

Report of the
Ontario Energy Board Natural Gas Forum
(November 12, 2003)

Report Prepared by

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December 9, 2003

Executive Summary

On November 12, 2003, the Board hosted a Natural Gas Forum in Toronto. The Board invited stakeholders to the one-day event to share their views as to the current priority issues for natural gas regulation. This Report is a compilation of the issues raised and of the views offered by the stakeholders.

Discussion of market evolution issues focussed on storage, upstream transportation, system supply, and gas-fired generation. Discussion of regulatory process issues focussed on improving regulatory processes, stability of regulatory decisions, and Ontario regulation in the context of the North American energy market.

Market Evolution Issues

Storage

There was agreement that storage related issues should be addressed by the Board. Some took the view that there were significant barriers to entry for new storage as a result of current transportation charges and incumbent market power. Others disagreed with these concerns and took the position that new and existing storage should be subject to the same rules because there are substitutes for storage available currently in the market.

Upstream Transportation

Some took the view that only gas utilities are in a position to contract for long term upstream transportation capacity. Others disagreed, although current allocation arrangements may limit the contracting ability of marketers. One view is that incremental capacity and market hubs will not develop without long term contracts to underpin them. Another view is that there are alternative approaches to underpin new investments, such as a blend of contract terms, until such time as a deep, liquid market can support investment.

System Supply

Some took the position that effective competition cannot develop as long as there is system supply. Although customers should not be forced off system supply, the costs of distribution and system supply should be better separated. Others were of the view that system supply supports the development of a competitive market by providing a safety net and pricing benchmark. The return of customers to system gas was cited as evidence that customers want this alternative.

The policy as to whether system supply is a transitional or permanent arrangement is no longer clear despite the earlier work done in this area. Clarity on this issue, in advance of the expected Enbridge case involving the costs of system supply, would help inform the process.

The pricing of system gas raised significant issues, including the comparability with direct purchase, the costing principles used, and the treatment of efficiencies related to, for example, load balancing and backstopping.

Gas-Fired Generation

The development of gas-fired generation was discussed in the context of the interplay between the gas and electricity markets. There are potentially significant implications in terms of infrastructure requirements and gas commodity prices. The use of storage and

line pack as sources of fuel for electricity peaking plants and the related rate design issues, including the bypass implications, were raised.

Regulatory Process Issues

Improving the Regulatory Process

For some, the Board is not seen as a credible agent for change with respect to market evolution issues. It is not seen to be addressing the issues on a timely basis, and has allowed issues to drift. Where issues have been addressed, a more effective enforcement function is needed. Rate applications were also discussed, and it was noted that the nature of rate applications has become more complex. There were a number of specific suggestions made to improve the rate hearing process.

Stability of regulatory decisions and instruments

The use of rulemaking was generally supported, although there were different views as to how Rules should be developed. There were also several specific suggestions regarding decision making and enforcement.

Ontario Regulation in Context of North American Energy Market

Overall, there appears to be greater North American regulatory focus on electricity than on gas, suggesting that, in the event of future convergence of the gas and electricity markets, issues relating to the wider North American regulatory context will become more important. While models in other jurisdictions may not always be relevant, they may provide ideas for innovative changes.

Funding

Funding for public interest intervenors, which would not otherwise be represented at stakeholder processes such as the Natural Gas Forum, was generally supported.

Background

The natural gas industry has undergone a significant transformation since prices were first deregulated in the mid-1980s. The Board's governing legislation has also changed and evolved. The Board's current legislated objectives with respect to the regulation of natural gas are:

1. To facilitate competition in the sale of gas to users.
2. To protect the interests of consumers with respect to prices and the reliability and quality of gas service.
3. To facilitate rational expansion of transmission and distribution systems.
4. To facilitate rational development and safe operation of gas storage.
5. To promote energy conservation and energy efficiency in a manner consistent with the policies of the Government of Ontario.
6. To promote communication within the gas industry and the education of consumers.

