Olameter

August 13, 2004

RP-2004-0196 – Smart Metering Directive Comments:

Mr. Peter O'Dell
Acting Secretary Ontario Energy Board
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
26th Floor
Toronto, Ontario
M4P 1E4

Dear Mr. O'Dell:

Olameter is very pleased to see the high priority given by the Ontario Energy Board to the implementation of the Minister of Energy's Smart Metering Directive. We see this as a key step in ensuring an adequate Supply/Demand balance for the province and an important part of the overall solution to ensure a sustainable model for the supply and delivery of electricity for Ontario. As a leading provider of services relating to metering and billing systems, Olameter has extensive experience in the design, procurement, installation, integration and commissioning of advanced metering systems. We have also been an advocate of advanced metering technology and as a key industry player, have promoted this technology and created new models to assist Local Distributions Companies as they face the challenges of implementing Smart Meters. Allowing customers and utilities access to more granular electricity usage data is a key step in the move towards demand side management.

Our high level comments on the staff discussion paper and this initiative in general, are described below. These are designed as discussion points during the working group and consultative process:

- Olameter is a firm supporter of the OEB's initiative to identify the mandatory technical requirements for smart metering in Ontario, as well as, identifying regulatory mechanisms for cost recovery and rate structures. Clarity needs to be there to ensure that the investments in Smart Metering provide the flexibility to meet the future needs of the province.

- Time of Use (TOU) meters can support time-based pricing for a limited number (typically 4), of time periods per day, as well as Critical Peak Pricing (CPP) if a bi-directional infrastructure is deployed. However, TOU only meters may limit potential future pricing and/or regulatory changes that may require more complex rate structures based on Critical Peak Pricing or interval data (ie. 60 minute consumption data) in order to apply a rate based on a HOEP type structure. In addition, more granular data such as Interval data can allow for Demand Side Management / Demand Response (DSM/DR) verification programs by giving the ability to verify load reductions on an hour by hour basis.

- Olameter believes DSM/DR are important considerations in Ontario electricity industry, both today and looking into the future. As such, it is our view that a smart metering system should support both TOU and Interval Data providing a much more flexible platform that can support current regulatory initiatives, as well as, any future regulatory-driven, market-driven or customer driven requirements that may develop.

- Section 4 Cost Recovery - It is important to consider that smart metering is not just about meters, but includes the associated infrastructure required to manage installations and the vast amounts of energy data that will be collected. Significant back office system upgrades will be required to handle this data, as well as the field work associated with large scale meter changeout programs.

- Section 5.2.2 In-Home Displays - Olameter has concerns regarding the implied need for in-home displays primarily due to the significant cost impact. The costs of an in-home display can equal the cost of the smart meter, and there is little data to support that the benefits justify the additional expense. Most smart metering technologies do not support in-home displays connected directly to the meter, but require customers to make use of their home computer and internet connection to access energy consumption data. It has been shown in several pilot and large deployments, specifically Puget Sound, that given the opportunity, fewer than 10% of the customers accessed data in a one year period. Of those that did, only 10% reviewed the data more than once. Although it is critical to have the information available and accessible, caution should be taken when determining whether in-home displays should be made mandatory.

- The issue of stranded assets needs to be reviewed, as many of the existing meters are in the early stages of their 20 plus year service life. As these meters are replaced, a clear policy on how the costs of these assets can be recovered must be developed. A timetable for deployment must be developed with a priority on new installations to avoid stranded assets.

- Some metering technologies may have advanced capability beyond smart metering that allows for load control. A clear policy on how load control fits into this strategy will also be an important requirement.

- Measurement Canada and the OEB must clarify the metering rules and requirements process for certification of TOU and interval data devices. Clarification that these devices can be used billing purposes, will ensure that technology investments are adequately protected.

- Olameter believes that a monthly charge added to a customer's bill is a reasonable cost recovery mechanism for this smart metering initiative, however, this cost must reflect no only the meter but all related infrastructure improvements necessary to accommodate this initiative. One must also factor in efficiency improvements and labour saving attributed to the implementation of these systems.

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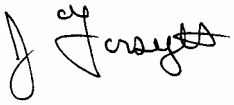
We look forward to an opportunity to participate in the various OEB working groups regarding technology, regulatory and financial aspects of smart metering. Olameter continue to be very active in creating new business models for the local distribution companies, enabling them to overcome barriers and meet the aggressive timelines set for smart metering deployment.

Should you require any additional information, please do not hesitate to contact me at (905) 954-4895 or jforsyth@olameter.com.

Sincerely



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