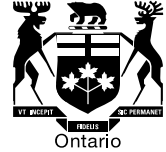


Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
27th. Floor
Toronto ON M4P 1E4
Telephone: (416) 481-1967
Facsimile: (416) 440-7656
Toll Free : 1-888-632-6273

Commission de l'Énergie de l'Ontario
C.P. 2319
2300, rue Yonge
27e étage
Toronto ON M4P 1E4
Téléphone: (416) 481-1967
Télécopieur: (416) 440-7656
Numéro sans frais : 1-888-632-6273



Compliance Office

June 22, 2006

Mr. Ian Mondrow,
Vice President,
Government & Regulatory Affairs – Eastern Canada,
Direct Energy

and

Mr. Gord Potter,
Vice President Regulatory Affairs
Ontario Energy Savings Corp.

Dear Messrs Mondrow and Potter:

Re : Gas Distribution Access Rule (GDAR)
Implementation of Electronic Business Transaction System (EBT)
Your Letter dated May 8, 2006

Thank you for documenting your concerns regarding GDAR implementation, specifically your main concern related to some of the transactions in the EBT Standards. In developing the Standards, we tried to accommodate the vendors' requests to go beyond GDAR. In many cases, differences reflect a distributor's agreement and/or intent to exceed the requirements of GDAR and the Standard. I understand vendors supported this, and I believe having such options is helpful to the market.

Your attached table detailing 13 significant instances of non-standardization has been supplemented by a column describing my understanding of the Standard. I hope this information proves useful in minimizing some of your concerns regarding the lack of standardization. If my understanding of the Standard, and, in particular, agreements in the Working Group, is incorrect, please let me know.

The Working Group has used a collaborative approach to identify data information requirements to implement the transactions defined in GDAR, and to document a common format to enable the electronic transfer of that data between the market participants. I will acknowledge that the EBT Standards have been developed in an environment that considered market participants'

resident technology and hardware. Where data information requirements may be unique to any distributor, or not required by any distributor, the data requirements have been identified. In these cases, the provision of data where it is not required will not cause the transaction to fail; the unrequired data will simply be ignored by the party that does not require it.

I cannot agree with your position that, at the end of the process, customers will be worse off. Gas vendors currently continue to ensure consumers have choices by providing an alternative to the fluctuating prices of system gas delivered by the local distributor. To do this requires vendors to exchange data with each distributor in whose territory they provide gas supply services. Systems currently exist to exchange the information, but they are unique to each distributor, and are subject to design requirements and changes solely at the discretion of each distributor. Your companies currently have the problems associated with myriad inefficiencies caused by the non-standard approaches among the distributors. Delay in the implementation of GDAR EBT may, in fact, increase costs and inefficiencies as distributors undertake potentially redundant programming to enhance their own independent systems and processes, and as vendors make necessary changes in their own systems to accommodate and respond to those distributor mandated changes.

The GDAR EBT Working Group has made substantial progress in defining standard data information requirements and formats for electronic exchange for implementation in January 2007; in my view, the process has already resulted in benefits. As you point out, Enbridge is building its new CIS system with the capability to support the EBT requirements, an outcome that is possible only because the EBT requirements have been defined. I also understand that Enbridge has committed to exploring ways to address several of the key concerns expressed by your companies prior to the implementation of their new CIS; specifically, calculation and adjustment of mean daily volumes (MDV), and processes that will facilitate "seamless moves" such as the provision of an account number and the ability to cancel any system gas charges and rebill applicable vendor charges. Absent the EBT Working Group, which provided a forum for a better understanding of your concerns, this exploration might never have taken place. And finally, the collaborative process used to develop the initial version of the EBT Standards will continue to ensure the evolution of those Standards is managed to provide prompt and efficient resolution of issues in which all parties have a say.

Despite my confidence in the process and the accomplishments to date, I acknowledge the validity of your concerns regarding the launch of a complex industry transformation at the height of heating season. A successful launch will be dependent on successful market testing, and successful market testing will be dependent on the ability of all market participants to have successfully tested their own internal systems and processes. The Working Group is currently

developing a market test plan and schedule that, while intended to meet the implementation date of January 1, 2007 set by the Board, is also intended to ensure that any launch will not have negative market impacts on consumers. I will certainly act on your recommendation to ask the Board to reconsider the timing of the implementation of the EBT System should I perceive any possibility of negative consumer impacts. At the last two meetings of the Advisory Committee, concerns were raised, but parties stated it was too early to declare their inability to meet the deadline. I will look to the Working Group's proposed schedule and milestones as an indication of the need to raise the issue directly with the Board.