The Board has worked with stakeholders in a number of ways to advance the regulation of natural gas and the evolution of the market. In 1996, the Board completed its *Report on the Ten Year Market Review of Natural Gas Deregulation* with the assistance of stakeholders. The report addressed issues the Board believed should be examined to promote the development of a more efficient market in Ontario. In response to that Report, a Working Group of stakeholders began a consultative process that culminated in the 1997 report to the Board entitled *Toward a Fully Competitive Natural Gas Commodity Market in Ontario*. The Board's *Report on Legislative Change* in 1997 outlined its recommendations for changes to the legislation governing the natural gas industry and recommended the establishment of a Natural Gas Market Design Task Force. The Task Force issued a *Report to the Ontario Energy Board* in 1998 and another *Report to the Ontario Energy Board* in early 1999.¹

In March 1999, the Board issued the *Code of Conduct for Gas Marketers* and the *Affiliate Relationship Code for Gas Distributors*. More recently, the *Gas Distribution Access Rule* was issued in December 2002. A recent Court decision upholding the Rule is currently under appeal by Union Gas Limited and Enbridge Gas Distribution.

¹ All of these reports are available on the Board's website.

Introduction

By letter dated October 24, 2003, the Board signalled its intention to review the status of and identify ways to improve both the regulation of and the operation of the natural gas industry by examining a number of issues over the next twelve months². Among the issues to be examined, the Board identified the following:

- What should the role of the gas distributor be with respect to the transportation, storage and supply of natural gas?
- Should the Board continue to regulate storage and if so, how?
- How might the gas distributor, in a regulatory context, better respond to changes in natural gas prices?
- Who is responsible for ensuring that adequate upstream transportation is available for Ontario's market?
- Since 1999 the gas market has evolved differently from what was contemplated in the Ten Year Market Review. How and why has this happened and what changes, if any, should be made?

In this letter, the Board invited gas industry stakeholders to attend a preliminary discussion of this initiative. Approximately 28 organizations indicated their interest in taking part in the Board's "Natural Gas Forum".

In order to provide further structure to the Forum, the Board requested responses to a number of questions through a subsequent letter of October 31, 2003³. In particular, the Board requested that parties identify the three most important market evolution issues and the three most important regulatory process issues for the participants' organizations. The Board also indicated that it would rely on the outcome of the Forum to assist it in identifying the key issues for its review of natural gas regulation and to assist in identifying the processes and next steps for the review.

In its letter of November 10, 2003, the Board set out the agenda for the Forum, and distributed a list of potential attendees⁴.

² See Appendix A.

³ See Appendix B.

⁴ See Appendix C.

The Natural Gas Forum

Over 50 individuals, representing approximately 28 organizations, participated in the Natural Gas Forum on November 12, 2003⁵. There was representation from a broad spectrum of stakeholders, including utilities, marketers, producers, storage developers, generators, government, and customer groups, including public interest groups.

The Forum began with opening remarks from Howard Wetston, the Board Chair. He explained that the issues identified in the Board's letter of October 24 have been raised with him by a number of stakeholders, and he expressed his interest in understanding whether these are the priority issues for a majority of stakeholders. The process that is envisaged over the next 12 months is intended to improve the regulation of natural gas in the areas of supply, storage and upstream transportation, and to promote industry development in general. There will be stakeholder consultation, as well as discussion papers and the development of policy. It is the Board's intention to take the lead in setting policy and not necessarily to depend upon consensus to establish change.

The facilitator explained the process to be adopted for the day. The Forum would be used to try to answer questions such as:

- Where are we now?
- Where do we want to be?
- What are the steps to get there?
- What are the impediments to getting there?
- What are the different views?

She explained that a consensus was not expected, and the outcome of the Forum would be a written report to the Board summarizing the views expressed and indicating any consensus positions.

Following the agenda provided in advance by Board Staff, discussion of market evolution issues focussed on storage, upstream transportation, system supply, and gas-fired generation. Discussion of regulatory process issues focussed on improving regulatory processes, stability of regulatory decisions, and Ontario regulation in the context of the North American energy market. This Report is a compilation of the views offered by the participants on each of these issues.

⁵ A complete list of attendees is attached in Appendix D.

Market Evolution Issues

Storage

There was agreement that storage related issues should be addressed by the Board. Discussion took place in the context of the need to facilitate the development of new independent storage, of the relationship between the distribution and supply sides of the utilities and the impact of this relationship on the development of independent storage.

