2004-11-23

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

Dear Mr. Zych:

Re: Draft Report Smart Meter Implementation Plan – RP-2004-0196

Please find below our comments on the Draft Smart Meter Implementation Plan report issued by the Board on November 9, 2004. The comments are listed by section, in the order of the draft report.

Comments on "SMART Meter Implementation Summary"

Proposed SMART meter system: There is no mention of a SMART meter replacement plan for 600-volt self-contained meters that are currently in existence. Of the 6,335-polyphase commercial/industrial meters on the EnWin system, 556 (approximately 8.78%) are self-contained 600 Voltmeters.

Proposed SMART meter system-Paragraph 3: The cut-off date for manufacturers to have the 10,000 meters in service needs to be clarified. Where a minor modification to a meter's design or firmware is made, will there still be a requirement for 10,000 meters to be in service? The concern is that there will be a bias against systems with less than 10,000 meter points in operation as this may limit promising new technologies.

Proposed SMART meter system-Paragraph 5: Clarification is requested regarding whether or not retailers and other service companies have a right to displace Utility's meters. If so, how will stranded costs be dealt with at a later date?

Rollout of SMART meters-First paragraph: Demand for some Customers in the 50 to 200 kW range may be metered using a standard, SMART kilowatt-hour meter in which demand would be registered as kilowatt-hours per hour. However, Customers with poor power factors will require meters that can also register kVAR-h. As well, it is common practice that Customers in the greater than 30 kW range

also receive demand meters so that their demand consumption can be monitored to determine when it crosses the 50 kW threshold.

Third paragraph: Clarification is requested regarding whether or not distributor's costs to carry out pilot programs will be recoverable.

Responsibility for implementation – Second paragraph: Buying groups have not provided significant price reductions in the past as Suppliers did not give price breaks on tenders that required unique labelling (i.e. utility name and numbering), with separate shipping locations, dates and volumes.

Impact on Customers-Second paragraph: It is suggested that providing consumption data via the telephone will be onerous for Customers, with little uptake and expensive for Utilities to provide.

Cost: Concern is expressed regarding how quickly costs for the SMART meter system will be allowed into rates.

Comments on "Report"

1.2 Objective: Paragraph 6: "Ensure that the system is capable of recording hourly data for every customer;" seems to contradict the use of TOU meters as later described in section 4.4.1 paragraph 3, "compress hourly data into time-of-use (TOU) and critical peak pricing (CPP) format."

1.5.2. Smart Meter Communication Module (SMCM): If data from the meter is only stored in the SMCM and not in the meter, then loss of communication between the meter and SMCM will result in loss of data. Storage of data in the meter is critical as experience has shown that the communication system is the area most prone to problems.

2.2.3 Implementation Coordinator: Concern is expressed regarding the ability of the Implementation Coordinator to direct Utilities to incur an expense without having the authority to guarantee that expense will be allowed in rates.

2.3 Implementation Timeline – Local Distribution Company – Smart Metering Deployment for Customer Groups: Clarification is requested regarding the criterion used to determine the demand for the customer groups; for example, is the demand the annual average demand, annual peak demand or some other determinant of demand?

It is further suggested that the customer load should not be the only item considered when identifying the various customer groups. The size of service

should also be considered for the group classifications (i.e. transformer rated services >200 Amperes could be considered Group 3).

Where an existing commercial interval customer falls above or below the 200 kW criteria, it is suggested that criteria be developed and stated as to when this would require a meter change.

It is suggested that it be specifically stated that Group 3 customers are responsible for installation and maintenance of the telephone line. As well, the local distribution utility will need some recourse when the Customer does not provide or maintain the telephone line.

2.5.1 Distributor Early Adopters Conduct Technology Pilots: If the Implementation Coordinator shares the results of the pilots with all distributors then there would be little incentive for a distributor to participate in a pilot project.

2.5.4 Distributor Targets: Clarification is requested regarding whether or not it is expected that Utilities will be required to begin SMART meter installation on existing Customers whose loads are > 200 kW, beginning in January 2005.