I can assure you that although your companies may have found the process to be very frustrating, the participants representing your companies at both the Advisory Committee and the Working Group have been instrumental in our effort to collectively work towards the objective mandated by the Board in its Decision and Order dated November 15, 2005.

As I said earlier, if my understanding of the Standards or your concerns is faulty, please feel free to contact me.

Yours truly,



Brian Hewson
Chief Compliance Officer
Compliance Office

Attachment

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Following is a copy of a document attached to a letter regarding GDAR Implementation dated May 8, 2006 to Mr. Brian Hewson over the signature of Ian Mondrow, Direct Energy and on behalf of Gord Potter, Ontario Energy Savings Corp. The document has been revised only to add a sixth column which contains the OEB Chief Compliance Officer's understanding of the Standard.

Summary of GDAR EBT Standards – Differences by Utility

(Created by Ontario Energy Savings Corporation and Direct Energy)

- Current version of the GDAR EBT Standards reflects current logic and processing of individual utilities versus a gas market standard
- GDAR implementation should be designed to reflect a market process supporting customer choice, consistent business processes and data exchange

Failure to implement standardized market business processes will:

- Increase Vendor design, implementation, maintenance and customer care costs as logic and business processes would have to be utility specific
- Create non-standard customer impacts with respect to switch timeframes, bill presentment and create confusion with respect to invoice adjustments
- Require vendors to administer multiple business processes for reconciliation and supply management
- Increase market changes and thus costs for required changes to the GDAR EBT Standards to support

Legend: RED = logic is the same for all utilities

BLACK = logic is different for at least 1 utility

Purple = logic not finalized as of May 1, 2006

Summary of GDAR EBT Standards – Differences by Utility
Created by Ontario Energy Saving Corporation and Direct Energy, including OEB CCO Notes

Transaction	Enbridge	Union	Kitchener/Kingston	Difference to Power	CCO Understanding
Price Point Create -PPC	<ul style="list-style-type: none"> • Forces use of Bill Presentment tags, as presentment is tied to a price point 	<ul style="list-style-type: none"> • No requirement for Bill Presentment within this transaction • No more than 15 price points per Vendor per day 	<ul style="list-style-type: none"> • Transaction optional, not being developed until 2008 	N/A	Transaction is optional based on Board D&O. If the transaction is supported, the vendor related information for bill presentment is required by the Standard. However, if this information requirement is not completed for a distributor that does not require the information the transaction will not be rejected. In my view, this is a case of the parties' back office differences, yet ensuring there is a standard data requirement to minimize different processes.
Price Change Request - PCR	<ul style="list-style-type: none"> • Forces use of Bill Presentment tags, as presentment is tied to a price point • One transaction per price ID for all associated pools 	<ul style="list-style-type: none"> • No requirement for Bill Presentment within this transaction • Transaction for every pool in which price ID is present 	<ul style="list-style-type: none"> • Transaction optional, not being developed until GDAR Phase II, 2008 	N/A	See comments above for Price Point Create
Enroll Request	<ul style="list-style-type: none"> • Enroll lead time is 30 days 	<ul style="list-style-type: none"> • Enroll lead time is 45 days 	<ul style="list-style-type: none"> • Enroll lead time is 45 days 	<ul style="list-style-type: none"> • No lead time limitation as 	The Standard requires a valid and complete Enrol STR to

