ECNG ENERGY L.P. ("ECNG") accepts the opportunity to provide feedback to the Ontario Energy Board's (the "Board") Board Staff's Discussion Paper on a Cap and Trade Regulatory Framework for the Natural Gas Utilities (EB-2015-0363) dated May 25, 2016. The comments are focused on three sections of the paper; first regarding Bill Presentment, second regarding Rate Setting Approach and finally Carbon Price Risk Management.

Bill Presentment

For the non-LFE or Voluntary customers the per cubic meter charge needs to be visible to stimulate education regarding Ontario's climate change initiatives and to influence behaviour change. The intent of the Cap & Trade program is for customers to use less carbon over time as individuals and collectively to achieve the reduction targets that have been established. By having the cost displayed in a clear way on the bill the customer can decide for themselves the most economic way to do their part.

Rate Setting Approach

As stated above, for the non-LFE or Voluntary customers the per cubic meter charge needs to be visible to influence behaviour change and also needs to change as frequently as practical for the customer to bring attention to the volatility and to begin to grasp the market forces at work. What is proposed by ECNG is to develop a Quarterly Rate Adjustment Mechanism similar to how system gas supply pricing is set by Union Gas Limited and Enbridge Gas Distribution. That is, a one-year price forecast(s) for carbon used as the new price each quarter adjusted with a clearing of the deferral balance calculated between the previous QRAM price and the actual cost of the utilities' carbon offset purchases.

Carbon Price Risk Management

Like most commodity markets as the carbon market begins to mature Price Risk Management in the long run costs more than simply floating with the short term market. Having the utilities impose this increased cost of carbon and carbon administration for non-LFE and Voluntary customers is inappropriate. Price Risk Management should be left to the customer to decide whether or not to buy insurance to protect the carbon price risk. Similar to fixing gas price, purchasing a cap or collar this can be accomplished by allowing the over the counter market to develop based on customers' need for such products. The burden of price risk management on the utilities (no rate of return gain) plus the increased cost to the customer attempting to provide a one-solution-meets-all-needs is a losing proposition for both utility and customer.

Sincerely,

A. F

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