



**BY COURIER**

Mr. John Zych  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street  
26th Floor  
Toronto, ON M4P 1E4

Dear Mr. Zych:

**Re: Smart Metering Initiative  
Board File No.: RP-2004-0196**

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I am pleased to forward comments to the Board on the proposed Smart Metering initiative on behalf of the Cornerstone Hydro Electric Concepts Association (CHEC). The Cornerstone group has provided a number of responses to the Board in the past as part of a group effort. In doing this, we can provide the Board with the combined musings of multiple LDC's while limiting the amount of documents required.

This submission is made on behalf of the following participating members of the CHEC group: Center Wellington Hydro Ltd.; COLLUS Power Corp.; Grand Valley Energy Inc.; Gravenhurst Hydro Distribution Systems Ltd.; Innisfil Hydro Distribution Systems Limited; Lakefront Utilities Inc.; Lakeland Power Distribution Ltd.; Midland Power Utility Corporation; Orangeville Hydro Ltd.; Orillia Power Corporation; Parry Sound Power Corporation; Rideau St. Lawrence Distribution Inc.; St. Thomas Energy Inc.; Wasaga Distribution Inc.; Wellington North Power Inc.; Westario Power Inc.; West Coast Huron Energy Inc.; Woodstock Hydro Services Inc.

The members of the CHEC group would like to salute the efforts of the working groups in the detailed analysis provided throughout the document and the accompanying appendices. Those of us who had the privilege of working with the OEB on this project appreciated the opportunity to provide specific insight from the perspective of an LDC, while at the same time gained a better understanding of the views and concerns of the other participants.

We are encouraged that the industry as a whole seems to have embraced the concept of LDCs banding together to achieve efficiencies as a viable alternative for those who choose not to merge or amalgamate. The Smart Metering implementation plan in section 2.4.1 refers to "buying groups" and we fully support this concept as a method for achieving increased efficiencies for the implementation of the Governments goal on "smart metering". We see opportunities to work together not only for purchasing, but also for the deployment, and the ongoing operations and maintenance phase of the project. Obviously many details on how responsibilities and tasks would be shared still need to be worked out, but we embrace the opportunity to find the right solution from within.

***Section 2.4.1***

***Ontario's varying customer density and terrain call for a range of systems. Distributors with similar needs should form buying groups and issue requests for proposals to help get the best pricing.***

Although we generally support the overall implementation plan as a viable process for meeting the aggressive goals outlined by the Minister, there are three key areas which we feel should be reviewed prior to presenting the final document to the Minister.

In the Background section of the initial Discussion Paper, three key components were identified as conditions which need to exist in order for consumers to change the amount or timing of their consumption.

1. A price that changes over time
2. The ability of consumers to see and respond to a price signal
3. The ability to measure the response and apply prices as appropriate

In addition to the three conditions noted by the Board, there is an additional point that should be added, and that is: The willingness of a consumer to change. Without the willing participation of the consumer, all three of the other conditions could be met without any action being taken. It is important to remember that the provision of “smart meters” does not guarantee the participation of the consumers, and therefore has a direct impact on the planned conservation reductions. From the reporting section: 2.5.7 Grandfathering of Existing Installations

#### ***Existing Prepaid Meters***

***There are about 2,000 prepaid meters in the province that do not meet the minimum requirements of a smart meter. These meters have been used to achieve significant reductions in demand among the customers using them and should be grandfathered. The meters are not able to bill based on Critical Peak Pricing (CPP). Different rates would need to be set up for this group that do not include CPP (when implemented). If these grandfathered meters need to be replaced, the meter should be replaced with a smart meter. In some situations, this will mean that smart meter communications infrastructure will be underutilized until all grandfathered prepaid meters are phased out.***

If the goal of “smart meters” is to increase customer awareness of their electricity consumption in order to encourage conservation and wise use of electricity, pre-paid meters should not be discounted for they have been performing that function for quite some time. As people are forced to manually re-charge their pre-paid meter, their energy consumption becomes something they truly become aware of. During the weeks that they use Air Conditioning, the kwh’s are being consumed faster than during the weeks when the weather is cooler and Air Conditioners are not in use. This in itself forces a consumer to be more aware of their consumption as they are required to re-charge their meter more often during periods when consumption is higher. One could easily state that Pre-paid Meters by their very nature force a consumer to take note of their consumption, while even intricate data collection from interval meters can be ignored by consumers. The implementation plan further goes on to say that pre-paid meters do not allow for the addition of Critical Peak Pricing. Critical Peak Pricing is a method which can be used to influence not only consumer driven response, but also as a signal for centralized load response programs. Customers with Pre-paid meters are therefore not by default excluded from the opportunity to react. They merely would require another method to do so. This only means that the industry will have to address the method through which customers participating in centralized load control are recognized for their participation through some other form of rate plan.

