

April 26, 2014

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



VIA EMAIL

**RE: Enbridge Gas Distribution Inc. 2014 to 2018 Rates Application - EB-2014-0039.**

Dear Ms. Walli:

Planet Energy (Ontario) Corp. ("Planet Energy") respectfully submits the following with respect to the above noted proceeding. Planet Energy recommends that all requests to smooth out the impact of the recent increases in the commodity pricing should not be considered. It is established that the winter of 2013/2014 was one of the coldest winters in approximately 25 years and as such, is an anomaly and not the standard weather pattern. As such, it is Planet Energy's view that setting policy based on an exception is unwise governance.

The intent of System supply rates, as advertised and represented to Ontario consumers by both the utilities and the Ontario Energy Board ("OEB") from inception to today, is that the rates are approximately variable and market based, which reflect current market conditions and move in step with the market, using an established and fair mechanism.

The effective rates charged by Enbridge Gas Distribution ("Enbridge") are to be reflective of market conditions, and any change in this process or policy would misrepresent all materials, representations, education initiatives and efforts made by the utilities and the OEB. An efficient energy market relies on price transparency, which is lost when intervention to suppress the inherent volatility occurs. Above all, any price smoothing would be an inherent violation of the first principle of the Ontario Energy Board Act, 1998 Section 2(1) which states:

*"2. The Board, in carrying out its responsibilities under this or any other Act in relation to gas, shall be guided by the following objectives:*  
*1. To facilitate competition in the sale of gas to users."*

It is important that consumers are made aware of the volatility inherent in the natural gas market. It is equally important that consumers are aware that the rates provided by Enbridge are a fair representation of actual market conditions as these signals ensure that consumers can make informed decisions about rate alternatives.

Any proposal of interim price smoothing would completely undermine the ability of consumers to make an informed and educated decision, and would further be a direct violation of the Board objectives, in that it would countermine the competition of the sale of gas to users. This proposal also goes against the well-established and approved rate setting mechanism/methodology.



This same matter was raised in British Columbia by the utility FortisBC, which made approximately the same arguments for price smoothing (to have been in effect April, 1, 2014) as are being proposed by OEB Staff. However, upon review by the British Columbia Utilities Commission ("BCUC"), the BCUC rejected FortisBC's proposal, and ordered that the standard and established procedures are to remain in place and be adhered to (please refer to BCUC Order G-37-14). Further, the BCUC stated that –

*"Although longer term forward prices show a return to lower levels, as noted by FEI, natural gas storage levels in North America are at unusually low levels exiting the winter heating season. The current situation is such that any number of factors including additional cold weather over the remainder of the heating season, warmer than normal summer weather, facility outage or other factors that may impact natural gas markets have a greater potential than usual to result in higher market prices in the shorter term.*

*Based on the foregoing factors, the Commission sees no compelling reason to depart from the standard commodity rate setting mechanism set out in the Guidelines at this time..."*

Much like FortisBC's submission, OEB Staff's submission heavily relies upon the assumption that wholesale natural gas prices will decrease in the near future. This assumption is highly speculative and in point of fact, the purpose of the process of rate setting in Ontario, British Columbia and other markets is such that these very assumptions would not be considered. The current process acknowledges the fact that no one can predict natural gas future pricing.

In light of the above, Planet Energy requests that the Board end the consideration of additional measures to smooth the bill impact with respect to all components of the Enbridge Quarterly Rate Adjustment Mechanism and not deviate from the well-established standard methodology approved by the Board.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

[Original Signed By]

Jordan Small  
Director, Regulatory Affairs & Compliance  
1500-5255 Yonge Street  
Toronto, ON M2N 6P4  
Office: 416-250-7117 ext. 3151  
Direct: 647-253-9612  
Fax: 647-253-9619  
jsmall@planetenergy.ca