

Annex III

DRAFT Key Issues

Facilities

The research indicates that there is likely to be significant investment in new facilities to serve the needs of the gas-fired power generators. Given the significance of this investment, the following issues need to be addressed:

- The appropriateness of the Board's current process for determining cost recovery; and
- The method of cost recovery for the additional facilities from gas customers (e.g., incremental basis, rolled-in basis or some combination).

Rates and Services

Generators have indicated that they need more flexible service offerings to effectively manage the risks associated with the demand and price volatility in the Ontario power and gas markets. The services that they have identified include the following broad categories:

- Enhanced hourly services that allow non-uniform delivery of gas over the day on a firm basis;
- Multi-year contracts with negotiated service and pricing for the term of the agreement;
- Right to redirect/acquire gas on short notice;
- Access to a range of balancing and storage services from multiple suppliers; and
- Imbalance management options and services.

Generators have stated that their current contractual arrangements with utilities do not encompass these service offerings. To provide these services would entail additional costs but with potential offsetting benefits. For each of the services listed above, the issues to be considered are:

- The costs of providing the service;
- What is needed to encourage provision of the service (by utilities and/or third parties); and
- Access to the service across Ontario.