

Minister of Energy

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RECEIVED

JUL 16 2004

CHAIR ONTARIO
ENERGY BOARD



JUL 14 2004

Mr. Howard Wetston
Chair
Ontario Energy Board
2300 Yonge Street, 26th Floor
Toronto, Ontario
M4P 1E4

Dear Mr. Wetston:

Enclosed is a copy of a Minister's Directive issued under Section 27.1 of the *Ontario Energy Board Act*, 1998 recently approved by the Lieutenant Governor in Council. The Order in Council is dated June 23, 2004. The Directive requires the Board to develop and, upon approval by the Minister of Energy, implement a plan to achieve the government's objectives for the deployment of smart electricity meters. The Directive requires the Board to provide its completed implementation plan to the Minister of Energy no later than February 15, 2005.

In conjunction with the development of its implementation plan, the Directive also requires the Board to examine the need for and effectiveness of time of use rates for non-commodity charges - in addition to season/time-based standard supply service commodity rates the Board is already in a position to establish - to complement the implementation of and maximize the benefits of smart meters.

I would appreciate the Board proceeding to take the appropriate steps to implement the attached Directive.

Sincerely,

Original signed by

Dwight Duncan
Minister

Enclosure



Executive Council
Conseil des ministres

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit:

WHEREAS the Government of Ontario has established targets for the installation of 800,000 smart electricity meters by December 31, 2007 and installation of smart meters for all Ontario customers by December 31, 2010.

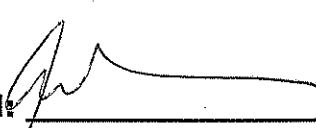
AND WHEREAS it is desirable, through the installation of smart meters, to manage demand for electricity in Ontario in order to make more efficient use of the current supply of electricity and to reduce the province's reliance on external sources.

AND WHEREAS it is desirable that the installation of smart meters in accordance with the aforementioned targets be facilitated and supported by a regulatory framework.

AND WHEREAS the Minister of Energy may, with the approval of the Lieutenant Governor in Council, issue directives under section 27.1 of the *Ontario Energy Board Act, 1998* to promote energy conservation, energy efficiency and load management.

NOW THEREFORE the Directive attached hereto is approved.

Recommended: 
Minister of Energy

Concurred: 
Chair of Cabinet

Approved and Ordered JUN 23 2004
Date


Lieutenant Governor


MINISTER'S DIRECTIVE**TO: THE ONTARIO ENERGY BOARD**

The Government of Ontario has established targets for the installation of 800,000 smart electricity meters by December 31, 2007 and installation of smart meters for all Ontario customers by December 31, 2010.

In order to meet these targets and to maximize the resulting benefits, I, Dwight Duncan, Minister of Energy, hereby direct the Ontario Energy Board (the "Board") under section 27.1 of the *Ontario Energy Board Act, 1998* as follows:

1. By February 15, 2005 the Board shall develop and provide to the Minister of Energy an implementation plan for the achievement of the Government of Ontario's smart meter targets. Full implementation will commence upon the Minister's approval of the Board's plan.
2. During the development of its plan, the Board shall consult with stakeholders to:
 - identify and review options for the achievement of the smart meter targets
 - identify potential barriers to rapid deployment of smart meters and address how those barriers can be mitigated
 - address competitiveness in the provision and support of smart meters, including consideration of third party providers
 - identify and address technical requirements as set out in paragraphs 5 and 6 of this Directive and additional functionality as set out in paragraph 7
 - consider the establishment of common requirements in the office and support operations of distributors in relation to smart meters, including requirements for compatibility, and for billing and reporting
 - consider measures by which and conditions under which customers can have access to full meter data in real time and assign such access to third parties
 - identify and address regulatory mechanisms for the recovery of costs, taking into account the cost savings and other benefits that will be realized (for example, timely access to detailed system usage data) by the installation of smart meters
 - examine the need for and potential effectiveness of the introduction of non-commodity time of use rate structures as a means to complement the implementation of smart meters
 - identify and address other issues as the Board deems advisable.
3. In conjunction with its implementation plan, the Board shall also address the need for and potential effectiveness of the introduction of non-commodity time of use rate structures as a means to complement the implementation of smart meters and maximize the benefits of smart meters.

4. In the implementation plan, priority shall be given to installation of smart meters in new homes and for customers with a demand of 50 kilowatts or more. The Board may authorize the commencement of installation of smart meters for customers with a demand of 50 kilowatts or more as soon as it deems advisable without further report to the Minister. The Board may also establish other implementation priorities, including different priorities for different distributors, to optimize the opportunities for and benefits of deploying smart meters.
5. The Board's plan shall identify mandatory technical requirements for smart meters and associated data systems in accordance with the following criteria:
 - A smart meter must be able to measure and indicate electrical usage during prespecified time periods
 - A smart meter must be adaptable or suitable, without removal of the meter, for seasonal and time of use commodity rates, critical peak pricing, and other foreseeable electricity rate structures.
 - A smart meter must be capable of being read remotely and the metering system must be capable of providing customer feedback on energy consumption with data updated no less than daily.
6. Recognizing the additional capability and flexibility of bi-directional communication, the Board's plan shall identify mandatory technical requirements for bi-directional communication, except in those circumstances where the Board finds the options available are impractical.
7. In developing its plan, the Board shall consider and identify additional functionality for smart meters, on either a mandatory or optional basis. Functionality to be considered includes:
 - stand-alone customer feedback (providing immediate feedback, such as usage, pricing or spending data, to the customer by way of customer display or interface)
 - load control capabilities that can be utilized either by the distributor or the customer
 - capability of multi-meter readings (for example, gas and water metering in addition to electricity metering)
 - any other functionality the Board deems advisable.
8. The Board may establish different technical requirements and functionalities for different customer groups.



(Minister of Energy)

(Date)