Summary of GDAR EBT Standards – Differences by Utility

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Transaction	Enbridge	Union	Kitchener/Kingston	Difference to Power	CCO Understanding
	<ul style="list-style-type: none"> • Enroll response timeframe is 14 days • Cancellation of enroll request is 3 days 	<ul style="list-style-type: none"> • Enroll response timeframe is 14 days • Cancellation of enroll request is 15 days 	<ul style="list-style-type: none"> • Enroll response timeframe is 14 days • Cancellation of enroll request is 15 days • Kitchener requires additional documentation outside of EBT an undertakes additional reaffirmation 	<p>switches occur with the meter read cycle</p> <ul style="list-style-type: none"> • Enroll response is 5 days • Cancellation can occur 2 days prior to switch date 	<p>have an effective date of the first of a calendar month, and to be submitted at least 45 days prior to the effective date to guarantee Vendor supply on the requested effective date; it may not be cancelled within 15 days of the effective date. Distributors (and indeed any party that is processing a transaction at their end) are permitted to exceed the standards (i.e., process with less lead time), and this would not cause different system requirements for the Vendors. I also understand that this difference was specifically requested by the Vendors.</p>
Vendor to Vendor Switch	<ul style="list-style-type: none"> • Contest timeframe is added to overall enroll lead time thus 79 days • No CPO Lost or Won transaction at end of contest period to be generated to Vendor's 	<ul style="list-style-type: none"> • Max. 94 days • No CPO Lost or Won transaction at end of contest period to be generated to Vendor's 	<p>Max. 94 days</p> <ul style="list-style-type: none"> • No CPO Lost or Won transaction at end of contest period to be generated to Vendor's 	<p>5 additional days added to contest to allow for processing and data exchange</p> <ul style="list-style-type: none"> • CPO transactions are generated to close out 	<p>Re Lead Time, see Enrol comments above (45 days + 14 day STR response period + 30 day contest period + processing period of five days requested by the Vendors).</p> <p>Re Contest Period Over transactions, I understand it was agreed by all parties that it was preferable to advise the Vendors of the date the</p>

Summary of GDAR EBT Standards – Differences by Utility
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Transaction	Enbridge	Union	Kitchener/Kingston	Difference to Power	CCO Understanding
				the enrollment process	contest period ends in the Status Advice-Notice of Pending Switch transaction. Because the date is known up front, there is therefore no need for a further transaction to advise that the contest period is over. Each Vendor would know whether they had won or lost the contest based on their actions in response to the SA-NPS and/or responses to STR transactions where applicable.
Historical Consumption	<ul style="list-style-type: none"> • Historical consumption is related to the customer account not premise • Historical consumption data will not be weather normalized 	<ul style="list-style-type: none"> • Historical consumption is related to the premise • Historical consumption data will be weather normalized • Potential PIPEDA impacts 	<ul style="list-style-type: none"> • Historical consumption is related to the premise • Historical consumption data will be weather normalized • Potential PIPEDA impacts 	<ul style="list-style-type: none"> • Historical consumption is premise based 	<p>GDAR 5.5.1 provides that distributor will provide consumer information in accordance with written direction from the consumer (same as RSC 10.6.3), or an agent authorized in writing by the consumer. Implementation Guide provides that the measure will be consumption billed with null values replaced with standard profile values.</p> <p>The Standard does not require a Weather Normalization Factor; but an</p>

Summary of GDAR EBT Standards – Differences by Utility
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Transaction	Enbridge	Union	Kitchener/Kingston	Difference to Power	CCO Understanding
					optional field was added at the Vendors' request.
STR Response Timelines	• STR's at 14 days	• STR's at 14 days	• STR's at 14 days	• 5 Business days	GDAR requires 14 days; this was confirmed by the Board in its D&O dated 15nov05.
Transfer Request	<ul style="list-style-type: none"> • Transaction lead time 33 days to the 1st of the month • Can only transfer on a pool anniversary date 	<ul style="list-style-type: none"> • Transaction lead time 45 days to the 1st of the month • No limitations as to when the transfer request can be utilized 	<ul style="list-style-type: none"> • Transaction optional, not being developed until GDAR Phase II, 2008 	• N/A	Lead times – see Enrol Optionality comments – see Price Point Create Re Enbridge transfer on pool anniversary date, this may be revised based on MDV discussions. However, the Board was clear in its D&O it was not standardizing upstream processes
Change Consumer Information - CCI	<ul style="list-style-type: none"> • CCI transaction will be utilized to change account numbers for moves, reconnections, service class changes and refolios. • CCI transaction is being utilized to effect customer moves as opposed to CCL's 	<ul style="list-style-type: none"> • CCI utilized to communicate account information changes at a premise • CCI transaction will not be utilized to effect customer moves 	<ul style="list-style-type: none"> • CCI utilized to communicate account information changes at a premise • CCI transaction will not be utilized to effect customer moves 	• Transaction only utilized to communicate changed consumer information for a specific premise	In my opinion, CCI is not being used to provide notice of a consumer move by any Distributor; the CCL is properly used. The Standard requires the CCI transaction to communicate updated defined consumer data between the Distributor and the Vendor. An information requirement for the "New Distributor Account Number" is included to enable Enbridge to communicate this data in order to allow the Change

