

VIA E-MAIL (RESS & COURIERED)

May 25, 2009

Ontario Energy Board
Attn: Kirsten Walli
Board Secretary
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

RE: FRPO Final Comments to Proposed Storage and Transportation Access Rule (STAR)

In accordance with the Ontario Energy Board's Notice of Proposal to Make a Rule published April 9, 2009 for EB-2008-0052, the Federation of Rental-housing Providers of Ontario (FRPO) is providing herein its written comments in the matter.

FRPO would like to thank the Board for the opportunity to have involvement of an important aspect of regulation to try to provide conditions conducive to the development of an efficient natural gas market in Ontario. FRPO and/or its regulatory lead, Dwayne Quinn of DR QUINN & ASSOCIATES LTD., have been active participants in this proceeding and in other proceedings that contributed to this evolution. From the original Gas Distributor Access Rule (GDAR) through the Natural Gas Forum (NGF) and Natural Gas Electricity Interface Review (NGEIR) to the most recent Long Term Contracting, we have been a consistent contributor to the record and, we hope, to solutions in the public interest.

Our submissions will be broken into 3 sections: Transportation, Storage and Assessment

TRANSPORTATION

We would like to commend the Board for developing a Rule that provides an excellent set of conditions that will contribute to a more effective transportation market in Ontario. The establishing of standard conditions, timely reporting and price disclosure will result in improved conditions to ensure non-discriminatory access and informed market participants for the benefit of all including the customers in the province of Ontario.

The only area of concern would be the lack of required disclosure of C1 Short-Term Transport rates. While the Board has determined this draft Rule with the benefit of a significant amount of input from many qualified sources, the Board would not have had the benefit of considering the substantial level of increase in Short Term Exchanges and Transportation that have been evidenced in EB-2009-0101. While this unforecasted increase may purely be a result of a market anomaly and some volume growth, one would have to wonder if the lack of disclosure has

contributed to inefficient transportation benefitting only the provider. Further comments in this are deferred to the section on assessment.

STORAGE

Given the integrated nature of the Ontario market, it was anticipated by FRPO that the Storage elements of the Rule would have mirrored the transportation components. The significant departure from the principles of transparency and disclosure in the area of pricing and, to some extent, capacity information for storage is, in our view, significantly hampers the effectiveness of STAR. The primary reason provided for this difference was the commercial sensitivity for some customers in the system. However, the record in this proceeding does not yield significant concerns from potential customers of storage stating their concern regarding commercial sensitivity. In fact, one of the most active and potentially impacted intervenors in this area, APPrO submitted definitively in their response to the Staff Discussion Paper that prices, and, in fact available capacity, were an important aspect of this Rule.

FRPO reviewed FERC's rules in this area and, respectfully cannot understand the draft Rule's divergence from FERC's policies in this area. In accordance with the Board's expectations in this proceeding, FRPO has collaborated with other intervenors and has had the benefit of seeing the draft submissions of other parties. As opposed to relating a summary of our review, FRPO would strongly endorse the submitted positions of TCPL in its comments on FERC's view of the importance of storage price discovery.

While the informed Rules of FERC 284 can be instructive in assessing the potential for effective market rules for Ontario, FRPO is mindful of the Board's own principles in this area. In the Board's Policy and Rationale section of Reporting Requirements, one of the principles clearly states:

“Reporting requirements should not put Ontario storage providers at an advantage and/or disadvantage relative to competing storage providers in other jurisdictions;”

In FRPO's respectful opinion, it cannot see how the ability to conceal pricing will not yield a significant advantage for Ontario providers over their American counter-parts. Against all of the public interest benefits that can be achieved from transparency and its alignment with the stated principles of the Board and FERC, the concern over the commercial sensitivity of customers seems to be a well-intended but limited issue in creating conditions for an effective market.

Therefore, FRPO would respectfully urge the Board to reconsider this aspect of the Rule and find that price discovery and the associated market efficiency is the paramount concern. In the alternative, if the Board believes that the requested price discovery is not needed, FRPO would respectfully request consideration of its recommendation in its submissions on assessment.

FRPO would also like to convey its support for Kitchener's submissions on modifying 4.5.2 to establish a date of September 1 for the reasons stated in its argument.

ASSESSMENT

FRPO recognizes that the changes contemplated will assist further evolution and improvement in the efficiency of the Ontario natural gas market. However, with any significant change, the importance of assessment or a feedback loop can often be critical to allow insight into the impacts of the change. By testing and measuring the results, further modifications can be made to eliminate unintended effects or improve the efficacy of the prescribed changes.

Therefore, FRPO respectfully submits that the Board ought to consider the inclusion of an assessment review approximately two years after the Rule goes into force. This review could include inclusion of summarized pricing as provided through a level of appropriate discovery of price data (in aggregate form if commercial sensitivity must be maintained).

Thank you for your consideration of our submissions and we trust that they benefit the Board in its final deliberations.

Respectfully Submitted on Behalf of FRPO,



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Principal
DR QUINN & ASSOCIATES LTD.

cc: Intervenors in EB-2008-0052