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May 22, 2009

Kirsten Walli
Board Secretary
Ontario Energy Board
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2300 Yonge Street
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Toronto, Ontario
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Re: File Number **EB-2008-0052**

I am writing to express concerns regarding the STAR proposal that the Board will require storage providers to post a working Storage Inventory report weekly. In particular, I refer to the following contained in the NOTICE OF PROPOSALTO MAKE A RULE, STORAGE AND TRANSPORTATION ACCESS RULE (STAR) BOARD FILE NO: EB-2008-0052:

4.4 Storage Inventory

4.4.1 A storage company or an integrated utility shall post a weekly working Storage Inventory on its website. The Storage Inventory shall include the amount of working gas in storage (in PJ) by individual pool or as an aggregate quantity for all pools, provided that the storage company or the integrated utility identifies the method used (i.e., individual or aggregated).

Canadian Enerdata publishes a weekly *Canadian Enerdata Gas Storage Report* (copy attached) based on storage information submitted weekly in confidence by various storage owners/operators in eastern and western Canada including Union Gas and Enbridge in Ontario. The report is sold by subscription ($775.00/year) and by license to various news services and data providers including Bloomberg, Reuters and Dow Jones and as such is readily available to market participants across North America and indeed globally.

The requirement in 4.1.1 above will result in the Union Gas and Enbridge weekly storage data that we receive in confidence and which we report in aggregate, being publicly available under STAR. This will serve to undermine the value of our weekly report and, more importantly, will provide information about the Ontario natural gas market that is not available in other competing markets in North America.

The weekly storage information we publish, and which is patterned after the *Weekly Natural Gas Storage Report* compiled and published by the U.S. Energy Information Administration (copy attached), equally benefits all natural gas market participants (buyers and sellers) at all trading locations in North America as the information is in aggregate form and does not identify a particular storage operator or trading "hub".

To the extent that weekly storage data were made available at, say, the Union Gas Dawn “Hub”, this will provide the market with information that is not available at any competing hub which in turn will impact the (basis) price of gas at Dawn relative to other trading hubs in Canada and the U.S., including AECO in Alberta and the Henry Hub (NYMEX) in Louisiana.

If, for example, the weekly working gas in storage posting for the Dawn hub was to show a higher percentage storage draw relative to the total storage change as reported in the Enerdata east storage report, or for the east region in the EIA report, then basis (relative) prices at Dawn would likely be higher than they otherwise would be had working gas in storage not been reported at Dawn.

The impact that the EIA and Enerdata storage reports have on North American natural gas prices is profound and well understood by market participants, particularly gas traders and speculators. (Please see attached Bloomberg report). Significant changes in both spot and futures prices often follow the release of the weekly reports and it is in recognition of this price impact that the storage information is in aggregate form. To release weekly storage information for a particular and liquid trading location will have an even more pronounced price impact at that location.

Also, what would happen, if for some reason, the storage information for a particular operator was reported incorrectly and subsequently revised? Who would assume the consequences associated with the market and price distortion that this would cause?

I respectfully encourage the Board to reconsider the weekly storage reporting requirement as part of STAR and suggest that such individual company storage reporting be done on a quarterly basis so as to minimize the impact on the gas market and prices and the commercial impact on our business.

Respectfully yours,

Richard Zarzeczny,
President

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Canadian Enerdata Gas Storage Survey

21-May-09

List of Participating Companies/Data Sources — Results for: 15-May-09

Tables 1a, 1b, 2a, and 3a consist of data provided by the following companies:

GMi	Union Gas Limited	Intragaz	TransCanada Alberta System
Enbridge Consumers	TransGas Limited	Terasen Gas	

Includes Canadian operators of storage and Canadian companies contracting storage in Canada for Canadian consumption. East/West division based on Manitoba/Saskatchewan borders.

Table 1a: Total Working Gas in Storage Current

	Current Year						
	15-May-09		08-May-09		Difference		Weekly Percentage Change
	(10^3m^3)	(Bcf)	(10^3m^3)	(Bcf)	(10^3m^3)	(Bcf)	
EAST	2853484	100.7	2511803	88.7	341682	12.1	13.6%
WEST	5827712	205.7	5472792	193.2	354920	12.5	6.5%
TOTAL	8681196	306.5	7984594	281.9	696602	24.6	8.7%

Table 1b: Total Working Gas in Storage Year Ago

	Last Year				
	16-May-08		09-May-08		Weekly Percentage Change
	(10^3m^3)	(Bcf)	(10^3m^3)	(Bcf)	
EAST	1950583	68.9	1630218	57.5	19.7%
WEST	4472987	157.9	4085011	144.2	9.5%
TOTAL	6423570	226.8	5715229	201.8	12.4%

