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July 19, 2004

To: Licensed Distributors
Licensed Retailers
Listed Stakeholders to RP-2003-0144

RP-2004-0196 - Minister's Directive on Implementing Smart Electricity Meters in Ontario

The purpose of this letter is to advise stakeholders of the Ontario Energy Board's approach to fulfilling the Minister's Directive to the Board on smart electricity meters and to invite stakeholder participation.

The Minister's Directive

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.

The Board received a directive from the Minister of Energy under Section 27.1 of the *Ontario Energy Board Act, 1998* (the Act) on July 16, 2004 (the Directive). In it, the Minister directs the Board to consult with stakeholders to identify options and address issues with regard to the targets. The Board is to provide an implementation plan for the achievement of the Government of Ontario's smart meter targets to the Minister by February 15, 2005.

This plan will identify the mandatory technical requirements for smart meters and the support operations of distributors; set priorities; identify regulatory mechanisms for the recovery of costs; and identify how barriers can be mitigated. In addition, the report will address competitiveness in provision and support of smart meters and the need for and effectiveness of non-commodity time of use rates.

The complete text of the Minister's Directive is available on the Board's web site (www.oeb.gov.on.ca) under Regulatory Calendar | Active OEB Key Initiatives | Smart Meter Initiative.

The Implementation Plan

The Board has been asked to develop and provide to the Minister an implementation plan to achieve the Government of Ontario's targets. In fulfilling the Directive, the Board notes that:

Minister's Directive on Implementing Smart Meters in Ontario

- (a) The Board may implement any matters within its jurisdiction.
- (b) Meters used for settlement in Ontario must meet the Measurement Canada requirements for legal metrology.
- (c) The benefits of implementing smart metering are dependent on the pricing structure of the commodity. The long-term pricing structure for residential consumers is still under development at the Board.

To identify mandatory technical requirements and to develop an implementation plan, the Board notes that the following elements need to be addressed.

- (a) What are the costs and benefits of various functional options to consumers and to the entire system?
- (b) What are the implementation and ongoing costs and how will they be funded?
- (c) What are the barriers to achieving the targets and how can they be overcome?
- (d) What regulatory framework needs to be in place; e.g., distribution rates, Distribution System Code amendments, etc?

Please note that the need for non-commodity time of use rate structures will be addressed as part of the 2006 Electricity Distribution Rates process. That work will then be incorporated into the implementation plan provided to the Minister.

The Board's Approach

The Board will use a four-phased approach to fulfill the Directive:

Phase	Target Date
I - Interest and Comment By this letter, the Board announces its approach and invites participation in consultations. All interested stakeholders will be contacted at each stage of the consultation. Board staff have prepared a discussion paper to set the scope of the project and identify issues. The Board invites comment on any aspect of the project.	Stakeholder responses are due August 3, 2004. Stakeholder comments are due by August 13, 2004.
II - Working Group A small group of representative stakeholders will form one or more working groups. Staff and stakeholders will discuss and	Working group(s) meet from August through October,

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Phase	Target Date
expand on the issues to develop implementation plan elements for the Board's consideration. Written materials and meetings are anticipated.	2004.
III - Draft Report of the Board The Board will release its draft implementation plan for general stakeholder written comment.	Mid-November to mid-December.
IV - Board's Implementation Plan to the Minister.	February 15, 2005.

How to participate

Board staff invite stakeholders to participate in the process. If interested, **mail or fax** your name, title, organization, address, e-mail address and phone and fax numbers to the **Acting Board Secretary** at the **address below** by **4:30 p.m. on August 3, 2003**. Expressions of interest must be received by the Acting Board Secretary in hard copy.

The Board also invites comment on the Staff discussion paper posted to the Board's web-site at www.oeb.gov.on.ca under Regulatory Calendar | Active OEB Key Initiatives | Smart Meter Initiative. Any Stakeholder who wishes to make a written comment **must** file five (5) paper copies of the comments, and an electronic copy in Adobe Acrobat (PDF) with the Acting Secretary at the Board's address given above, by **4:30 p.m. on August 13, 2004**. Your representation **must** quote file number RP-2004-0196 and include your name, address, e-mail address and fax number.

Future communications will be e-mailed to interested stakeholders. Stakeholders who do not participate in the working groups will be able to comment in Phase III.

Any questions relating to this consultation can be directed to Laurie Reid (416 440-7623, SmartMeters@oeb.gov.on.ca) or call toll free 1-888-632-6273.

Yours truly,

original signed by

Peter H. O'Dell
Acting Board Secretary