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SENT BY E-MAIL

Toronto, July 24, 2008

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

Dear Ms. Kirsten Walli:

RE: EB-2008-0106 QRAM Methodology - Issues List

We are counsel to Natural Resource Gas Limited ("NRG") and make these submissions on its behalf.

Procedural Order No.1 issued by the Ontario Energy Board ("Board") on July 9, 2008 in the above noted proceeding (the "Procedural Order") required parties that wished to make written submissions on the draft issues list, attached as Appendix B to the Procedural Order, to file those submissions with the Board and deliver a copy of the submissions to all other parties on or before July 24, 2008.

In accordance with the Procedural Order, NRG makes the following submissions and offers the following clarifications in respect of the Proposed Issues List.

Clarifications to Issues List Preambles

Issue 2. Price adjustment frequency and forecast periods

"Preamble: Union and Enbridge currently recalculate the reference price for each quarter on the basis of a 12 month forecast of the price of natural gas using a 21-day strip. NRG uses a shorter strip."

For clarification and completeness of the preamble, NRG wishes to remind the Board that it uses a 10-day strip.

Issue 3. Methodology for the calculation of the reference price

"Preamble: Enbridge's reference price is a weighted average of a basket of pricing indices for different delivery points that reflect Enbridge's supply portfolio. NRG's reference price also reflects its supply portfolio. Union's Empress gas price is based on a simple average of the NYMEX one-year future market price."

The statement that NRG's reference price also reflects its supply portfolio is technically correct, however, in addition to these pricing indices for the different delivery points NRG also includes actual prices that have been contracted for in the forecast period. These can often be different than the indices for the forecast period at the different delivery points.

Issue 4. Deferral and variance accounts and disposition methodology

"Preamble: Union has two different PGVAs to take into consideration the differences between its North and South delivery areas. In the South, the PGVA reflects an Ontario landed price (i.e., commodity and TCPL tolls) while the North PGVA reflects a price at Empress. In addition, the South Portfolio Cost Differential captures differences between the South transportation costs portfolio and TCPL tolls. Variances in transportation costs in the North, as well as spot account/ load balancing costs and inventory revaluations are captured in separate deferral/variance accounts. Similarly, NRG has separate accounts for commodity and transportation variances and inventory revaluations. ..."

Despite the framing of the preamble to issue 4, NRG's transportation variance account is not the same as Union's transportation account. Union captures differences in the TCPL tolls in its transportation account. NRG includes these costs in its commodity account ("PGCVA"), not the transportation account ("PGTVA"). The transportation account captures variances in the Union Gas tolls for moving the gas in Ontario to NRG, including load balancing costs. Further, the PGTVA gets allocated to all customers, including direct purchase, while the PGCVA is only allocated to system gas customers.

Submissions

NRG agrees with the statement made by London Property Management Association ("LPMA") and the Building Owners and Managers Association of the Greater Toronto Area ("BOMA") in its July 16, 2008 joint submissions in which they expressed concern that the draft issues list does not include any issues that relate to "should". Namely, should the methodologies for commodity pricing, load balancing and cost allocation for natural gas distributors be the same for all natural gas distributors. Given the inherent distinctions between Enbridge, Union and NRG, NRG submits that the Board should not make any decisions in this proceeding related to implementation of standard filing requirements until it has addressed the issue of whether standard filing requirements are desirable or possible.

Accordingly, NRG supports the following issue proposed by LPMA and BOMA:

"7.1 Are standard filing requirements required and/or possible given the different nature of the distributors?"

NRG would like to reserve its right through counsel to respond, if necessary, to the submissions of other parties at the Issues Day on July 31, 2008.

All of which is respectfully submitted this 24th day of July, 2008.

Ogilvy Renault LLP

Jennifer Tuer