



November 24, 2004

Mr. John Zych  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge St., 26<sup>th</sup> Floor  
Toronto, ON M4P 1E4

**Re: RP-2004-0196 - Comments on Smart Meter Implementation Plan**

Dear Mr. Zych:

The Building Owners and Managers Association of the Greater Toronto Area is pleased to provide comments on the draft implementation plan. We appreciate having had the opportunity to participate on the Planning and Strategy working group where we found the stakeholders representatives, including LDCs, suppliers, retailers and consumers, to be especially thoughtful, insightful, constructive and supportive of the smart meter initiative. General consensus was achieved on most issues through vigorous debate and assessment of alternatives. However, as a general comment, we do not feel the draft report reflects the consensus achieved in our working group on many issues.

To understand our perspective, BOMA members are typically large commercial consumers. Many already have interval meters in place. Some have arranged for optional installation of interval meters at their own expense. Our members also have smaller accounts that are not interval metered and are being billed at spot market price according to NSLS.

BOMA Toronto supports the smart meter initiative, as a means of having all consumers exposed to cost reflective, time based prices. To the extent that consumers are indifferent to adjusting their usage at peaks times, all consumers pay higher costs. Large commercial consumers are effectively being penalized by the inaction of smaller consumers who are currently relatively indifferent to price. Our comments on specific issues follow:

1. Large Consumers as a Priority: We strongly endorse this recommendation of the draft report. Less than 1% of all meters represent in excess of 40% of total load. These should be converted to smart meters as a priority. We encourage the OEB to provide direction to LDCs to allow self selection of interval meters by large consumers to commence immediately. There appears to be full consensus on this issue. The 4 months of waiting for the final report and Ministry direction is wasted time in achieving smart meter implementation for the larger consumers.

2. Cost Recovery. BOMA Toronto strongly supports that the costs of smart meter deployment be borne by the respective customer classes, and not cross subsidized by all consumers. Commercial consumers have had to bear the full cost of interval meters – either through the current regulated charges, or as a direct payment to the LDC for incremental meter costs in those cases where interval meters have been requested outside of DSC requirements. They should not have to pay twice. Some have argued that the benefits of smart meters will be system-wide and so costs should likewise be borne by all consumers. We view this as fundamentally inequitable as large consumers have already been exposed to real time market pricing, and have also paid for the metering costs. This principle should not change as smart meters are deployed into successively smaller customer classes.
3. Enhanced Features. We note that no enhanced features are suggested as minimum functionality. In our working group there was consensus that *pulse outputs* should be a minimum technical requirement. In fact, some LDCs have already elected to include pulse outputs as a standard feature in interval meters for large consumers. This facilitates all manner of enhanced services and functionality, including those provided by third party providers. e.g. pulse output from the utility meter is a basic input to Building Automation Systems (BAS) in commercial buildings, and can be used to support custom profiling and load control applications. Currently the existing meter would have to be replaced to provide a pulse output if none is otherwise included. The incremental cost for pulse outputs for standard interval meters is marginal. It could likely also be justified as a minimum requirement for residential smart meters.
4. Vendor Selection. We support the recommendation not to mandate a single vendor or system. We believe that competitive forces of the marketplace will provide the necessary efficiencies, with LDCs acting as prudent purchasers for their specific requirements. We are however, puzzled at the minimum requirement for vendors to have 10,000 units proven in operation to be eligible. This notion was rejected in our working group as unreasonable as it denied the benefits of continuously improving product offerings from qualified and established suppliers.
5. Compression of Hourly Data into TOU format. The report allows that “LDC’s may compress hourly data into time of use format ...however they must be able to reconfigure to accommodate changes in TOU periods.” We remain puzzled at the apparent substantial efforts to somehow accommodate TOU configurations in the meter as a minimum functional requirement. There was general consensus in our working group that hourly data was the minimum requirement. While we fully appreciate that TOU rates are the likely structure to be applied to regulated residential consumers, this should not have any bearing on technical configuration within the meter. Such ‘compression’ can occur in the billing system. We understand from meter vendors that the incremental cost of data storage in the meter is small, and provides for inherent redundancy in the case of missed reads. The notion of ‘reconfiguring the system’ does not seem practical and frankly, will add to the meter cost. We point out that, as proposed in the report, consumers greater than 50 kW but less than 200 kW are to get the same ‘new’ smart meter system as selected by the LDC for mass deployment. These consumers are currently billed on the hourly market price. No ‘reconfiguration’ will be required as the LDCs will be obliged to bill these consumers on an hourly basis from the outset.

6. Operational Benefits to LDCs. We note that no significant operational benefits are ascribed to the adoption of smart meters and find this somewhat contrary to common sense. The reasoning provided in most cases is, in our opinion, somewhat convoluted. As one example, with respect to possible savings through avoidance of estimated bills, the report suggests “estimates are just as likely to be low as they are high, so there is no real saving”. This reasoning fails to recognize that estimated bills are fundamentally unacceptable, irrespective of cost saving to the LDC. Estimated bills are a continuing problem for large consumers having annual charges of hundreds of thousands of dollars. They are arguably unacceptable for even the smallest of consumers.
7. Stranded Costs. We note the estimated stranded cost of \$473M. This number appears to be overstated, is not supported in the report, and is inconsistent with other numbers contained in the report. For example, the report suggests that the average residential meter has approximately \$20 book value. Taking 4.3 million meters at \$20 equals \$86M. Of the 50,000 meters over 50 kW, the average stranded cost would then be over \$7000 each? We suggest that more detailed substantiation be performed of the potential stranded costs.

As stated in the report, smart meter implementation will be complex and challenging. BOMA Greater Toronto endorses this initiative as a necessary evolution of our Ontario electrical market that will increase both energy efficiencies and market efficiencies.

Thank you for the opportunity to provide these comments. We would be pleased to provide further elaboration as required.



C.S (Chuck) Stradling  
Executive Vice President