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VIA E-MAIL AND WEB POSTING

July 15, 2014

To: All Licensed Electricity Distributors
All Participants in Consultation Process EB-2010-0249
All Other Interested Parties

**Re: Initiative to Develop Electricity Distribution System Reliability
Performance Targets
Board File No.: EB-2014-0189**

The Ontario Energy Board (the “Board”) has today posted a Board staff Discussion Paper as the next step in the Board’s initiative to establish distribution system reliability performance targets or standards. The Discussion Paper and other information related to this initiative are available on the “Policy Initiatives & Consultations” portion of the Board’s website at www.ontarioenergyboard.ca. Details of how to provide written comments on the Discussion Paper are set out below.

1. Background

On September 18, 2013, the Board issued a [letter](#) announcing the commencement of the electricity distribution reliability standards initiative. The objectives announced in the letter were to:

- Establish specific performance targets for the existing system reliability measures. (System Average Interruption Duration Index, and System Average Interruption Frequency Index¹)

¹ SAIDI and SAIFI respectively

- Consider development of customer specific reliability measures (e.g. customers experiencing multiple interruptions), and address the monitoring of momentary outages.

The Board's Renewed Regulatory Framework is a comprehensive performance-based approach to regulation that promotes the achievement of four performance outcomes to the benefit of existing and future customers: customer focus, operational effectiveness, public policy responsiveness, and financial performance.

As described in the Report of the Board Performance Measurement for Electricity Distributors: A Scorecard Approach, issued on March 5, 2014 (the "[Scorecard Report](#)"), in order to facilitate performance monitoring and eventually distributor benchmarking, the Board will use a scorecard approach to effectively translate the four outcomes of the renewed regulatory framework into a coherent set of performance measures.

Distribution system reliability performance measures and targets are one of the key performance measures to be used when assessing the achievement of the operational effectiveness outcome. To that end, the Scorecard will include two of the Board's existing system reliability indicators: SAIDI (Loss of Supply) and SAIFI (Loss of Supply). Introducing customer-specific reliability measures and addressing concerns around the impact of momentary outages are actions that can be taken to achieve the customer focus outcome.

The Board staff Discussion Paper provides background related to objectives of this initiative, including the results of consultant research on an analysis of historical Ontario distributor reliability performance data, and the use of customer-specific reliability measures in other jurisdictions. The paper will also summarize the feedback received from a stakeholder working group on the issues, and provides Board staff's initial proposals with respect to the objectives of this policy initiative.

2. Invitation to Comment

Stakeholders are invited to provide written comments on the Board staff Discussion Paper by **August 20, 2014** in accordance with the filing instructions set out below.

Comments from stakeholders on the following questions would be of particular assistance:

- What approach should the Board take to establish performance targets for SAIDI and SAIFI (i.e. historical or projected performance)?
- Whether the performance targets should be distributor-specific, a single province-wide target for all distributors, regional or based on peer-groups?
- Should performance targets be based on a specific target, or a target range?
- What is the appropriate time frame for performance targets to be in place, i.e. should targets be fixed for a five year period or should a rolling target be used to adjust for the most recent performance.
- Should the Board introduce a time line for the implementation of customer-specific reliability measures?
- Would it be useful for the Board to undertake a pilot project with a number of willing distributors to explore the implementation issues related to the introduction of customer-specific reliability measures? What should be the objectives and/or goals of this pilot project?
- Should distributors be required to develop and implement written practices and procedures for responding to customer complaints about momentary outages as part of their Conditions of Service?

Stakeholders may comment on any or all issues addressed in the Discussion Paper and identify any other alternatives for achieving the objectives of the initiative. The Board will determine the next steps for this initiative following its consideration of comments received from stakeholders on the staff Discussion Paper.

3. Cost Awards

Cost awards will be available under section 30 of the *Ontario Energy Board Act, 1998* to eligible persons in relation to the provision of comments on the Board staff Discussion

Paper, **to a maximum of 14 hours**. Costs awarded will be recovered from all licensed electricity distributors based on their respective distribution revenues.

Attachment A contains important information regarding cost awards for this consultation, including in relation to eligibility requests and objections. In order to facilitate a timely decision on cost eligibility, the deadlines for filing cost eligibility requests and objections will be strictly enforced.

4. Filing Instructions

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-2014-0189** 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.

All material related to this consultation will be posted on the "Policy Initiatives & Consultations" portion of the Board's website at www.ontarioenergyboard.ca. The material will also be available for public inspection at the Board's office during normal business hours.

If you have questions regarding the Board staff Discussion Paper, 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.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary

Attach: Attachment A: Cost Awards

ATTACHMENT A

Cost Awards

Cost Award Eligibility

The Board will determine eligibility for costs in accordance with its *Practice Direction on Cost Awards*. Any person requesting cost eligibility must file with the Board a written submission to that effect by **July 25, 2014**, identifying the nature of the person's interest in this consultation and the grounds on which the person believes that it is eligible for an award of costs (addressing the Board's cost eligibility criteria as set out in section 3 of the Board's *Practice Direction on Cost Awards*). An explanation of any other funding to which the person has access must also be provided, as should the name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known. All requests for cost eligibility will be posted on the Board's website.

Licensed electricity distributors will be provided with an opportunity to object to any of the requests for cost award eligibility. If an electricity distributor has any objections to any of the requests for cost eligibility, such objections must be filed with the Board by **August 8, 2014**. Any objections will be posted on the Board's website. The Board will then make a final determination on the cost eligibility of the requesting parties.

Eligible Activities

Cost awards will be available in relation to the provision of written comments on the Board staff Discussion Paper, to **a maximum of 14 hours**.

Cost Awards

When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of its *Practice Direction on Cost Awards*. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied. The Board expects that groups representing the same interests or class of persons will make every effort to communicate and co-ordinate their participation in this process.

The Board will use the process set out in section 12 of its *Practice Direction on Cost Awards* to implement the payment of the cost awards. Therefore, the Board will act as a clearing house for all payments of cost awards in this process. For more information

on this process, please see the Board's *Practice Direction on Cost Awards*. This document can be found on the Board's website at www.ontarioenergyboard.ca on the "Rules, Guidelines and Forms" webpage.