Some specific market developments were identified which will affect the demand for storage, including more frequent balancing and new gas-fired generation. The relationship between storage and the costing of system gas was also identified as a relevant consideration.

It was noted that an independent storage application has already been approved by the Board, addressing utility barriers and providing a precedent. It was also noted that this application took place in the context of an earlier version of the *Ontario Energy Board Act*. Some participants believed that barriers still exist, and a number of specific issues were raised, for which there were a variety of views as to possible resolutions. Some took the view that as a result of these barriers, Ontario is not realizing the full development of its storage potential by independent storage operators.

One of the barriers identified was the level of transportation charges on Union's system; these charges were designed only for storage located near Dawn. In addition, it was noted that storage provides significant benefits to the distribution system, for example in terms of security of supply, and these benefits should be reflected in the transportation charges. The potential lack of adequate pipeline infrastructure was also identified as a barrier to new storage development.

Market power of the incumbent storage suppliers in Ontario was identified as another barrier. Market share and information access are two aspects of this issue. In this view, access to storage is not available in other US jurisdictions in a way which would make it effectively competitive with Ontario, and therefore one must look within the Ontario market to assess the level of incumbent market power. Greater information

transparency, for example of storage balances, would also assist overall market development.

The continuation of cost-based storage rates was identified as a further barrier to new storage development. It was also identified as an issue affecting commodity competition in terms of the relationship between storage and system gas and the rules and costing of storage used by the delivery company. Putting Ontario demand for storage into the market, rather than relying exclusively on distribution utility storage, would make storage more contestable. There was recognition that distribution system customers currently benefit from (and will want to retain) the premiums which flow to them from the market-based rates.

Some participants disagreed that these “barriers” (discussed above) were significant concerns. They took the position that new and existing storage should be subject to the same rules (although these were not identified specifically), because substitutes for existing utility storage are available, such as transportation and storage outside Ontario. As to market power, the view was that the Board should look to the way the market is developing, taking account of the potential interaction of the gas and electricity markets with future increased gas-fired electricity generation. There should be recognition of the substitutes for storage which exist, both in the form of transportation and storage outside Ontario in Michigan and Ohio, for example.

Participants identified some specific jurisdictions which offer models for the regulation of storage, such as Alberta, for transportation charging, and Pennsylvania and Ohio for market power mitigation through unbundling and allocation to marketers.

Upstream Transportation

The discussion about upstream transportation distinguished between current capacity arrangements and the requirements to support incremental capacity additions.

Availability of upstream capacity was not seen as an issue of immediate concern. There was discussion around current allocation arrangements (such as the “vertical slice”) and the limits some parties believe these arrangements place on future flexibility and the ability of marketers to contract directly for transportation.

Some took the view that only gas utilities are in a position to contract for long term upstream transportation capacity, and that they should do so without being placed at risk. Others disagreed that utilities are the only parties able to contract for long term capacity.

Traditionally, incremental transportation capacity has been supported by long term commitments, but in the view of some, this may not be the model going forward. The market is looking for liquid hubs and does not want to hold long term positions. One view is that market hubs will not develop without long term contracts to underpin them; another is that there are alternative approaches to underpin investments, such as a blend of contract terms, until such time as there is a deep and liquid market.

System Supply

It appears that system supply is a priority issue for most parties, and there is a general feeling that the policy framework is not clear despite the earlier work done in this area.

Views were quite divergent as to the appropriate role of system gas and the direction of future market development to achieve customer choice and competition. Some were of the view that system supply supports the development of a competitive market by providing a safety net and pricing benchmark, and that without system supply there would be no competition. Others took the position that effective competition cannot develop as long as there is system supply and that default supply can be provided through other means. Texas and the UK were identified as two models that the Board should examine in this regard.

Participants signalled a need for the Board to make the policy decision as to whether system supply is a transitional or permanent arrangement. Some took the position that there appears to be a desire to keep system gas on the part of customers, and that it should not be “tinkered with”; others believed the Board should look to the longer term and what needs to be done to bring in more competition and that the status quo of an “oligopoly in stasis” should not be maintained.

