



EB-2014-0199

IN THE MATTER OF a proceeding initiated by the Ontario Energy Board to review the Quarterly Rate Adjustment Mechanism process for natural gas distributors.

**NOTICE OF PROCEEDING AND PROCEDURAL ORDER NO. 1
REVIEW OF THE QUARTERLY RATE ADJUSTMENT MECHANISM
PROCESS FOR NATURAL GAS DISTRIBUTORS
June 3, 2014**

The Ontario Energy Board has commenced a proceeding on its own motion to review the Quarterly Rate Adjustment Mechanism ("QRAM") for natural gas distributors. This proceeding is commenced pursuant to sections 19 and 36 of the *Ontario Energy Board Act, 1998*. The file number assigned to this proceeding is EB-2014-0199.

In its Decision and Order in the EB-2014-0039 proceeding, the Board determined that it would commence a process to consider alternatives to the current QRAM protocols associated with the dissemination of information, timing and underlying drivers of the QRAM.

QRAM Process Review

This review will proceed in two phases.

The first phase will examine the QRAM review process including the filing of the application and supporting evidence, triggers for a substantive review and the timelines for review and comments. This phase will also review the Board's policy with respect to rate mitigation and examine protocols with respect to consumer communications.

The intent of this first phase is to determine:

- (i) Whether the QRAM process should be amended to require, in certain cases, a substantive review of the application, including a review of the execution of the gas supply plan;

- (ii) If the QRAM process is amended as described, what circumstances should trigger a substantive review;
- (iii) Whether the Board should establish a policy on rate mitigation to protect system-supply customers from rate volatility; for example, by further smoothing rate impacts over time; and
- (iv) Whether the Board should establish protocols for communications to distribution customers.

Intervention and Cost Awards

The Board will grant intervenor status to all parties who were granted intervenor status in the Board's proceeding on Methodologies for Commodity Pricing, Load Rebalancing and Cost Allocation for Natural Gas Distributors (EB-2008-0106). In addition, the Board will also grant intervenor status to all Ontario licensed gas marketers, as well as the Association of Power Producers of Ontario and Energy Probe Research Foundation Inc.

Cost awards will be available to eligible participants under section 30 of the *Ontario Energy Board Act, 1998* for their participation in this proceeding. Costs awarded will be recovered from Enbridge Gas Distribution Inc. ("Enbridge"), Natural Resource Gas Limited ("NRG") and Union Gas Ltd. ("Union") based on their respective distribution revenues. The Board will grant cost eligibility to those parties that were eligible for costs in the EB-2008-0106 proceeding, and to the Association of Power Producers of Ontario and Energy Probe Research Foundation Inc. Gas marketers are not eligible for a cost award by reason of section 3.03(c) of the Board's *Practice Direction on Cost Awards*.

A list of parties approved as intervenors and those found eligible to apply for an award of costs is attached as **Appendix A** to this Notice. Cost awards will be determined in accordance with the Board's *Practice Direction on Cost Awards*.

Any party that is not listed in Appendix A and wishes to participate as an intervenor in this proceeding must file a letter of intervention with the Board and copy the letter to Enbridge, Union and NRG within **7 days** of the issuance of this Notice. Any party that does not wish to intervene but wishes to file a letter of comment with the Board must do so by June 17, 2014 (14 calendar days).

Process

The Board intends to proceed by way of a written hearing unless a party satisfies the Board that there is a good reason for not holding a written hearing. If you object to the Board holding a written hearing in this matter, you must provide written reasons why an oral hearing is necessary. Any submissions objecting to a written hearing must be received by the Board within **7 days** of the issuance of this Notice.

The Board wishes to complete the first phase of this review and implement any changes to the QRAM process in its review of the next set of QRAM applications. The Board will therefore defer the July 2014 QRAM application filing date for Enbridge, Union, and NRG until this review is complete.

