

Ontario Energy Board
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL AND WEB POSTING

August 23, 2010

To: All Licensed Electricity Distributors
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

The Board has on numerous occasions emphasized the importance it places on system reliability as an important measure of a distributor's service quality and performance. In its notice implementing service quality standards for electricity distributors, the Board stated that the establishment of system reliability standards was a necessary part of the regulatory framework and that it intended to codify system reliability standards. The Board's 2010-2013 Business Plan identified the development of electricity distributor system reliability standards as a key initiative.

Through this initiative the Board intends to establish regulatory requirements that will reinforce and strengthen the responsibility of Ontario electricity distributors to provide reliable delivery of electricity to all Ontario customers. The Board expects that the implementation of system reliability standards as regulatory requirements will support distributor investment planning decisions. As part of the initiative, the Board will consider how the standards may assist the Board in the review of distribution system plans and distributors' rate applications.

This letter is an invitation to distributors and other stakeholders to participate in a consultation to assist the Board in developing the proposed amendments to codes which will establish the system reliability requirements. This consultation will involve the following steps:

- Issuance of research reports commissioned by the Board for stakeholder review;
- A request that electricity distributors provide information related to their current reliability measures and practices;
- The opportunity for all stakeholders to provide written submissions on the issues identified through the review of the information described above.
- A stakeholder conference to discuss the identified issues and to consider proposals for the system reliability requirements that should be implemented in Ontario.

Based on the knowledge gained from this initial stage, the Board will then begin work on developing an appropriate system reliability regime.

Those individuals who are interested in participating in this initiative should inform the Board of their interest by letter addressed to the Board Secretary by **September 9, 2010**.

2. Stakeholder Conference

As part of the initiative a one day stakeholder conference will be held on **Friday October 15, 2010** at the Board's offices.

The purpose of this meeting will be to discuss issues considered important to distributors and end use customers regarding the implementation of distribution system reliability performance standards for Ontario's regulated electricity distributors. Prior to the meeting staff will provide a list of issues to be discussed at the meeting based on the distributor's response to their questions and the research reports.

This discussion will be informed by the research reports discussed in section 3 of this letter and the information provided by distributors in response to the questions set out in section 4 and Attachment A of this letter.

Further details regarding this stakeholder conference will be sent out in the near future. These details will include the time and place of the meeting. It is expected that, in addition to attending the conference, all stakeholders will be given the opportunity to

provide written comments on the conference's issue list, prior to the stakeholder conference.

3. Research Reports

To assist all parties to understand the current state of distribution system reliability regimes in use by other regulators, the Board retained the services of Pacific Economics Group Research to prepare a report. The report summarizes distribution system reliability regimes implemented in several jurisdictions including other Canadian provinces, the United States and Europe. This report, titled System Reliability Regulation: A Jurisdictional Survey is available for review on the Board's website at:

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

The Board has also conducted consumer research into the customer's experience in terms of the impacts of service interruptions, customer's attitudes about the value of electricity to consumers, and the relationship between reliability and cost in the eyes of consumers. A report compiling the outcome of this research will be posted on the Board's web site prior to the stakeholder conference.

4. Questions for Distributors

To inform the Board, and to facilitate discussion during the stakeholder conference, the Board requests that distributors submit written responses to the questions set out in Attachment A.

These questions are designed to gather information on the existing practices among distributors regarding the methods used to gather and utilize system reliability performance information. A review of the measures distributors take to address system reliability issues, both proactively as well as reactively is an important basis for any discussion on system reliability.

Examples of proactive measures may include an electricity distributor's use of system reliability performance data when making asset management and/or system planning decisions and when assessing the need to make improvements to system design standards. Examples of reactive measures may include consideration of distributor's restoration resources planning and implementation techniques.

Attachment A sets out a series of questions directed to electricity distributors. Distributors are invited to submit written responses to these questions by **September 17, 2010**.

These written responses will be posted on the Board's website prior to the stakeholder conference.

5. Cost Awards

Cost awards will be available under section 30 of the *Ontario Energy Board Act, 1998* to eligible persons for their participation in this consultation. Costs awarded will be recovered from all licensed electricity distributors based on their respective distribution revenues.

Attachment B contains important information regarding cost awards for this consultation, including in relation to eligibility requests and objections. In order to facilitate a timely decision on cost eligibility, the deadlines for filing cost eligibility requests and objections will be strictly enforced.

6. Invitation to Participate and Comment

The Board will accept distributors' and other parties' indications of interest in participating in the stakeholder conference and/or making any written submissions that may be requested. Those interested in participating should do so by letter addressed to the Board Secretary by **September 9, 2010**.

Participants should indicate either their intention to attend the stakeholder conference and provide any written submissions that may be requested; or their intention to only provide any written submissions that may be requested.

The letter should also include a statement as to whether the participant wishes to request cost eligibility. All requests for cost eligibility should be accompanied by the information specified in Attachment B under the heading "Cost Award Eligibility".

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 interested parties 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. 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, 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. 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 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 or at 416-440-7724. The Board's toll free number is 1-888-632-6273.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary

Attachment A: Questions to Discuss – Distributors
Attachment B: Cost Awards

Attachment A

Questions to Discuss

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?

Attachment B

Cost Awards

Cost Award Eligibility

The Board will determine eligibility for costs in accordance with its *Practice Direction on Cost Awards*. Any person requesting cost eligibility must file with the Board a written submission to that effect by **September 9, 2010**, identifying the nature of the person's interest in this process and the grounds on which the person believes that it is eligible for an award of costs (addressing the Board's cost eligibility criteria as set out in section 3 of the Board's *Practice Direction on Cost Awards*). An explanation of any other funding to which the person has access must also be provided, as should the name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known. All requests for cost eligibility will be posted on the Board's website.

Licensed electricity distributors will be provided with an opportunity to object to any of the requests for cost award eligibility. If an electricity distributor has any objections to any of the requests for cost eligibility, such objections must be filed with the Board by **September 22, 2010**. Any objections will be posted on the Board's website. The Board will then make a final determination on the cost eligibility of the requesting parties.

Eligible Activities

Cost awards will be available for, the preparing for, and participating in the stakeholder conference including the submission of any written submissions that may be requested, to **a maximum of 42 hours**. Cost awards will also be available for those parties who only wish to provide any written submissions that may be requested, and do not attend the stakeholder conference to **a maximum of 30 hours**.

Cost Awards

When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of its *Practice Direction on Cost Awards*. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied. The Board expects that groups representing the same interests or class of persons will make every effort to communicate and co-ordinate their participation in this process.

The Board will use the process set out in section 12 of its Practice Direction on Cost Awards to implement the payment of the cost awards. Therefore, the Board will act as a clearing house for all payments of cost awards in this process. For more information on this process, please see the Board's *Practice Direction on Cost Awards* and the October 27, 2005 letter regarding the rationale for the Board acting as a clearing house for the cost award payments. These documents can be found on the Board's website at www.oeb.gov.on.ca on the "Rules, Guidelines and Forms" webpage.