended to return some of the productivity improvements to ratepayers during the term of the plan.<sup>6</sup> ESMs are generally tied to the utility's return on equity (ROE), although the specific features of the ESM may vary from plan to plan. The features include the level at which sharing takes place, the ratio of sharing between shareholders and ratepayers and whether the ESM is symmetrical (that is, whether it

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<sup>6</sup> In this discussion, the Board is not referring to the earnings sharing associated with transactional services, storage and transportation services or demand-side management.



applies when earnings are both above and below the target ROE). The issues we address here are whether there should be an ESM in the IR plans and, if so, what form it should take.

#### **Stakeholders' Views**

Stakeholders were divided on this issue. A number of stakeholders, primarily customer groups, were of the view that an ESM assures customers that they will benefit from the productivity gains made by the utilities. For example, the Consumers Council of Canada and the Vulnerable Energy Consumers Coalition suggested that earnings sharing could be incorporated into a COSR framework over a multi-year period. London Property Management Association and Wholesale Gas Service Purchasers Group made the point that an asymmetrical ESM applicable only to earnings above the target ROE would provide utilities with a significant incentive to increase efficiencies.

Union and Enbridge took the view that a symmetrical ESM could be developed around a benchmark ROE.

Others took the view that an ESM should not be adopted, because it would reduce the efficiency incentives of a PBR plan.

#### **The Board's Conclusions**

Customers can benefit from productivity improvements during the term of an IR plan in two ways: through the productivity factor in the price adjustment mechanism and/or through an ESM. If the productivity factor is low, customers may be dissatisfied with the expected level of benefits, and may view earnings sharing as an appropriate means by which to realize benefits within the plan's term. Stakeholders may also rely on an ESM as a way to mitigate the effects of an incorrect or uncertain productivity factor (which may be the result of utilities and stakeholders not having the same information).

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In addition to the benefits that would accrue during the plan's term, customers could also benefit from productivity improvements through robust rebasing at the beginning of the next plan, as has already been described.

The regulatory challenge is to provide strong incentives to promote efficiency, while at the same time achieving customers' acceptance of the IR plan by ensuring that the benefits of the efficiencies flow to them. In the Board's view, ESMs would reduce the utility's productivity incentives and introduce a potentially costly additional regulatory process – results that are not in accordance with the Board's criteria for the regulatory framework. The Board recognizes that, without an ESM, the determination of the adjustment factor will be particularly important to ensure that customers benefit from productivity gains during the plan's term. For this reason, as noted earlier in this report, the Board has concluded that a generic hearing should be held to determine the annual adjustment mechanism.

The Board views the retention of earnings by a utility within the term of an IR plan to be a strong incentive for the utility to achieve sustainable efficiencies.

The Board does not intend for earnings sharing mechanisms to form part of IR plans.

## **The Term of the Plan**

### **Stakeholders' Views**

On the issue of the optimal term for the ratemaking plan, stakeholders were generally divided into two camps – customer groups generally favoured short terms of two to three years, while the utilities and the School Energy Coalition (SEC) favoured longer terms of five years or more.

Union submitted its view that the term of a plan should be long enough to provide the utility with incentives to pursue productivity improvements, and noted that the "payoff" for some productivity improvement measures may not be realized for some time. In

environment where the utility has incentives to improve productivity, not to give the utility an incentive to offer higher service standards than customers may need or want. Enbridge, on the other hand, indicated that it was open to considering service incentives with SQIs.

### **The Board's Conclusions**

In keeping with the Board's consumer protection goal for the rate regulation framework, it considers quality of service of great importance. While service quality measures and standards could be developed as part of the IR plans, the Board believes that there is merit in setting the service quality measures and standards first. Then the IR plans can be developed with the knowledge that the service quality aspect is fixed.

*The Board will develop the service quality framework, and will undertake a consultation to finalize the measures, standards and reporting mechanism. The Board expects to use its rule making tools to implement this framework.*

At this point, the Board does not foresee incorporating direct financial incentives into the service quality framework. However, the Board will monitor performance, and the utilities will be subject to the Board's compliance process. In the event of substandard performance, the compliance process may involve negotiated solutions or, potentially, enforcement action, either of which could include penalties.

