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January 16, 2014

NOTICE OF PROPOSAL TO AMEND A CODE

PROPOSED AMENDMENTS TO THE DISTRIBUTION SYSTEM CODE

BOARD FILE NO.: EB-2013-0311

**TO: All Licensed Electricity Distributors
All Other Interested Parties**

The Ontario Energy Board (the "Board") is giving notice under section 70.2 of the *Ontario Energy Board Act, 1998* (the "Act") of proposed amendments to the Distribution System Code (the "DSC").

The Board will not be granting cost awards in this matter.

A. Background

Section 5.1.3 of the DSC currently requires a distributor to install an interval meter (i.e., a "MIST meter"¹) on any new installation that is forecast by the distributor to have a monthly average peak demand during a calendar year of over 500 kW. There is currently no requirement for distributors to install interval meters for customers with a monthly average peak demand during a calendar year of over 50 kW but less than or equal to 500 kW.² Many of these customers 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.

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

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."

² It should be noted that section 5.1.4 of the DSC allows a distributor to set a threshold for the installation of MIST meters lower than required by section 5.1.3 of the DSC. Some distributors have done this by requiring that MIST meters be installed for all of their customers with a monthly average peak demand during a calendar year of over 200 kW. Also, section 5.1.5 of the DSC allows a customer to request an interval meter subject to certain conditions, including the condition that the customer pays the incremental costs associated with the interval meter.

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.

B. Proposed Amendments to the DSC

The Board is of the view that, given the current metering infrastructure and pricing environment, it is appropriate to amend section 5.1.3 of the DSC to require a distributor to install a MIST meter on any installation that is forecast by the distributor to have a monthly average peak demand during a calendar year of over 50 kW.

The Board is proposing to give distributors 5 years from the date that the proposed amendments come into force to provide a MIST meter for any existing customer that has an average monthly peak demand during a calendar year of over 50 kW.

Distributors are expected to seek recovery of the costs for the MIST meter installations through rates with the costs allocated to the applicable customer rate classes.

The Board is not prescribing meter specification or metering system functionality beyond the minimum required to enable spot pricing based on actual consumption (i.e., an interval meter). However, 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. In deciding whether technical capabilities of installed interval meters or associated communications or other infrastructure that exceed the minimum functionality required for spot pricing are recoverable, the Board will consider the benefits of the added technical features and the prudence of these costs. All costs beyond minimum functionality should be clearly identified and supported. Any distributor seeking recovery for these additional capabilities should provide documentation of the additional technical capabilities, the reasons for them and a detailed cost/benefit analysis.

The Board expects that distributors will install interval metering systems that communicate through the distributor’s Advanced Metering Infrastructure installed as part of Ontario’s smart meter initiative.

C. Anticipated Costs and Benefits

The benefits of moving all customers with a monthly average peak demand during a calendar year of over 50 kW to interval meters are that it will provide them with greater choice, opportunity, ability, and incentive to better manage their electricity consumption and costs through load shifting, pricing options, and/or demand reduction. The proposed amendments will also bring these customers in line with the rest of the electricity customers in Ontario in terms of pricing. Potentially, this will lead to the deferral and mitigation of system investments, lowering overall system costs.

There will be costs associated with procuring and installing the new meters, removing old meters, and there may be stranded costs associated with the previously installed meters. These costs will be borne by the applicable customer rate classes.

Customers may experience an increase or decrease in their electricity charges as a result of moving to hourly or, for those greater than 50kW customers that are eligible for the Board's Regulated Price Plan, TOU pricing based on actual consumption.

D. Coming into Force

The Board proposes that the proposed amendments to the DSC as set out in Attachment A come into force on the date that the proposed amendments are published on the Board's website after having been made by the Board.

E. Invitation to Comment

All interested parties are invited to submit written comments on the proposed amendments to the DSC as set out in Attachment A by February 7, 2014.

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 <https://www.pes.ontarioenergyboard.ca/eservice/>. 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.ontarioenergyboard.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@ontarioenergyboard.ca.

Those that do not have internet access should provide a CD containing their filing in PDF format.

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-2013-0311** and include your name, address, telephone number and, where available, your e-mail address and fax number.

If the written comment is from a private citizen (i.e., not a lawyer representing a client, not a consultant representing a client or organization, not an individual in an organization that represents the interests of consumers or other groups, and not an individual from a regulated entity), before making the written comment available for viewing at the Board's offices or placing the written comment on the Board's website, the Board will remove any personal (i.e., not business) contact information from the written comment (i.e., the address, fax number, phone number, and e-mail address of the individual). However, the name of the individual and the content of the written comment will be available for viewing at the Board's offices and will be placed on the Board's website.

This Notice, including the proposed amendments to the DSC set out in Attachment A, and all written comments received by the Board in response to this Notice, 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.

If you have any questions regarding the proposed amendments to the DSC described in this Notice, please contact Roy Hrab at roy.hrab@ontarioenergyboard.ca or at 416-440-7745. The Board's toll free number is 1-888-632-6273.

DATED at Toronto, January 16, 2014

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Attachments: Attachment A—Proposed Amendments to the DSC

Appendix A

Proposed Amendments to the DSC

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 **[5 years after the date the proposed amendment comes into force]** to install a MIST meter on any existing installation that has a monthly average peak demand during a calendar year of over 50 kW.