Table 2a: Maximum Capacity of Working Gas

	Current Year						
	15-May-09		08-May-09		Difference		Percentage Change
	(10^3m^3)	(Bcf)	(10^3m^3)	(Bcf)	(10^3m^3)	(Bcf)	
EAST	7109795	251.0	7109795	251.0	0	0.0	0.0%
WEST	11419957	403.1	11419957	403.1	0	0.0	0.0%
TOTAL	18529752	654.1	18529752	654.1	0	0.0	0.0%

Table 3a: Total Percentage of Max Capacity in use

	Current Year		Last Year	
	15-May-09	08-May-09	16-May-08	Five Year Average
EAST	40.13%	35.33%	27.44%	34.65%
WEST	51.03%	47.92%	39.26%	53.36%
TOTAL	46.85%	43.09%	34.72%	44.01%

Note: To convert to Bcf multiply by 0.00003530096

*E - An estimate in the storage volume was made, due to a failure of submission. Data is subject to revision.
*R - Revised

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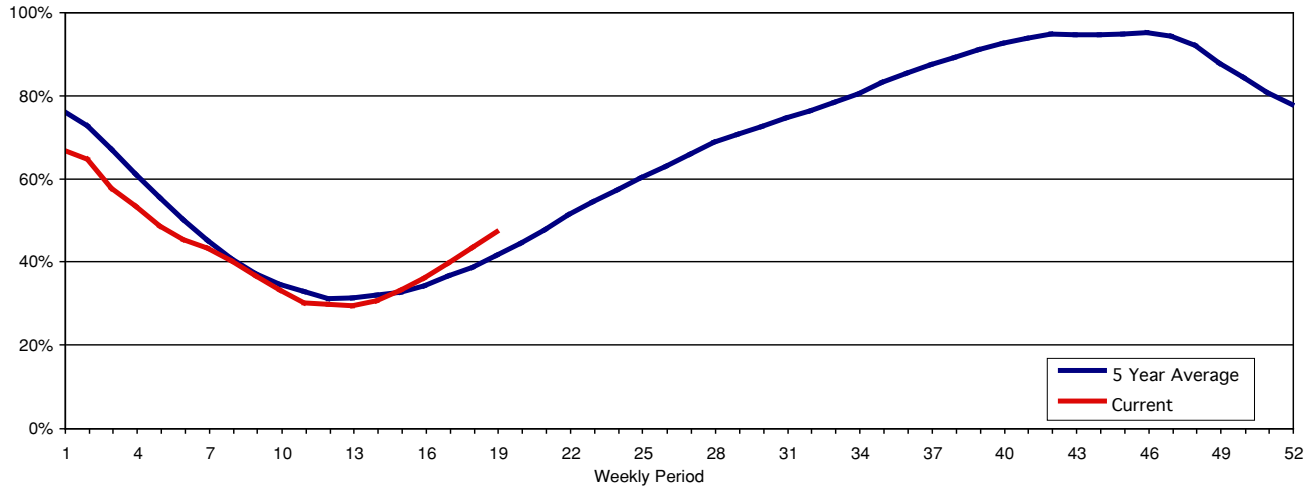
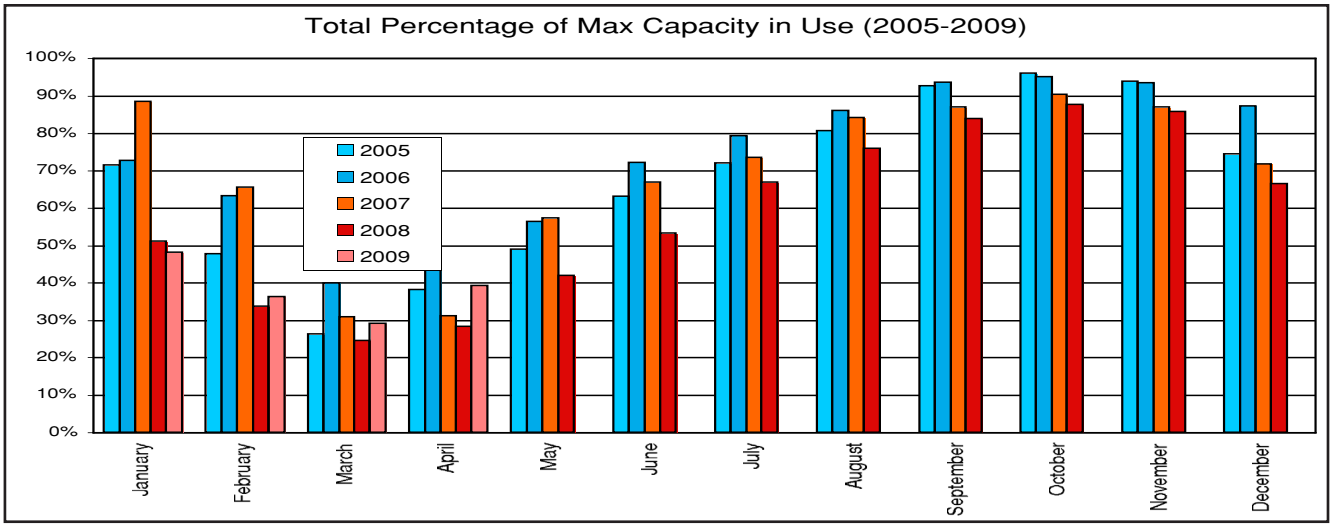
Canadian Enerdata Gas Storage Survey