### **Financial Reporting**

Financial reporting refers to the flow of information from the utility to the Board (and, potentially, stakeholders) during the term of an IR plan. The Board needs to consider issues related to financial reporting in its development of the regulatory framework, keeping in mind the appropriate level of transparency and the current rules for financial reporting and record keeping.

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EB-2005-0551

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** a proceeding initiated by the Ontario Energy Board to determine whether it should order new rates for the provision of natural gas, transmission, distribution and storage services to gas-fired generators (and other eligible customers) and whether the Board should refrain from regulating the rates for storage of gas.

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**EVIDENCE OF THE  
INDUSTRIAL GAS USERS ASSOCIATION ("IGUA")**

**and**

**THE ASSOCIATION OF MAJOR POWER  
CONSUMERS IN ONTARIO ("AMPCO")**

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May 1, 2006

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43. Pursuant to sections 1 and 2 of the *Ontario Energy Board Act 1998*, the Board is required, in carrying out its legislative responsibilities in relation to electricity and gas, to be guided by a number of key objectives, including the protection of the interests of consumers with respect to the prices of electricity and gas and the reliability and quality of electricity and gas services. IGUA & AMPCO urge the Board to accord a high priority to these price, reliability and quality of service objectives when it considers and decides the many issues which have been listed for determination in these proceedings.

#### **IV. RATES FOR GAS-FIRED GENERATORS**

##### **(a) Distribution Issues**

44. The concerns of IGUA & AMPCO pertaining to the potential impacts on existing customers of the distribution features of the proposed new services for Power Generators ("PGs") submitted by EGD and Union fall within the ambit of the following:

- (a) the terms and conditions of the contracts that will apply to describe the manner in which EGD and Union will provide service to the PGs, including:
  - (i) the point of receipt of the PGs gas supplies,
  - (ii) the gas supply conditions,
  - (iii) the nomination rights,
  - (iv) the potential for 'drafting' LDC system, and
  - (v) the balancing requirements.
- (b) the impact on industrial rates; and
- (c) the treatment of any capital costs that are caused by the provision of service.

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**PREFILED EVIDENCE OF**  
**UNION GAS LIMITED**  
**NATURAL GAS ELECTRICITY INTERFACE REVIEW**  
**REPLY EVIDENCE - ISSUE I – POWER SERVICES**

The purpose of this Reply Evidence is to respond to the evidence and proposals filed by APPRO and TCPL on May 1, 2006 in respect to Issue I – Power Services. In addition, Union committed to address the storage allocation methodology for Power Customer seeking a non-obligated Daily Contract Quantity (“DCQ”) supply option as outlined in Union’s Supplemental Evidence similarly filed on May 1, 2006.

In addressing the above, and consistent with the service proposals developed to date, Union continues to be guided by the following principles:

- New services should adhere to and respect postage stamp rate-making as per the RP-2005-0022/EB-2005-0411 Decision, where the Board stated that it “continues to support the principle of postage stamp rates”
- New services should not negatively impact service to existing customers from a financial or reduced system capability and reliability perspective
- Customer requests for flexibility will be accommodated where possible
- Alignment with downstream services (i.e. TCPL’s FT-SN) will be facilitated to the extent possible
- Under all operating conditions, system reliability and integrity will be maintained

May 26, 2006

1 **Union and TCPL Service Alignment**

2 At a high level, there are a number of areas where TCPL and Union's proposals are very much  
3 aligned. Both companies have come forward with new products that provide a "firm all day"  
4 transportation service. As well, both companies have responded to generator requests to have  
5 more nomination windows available. The services brought forward are Union's F24-T service  
6 and TCPL's FT-SN service.

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8 Further, the new proposed services are incremental services designed to meet the specific needs  
9 of some customers (but not limited to Power Customers only). Neither company is proposing to  
10 extend these new service characteristics across all existing services (Technical Conference  
11 Transcript, May 16, 2006, P163). To do so would in Union's view, have significant impacts on  
12 existing customers, services and system operations.

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14 Union also developed the new "Downstream Pipeline Balancing Service" or "DPBS", partly out  
15 of the desire to provide an interface between Union's system and TCPL's FT-SN service.  
16 Customers that contract for the DPBS would be able to nominate on the same 15 minute  
17 windows as provided for under TCPL's FT-SN service. This service also has the flexibility to  
18 allow generators downstream of Union to be able to source gas on short notice between  
19 nomination windows. This service is another example of alignment between pipelines.

