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May 25, 2009

VIA FAX and E-MAIL

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

Dear Ms. Walli:

Re: Vulnerable Energy Consumers Coalition (“VECC”)
Board File No: EB-2008-0052
Board Letter of April 9, 2009

Comments of VECC on the Proposed STAR Rule

The following are VECC’s comments on the Board’s Proposed STAR Rule.

VECC generally supports the Proposed Rule with one main exception: the Board’s decision to not require the posting of even aggregated pricing information with respect to storage services.

In VECC’s respectful view, competitive markets are precisely those markets where the quality, availability, and price of each service offering are known to all potential participants, at least on an indexed or aggregated basis.

VECC submits that a transparent market should provide some publicly available pricing information to potential customers in order that they can make informed economic decisions while incurring only minimum price discovery and other transaction costs – costs which turn potential gains from trade into dead-weight losses that are left unrealized.

Theoretically, VECC submits that economics describes market efficiency as being characterized by equating relative prices to other ratios.¹

¹ Efficiency is characterized by equating the rate at which goods or services can be exchanged at market prices (i.e., the relative prices) to the rate at which buyers are willing to exchange the

Ultimately, VECC submits that the efficiency of transparent price changes is credited, in economics texts, with providing low-cost signals to both producers and consumers to provide optimal supply and demand responses to changes in profitability and scarcity, respectively. VECC adds that it views the fact that many microeconomic texts and courses have been entitled “Price Theory” is no coincidence.²

VECC urges the Board to require or at least collect some price information with respect to storage services – if only so that some evidence of the competitiveness of the storage market can be compiled and analyzed to attest to the ongoing, efficient operation of the market.

All of which is respectfully submitted,



Michael Buonaguro
Counsel for VECC

goods and services (known as the marginal rate of substitution). In turn, this common ratio equals the rate at which they can be substituted in production (known as the marginal rate of product substitution or the opportunity cost in production.) It is difficult to see how a buyer can optimize the bundle of goods and services purchased absent a good (if not perfect) price signal is received by the buyer at some point in time close to when the buying decision was made.

² Hirschliefer’s texts, for example.