It is our view that the “Grandfathering” clause should be for the Prepaid Technology as opposed to the stated option of simply grandfathering the existing installations. The industry has in place a metering system that has a proven track record of encouraging “Smart” consumption. It would be unwise for Ontario to eliminate the use of the existing prepaid metering technology that actually

provides the very results we are hoping to achieve through the introduction of a new form of “smart meters”. In essence, we would like to see the existing “Prepaid Metering” technology adopted as a qualified form of “Smart Metering”.

Our second area of concern is the recommendation of the plan from section 4.4.1

***Distributors must choose systems that have a proven track record in the field, with at least 10,000 units that comply with the proposed technical requirements installed and working.***

Where do these units have to be installed? Can units installed across North America be deemed acceptable, or must they be units which have already received Measurement Canada approvals and installed in one of the Canadian Provinces? We understand the concerns of the OEB that unproven technologies should not be deployed in a large scale in order to protect the costs incurred by our consumers. However the industry has only recently begun adopting the “smart meter” technologies in large scale and there is concern that we could be limiting new, improved, and ultimately beneficial technologies through the inclusion of this requirement. Measurement Canada currently has one of the most rigorous testing and approval processes across North America, and it is our view that we should be able to put faith in the systems already in place which have been established to protect the consumer.

Should the requirement of 10,000 units not be reduced or eliminated, at the very least, the plan should have some method of allowing for new technologies to be tested and approved for use in Ontario. This would create an avenue for new emerging technologies to get a foothold in Ontario which would in turn encourage innovation and the ongoing evolution of “smart metering”.

The third section of concern is the current plan for the presentation of data and data flow. The goal should be to provide the marketplace the tools required to perform existing billing functions, and to promote new opportunities through the use of data available from the new metering technology. The goal should also be to ensure we do this in the most cost effective manner possible as ultimately it is the customer that ends up paying for the infrastructure put in place to perform these tasks.

The prime focus for the introduction of “smart meter” technology should be to provide the consumers a useful tool to better understand their consumption patterns in an effort to encourage Conservation and Demand Management initiatives across the Province. The way the current data flow requirements are set out in the document, it appears the central storage of provincial data is to be updated both by the meter reading systems (after initial Validation and Editing) as well as updated by the individual CIS systems if there is any further adjustment performed during the billing processes.

Given the fact that Meter Reading systems and Billing systems perform very specific functions, it seems reasonable to modify only one system to provide information flow to the central file storage. The central data storage system should be designed to receive the data in a Kwh / Kw / Kva format in the same way that the CIS system receives the data from the meter reading system. In this way, the central storage has actual data that can be retrieved by any party authorized to do so, without the data having been altered for billing purposes.

There are some concerned that the data in the repository should match the information shown on the consumers invoice 100% of the time. It is our position, that in most cases a consumer would be viewing the data in weekly, or calendar month increments, which will not likely ever match the actual billing cycles of the particular LDC. Due to that, the customer should not be expecting

to use the data presentment as a tool to verify proper billing, but for profiling and measuring the potential impacts of adjusting their usage patterns.

Eliminating the need for CIS systems to provide updated information in addition to the requirement of providing Validated Meter Data from the Meter Reading system, would remove a significant level of increased cost and complexity which in fact adds very limited value to either the consumer, or the market as a whole.

Should you have any questions with regards to the comments or suggestions put forward by our group, please contact me at your convenience by e-mail at [dvaiciunas@collus.com](mailto:dvaiciunas@collus.com) or by phone at (705)- 446-5152 or by Fax at (705) 445-0791.

Respectfully submitted,  
Cornerstone Hydro Electric Concepts Association Inc.

*Darius Vaiciunas*

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Chair

cc CHEC Member LDC's  
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