



**Ontario Energy Board**

Commission de l'énergie de l'Ontario

# **Distribution Network Investment Planning**

(EB-2010-0377)

**Working Group Meeting 5**

**February 7, 2013**

- *welcome*
- recap of recent discussions
- review: capex plan updates
- follow-up: ‘planning’ Performance Scorecard metric
- discussion: planning ‘tools & methods’
- wrap-up
- *adjourn*

# capex plan 'updates' – why, what, when

- why are capex plan updates needed?
  - to provide information on ongoing activity compared to the plan?
  - to continuously inform on revisions to the plan?
  - other?
- what should updates report on?
  - main capex categories; material projects/activities; both?
- calculate variances for:
  - actuals vs. original (approved in CoS) plan?
  - actuals vs. 'revised plan' for Test +n years
  - revised plan vs. original plan for Test +n years?
- is a variance 'materiality threshold' triggering explanations needed?
- should 'notable' plan revisions be explained?
- should updates be filed in RRR?

## capex plan 'updates' – how

- forecast window duration:
  - a) each year beyond terminal year of original plan?  
i.e. final RRR update in CoS year has 5 forecast years of new plan
  - b) one year beyond terminal year of original plan?  
i.e. all 5 RRR updates have new 1 year forecast of new plan
- data reported for historical years is
  - a) replaced each year with most recent historical year?
  - b) augmented each year so that final RRR update has data for 5 historical years?

# planning 'updates' – 'rolling 5 year' window

Filing	Year Filed	Complete year	Forecast Years				
CoS	2013	--	2014	2015	2016	2017	2018
Update 1	2015	2014	2015	2016	2017	2018	2019
Update 2	2016	2015	2016	2017	2018	2019	2020
Update 3	2017	2016	2017	2018	2019	2020	2021
Update 4	2018	2017	2018	2019	2020	2021	2022
Update 5	2019	2018	2019	2020	2021	2022	2023
CoS	2019	--	2019	2020	2021	2022	2023

Legend:

Actual	2013
CoS Plan	2013
Next Plan	2013

Note: completed year data could be retained on form



# planning 'updates' – '5 year fixed +1' window

Filing	Year Filed	Plan Years					Next Plan
CoS	2014	2014	2015	2016	2017	2018	--
Update 1	2015	2014	2015	2016	2017	2018	2019
Update 2	2016	2014	2015	2016	2017	2018	2019
Update 3	2017	2014	2015	2016	2017	2018	2019
Update 4	2018	2014	2015	2016	2017	2018	2019
Update 5	2019	2014	2015	2016	2017	2018	2019
CoS	2019	2019	2020	2021	2022	2023	--

Legend:

Forecast 2013 note: forecast updated annually

Actual 2013



- all aspects of 'planning' outcomes may not be reflected in one metric
  - how good was the plan (e.g. 'straw man')
  - how well was the plan implemented? (e.g. work complete vs. plan)
- other information might be needed to explain a scorecard result
- metric should be incentive for improvement

- what common system planning and project specific data, information and analyses to support capital expenditures proposed for recovery in rates would best enhance filing preparation and assessments?
- filing guidance: where needed and in what form?



- approaches to investment decision-making can differ
  - by project category (i.e. driver)
    - can limit discretion over timing, options, pacing
    - generally, category A investments are more restrictive relative to category B
    - discretion for category C investments can be limited by driver (e.g. meet load growth)
    - prioritization considers 'necessity', 'prudent good practice' and total annual budget
  - by utility
    - similar approaches to project planning and prioritization but analysis formality and robustness can vary

- by investment category/driver, what types of information/data and analyses are used to plan projects/activities wrt:
  - timing (when should a project be finished?)
  - options (which alternative is optimal?)
  - pacing (what spending time period is best?)
- how are projects/activities that cross categories (or have multiple drivers) handled?
- what tools/methods are used to analyse and optimize groups of projects, including the planned project 'portfolio'?

- for quantitative analyses, what are the key inputs and outputs?
  - how do these differ by project/activity; driver; or category?
  - how are 'non-quantifiable' variables considered?
  - what inputs and outputs are best suited for use in support of proposed investments in an application?

- key takeaways
- matters for further discussion
- next meeting: February 14
- *adjourn*