January 10, 2005

Peter H. O'Dell
Assistant Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
26th Floor
Toronto, ON M4P 1E4

Re: RP-2004-0196

Dear Mr. O'Dell:

Please accept these comments of the Demand Response and Advanced Metering Coalition (DRAM) in response the Board's December 21, 2004 Notice of Further Consulations on the Smart Meter Initiative (RP-2004-0196). Enclosed are 6 copies of our comments as well as an electronic copy of these comments.

Thank you for the opportunity to comment. Please direct any questions to:

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Sincerely,

Dan Delurey

Dan Delurey
Executive Director
DRAM Coalition

Comments

Of

Demand Response and Advanced Metering Coalition

To

Ontario Energy Board

On

Further Consultations on Smart Meter Initiative

RP-2004-0196

January 10, 2005

Mandating a two-way communications network would mean taking an approach that is not in the best interest of Ontario Electricity Customers. This is not because two-way communications fails to offer benefits; it does and those procuring such will do so because they wish to obtain such benefits. But the focus in the Smart Metering Initiative should continue to be on functionality and not on technical specification.

The issue of whether a two-way communication system should be mandated as part of the Smart Metering Initiative has been a major point of debate in state regulatory proceedings in the U.S. over the past two years. The approach taken in the states most advanced in their processes is the one that DRAM has consistently put forth in this Consultation, i.e. that it is functionality that should be mandated, not technology. If a functional approach is taken, whereby parameters such as measurement frequency, pricing support capability, data retrieval frequency, etc. are specified, then a number of different technologies can compete against each other. Each of these technologies may meet the functional test but do so in different ways using different technology designs and technologies.

DRAM offers the following comments on the specific questions put forth by the OEB:

1. What are the benefits and drawbacks of mandating a two way communications network?

DRAM Comment: The drawback of mandating a two way network is that the province could be mandating specific technology solutions and remove the ability of the LDCs to choose from among different technologies that all meet the functionality desired and specified. If the metering and customer service functionality requires or lead to a two-way system in a given deployment, then a two-way system will be deployed. But the two-way system will be a result of functionality requirements, not the result of a technology mandate.

Two-way systems by their nature offer different and additional benefits, as put forth by other parties in this Consultation. These benefits can include greater reliability of data collection, ability to synchronize meter time clocks, remote update of functionality, etc. The value of those benefits, in combination with the OEB's requirements that smart meters be coupled with dynamic pricing options such as critical peak pricing, will support the choice of a two-way system.

2. In the event of Province-wide two-way communication, should electricity distributors be responsible for operating the communications network?

DRAM Comment: There are major scale economies inherent in the operation of smart meter communications systems that make it desirable for an LDC to provide the meters, and, depending on the type of communications chosen, the communications network or major portions thereof (the so-called "local area network" or LAN that connects the communication system to the meters.

For the “wide area network” or WAN several different communications technology options are utilized and the communications system is not dedicated. Public networks are utilized with proven technologies. LDCs should not be required to provide or operate WAN communications network, as LDC-based scale economies are not as applicable at this level. They should instead be required to determine the appropriate and most cost-effective option for their particular deployment. It may be that the best choice for an LDC may be choose a technology and service provider that has prime responsibility for providing, operating, maintaining and upgrading the network and maintaining the expertise and resources with which to do so.

3. If not, how should a communications operator or operators be selected?

DRAM Comment: There is no reason for the LDC not to follow normal bidding processes for this. At the same time, there is no reason to not allow buying groups to be formed, where LDCs have chosen to form such based on the identification of a situation where group purchasing would result in lower costs and/or greater benefits.

4. How would rates for the communications operator or operators be set and/or collected?

DRAM Comment: Costs for the communications technology and services required for the Smart Metering Initiative should be considered part of the total costs to be recovered in rates set by the OEB to accomplish the Initiative. Regardless of which communications technology option is chosen by an LDC, there is not a new telecommunications regulatory requirement introduced. The communications cost become part of the technology products and services

supplied by vendor parties to the LDCs to allow the Lads to meet the functional requirements of the Initiative.

5. If there is a two-way communications network, would an open data protocol aid the development and availability of end-devices and services?

DRAM Comment: This cannot be assumed to be the case. An open data protocol could in fact eliminate existing, proven options. Perhaps more importantly, the time required to develop such a protocol could adversely impact the timeline of the Initiative. This would be an unnecessary consequence since there are many proven technology options that use proprietary communications protocols for the network data transport and which can meet the functional requirements that the Initiative is expected to set forth.