Summary of GDAR EBT Standards – Differences by Utility
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Transaction	Enbridge	Union	Kitchener/Kingston	Difference to Power	CCO Understanding
					Consumer Location transaction to be sent prior to the assignment of the new account number (which is done only when the move occurs), as requested by the Vendors. Further, in my view there is no impact from this on the Vendor's system.
Drop Transaction	<ul style="list-style-type: none"> • Drop transaction will only identify a customers intent to return to system supply • Lead time 3 days plus the 1st of the month 	<ul style="list-style-type: none"> • Drop transaction will only identify a customers intent to return to system supply • Lead time 15 days plus the 1st of the month 	<ul style="list-style-type: none"> • Drop transaction will only identify a customers intent to return to system supply • Lead time 15 days plus the 1st of the month 	<ul style="list-style-type: none"> • Drop transaction is utilized to communicate to a Vendor all churn activity other than a seamless move 	The Standard requires a Drop to be submitted at least 15 days prior to the effective date, which must be the first of a calendar month. Distributors are permitted to exceed this standard (i.e., process with less lead time and on a day other than the first of a month), as requested by the Vendors. Note: Enbridge will effect a drop on any day of the month with a lead time of 3 days, but this business process is an option for Vendors and does not require different systems.
Termination of Service - TOS	<ul style="list-style-type: none"> • No lead time, can be sent with an effect date in the past • Vendor cannot 	<ul style="list-style-type: none"> • No lead time, can be sent with an effect date in the past • Vendor cannot cancel the TOS 	<ul style="list-style-type: none"> • No lead time, can be sent with an effect date in the past • Vendor cannot 	<ul style="list-style-type: none"> • Transaction does not exist in power • Drop transaction is 	Transaction is used to notify the Vendor that the consumer is terminating its distribution service, and therefore it is not appropriate to allow a Vendor

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Transaction	Enbridge	Union	Kitchener/Kingston	Difference to Power	CCO Understanding
	cancel the TOS transaction	transaction	cancel the TOS transaction	utilized with the appropriate reason code • Vendor can cancel a drop	to cancel the transaction. The timing is based on when the Distributor is notified. The Drop used in electricity for this same purpose cannot be cancelled by a Retailer.
Reconnection of Service - ROS	<ul style="list-style-type: none"> • Customers will not be re-attached to Vendor supply on the date of reconnection • Customer will be placed on system supply upon reconnection to allow for processing to re-attach to Vendor supply 	<ul style="list-style-type: none"> • Customers will be re-attached to Vendor supply on the date of reconnection • Customers will not revert to system supply 	<ul style="list-style-type: none"> • Customers will be re-attached to Vendor supply on the date of reconnection • Customers will not revert to system supply 	• Transaction does not exist in power	To start, I'm not of the view this is even mandated by GDAR. However, Distributors have agreed at the Vendors' request that, for a period of 60 days after sending the TOS above, Distributors will consider the consumer to continue to be enrolled with the Vendor. Should service be reconnected during this time, the Vendor/Consumer contract will be re-established. I understand that Enbridge cannot presently do a cancel/rebill to reverse any past system supply charges, but will re-establish the Vendor contract on a going forward basis. However, Enbridge has advised me that they are investigating whether their billing system can be changed to accommodate this

Summary of GDAR EBT Standards – Differences by Utility
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Transaction	Enbridge	Union	Kitchener/Kingston	Difference to Power	CCO Understanding
<p>Change Customer Location - CCL</p>	<ul style="list-style-type: none"> • New account number for the move in location will not be provided in the CCL transaction • In overlap scenarios utility will transfer accounts on the move out date • Utility will not cancel/rebill for customers who do not provide sufficient notice of a move, supply defaults to system • CCL transaction may be generated after a TOS • Every CCL transaction will require a CCI transaction to change the account number 	<ul style="list-style-type: none"> • New account number will be provided • In overlap scenarios utility will transfer the account on the move in date • Utility will cancel/rebill to keep supply and invoicing intact • CCL transaction may be generated after a TOS 	<ul style="list-style-type: none"> • New account number will be provided • In overlap scenarios utility will transfer the account on the move in date • Utility will cancel/rebill to keep supply and invoicing intact • CCL transaction may be generated after a TOS 	<ul style="list-style-type: none"> • Same day, gap and overlap scenarios for customer moves supported • Customers supply does not revert to system • Only 1 transaction is utilized to support a customers move 	<p>requirement.</p> <p>The Standard recognizes limitations imposed by Enbridge legacy billing systems, and requires that these be eliminated when new billing systems are acquired. Despite two primary differences, the Implementation Guide is the same for each Distributor. The problem of whether the contract moves on the move-in or move-out date in the case of an overlap has been resolved by adding the effective date of the move to the data requirements, which is the only date in my view that a Vendor needs to be aware of. The differences in my view are related to the Distributors' back office processes and do not cause/require Vendor/EBT system differences. The two primary differences are: Enbridge does not assign an account number until the move actually occurs, so will continue to transact on the</p>

