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Barristers and Solicitors

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BY EMAIL AND REGULAR MAIL

August 31, 2009

Kirsten Walli, Board Secretary
Ontario Energy Board
P.O. Box 2319, 26th Floor
2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms. Walli

**Re: Enbridge Gas Distribution Inc. – EB-2008-0219
Stakeholder Consultation on Storage Unbundling
Stakeholder Consultation on Upstream Gas Transportation**

In its Decision on Issues List and Procedural Order No. 6 in EB-2008-0219, the Board directed Enbridge Gas Distribution Inc. (Enbridge) to convene a Conference to address process and timelines for consideration of storage unbundling.

In response to the Board's directive, Enbridge convened a Stakeholder Conference that was held on August 13, 2009. Notice of the Conference was given to all EB-2008-0219 parties. A list of the parties that attended the Conference is contained in Attachment 1 to this letter. Mr. Bob Betts acted as facilitator during the Conference.

Enbridge opened the Stakeholder Conference by making a Powerpoint presentation with a proposal for storage unbundling process and timelines. Attachment 2 to this letter is a printed version of Enbridge's Powerpoint presentation. The parties in attendance at the Stakeholder Conference engaged in a constructive discussion about the process and timelines for consideration of storage unbundling by Enbridge. The parties discussed proposed changes and reached a consensus regarding the appropriate process and timelines, as set out in Attachment 3 to this letter.

Because this consultation process follows from a direction made by the Board in the EB-2008-0219 proceeding, Enbridge proposes to reimburse stakeholders for costs of their participation in accordance with the Board's determination of eligibility for cost awards in EB-2008-0219. In doing so, Enbridge will use as a guide the Funding Principles and Funding Process applied by Hydro One Networks Inc. for its 2009/2010 Transmission Rate Application. The Funding Principles and Funding Process are set out in Attachment 4 to this letter.

August 31, 2009

Page 2

Enbridge also proposes that it will reimburse stakeholders for costs of participation in other consultation processes that follow from a direction made by the Board in EB-2008-0219. In its Decision and Order dated July 14, 2009 on Phase 2 issues in EB-2008-0219, the Board directed Enbridge to file an application that puts forward various options for the long term resolution of the system reliability issue relating to upstream gas transportation arrangements that is discussed in the Decision. The Board went on to say that it expects evidence of stakeholder consultation to be brought forward in the form of a thoughtful application. Enbridge proposes to reimburse stakeholders for costs of participation in this consultation on the basis of the Board's eligibility determination referred to above and the Funding Principles and Funding Process set out in Attachment 4 to this letter.

In the event that the Board should have any questions or concerns about the matters addressed in this letter, please do not hesitate to contact us in that regard.

Yours very truly,

AIRD & BERLIS LLP

A handwritten signature in cursive script, appearing to read "Fred D. Cass".

Fred D. Cass
FDC/

cc: N. Ryckman/A. Kacicnik
Stakeholders

Stakeholder Meeting – Storage Unbundling
Thursday – August 13th, 9:30 – 12:30
2300 Yonge Street – North Hearing Room

<u>Name</u>	<u>Organization</u>	<u>Attendance</u>
Colin Schuch Colin.schuch@oeb.gov.on.ca	Ontario Energy Board	Yes
Andrea Gibbs andrea.gibbs@directenergy.com	Direct Energy	Yes
Brad Janzen brad.janzen@directenergy.com	Direct Energy (Mgmt Group)	Yes – conference call
David MacIntosh DavidMacIntosh@nextcity.com	Energy Probe	Yes
Fred Hassan FHassan@ERA-INC.CA	ERA on behalf of APPrO	Yes
Ian Mondrow Ian.Mondrow@macleoddixon.com	IGUA	Yes
Jason Stacey jfstacey@interlog.com		Yes
Jay Shepherd jay.shepherd@shibleyrighton.com	SEC	Yes
Julie Girvan jgirvan@ca.inter.net	CCC	Yes
Laura Jehn, CGA in place of Rob Finlay Laura_Jehn@transalta.com	TransAlta	Yes
Lisa DeAbreu lisa_deabreu@transcanada.com	TransCanada Pipelines	Yes
Murray Ross Murray_Ross@transcanada.com	TransCanada PipeLines	Yes

