

# *Customer Delivery Point Performance Standards*

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# Customer Delivery Point Performance Standards

Hydro One Networks Inc.

In accordance with Section 2.5 of the Transmission System Code, Hydro One Networks Inc. (Networks) is required to develop performance standards at the customer delivery point level, consistent with system wide standards, that reflect:

- typical transmission-system configurations that take into account the historical development of the transmission system at the customer delivery point level;
- historical performance at the customer delivery point level;
- acceptable bands of performance at the customer delivery point level for the transmission system configurations; geographic area, load, and capacity levels; and
- defined triggers that would initiate technical and financial evaluations by the transmitter and its customers regarding performance standards at the customer delivery point level, exemptions from such standards, and study triggers and results.

The Customer Delivery Point Performance Standards and Triggers that are proposed for Networks' transmission system are shown in Table 1 below. Customer/Stakeholder feedback was solicited and their input incorporated, as appropriate, prior to finalizing these delivery point performance standards for submission to the OEB.

| Performance Measure                               | Delivery Point Performance Standards<br>(Based on a Delivery Point's Total Average Station Load) |                                 |                                |                                 |                                |                                 |                                |                                 |
|---|--|---------------------------------|--------------------------------|---------------------------------|--------------------------------|---------------------------------|--------------------------------|---------------------------------|
|   | 0-15 MW  |                                 | 15-40 MW                       |                                 | 40-80 MW                       |                                 | >80 MW                         |                                 |
|   | Standard (Average Performance)   | Minimum Standard of Performance | Standard (Average Performance) | Minimum Standard of Performance | Standard (Average Performance) | Minimum Standard of Performance | Standard (Average Performance) | Minimum Standard of Performance |
| <b>DP Frequency of Interruptions (Outages/yr)</b> | 4.1  | <b>9.0</b>                      | 1.1                            | <b>3.5</b>                      | 0.5                            | <b>1.5</b>                      | 0.3                            | <b>1.0</b>                      |
| <b>DP Interruption Duration (min/yr)</b>          | 89   | <b>360</b>                      | 22                             | <b>140</b>                      | 11                             | <b>55</b>                       | 5                              | <b>25</b>                       |

**Table 1: Networks' Delivery Point Performance Standards**

These delivery point performance standards are based on rigorous statistical analysis of the historical (1991-2000) performance as measured by the frequency and duration of outages that covers the impact of all momentary and sustained interruptions caused by forced outages, excluding force majeure events that are deemed appropriate to be excluded (e.g. 1998 Ice Storm, tornadoes, earthquakes, other acts of God and any other significant event having “excessive” impact on performance that is beyond the reasonable control of, and not a result of the fault or negligence of Networks).

The minimum standards of performance are to be used as triggers by Networks to initiate technical and financial evaluations with affected customers. These bands are to:

- accommodate normal year-to-year delivery point performance variations,
- limit the number of delivery points that are to be considered “outliers” to a manageable/affordable level,
- deliver a level of reliability that is commensurate with customer value,
- and direct/focus efforts for reliability improvements at the “worst” performing delivery points.

The proposed minimum performance standards correspond to a performance bandwidth designed to capture about 90% of all delivery point performance and leave about 10% of the delivery points to be classified as performance “outliers.”

These performance standards will apply to all existing transmission load customers (including Customers that have signed a connection cost recovery agreement prior to market opening). For new or expanding customer loads, the delivery point performance requirements will be specified and paid for by the customer based on their connection needs and negotiated as part of the connection cost recovery agreement.

When the three year rolling average of delivery point performance falls below the minimum standard of performance or when delivery point customer(s) indicate that analysis is required, Networks will initiate technical and financial evaluations to assess remedies for improving reliability.

To encourage proceeding with only those reliability performance improvements that are technically and economically practical and to limit the subsidisation of reliability improvement costs by other pool customers, Networks’ level of incremental investment for improving the performance of an “outlier” will be limited to the present value of three years worth of transformation and/or connection revenue<sup>1</sup> associated with that delivery point. Any funding shortfalls for improving delivery point reliability performance will be made up by affected delivery point customers in the form of a financial/capital contribution. Cost responsibility for these investments is to be consistent with the new Market Rules and the Transmission System Code. Affected delivery point customer(s) will be responsible for all the costs associated with any new/modified facilities required on facilities (lines and stations) they own. The financial

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<sup>1</sup> In the special case where a delivery point pays only network tariffs, line connection tariffs are to be used as proxy in the revenue calculation.

contribution requirements and cost sharing arrangement are to be detailed in a connection cost recovery agreement to be signed with the affected customer(s), before any work to improve delivery point outlier performance begins.

Networks will negotiate timing, solution, cost sharing arrangement, and any other related matters with each customer wanting to proceed with the delivery point reliability performance improvements. The timing/schedule will consider customer impacts, nature of the remedial measures, equipment deliveries, Networks resource capabilities, other investment priorities, and outage/resource availability.

In addition to addressing these delivery point performance standards, Networks is committed to maintaining transmission system-wide reliability levels and to meeting any system-wide service quality indicators approved by the OEB.