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VIA E-MAIL AND WEB POSTING

January 31, 2011

To: All Participants in Consultation Process EB-2010-0199
Other Interested Stakeholders

Re: Staff Report to the Board on the 2010 Natural Gas Market Review
Board File No.: EB-2010-0199

The Board has today posted on its web site a Staff Report to the Board on the 2010 Natural Gas Market Review (the "Staff Report"). The Staff Report documents the consultation process and, in light of stakeholder comments in that process, sets out Board staff's recommendations to the Board on the need, if any, for further regulatory initiatives as a result of the Review.

Background

On July 13, 2010, the Board issued a letter announcing the launch of the 2010 Natural Gas Market Review (the "Review") and describing the consultative process to help the Board to review and examine recent developments in North American natural gas supply markets to consider any potential implications for the Ontario natural gas market.

On August 20, 2010, the Board posted on its web site a report prepared for Board staff by ICF International Inc. entitled "2010 Natural Gas Market Review" (the "ICF Report"). The purpose of this report was to help identify emerging market trends and to provide context for the issues to be considered at the stakeholder conference. Prior to the stakeholder conference, an informal question and answer session was held on September 29, 2010 to give participants an opportunity to ask the authors of the ICF Report clarifying questions to better understand the report. The stakeholder conference was held on October 7 and 8, 2010. Following the stakeholder conference, the Board received written comments from stakeholders. All materials in relation to the consultation are available on the Board's web site.

Next Steps

The Board accepts the Staff Report and staff's recommendations.

As recommended, the Board intends to carry out a review of the criteria in its E.B.O. 134 Report of the Board¹ (the "E.B.O. 134 Report"). This review would determine whether criteria related to the public interest as discussed in the E.B.O. 134 Report could be refined to be more closely aligned with the Board's recent Filing Guidelines for the Pre-Approval of Long-Term Natural Gas Supply and/or Upstream Transportation Contracts. Specifically, it would examine the need for the Board to consider potential impacts on existing pipeline facilities in the market and the effects on Ontario customers. Information on the Board's review, including initial scoping, will be issued in due course.

The Board expects to conduct its next regular review conference in 2013. However, the Board will continue to monitor developments in the North American natural gas market, and may conduct a review prior to that if, in the Board's view, the natural gas market has encountered a significant change.

The Board thanks all participants in this consultation for their contributions. The issuance of the Staff Report marks completion of this consultation process. The Board will address the issue of cost awards for this consultation by separate correspondence.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary

¹ E.B.O. 134 Report of the Board in the matter of the Ontario Energy Board Act, R.S.O. 1980, Chapter 332; and in the matter of a Review by the Ontario Energy Board of the Expansion of the Natural Gas System in Ontario, dated June 1, 1987.