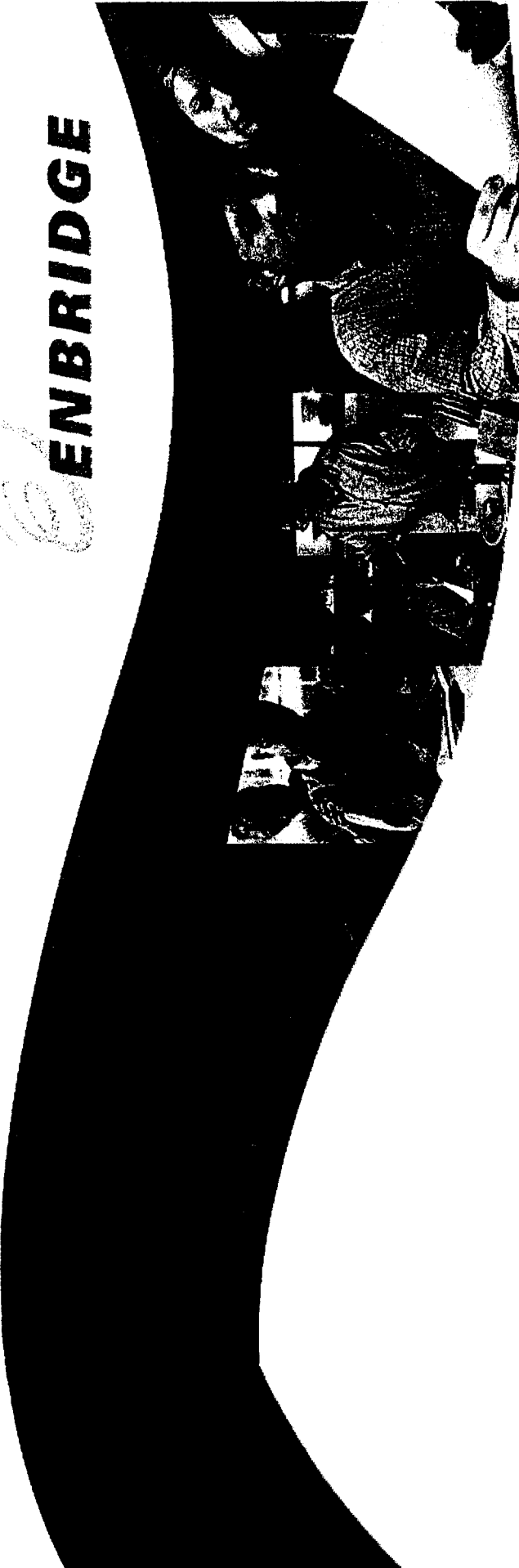
Stakeholder Meeting – Storage Unbundling
Thursday – August 13th, 9:30 – 12:30
2300 Yonge Street – North Hearing Room

<u>Name</u>	<u>Organization</u>	<u>Attendance</u>
Nicole Black Nicole.Black@directenergy.com	Direct Energy (Mgmt Group)	Yes – conference call
Nola Ruzycki nruzycki@justenergy.com	OESC	Yes
Paul Dumaresq paul.dumaresq@shell.com	Shell Energy	Yes
Paul Kerr paul.kerr@shell.com	Shell Energy	Yes
Peter Exall Peter.Exall@bp.com	BP Canada	Yes
Randy Aiken raiken@xcelco.on.ca	Boma	Yes - conference call
Ric Forester Ric.Forester@directenergy.com	Direct Energy	Yes
Susannah Robinson srobinson@superiorenergy.ca	Superior Energy	Yes
Val Young vyoung@aegent.ca	AEGENT	Yes
Vincent DeRose VDerose@blqcanada.com	CME	Yes
Jamie Humble jamie.humble@directenergy.com	Direct Energy	Yes - conference call

Stakeholder Meeting – Storage Unbundling
Thursday – August 13th, 9:30 – 12:30
2300 Yonge Street – North Hearing Room

Internal Participants

Malini Giridhar	Enbridge Gas Distribution	Yes
Keith Irani	Enbridge Gas Distribution	Yes
Ian MacPherson	Enbridge Gas Distribution	Yes
Iftikhar Abbasi	Enbridge Gas Distribution	Yes
Anton Kacicnik	Enbridge Gas Distribution	Yes
Bob Betts	Enbridge Gas Distribution	Yes
Bruce Manwaring	Enbridge Gas Distribution	Yes
Andrew Welburn	Enbridge Gas Distribution	Yes
Robert Bourke	Enbridge Gas Distribution	Yes
Norm Ryckman	Enbridge Gas Distribution	Yes
Fred Cass	Enbridge Gas Distribution	Yes



