

Section #: Provincial Coordination and LDC Compliance

Last Revised: October 13, 2004

Issue Statement: How should provincial implementation of smart metering be coordinated? How should LDC compliance be structured to ensure that provincial targets are met?

Options Analyzed and Rationale for Recommendation:

The following table shows the key issues that were discussed related to provincial coordination and LDC compliance. For each decision, options were identified, analyzed and a recommendation provided.

Decision	Options Considered	Recommendation	Rationale
Who Should take on responsibility for provincial coordination	1. OEB or later OPA 2. LDC Self-comply	Option 1	OPTION 1: + Takes advantage of an existing compliance process and organization + Provides early warning of provincial targets in jeopardy OPTION 2: + lower regulatory costs - No early warning of provincial targets in jeopardy
How should interim targets be set?	1. OEB mandated interim targets 2. LDCs recommend plan with yearly targets approved by OEB (LDCs can combine yearly targets within procurement plan while adhering to priority installations) 3. LDC recommending plan approved by OEB (each LDC meets 2007 and 2010 targets individually)	Option 2	OPTION 1 + Higher LDC buy in + Allows flexibility and cost effective deployment OPTION 2 - does not account for LDC specific work management issues (eg. seasonal workloads, existing resources)

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How often should LDC's report to process driver on deployment numbers by priority groups and costs / variances?	<ol style="list-style-type: none"> 1. LDCs report semi-annually to OEB 2. LDCs report on program as part of their existing quarterly reporting 	Option 2	<p>OPTION 1 and 2 + use existing reporting channels</p> <p>OPTION 1: - may not be a sufficient early warning signal</p>
What incentives should be offered to LDCs for compliance?	<ol style="list-style-type: none"> 1. No incentives other than what currently exists 2. Incentive tied into PBR regime, triggered by exceeding targets (>110% of meters / cost under budget) 	Option 2	<p>OPTION 1: + no additional cost to customer - no incentive for early meeting of targets and reduces customer opportunities</p> <p>OPTION 2 + In line with current regulatory trend - Perception that customers pay more if incentives paid out</p>
What penalties should be laid on LDCs for non-compliance?	<ol style="list-style-type: none"> 1. Levy fines, revoke licenses and process driver steps in – except for uncontrollable situations (e.g. labour strikes, vendor issues) 2. Penalty tied into PBR regime, triggered by an LDC not meeting an annual target (<90% of meters / cost over budget) 	Option 2	<p>OPTION 1: + easier to administer allowing OEB judgement</p> <p>OPTION 2: + In line with currently regulatory trend</p>