

February 6, 2004

By fax and e-mail - 9 originals by courier

Ontario Energy Board
26th Floor/ P.O. Box 2319
2300 Yonge Street
Toronto, Ontario M4P 1E4

Attention: Assistant Board Secretary

Brantford Power Response to RP-2003-0144 – Staff Report to the Board on Demand-Side Management and Demand Response

As noted by the Provincial Government Conservation and Supply Task Force, local electricity distributors such as Brantford Power are well positioned to provide conservation programs, both DSM and DR. We would like to support the recommendations of the Electricity Distributors Association "DSM Task Force," as well as comment on the Board Staff Report based on our experience, capabilities, and business interests.

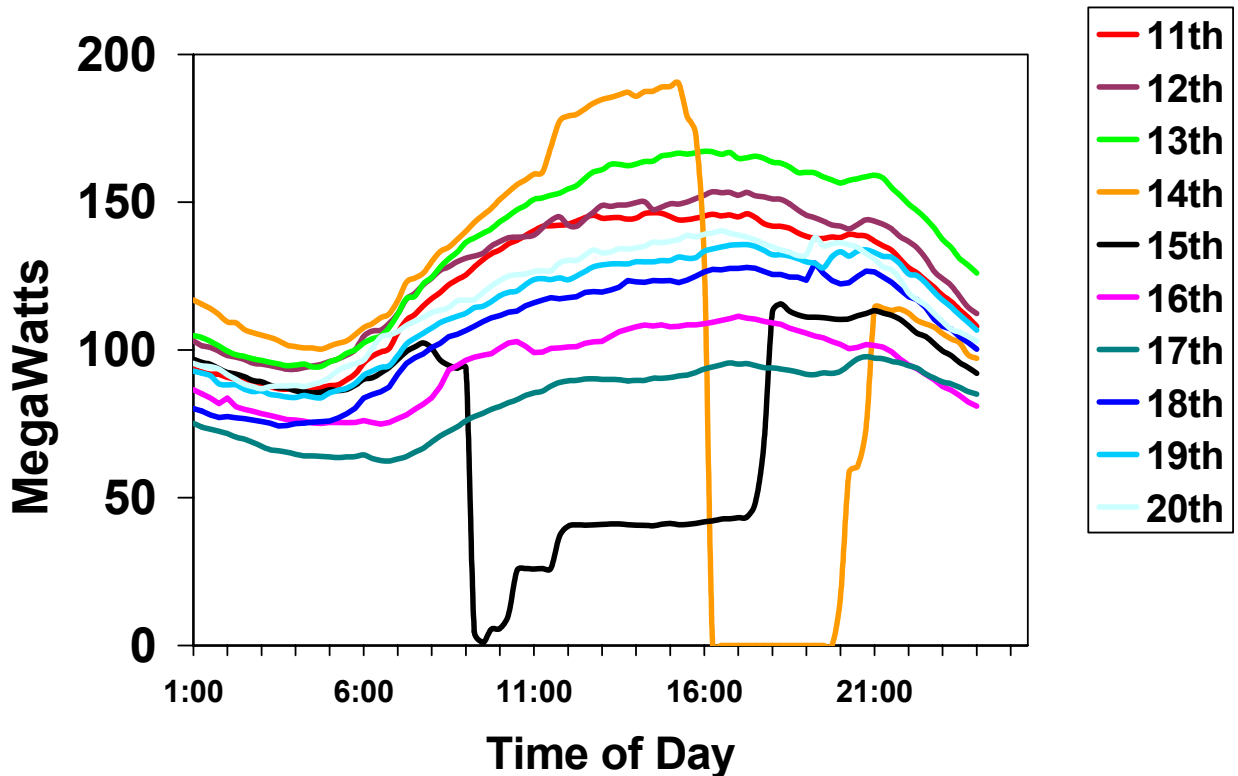
The OEB Staff Report appears to presuppose that delivery of DSM/DR would be a new undertaking for Ontario electricity distributors. On the contrary, we not only have experience, but also an existing load management system. That system is currently a significant stranded investment. Unfortunately, operating our load control system currently decreases volumetric distribution charges, and hence our revenue.

We currently have the ability to control over 4,000 electric water heaters. The demand load under our control is in the order of 5% of our peak demand. We no longer own the water heaters, but have retained the controllers. We have never understood the connection between ownership of the controlled device and the ability to provide an incentive to the end-user to allow the device to be controlled.

The "set timer" and "ripple control" systems described in the staff report are not representative of recent load management technologies. Our controllers are individually addressed and controlled remotely by radio signal. With individual addresses, along with an interface to our Customer Information System, our control can be quite sophisticated. The devices can be set up in groups, or an individual controller can actually be removed from the controlled group by a Customer Service Representative sitting at a computer screen (*"Company coming for the holidays? No problem Sir, we will be pleased to suspend your hot water heater controller"*).

To illustrate the effectiveness of our existing load management system, the graph below shows the Brantford Power demand during the days following the blackout of August 2003. The upward spikes just after 8:00 p.m. on August 18, 19, and 20, are over 5 MW of load being switched back on here in Brantford.

Brantford Power Demand



We should note that our load management system was not installed to obtain internal system benefits, as described in the staff report, but to achieve lower costs on behalf our customers. Least-cost planning and/or optimizing of our distribution system would not be a sufficient reason to continue operating our system.

Other parties, including the EDA, have commented that distribution companies are uniquely positioned to deliver other DSM/DR programs. We certainly have an effective means of delivering information in our routine billings. More importantly, our customers trust their distribution company. In addition to the operation of our load management system, the large load reductions we attained during the blackout recovery were also due to direct contact with our local media and our large commercial and industrial customers. When we asked customers to curtail usage, they responded.

Brantford Power strongly supports comments from OEB staff regarding mass deployment of interval metering. Residential customers have shown little appetite for the fluctuating hourly market prices enabled by interval meters. A more appropriate technology for the residential market is the simpler and cheaper "Time-of-Use" meter. Time-of-Use meters could be used in conjunction with "clear and predictable" TOU rates (i.e. daytime at 8.5 c/kWh, nighttime and weekends at 4 c/kWh - illustrative). If more expensive interval meters are widely deployed, distributors must be compensated for all costs, including the substantial and ongoing costs of dealing with the hourly data produced.

We consider DSM and DR to be vitally important, and the participation of electricity distributors in those efforts to be essential. In order that Brantford Power may participate, we need to ensure that our distribution revenue is not eroded, and that we can earn a commercial return. Regardless of who delivers DSM/DR, our revenues are essential to the health of our local distribution system and must be protected. Perhaps most importantly, a clear, consistent, and sustainable approach to DSM and DR is needed.

If you have any questions, please call me or George Mychailenko, C.E.O. of Brantford Power Inc.

Yours truly,

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