

November 24, 2004

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

Dear Mr. Zych:

Re: OEB Draft Implementation Plan on Smart Meters

The Power Workers' Union (PWU) would like to congratulate the Ontario Energy Board (OEB) on producing a draft Implementation Plan on Smart Meters that provides opportunity for future innovation with minimal industry restructuring requirements. Attached please find our comments on the draft implementation plan.

The PWU appreciates the opportunity provided by the OEB for our participation on the Smart Metering Planning and Strategy Working Group. The PWU represents over 15,000 employees who are the customer interface across all sectors of the electricity industry and who have direct responsibility for generating, transmitting and delivering power in a safe, efficient and reliable fashion. Any initiative or proceeding that impacts the industry's ability to provide value to customers in terms of safe and reliable quality service, will also impact the environment in which our members work and is of fundamental concern to the PWU. In representing employees in the electricity industry, the PWU also upholds the public interest, which it in part fulfills through participation in regulatory initiatives and proceedings.

The PWU represents members working for 40 different employers in all sectors of the electricity industry, including: Hydro One; 23 local distribution companies other than Hydro One; Ontario Power Generation; Bruce Power; TransAlta in Ottawa; Northwind Power; Mississagi Power; the Electrical Safety Authority; and the Independent Market Operator. In addition, the PWU is a limited partner in the Bruce Power Limited Partnership. A complete list of PWU employers is attached.

Yours truly,

Don MacKinnon
President

Att.

List of PWU Employers

Hydro One
Inergi
Vertex
IMO
ESA
Barrie Hydro
The Corporation of the County of Brant
Brant County Power
City of Dryden
Erie Thames Services Corp.
Great Lakes Power
Grimsby
Halton Hills
Innisfil Hydro Dist. Systems Ltd.
Kenora Hydro Electric Corp. Ltd.
Kincardine Cable TV Ltd.
Kitchener/Wilmot Hydro
London Hydro
Middlesex Power Dist. Corp.
Milton Hydro Dist. Inc.
Newmarket Hydro Ltd.
Norfolk Power Dist. Inc.
Orangeville Hydro
PUC Services Inc.
Sioux Lookout Hydro Inc.
Whitby Hydro Energy Services Corp.
Bruce Power
AECL Pembroke,
Kinectrics Toronto
Ontario Power Generation
TransAlta Energy Corporation
New Horizons Solutions
Northwind Windsor
Brighton Beach Power
Mississagi Power

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PWU Comments on

The Ontario Energy Board's Draft Smart Meter Implementation Plan

INTRODUCTION

The Government of Ontario has established targets for the installation of 800,000 smart electricity meters by December 31, 2007 and for the remaining Ontario consumers by December 31, 2010. On June 23, 2004 the Minister of Energy issued a directive to the Ontario Energy Board (the OEB) to develop, by February 15, 2005 an implementation plan for the achievement of the Government's smart meter target.

On November 9, 2004 the Board released a draft implementation plan for public comment.

The draft Implementation Plan on Smart Meters provides future opportunities and innovation in the long term without requiring significant industry restructuring. The draft plan ensures financial stability for the local distribution companies that will allow for ongoing safe and reliable service quality for consumers over the installation period.

Along with comments on the OEB's draft implementation plan, the Power Workers' Union (PWU) would like to familiarize the OEB with its Hiring Hall and training infrastructure as sources that can help to alleviate skilled labour resourcing constraints in the implementation of smart meters.

IMPLEMENTATION

The PWU is pleased that the OEB is proposing to include the Electrical Safety Authority (ESA) on the Smart Meter Steering Committee. Public and employee safety is a priority that the PWU pursues by ensuring their membership's ongoing participation on health and safety committees and workshops. In addition, safety provisions are very much part of the PWU collective agreements with employers. Such provisions ensure the ongoing electricity safety standards in the province. Safety must not be compromised and given the possibility of vendor installations, it is hoped that the ESA's involvement on the steering committee will raise vendor awareness on the safety standards that employees in Ontario's electricity industry embrace.

Potential barriers to the implementation plan¹ related to resource issues identified in the report are the following: collective bargaining agreements; and, insufficient installation resources.

