

Meeting Summary



Distribution Network Investment Planning Working Group

Meeting Date: January 24, 2013 **Time:** 9:30 am – 3:30 pm

Location: 2300 Yonge Street, 25th Floor, ADR room

Board Staff: Stephen Cain, Rachel Anderson, Brian Hewson

Meeting Subject: Staff proposal on consolidated capital planning filing requirements (including reporting requirements) and performance monitoring as per the Board's [A Renewed Regulatory Framework for Electricity Distributors: A Performance Based Approach; Report of the Board](#); October 18, 2012.

The purpose of the fourth meeting of the DNIP Working Group was to continue discussions of key elements of filing requirements in relation to consolidated distributor capital investment plans.

- Welcome; Agenda overview
- Investment planning information 'updates' – information to be included
- A 'planning' Performance Scorecard metric – criteria for identifying a useful metric; and straw man
- General framework for FR guidance on 'tools & methods' for justifying investments

Main subjects of discussion:

Slides 4 - 6: form and content of annual reporting of utility performance against plans

Re: "A main goal of updating capital plans is preventing "surprises" when a distributor's plan is filed in a rate application . . . plan updates should be simple and relatively high-level".

Discussion:

- updates for capital plans should be high level except where further explanation by the utility and/or closer scrutiny by the Board are warranted due to poor results on performance scorecard or significant deviation from plan
- two main purposes of updates: to assess how utilities are performing against their plans (i.e. are utilities planning well?) and to provide some continuity from one CoS review to the next

so stakeholders and the Board may better understand the evolution of utilities' plans (i.e. "no surprises")

- "rolling" vs. "truncated" updates:
 - "rolling" would look back at least one year and look forward 5 years, including an increasing number of years beyond the final year of the CoS capital plan;
 - provide continuity between CoS filings
 - reflects utility internal planning
 - "truncated" would look forward only as far as the final year of the CoS capital plan; so each year the number of completed/forecast years would increase/decline by one year
 - adequately captures information needed for regulatory purposes
 - choice may depend on the nature and amount of information required
- 4 – 6 main categories of data would be acceptable

Slide 10: a 'planning' Performance Scorecard metric

Re: "criteria and straw man proposal"

Discussion:

- there may be no single measure that will adequately capture all aspects of 'planning' including the efficiency of plan implementation and the degree to which (often longer term) outcomes targeted by planned investments have been met
 - a combination of measures might be needed to capture all aspects of planning performance
 - it may be acceptable to adopt a relatively simple 'planning' metric initially, with a view to elaborating a more comprehensive approach in future
- focus must be clear: e.g. how well the plan was implemented; how good was the plan?
- additional information might be needed to explain the metric result
- metric should be incentive for improvement

Slides 12 - 15: general framework for FR guidance on 'tools & methods'

Re: "the goal is to enable a distributor to demonstrate how the costs of proposed investments have been controlled through appropriate expenditure optimization, prioritization and pacing"

Discussion:

- approaches differ by project characteristics; e.g. some project drivers limit distributor discretion over timing; others permit costs to be spread out more systematically
 - less discretion and fewer options for category A investments relative to category B or C investments;
- good asset management and planning levelizes overall investment over time, balancing current necessities with longer term priorities

- priority is a function of the objective(s) of the project: e.g. safety related projects rank first
- the asset management process identifies the priority rankings of the objectives and the projects needed to meet each objective – interveners want to know how this prioritization process worked wrt each project
- utilities plan and prioritize projects similarly; may be variations in degree of formality and robustness of the analysis

Wrap up discussion: topics for the next working group meeting(s)

1. Review and summary: capital expenditure plan update
2. Follow-up: 'planning' metric for Performance Scorecard
3. Discussion: planning 'Tools & Methods'

Scheduled Date for Working Group Meeting #5: February 7, 2013