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Our File # 339583-000003

By electronic filing

May 11, 2015

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th floor
Toronto, ON M4P 1E4

Dear Ms. Walli

**Re: Natural Resource Gas Limited ("NRG")
April 2014 QRAM – Combined Proceeding**
**Board File # EB-2014-0053
EB-2014-0361
EB-2015-0044**

In accordance with the last paragraph of the Board's letter to us dated May 6 2015, we are writing to advise that, as a result of the directives contained in that letter, Canadian Manufacturers & Exporters ("CME") does not plan to submit further argument at the oral hearing next week.

That said, and in order to clarify the intent of our letter of May 4 2015 to the Board, we wish to explain how the points we attempted to make in that correspondence relate to the 2 questions which the Board has posed in its motion in this proceeding.

Embedded in our May 4, 2015 letter is our position that NRG's status as a distributor direct purchaser does not entitle it to be treated differently than any other direct purchaser. This is our response to the first question posed by the Board.

The second point we were attempting to make in our letter is responsive to the second question raised by the Board. It is our position that, regardless of whether NRG does or does not enjoy some special status as a distributor, the existence of that special status does not provide any factual foundation for the granting of penalty relief.

NRG's status as a distributor has no impact on setting an appropriate penalty charge. Rather, the factual foundation for awarding any penalty relief for NRG is the existence of the

“windfall” to which NRG repeatedly refers in its material. Without the “windfall”, there would be no factual basis for NRG to seek any penalty reduction relief. In other words, the “windfall” is the essential element of NRG’s relief request.

Since the “windfall” has been credited to the PGVA, the granting of some form of penalty relief necessarily involves a consideration of the balance in that deferral account.

All of the foregoing relates to our position with respect to the second question that the Board poses in its motion.

The final point which our May 4 2015 letter attempted to make is that if the existence of the “windfall” leads to some form of penalty relief for NRG, then that outcome is a changed circumstance which should operate to provide all direct purchasers with an opportunity to seek similar relief.

Accordingly, while we are not planning to submit further argument at the oral hearing, we do wish to be clear that the positions we advocate do relate directly to the questions which the Board has posed in its motion and we invite the Board to take these positions into account when considering the penalty reduction relief requested by NRG.

Yours very truly

Borden Ladner Gervais LLP



Peter C.P. Thompson, Q.C.

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c. EB-2014-0053, EB-2014-0361, EB-2015-0044 Intervenors
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