



**FINANCIAL SERVICES DEPARTMENT
KITCHENER UTILITIES**

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BY E-MAIL & COURIER

May 25, 2009

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

Dear Ms. Walli:

**Re: EB-2008-0052 – Proposed Storage and Transportation Access Rule (“STAR”)
Letter of Comment by the City of Kitchener (“Kitchener”)**

Pursuant to the Ontario Energy Board’s (“Board’s”) Notice of Proposal to Make a Rule dated April 9, 2009 (“Notice”), Kitchener respectfully provides the following written comments for consideration with our appreciation for the Board’s invitation to do so.

Kitchener is an embedded gas distributor in the Southern Area of the franchise territory of Union Gas and receives semi-unbundled storage and transportation services under Rate T3 and transportation services under Rate M12. Kitchener therefore has a direct interest in the development of rules related to access to storage and transportation services. Kitchener actively participated in the EB-2005-0551 (NGEIR) proceedings before the Board and in the stakeholder consultation phase for STAR which preceded the Notice.

Generally, Kitchener supports the proposed STAR and commends the Board for its development. The key objectives of the STAR, as refined by the Board from stakeholder comments, are appropriate. The STAR properly rests upon principles of non-discriminatory access, customer protection and transparency in transportation and storage markets.

In Kitchener’s respectful view, the proposed STAR meets the first two principles very well, with some room for improvement in meeting the last principle. Specifically, Kitchener believes that transparency in the competitive storage market to enable informed decisions by market participants cannot be achieved without some form of timely price disclosure. Kitchener respectfully disagrees with the Board’s view that it is not necessary to disclose aggregated pricing information from competitive storage opens seasons.

In this regard, Kitchener notes the Board's Policy and Rationale expressed at page 18 of the Notice: "The Board is also concerned about the challenges associated with protecting customer-specific information when there are a limited number of transactions." As Kitchener has previously submitted, commercial sensitivity must be balanced against the need for timely price disclosure to all market participants, not take precedence over it. Buyers and sellers of storage services must have ready and timely access to reliable prices to make informed decisions. Price is the key aspect of most transactions between buyers and sellers. This is as true for storage services as it is for other competitive or workably competitive services, for example, energy commodity products. It is difficult to envision how parties can make informed and balanced decisions to buy or sell storage services absent any information about price.

Kitchener reiterates that aggregated reporting of pricing as previously suggested by Board Staff, i.e. where storage companies disclose high, low and weighted average prices from a storage open season, is better than no reporting of prices. While Kitchener agrees with the Board that a range of potential storage services will be offered, there will likely be a discrete number of core offers, for example, Peak Storage with certain levels of deliverability. At a minimum, aggregate price information for such core storage services could be reported in a transparent manner that would be valuable for market participants while shielding the identities of parties. Kitchener respectfully submits that the reporting of price information be added to section 4.2.4 of the proposed STAR.

In section 4.5.2 of the proposed STAR dealing with reporting of Design Capacity, Kitchener respectfully submits that the information in section 4.5.1 be posted by September 1 each year, instead of November 1. This timing would allow market participants a better opportunity to make informed decisions about their storage requirements and options prior to the onset of the critical winter period.

In section 5.1.1 of the proposed STAR, Kitchener respectfully submits that any dispute resolution process be developed by a storage company, transmitter or integrated utility with input from stakeholders. This will support a more balanced process.

Thank you again for the opportunity to submit these written comments and we look forward to the publication of the STAR by the Board in due course.

Sincerely,



James A. Gruenbauer, CMA
Manager, Regulatory Affairs and Supply

Cc: W. Malcolm (Kitchener)
L. Baillargeon (Kitchener)
J. Alick Ryder, Q.C. (RWBH)