

January 10, 2005

SENT BY FAX AND COURIER

Mr. John Zych
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 26th Floor
Toronto, ON M4P 1E4

Dear Mr. Zych:

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

Further to the Board's consultation letter dated December 21, 2004 regarding the notion of a province-wide two-way meter communications system, we are pleased to offer the following comments. We have enclosed six (6) paper copies and one electronic copy (PDF format) of this submission.

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

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

The benefit of a two-way communication network would be the ability to bring additional value added services to both the customer and the LDC. These services might include direct load control with verification, outage management, remote service disconnect, and more.

It is important to note that while a two-way communication network might support the development of such services, additional investments in technologies would be needed. These costs may be considerable and could potentially be high enough to preclude the introduction of some or all of the potential services.

Veridian recommends that a two-way system not be mandated. It is our view that each LDC should be given the latitude to assess and select the most appropriate communication method available based on the characteristics of their individual service area.

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

Electricity distributors should be responsible for operating the communications network, particularly if this role includes the maintenance of the network, meter reading operations, and support for meter services work.

If a Province-wide system were selected, the planning and reporting of metering activities (i.e. installations, change-outs, troubleshooting, etc.) by each distributor to the operator would be very cumbersome. It is our view that this added complexity would almost certainly result in higher operating costs. The added burden of coordinating the work of 92 electricity distributors with a central network operator would also likely delay achievement of the smart meter deployment targets set by the Government.

The continued assignment of meter communication responsibilities to Ontario's electricity distributors will support competition in the delivery of meter reading services, and will ensure that technological solutions are properly matched to service area characteristics. In contrast, the selection of one or a few network operators to provide these services province-wide will likely lead to reduced competition, a less efficient 'one size fits all' approach to the technologies deployed, and higher overall costs.

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

Veridian submits that it would be less complex, more efficient and ultimately better for consumers if electricity distributors were charged with the responsibility of operating the smart metering system. However, in the event that a non-distributor system operator is selected, the operator should be independent of commercial interests involved in the provision of products or services related to smart meter deployment. For example, the system operator should not act as a distributor of meter products or be affiliated with a company that sells such products. Under either of these conditions, the system operator could exert influence and eliminate competitive opportunities for their own benefit.

The notion of multiple operators, hence multiple systems, is presumably to promote competition and achieve lower costs. The additional complexity would be considerable. The ramifications must be properly analyzed, or the result could be higher costs instead.

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

Veridian reiterates that distributors are in the best position to efficiently take on the role of system operator. If, however, the Board determines that a non-distributor operator must manage the system, fees could be based on the number of electric meters, number of reads, or even the distributor territory covered.

Regardless of the method employed to set rates, it must be ensured that the lifecycle cost of the province-wide administered system does not exceed the cost the distributors would incur if they were to implement and operate the systems themselves.

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

Veridian supports the notion of an open data protocol in theory. Standard communications protocols would provide greater flexibility in the selection of vendors and the deployment of meters, end-devices and services.

However, we cannot assess at this time whether an open data protocol would have a significant impact on the availability of end-devices and services. This topic warrants further study and consultation to better understand the extent of the standard protocols being considered, and to assess the interest of vendors in aligning their product designs with a province-wide communications standard.

The further review and development of an open data protocol as part of the initial phase of smart meter installations in Ontario may very well delay progress in meeting the deployment goals that have been established.

Thank you for the opportunity to share our comments. We look forward to a continuing role in supporting the implementation of smart meters in Ontario.

Yours truly,



G. Armstrong
Manager of Regulatory Affairs

cc Michael Angemeer
Axel Starck
Rob Scarffe
Terry Robertson