

AltaGas

September 9, 2008

Via Courier & Email

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

Dear Ms. Walli:

**RE: Staff Discussion Paper on a Storage and Transportation Access Rule (“STAR”)
Board File No.: EB-2008-0052**

Thank you for this opportunity to comment on the Ontario Energy Board’s (the “Board”) STAR options as set out in the discussion paper dated July 29, 2008. These comments are restricted only to those areas where AltaGas is in agreement or, indifferent to.

Section 2.1.1 Minimum Standards for Transportation Open Seasons

Union Gas is in the best position to determine the approximate value of the asset/service. Principally, AltaGas proposes that the minimum price should be set above the variable cost of the asset for existing facilities. This would ensure that the asset is utilized and not constrained by a return on capital calculation or an artificially set price.

Section 2.1.2 Standard Form of Contracts

Consideration should be given to using GasEDI nomination windows as opposed to NAESB nomination windows, since the GasEDI was developed for the Canadian marketplace.

Section 2.2 Storage Connection Agreement

With respect to the suggested standard where the transporter must include all related balancing services and overrun provisions in the storage connection agreement, such standard should be reviewed by the Board and this requirement should not be overly onerous. AltaGas agrees with the Board’s thoughts that the service should have the same flexibility enjoyed by Union Gas and Enbridge. Particularly, the transporter should have similar flexibility to deem unused gas to be directed into storage in a manner similar to what Union Gas and Enbridge currently enjoy. Currently third party transporters need to



nominate to storage any unused gas and operate within tolerance bands, whereas Union Gas is allowed to automatically deem that unused gas directly into storage. This may result in a competitive disadvantage for third party transporters and/or third party storage providers. Any amounts deemed into storage would have to comply with contractual parameters.

With respect to the three options to implement a storage connection agreement between a storage provider and a transporter, the preferred option is where “a transporter and storage provider negotiate the storage connection agreement (“SCA”) and the final SCA is not in the public domain”. This option would be consistent with all other negotiated agreements between Union Gas and/or Enbridge and any other transportation customer where the tariff for the service is already published such as Rate M16. Aside from the standard tariff, the SCA may contain commercially sensitive material of a competitive nature that parties may not want disclosed to their respective competitors. The storage providers are or may be privately held entities that should not be compelled to disclose such sensitive material. In addition, a complaint mechanism is in place should the perception of inconsistency exist.

Section 2.3 New Transportation Services

Regarding the Board’s suggestion that new competitive storage services “should not be tied to the transportation services and that any new competitive storage services may be bundled with transportation services as long as the equivalent storage and transportation services are also offered on a stand-alone basis”, such services are acceptable provided they are subject to the minimum bid price (or reserve price) mechanism.

Section 3 Consumer Protection in the Competitive Storage Market

Regarding the necessity for standard terms of service for competitive storage contracts. To the extent that the Board has determined that there is a competitive market for storage, a storage customer would have a choice of storage providers based on the terms of these storage contracts, to use standard terms would effectively eliminate some aspects of the very things that lead to a competitive market for storage contracts. AltaGas is not in favour of forcing the disclosure of price, terms or customer list of storage customers for small independent competitive storage operator.

If Price Disclosure will be Required

With respect to price disclosure and the Board’s suggestion to disclosing the weighted average price from each storage season, this suggestion has merit provided that storage companies who conduct only one or few deals in a season should be exempted from this disclosure requirement.

Additionally, if storage providers are compelled to disclose pricing information, such pricing information should only be disclosed following the start date of the storage

contract once gas is deemed to flow. This will ensure the protection of proprietary competitive information.

Section 4.1 Reporting Requirements Principles & Section 4.2 NGEIR Reporting Commitments

Non-monopoly competitive storage providers should have no such reporting requirements. To do so goes against the competitive market principles the Board is trying to establish. Independent competitive storage providers would not want competitors to gain access to proprietary information through reporting requirements. In addition, reporting requirements put onerous responsibilities on smaller storage providers, which acts as a further competitive disadvantage and potential barrier to entry. There is a perceived leniency for independent storage providers as it is presumed that secondary market storage providers do not have the same reporting requirements to disclose as primary storage providers.

Section 4.3.1 Index of Customers

In respect to the Board's suggestion that there is value in having an index of customers for all firm transportation and storage services, it is AltaGas' position that while there is merit in allowing the Board to monitor for unfair and discriminatory practices, it doesn't make sense for a non-monopoly competitive storage provider to reveal who its customers are to its competitors nor the terms of those storage contracts. As an example, a marketing company would not disclose its customer lists to the general public. Further, greater reporting requirements create greater burdens for smaller storage providers. The Board's suggestion that small storage providers should be able to apply for an exemption to these reporting requirements is strongly supported, however, it is unclear how a small storage provider would be defined.

Section 4.3.4 Storage Price Reporting

With respect to the alternative requiring disclosure of the weighted average price, this would be acceptable provided that once again, storage providers could be exempted if they had one or very few customers.

Section 5 Complaint Mechanism

The Board's suggestions regarding the complaint mechanisms appear to be reasonable in all respects.

Thank you for the opportunity to provide these comments. Should you require further clarity please contact:

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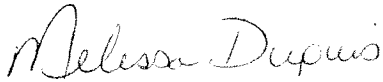
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Yours truly,

**AltaGas Energy Limited Partnership
by its administrator AltaGas Ltd.**



for **Mike Kilby**
Divisional Vice President Gas Services