

November 2, 2010

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

Dear Ms. Walli,

Re: 2010 Natural Gas Market Review; (EB-2010-0199)

Direct Energy (DE) would like to thank the Ontario Energy Board (the Board) for the opportunity to provide comment on the above noted proceeding. DE has had the benefit of reviewing the materials presented by all parties, but will limit comments to the presentations and documents submitted by Union Gas Limited and Mr. Rosenkranz's submission on behalf of the Consumers Council of Canada, Canadian Manufacturers and Exporters, City of Kitchener, Federation of Rental-housing Providers of Ontario, London Property Management Association, School Energy Coalition, and Vulnerable Energy Consumers Coalition (the "Consumer Group").

Union Gas Presentation

On page 23 of Union Gas' presentation they have noted that the Board "Should consider a Dawn reference price for Ontario LDCs as supplies change". DE could not agree more. As referenced in the evidence submitted by the Gas Marketer Group (GMG) in EB-2008-0106 (the QRAM proceeding) in response to the Board's question on whether an Ontario-wide reference price should be used as the basis for the gas supply commodity charge, the GMG responded as follows:

"A single Ontario-wide monthly reference price that reflects the cost of gas delivered to the reference point, E.g. Dawn or city-gate, would provide consumers with pricing which reflects supply/demand in the consuming area. It is the most accurate signal in order to drive consumption behaviour. In addition, it could better reflect the increasingly diverse sources of potential supply..."¹

DE would further suggest that given the potential for increased liquidity at Dawn, should the Board see fit to change the reference price to Dawn, it should also re-examine the forecasting methodologies employed by the utilities and allow the reference price to be based on a transparent monthly marker price for the forward month.

Consumer Group Submission

DE wishes to confirm with the Board that it supports in principle the written submission of these parties. In particular, DE urges the Board to consider sections 4.2 and 4.3 of Mr. Rosenkranz's submission, requesting the implementation of a long-term resource planning process for Ontario natural gas utilities, and the elimination of barriers to diversifying natural gas supplies by requiring utilities to offer direct purchase customers firm access to alternate delivery points. DE further submits that any long-term plan

¹ Gas Marketer Group Evidence Submission; EB-2008-0106; January 21, 2009, Exhibits E8, E14, E19; page 24.

for the utilities should be filed as an Application by the utilities, and be reviewed by industry stakeholders and approved by the Board through the normal Hearing process.

Direct Energy would like to again thank the Board for this opportunity to comment, and we look forward to the continuing consultation in this matter. Should you have any questions or comments, please contact the undersigned.

Yours faithfully,

Original signed by

Ric Forster
Director
Government & Regulatory Affairs
Direct Energy Marketing Limited