July 24, 2008

Ms. Kirsten Walli
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto ON M4P 1E4

Dear Ms Walli:

Re: EB-2008-0106 – Methodologies for Commodity Pricing, Load Balancing and Cost Allocation for Natural Gas Distributors – Draft Issues List

Procedural Order No. 1 in the above noted proceeding dated July 9, 2008 instructed any party that wishes to make written submissions on the draft issues list attached as Appendix B to the Procedural Order shall file the submissions with the Board and deliver a copy of the submissions to all other parties on our before Thursday July 24, 2008.

The following is the written submission of Direct Energy Marketing Limited, Ontario Energy Savings L.P., Summitt Energy LP and Superior Energy Management Gas L.P. hereafter referred to as the Gas Marketer Group. Although we have brought forth issues as a group, each company retains the right to comment separately and abstain from taking a position on any issue raised by the Gas Marketer Group.

The Gas Marketer Group request that the following issues be added to the issues list:

B) Review and Standardization of Load Balancing Obligations for all Natural Gas Distributors

Re-establishment/Adjustment of the obligated Mean Daily Volume/Daily Contract Quantity (MDV or DCQ)

Preamble: Along with the implementation of Phase 1 of the Gas Distribution Access Rule (GDAR) on June 1, 2007 came customer mobility. This mobility allows a customer to switch directly from one natural gas marketer to another. The mobility issue contributes to a position of excess supply and inventory owing to the fluctuation of delivery requirements due to reductions or additions of customers. Currently, the methodology for setting the daily delivery volumes for Union and Enbridge differ. Union reviews changes in expected consumption to account for customer attrition and changes due to weather or customer consumption profiles. Union then adjusts the customers DCQ whenever the Pool's delivery requirements change by a minimum of +/- 4 GJ/day. The DCQ volumes on Union are also weather-normalized. Enbridge establishes the MDV for its customers thirty days prior to the start of a Direct Purchase contract (Pool) using all enrol requests for that Pool. Enbridge determines the consumption based on the prior year's historical usage for the customers included in the Pool and this MDV becomes the delivery requirement for the contract term, which is, typically one year. Currently, the MDV is only adjusted on the Pool's anniversary or termination date. Enbridge does not weather-normalize the MDV volumes.

Issues:

x.1 What are the advantages and disadvantages of moving to a standard MDV/DCQ re-establishment process?

x.2 Should all natural gas distribution companies be required to re-establish or adjust customers' delivery requirements to reflect the current delivery requirements of a particular Pool?

x.3 Should all natural gas distribution companies be required to use the same standard methodology?

x. 4 Should all MDV/DCQ volumes be required to be weather normalized?

Unbundling of Delivery from Storage and Transportation

Preamble: In the Union territory the delivery of natural gas has been unbundled from storage and transportation since 2004. This means that a Marketer is responsible for these services on behalf of its customers. The allocation of storage to each customer allows a Marketer to forecast daily gas usage for their unbundled customers and manage the daily nomination of supply and storage to match load requirements.

This has been beneficial to all parties because the Marketer takes responsibility for the day-to-day management of their customers' gas consumption requirements, matching the consumption profile tightly with customers' load and therefore ensuring sufficient gas deliveries to avoid adverse volume variances on the system.

Given the benefits to the system, the utility and the Marketer, and that it would lead to greater harmonization between Union and Enbridge generally, a separate Issue addressing unbundling should be added. The suggested Issue could fall within Section B which addresses load balancing.

Addressing the unbundling issue separate to other issues around harmonization and load balancing will ensure that the current Union process is reviewed and that Enbridge process is appropriately aligned to facilitate the competitive natural gas market in Ontario and lower transaction and system costs for all market participants.

Issues:

x.1 What is an appropriate approach to the unbundling of storage and transportation services from the delivery of natural gas supply for all customer classes?

x.2 What conditions should be associated with such unbundling?

D) Additions to EB–2008-0106

Invoice Line Item Presentment Format

Preamble: Currently, there are no standards for bill presentment by the various gas distributors (Enbridge, Union, and NRG.) Each uses differing nomenclature and presentations for the many line items on the consumer bill. This differentiation in bills makes it difficult for natural gas marketers to consistently and accurately explain the bill to customers, and difficult for customers to interpret and compare services and rates among competing offers.

For example, all customers are charged a fixed monthly charge per service address, but for each distribution company this charge is named differently.   Enbridge's charge is called a 'customer charge', and Union's charge is called 'monthly charge'. Enbridge presents this charge at the top of the section that outlines "Details about your new gas charges", and Union presents this charge at the bottom of the same section on their bill.

The presentation of Delivery, Transportation, and Storage items also differs from distributor to distributor

Even the use of the metrics differ among distribution companies since Union uses the full term "cubic metres", and Enbridge uses the term "M3".   Enbridge describes the elevation factor adjustment to measured consumption volumes as "PEF Value", and Union describes it as "Barometric pressure factor".   Enbridge lists their gas supply charge rate in dollars, while Union lists their various rates in cents.

To an industry participant, these differences may be easily deciphered; however consumers are not well equipped to understand the terminology well enough to make an adequate comparison of competing gas supply offers. Both utility-affiliated and competitive natural gas marketers are responsible for understanding and explaining the different line items to consumers for the purposes of promoting their products, and without standardized billing there is the potential for errors in both the explanation, and the comprehension of such.

Issues:

x.1   What are the advantages and disadvantages of using a common format for bill presentment and using standard billing terminology on the customers' bill?

x.2   Should the natural gas distributors be required to use one common bill format and standard terminology?

The Gas Marketer Group appreciates the opportunity to include our input into the issues setting process.

If you have any questions or require further clarification please do not hesitate to contact Nola Ruzycki at 905-795-4204.