

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



VIA E-MAIL AND WEB POSTING

September 18, 2013

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. **Introduction**

On October 18, 2012, the Board issued its *Report of the Board Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Framework* which established an outcomes based approach to the regulation of the electricity distribution sector. One of the outcomes that the Board established for distributors is *Operational Effectiveness* requiring continuous improvement in productivity and cost performance; and that utilities deliver on system reliability and quality objectives.

Establishing distribution system reliability performance standards is key to measuring distributors' performance and assessing the achievement of Operational Effectiveness outcomes. These standards will be an important part of the performance scorecard the Board has committed to implementing for all distributors.

On March 20, 2013, the Board issued a Notice of Amendments to the electricity distribution system reliability sections of the Board's Electricity Reporting and Record Keeping Requirements ("RRRs"). In this Notice, the Board stated that it would commence an initiative to establish specific reliability measures and standards for all electricity distributors. The Board set out the following tasks in relation to this initiative:

- Establishment of specific performance standards for the existing system reliability measures. (SAIDI and SAIFI)
- Develop and implement new customer specific reliability measures (e.g. customers experiencing multiple interruptions), and the monitoring of momentary outages.

The Board is announcing the commencement of the electricity distribution reliability standards initiative today, and this letter sets out the plan for completing the above stated objectives.

2. Work Plan

To facilitate discussion on the objectives of this project, the Board retained the services of the Pacific Economics Group Research LLC to prepare reports on two topics.

The first report is an analysis of historic Ontario distributor reliability performance data that has been filed with the Board. This analysis considered how distributor specific performance standards should be set.

The second report is an analysis of the issues related to establishing customer specific reliability measures. This analysis includes a review of the use of such measures in other jurisdictions and any technical/engineering issues that have been experienced by those who implemented these types of measures.

Those reports are available at the following link, [Electricity Distribution Reliability Standards](#)

To assist in the achievement of the objectives of this initiative, Board staff is reconvening the working group that assisted in developing the recent amendments to the RRRs. The working group will assist and advise staff in regards to the issues and recommendations related to the objectives of this initiative. In addition to the original members of the working group, the Board has also invited two new consumer representatives to join the discussions in recognition of the relevance of the objectives to the interests of consumers. The membership of the working group is set out in Attachment A.

Board staff intends to hold a series of meetings with the working group through the September to November 2013 period.

In December 2013, staff intends to issue a report that outlines staff's recommendations regarding the establishment of specific performance standards for the existing system reliability measures and the development and implementation of new customer specific reliability measures.

All stakeholders will have an opportunity to comment on this report. It is expected that the Board will then consider the staff report and recommendations, and stakeholder comment in order to determine the appropriate way to implement the objectives of this initiative.

If you have any questions regarding this letter or the Working Group meetings, please contact Paul Gasparatto at paul.gasparatto@ontarioenergyboard.ca or at 416-440-7724. The Board's toll free number is 1-888-632-6273.

DATED at Toronto, September 18, 2013

Yours Truly,

Original signed by

Peter Fraser
Managing Director
Regulatory Policy

Attachment A – Membership of the Reliability Working Group

ATTACHMENT A

Members of the Reliability Working Group

- Algoma Power (FortisOntario)
- Association of Major Power Consumers in Ontario
- Energy Probe Research Foundation
- Enersource Hydro Mississauga Inc.
- Halton Hills Hydro Inc.
- Horizon Utilities
- Hydro One Networks Inc.
- London Hydro
- Orangeville Hydro (CHEC Group)
- Power Worker's Union
- Toronto Hydro Electric System Limited
- Veridian Connections Inc.
- Vulnerable Energy Consumers Coalition