

Hydro Ottawa Limited
3025 Albion Road North, PO Box 8700
Ottawa, Ontario K1G 3S4
Tel.: (613) 738-6400
Fax: (613) 738-6403
www.hydroottawa.com

Hydro Ottawa limitée
3025, chemin Albion Nord, C.P. 8700
Ottawa (Ontario) K1G 3S4
Tél. : (613) 738-6400
Télééc. : (613) 738-6403
www.hydroottawa.com



January 10, 2005

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

Dear Mr. O'Dell

Re: Smart Meter Initiative (RP-2004-0196) – Further consultations on Two-way Communications

In reply to your December 21, 2004 letter to interested stakeholders, Hydro Ottawa Limited (“Hydro Ottawa”) wishes to submit its response to each of the five questions posed by the OEB related to two-way communication for the transmission of smart meter data. Hydro Ottawa supports the Minister’s directive on Smart Meters and will continue to be an active participant in the development of an executable plan. To this end, we continue to work closely with other large LDC’s, namely Enersource, Hamilton, PowerStream, Toronto and Veridian (collectively known as the Coalition of Large Distributors or CLD) to create a conservation culture in Ontario through the effective and efficient deployment of Smart Meters and Conservation and Demand Management initiatives to the maximum benefit of each LDC’s customers.

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

Hydro Ottawa does not support a mandated two-way communication network. The communication solutions necessary to effectively implement Smart Metering according to the Minister’s timeline must be deployed quickly and be flexible enough to fit a number of situations. Each LDC has different operational requirements, business drivers and customer needs based on its size, geography and demographics. Smart metering communication systems will be required to fulfill a variety of applications and must be implemented quickly. Using different communication technologies, media and suppliers will permit LDC’s to build a network that makes the best use of the rapidly changing technologies while minimizing risk (cost, reliability, service). Limiting LDC’s to a two-way communication solution for all customers may increase costs now and in the future with no demonstrated benefit for certain customer classes or types. Regardless, LDC’s should be free to deploy any smart metering communication solution that best meets their customer and business needs. The regulatory treatment of all smart metering system costs should be consistent with other capital investments in distribution plant with the addition of an annual re-basing mechanism. The underlying principle being that while the business decisions made by LDC’s

may be different and have different associated costs, the reasons are the same – maximize operating efficiency and customer service.

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

LDC's have been operating communications networks for their SCADA and Distribution Automation systems for decades. LDC's have existing communication systems, licenses and networks and are uniquely capable of managing the diverse communication systems (technology, media, applications) currently used in the business of distributing electricity by using totally in-house designed and owned systems, by contracting services (service bureau), or by leasing carrier equipment (telco, broadband, wireless) or a combination of all three.

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

Hydro Ottawa does not support the selection of a "communication operator". We are also not aware of a single entity with greater capability than a large LDC to operate and maintain the various communication media that will be deployed. As business corporations LDC's are capable of and accountable for maximizing efficiency, conservation education and customer service within their franchise territories. A single communication operator could have undue influence on the metering marketplace and competition.

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

Hydro Ottawa believes that an existing competitive market and regulatory framework (CRTC) exists to determine rates and pricing for communication services.

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

Hydro Ottawa supports an open data protocol as it would directly translate into increased efficiency and reliability and lower overall costs for consumers. However, the timeframe for implementing Smart Meters and the size of the Ontario market relative to the rest of North America makes this goal likely unattainable. The technical and competitive obstacles are significant and the Ontario market has little influence over meter manufacturers and their OEM communication equipment suppliers. In any case, preference should be given to vendors who can demonstrate support for open interfaces and common protocols or a product roadmap showing evolution in this area.

We look forward to working with the Board to implement Smart Meters and enhancing the services we provide consumers.

Yours truly,

Lynne Anderson

Director, Regulatory Service

lynneanderson@hydroottawa.com

Phone: (613) 738-5499 x 527. Fax: (613) 738-5485