

CHATHAM-KENT HYDRO INC.

SUBMISSION

TO THE ONTARIO ENERGY BOARD

RP-2004-0196

SMART METER INITIATIVE

DRAFT IMPLEMENTATION PLAN

November 26, 2004

Comments on OEB Draft Implementation of Smart Meters

Executive Summary

Proposed Smart Meter system

- The Draft plan states that in order to move quickly, distributors must select systems from vendors with at least 10,000 meter points operating in a smart meter system. The plan does not specify if this is in Ontario, North America or worldwide. Chatham-Kent Hydro believes that the distributor should not be restricted to the vendors described above as it may exclude more cost effective and evolving technology. For example, MV90 now supports a wireless paging technology that reduces communication by more than 50%. Chatham-Kent Hydro believes that by restricting distributors to those vendors described above may restrict distributors to phone line technology only.
- The Board stated that one-way communications would be the minimum standard. Chatham-Kent Hydro believes that two-way communication should be the minimum standard, as it will provide more opportunities for efficiencies that can be passed on to the customer to offset the costs of smart metering systems. In addition to efficiencies, the combination of 1 way communication and data stored outside the meter multiplies the distributor's risk of losing customer consumption. Two-way communication would assist distributors in meeting the load reduction targets established by the Minister of Energy by enabling distributors to communicate to load control devices and sending price signals.

Responsibility for Implementation

- Chatham-Kent Hydro agrees with the Board's conclusion that distributors should select the type of smart meter system that best suits their regional conditions and customers.

Impact on Customers

- The Board proposes that customers will have access to previous day information via telephone or internet. This should be expanded to enable near real time data to be transmitted back to customers via other communication methods. Chatham-Kent Hydro would also point out that by supplying the previous days information may not meet the Minister's intentions to provide real time pricing to meet the demand reduction targets.

Cost

- Chatham-Kent Hydro agrees that a socialized approach be taken, with the costs included in the distributors delivery rates to fund the capital and maintenance costs of smart meters.

Implementation

Procurement

- The Board has recommended that central buying groups be formed to select and procure smart meters. Central buying may be viewed as successful but Chatham-Kent Hydro has found more success by buying meters from multiple vendors. Regional procurement will not show significant benefits if all distributors in the buying group are using uncommon proprietary systems. Using smart meter systems that are not proprietary will enable the distributor to buy from multiple vendors, which will generate competition and control costs. An example of this system would be one that retrofits existing meters.

Deployment

- Chatham-Kent Hydro believes that distributors should meet the timelines identified in the report with the exception of the allowance for group 2 and 3 customers who may request early installation. Early installation for these customers should be at the discretion of the distributor as it may negatively impact the schedule, costs and overall deployment of smart meters.
- Deployment for group 1 customers should begin in 2005 in order to achieve the 2010 target of full deployment. Issues like the number of accredited meter shops, suppliers, etc. need to be resolved in 2005.
- Chatham-Kent Hydro agrees with mass deployment to properly utilize communication infrastructure. This also supports structured deployment to outlying areas for early cost control and future maintenance efficiencies. The Measurement Canada reverification schedule inhibits this approach unless dispensation is acquired. Chatham-Kent believes the Province and Measurement Canada should develop an agreement to address this issue for the duration of the deployment period.

Costs

Stranded Costs

- Chatham-Kent Hydro believes that the stranding of metering assets will be minimized if the retrofit of electro mechanical meters is an approved option.

Summary

- Chatham-Kent Hydro believes that standards should be established that allow distributors to maintain existing synergies with other utilities. This would include meter reading and billing.
- Distributors that choose to exceed the minimum standard to achieve other efficiencies, and reduce stranded costs should not be penalized.
- The report does not mandate storage at the meter, which increases the risk to the distributor, and its customers, in particular to lost data during critical peak periods that

may be subjected to a challenge. Chatham-Kent Hydro believes that interval data should be stored at the meter.

- One-way communication is contradictory to the functionality of time of use where critical peak price signals are required to be initiated from the main server.