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May 8, 2006

**VIA E-MAIL & LETTER MAIL**

Mr. Brian Hewson  
Chief Compliance Officer, Market Operations  
**ONTARIO ENERGY BOARD**  
2300 Yonge Street, 27th Floor  
Toronto, Ontario M4P 1E4  
Canada

Dear Mr. Hewson:

**Re: GDAR Implementation.**

On behalf of myself and Gord Potter of Ontario Energy Savings Corporation, thank you for meeting with us on April 24th, 2004 to discuss our joint concerns regarding GDAR implementation. One of our main concerns is that Working and Advisory Committee discussions to date have resulted in a significant number of non-standard business rules. The attached table details 13 significant instances of non-standardization in transactions and standards documented to date.

This is particularly frustrating given the repeated and clear direction from the Board to the contrary. The Board's May 9, 2005 ruling stated that the GDAR EBT standards were to be common, as well as consistent with those dictated for Ontario's electricity market. Despite this clear direction the EBT Advisory Committee has produced a partial set of transactions characterized more by differences than consistency. If these transactions and the associated business standards were to be implemented as they currently stand, myriad inefficiencies caused by the non-standard approaches among the distributors, and between the gas and power markets, would result. At the end of the process, customers would be worse off, having paid for the system changes without benefiting from the intended efficiency gains that would result from proper standardization.

The non-standardization is being driven in large measure by the legacy system limitations of the individual distributors, especially Enbridge's, rather than any basis in logic or reasoned distinction between the gas and power markets in Ontario. As a result, the process has been very frustrating for our companies. We have each committed resources,

including multiple people spending up to 4 days a week in discussions at the EBT Working and Advisory Committees and in documentation of the results of those discussions. We have repeatedly voiced concerns at the committee table, and feel it is now appropriate to escalate and document these concerns more formally.

To ensure a successful and cost effective GDAR implementation, new systems should be designed to desired and commercially efficient standards, rather than to legacy utility systems and their imbedded inefficiencies. Parties that cannot meet the appropriate standards by the implementation date should seek temporary exemption and provide supporting rationale.

In addition to the concerns arising from repeated non-standardization, the current January 1, 2007 implementation deadline is increasingly unrealistic and poses increasing market risks. Proper system design, build and testing requires at least 12 months and will not be successfully completed in half that time as currently proposed. We have been consistent in this position, as have others. While we are sensitive to the repeated delays in GDAR implementation, rushing the development and testing now would be prejudicial not only to distributors and vendors, but to the customers that GDAR is intended to benefit.

The system challenges presented by Enbridge's relatively more modest transition to ENTRAC provide an example of how tens of thousands of retailer customers can be adversely impacted, and tens of thousands of dollars in unnecessary costs can be incurred, to rectify billing and customer account errors. The GDAR transition will be orders of magnitude more complex and far reaching, even if the requirements are clear and standardized, which is not the case.

Enbridge's new CIS system, which will be built with capability to support GDAR, is currently anticipated to be implemented in early 2008. Based on current projections, GDAR implementation would not occur until mid 2007 at best. To maintain this timeline would require Enbridge to spend upwards of \$45 million of ratepayers' money, and vendors to spend similar amounts of their own money, all to transact through a system with little more than 6 months of useful life remaining. It is difficult to see how such an investment would be in the public interest, particularly if in order to accomplish this timing customers must forego any chance of efficiency gains from standardization.

Even if it was possible to implement GDAR based on the current January 1, 2007 deadline and the currently non-standard EBT processes, it would not be prudent to launch such a complex industry transformation at the height of heating season. This is the time of year when call volumes and customer inquiries are highest. Last minute testing and a migration of this magnitude will simply exacerbate customer issues during an otherwise busy season with little benefit relative to a more orderly and more appropriately timed transition.

For all of these reasons, we strongly urge Board Staff to encourage parties to return to the committee table and develop properly standardized and forward looking transactions and business standards in accordance with the Board's ruling. We also strongly recommend that you ask the Board to reconsider the consumer impacts of the current GDAR timing.

OESC and DE would be happy to provide formal submissions to the Board on these matters if required.

Yours very truly,  
**DIRECT ENERGY**  
Per:



Ian Mondrow  
Vice President, Government & Regulatory Affairs – Eastern Canada

and on behalf of

**ONTARIO ENERGY SAVINGS CORP.**  
Gord Potter  
Vice President Regulatory Affairs

c: Russ Houldin