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May 21, 2014

NOTICE OF AMENDMENT TO A CODE

AMENDMENTS TO THE DISTRIBUTION SYSTEM CODE

BOARD FILE NO.: EB-2013-0311

**TO: All Licensed Electricity Distributors
All Participants in Consultation Process EB-2013-0311
All Other Interested Parties**

The Ontario Energy Board (the "Board") has today issued amendments to the Distribution System Code (the "DSC") pursuant to section 70.2 of the *Ontario Energy Board Act, 1998* (the "Act").

A. Background

On January 16, 2014, the Board issued a Notice of Proposal to Amend a Code (the "January Notice") in which it proposed amendments to the DSC (the "January Proposed Amendments"). The January Proposed Amendments set out revisions to the DSC to require a distributor to install an interval meter (i.e., a "MIST meter"¹) on any installation that is forecast by the distributor to have a monthly average peak demand during a calendar year of over 50 kW.

Currently, many customers with a monthly average peak demand during a calendar year of over 50 kW and less than or equal to 500 kW are demand metered and billed based on one or two month usage data mapped to the net system load shape of the

¹ "MIST meter" means an interval meter from which data is obtained and validated within a designated settlement timeframe. MIST refers to "Metering Inside the Settlement Timeframe."

distributor, which may have little resemblance to the customers' actual hourly consumption.

This situation leaves some customers with a monthly average peak demand during a calendar year of over 50 kW and less than or equal to 500 kW in a unique position among electricity consumers in Ontario. Almost all residential and general service customers with demand less than 50 kW now have time-of-use ("TOU") meters (i.e., smart meters) and are being billed on a TOU basis. Large customers with a peak demand over 500 kW have interval meters and pay the hourly Ontario energy price from the IESO-administered real-time energy market based on their actual usage. The January Proposed Amendments set out to bring these customers in line with the rest of the electricity customers in Ontario in terms of pricing.

The Board received written comments on the January Proposed Amendments from eight stakeholders: Canadian Niagara Power Inc. and Algoma Power Inc.; the Electricity Distributors Association; a joint submission from Enersource Hydro Mississauga Inc., Horizon Utilities Corporation, Hydro Ottawa Limited, PowerStream Inc., and Veridian Connections Inc.; Essex Powerlines Corporation; Halton Hills Hydro Inc.; Hydro One Networks Inc.; Orillia Power; and Rodan Energy Solutions. The written comments are available for viewing on the Board's website at www.ontarioenergyboard.ca.

The Board has considered the comments received and has determined that two minor revisions should be made in relation to the January Proposed Amendments.

B. Overview of Written Comments

The comments received from stakeholders generally supported the January Proposed Amendments. However, a number of stakeholders had questions of clarification regarding items mentioned in the January Notice and some stakeholders suggested revisions to the January Proposed Amendments.

"Smart Meters" versus "Interval Meters"

Some distributors stated that they have installed "smart meters" for their general service > 50kW customers. These distributors recommended that if a customer has a "smart meter" that is approved by Measurement Canada as an Interval Metering Device, then replacement of the "smart meter" by an traditional "interval meter" (e.g., using a

dedicated phone line or internet connection) should not be required. These distributors argued that adopting this recommendation would require changes to specific sections of the DSC and the Retail Settlement Code (“RSC”) regarding the treatment of “smart meters” as “interval meters.”

The Board is of the view that if a general service > 50kW customer has a meter that meets the DSC’s definition of an “interval meter” and is approved by Measurement Canada as an Interval Metering Device, then replacement of the meter by an traditional “interval meter” should not be required. However, the Board disagrees that any changes to the DSC and RSC are necessary to accommodate this view. The DSC states that:

“smart meter” means a meter that is part of an advanced metering infrastructure that meets the functional specification referenced in the Criteria and Requirements for Meters and Metering Equipment, Systems and Technology Regulation, O. Reg. 425/06.

[Ontario Regulation 425/06](#) defines the criteria and requirements for smart meter deployment as pertaining “to residential and small general service customers” (i.e., general service < 50kW), referring to the [Functional Specification for Advanced Metering Infrastructure – Version 2](#) (the “Functional Specification”). The Functional Specification states that “[t]his Specification sets the required minimum level of functionality for AMI in the Province of Ontario for residential and small general service consumers where the metering of demand is not required.”

Therefore, any “smart meters” installed for a general service > 50kW customers are outside the regulation and the DSC definition of a “smart meter.”² If the meter meets the DSC’s definition of an “interval meter” and is approved by Measurement Canada as an Interval Metering Device, then it is an interval meter and meets the requirements of section 5.1.3 of the DSC. As a result, no changes to the DSC and RSC are necessary to accommodate such metering technology.