Storage Unbundling Process and Timeline: Stakeholder Conference

20090831 Letter to the OEB
Attachment 2

August 13, 2009

Agenda

- Introduction
- Objective
- Bundled vs. Unbundled Rates and Services
- Considerations and Issues to Work Through
- Proposed Process and Timeline
- Round-Table Discussion



Objective

- To establish a process and timeline for consideration of storage unbundling for general service customers

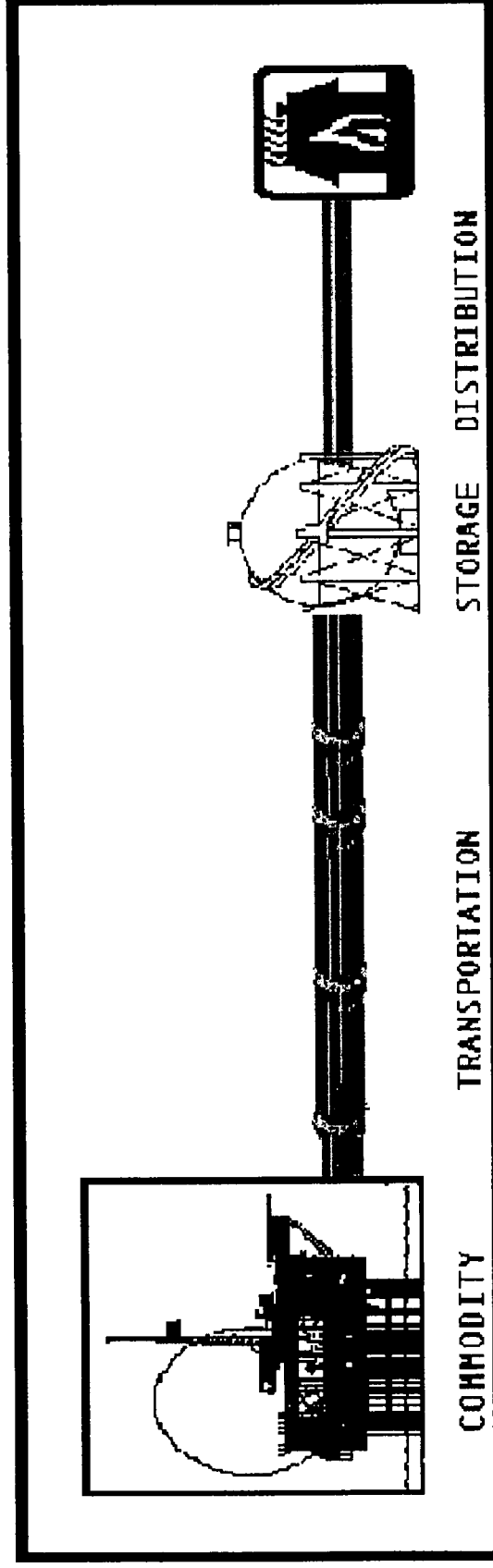


Unbundling of Rates and Services

- Unbundling is the separate offering and pricing of discrete elements of service
 - Purchase of natural gas (“commodity”)
 - Upstream pipeline capacity (transportation of natural gas to the local distribution utility)
 - Storage and/or load balancing
 - Distribution of natural gas to end use customers



Degrees of Unbundling at Enbridge



SERVICE TYPES:

UNBUNDLED(*)

ONTARIO BUNDLED T

WESTERN BUNDLED T

SALES



Note(*): Unbundled rates currently
available to large volume customers
on contract rates only

Bundled vs. Unbundled Rates

Bundled

- Complete package
- Little decision-making on daily basis
- Similar to indexed mutual funds
- Unpackaged
- Hands-on day to day involvement
- Similar to active investing

Customer / Marketer responsibilities increase with degree of unbundling.