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21 Finally, both companies are very interested in maintaining system reliability and security of  
22 supply. It is a key business principle used by both Union and TCPL. Both companies are

May 26, 2006

1 striving to provide flexible services to a subset of customers, while maintaining system integrity  
2 and reliability, and without having impacted other customers.

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4 **Union's Concerns Regarding FT-SN and SNB Services**

5 The FT-SN service has been under discussion and is essentially unchanged since it was  
6 introduced by TCPL last summer. In contrast, the SNB service, as filed, is relatively new. The  
7 following outlines areas where TCPL's proposed FT-SN and SNB services create concerns with  
8 respect to flexibility, accessibility and alignment with existing and proposed services.

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10 **i) FT-SN Requirement for Customers to have an independent Delivery Point separate**  
11 **from an existing LDC Delivery Area.**

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13 As part of the FT-SN service, the customer must have a dedicated service and meter.  
14 Further, the service can only be provided if the customer's new meter is deemed a new  
15 delivery area, separate from the existing LDC delivery areas that currently exist. This  
16 aspect of the design, makes it extremely difficult, and in some cases impossible for  
17 customers to access other load balancing services provided by LDC's or marketers. The  
18 following is an example which illustrates this point by comparing FT-SN relative to how  
19 services are currently provided.

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21 Lennox is a very large dual fired generation plant near Kingston Ontario. Lennox has been  
22 served on gas since 1998. When fully fired on gas the 2000 MW plant can consume  
23 approximately 400,000 - 500,000 GJ/d. To put this in perspective, the consumption of

Ontario Energy Board      Commission de l'Énergie  
de l'Ontario



**EB-2005-0551**

## **NATURAL GAS ELECTRICITY INTERFACE REVIEW**

**DECISION WITH REASONS**

November 7, 2006

potential re-pricing of cost-based storage to market prices). The Board agrees that the financial impacts are a relevant consideration, but does not agree that an assessment of the public interest should be limited to an assessment of the immediate rate impacts. The scope of appropriate considerations is broader and includes factors related to market signals, incentives and efficiency. These are discussed further below.

Some parties, including the Board Hearing Team and APPrO, argued that the Board's legislative objectives provide the best set of public interest considerations to apply in this case. Others took a similar approach, although expressed somewhat differently. For example:

- VECC submitted that the test is whether the market created by forbearance "will operate in a fashion that ensures that market discipline will be at least as effective as regulation in effecting fair and reasonable conditions in the customer relationship."
- Energy Probe argued that the Board should be guided by three public interest considerations: encouraging economically efficient pricing of gas storage services; protecting consumers of monopoly transmission and distribution services; and promoting the development of cost-effective storage opportunities in Ontario.

The Board finds that these broader approaches set out above represent a balanced and comprehensive approach to assessing the public interest. It is appropriate to consider the Board's legislative objectives in this case, because they are a clear expression of the factors the Board is to take into account. The Board's objectives which are most directly relevant in this case are as follows:

- to facilitate competition in the sale of gas to users;
- to protect the interests of consumers with respect to prices and the reliability and quality of gas service.

- to facilitate rational development and safe operation of gas storage

The Board notes that these may well be conflicting objectives. Put differently, there are public interest trade-offs. This is particularly relevant in light of another argument raised by the parties. Enbridge and MHP Canada argued that the forbearance contemplated in section 29, as a matter of statutory interpretation, is mandatory because of the use of the word "shall" in the statute. They argued that once the Board makes a factual finding that there is sufficient competition to protect the public interest, the *OEB Act* requires that the Board then refrain from setting prices through a cost of service regime.

The Board does not agree with Enbridge and MHP Canada's conclusion. Section 29 says that the Board shall make a determination to refrain "in whole or part" which the Board believes allows considerable flexibility in this regard. In addition, the Board concludes that it is required by the statute to address the public interest trade-offs, for example, between price impacts and the development of storage and the Ontario market generally.

We will now review each objective and discuss some of the public interest factors which the Board considers relevant to the assessment of whether the level of storage competition is sufficient to protect the public interest if the Board refrains from rate regulation and contract approval.

#### **4.1 TO FACILITATE COMPETITION IN THE SALE OF GAS TO USERS**

The Board has worked over time to ensure that Ontario consumers reap the benefits of commodity competition. The Board must continue to pursue this objective and can do so by facilitating the evolution of a robust market in Ontario. The development of the Dawn Hub has brought substantial benefits to consumers in Ontario and to other market participants.