It was noted that the next Enbridge case (the application is expected in December) is going to look at costs of system supply and that Board policy regarding the costing of system gas may result from that proceeding. (The costing of storage within the costing

of system gas was identified as a relevant consideration during the discussion about storage.) Some participants were of the view that a policy position, in advance of that case, on whether or not system gas is to be a temporary or permanent feature of the market would help inform the process.

Some identified the return of customers to system gas as evidence that customers want this alternative. Others took the position that the pricing of direct purchase and the current costing of system gas are not comparable, and therefore customer movement is based on confusion. As a result, in this view, the market is stalled in its development without achieving functional competition. This situation has been exacerbated by the government policy reversal on the electricity side (the imposition of the price freeze) which has reduced the economies of scale and scope available to marketers through the sale of both commodities, further entrenching the barriers to entry in the gas market. Some suggested that although customers should not be forced off system supply, the costs of distribution and system supply should be better separated and that better utility costing should be developed for both system supply and direct purchase. Another view is that retail and system supply cannot be made comparable given the retroactive adjustment of the gas commodity charge due to the clearing of utility gas supply deferral accounts.

Parties discussed the idea that the spot price pass-through approach to system gas exposes customers to price volatility and may not meet the current government's electricity pricing goals for small volume customers of stability and predictability. Convergence of the gas and electricity markets may also affect price volatility. Pricing volatility may be mitigated through the quarterly review of gas supply deferral accounts legislated in Bill 23. Metering technology improvements, including multi-utility meters, could reduce the data lag and enhance pricing signals of system gas. Customers appear to want greater pricing certainty and may be willing to pay for it. While marketers are prepared to offer price certainty, utilities could also provide fixed price contracts, although this has traditionally been opposed. Some were of the view that market-based pricing was the only way to ensure the monopoly provider remains neutral and to facilitate customer choice.

It was pointed out that system gas also provides backstopping and load balancing which benefits all customers. Some argued that structurally separating these or separately

costing them would lead to higher prices. An alternative view is that the utility need not hold title to the gas in order to derive these benefits. For some, the existence of “cost efficiencies” in the monopolies suggests the possibility that there are subsidies in place. In this view, any benefits arising from cost efficiencies should be passed to customers through the distribution charges.

Gas-fired Generation

The development of gas-fired generation was discussed within the context of the interplay between the gas and electricity markets. It was observed that there appears to be an assumption by some that transportation facilities and rates are such that new gas-fired generation could easily replace current coal-fired generation. This assumption was challenged. The eventual replacement of 7000 MW of coal-fired generation by natural gas will probably require the construction of additional transmission and storage capacity. It was observed that the IMO is examining the infrastructure requirements of further gas-fired generation, and that this analysis should be made available to industry participants. The view was expressed that consultation on this issue should include the electricity sector as well. In the interests of customer protection, it was suggested that there should be a broader examination of the gas supply situation and the price implications of increased demand by gas-fired generators.

Delivery rate design for new gas-fired peaking generation facilities was identified as a key issue. Current rates were designed for high volume, high load factor customers such as co-generators, while gas-fired peaking plants have different requirements. Some took the view that an incremental cost approach should be used with the option to bypass; others disagreed with an incremental approach, given that it is not applied to other customers, and held that bypass presents risks to other customers. The Board has not previously favoured end-use specific rates.

Innovative delivery pricing solutions were identified as one approach for utilities to deal with bypass risk, although it was noted that gas-fired generators should not be subsidized. Some work is being done by Enbridge in this area and also in the context of distributed generation. A follow-on issue was raised, namely, whether any new rates that are developed would be made available to all customers.

The relationship between storage issues and gas-fired generation was also noted. In particular, the role of storage as a source of gas deliverability for gas-fired generation was identified and hence the importance of storage access and rates. As a related matter, system linepack was identified as a potentially more important factor for meeting the short term flexibility requirements of peak generation facilities. This could have implications for the delivery rates.

