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January 6, 2006

VIA E-MAIL

Mr. John Zych
Board Secretary
ONTARIO ENERGY BOARD
P.O. Box 2319
2300 Yonge Street
Toronto, ON, M4P 1E4

Dear Mr. Zych:

Re: Proposed Amendments to the Gas Distribution Access Rule (EB-2005-0545).

I am writing to express the concerns of Direct Energy Marketing Limited ("Direct Energy") with respect to the proposed effective dates for the Service Agreement and Service Transactions implementation of the Gas Distribution Access Rule (the "GDAR" or the "Rule").

Direct Energy recognizes the benefits of setting firm implementation dates and understands why the Board would prefer to expedite the GDAR implementation. However, we are concerned that there will not be sufficient time to deal with upstream issues and the resulting changes to the service agreement and the service transactions, standards and protocols. The Working Group recommended by the Board in its November 15, 2005 Decision and Order has not yet started. Further, since that November 15th decision the scope of the Natural Gas Electricity Interface Review (the "Review") has been defined to include:

1. more frequent nomination windows for distribution, storage and transportation;
2. new services providing higher deliverability of firm storage;
3. greater operational flexibility in the provision of distribution services; and,
4. new discrete gas storage and distribution services.

These changes have the potential to significantly impact the GDAR Service Agreement and the underlying transactions. In these new circumstances, rather than setting new dates at this time Direct Energy recommends that alternate wording be incorporated in the Rule to allow the Board to set the effective dates later in the year once the time required for the Natural Gas Forum and Electronic Business Standards work is better known.

Direct Energy also notes that the start dates proposed by the Board were based on the assumption that gas vendors and gas distributors would not incur additional costs to comply with a January 1, 2007 implementation. If the GDAR is implemented prior to incorporating the Review changes in the Service Agreement and Standards, this will not be the case. Significant cost will be incurred to reprogram systems and redefine protocols in order to manage customer account changes and customer mobility in light of changes in the areas enumerated in the Review. These costs could be easily avoided if the GDAR implementation is coordinated with the related decisions coming out of the upstream hearing process.

In recommending the proposed start dates and a staged implementation, the Board recognized the benefit of providing parties with additional time to adjust to the GDAR requirements. Direct Energy supports this statement but recommends that further time be made available to resolve the upstream issues and manage the implementation costs. Direct Energy appreciates that the GDAR has already been considerably delayed, but recommends that the Board and other stakeholders not jeopardize the potential success of the Rule by rushing now that the industry is on the verge of making significant changes to the natural gas market.

All of which is respectfully submitted by,

DIRECT ENERGY

Per:

A handwritten signature in black ink, appearing to read "D Matthews", is written over a faint, light-colored rectangular stamp.

Dave Matthews

Director Government & Regulatory Affairs - Eastern Canada