The second phase will be conducted in the context of the 2014 Natural Gas Market Review which is scheduled for the fall of 2014. This review would include an examination of underlying drivers of the QRAM, including the cost and risk trade-offs of different gas supply planning parameters. Further details will be provided in due course. The Board also invites comments from interested parties by way of letter filed with the Board no later than July 25, 2014 on the potential scope of this second phase.

IT IS ORDERED THAT:

1. For July 1, 2014:
 - a. Enbridge shall proceed with the calculation of the rate riders resulting from the Board's decisions in the EB-2014-0039 proceeding and file the recalculated rate riders for approval by June 13, 2014. The reference price and resulting rates established in the April 2014 QRAM proceeding shall remain at that level until the Board completes this review. The disposition of new PGVA balances is also deferred until this review is completed.
 - b. For Union, the reference prices and resulting rates established in the April 2014 QRAM proceeding shall remain at that level until the Board completes this review. The disposition of new PGVA balances is also deferred until this review is completed.
 - c. For NRG, the reference price and resulting rates established in the interim decision issued in the EB-2014-0053 April 2014 QRAM proceeding shall remain at that level unless amended as a result of that proceeding. The disposition of new PGVA balances is also deferred until this review is completed.
2. Interested parties are invited to submit written comments to the Board on the issues listed in this Notice as part of the first phase of this review by June 17, 2014. The comments will be available on the Board's website under proceeding number **EB-2014-0199**. The link to that file is http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/search/rec&sm_udf10=eb-2014-0199&sortd1=rs_dateregistered&rows=200. Any

party that wishes to reply to a written comment filed by any other party must do so by June 24, 2014.

Further instructions on the process for the July QRAM applications will be determined as part of this proceeding.

All filings to the Board must quote the file number EB-2014-0199, be made electronically through the Board's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>, in searchable / unrestricted PDF format. Two paper copies must also be filed at the Board's address provided below. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <http://www.ontarioenergyboard.ca/OEB/Industry>. If the web portal is not available parties may email their documents to the address below.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

IF YOU DO NOT FILE A WRITTEN SUBMISSION OBJECTING TO A WRITTEN HEARING OR DO NOT PARTICIPATE IN THE HEARING BY FILING WRITTEN SUBMISSIONS IN ACCORDANCE WITH THIS NOTICE, THE BOARD MAY PROCEED WITHOUT YOUR PARTICIPATION AND YOU WILL NOT BE ENTITLED TO FURTHER NOTICE IN THIS PROCEEDING.

ADDRESSES

Ontario Energy Board

P.O. Box 2319

27th Floor

2300 Yonge Street

Toronto ON M4P 1E4

Attention: Board Secretary

Filings:

<https://www.pes.ontarioenergyboard.ca/eservice/>

Tel: 1-888-632-6273 (Toll free)

Fax: 416-440-7656

E-mail: boardsec@ontarioenergyboard.ca

Enbridge Gas Distribution Inc. (Head Office)

500 Consumers Road

Toronto, ON M2J 1P8

Attn: Andrew Mandyam

Director, Regulatory Affairs

Tel: 416-495-5499

Fax: 416-495-6072

Email:

EGDRegulatoryProceedings@enbridge.com

Natural Resource Gas Limited

Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Attn: Patrick Welsh
Counsel
Osler, Hoskin & Harcourt
Tel: 416-862-5951
Fax: 416-862-6666
Email: PWelsh@osler.com

Union Gas Limited (Head Office)

50 Keil Drive North
Chatham, ON N7M 5M1

Attn: Patrick McMahon
Manager, Regulatory Research
and Records
Tel: 519-436-5325
Fax: 519-436-4641
Email: PMcmahon@uniongas.com

Dated at Toronto, June 3, 2014

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A

**NOTICE OF PROCEEDING AND
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REVIEW OF THE QUARTERLY RATE ADJUSTMENT
MECHANISM PROCESS FOR
NATURAL GAS DISTRIBUTORS**

