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boardsec@oeb.ca

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4

Attn: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli,

**Re: Consultation to Review Natural Gas Supply
Ontario Energy (OEB) Board: EB-2019-0137**

The Ontario Petroleum Institute (OPI) is writing to request inclusion to participate in the **OEB Hearing EB-2019-0137 - Consultation to Review Natural Gas Supply**.

The OPI is the industry association (www.ontariopetroleuminstitute.com) that represents the oil and natural gas production, hydrocarbon storage, and solution mining industries in Ontario.

Formed in 1963, the OPI has a membership that includes commercial oil and gas production companies, drilling contractors, well and oilfield services, geologists, geophysicists and engineers, environmental consultants, financial/legal services, land services, trades and utilities.

The OPI's primary objective is to encourage the responsible exploration and development of natural gas as part of the sector's contribution to the provincial economy.

Ontario has been producing commercial natural gas since the 1880's. A review of the province's natural gas supply is pertinent to Ontario producers as it impacts relate to contracts, prices and costs between Enbridge Gas Inc. and the producers for current and future natural gas supply for the province.

In 2018, Ontario upstream sector companies produced 4.5 billion cubic feet of natural gas to Ontario consumers mostly through sales to Enbridge Gas Distribution Inc. (formerly Union Gas).

The current structure of natural gas pricing, contracts and services has made it impossible for Ontario producers to maintain current levels of production, let alone explore for natural gas. The inequity of the price of gas, the increasing costs associated with the GPA (Gas Purchase Agreement), M13 Contract, and the high cost of constructing meter station connections are obstacles to success. Compounding the situation is the unfairness of municipal tax assessment on pipelines and related gas compression/treating facilities. The sum of these factors has seriously crippled the entire natural gas producing industry in Ontario.

In many rural areas in Southwestern Ontario, OPI member companies could economically connect landowners to natural gas service while constructing the pipeline infrastructure necessary to connect to the existing Enbridge distribution network. It would require that meter station construction costs better reflected the actual costs. Most importantly, it requires that producers receive a natural gas price closer to the value of the burner-tip gas price to customers within the Enbridge system.

The OPI promotes Ontario as a profitable exploration and development opportunity to allow the industry to provide their considerable experience and expertise in communities throughout Southwestern Ontario. In certain areas of Ontario 50% of its original natural gas resources remain to be developed.

The production of these resources would reduce the province's reliance on imported energy. It would expand the natural gas distribution network without burdening existing rate payers with increased rates and, most significantly, it would enable the industry to address a critical problem, the serious decline in production of natural gas in recent years.

The Ontario producers' ability to explore and produce natural gas to remain viable sustains a long-standing, historical industry and supports the Ontario economy.

The OPI intends to participate in the Stakeholder Conference on September 23, 2019 by attending remotely.

Sincerely,

A handwritten signature in cursive script that reads "Hugh Moran".

Hugh Moran
Executive Director