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## BY E-MAIL AND WEB POSTING

October 7, 2010

To: All Licensed Electricity Distributors  
All participants in Consultation EB-2010-0249  
All Other Interested Parties

Re: **Initiative to Develop Electricity Distribution System Reliability Standards**  
**Board File No.: EB-2010-0249**

### 1. Purpose and Scope of Consultation

On August 23, 2010, the Board announced an initiative to develop an electricity distribution system reliability standards regime. Through this initiative the Board intends to establish regulatory requirements that will reinforce and strengthen the responsibility of distributors to provide reliable delivery of electricity to all Ontario consumers.

This announcement invited distributors and other stakeholders to participate in a stakeholder conference that would assist the Board in gathering information for the development of a proposed system reliability regime.

The Board is now providing further details regarding the stakeholder conference (section 2) and how participants may provide written comments. The Board is also providing a list of issues to be discussed at the conference to assist the Board in developing a proposed reliability regime (Attachment A). This letter also includes an overview of the results of a customer survey that was completed by an external research firm (section 4). As well there is a high level summary of the distributors' responses to the questions that were posed (section 5).

The stakeholder conference and written submissions, together with the consultant's reports, surveys and the distributor's responses on their current practices will be used to inform the Board's development of formal regulatory requirements which will establish system reliability measures and performance targets. It is expected that, before the year's end, the Board will issue a Notice of Proposal setting out the system reliability regulatory requirements. Participants in this initiative will then have the opportunity to comment on the proposals through the Board's normal code amendment process.

## **2. Stakeholder Conference and Written Comments**

As previously announced, Board staff will be holding a one day stakeholder conference on **Friday October 15, 2010**.

This all day meeting will start at 9:30 am and be held in the Board's **West Hearing Room** on the 25<sup>th</sup> floor of the Board's offices. A draft agenda for the meeting is set out in Attachment B to this letter. The issues to be considered during the conference are set out in Attachment A to this letter.

In addition to attendance at the stakeholder conference, the Board welcomes written comments from stakeholders on the issues to be discussed at the conference as set out in Attachment A. Stakeholders may also wish to provide comments relating to the consumer surveys, distributor responses to questions, or the jurisdictional research.

This request for written comment is extended to both those parties that will be attending the conference and those who will not be attending and only wish to make comments in writing. Those interested in providing written comments on the issues should do so by letter addressed to the Board Secretary by **October 29, 2010**.

## **3. Customer Survey**

During the summer, the Board engaged a consultant to complete two surveys, which solicited the opinions of consumers from all across the province regarding electricity outages and other reliability related issues. The first survey polled 905 residential

consumers. The second survey polled 301 business consumers divided into the less than 50kW, greater than 50kW and large user rate classes.

In these surveys, consumers were asked to provide:

- Their perceptions regarding the frequency and duration of outages they have experienced;
- Their reaction to and level of tolerance for outages;
- Their willingness to pay for fewer outages; and
- Measures of satisfaction with regard to distributor communications about outages.

The results of the surveys indicate that the majority of consumers are satisfied with current levels of reliability, with 89% of residential consumers and 92% of business consumers reporting they are somewhat or very satisfied with the reliability of electricity supply. Over 75% of respondents in both groups indicated that it is important for distributors to continue to work to reduce the number of outages.

Consumers do not favour increased rates in order to fund improvements in system reliability. The survey results show that 58% of residential consumers and 84% of business consumers are not willing to pay any more on their electricity bill in order to pay for improvements. However, 57% of the residential consumers and 62% of the business consumers surveyed indicated that they would not be willing to trade less reliability for a lower bill.

Expectedly, the surveys indicated that different types of reliability impacts are experienced by the two groups of consumers. Residential consumers surveyed indicated that they mainly experience an inconvenience during outages, with 22% reporting the biggest impact on their lives is the loss of electronics like television and radio. Only 12% of the residential customers surveyed indicated that an outage meant they could not go on with their regular activities. On the other hand, 65% of the business customers surveyed indicated that an outage resulted in lost productivity, 19% stated an outage caused them to have to send employees home and 12% indicated that they lost customers because of an outage.

With respect to the communication received from distributors during an outage, 60% of customers surveyed from both the residential and business groups reported they felt that distributors responded to questions and concerns effectively when contacted by a customer during an outage.