June 3, 2014

**Ontario Energy Board
EB-2014-0199
LIST OF INTERVENORS**

June 03, 2014

| INTERVENORS | Rep. and Address |
|---|--|
| 2001 RBCP Canadian LP Limited as a general partner of RBC Energy Services LP | Elizabeth Jordan Vice President, Capital Markets Compliance 2001 RBCP Canadian GP Limited, as General Partner of RBC Energy Services L.P. RBC Plaza South Tower, 200 Bay Street 9th Floor Toronto ON M5J 2W7 Tel: 416-842-4434 Fax: 416-842-3880 liz.jordan@rbccm.com |
| A.E. Sharp Ltd. | Andrew Maclellan Manager Accounting & Information Technology A.E. Sharp Limited 2 Sheppard Avenue East, Suite 810 Willowdale ON M2N 5Y7 Tel: 416-733-5638 Fax: 416-733-0650 mross@ae-sharp.com |
| Access Gas Services (Ontario) Inc. | Charlie Barrotta Vice-President, Eastern Canada Access Gas Services (Ontario) Inc. 2000 Argentia Rd. Plaza 3, Suite 102 Mississauga ON L5N 1V9 Tel: 905-813-7779 Ext: 235 Fax: 905-813-7707 charlie.barrotta@accessgas.com |

**Ontario Energy Board
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LIST OF INTERVENORS**

June 03, 2014

Active Energy Corp.

Gaetana Girardi

Compliance & Regulatory Affairs
Active Energy Corp.
390 Brant St.
Burlington ON L7R 4J4
Tel: 416-238-5540 Ext: 226
Fax: 416-855-7487
gaetana.girardi@activeenergy.ca

AgEnergy Co-operative Ltd.

Rose Gage

Chief Executive Officer
AgEnergy Co-operative Ltd.
45 Speedvale Avenue East
Guelph ON N1H 1J2
Tel: 519-763-3026
Fax: 519-763-5231
rgage@agenergy.coop

Amerex Brokers LLC

Amalia Berrios

Counsel
Amerex Brokers LLC
1 Sugar Creek Center Blvd., Suite 700
Sugar Land TX 77478
Tel: 281-340-5212
Fax: 281-569-5212
aberrios@amerexenergy.com

**Association of Major Power
Consumers in Ontario
(AMPCO)**

David Butters

President & CEO
Association of Power Producers of Ontario
25 Adelaide St. E.
Suite 1602
Toronto ON M5C 3A1
Tel: 416-322-6549 Ext: 231
Fax: 416-481-5785
David.Butters@appro.org

**Ontario Energy Board
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June 03, 2014

**Blue Power Distributed
Energy Corporation**

John Nassar

President
Blue Power Distributed Energy Corporation
300 The East Mall
Suite 200
Toronto ON M9B 6C7
Tel: 905-306-8180 Ext:
Fax: 905-306-9985
john.nassar@bluepwr.com

**Building Owners and
Managers Association
Toronto**

Chris Conway

President and Chief Staff Officer
Building Owners and Managers Association Toronto
20 Queen Street West
Suite 2012
Toronto ON M5H 3R3
Tel: 416-596-8065
Fax: 416-596-1085
cconway@bomatoronto.org

Bullfrog Power Inc.

Ron Seftel

Senior Vice President
Bullfrog Power Inc.
366 Adelaide St. W,
Suite 701
Toronto ON M5V 1R9
Tel: 416-360-3464 Ext: 211
Fax: 416-360-8385
ron.seftel@bullfrogpower.com

**Ontario Energy Board
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June 03, 2014

**Canadian Manufacturers &
Exporters**

Peter Thompson

Borden Ladner Gervais LLP
100 Queen Street
Suite 1300
Ottawa ON K1P 1J9
Tel: 613-787-3528
Fax: 613-230-8842
pthompson@blg.com

**Canadian RiteRate Energy
Corporation**

Imran Noorani

Director, Regulatory
Canadian RiteRate Energy Corporation
20 Floral Parkway
Concord ON L4K 4R1
Tel: 905-695-5247
Fax: 647-253-2525
inoorani@riterate.ca

**Consumers Council of
Canada**

Julie Girvan

Consultant
Consumers Council of Canada
62 Hillsdale Ave. East
Toronto ON M4S 1T5
Tel: 416-322-7936
Fax: 416-322-9703
jgirvan@uniserve.com

Direct Energy Marketing Inc.