**DECISION WITH REASONS**

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The Board concludes that it is in the public interest to maintain and enhance the depth and liquidity of the market at the Dawn Hub as a means of facilitating competition. One way to do this is to encourage the development of innovative services and to ensure access to those services. Choice is the bedrock of competition. The evolution of the transactional services market is an example where innovative and flexible services have evolved within a market-based pricing structure.

Enbridge argued that forbearance will foster innovation by facilitating the provision of storage services in the competitive market. The Board agrees that regulating storage rates does place constraints on the development of flexible and innovative services; forbearance, within a framework of non-discriminatory access, can remove these constraints.

In the current industry structure, the gas utilities both acquire storage for their own customers and operate storage for their own needs and for other customers. The utilities also operate integrated storage and transportation systems. The Board considers later in this decision whether forbearance requires that there be greater separation between these operations or whether other procedures should be developed to ensure non-discriminatory access to storage and transportation.

**4.2 TO PROTECT THE INTERESTS OF CONSUMERS WITH RESPECT TO PRICES AND THE RELIABILITY AND QUALITY OF GAS SERVICE**

The interests of consumers were a primary focus for many intervenors. The submissions addressed issues related to the direct and indirect impacts of forbearance and competition. Interestingly, no ex-franchise customer opposed paying market-based rates; nor was there any evidence of a price impact on this market segment in the event of forbearance. This is consistent with the Board's finding that these customers have alternatives and that competition will provide adequate protection for these customers.

The Board concludes that long-term consumer protection in terms of price, reliability and quality of service is best achieved through thriving competition for the competitive elements of the storage market and effective regulation of the non-competitive elements of the market. The Board is of the view that refraining from rate regulation and contract approval in the ex-franchise market has the potential to foster more competition in the storage market, to the benefit of all customers, provided there are clear rules and non-discriminatory access by all market participants. In a competitive market, customers have choices, resources are distributed efficiently, and there are incentives to innovate and respond to customer needs.

#### **4.3 TO FACILITATE RATIONAL DEVELOPMENT AND SAFE OPERATION OF GAS STORAGE**

Discussion in this area focussed on the impact of forbearance on the development of new storage in Ontario, through the utilities directly, through their affiliates, or through independent storage developers. The estimates of new storage potential ranged from 50 Bcf to around 120 Bcf.

The Board has as an explicit objective to facilitate the rational development of gas storage. The Board therefore must look for means by which to achieve this objective. A number of authorities have identified the need to develop additional storage. For example, FERC has acknowledged that additional storage development will mitigate commodity price volatility and improve winter peak availability. The utilities and their affiliates took the position that this should be a key consideration for the Board and argued that new storage development will not take place in Ontario under the current regulatory regime. In their view, forbearance from setting rates and approving contracts would encourage storage development and the development of storage services. Nexen agreed with the utilities that forbearance will allow needed new services to develop.

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## DECISION WITH REASONS

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The Board concludes that it is necessary to develop appropriate operating and reporting procedures to ensure these objectives are addressed. The Board finds that Kitchener's proposal for the development of a STAR (Storage and Transportation Access Rule) has merit.

The Board will initiate a process to develop rules of conduct and reporting related to storage. The Board will ensure that the process addresses the following:

- Requirements to ensure that Union cannot discriminate in favour of its own storage operations or those of its affiliates and cannot discriminate to the detriment of third-party storage providers;
- Reporting requirements for all storage providers, although the requirements may vary as between utility and non-utility storage providers, and which may include: terms and conditions, system operating data, and customer information;
- A complaint mechanism for customers (or other market participants).



EB-2005-0453

**NOTICE OF AMENDMENT TO A RULE**  
**AMENDMENTS TO THE GAS DISTRIBUTION ACCESS RULE**  
**BOARD FILE EB-2005-0453**

**To: All Natural Gas Distributors**  
**All Natural Gas Marketers**  
**All Participants in Proceeding EB-2005-0453**  
**All Participants in the Natural Gas Forum**

**Re: Service Quality Requirements**

The Ontario Energy Board (the "Board") will amend the Gas Distribution Access Rule (the "GDAR") as indicated below, pursuant to sections 44 and 45 of the *Ontario Energy Board Act, 1998*.