Considerations / Issues to Work Through

- Operational Issues
 - Supply reliability and responsibility
 - Retained storage to manage un-forecast weather
 - Storage operation and management, including ratchets
- Geography
 - No in-franchise storage or trading hub
- Implementation Issues
 - Changes and enhancements to EnTRAC to create the ability to track and process mass-market unbundled transactions
 - Implementation timeline

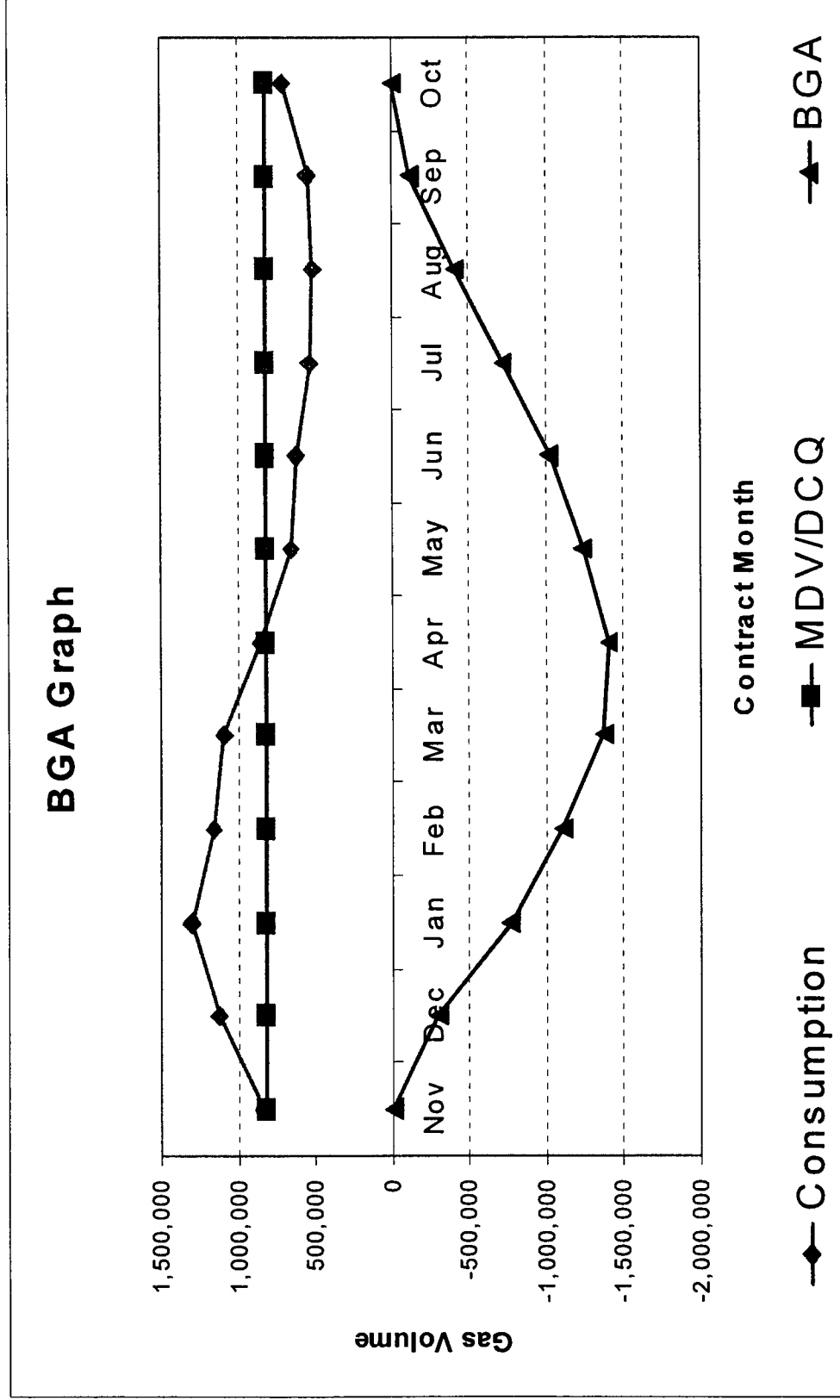


Operational Issues: Bundled Direct Purchase Market

- Direct purchase market works on the principles of Mean Daily Volume (MDV) deliveries and Banked Gas Account (BGA) management rules which ensure total deliveries match consumption at the end of each contract year (other than the BGA tolerance).
- Enbridge provides storage, load balancing, and distribution services to both system gas and direct purchase customers