With regard to the collective agreements, as indicated earlier in this section, in addition to other working conditions for employees in the industry, they set the safety standard for the electricity industry in Ontario. The electricity industry is a unique industry requiring a highly skilled and trained labour force, and collective agreements ensure that Ontario will continue to be served by a labour force capable of maintaining the ongoing safety and service quality and reliability of the electricity industry for the short and long term.

The PWU appreciates the OEB's recognition of the industry's workforce and the need to respect the collective agreements reflected in the Smart Meter Implementation Plan. The smart meter initiative will undoubtedly have significant impacts on the employees in Ontario's electricity industry including the loss of meter reader jobs and a large scale aggressive implementation plan. Respect for collective agreements in dealing with these impacts will provide the necessary sensitivity for employees.

The PWU also appreciates the OEB's proposal that the industry work with bargaining units and their hiring halls to obtain resources if cost effective and would like to enlighten the Board on the PWU's Hiring Hall. In fact, the PWU is by far the largest entity in Ontario that has a Hiring Hall of skilled electricity workers. The Hiring Hall supplies line workers, meter readers, protection and control technicians, and electricians on a temporary basis. Even though there is a continent wide shortage of skilled utility workers, there are currently 2,000 skilled utility workers available through the PWU Hiring Hall. Potentially, all of these workers have the skills to install the more complex interval meters. The PWU's Hiring Hall is available to meet resource requirements for skilled utility workers beyond those available through regular employment.

In addition to having skilled labour available, the PWU has training infrastructure in place in Ontario. The PWU currently operates a 30,000 square foot facility in Bruce County to provide trades training with the instruction carried out by PWU Hiring Hall members. The PWU is also closely associated with and has access to a facility within an hour's drive of Toronto that would be ideally suited for training and the accommodation of as many as 200 students at a time.

The PWU supports the Board's proposal that LDCs continue to be responsible for metering services. In addition to all the implementation issues identified in Appendix B1 related to making meter service contestable, the meter fulfils an important consumer protection function in meter disputes. This function is in large part dependent on the party responsible for meter services maintaining historic meter records. Should third party competitive meter service under meter

¹Smart Meter Implementation Plan Draft Report of the Board for Comment. Appendices, page 47.

service contestability introduce risk of responsibility default, the consumer protection function of meter service may be jeopardized.

The PWU is pleased that the OEB has identified the need for a strong communications strategy for the smart meter initiative. From the perspective of employees in the industry who will undoubtedly need to respond to consumer enquiries on the costs and benefits of smart meters, the early initiation of a proactive and on-going communication and education plan on the smart meter initiative would be desirable to minimize consumer concern.

SMART METERING COSTS

While it appears that there will be considerable rate impact related to the installation of smart meters, it is hoped that in addition to the Regulated Rate Plan there will be innovative smart meter based programs that will help offset the cost of smart meters. To the extent that the OEB has authority over such programs, the PWU looks to the OEB to exercise its authority in a manner that allows for the expeditious and prudent implementation of the programs so that LDCs and consumers may have early opportunity to defray the incremental cost associated of smart meters.

The OEB's proposal to include the cost of smart metering in distribution rates as soon as a distributor starts to install smart meters, and to transfer stranded costs out of ratebase and into regulatory assets, provides the LDCs with much needed financial stability. The LDCs are taking on the risk and responsibility of implementing the Government's smart meter initiative and it is only fair that they should be held financially whole with regard to the initiative. LDC financial stability is essential to maintain ongoing distribution service quality and reliability.

SMART METERING SYSTEM MINIMUM REQUIREMENTS

The Draft Implementation Plan's smart metering system minimum requirements provides potential for LDC innovation and increases the potential for consumers to benefit from the extra cost of smart metering. The PWU believes that choosing advanced metering is similar to choosing to install advanced technology on distribution and transmission systems that lead to improved efficiency.

NON-COMMODITY TIME OF USE RATES

The Draft Implementation Plan identifies charges on customers' bills that have potential for time differentiation based on costs and those that do not. In the PWU's view, the Board should not stray from the principle of cost causality to create benefits for the smart metering initiative, rather smart meters should be in place to accommodate cost-based opportunities for conservation and demand management.