



November 2, 2009

Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, ON
M4P 1E4

Attention: Ms. Kirsten Walli,
Board Secretary

Dear Ms. Walli:

Re: EB – 2008-0052 Storage and Transportation Access Rule “STAR” Proceeding

Since 1997, Tribute Resources Inc. (“Tribute”) has been a developer of underground natural gas storage in the Province of Ontario. Tribute’s operating and potential storage pools are all embedded within the franchise area of Union Gas Limited (“Union”). After considerable preparatory work and regulatory filings, Tribute began construction in 2007 on its first facility, the Tipperary Gas Storage Pool, a 3.2 Bcf reef, located between Goderich and Clinton. It was completed in time for first injections in April 2008. Now owned and operated by a limited partnership, the facility is now successfully integrated into the North American storage marketplace with storage cycling annually. No ratepayer funding was utilized in the Tipperary project, which is embedded in the Union franchise area.

Tribute has recently applied to the Ontario Energy Board (“OEB”) for two more embedded gas storage pools to be connected to the Union system. The Stanley and Bayfield pools combined will add approximately 6 Bcf to Ontario’s gas storage inventory, connected via a 70 km dedicated pipeline. It is planned that further incremental volumes will be added to these pools through development of other nearby known reefs currently under development. Tribute hopes to continue its development of storage in Ontario, with possible additions of more than 20 Bcf over the next few years.

Tribute is thus keenly aware of the importance of the OEB’s STAR proceeding as it relates directly to its current and future development operations. As a long-time advocate of competitive markets for all energy sources, Tribute is committed to contributing to this constructive dialogue respecting the enhancement of those markets, where it is in the public interest. Tribute’s shareholders and management recognize that the long term interest of the competitive markets in Ontario depends on achieving and maintaining the delicate balance between open access to information and facilities in order to make informed decisions, while respecting the important commercial confidentiality needed to preserve appropriate competitive advantages.

In prefacing its comments respecting the STAR recommendations, Tribute is mindful of the OEB’s early leading decisions on contract carriage and pass-through gas

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contracting by the utilities, all of which is now a little more than 20 years old. In those early days of gas deregulation across Canada, it is fair to say that one key challenge the regulators grappled with was the vital commercial need to respect competitive market principles and commercial information confidentiality while conducting their regulatory reviews. Specifically, when utility negotiations on then-‘new era’ gas contracts were under OEB scrutiny for both pricing and terms, there were clear lines drawn by regulators as to how far they would go in ordering disclosure of specific contract terms because the Ontario regulators recognized that critical contract terms could be and were often price-related and therefore valuable from a competition perspective – to the benefit of the very ratepayers they were trying to protect. Tribute would emphasize that there was a clear trend of the regulator to increasingly respect commercially sensitive information and to deny unnecessary probing where it would not benefit the market participants and the ratepayers.

Fostering these competitive markets in Ontario is a hallmark of successful natural gas deregulation and continued confidence in the functioning of Ontario’s and adjacent regional markets, as confirmed by the Board’s findings in the NGEIR proceeding. The real challenge in the current STAR proceeding is to prudently “get it right”, i.e. the balance between demanding so much disclosure that the objective of cultivating competition and informed customer choice becomes clouded and limited by over- and unnecessary disclosure and expensive, ‘over-regulation’ of what is already a well functioning market, as the NGEIR proceeding determined already existed in Ontario. Considered another way, if the Board has already made a clear finding that Ontario and regional gas and storage markets are functioning competitively, why should there be a need for another level of sensitive price disclosure to proof competitiveness.

Tribute is genuinely and respectfully concerned with just a few intrusive aspects of the STAR’s reach in terms of its future storage operations. As noted above, Tribute is a ‘junior’ new market entrant – precisely the type of market participant that the OEB presumably was interested in enjoining the market forces when it issued its NGEIR decisions. Tribute is embedded and is obviously fully engaged to ensure that its future storage operations are reasonably integrated into the Ontario and regional markets and not thwarted or frustrated. In some ways, Tribute and its future customers, are an excellent, ongoing ‘bell weather’ for the OEB of what works well or what may not. It is in the spirit of trying to assist the OEB staff and decision-makers at the OEB that Tribute makes the following submissions on the STAR.