**Background**

The Ontario Energy Board ("Board") is amending the Gas Distribution Access Rule ("GDAR") as indicated below, pursuant to section 45 of the *Ontario Energy Board Act, 1998* (the "Act"). The GDAR was issued on December 11, 2002. This amendment is to provide for Service Quality Requirements ("SQRs") to be met by natural gas distributors.

The proposed SQRs are a result of the Natural Gas Forum ("NGF"), which was initiated by the Board in 2004 to create an opportunity for a dialogue between the Board and the natural gas stakeholder community. The Report of the Board on the NGF was released on March 30, 2005. One of the recommendations of the NGF Report is that SQRs should be put in place in advance of a move to a regime of Incentive Regulation (IR) in order to ensure that acceptable levels of service quality would not be compromised as distributors seek methods to cut costs.

The Board issued on January 9, 2006 a Notice of Proposed Amendment to a Rule which proposed to amend the GDAR to require the implementation of the SQRs on, with a deadline for submission of January 31, 2006. The Notice was published in daily newspapers in English and French. Five submissions were received.

## **Amendments to the GDAR**

The Board has considered the submissions received on this matter and has determined that no changes need to be made relative to the GDAR amendments as originally proposed. One submission, by a gas vendor, raised the issue of equivalent SQRs for the relationship of distributors with gas vendors. This issue is being addressed by the development of Electronic Business Transactions (EBT) Standards which the Board has indicated will be in place by January 1, 2007. Two submissions raised the issue of the applicability of the SQRs to the municipal gas distribution franchises. The affected organizations may apply for an exemption. The submissions by the two large natural gas distributors were considered but the Board determined that no changes were necessary to the proposed amendments.

The amendments are set out in Appendix A to this Notice.

## **Coming Into Force**

The amendments to the GDAR set out in Appendix A will come into force on January 1, 2007.

This Notice, including the amendments to the GDAR, all other Board documents referred to in this Notice (including the GDAR) and all submissions received in response to the Board's January 9, 2006 Notice of Proposal will be available for inspection on the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca) and at the offices of the Board's offices during normal business hours.

If you have any questions regarding the GDAR amendments, please contact Russ Houldin, Senior Advisor, Compliance Office, at 416-440-8112, or toll-free at 1-888-632-6273.

**DATED** at Toronto, March 27, 2006

**ONTARIO ENERGY BOARD**

*Original signed by*

Peter H. O'Dell  
Assistant Board Secretary

Attachments: Appendix A - Amendments to the GDAR

APP L (21)

Ontario Energy  
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March 22, 2007

TO: ENBRIDGE GAS DISTRIBUTION INC.  
Richard Campbell  
NATURAL RESOURCE GAS LIMITED  
Steve Millar  
UNION GAS LIMITED  
Connie Burns

RE: Reporting of Service Quality Requirements (SQR)

The Natural Gas Reporting and Record Keeping Requirements (RRR) Rule for Gas Utilities was approved by the Board on December 22, 2004. Section 2.1.9 requires gas utilities to provide the Board their annual filings for Service Quality Indicators by the last day of the fourth month after the utility's financial year end. In its letter of March 30, 2006, the Board outlined the annual filing process. The letter noted that the reporting and filing processes for Section 2.1.9 would be determined at a later date.

On March 27, 2006, the Gas Distribution Access Rule (GDAR) was amended to establish the Service Quality Requirements (SQR) for the natural gas distributors. The SQRs are found in Chapter 7 of the GDAR and Chapter 7 came into force on January 1, 2007 (Section 1.4.5).

On January 29, 2007, we provided your group a draft of the templates for gathering SQR data required under Section 2.1.9 of the Gas RRR Rule. We have adjusted the draft templates in response to comments received. The finalized SQR templates are attached in PDF format. See Appendix A. We are using these templates to develop the web-based filing tool for your use in time to meet the first annual filing due date in early 2008. In the meantime, it is our belief that, by having these templates at this time, it will facilitate your collection of the required data.

Note that the first RRR annual filing for the SQR data to be submitted to the Board will be due on April 30, 2008 for gas utilities with December 31 financial year and on January 31, 2008 for gas utilities with September 30 financial year end.

If you have any questions, please contact Bendimia Castellanes at 416 440-8130.

Yours truly,

*Original Signed by*

William G. Cowan  
Chief Regulatory Auditor