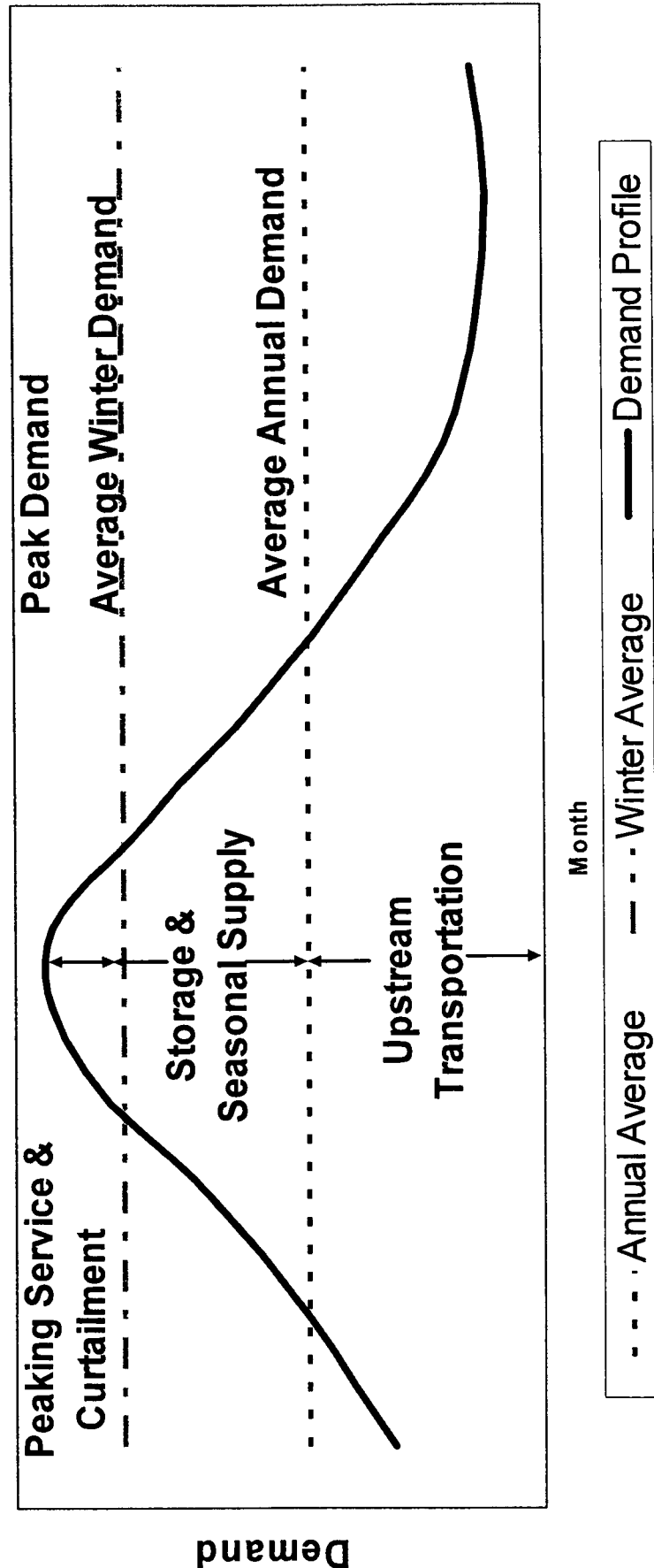


Operational Issues: Bundled Direct Purchase Market



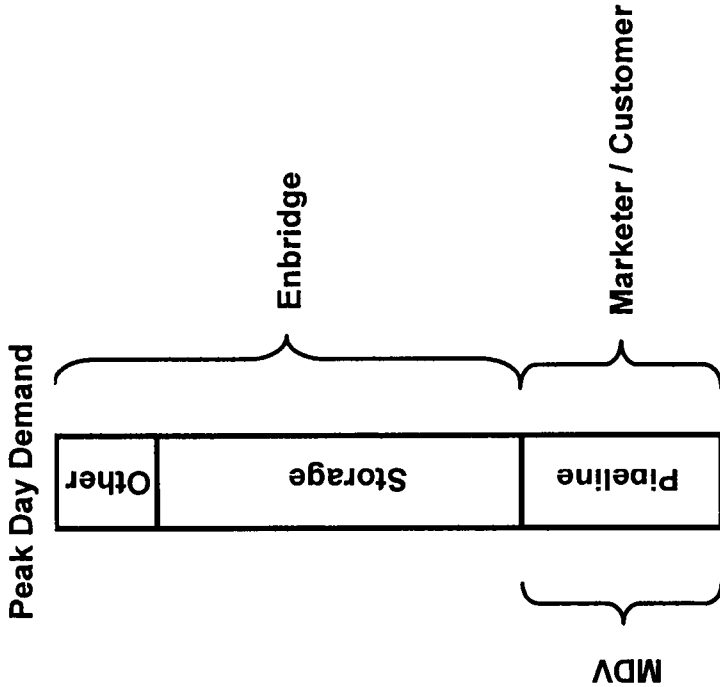
Operational Issues: Demand Profile