The complete results of both surveys can be found at the following link to the Board's website.

<http://www.oeb.gov.on.ca/OEB/Industry/Regulatory+Proceedings/Policy+Initiatives+and+Consultations/System+Reliability+Standards>

The research firm who completed these customer surveys, as well as the consultant who completed the jurisdictional review will also be making a presentations at the stakeholder conference.

#### **4. Response to Distributor Questions**

In its August 23<sup>rd</sup> letter, the Board requested that distributors respond to a number of questions about each of the distributors' current system reliability practices. For reference, those questions are set out again in Attachment C to this letter.

The responses from distributors indicate that the tracking of outage information and system reliability performance is done solely through manual methods or a combination of manual and automated methods. Of the 22 distributors that responded, one quarter indicated that they did not have or use a SCADA system. A number of those distributors with a SCADA system indicated that this system helps only to track certain outages such as those involving auto-reclosures or high voltage feeders. The responses indicated that most distributors rely on their Customer Information System or their Geographic Information system to determine the number of customers who have been affected by an outage.

All but one distributor reported having a formal process for using system reliability performance as one of the criteria to evaluate and prioritize capital and maintenance projects. Of the responses received, the standard practice appears to be a yearly review of reliability trends and statistics to help determine where to direct expenditures.

A number of distributors reported having a “reliability committee” formed with staff from all departments within the utility which reviews performance on a regular basis and looks for ways to improve.

Only four of the 22 distributors reporting are using the methodology set out in the IEEE standard for taking extraordinary events into account when assessing reliability. Two other distributors reported developing their own approach for considering extraordinary events or using the Canadian Electrical Association’s criteria for major events. Most distributors stated that they record that a major event occurred and track the costs related to such an event, but do not apply this information to their outage statistics. One of the issues raised by distributors as reason for not considering extraordinary events was the fact that there is currently no formal definition of what constitutes a major event.

In regards to other reliability measures used by distributors, tracking momentary outages (MAIFI) is the most common. As well, a number of distributors track metrics related to the performance of individual feeders.

The most common examples that distributors cite regarding additional activities related to system reliability are their inspection and maintenance plans. Other additional examples include:

- Employing a senior power specialist to monitor and analyze outages.
- Establishing service depots throughout service area to improve response times.
- Taking the opportunity of an unplanned outage to service equipment that would have required maintenance during a planned outage.
- Making reliability targets part of non-union staff performance management.
- Using results of outage incidents to improve maintenance procedures.

All the submissions from distributors are available on the Board’s web site at the same link as above.

## 5. Instructions for Providing Written Comments

Those interested in providing written comments on the issues set out in Appendix A, or the other research material, should do so by letter addressed to the Board Secretary by **October 29, 2010**.

As mentioned in the August 23, 2010 letter, cost awards will be available in order to prepare for, and participate in the stakeholder conference including the making of any written submissions, to a **maximum of 42 hours**. Cost awards will also be available for those parties who only wish to provide written submissions, and do not attend the stakeholder conference to a **maximum of 30 hours**. The deadline for cost award requests was September 9, 2010.

Filings to the Board must be received by the Board Secretary by **4:45 p.m.** on the required date. They must quote file number **EB-2010-0249** and include your name, address, telephone number and, where available, your e-mail address and fax number.

Three (3) paper copies of each filing must be provided, and should be sent to:

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, Suite 2700  
Toronto, Ontario M4P 1E4

The Board requests that parties providing written comments make every effort to provide electronic copies of their filings in searchable/unrestricted Adobe Acrobat (PDF) format, and to submit their filings through the Board's web portal at [www.errr.oeb.gov.on.ca](http://www.errr.oeb.gov.on.ca). A user ID is required to submit documents through the Board's web portal. If you do not have a user ID, please visit the "e-filings services" webpage on the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca), and fill out a user ID password request. Additionally, interested parties are requested to follow the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the e-filing services webpage. If the Board's web portal is not available, electronic copies of filings may be

filed by e-mail at [boardsec@oeb.gov.on.ca](mailto:boardsec@oeb.gov.on.ca). Those that do not have internet access should provide a CD or diskette containing their filing in PDF format.

All materials related to this consultation will be available for public viewing on the Board's web site at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca) and at the office of the Board during normal business hours.