2.6.2 Group 2 And 3 Customer's Requesting Early Installation Of Meters: Concern is expressed regarding the statement that Group 2 and 3 Customers should not pay any additional charge for early deployment. For the largest Customers, the technology decision has already been made, however, for Group 2 Customers that decision will not be made until 2006. The Utility should not be liable for metering costs for Group 2 Customers requesting early deployment, until the metering technology decision has been made.

3. SMART Metering Costs: It is suggested that the Board will need to decide the depreciation rate for SMART meters quickly. This will be required in order to determine rate changes needed to recover the SMART metering costs.

3.1.2 Distributor Operational Savings And Retailer Opportunities: EnWin disagrees with the statement that the cost associated with the benefits from SMART metering Utilities might realize in the operation of their distribution systems should not accrue to the Customer directly. Clearly, any operating benefit that a Utility receives from SMART metering will enable the Utility's operating costs to decrease. This decrease in operating cost will result in a reduction of rates to the Customer and hence, the Customer will be the ultimate beneficiary and should therefore support the costs directly.

3.4.3 Recovery Of Costs For Customers Over 200 kW: Some Customers who have not qualified for an interval meter in accordance with the Distribution System Code (section 5.1.3) have paid Utilities to install interval meters in advance of the

SMART metering program. A determination of how these Customers should be treated is needed.

EnWin disagrees with the statement that all existing Customers over 1000 kW and many Customers over 500 kW have paid for their meters. In *ENWIN*'s case, the costs to install these meters were never charged to the individual Customers but were borne by the Utility with the expectation that the capital costs would be recovered in rates. Clearly, there has not been sufficient time to allow recovery of these costs.

3.4.4 Enhanced System Features: Concern is expressed over the time requirement to justify to the Board before being allowed to recover in rates any enhanced system features. Utilities will need to make quick decisions regarding the technology that they will use for their SMART Meter programs. If a Utility must wait for Board approval as to whether or not to allow the costs for enhanced features into rates, then that delay may force a Utility to abandon the offering of the enhanced features.

3.4.5 Stranded Cost Recovery: It is suggested in the report that stranded costs be moved into regulatory assets whose costs would be recovered over 15 years. Utilities with capital tied up in assets for which they cannot earn a rate of return would suffer an opportunity cost.

As well, some Utilities do not have their metering assets allocated by Customer class; therefore it would be difficult to determine a rate recovery by Customer class.

4.1 Table E: Customer Billing And Data Requirements: Group 2 Customer's with poor power factors will require meters which can also record kVAR-h. **4.3.1 Minimum SMS Functionality**: It is suggested that bi-directional communication would facilitate the maintenance of accurate time clocks in the meters by ensuring that the meter's hourly buckets match true time. This should be a mandatory requirement or at least a functionality that does not require a business case in order to implement.

4.4.1 Minimum Technical Requirements: It is suggested that the provision of a device in the home, capable of displaying real time consumption in both kilowatt-hours and dollars be considered as a function that does not require a business case to implement. Our view is that such a device will result in a much more significant change in consumer behaviour then any other method currently being contemplated.

4.5 Customer Information: Clarification is requested regarding the need to estimate pricing for 8:00 a.m. to display to Customers each day. If pricing information is not available by 8:00 a.m. then it is suggested that the display of

Customer information be deferred until such time as the pricing for the rate periods is available to avoid confusion to the Customer that will result when actual prices differ from the estimates previously provided.

5. Non-Commodity Time Of Use Rates: EnWin disagrees that its distribution rates should be prescribed on a time of use format. LDC's costs are largely fixed and we require predictable revenues in order to operate and meet our safety and reliability targets. LDC's needs are different from that of the generators and it would be unfair to prescribe delivery rates on a time of use format in order to reduce demand on the generating infrastructure.

Appendices- Use of Daylight Savings Time for Meter Read Data Collection: The requirement to use daylight saving time for meter read data collection raises some concern relating to the possibility of increased error in modifying data collection systems twice annually (Spring and Fall). It also increases the exposure to related systems to which this information is fed. This change will also require adjustments to multiple billing interfaces.

We thank you for the opportunity to comment. If you have any questions regarding the above, please do not hesitate to contact me at the telephone number provided below.

Sincerely,

ENWIN **Powerlines Ltd.**

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