Regulatory Process Issues

Improving the Regulatory Process

This issue was discussed in the context of policy and market evolution issues and in the context of rate proceedings. With respect to policy and market evolution issues, some participants expressed the view that the Board is not seen as a credible agent for change; nor is it seen as progressive. The Board is, according to this view, not addressing some issues on a timely basis, and has allowed issues to drift. Where issues have been addressed, enforcement is not being exercised. A more effective enforcement function is needed, for example on the *Gas Distribution Access Rule*. An alternative view was expressed that customers are not as concerned with market evolution issues, and that it is the marketers who are advocating changes.

Most of the discussion centred on the rate hearing process. Retroactivity was seen as undesirable, although it can be mitigated through prospective recovery. A number of factors were identified as contributing to retroactivity: regulatory lags in decision making, timing of applications, deferral accounts, and earnings sharing mechanisms. The concerns relating to retroactivity can have an impact on other more policy oriented issues if matters set down for consideration in a rate application are postponed because it is found that there is insufficient time to address them.

Another factor is that the nature of rate applications has become more complex as the nature of the relationships between utilities and their parents and affiliates has evolved. It is an open question as to whether annual cost of service rate hearings can address all of the required issues in an acceptable time frame.

There were a number of suggestions made to improve the rate hearing process, including:

- Require more timely applications from the utilities to ensure the process is completed in time to implement prospective rates
- Remove policy issues from the rate hearing process and deal with them elsewhere
- Limit the number of issues to be considered within the hearing; do not attempt to address every issue in every case, especially if it has been addressed recently by the Board
- Standardize filing requirements and methodologies
- Improve the information disclosure process
- Review the ADR process (this is a separate Board initiative)
- Mandate limits on hearing schedule at the outset of the hearing process
- The Board should commit to issuing decisions within a set time of the conclusion of the hearing (90 days is the current standard)
- Improve the effectiveness of monitoring to assist in determining the need for an application, and publish relevant reports obtained through the Board's monitoring processes.

Stability of Regulatory Decisions and Instruments

Much of the discussion regarding the stability of regulatory decision and instruments took place in the context of the *Affiliate Relationships Code* and the recent Enbridge case, in which the issue of outsourcing a variety of utility services to affiliates was addressed.

There was support for the use of rulemaking, but there were different views as to how Rules should be developed and used. Some were of the view that Rules should be made on the basis of facts or Board decisions. Others stated that it was more appropriate to address policy issues through means other than rate cases, and that Rules could be developed through a thorough consideration of the positions of stakeholders, with the ability to revise them based on subsequent experience. Other instruments may also be appropriate – such as Interpretative Bulletins – which could provide guidance but are more flexible than Rules. It was noted that the enforcement of existing Rules was equally important and that the Board should be proactive in this area.

Two other suggestions were made. One was that more detailed reasons for decisions would allow for greater predictability and stability of Board policy. The other was that the Board should consider greater harmonization with the NEB for relevant projects.

The value of symmetrical treatment for gas and electricity was also discussed in the context of improving the regulatory process. The different industry structures were acknowledged, as was the value of consistency and of the exchange of ideas for the purpose of informing developments in both markets. The view was also expressed that in some areas, such as the *Retail Settlement Code* and the *Gas Distribution Access Rule*, there would be value in considering gas and electricity issues together.

Ontario Regulation in the Context of the North American Energy Market

Storage was given as one example in which the Board should examine the issues within the context of the North American market. Others said the Board should first look at how the market actually operates to determine whether Ontario is part of the larger Northeastern market or not.

Overall, there appears to be greater North American regulatory focus on electricity than on gas, suggesting that, in the event of future convergence of the gas and electricity markets, issues relating to the wider North American regulatory context will become more important.

Some questioned the value of attempting to compare Ontario's regulatory structures with those of other jurisdictions, given the significant differences between markets. An alternative view is that other models can serve as an effective challenge to the assumptions that may be operating within Ontario.

It was noted that stakeholders are awaiting clarification of the Board's mandate and future structure.

Funding

The issue of funding was also raised. It was the understanding of some that under the Board's new arrangements utilities will be responsible for paying for stakeholder processes, and that in these processes there should be funding made available for

public interest groups to take part. (There was no funding made available for the Natural Gas Forum.) It was considered important for the Board to get the input of all types of customer representatives and public interest groups in these types of processes; funding was seen as essential to ensure that all interests are represented. This perspective was broadly endorsed.