Joanne Mascioli

Direct Energy Marketing Limited
2225 Sheppard Avenue East
Atria III
Toronto ON M2J 5C2
Tel: 416-758 4254
Fax: 416-758-4272
joanne.mascioli@directenergy.com

**Ontario Energy Board
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LIST OF INTERVENORS**

June 03, 2014

**Direct Energy Marketing
Limited**

Joanne Mascioli

Direct Energy Marketing Limited
2225 Sheppard Avenue East
Atria III
Toronto ON M2J 5C2
Tel: 416-758 4254
Fax: 416-758-4272
joanne.mascioli@directenergy.com

ECNG Energy L.P.

Neil Guay

Manager, Regulatory Projects
ECNG Energy LP
1700, 355 4th Avenue SW
Calgary AB T2P 0J1
Tel: 403-691-7137
Fax: 403-508-7269
neil.guay@altagas.ca

**Enbridge Gas Distribution
Inc.**

Shari Lynn Spratt

Regulatory Coordinator
Enbridge Gas Distribution Inc.
500 Consumers Road
P.O. Box 650
Toronto ON M2J 1P8
Tel: 416-495-5499
Fax: 416-495-6072
EGDRegulatoryProceedings@enbridge.com

**Energy Probe Research
Foundation**

Randy Aiken

Aiken & Associates
578 McNaughton Ave. W.
Chatham ON N7L 4J6
Tel: 519-351-8624
Fax: 519-351-4331
randy.aiken@sympatico.ca

**Ontario Energy Board
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June 03, 2014

Enerstream Agency Services Inc. Charlie Barrotta

Vice-President, Eastern Canada
Access Gas Services (Ontario) Inc.
2000 Argentia Rd.
Plaza 3, Suite 102
Mississauga ON L5N 1V9
Tel: 905-813-7779 Ext: 235
Fax: 905-813-7707
charlie.barrotta@accessgas.com

Federation of Rental-housing Providers of Ontario Dwayne Quinn

Principal
Dr Quinn & Associates Ltd.
130 Muscovey Drive
Elmira ON N3B 3P7
Tel: 519-500-1022
Fax: 416-no fax provided
drquinn@rogers.com

Gas Ontario Inc.

Anne Mason
Vice President
Gas Ontario Inc.
299 Northfield Drive
Suite 2
Waterloo ON N2K 4H2
Tel: 519-888-0335 Ext: 229
Fax: 519-888-0644
amason@goenergy.ca

**Ontario Energy Board
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June 03, 2014

**Housing Services
Corporation**

David Chu

Chief Financial Officer and Director, Operations
Housing Services Corporation
30 Duncan Street, Suite 500
Toronto ON M5V 2C3
Tel: 416-594-9325
Fax: 416-594-9422
dchu@hscorp.ca

**Hudson Energy Canada
Corp.**

Nola Ruzycki

Vice President, Regulatory Affairs Canada
Just Energy Ontario L.P.
6345 Dixie Rd. Suite 200
Mississauga ON L5T 2E6
Tel: 403-462-4299
Fax: 905-564-6069
nruzycki@justenergy.com

**Industrial Gas User's
Association**

Shahrazad Rahbar

President
Industrial Gas Users Association
350 Sparks Street
Suite 502
Ottawa ON K1R 7S8
Tel: 613-236-8021
Fax: 613-230-9531
srahbar@igua.ca

Just Energy Ontario L.P.