Section 2.1.2 reads:

Firm transportation service that becomes available as a result of facility expansion (i.e., new capacity) shall be offered through an open season. Existing capacity that is available for long-term firm transportation service shall be offered through an open season.

Tribute’s pipeline subsidiary, Bayfield Pipeline Corp. (“BPC”), is currently applying to the OEB for leave to construct a new 70 km pipeline to transport its Huron County

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Bayfield, Stanley and other anticipated gas storage volumes to interconnect with Union's Dawn-Trafalgar pipeline. The imposition of section 2.1.2 above could be interpreted to require an open season to be conducted for a dedicated facility that is not even constructed yet. The unknown factors which section 2.1.2 potentially introduces could negatively affect the pipeline's financing opportunities as the implications are unknown. BPC is aware of one potentially interested party and has reached out to that party prior to its application process. To require a full open season process would not be practical or sensible, but it could be expensive and stall construction. The FERC does not require a full open season process to be followed in this type of situation. Tribute believes that new capacity on a dedicated pipeline should not automatically trigger an open season process and the section should be amended to so state rather than causing a company to have to apply for an exemption from the section. It is even more worrisome to Tribute that the same approach to mandatory open seasons may exist on existing capacity allocations.

Section 2.4.5 reads:

Existing contracts, including the standard forms of contracts, the terms of services and any related agreements, between a transmitter and an embedded storage company shall be posted on the transmitter's website. The contracts shall be posted on the transmitter's website for as long as the contracts remain in force. (emphasis added)

Tribute is very concerned about this section and respectfully asks OEB Staff and the Board Members to reconsider the necessity of the intrusive aspects of this section as it is too wide-sweeping. Publishing standard contracts on a website is reasonable as it allows a perspective customer to access public commercially available information about the general terms and conditions relating to services on a particular transmitter's system. However, Tribute objects to publishing existing storage and transportation contracts, which may have commercially sensitive terms and conditions that were negotiated prior to the STAR's public requirements; but even more importantly, the most objectionable part of this section is the wording which obliges full publication on the corporate website of *any related agreements*, as defined in the definition section of the of the STAR, regardless of what they may be or their contents. Tribute queries what other documents would be necessary for disclosure and submits that this section is respectfully too broad and unclear.

Tribute similarly and respectfully objects to the 'related agreements' requirement in section 2.4.6 for the reasons abovementioned.

Meeting certain of the new STAR requirements, such as Section 3.1.4, which mandates posting semi-annually on Tribute's website its confidential prices, along with revenue information for its competitive storage services will entail incurrence of new internal procedures and incremental expenditures. This would not seem sensible, where for example, in the case of Tribute's Tipperary, Bayfield or Stanley pools there is dedicated pipeline space for which there is really only one entity or customer in the form

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of a limited partnership, or a corporation. Tribute would ask the OEB to consider amending the STAR to create an automatic exemption or take into account the sections to which such small new market entrants should not be subjected, when the STAR is not really directed at these types of small, sole-purpose, non-integrated entrepreneurial enterprises.

Moreover, it is a real concern of Tribute that all of this public posting of highly sensitive pricing information could have the unintended effect of adversely affecting new investment in storage facilities, which seems contrary to the intent of NGEIR. Tribute respectfully urges the Board to consider which parties to this proceeding are asking for this type of information to be posted. Interestingly, except for Bluewater Gas Storage LLC, a competitor, none of the parties asking for the posting of sensitive pricing information appears to be active in the market buying storage.

Tribute strongly believes that its private storage pricing information is super sensitive and should not be required to be posted.

All of which is respectfully submitted.

Tribute Resources Inc.

A handwritten signature in blue ink, appearing to read "Peter Budd", is written over the typed name.

Peter Budd
Counsel

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