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APPRO
ASSOCIATION OF
POWER PRODUCERS
OF ONTARIO

June 27, 2014

Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: OEB File No. EB-2014-0154 Union Gas Limited: Letter of Comment
on TransAlta's Motion to Require Full and Adequate Responses to
Interrogatory Requests.**

Union filed a letter with the Board, dated April 3, 2014 requesting approval, without a hearing, for a one-time reduction in the penalty charges under certain direct purchase contracts.

Several stakeholders filed interrogatories including TransAlta. Union refused to answer the interrogatories of TransAlta and certain interrogatories of other parties claiming that the questions were not relevant to application and TransAlta subsequently filed a Notice of Motion requesting an order or orders from the Board requiring Union to provide full and adequate responses to these interrogatories

APPRO takes no direct position on the above-noted Motion, but APPRO does believe that the underlying issue raised by TransAlta regarding the methodology used by Union to determine whether a customer's DCQ (daily contract quantity) should be obligated or unobligated as well as the methodology used to calculate the magnitude of the DCQ is of substantial importance to customers like dispatchable generators.

An Obligated DCQ requires a customer to deliver gas to Union on a continuous basis throughout the year. Requiring a customer to purchase and deliver gas to Union, especially during peak times, can impose significant financial harm when the customer itself is not consuming any gas, and acts like a penalty charge to such customer. TransAlta indicated that they incurred well in excess of \$1 million of additional costs this past winter as a result of the current DCQ arrangements with Union.

APPRO believes that the Board should require Union to address this inequity.

Sincerely,

David Butters
President & CEO