



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

May 25, 2009

Re: Phase II - Storage and Transportation Access Rule ("STAR") EB-2008-0052

Dear Ms. Walli,

Although Tipperary Gas Corporation ("Tipperary") has not previously been a formal participant in the abovementioned proceedings, it wishes to provide comment on some aspects of the Draft STAR as an interested party. In these submissions, Tipperary expresses support for the concept of exemptions from the STAR for certain market participants; Tipperary also submits that it would be appropriate for the Ontario Energy Board ("Board" or "OEB") to consider adopting a threshold below which there would be no application of the STAR.

Tipperary is a very small gas storage entity, operating 3.2 Billion Cubic Feet ("Bcf") of capacity since 2008, which is located near Goderich, Ontario. It applied to the Board in late December 2003 to approve the area as a designated storage area and sought other related approvals. Since OEB approvals were granted in 2004 and 2005, Tipperary and its affiliated company, Tribute Resources Inc. ("Tribute"), have remained interested in and supportive of the Board's Natural Gas and Electricity Interface Review ("NGEIR") initiatives related to deregulating storage and enhancing Ontario's competitive natural gas market. As a small entity operating its pool in a much larger storage market, Tipperary is able to bring to the Board the perspective of a new market entrant, with limited scope, size and market share.

The Board's STAR ("Rule" or "Rules"), embedded in Appendix B, dated April 9, 2009, have raised some limited issues of concern, particularly as they relate to the practical size of the operation that Tipperary is managing with its project. Under the STAR, Tipperary is defined as a storage company. It is clear that the primary intent of the STAR is to address myriad issues relating to broader consumer protection and non-



discriminatory access to transportation services in relation to larger regulated, integrated utilities operating storage and transportation services. The practical effect of a small entity with limited reach and resources complying with all the regulatory requirements of the STAR was not contemplated by Tipperary as the project was conceived, financed and constructed.

While it is understandable that the developing competitive storage market in Ontario and regionally will require non-discriminatory controls and access guarantees, it is worthwhile to recognize at the outset of these limited submissions that the Board has wisely inserted section 1.7 specifically providing for the granting of exemptions to any provision of the Rule, which may be subject to conditions or restrictions. Tipperary plans to apply to the Board at a later date for certain exemptions to the STAR in order to reflect the practical aspects of its day-to-day operations. Below follows a limited list of examples as to why Tipperary believes the Board should reconsider the applicability of the STAR to small storage operations connecting to an integrated utility.

In section 2.4.3, the rule is that a transmitter must include in its tariff the terms of service and standard form of contract for each of its services and have them pre-approved by the Board. For a small storage developer with one contract and a dedicated, high pressure interconnection line, this filing, approval and public posting process could be viewed as unnecessary and act as an impediment to the development. Responding to requests by others for an interconnection to a small private interconnecting line could frustrate the development of these types of new projects, which are otherwise being encouraged by the findings of the Board in NGEIR. A small storage developer cannot afford to be labelled a 'transmitter' and take on the burden of these types of transmitter obligations, which Tipperary respectfully submits are not aimed at this type of small storage developer.

As a real and practical example, Tipperary has no website and has a customer with a contract; thus it would seem inappropriate to include this type of small storage developer in the detailed requirements of the STAR. Tipperary respectfully submits that there should be a certain low 'automatic Bcf level exemption' threshold, which would exempt the individual small storage developer from having to meet all the requirements of the STAR. Similarly with section 3.1.1 and for the reasons mentioned above, it is not practical for Tipperary to post its 'standard' contract nor its general terms and conditions of service, when there is no standard contract. It is understandable, however, as stated in section 3.1.2 that an integrated utility would undertake certain protocols and have them posted.



And in section 4.1.2, it is not feasible for Tipperary to post its Index of Customers when there is no list and the small operational capacity is not available to other interested parties due to the pre-existence of a contract. Again, in section 4.2.1, there is the requirement that a transmitter and storage company must update monthly its Index of Customers, etc. This provision also does not appear to be aimed at a small corporate entity such as Tipperary. Section 4.4.1 indicating a requirement to post a weekly working Storage inventory on a website would not be practical or feasible, particularly as this is a small entity with no other pools and has no other information to be inventoried individually or in aggregated form. Similarly, the Design Capacity information required to be posted in section 4.5.1 on a website is unhelpful to the consumers of storage services in Ontario as, in the case of Tipperary, the limited amount of capacity is contracted.

Tipperary believes the development of certain aspects of the STAR represents a healthy and necessary step in maintaining and fostering Ontario's integrated competitive energy markets. The omnipresent risk in introducing new layers of regulation is that the reach is not worth the effect in some cases and may in fact deter the entry of new market participants and hamper the evolution of market forces. Sensible regulatory oversight usually and hopefully results in that tangible balance being achieved, particularly when there are mechanisms upon which the regulated may call in sorting out their proper place in the new regulatory scheme.

All of which is respectfully submitted by

Peter Budd

of counsel to Tipperary Gas Corporation