Use of Advanced Metering Infrastructure

Some distributors sought clarity regarding whether use of their Advanced Metering Infrastructure (“AMI”) was required or discretionary, arguing that there could be

² This view was expressed by the Board in its G-2011-0001 Guidelines “[Smart Meter Funding and Cost Recovery – Final Disposition](#)”. See pp. 15-16.

significant costs involved in upgrading AMI infrastructure to capture information required for interval metering general service > 50kW customers.

There is no requirement in the amended section 5.1.3 of the DSC to use the distributor's AMI infrastructure for the general service > 50kW customers. The decision is at the discretion of the distributor.

Size Threshold for Interval Metering

Canadian Niagara Power Inc. and Algoma Power Inc. recommended that the threshold for mandatory interval metering be for customers with demand greater than 100 kW or 200 kW rather than the 50 kW threshold in the January Proposed Amendments. The Electricity Distributors Association argued that the mandatory threshold should apply to customers with average demands over 200 kW.

The Board does not agree with changing the threshold and reiterates its comments from the January Notice, namely that the current metering situation leaves some customers with a monthly average peak demand during a calendar year of over 50 kW and less than or equal to 500 kW in a unique position among electricity consumers in Ontario in that they are demand metered and billed based on one or two month usage data mapped to the net system load shape of the distributor, which may have little resemblance to the customers' actual hourly consumption. The primary objective of the amendments to section 5.1.3 of the DSC is to eliminate this metering gap and ensure that all customers are billed based on their actual consumption.

Use of the Meter Data Management and Repository

Some distributors sought clarification on whether the data collected through the interval meters must be sent to the Meter Data Management and Repository ("MDM/R").

The Board is of the view that the data would not be sent to the MDM/R. Currently, the only meter reads sent to the MDM/R are for residential and general service < 50kW customers who are billed on a time-of-use basis.

Minimum Requirements

Rodan Energy Solutions recommended that the Board set minimum requirements for metering installations that provide for (a) customer access to a meter communication port; and (b) meters that provide 5-minute interval data.

The Board is not persuaded by the arguments that it should be more prescriptive regarding meter functionality in the DSC. The Board reiterates its comments from the January Notice, namely that it will not prescribe meter specifications or metering system functionality beyond the minimum required to enable spot pricing based on actual consumption. If a distributor thinks enhanced features beyond the minimum will benefit their customers, then it will need to justify that benefit to the Board before being allowed to recover the cost from customers.

Cost Recovery

A number of distributors recommended the use of deferral accounts to allow distributors to capture material prudently incurred incremental costs associated with the January Proposed Amendments.

The Board will establish a deferral account to be used to capture the costs of these amendments. The Board notes that the recording of amounts into this deferral account does not guarantee final recovery of those amounts.

C. Adoption of the January Proposed Amendments With Minor Revisions

Based on the comments received, the Board has determined that two minor changes will be made in relation to the January Proposed Amendments.

Orillia Power argued that the implementation time frame should be changed so distributors can exhaust their existing meter inventory before installing interval meters for new customers and that the time period of the amendments should be changed from 5 years to 6 years to coincide with Measurement Canada's reseal period.

The Board is of the view that the implementation time frame set out in 5.1.3(b) of the DSC should be 6 years so that distributors are better able to design efficient implementation plans that can more fully take into consideration any Measurement Canada metering requirements.

To further assist distributors in developing implementation plans, the Board is amending section 1.7 of the DSC to state that the amendments contained in this Notice come into force 3 months from today's date.

The Final Amendments to the DSC as adopted by the Board are set out in Attachment A to this Notice.

D. Anticipated Costs and Benefits

The anticipated costs and benefits of the January Proposed Amendments were set out in the January Notice and interested parties should refer to the January Notice for further information in that regard.

E. Coming into Force

The Final Amendments to the DSC as set out in Attachment A to this Notice come into force on August 21, 2014.

This Notice, including the Final Amendments to the DSC set out in Attachment A, will be available for public viewing on the Board's web site at www.ontarioenergyboard.ca and at the office of the Board during normal business hours.

Any questions relating to the Final Amendments to the DSC set out in Attachment A should be directed to market.operations@ontarioenergyboard.ca.

DATED at Toronto, May 21, 2014

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Attachments: Attachment A—Amendments to the DSC

Appendix A

Amendments to the DSC

1. The following will be inserted at the end of section 1.7 of the DSC:

The amendments to section 5.1.3 come into force on August 21, 2014.

2. Section 5.1.3 of the DSC will be deleted and replaced with the following:

5.1.3 For the purposes of measuring energy delivered to the customer, a distributor shall:

- a) install a MIST meter on any new installation that is forecast by the distributor to have a monthly average peak demand during a calendar year of over 50 kW; and
- b) have until August 21, 2020 to install a MIST meter on any existing installation that has a monthly average peak demand during a calendar year of over 50 kW.