If you have any questions regarding this consultation or stakeholder conference, please contact Paul Gasparatto at [paul.gasparatto@oeb.gov.on.ca](mailto:paul.gasparatto@oeb.gov.on.ca) or at 416-440-7724. The Board's toll free number is 1-888-632-6273.

**DATED** at Toronto, October 7, 2010

**ONTARIO ENERGY BOARD**

Yours Truly,

*Original Signed By*

John Pickernell  
Assistant Board Secretary

Attachment A: Issues for Conference  
Attachment B: Draft Conference Agenda  
Attachment C: Questions for Distributors

## **Attachment A**

### **Issues for Discussion**

#### **Setting Reliability Requirements**

- What improvements could be made to the current system reliability regulatory regime in Ontario?
- In addition to SAIDI, SAIFI and CAIDI, what other system reliability measures could be used by Ontario distributors to more accurately monitor system reliability performance?
- On what basis should a reliability requirement be established?
- Some jurisdictions have restoration standards that apply during major events. Would establishing such restoration standards for Ontario distributors be appropriate and effective?
- Board audits have shown that the length of an outage is highly dependant on how quickly crews can arrive at the scene of the outage. The actual time to repair the system often comprises only a small portion of the length of the outage. Would establishing a standard related to crew response times be appropriate and effective?
- Surveys indicate that 82% of residential and 69% of business customers do not call in to report an outage. However, distributors' responses indicate that they still rely heavily on customer calls to know about an outage. As part of a program to improve reliability results, should distributors consider ways to improve or encourage customer reporting of outages? What other steps could be taken?
- Surveys also indicate that improving distributor communication to customers during an outage, improves a customer's satisfaction and/or tolerance of an outage. Should the Board consider instituting requirements relating to improved communication? (For example, a distributor may be required to be able to inform customers about the cause of an outage and expected restoration time, within an hour of the outage occurring.)

- What other issues should the OEB consider when developing formal system reliability requirements?

### Setting Performance Targets

- What types of approaches should be considered for setting a performance target for reliability metrics?
- Should the Board establish a province-wide performance target for each measure or individual targets for each distributor?
- Should different targets be set for different classes of customers? (For example, should a higher target or different target be in place for large users vs. residential customers?)

### Normalizing Results

- What approaches should distributors use to normalize results for force majeure and other major events?
- Would the IEEE Standard 1366 be the most effective way to recognize the impact that force majeure or major events have on system reliability performance?
- If not the IEEE Standard, what other approach should be considered as a way to recognize the impact that force majeure or major events have on system reliability performance?
- To what degree will smart metering data impact the ability to monitor reliability performance?

## **Attachment B**

### **Draft Meeting Agenda**

**West Hearing Room  
25<sup>th</sup> Floor OEB Offices  
Friday October 15, 2010**

9:15 am – 9:30 am –	Sign in
9:30 am – 9:45 am –	Introduction and opening Comments
9:45 am – 10:45 am –	Presentation of Report - <u>System Reliability Regulation: A Jurisdictional Survey</u> by Larry Kaufmann (Pacific Economics)
10:45 am – 11:00 am –	Break
11:00 am – 12 Noon –	Presentation of Consumer Surveys by Katherine Valiquette and Craig Worden (Pollara)
12 Noon – 12:45 pm –	Lunch
12:45 pm – 2:15 pm –	Setting Reliability Requirements
2:15 pm – 2:30 pm –	Break
2:30 pm – 4:00 pm –	Setting Performance Targets
4:00 pm – 4:30pm –	Normalizing Results
4:30 pm	Adjourn

## **Attachment C**

### **Questions for Electricity Distributors**

#### **Current Practices**

- In addition to SAIDI, SAIFI and CAIDI, what, if any, other system reliability measures do you use?
- Provide a detailed description of your methodology utilized to record SAIDI and SAIFI. Please include information such as:
  - The degree of use of automated event tracking from SCADA systems, as well as reliance on manual observations.
  - Whether planned outages are tracked separately.
  - The level of detail captured throughout a stepped restoration process to record the total customer duration impact.
- Do you use system reliability performance results in planning, investment and maintenance expenditures, as well as establishing operation and maintenance procedures? Please explain.
- Do you identify and track the impacts of extraordinary events?
- What other actions do you take to manage system reliability performance?