Table 4: Three Month Summary

	EASTERN CANADA			WESTERN CANADA			TOTAL		
	Gas in Storage (Bcf)	Weekly Change (%)	Full (%)	Gas in Storage (Bcf)	Weekly Change (%)	Full (%)	Gas in Storage (Bcf)	Weekly Change (%)	Full (%)
02/06/09	97.2	-10.05%	38.75%	196.2	-5.04%	48.66%	293.4	-6.76%	44.86%
02/13/09	92.9	-4.49%	37.01%	187.8	-4.28%	46.58%	280.7	-4.35%	42.91%
02/20/09	85.1	-8.42%	33.89%	175.6	-6.47%	43.57%	260.7	-7.11%	39.86%
02/27/09	77.4	-9.05%	30.82%	159.5	-9.19%	39.56%	236.9	-9.15%	36.21%
03/06/09	66.3	-14.27%	26.42%	147.9	-7.27%	36.69%	214.2	-9.56%	32.75%
03/13/09	61.9	-6.72%	24.65%	132.4	-10.46%	32.85%	194.3	-9.31%	29.70%
03/20/09	61.9	-0.02%	24.64%	129.9	-1.90%	32.22%	191.8	-1.30%	29.32%
03/27/09	60.0	-2.97%	23.91%	130.1	0.15%	32.27%	190.1	-0.86%	29.06%
04/03/09	64.7	7.79%	25.77%	133.7	2.75%	33.16%	198.4	4.34%	30.33%
04/10/09	60.0	-7.18%	23.92%	141.9	6.13%	35.19%	201.9	1.79%	30.87%
04/17/09	60.1	0.17%	23.96%	154.4	8.80%	38.29%	214.5	6.24%	32.79%
04/24/09	66.9	11.20%	26.65%	166.4	7.82%	41.28%	233.3	8.77%	35.67%
05/01/09	76.7	14.72%	30.57%	179.8	8.03%	44.60%	256.5	9.95%	39.21%
05/08/09	88.7	15.57%	35.33%	193.2	7.46%	47.92%	281.9	9.88%	43.09%
05/15/09	100.7	13.60%	40.13%	205.7	6.49%	51.03%	306.5	8.72%	46.85%

Monthly Total Percentage of Max Capacity in Use (Current vs. 5 Year Avg)





Weekly Natural Gas Storage Report

Release Schedule
Sign Up for Email Updates

Released: May 21, 2009 at 10:30 A.M. (eastern time) for the Week Ending May 15, 2009.
Next Release: May 28, 2009

Working Gas in Underground Storage, Lower 48

other formats: Summary TXT CSV

Region	Stocks in billion cubic feet (Bcf)			Historical Comparisons			
	05/15/09	05/08/09	Change	Year Ago (05/15/08)		5-Year (2004-2008) Average	
				Stocks (Bcf)	% Change	Stocks (Bcf)	% Change
East	892	827	65	789	13.1	837	6.6
West	345	332	13	220	56.8	252	36.9
Producing	879	854	25	592	48.5	640	37.3
Total	**2,116**	**2,013**	**103**	**1,602**	**32.1**	**1,729**	**22.4**

Notes and Definitions

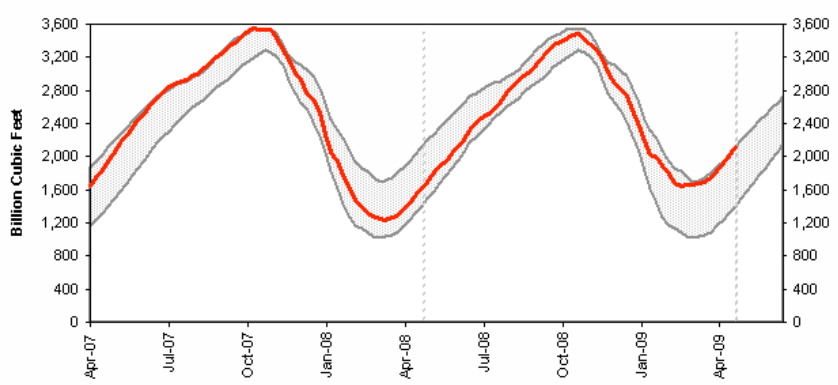
Data
History (XLS)
5-Year Averages, Maximum, Minimum, and Year-Ago Stocks (XLS)

