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Our File No. 146132

VIA RESS, EMAIL AND COURIER

Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
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Attention: Kirsten Walli
Board Secretary

Dear Ms. Walli:

Re: EB-2014-0289

Please find attached BOMA's submissions as part of the Ontario Energy Board's 2014 Natural Gas Market Review. BOMA apologizes for the lateness of its submission.

Yours sincerely,

FOGLER, RUBINOFF LLP

Thomas Brett

TB/dd

Encls.

cc: All Parties (*via email*)

IN THE MATTER OF the Ontario Energy Board Act 1998, S.O. 1998, c.15, (Schedule B) as amended;

AND IN THE MATTER OF a consultation to examine recent developments in the North American natural gas market to better understand any potential implications for Ontario's natural gas sector.

**Building Owners and Managers Association, Greater Toronto's (BOMA)
Comments on Ontario Energy Board's 2014 Natural Gas Market Review**

BOMA is pleased to submit its responses to the issues determined by the Board and is supportive of an annual natural gas market review in future.

- 1. How can the Board's assessment of distributor natural gas supply plans be enhanced to ensure a better understanding of the various elements of the plan, the potential risks associated with those elements, and the applicant's proposals for methods of managing those risks?**

BOMA suggests that the Board limit its role in natural gas supply to articulating a set of principles that should be followed by the distributors for the purchase of system gas. While the principles should be common across the province, the differences in the customer mix, service territories and proportion of system gas to total throughput is very different and the distributors should be allowed to manage those purchases themselves in accordance with those principles. However, the Board should also move forward with its intended work on integrated resource planning for natural gas in Ontario as a context for the specific gas supply plans by the distributors.

- 2. How can the Board better ensure that its assessment of natural gas applications is informed by up to date information on relevant developments in the broader North American natural gas sector?**

The Board and the distributors should jointly procure an annual study of the market as an input to the annual market review.

- 3. What is the appropriate role of the Board in relation to the efficient operation of the natural gas market in the public interest, for example, regarding the sufficiency of Ontario access to northeastern U.S. gas supplies?**

The Board should commission a study to determine the impact of shale gas with respect to greenhouse gas emissions and factor in any "cost of incremental carbon". If shale gas creates additional greenhouse gases, its relatively lower commodity prices will increase the negative economic and environmental effects which should be a strong consideration for the Board as part of its public policy responsiveness. The Board must be cautious with respect to a rush to shale gas for short term improvements in commodity prices is unused assets are left for the ratepayers

to continue to pay for or if access to certain supply is jeopardized for customers in any parts of the province. A recent report by the Council of Canadian Academies, 2014. *Environmental Impacts of Shale Gas Extraction in Canada. Ottawa (ON): The Expert Panel on Harnessing Science and Technology to Understand the Environmental Impacts of Shale Gas Extraction, Council of Canadian Academies* found the following to be the case:

*This [shale gas] development is changing long-held expectations about oil and gas resource availability; several observers have characterized it as a game changer. Abundant, close to major markets, and relatively inexpensive to produce, shale gas represents a major new source of fossil energy. However, the rapid expansion of shale gas development in Canada over the past decade has occurred **without a corresponding investment in monitoring and research addressing the impacts on the environment, public health, and communities.** The primary concerns are the degradation of the quality of groundwater and surface water (including the safe disposal of large volumes of wastewater); the risk of increased greenhouse gas (GHG) emissions (including fugitive methane emissions during and after production), thus exacerbating anthropogenic climate change; disruptive effects on communities and land; and adverse effects on human health. Other concerns include the local release of air contaminants and the potential for triggering small- to moderate-sized earthquakes in seismically active areas. These concerns will vary by region. The shale gas regions of Canada can be found near urban areas in the south and in remote regions in the northwest, presenting a large diversity in their geology, hydrology, land uses, and population density. The phrase environmental impacts from shale gas development masks many regional differences that are essential to understanding these impacts.*¹

In addition, the Board should ensure that no barriers remain to access by end user customers to Marcellus basin gas delivered into Ontario at Niagara.

4. In what ways, if any, do the Board's public interest mandate and/or views in relation to the overarching outcome(s) for Ontario's natural gas market require clarification?

The rapid increase in the use of natural gas for generating electricity requires more explicit consideration of the price and efficiency nexus between natural gas and electricity.

5. What are the merits and disadvantages of replacing the Empress (AECO – C) price with the Dawn Hub price as the reference price for the commodity used for regulatory purposes?

BOMA is of the view that the Board should institute a proceeding on this issue, commencing with a Board Staff Report on the merits and disadvantages of replacing the AECO-C price with another reference price. The Report should consider, among other things, the likely mix of

¹http://www.scienceadvice.ca/uploads/eng/assessments%20and%20publications%20and%20news%20release/s/shale%20gas/shalegas_fullreporten.pdf

future gas supplies to Ontario, especially the Marcellus shale, and the points at which those supplies would enter Ontario, eg. Manitoba border, Dawn, Niagara, and the like.

6. Are there mechanisms for enhanced inter-regulatory agency communication and agenda coordination that would facilitate the consideration of the potential broader impacts of specific regulatory applications?

It is unclear what if any roles exist for the Board to co-ordinate, appeal from, or interact with the National Energy Board with respect to National Energy Board decisions that are unfair to Ontario. These should be explored with the National Energy Board and the matter should be added to the agenda for the regular meetings of the Canadian and provincial Ministers of Energy.

7. Regarding regulatory aspects of the natural gas and electricity markets interface, what process should the Board use to

- **keep abreast of developments affecting both markets (e.g. role and regulation of natural gas storage); and**
- **facilitate better cross-sector communication and coordination (e.g. the impact of GDAR on potential information sharing between electricity and natural gas stakeholders)?**

The Board is correct in the implication that more coordination is required with respect to gas and electricity markets. It is unfortunate that Ontario's Long Term Energy Plan is so focussed on electricity with little attention with respect to natural gas. Perhaps the Annual Review should include both markets at an overall level with subsequent sessions focussing on one then the other.

8. In what ways should access to information on Ontario primary and secondary natural gas markets be made more transparent for buyers and sellers?

There needs to be more public availability and accessibility to a comprehensive Dawn index. Consideration should be given to raise the threshold for application of the consumer protections for small gas to medium-sized customers. Another approach would be for gas marketers to be required to provide standard offer pricing (publicly available) for medium and large gas loads.

9. What, if any, are the merits of a stakeholder discussion on how to facilitate broad energy sector optimization (e.g. storage; multi-source district heating/cooling; combined heat and power; CDM/DSM) and if so, in what context should such a discussion take place?

BOMA strongly supports a stakeholder discussion on broad energy sector optimization assuming that multi-source district heating/cooling and combined heat and power includes those powered by renewable energy sources. The Board should ensure that the fundamental principles for DSM and CDM are consistent. The rapid increase in the use of natural gas for generating electricity requires more explicit consideration of the price and efficiency nexus between natural gas and electricity.