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**BY E-MAIL AND WEB POSTING**

September 19, 2014

**TO: All Rate Regulated Natural Gas Distributors  
All Registered Participants in Board File No. EB-2014-0199  
All Interested Parties**

**RE: 2014 Natural Gas Market Review – Consultation and Stakeholder  
Conference (Board File No. EB-2014-0289)**

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As set out in the Ontario Energy Board's current Business Plan, which is available on the Board's website, the Board will review natural gas market conditions and applicable regulatory policies and consider any potential implications for the Ontario natural gas market.

The purpose of this letter is to describe the consultation process for the 2014 Natural Gas Market Review (the "Review"). This letter also sets out how interested stakeholders may participate in the Review, including matters in relation to cost awards.

## **Background**

In 2010, the Board conducted a consultative process ([EB-2010-0199](#)) to review and examine recent developments in the North American natural gas market to assist the Board's consideration of any potential implications for the Ontario natural gas market. A number of key influences on the Ontario natural gas sector were identified, including increasing North American shale gas production, rising power sector demand for natural gas and changing inter-regional pipeline flows.

At the conclusion of the consultation, the Board accepted Board staff's recommendation that a natural gas market review be undertaken every three years.

## **Purpose and Objectives**

The Review will examine recent developments in the North American natural gas market to better understand any potential implications for Ontario's natural gas sector. Specifically, the consultation process will identify and explain key influences on the Ontario natural gas sector over the next 3 to 5 years.

Insights gained through the Review will assist the Board to:

- identify the potential need for modifications to the Board's regulatory framework/policies; and
- review utility applications that affect the rates and quality of service to customers.

## **Scope of the Review**

The scope of the Review will include consideration of the following matters:

- a review of Winter 2013/14 natural gas market conditions and prices in Ontario in order to explain what happened and why;
- an examination of the underlying drivers of the Quarterly Rate Adjustment Mechanism ("QRAM"), highlighting the cost and risk trade-offs of different gas supply planning parameters;
- the key factors affecting North American and Ontario natural gas markets, changes in these since the 2010 Review, and forecast natural gas demand, supply, and prices to 2020; and
- any regulatory implications arising from the Review and any other key issues that should be considered by the Board.

The Board will consider by way of a separate consultation the matter of further extending natural gas infrastructure and distribution service to rural and northern communities. Further information will be provided in due course.

## **Consultation Process Overview**

### Stakeholder Input on the Scope of the Review

Stakeholders are invited to advise the Board on any additional issues they believe should be discussed at the Stakeholder Conference to address the purpose and objectives noted above. Input received in writing by Tuesday, September 30, 2014 will be considered in the preparation of the Stakeholder Conference agenda and schedule.

### Independent Consultants' Reports

Consultants engaged by Board staff will prepare two reports for the purpose of informing the consultation on, respectively:

- natural gas market conditions and prices over the winter 2013/14 period to explain what happened, why, and how the underlying drivers of QRAM were affected; and
- the key factors affecting North American and Ontario natural gas markets, changes in these since the 2010 Review, and forecast demand, supply, and prices to 2020.

Both reports are expected to be posted in advance of the Stakeholder Conference.

### Stakeholder Conference

The purpose of the Stakeholder Conference is to provide a forum for discussing the issues raised in the consultants' reports, including any implications for the further development of Board policy. Details on the Stakeholder Conference are provided below. The Stakeholder Conference will be transcribed.

### Written Comments

Following the Stakeholder Conference, all interested parties will be invited to submit written comments on the issues raised in the consultants' reports and explored at the Stakeholder Conference. Written comments are to be submitted to the Board by January 16, 2015.

### Staff Report to the Board

Following the consultation process referenced above, Board staff will prepare a report to the Board on specific matters raised in the consultation, providing recommendations the Board may wish to consider in determining whether any changes to the Board's regulatory framework/policies may be warranted.

### **Details Regarding the Stakeholder Conference**

#### Presentations

The Board will provide participants with an opportunity to make a presentation at the Stakeholder Conference. The Board encourages participants with common viewpoints to consult one another and make a joint presentation.

## Location and Registration

Date: Wednesday, December 3, 2014  
Time: 9:30 a.m. to 4:30 p.m.  
Location: Ontario Energy Board  
West Hearing Room,  
25th floor, 2300 Yonge Street, Toronto

If for any reason an extension of the Stakeholder Conference is needed, it will continue on Thursday, December 4, 2014, commencing at 9:30 a.m.

The Stakeholder Conference will be broadcast over the internet to allow remote participation. Detailed instructions on how to participate remotely will be sent to all registered participants on or before the conference date.

An agenda will be issued prior to the Stakeholder Conference.

Interested participants wishing to attend the Stakeholder Conference are asked to register by sending an e-mail to [NGMR@ontarioenergyboard.ca](mailto:NGMR@ontarioenergyboard.ca) no later than 4:30 p.m. Wednesday, November 19, 2014. Please indicate "2014 NGMR Conference" in the subject line and provide the following information in the body of the e-mail:

- participant/organization name;
- name(s) of attendees to be registered;
- whether the participant intends to make a presentation, and if so, the presentation topic(s);
- whether the participant intends to attend in person or remotely; and
- a contact name, telephone number and e-mail address.