Nola Ruzycki

Vice President, Regulatory Affairs Canada
Just Energy Ontario L.P.
6345 Dixie Rd. Suite 200
Mississauga ON L5T 2E6
Tel: 403-462-4299
Fax: 905-564-6069
nruzycki@justenergy.com

**Ontario Energy Board
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June 03, 2014

**London Property
Management Association**

Randy Aiken

Aiken & Associates
578 McNaughton Ave. W.
Chatham ON N7L 4J6
Tel: 519-351-8624
Fax: 519-351-4331
randy.aiken@sympatico.ca

Low-Income Energy Network

Shona Adamson

Consultant
Low-Income Energy Network
Indeco Strategic Consulting, 412-77 Mowat
Toronto ON M6K 3E3
Tel: 416-204-0359
Fax: 866-261-6336
SAdamson@indecocanada.com

M3 & W Inc.

Ian MacLellan

Vice President / Partner
M3 & W Inc.
2271 Stouffville Road
PO Box 266
Gormley ON L0H 1G0
Tel: 905-737-5041 Ext: 113
Fax: 905-737-2683
ian@energyshop.com

MxEnergy Inc.

Wayne Sadin

SVP and Chief Information Officer
MxEnergy (Canada) Ltd.
711 Louisiana St.
Suite 1000
Houston TX 77002
Tel: 713-357-2920
Fax: 713-357-2994
wayne.sadin@constellation.com

**Ontario Energy Board
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June 03, 2014

**National Utility Service
(Canada) Ltd.**

Franz Schneider

Group Manager
National Utility Service (Canada) Ltd.
111 Gordon Baker Road, Suite 500
Toronto ON M2H 3R2
Tel: 416-490-9922 Ext: 226
Fax: 416-490-1830
fschneider@nusconsulting.ca

**Natural Resource Gas
Limited**

Brian Lippold

General Manager
Natural Resource Gas Limited
39 Beech St. E.
P.O. Box 307
Aylmer ON N5H 2S1
Tel: 519-773-5321 Ext: 205
Fax: 519-773-5335
brian@nrgas.on.ca

**Negawatt Business
Solutions, Inc.**

Michael Giery

Senior Corporate Counsel
Negawatt Business Solutions, Inc.
410 Main Street
Buffalo NY 14202
Tel: 857-222-0958
Fax: Not Provided
Mike.giery@negawatt.com

Onit Energy Ltd.

Curtiss Krawetz

Onit Energy Ltd.
4891 Yonge St.
Suite 24
Toronto ON M2N 5N4
Tel: 416-848-7353
ck@onitenergy.com

**Ontario Energy Board
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June 03, 2014

Ontario Energy Savings Corp.

Rebecca Macdonald

President
Ontario Energy Savings Corp.
6345 Dixie Road, Suite 400
Mississauga ON L5T 2E6
Tel: 905-670-4440
Fax: 905-670-5111
oesc@netcom.ca

Planet Energy (Ontario) Corp.

Jordan Small

Director
Planet Energy (Ontario) Corp.
5255 Yonge Street, Suite 1500
Toronto ON M2N 6P4
Tel: 416-250-7117 Ext:
Fax: 416-250-0220
jsmall@planetenergy.ca

School Energy Coalition

Jay Shepherd

Jay Shepherd Professional Corporation
2300 Yonge St. Suite 806
P.O. Box 2305
Toronto ON M4P 1E4
Tel: 416-483-3300
Fax: 416-483-3305
jay.shepherd@canadianenergylawyers.com

SemCanada Energy Company

Leanne Albrecht

SemCanada Energy Company
1100 Burloak Drive
Suite 401
Burlington ON L7L 6B2
Tel: 905-315-2049
Fax: 905-315-2041
LAlbrecht@semgrouppl.com

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**Shell Energy North America
(Canada) Inc.**

Paul Kerr

General Manager, Market Affairs
Shell Energy North America (Canada) Inc.
90 Sheppard Ave E., Suite 600
Toronto ON M2N 6Y2
Tel: 416-227-7312
Fax: 877-397-0413
paul.kerr@shell.com

**Summitt Energy
Management Inc.**

Jeff Donnelly

Director
Summitt Energy Management Inc. on behalf of
Summitt Energy LP
608-100 Milverton Drive
Mississauga ON L5R 4H1
Tel: 905-366-7022
Fax: 905-361-7011
jdonnelly@summittenergy.ca

Sunwave Gas & Power Inc.