Annual Demand Profile with Sources of Supply

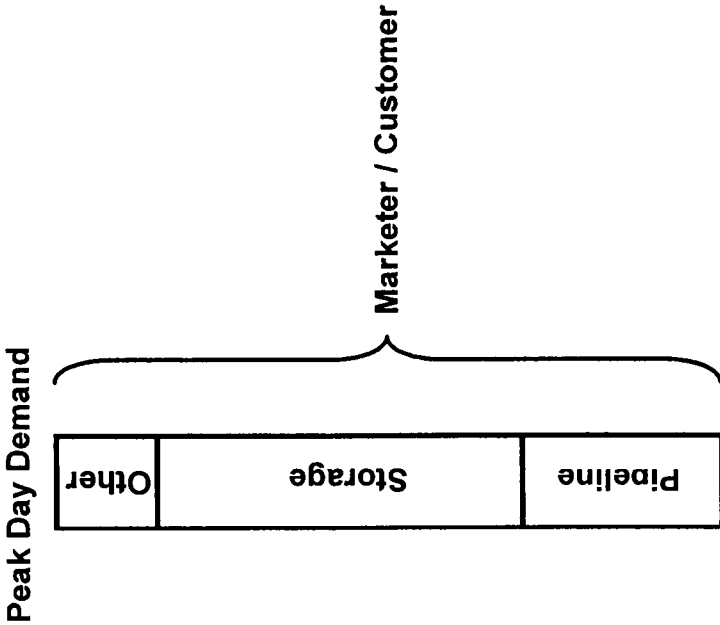


Operational Issues: Supply Responsibility on Peak Day

Bundled Service:



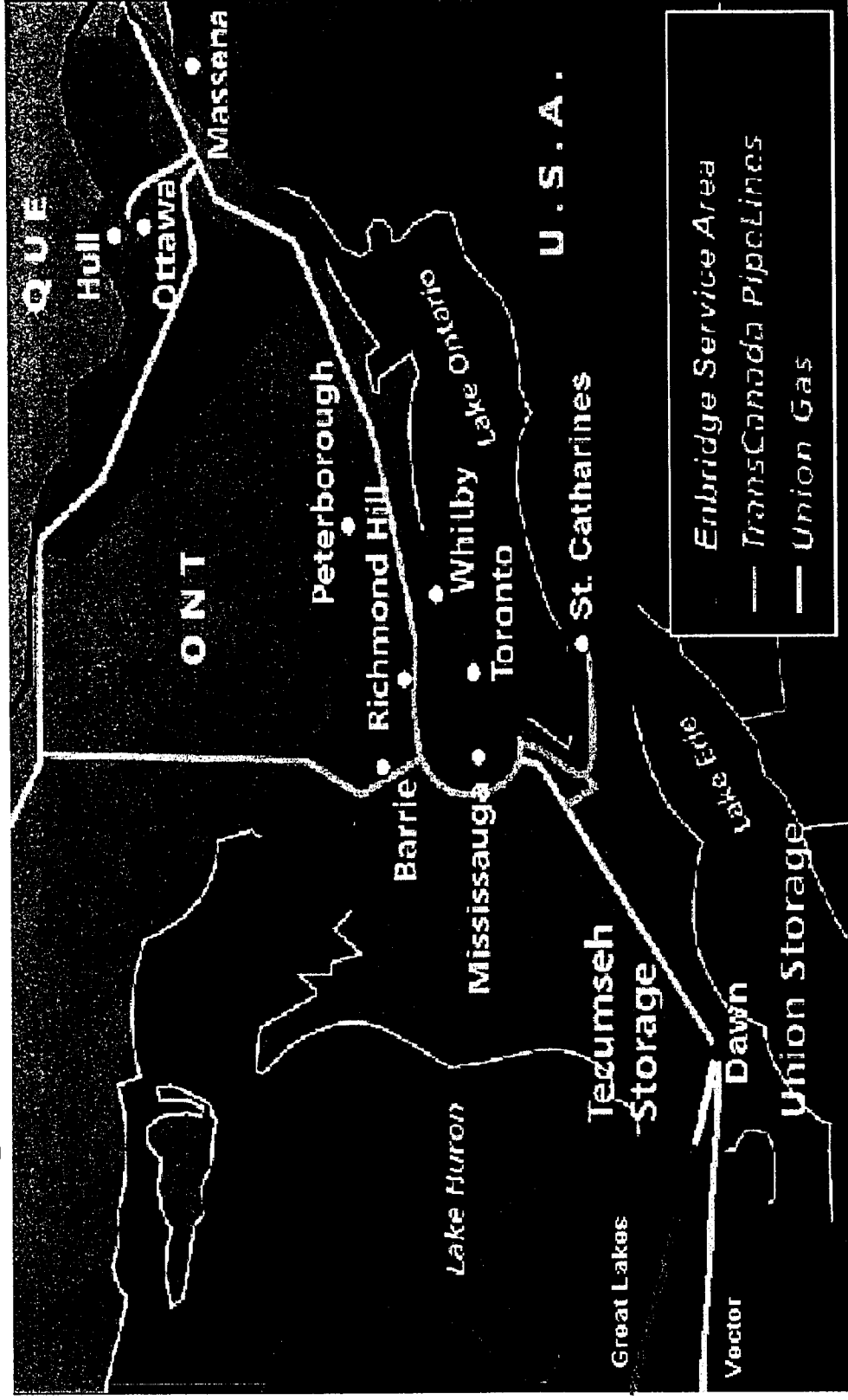
Unbundled Service:



Note: Enbridge will retain responsibility to manage impacts of un-forecast weather.



Geography: Enbridge's Franchise Area



Implementation Issues

- Could result in substantial changes and enhancements to EnTRAC to accommodate unbundling of storage for general service customers
 - need the ability to track and process mass-market unbundled transactions
- Enbridge would need approx. 18 months following the Board Decision on unbundling proposal to put new services in place



Unbundled Rate Requirements:

- Manage gas purchasing strategy and upstream costs relative to the MDV approach
- Manage gas nominations frequently
- True up imbalances by prescribed (monthly) timelines



Stakeholder Conference

- To establish a process and timeline for consideration of storage unbundling for general service customers
- Deliverable from today's conference:
 - File a letter with the OEB containing the proposed process and timeline



Proposed Process and Timeline

- Step 1: Assess issues
 - Enbridge
- Step 2: Evaluate unbundled service option(s)
 - Enbridge in consultation with stakeholders and gas marketers
- Step 3: File an application to the OEB
 - Enbridge

Note as per the Board's direction: The proposed process does not assume unbundling of storage for general service customers as a predestined outcome of the process.



Task		20090831 Letter to the OEB Attachment 2	Timeline
A s s e s s	Assess issues and devise solutions. Develop strawman proposal (i.e. draft storage unbundling proposal).	Enbridge	Q4 2009
C o n s u l t & E v a l u a t e	January 19 (approx.), 2010 Stakeholder meeting #1: 1) Present strawman proposal; 2) Receive feedback about the proposal. Refine proposal and develop draft schedules for new unbundled rates and services. Stakeholder meeting #2: 1) Present refined proposal; 2) Receive feedback; 3) Discuss timelines for preparation and filing of evidence for an application to the OEB; 4) Determine the need for Stakeholder meeting #3. (If needed) Refine proposal re. new unbundled rates and services. (Optional) - Stakeholder meeting #3 to present final version of the proposal prior to the filing of an application.	Enbridge & Stakeholders & Marketers	Q1 2010
F i l e	File an application to the Board under its own docket # describing Enbridge's proposal for new unbundled rates and services, including an implementation timeline.	Enbridge	Q2 2010