Conclusions

Next Steps

There was some discussion during the Forum about “next steps”. OEB staff explained that this Report of the meeting would be distributed to participants and placed on the Board website and that comments would be invited.

The Board is also currently developing a Request For Proposals for further work in the area of market evolution issues, primarily with respect to alternative regulatory models and to developments in other jurisdictions. A specific timeline is not in place, but it is not expected that the consultant will be engaged before January or February 2004. It is not clear whether the consultant’s report will be circulated, but it is expected that the consultant will meet with stakeholders. Some further meetings between the group and the consultant, possibly to discuss a “straw man” proposal, were seen as potentially valuable. Participants were encouraged to send any concerns or suggestions they may have on this to the Board in response to this Report of the Forum.

Appendices

- A: The Board's letter of October 24, 2003
- B: The Board's letter of October 31, 2003
- C: The Board's letter of November 10, 2003
- D: List of participants at the Natural Gas Forum on November 12, 2003.

APPENDIX A

Ontario Energy
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October 24, 2003

Re: Review of Natural Gas Supply, Storage and Upstream Transportation

The purpose of this letter is to advise stakeholders that over the next twelve months the Board intends to examine a number of issues with the objective of further improving the regulation of Ontario's gas markets.

In the past, the Board has undertaken initiatives such as the Ten Year Market Review and the Market Design Task Force, in order to explore options for better regulation of the evolving gas market. The Board intends to continue these initiatives through the development of policies which consider, among other things:

- What should the role of the gas distributor be with respect to the transportation, storage and supply of natural gas?
- Should the Board continue to regulate storage and if so, how?
- How might the gas distributor, in a regulatory context, better respond to changes in natural gas prices?
- Who is responsible for ensuring that adequate upstream transportation is available for Ontario's market?
- Since 1999 the gas market has evolved differently from what was contemplated in the Ten Year Market Review. How and why has this happened and what changes, if any, should be made?

The Board will begin this process by consulting with stakeholders and will then issue a discussion paper, or papers. After further consultation the Board will consider what actions may be required to improve the regulation of the Ontario gas market.

On November 12th, Board staff will host a meeting to discuss this initiative. Parties interested in participating in the preliminary discussions should notify the Assistant Secretary, no later than October 30th, at the Board's address or by email at gasmarket@oeb.gov.on.ca. Please send your name, title, organization, address, email address, telephone and fax numbers and please indicate if you would like to participate by way of teleconference.

No funding will be offered by the Ontario Energy Board for participation in this policy initiative.

Yours truly,

Original signed by:

Paul B. Pudge
Assistant Secretary

APPENDIX B

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October 31, 2003

To: Participants in the Board's Natural Gas Forum - November 12, 2003

Re: **Preparations for the Natural Gas Forum**

Thank you for responding to the Board's invitation.

Staff will provide an agenda to all participants by November 10th in order to structure the day. We are seeking your input on agenda items. Would you please provide responses to the following questions, as well as the names of your representatives by Wednesday November 5th :

1. What regulatory process issues do you wish to deal with?
Which three are most important to your organization and why?
2. What market evolution issues do you wish to deal with?
Which three are most important to your organization and why?
3. What other items should be addressed and in what priority?

This information should be sent by e-mail to gasmarket@oeb.gov.on.ca

The Board will rely on the outcome of this forum for a variety of purposes including:

- assisting the Board in identifying the key issues for review and study
- assisting the Board in identifying the processes and next steps for conducting its review.

Staff have engaged consulting services from Elenchus Research Associated and Econalysis Consulting Services. The consultants will facilitate the discussion and participation of parties, and, ensure that the issues have been well defined, scoped and included in a report to the Board.

If you have any questions concerning the forum, please contact Duncan Skinner, Manager of Rates and Financial Services, 416-440-8127.

Yours truly,

A handwritten signature in cursive script that reads "Paul B. Pudge".

Paul B. Pudge
Assistant Secretary

APPENDIX C

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To: Participants in the Board's Natural Gas Forum, November 12, 2003
From: OEB Staff
Date: November 10, 2003

Re: Preparations for the Natural Gas Forum – November 12, 2003

Thank you for responding to the Board's October 31, 2003 request. As promised, an agenda for the forum is attached. A list of participants and of Board staff who will attend is also provided.