Laura Jurasek

Sunwave Gas & Power Inc.
2225 Sheppard Ave. East, Suite 1600
Toronto ON M2J 5C2
Tel: 647-253-2533
Fax: 647-253-2525
ljurasek@sunwavegas.com

**Superior Energy
Management Gas LP**

Ken Bowen

Vice President
Superior Energy Management Electricity LP
6750 Century Avenue
Suite 400
Mississauga ON L5N 2V8
Tel: 905-2852463
kbowen@superiorenergy.ca

**Ontario Energy Board
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**Superior General Partner
Inc., on behalf of Superior
Plus LP**

Ken Bowen

Vice President
Superior Energy Management Electricity LP
6750 Century Avenue
Suite 400
Mississauga ON L5N 2V8
Tel: 905-285-2463
kbowen@superiorenergy.ca

**The Corporation of the City
of Kingston**

Nancy Taylor

Vice President
Kingston Hydro Corporation
1211 John Counter Blvd.
P.O. Box 790
Kingston ON K7L 4X7
Tel: 613-546-1181 Ext: 2460
Fax: 613-542-1463
ntaylor@utilitieskingston.com

**The Corporation of the City
of Kitchener**

James Gruenbauer

Manager, Regulatory Affairs & Supply
The Corporation of the City of Kitchener - Utilities
Division
131 Goodrich Drive
Kitchener ON N2C 2E8
Tel: 519-741-2600 Ext: 4255
Fax: 519-741-2633
jim.gruenbauer@kitchener.ca

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**TransAlta Cogeneration
Limited Partnership**

Rob Findlay

TransAlta Cogeneration Limited Partnership
110 - 12th Avenue S.W.
Box 1900, Station "M"
Calgary AB T2P 2M1
Tel: 403-267-6947
Fax: 403-267-7355
Rob_Findlay@transalta.com

TransCanada Energy Ltd.

Brian Kelly

Manager - Eastern Markets
TransCanada Energy Ltd.
200 Bay St.
24th Floor, South Tower
Toronto ON M5J 2J1
Tel: 416-869-2183
Fax: 416-869-2114
brian_kelly@transcanada.com

**TransCanada PipeLines
Limited**

Jim Bartlett

Manager, Regulatory Research & Analysis
TransCanada PipeLines Limited
450-1st Street S.W.
Calgary AB T2P 5H1
Tel: 403-920-7165
Fax: 403-920-2347
jim_bartlett@transcanada.com

Union Gas Limited

Mary Jane Patrick

Union Gas Limited
50 Keil Drive North
Chatham ON N7M 5M1
Tel: 519-436-4578
Fax: Not Provided
mpatrick@uniongas.com

**Ontario Energy Board
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LIST OF INTERVENORS

June 03, 2014

**Universal Energy
Corporation**

Nola Ruzycki

Vice President, Regulatory Affairs Canada
Just Energy Ontario L.P.

6345 Dixie Rd. Suite 200
Mississauga ON L5T 2E6
Tel: 403-462-4299
Fax: 905-564-6069
nruzycki@justenergy.com

**Vulnerable Energy
Consumers Coalition**

Michael Janigan

Special Counsel
Public Interest Advocacy Centre
ONE Nicholas Street
Suite 1204
Ottawa ON K1N 7B7
Tel: 613-562-4002 Ext: 26
Fax: 613-562-0007
mjanigan@piac.ca