Proposed Process and Timeline

- Round-Table Discussion
 - Facilitator: Bob Betts



	Task	Timeline
Assessment	Enbridge assesses and circulates items for consideration	Q4 2009 & Q1 2010
	Marketers and Other Stakeholders may comment and circulate their items for consideration	
	Working session with all Stakeholders	
	Complete list of items for consideration	
	Create an acceptable sub-group	
Consultation	Sub-group working with Enbridge on service options development	Q1 2010
	February 19 (approx.), 2010 Stakeholder meeting #1: 1) Present strawman proposal; 2) Receive feedback about the proposal.	
	Refine proposal and develop draft schedules for new unbundled rates and services.	
	Stakeholder meeting #2: 1) Present refined proposal; 2) Receive feedback; 3) Discuss timelines for preparation and filing of evidence for an application to the OEB; 4) Determine the need for Stakeholder meeting #3.	
	(If needed) Refine proposal re. new unbundled rates and services.	
Evaluation	(Optional) - Stakeholder meeting #3 to present final version of the proposal prior to the filing of an application.	Q2 2010
	File an application to the Board under its own docket # describing Enbridge's proposal for new unbundled rates and services, including an implementation timeline.	

ENBRIDGE GAS DISTRIBUTION STAKEHOLDER FUNDING PRINCIPLES AND PROCESS

Storage Unbundling Stakeholder Consultation Upstream Gas Transportation Stakeholder Consultation

Funding Principles

- Only one representative from each group will be funded. Alternates must be designated in advance and Enbridge notified.
- Groups with common interests are encouraged to combine their participation or justify separate funding.
- Funding will be provided for meeting preparation, attendance, travel to and from meetings, reasonable out-of-pocket expenses, and follow-up, as necessary, based upon the rates outlined in the Board's Cost Award Tariff, with a cap on preparation time such that the preparation time for any particular meeting or working session will not exceed the meeting time.
- Preparation time will not be reimbursed unless the stakeholder attends the discussion session for which preparation time is claimed.

Funding Process

- Reimbursement for costs claimed will require the use of an Enbridge-approved form, as attached hereto (Enbridge Gas Distribution Disbursements Claim Form and Preparation/Attendance Form)
- Requests should be submitted not later than 30 days following the completion of each meeting/workshop.
- Parties should submit these forms to:

Lorraine Chiasson, Enbridge Gas Distribution
Email: egdregulatoryproceedings@enbridge.com
Telephone: 416-495-5499 or 1-888-659-0685

STAKEHOLDER CONSULTATION FUNDING

ENBRIDGE GAS DISTRIBUTION Upstream Gas Transportation Stakeholder Consultation

Preparation/Attendance Time for Meeting dated _____

Intervenor Name _____		Name of Attendee _____			
YEARS OF RELEVANT EXPERIENCE _____		GST Number _____			
	Hours	Hourly Rate	Sub-total	GST	Total
Preparation					
Attendance					
TOTALS					

**STAKEHOLDER CONSULTATION FUNDING
ENBRIDGE GAS DISTRIBUTION
Upstream Gas Transportation Stakeholder Consultation
Disbursements Claim Form**

Disbursements arising from preparation/attendance at meeting dated _____

Intervenor Name _____		Name of Attendee _____	
	Net Cost	GST	Total
Photocopies			
Printing			
Fax			
Courier			
Telephone			
Postage			
Transcripts			
Travel: Air			
Travel: Car			
Travel: Rail			
Travel: Other			
Taxi or Airport Limo			
Accommodation			
Meals			
Other			
TOTALS			
Note: All claims for disbursements must include receipts where applicable			

STAKEHOLDER CONSULTATION FUNDING
ENBRIDGE GAS DISTRIBUTION
Storage Unbundling Stakeholder Consultation

Preparation/Attendance Time for Meeting dated _____

Intervenor Name		Name of Attendee			
YEARS OF RELEVANT EXPERIENCE		GST Number			
	Hours	Hourly Rate	Sub-total	GST	Total
Preparation					
Attendance					
TOTALS					

STAKEHOLDER CONSULTATION FUNDING
ENBRIDGE GAS DISTRIBUTION
Storage Unbundling Stakeholder Consultation
Disbursements Claim Form

Disbursements arising from preparation/attendance at meeting dated _____

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Travel: Car			
Travel: Rail			
Travel: Other			
Taxi or Airport Limo			
Accommodation			
Meals			
Other			
TOTALS			
Note: All claims for disbursements must include receipts where applicable			