

**GAS MARKETER GROUP (GMG) (DIRECT ENERGY MARKETING LIMITED,  
ONTARIO ENERGY SAVINGS L.P., SUMMITT ENERGY MANAGEMENT INC., and  
SUPERIOR ENERGY MANAGEMENT GAS L.P.)**

**Information Requests of Union Gas Limited re: Commodity Pricing, Load Balancing, and Cost Allocation  
Methodologies for Natural Gas Distributors**

**GMG/Union #1**

Reference: Page 8, Union's Current QRAM Methodology.

- a) Please provide in the form of a formula the method by which the QRAM process takes place. In so doing, please explain how the QRAM reference price is calculated, what sub-components are involved, over what time period and on what triggers, if any, the sub-accounts are cleared; and what, if any, additional factors affect the QRAM process. In this explanation, please also indicate if there are any additional accounting or procedural rules which effect the reference price or any sub-components.
- b) For each of the subcomponents which form the quarterly gas charge, including riders, please provide a full listing of what the price or account balances were on a monthly basis for the last three years. Please also indicate whether any portion of the monthly price or account balance was partly formed by a carry over from previous time periods.

**GMG/Union #2**

Reference: Pages 16-19

In respect of the three graphs, please provide the numbers used as a base to express the monthly numbers for volatility. In addition, please provide additional graphs for each scenario which do the following:

- a) Show volatility expressed through the monthly prices for each scenario multiplied by the monthly consumption assumed under the scenarios; and
- b) Show volatility expressed through the monthly prices for each scenario multiplied by the monthly consumption assumed under the scenario and smoothed through the application of equal billing.

**GMG/Union #3**

Reference: Page 21, Conclusion: Examination of Possible Alternatives (to Price-Setting Forecast and Disposition Periods).

- a) Please provide detailed examples of increased administration and communications costs to move to monthly rate setting. Please also provide cost estimates for implementing such a mechanism.
- b) Please provide any and all research or other materials relating to customer confusion and negative customer reaction which Union is relying on to make the statement "...the cost implication and negative customer reaction outweigh any perceived benefit from a more accurate commodity rate."
- c) Please provide examples as to how regulatory burden could be decreased or simplified in order to facilitate more frequent rate setting.

**GMG/Union #4**

Reference: Page 23, Lines 14-21.

Please provide an explanation for Union's view that a utility 3-month or 1-month price would be an inappropriate price comparator to Direct Purchase 3 to 5 year annual prices.

**GMG/Union #5**

Reference: Page 24, Lines 21 through 25.

- a) Please provide the process steps, headcount requirements and number of days required for each step of the current mechanical QRAM process.
- b) Please provide the process steps, headcount requirements and number of days required for each step of a mechanical MRAM process.

**GMG/Union #6**

Reference: Page 25, Item 5.

Has Union asked its customers if they have an interest in a monthly gas commodity charge?

**GMG/Union #7**

Reference, Page 28 Lines 1-3

Please prepare and file a comparison over the last five years of the monthly Union reference prices versus the market prices for the same frequency over the same time period. Please indicate which 'market price' is being used and any assumptions that are being made.

**GMG/Union #8**

Reference: Page 30 -31, Issue 4.3 (Methodologies for disposal of deferral/ variance accounts)

- a) Please provide the number of finalized accounts over an average 12 month period expressed both as a number and as a percentage of the total account base.
- b) Please explain how a 12 month rolling clearance of deferral/ variance accounts better matches the recovery of such account balances (to those customers that have created the balance) for those customers that have finalized accounts during the 12 month recovery period.
- c) Please advise if a specific rate class could be created for customers with large summer loads to avoid required gas cost variance recovery created by heat sensitive customers. If not, why not?
- d) Please provide the number of large summer load customers referred to in this section both as a number and as a percentage of the total customer base.

**GMG/Union #9**

Reference: Page 33, Lines 5-9.

Considering both are "mechanical and formulaic", please explain why increased filings for delivery rates alluded to in this section will not increase the complexity (and hence effort and costs) for filing, while an increase in rate setting frequency would increase effort and costs.

**GMG/Union #10**

Reference: Page 34, Filing Requirements.

Does Union support Enbridge's position to have the Board and Stakeholders determine which information should be presented by the Utilities in filing QRAM Applications? If not, why not?

**GMG/Union #11**

Reference: Page 36, Lines 18-19.

"Union's current QRAM process is very mechanical. Union however believes the application and approval process can be improved such that it is completely mechanical."

Considering the above statements, please explain why a more frequent rate setting would cause increased costs as mentioned on Page 21.



**GMG/Union #12**

Reference: Page 38

- a) Please explain the rationale for the lead time indicated (21 day strip ending 30 days prior to QRAM effective date), in light of recent volatility in the wholesale gas market.
- b) Would Union agree that a price reported closer to the delivery time period would most likely be more reflective of the value of physical gas delivered under the period in question? If not, why not?
- c) Would Union agree that Dawn is a liquid trading hub reflective of the cost of delivered gas (transportation adjusted to delivery in each utility franchise area)?
- d) Does Union believe there should be a mechanistic approach using NYMEX contract settlement as the marker price and take mid month basis marks to adjust for the utility supply mix? If not, why not?
- e) Is it possible to report the NYMEX settles as the prompt month expires (3 days) prior to flow?
- f) Would Union agree that the primary drivers for using the current lead time are related to the timing of the regulatory approvals and notice periods in the current QRAM process?

**GMG/Union #13**

Reference: General – Load Balancing

Does Union believe that more frequent balancing than those offered today, would provide greater efficiency in the system, matching supply more closely with demand and costs, by customer and retailer? If not, why not?

**GMG/Union #14**

Reference: Page 56, Lines 17-19

Please provide the data which supports Union's conclusion that consistent load balancing approaches between Enbridge and Union South and North would not be cost effective.

**GMG/Union #15**

Reference: Page 57, Issue 8.3

- a) Considering that DP customers deliver 60% of the supply volumes into the province, and Union controls whether a DP customer can suspend deliveries, please advise if it is possible for Union to draft DP supply.
- b) Please advise if system customers, through Union, experience a benefit/ cost by balancing all customers. If not, why not?

**GMG/Union #16**

Reference: General – Billing Terminology

Does Union agree that harmonized billing terminology amongst natural gas distributors would provide customers province wide with a clearer understanding of materials presented to them from the OEB, Industry, or Media, in support of customer education?

**GMG/Union #17**

Reference: General

Please provide the split between Direct Purchase and System Supply deliveries by both volumetric and customer count for the last 3 years.