The Forum will be held in the Park Ballroom at the Inn on the Park (1100 Eglinton Avenue East, Toronto, near Leslie Street and Eglinton Avenue). Refreshments will be available starting at 8:30 am. The Forum will commence at 9:00 sharp with Opening Remarks delivered by Howard Wetston, Chair of the Ontario Energy Board. The "Dial in" phone number is (416) 446-3709; this service will be appropriate for participants monitoring the discussion only.

Gail Morrison will facilitate the meeting. She has provided facilitation services to Board sponsored Alternative Dispute Resolution processes, most recently with respect to the revisions to the Board's Transmission System Code, and is familiar with the electricity and natural gas industries in the province. Cynthia Chaplin will track and probe the discussions of the issues to ensure that a full and complete discussion occurs. She has a breadth of experience in natural gas, both in Ontario and the United Kingdom.

We look forward to your participation.

Sincerely,

Original signed by:

Paul B. Pudge
Assistant Secretary

NATURAL GAS FORUM – NOVEMBER 12, 2003

AGENDA

9:00 Open remarks - Howard Wetston, Q.C.

9:10 Preview of the day's discussions and desired outcomes

9:20 Discussion of Market Evolution Issues

Storage/Upstream Transportation - including discussion of the provision of storage service on a merchant basis and development of efficient infrastructures

System Gas - including discussion of the continuing appropriateness of utilities providing system gas and the costing methodology applied by utilities

Linkages between the natural gas and electricity markets, especially with respect to the anticipated reliance on natural gas as an electricity generation fuel source

A morning break will be provided at an appropriate point

12:30 Lunch

1:30 Discussion of Process Issues

Proposals for Improving Regulatory Processes – including suggestions to overcome regulatory lag

Stability of regulatory decisions and instruments – including standardization of policies, rules and decisions

Regulation of the Ontario energy market in the context of the North American energy market

An afternoon break will be provided at an appropriate point

4:15 Concluding remarks - Gail Morrison

NATURAL GAS FORUM – NOVEMBER 12, 2003

LIST OF ATTENDEES

<u>Last Name</u>	<u>First Name</u>	<u>Company</u>
Stedman	Michael	
Young	Valerie	Aegent Energy Advisors Inc.
Allan	Judy	Allan Consulting
Worthy	Cheryl	BP Canada Energy Company
Troicuk	Brian	Canadian Association of Petroleum Producers
Ruzycski	Nola	Cargill Power & Gas Markets
Quinn	Dwayne	City of Kitchener
Warren	Robert	Consumers' Association of Canada
Kerr	Paul	Coral Energy Holding
Duguay	Pascale	Direct Energy
Mondrow	Ian	Direct Energy
Aarssen	Greg	ECNG Inc.
Kilby	Mike	ECNG Inc.
Ladanyi	Tom	Enbridge Gas Distribution Inc.
Matthews	David	Enbridge Gas Distribution Inc.
Mcdonough	Sandra	Encana Corporation
Dubchak	Jason	Encana Corporation
Ferguson	Glen	Energy Advantage
Masse	Yvan	Energy Advantage
Adams	Tom	Energy Probe
Macintosh	David	Energy Probe Research Foundation
Stitt	Ron	Energy Source Canada Inc.
Luymes	Martin	HVAC Coalition Inc.
Dingwall	Brian	HVAC Coalition Inc.
Macdonald	Glen	Hydro One Networks Inc.
Thompson	Peter	Industrial Association
King	Richard	Kitchener Utilities
Vegh	George	MacLeod Dixon
DeMarco	Elisabeth	MacLeod Dixon LLP
Schumann	Helmuth	Ministry of Energy
Cameron	Diane	Nexen Marketing
Slater	David	Nexen Marketing
Thompson	David R.	Northern Cross Energy
Brace	John W.	Northland Power Inc.
Keizer	Charles	Ogilvy Renault
Brett	Tom	Ontario Association of School Business
Gaffney	Chris	Ontario Energy Savings Corp.
Potter	Gord	Ontario Energy Savings Corp.
Stoll	Scott	Power Budd, LLP
Draginov	Luis	Sempra Energy Trading
Silvestri	Nino	Sempra Energy Trading