References
Methodology
Differences Between Monthly and Weekly Data
Revision Policy

Related Links
Storage Basics
Natural Gas Weekly Update
Natural Gas Navigator

Summary
Working gas in storage was 2,116 Bcf as of Friday, May 15, 2009, according to EIA estimates. This represents a net increase of 103 Bcf from the previous week. Stocks were 514 Bcf higher than last year at this time and 387 Bcf above the 5-year average of 1,729 Bcf. In the East Region, stocks were 55 Bcf above the 5-year average following net injections of 65 Bcf. Stocks in the Producing Region were 239 Bcf above the 5-year average of 640 Bcf after a net injection of 25 Bcf. Stocks in the West Region were 93 Bcf above the 5-year average after a net addition of 13 Bcf. At 2,116 Bcf, total working gas is within the 5-year historical range.

Working Gas in Underground Storage Compared with 5-Year Range



Note: The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2004 through 2008.
Source: Form EIA-912, "Weekly Underground Natural Gas Storage Report." The dashed vertical lines indicate current and year-ago weekly periods.

Bloomberg.com

Natural Gas Futures Drop Most in Almost 2 Years as Supply Rises

By Reg Curren

May 21 (Bloomberg) -- Natural gas futures fell the most in almost two years after a government report showed a bigger-than- forecast increase in U.S. inventories, as the recession cut demand for the industrial fuel.

Stockpiles rose 103 billion cubic feet last week to 2.116 trillion cubic feet, the Energy Department said. Analysts expected a gain of 95 billion. Supplies were 22 percent higher than the five-year average as factories and power plants trimmed purchases during the worst economic slowdown in a half century.

"This number surprised everyone it appears, so there's a violent reaction," said Brad Florer, a trader for Kottke Associates Inc., a commodity futures broker in Louisville, Kentucky. "This is just another sign that this economic turnaround we keep hearing about may not exactly be in place yet. Let's call it a mirage, so far."

Natural gas for June delivery fell 36.7 cents, or 9.2 percent, to settle at $3.603 per million British thermal units at 3 p.m. on the New York Mercantile Exchange, the biggest one- day decline since Aug. 20, 2007. Gas futures have dropped 36 percent this year.

All but one of the 22 analysts surveyed by Bloomberg predicted a stockpile gain of less than 100 billion cubic feet in the week ended May 15. The median of their estimates was 95 billion, and the five-year average rise for the week is 90 billion.

Industrial consumption of gas is forecast to tumble 8 percent this year because of the lingering recession, the Energy Department said on May 12. Overall U.S. consumption is expected to contract 1.9 percent.

Prices and Demand

"I never believed that demand was commensurate with the run-up we'd seen in prices," said Michael Fitzpatrick, a vice president for energy at MF Global Ltd. in New York, who correctly forecast a supply increase of 103 billion cubic feet. "There's still a lot of supply coming in every week."

Futures had rallied 45 percent from a low of $3.155 per million Btu on April 27 through May 13 before retreating over the past week on expanding inventories and less confidence in an economic recovery.

Federal Reserve officials see "significant downside risks" to the outlook for the U.S. economy, according to the minutes of an April meeting released yesterday. Policy makers don't anticipate a fuller recovery in the economy until 2011.

A slower rebound from the recession would limit demand for natural gas. Factories and power-plants together consume 58 percent of U.S. output.

'Extended Stay'

"The recession seems to have settled in for an extended stay and there are clearly not going to be any

successful quick fixes," **Peter Beutel**, president of Cameron Hanover Inc., an energy consulting company in New Canaan, Connecticut, said before the report was released. "Industrial demand's resurgence is not even on anyone's horizon yet."

More Americans than expected filed claims for unemployment insurance last week, the Labor Department said today. The total number of people collecting benefits rose to 6.66 million, the 16th consecutive weekly record.

Gas has tumbled 74 percent since reaching a 2008 high of $13.694 per million Btu on July 2, as factories were shut because of sliding consumer demand. The U.S. economy contracted 6.1 percent in the first quarter and 6.3 percent in the final three months of 2008, cutting industrial gas consumption.

The economy is contracting at a 1.1 percent annual pace in the current quarter, according to estimates from Macroeconomic Advisers LLC.

To contact the reporters on this story: **Reg Curren** in Calgary at **rcurren@bloomberg.net**.

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