Participants intending to give a presentation are asked to submit an electronic copy of any presentation materials to the Board Secretary by Monday, November 24, 2014, in accordance with the filing instructions set out below.

Participants are asked to limit conference attendance to two persons due to seating capacity restrictions. As noted above, however, participation will also be available on a remote basis through the Board's website.

## **Invitation to Participate and Cost Awards**

Interested stakeholders must register their intent to participate in the consultation by

filing a letter with the Board by Tuesday, September 30, 2014 in accordance with the filing instructions set out below. Parties to the Board's EB-2014-0199 proceeding will be automatically registered in this proceeding, and do not need to file another letter.

Cost awards will be available to eligible persons under section 30 of the *Ontario Energy Board Act, 1998* for participation in cost eligible activities as set out in Appendix A. Interested stakeholders who register to participate in this consultation and who were determined to be eligible for cost awards in the Board's QRAM Process Review (EB-2014-0199) will automatically be eligible for cost awards in this consultation.

Appendix A contains information regarding cost awards for this consultation, including in relation to eligibility requests and objections. Costs awarded will be recovered from all rate regulated natural gas distributors apportioned on a pro-rata basis relative to their contributions to the Board's annual cost assessment.

Filings to the Board in relation to cost awards must be made in accordance with the filing instructions set out below.

### **Filing Instructions**

Please submit electronic copies of filings in searchable/unrestricted Adobe Acrobat (PDF) format through the Board's web portal at [pes.ontarioenergyboard.ca/eservice](http://pes.ontarioenergyboard.ca/eservice) and also file two paper copies at the address below. You will need a user ID to make filings through the Board's web portal. If you do not have a user ID, visit the "[e-filings services](http://www.ontarioenergyboard.ca/e-filings-services)" webpage on the Board's website at [www.ontarioenergyboard.ca](http://www.ontarioenergyboard.ca) and fill out a user ID password request.

Please use the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the e-filing services webpage. If the Board's web portal is not available, electronic copies of filings may be filed by e-mail to [boardsec@ontarioenergyboard.ca](mailto:boardsec@ontarioenergyboard.ca). If you do not have internet access, please provide a CD containing your filing in PDF format as described above to the Board Secretary at the following address:

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, Suite 2700  
Toronto, Ontario M4P 1E4

All filings to the Board must be received by the Board Secretary by 4:45 p.m. on the

required date. Filings must quote file number EB-2014-0289 and include your name, address, telephone number and, where available, your e-mail address and fax number. All filings received by the Board in relation to this consultation will be available for viewing at the Board's offices and will be placed on the Board's website.

Questions about this consultation process should be directed to Stephen Cain at [stephen.cain@ontarioenergyboard.ca](mailto:stephen.cain@ontarioenergyboard.ca) or 416-440-8144. The Board's toll-free number is 1-888-632-6273.

Yours truly,

*Original signed by*

Kirsten Walli  
Board Secretary

Attachment: Appendix A Cost Awards

## Appendix A

To Cover Letter Dated September 19, 2014

EB-2014-0289

### COST AWARDS

#### Cost Award Eligibility

The Board will determine eligibility for costs in accordance with its *Practice Direction on Cost Awards*. Any person intending to request an award of costs (other than parties that were granted cost eligibility in the EB-2014-0199 proceeding, who are automatically eligible in this proceeding as well) must file with the Board a written submission to that effect by **Tuesday, September 30, 2014**, identifying the grounds on which the person believes that it is eligible for an award of costs (addressing the Board's cost eligibility criteria as set out in section 3 of the Board's *Practice Direction on Cost Awards*). An explanation of any other funding to which the person has access must also be provided, as should the name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known. All requests for cost eligibility will be posted on the Board's website.

If a Board licensee has any objections to any of the requests for cost eligibility, such objections must be filed with the Board by **Tuesday, October 14, 2014**. Any objections will be posted on the Board's website. The Board will then make a final determination on the cost eligibility of the requesting participants.

#### Eligible Activities

Cost awards will be available in relation to participation in the Stakeholder Conference; and in relation to the submission of written comments on the issues explored at the Stakeholder Conference.

The maximum number of cost eligible hours per participant for these activities are:

- prepare for, attend and report on Stakeholder Conference  
(up to 2 days @ 11 hours/day)..... 22 hours
- written comments on Stakeholder Conference issues ..... 25 hours

The maximum number of cost eligible hours for an expert retained to prepare a separate expert submission for the Stakeholder conference depends on whether eligible participants are collaborating for this purpose, as follows:

- separate expert submission for one eligible participant ..... 40 hours
- separate expert submission for two or more eligible participants (per *additional* eligible participant) ..... 20 hours

### **Cost Awards**

When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of its *Practice Direction on Cost Awards*. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied. The Board expects that groups representing the same interests or class of persons will make every effort to communicate and co-ordinate their participation in this process.

The Board will use the process set out in section 12 of its *Practice Direction on Cost Awards* to implement the payment of the cost awards. Therefore, the Board will act as a clearing house for all payments of cost awards in this process. For more information on this process, please see the Board's [Practice Direction on Cost Awards](#) and the [October 27, 2005 letter](#) regarding the rationale for the Board acting as a clearing house for the cost award payments. These documents can be found on the Board's [Rules, Codes, Guidelines and Forms](#) webpage.