NATURAL GAS FORUM – NOVEMBER 12, 2003

LIST OF ATTENDEES

<u>Last Name</u>	<u>First Name</u>	<u>Company</u>
O'Connor	Sandy	TransAlta
Kelly	Brian	TransCanada
McPherson	Jim	TransCanada
Duzy	Margaret	TransCanada Energy
Vasquez	Noralyn	TransCanada Energy
Berbekar	Ilona	TransCanada PipeLines Limited
Birmingham	Rick	Union Gas
Higgin	Roger	Vulnerable Energy Consumers' Coalition
Stacey	Jason	Sithe Energies
Wesenger	David	Stantec Consulting Ltd.
Brown	David	Stikeman Elliott
DeJulio	Gia	EPCOR Merchant & Capital L.P.
Haji	Anis	EPCOR Merchant & Capital L.P.
Haggarty	Gerry	Superior Plus

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Board Staff Attendees

Howard Wetston, Chair

Jay Young, General Manager

Mark Garner, Secretary

Pat Moran, Board Counsel

Duncan Skinner, Manager Rates and Financial Services

Chris Mackie, Team Leader, Gas Rates

David Brown, Sr. Advisor, Market Surveillance

Kathi Litt, Advisor, Facilities

Colin Schuch, Advisor, Rates

James Wightman, Advisor, Rates

Chris Cincar, Research and Policy Analyst, Strategic Services

Laurie Klein, Advisor, Market Surveillance

Veredian Miller, Co-ordinator, Correspondence-Communication

Antonette Franco, Administrative Assistant

APPENDIX D

LIST OF PARTICIPANTS AT THE NATURAL GAS FORUM ON NOVEMBER 12, 2003

Cynthia Chaplin	Elenchus Research Associates
Gail Morrison	Econalysis Consulting Services
Val Young	Aegent Energy Advisors
Judy Allan	Allan Consulting
Peter Thompson	BLG
Mike Stedman	Consultant
Paul Kerr	Coral Energy
Pascale Duguay	Direct Energy
Ian Mondrow	Direct Energy
Mike Kilby	ECNG
Dave Matthews	Enbridge
Tom Ladanyi	Enbridge
T Adams	Energy Probe
David Macintosh	Energy Probe
Ron Stitt	Energy Source
Gia DeJulio	EPCOR M & C
Anis Haji	Epcor Merchant & Capital
Brian Dingwall	HVAC
Martin Luymes	HVAC Coalition / HRAI
Brian Gabel	Hydro One
Glen MacDonald	Hydro One Networks
George Vegh	MacLeod Dixon
Helmuth Schumann	Ministry of Energy
Roger Higgin	NECC
David Thompson	Northern Cross
Heather Landymore	Northland Power
Jim Hamilton	OESC
Chris Gaffney	OESC
Richard King	Ogilvy Renault
Charles Keizer	Ogilvy Renault
Chris Mackie	Ontario Energy Board
Colin Schuch	Ontario Energy Board
Laurie Klein	Ontario Energy Board
Betsy Mills	Ontario Energy Board
David Brown	Ontario Energy Board
Howard Wetston	Ontario Energy Board
James Wightman	Ontario Energy Board
Veredian Miller	Ontario Energy Board
Antonette Franco	Ontario Energy Board
Kathi Litt	Ontario Energy Board
Mark Garner	Ontario Energy Board
Chris Cincar	Ontario Energy Board
Duncan Skinner	Ontario Energy Board
Jay Young	Ontario Energy Board
Pat Moran	Ontario Energy Board
Gord Potter	Ontario Energy Savings Corp.
Scott Stoll	Power Budd
Nino Silvestre	Sempre Energy
John Stacey	Sithe
Gerry Haggarty	Superior Energy
Jim McPherson	TCPL
Ilona Berbekar	TCPL
Sandy O'Connor	TransAlta
Brian Kelly	TransCanada
Nora Vasquez	TransCanada
Margaret Duzy	Transcanada Energy
Mike Packer	Union Gas
Robert Warren	Weir Foulds LLP