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January 7, 2005

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: Board File No. RP-2004-0196 - Smart Meter Initiative – Further Consultations

In addition to our original submission we provide the following comments in response to the Board letter of December 21, 2004. The following questions were asked in the Board letter:

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

We believe that mandating any specific technology or system will limit the application of current and future cost-effective technologies and is not in the best interest of the industry or the consumer. Yes there are benefits to two-way communications. Some would allow a utility to leverage the capital investment made into the meter reading infrastructure to perform value added load control and distribution automation functions that could be used for greater demand reduction and energy efficiencies. However, there are also disadvantages in that these systems have higher capital costs and have greater complexity than one-way communication systems. A one-way system may be more cost effective, unless the LDC can take advantage of the benefits of a two-way system. We feel that flexibility and choice of communication technologies will allow LDCs to achieve the greatest operational efficiencies and value to the consumer both now and in the future.

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

Yes. The communication network plays a crucial role in the LDCs' ability to perform its meter reading functions, collect revenue and provide customer information. We believe that LDCs are in the best position to manage their assets to achieve the greatest benefit for their customers and shareholders. We feel strongly that the LDCs must maintain the responsibility for the operation of communications.

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

See the answer to question 2 above.

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

If a Province-wide communication network is mandated, then communication operators' rates would have a direct impact on LDC costs. Rates should be set by the OEB and be a pass through to the consumer.

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

Open data protocols tend to promote greater product selection and innovation in the market place by allowing their party valued added vendors to participate in providing products and services. If a two-way communication network is mandated, then open data protocols would be desired.

In summary, we do not see mandated Province-wide two-way communication, as a benefit to the end consumer. We believe it would add unnecessary cost, complexity and potentially delay to the Smart Meter initiative.

Sincerely,



Rene W. Gatien, P. Eng.
President & CEO