

LDC COALITION INTERROGATORY #4

INTERROGATORY

Reference: Evidence of Wirebury Connections Inc., August 7, 2003, Paragraph 8

- (a) How will an increased number of distributors in the Province improve retail access to distribution systems?
- (b) How will "the increased pressures from expanded competition" and the creation of additional distributors in the Province of Ontario "encourage further consolidation of the industry"?

RESPONSE

- (a) The ability for new entrants to participate in the provision of distribution services in Ontario will facilitate the introduction of new processes and new technologies. New companies, such as Hydro Connections Inc. are offering to individually meter apartments and other multi-unit buildings which will open a new market segment to retail access. Under Wirebury's proposal, interval meters will be introduced more quickly in today's changing market allowing retailers to offer direct sales of electricity, load management services, and time-of-use rates to a broader market sooner. It will also more rapidly and efficiently provide consumers with the data they need to gauge their electricity conservation measures.
- (b) Competition for new customers will lead to reduced costs and the introduction of new services. Incumbent utilities that have the ability to compete on this basis will continue to expand their customer base and improve their financial position. Other utilities may find competition to be a challenge and the added risk to their business may encourage them to consolidate their operations through shared service agreements with other utilities or in some cases, to sell or merge their utilities with more successful distributors. This is the natural result of an efficient market but the outcome is expedited by introducing the benefits of competition. Please also see the expert report attached to the LDC Coalition interrogatory at Ex. J12, T15, S7.