Summary of GDAR EBT Standards – Differences by Utility
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Transaction	Enbridge	Union	Kitchener/Kingston	Difference to Power	CCO Understanding
					basis of the old account number and provide the new account number in the CCI transaction, and Enbridge cannot cancel/rebill in the event a consumer has been connected to system gas prior to notice of a move being given. (Note: I understand Enbridge has advised that they are investigating whether their systems can be changed to accommodate these requirements.)
Invoice Vendor Adjust - IVA	<ul style="list-style-type: none"> • Will only support one type of vendor adjust message and will not reflect wording contained in the IVA (wording not yet confirmed by Enbridge) • 1 vendor adjustment per invoice • Utility will not confirm if the 	<ul style="list-style-type: none"> • Supports multiple types of vendor adjust(s) messaging • 1 vendor adjustment per invoice • All accepted vendor adjustments will be on the next invoice • Thresholds not defined 	<ul style="list-style-type: none"> • Will only support one type of vendor adjust message • Will support multiple adjustments per invoice • All accepted vendor adjustments will be on the next invoice • Thresholds not defined 	• N/A	The Service Agreement requires the Distributor to provide “at least one additional bill line item” to the Vendor. Implementation Guide defines enumerated values for reason for the adjustment, but Enbridge will only support one value, i.e., Vendor Adjustment. I understand Enbridge is looking for a solution to ensure any Vendor Adjustment will be on the next invoice.

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Transaction	Enbridge	Union	Kitchener/Kingston	Difference to Power	CCO Understanding
	<p>vendor adjustment will be on the next invoice</p> <ul style="list-style-type: none"> • Thresholds not defined 				
Invoice Rate Ready -IRR	<ul style="list-style-type: none"> • Provides Equal Billing Indicator • Assumes all negative amounts are cancellations • Will not distinguish between current period and prior period adjustments 	<ul style="list-style-type: none"> • Will not provide Equal Billing Indicator • Populates the cancel indicator only when a cancellation occurs • Will not do current period adjustments 	<ul style="list-style-type: none"> • Will not provide Equal Billing Indicator • Populates the cancel indicator only when a cancellation occurs • Will not do current period adjustments 	<ul style="list-style-type: none"> • 	<p>The Standard does not require an Equal Billing Indicator, but the data requirement was added at Vendors' request for those Distributors able to provide. Other differences provide information necessary to communicate relative to Distributors' billing practice.</p>
Invoice Remittance Statement - IRS	<ul style="list-style-type: none"> • Remit on GST for deliveries 	<ul style="list-style-type: none"> • Remit GST to CCRA for deliveries on Vendor's behalf 	<ul style="list-style-type: none"> • Remit GST to CCRA for deliveries on Vendor's behalf 	<ul style="list-style-type: none"> • Dependent on service agreement 	<p>The Service Agreement states that the Distributor will calculate, collect and remit to CRA GST on gas commodity. The Standard allows that this will be done unless otherwise agreed in the Service Agreement. The Implementation Guide allows for the methodology agreed by the parties.</p>

Summary of GDAR EBT Standards – Differences by Utility
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Transaction	Enbridge	Union	Kitchener/Kingston	Difference to Power	CCO Understanding
MDV	<ul style="list-style-type: none"> • MDV adjusted and recalculated on pool anniversary 	<ul style="list-style-type: none"> • MDV adjusted in accordance with churn 	<ul style="list-style-type: none"> • MDV adjusted in accordance with churn 	<ul style="list-style-type: none"> • 	Enbridge is addressing revised MDV calculation and adjustment methodology through a separate collaborative process.