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For immediate release

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OEB Issues Decision with Reasons on Natural Gas Electricity Interface Review

Toronto – Today the Ontario Energy Board issued a Decision with Reasons on the Natural Gas Electricity Interface Review (NGEIR) proceeding. The NGEIR proceeding followed on from the Natural Gas Forum Report, in which the Board determined that ensuring Ontario's natural gas infrastructure can meet the demands created by new natural gas-fired electricity generators is an "important and immediate priority."

The Board undertook the NGEIR proceeding to determine if it should order new rates for the provision of natural gas transmission, distribution and storage services to natural gas-fired generators. A further objective of the proceeding was to determine whether the Board should refrain, in whole or in part, from regulating rates for gas storage services in Ontario by considering whether there is sufficient competition in natural gas storage in the province to protect the public interest.

Several issues related to the provision of services for natural gas fired electricity generators were settled by the parties at a settlement conference.

These include new distribution rates for high-volume gas customers; more frequent nomination windows; new processes to facilitate gas movement; and high deliverability storage services. The parties did not reach a settlement on the price for high deliverability services.

The Board held an oral hearing to determine whether to refrain from regulating storage. In its Decision, the Board found the storage market is competitive and that Union Gas Limited and Enbridge Gas Distribution, which operate large underground gas storage facilities in southwestern Ontario, do not have market power. As a result, the Board will not regulate the prices of storage services that Union and Enbridge offer to customers outside their franchise areas or the prices of new services these utilities offer to customers in their franchise areas. In addition, the Board will not regulate storage prices for new storage operators. Union and Enbridge's distribution customers will continue to receive regulated, cost-based rates.

The Board also determined the best way to ensure high deliverability storage service for gas-fired generators and other innovative services are developed is to refrain from regulating the prices of these services. The Board will develop a reporting and complaint process to address any issues which arise.

The Decision will have virtually no effect on consumer bills in 2007. In future years the impact will be small – perhaps around 1% for the typical residential consumer.

A copy of the Decision and an executive summary can be found on the Board's web-site at www.oeb.gov.on.ca.

The Ontario Energy Board regulates the province's electricity and natural gas sectors in the public interest. It envisions a healthy and efficient energy sector with informed consumers, and works towards this vision through regulatory processes that are effective, fair and transparent.

For more information on the Board or this Decision, please visit our web site at www.oeb.gov.on.ca or contact the Consumer Relations Centre at 416-314-2455 or toll-free at 1-877-632-2727.

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