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BY E-MAIL

May 06, 2015

Peter Thompson
Borden Ladner Gervais LLP
100 Queen St. Suite 1300
Ottawa ON K1P 1J9

Dear Mr. Thompson:

**Re: Natural Resource Gas Limited (NRG)
April 2014 QRAM - Combined Proceeding
Board File No. EB-2014-0053 / EB-2014-0361 / EB-2015-0044**

The Canadian Manufacturers & Exporters (CME) filed a letter on May 4, 2015 asking the Ontario Energy Board (OEB) to determine whether CME will be allowed to cross-examine and make submissions at the Oral Hearing commencing on May 14, 2015 on the issue of the allocation of amounts arising from the application of certain penalty charges.

CME submitted that if NRG's arguments prevail at the hearing, then the OEB is not limited to revising its prior allocation methodology to provide relief solely to NRG. CME argued that it, and other parties, should be allowed to argue that a revision of the penalty amount stemming from the position advocated by NRG should be broader so as to benefit also all other non-compliant and compliant direct purchase customers.

The Notice of Motion and Procedural Order No. 3, dated March 13, 2015, clearly set out the questions that the OEB intends to answer in this combined proceeding. The questions related to the OEB's Motion are as follows:

- Does NRG's status as a natural gas distributor warrant a different treatment from Union's other non-compliant direct purchase customers?

- If so, what is the impact of this consideration on setting an appropriate penalty charge to be applied to NRG for not meeting its contractual balancing obligations?

In this hearing, the OEB is interested in determining if NRG, as a distributor, warrants different treatment from other non-compliant direct purchase customers. Therefore, the matters at issue here have no impact on the penalty charged to other direct purchase customers or the allocation of the amounts arising from the penalty charges. As such, the OEB will not allow for cross-examination or argument on the allocation issue raised in CME's letter at the Oral Hearing scheduled for May 14 and 15, 2015.

The OEB asks that NRG and intervenors advise the OEB, no later than **May 11, 2015**, of their plans for a witness panel and argument at the oral hearing.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary

cc: John Champion, Fasken Martineau
Brian Lippold, Natural Resource Gas Limited
All intervenors in EB-2014-0053 / EB-2014-0361 / EB-2015-0044