

January 10, 2005

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

Re: RP-2004-0196 - Smart Meter Initiative-Further Consultations

Dear Mr. O'Dell

PowerStream Inc. is pleased to provide further comments with respect to communication systems for Smart Meters in accordance with the Ontario Energy Board's recent request.

PowerStream Inc. is supportive of the potential benefit of using a two-way method for the transmission of metering data between the customer and the utility. It is essential to recognize that as the technology matures and meter interfaces to other smart devices grow, communications technology will become increasingly important to a multitude of stakeholders in the Ontario electricity market. The wholesale change-out of the provincial electricity meters stock is a one-time opportunity for the adoption of best practice technological options.

PowerStream Inc. has discussed our commentary with the other members of the Coalition of Large Distributors (Enersource Hydro Mississauga, Toronto Hydro-Electric System Limited, Hamilton Hydro Inc, Veridian Connections Inc., Hydro Ottawa Limited) and we are supportive of one another's positions. We will continue to work closely together on this initiative.

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

- PowerStream Inc. recommends against the mandating of a two-way communication system. We suggest instead that each Local Distribution Company (LDC) be provided with the flexibility to make a business case for the communication system technology that best suits their customer base.

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

- A dedicated Communication Operator is not required to service the smart metering network. Many of the current and proven smart metering systems utilize a combination of communication mediums; specifically unlicensed wireless frequencies, power-line carrier and public communication networks. A single Communication Operator potentially reduces the flexibility and variety of communication mediums that a smart metering system owner has at its disposal.
- In the case of a single province-wide system, the LDC's would need to coordinate connection, disconnection and trouble shooting activities with the system operator. The planning and reporting process would be potentially cumbersome and would hinder the achievement of deployment targets.
- LDC's currently have full responsibility for managing all aspects of the meter data lifecycle including risk management and data integrity liability. The introduction of third party operators into this process should be at the discretion of the LDC's if they are to fulfill their responsibilities.

It is PowerStream Inc.'s view that our metering responsibilities dictate an associated responsibility to maintain the communications links to our billing system.

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

- PowerStream Inc. is not aware of a current communications' service provider that covers the entire spectrum of media required to interface with electricity meters.
- A single system operator, if established, would eliminate competitive opportunities for other service providers.

PowerStream Inc. does not support the concept of a single communications system operator.

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

- Standard fees established by the Canadian Radio & Telecommunications Commission for public communication operators are already in place and are part of the present competitive business environment.
- The potential use of private radio frequencies, fixed networks and power line carrier technologies will in many cases serve to reduce if not eliminate telecommunication costs; especially in commercial areas where small businesses would otherwise be burdened with the monthly costs of dedicated phone lines to serve their meters.

PowerStream Inc. does not support a single rate structure for communications services.

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

- Metering vendor competition should be moving towards a standard protocol. This will allow for compatibility with load management devices and customer display modules.
- Open standards are essential for all participants in the electrical industry. The success of a province wide initiative requires common protocols and standard based platforms to be developed that will minimize compatibility problems. LDC's do not want a commitment to a single-vendor solution to inhibit future flexibility as the technology and market matures.
- However. Adopting an open data protocol during the first rollout of smart metering in Ontario could significantly delay the implementation timetable.

PowerStream Inc. recommends that the metering communication interface vendors should work towards greater compatibility using the most commonly accepted standards. While this is not fully feasible at present, we anticipate that future open standards development will allow for full vendor compatibility.

We look forward to working with the Ontario Energy Board on the further implementation of the Smart Meter initiative.

Yours truly,

Dennis Nolan
Executive Vice-President - Corporate Services & Secretary
PowerStream Inc.