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

Att: Mr. John Zych, Board Secretary

Dear Mr. Zych:

**Re: RP-2004-0196 – Minister's Directive on Implementing
Smart Electricity Meters in Ontario**

In response to the Board's request for comments on the discussion paper prepared by Board staff, *ENWIN* Powerlines Ltd. would like to provide the following comments.

Section 2.2.3 - Benefits and Risks for Generators - The Board report submits that smart metering will result in lower peaks and therefore, "some high-margin peaking plants may end up being dispatched fewer hours." It is easy to envision that any new generation plants will be "high-margin" and may be peaking plants, thus the use of smart meters may potentially discourage rather than encourage investment in new generation.

Section 3.1 - Procurement Strategy – *ENWIN* believes that a centralized process in which meters are procured and a standard technology is formulated on behalf of all LDC's would eliminate the requirement for each distributor to duplicate these efforts. This would also eliminate the occurrence of differing need requirements being assessed by each LDC, as was the case in procuring billing systems in preparation for the new deregulated electricity industry. There should however, exist the ability to tailor to some degree the new metering technologies since these are intrinsically tied to a LDC's meter reading and billing systems.

3.2.4 - Self Selection - Metering technologies must be considered in tandem with Automatic Meter Reading (AMR) systems in order to efficiently bring a large quantity of data back to the billing system. Sporadic deployment of meter/AMR units as would occur through self-selection may limit technology choices. For example, Radio Frequency AMR systems usually require deployment of data concentration centers,

which would not present an economic use of resources in a "self-selection" implementation plan.

3.4 - Process Driver – With the existence of clear implementation guidelines including how these related costs are to be recovered, LDC's will likely be able to manage the process with minimal supervision. Moreover, rapid deployment will be required in order to affect the benefits of AMR with smart meters for some technology choices.

4 - Cost Recovery - The report states that there are benefits to LDC's in implementing smart metering and AMR and suggests that, "Since the benefits of smart metering accrue to many parties, the challenge is to find a cost recovery method that also spreads costs in a fair manner." The benefits that accrue to LDC's assists in managing and reducing costs to the end-use consumer, the investor still requires an adequate return on their capital investment. Thus, the capital and operating costs of new smart metering technology should be recoverable through rates. Any operational savings will accrue to the end-use customer through the existing rate setting process.

5.1 Measurement – The peak period needs to be defined more specifically. The current IMO definition of peak period (7 am to 10 pm) makes it very difficult for consumers to modify consumption patterns outside of these peak times. The real peak consists of the 2-3 hours a day when peaking generation needs to be brought on. If the peak time extends to 10:00 pm there is little load that consumers can or would be willing to put off until that hour. On the other hand, there are some real opportunities to effectively spread the real peak that consumers could achieve with inexpensive appliance timers. Pricing differentials also need to be moderate so as not to create another, higher peak than would otherwise have occurred, but enough to create the activity needed to spread the peak.

6.0 Ownership - The report suggests that "meter contestability may be desirable in Ontario to help achieve the smart metering targets", *ENWI* strongly believes that the provision of metering and the related services should remain the sole function and responsibility of the electricity distribution company. The contestability of meter provisions will add an additional level of complexity in an already cumbersome fulfillment of the smart metering plan. The required systems and operational changes that would be required to allow private providers could mirror the complexities encountered with the introduction of energy service providers. Any cost savings realized by the LDC in not having to provide these metering services will be depleted by having to provide system changes, customer services and administration to support meter service contestability. Further to this, LDC's currently have significant issues with consumer tampering of meters; meter provision contestability has the potential to increase revenue loss due to meter frauds going undetected. An LDC needs to retain control of the metering function.

We appreciate the opportunity to provide written comment on this matter. If you have any questions regarding the above comments please do not hesitate to contact me.

Sincerely,

***ENWIN* Powerlines Ltd.**

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