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VIA E-MAIL AND WEB POSTING

December 7, 2015

To: All Licensed Electricity Distributors
All Participants in Consultation Process EB-2014-0189
All Other Interested Parties

Re: **New Initiatives relating to Electricity Distribution System Reliability Performance Objectives:**

- **Major Event Definition**
- **Response to Major Events Reporting Requirements**
- **Establish Customer Specific Reliability Measures**

Board File No.: EB-2015-0182

Today the OEB issued a Report of the Board on [Electricity Distribution System Reliability: Major Events, Reporting on Major Events and Customer Specific Measures](#) (The Report). This Report explores three new initiatives related to the current and ongoing project to establish distribution system reliability performance expectations for Ontario electricity distributors that were set out in the August 25, 2015, [Report of the Board: Electricity Distribution System Reliability Measures and Expectations](#).

- The first initiative will be to develop a definition of a “Major Event” that will be used to normalize reliability data that is reported to the OEB.
- The second initiative will be to develop criteria and new reporting requirements that will be used to evaluate a distributor’s response to a Major Event.
- The third initiative will be to establish an approach to implementing “customer specific” system reliability measures.

The purpose of this Report is to explore issues related to the above mentioned topics and seek stakeholder comments on initial OEB proposals.

1. Background – Major Event Definition

As set out in the Report, the data used to establish a distributor's reliability performance will be normalized to exclude "Major Events".

Major events are infrequent events that exceed the normal design criteria of the distribution system¹. These events have broad impacts on electricity customers and show up as higher values of SAIDI and SAIFI². Yet these events may obscure a key contributor to reliability performance – like the state of the distributor's assets and its inherent resiliency.

The OEB believes that in order to effectively review a distributor's reliability performance (and ultimately the effectiveness of a distributor's asset management plan), an analysis of a distributor's performance under normal operating conditions is required to allow for more accurate year to year comparisons of systemic performance.

In order to achieve this objective, a practical definition of what constitutes a Major Event must be developed. OEB staff reconvened the members of the System Reliability Working Group (See Attachment B) that has been established for previous stages of the OEB's system reliability project. Staff has consulted with the Working Group to assist the OEB in developing a proposal for a definition to be considered.

2. Background – Monitoring Response to Major Events

While agreeing to exclude the impact of Major Events from reliability performance data, the OEB continues to believe that the way a distributor responds to a Major Event is important.

These events are by their very nature the most extreme and impactful outage events that customers experience. The OEB's Distribution System Code (DSC) includes provisions related to a distributor's emergency response plans. Including section 4.5.6 of the DSC, which requires a distributor to develop and maintain appropriate emergency plans in accordance with the requirements of governments and the Market Rules.

¹ The general assumption is that it is not cost effective to upgrade the system to withstand these infrequent, high impact events.

² System Average Interruption Duration Index and System Average Interruption Frequency Index respectively.

Section 4.5.7 of the DSC requires a distributor to establish outage management policies including arrangements for on-call personnel and the operation of a call center.

As set out in the Report, the OEB has decided to introduce new reporting requirements that will provide the OEB with the information necessary to assess a distributor's response to a Major Event.

In order to achieve this objective, OEB staff has also held discussions with members of the System Reliability Working Group to assist the OEB in developing a list of questions the OEB will use to monitor and assess the effectiveness of a distributor's response to a Major Event.

3. Background – Customer Specific Reliability Measures

As set out in the Report, the OEB has decided to move forward with the introduction of customer specific reliability measures, as soon as practical.

The objective of this part of the initiative is to develop an approach to monitoring and reporting on distribution outages in a manner that identifies the outage experience at the individual customer level. This may be done by introducing reporting for Customers Experiencing Multiple Interruptions (CEMI) and/or Customers Experiencing Long Duration Interruptions (CELDI). In the alternative, stakeholders may suggest other ways that this information can be identified and reported. Whatever the approach, in light of the objectives of the OEB's renewed regulatory framework and its focus on the customer experience, the OEB considers it important for distributors to understand the reliability performance being delivered to the individual customer.

As an initial step, OEB staff consulted with System Reliability Working Group to discuss what monitoring and reporting approaches may be appropriate to identify reliability performance at the individual customer level and a review what systems and processes are readily available, or need to be available. The feedback from the System Reliability Working Group assisted the OEB in developing its approach to implementing customer specific reliability measures.

4. Invitation to Comment

All interested parties are invited to submit written comments on the Report, by **January 11, 2016**, in accordance with the filing instructions set out in section 6 below.

5. Cost Awards

The OEB finds it expedient to award costs to The Association of Major Power Consumers in Ontario, the Energy Probe Research Foundation, and the Vulnerable Energy Consumers Coalition for their participation in the System Reliability Working Group. The OEB has previously found these parties eligible for an award of costs for participation in the Working Group. These parties are eligible for costs in relation to participation in the Working Group. A Decision on Cost Eligibility will be issued shortly.

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 Report, **to a maximum of 12 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.

6. 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 ON M4P 1E4

The OEB 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 OEB's web portal at

<https://www.pes.ontarioenergyboard.ca/eservice/>. A user ID is required to submit documents through the OEB's web portal. If you do not have a user ID, please visit the "e-filings services" webpage on the OEB'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 OEB'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 OEB must be received by the Board Secretary by **4:45 p.m.** on the required date. They must quote file number **EB-2015-0182** 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 OEB's offices or placing the written comment on the OEB's website, the OEB 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 OEB's offices and will be placed on the OEB's website.

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

If you have questions regarding the Report, please contact Paul Gasparatto at paul.gasparatto@ontarioenergyboard.ca or at 416-440-7724. The OEB's toll free number is 1-888-632-6273.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary

Attach: Attachment A: Cost Awards
Attachment B: Working Group Members

ATTACHMENT A

Cost Awards

Cost Award Eligibility

The OEB will determine eligibility for costs in accordance with its *Practice Direction on Cost Awards*. Any person requesting cost eligibility must file with the OEB a written submission to that effect by **December 21, 2015**, 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 OEB'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 OEB by **January 8, 2016**. Any objections will be posted on the OEB's website. The OEB 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 Report, to a **maximum of 12 hours**.

Cost Awards

When determining the amount of the cost awards, the OEB will apply the principles set out in section 5 of its *Practice Direction on Cost Awards*. The maximum hourly rates set out in the OEB's Cost Awards Tariff will also be applied. The OEB 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 OEB 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 OEB will act as a clearing house for all payments of cost awards in this process. For more information on this process, please see the OEB's *Practice Direction on Cost Awards*. This document can be found on the OEB's website at www.ontarioenergyboard.ca on the "Rules, Guidelines and Forms" webpage.

ATTACHMENT B

Members of the System Reliability Working Group

- Algoma Power
- Association of Major Power Consumers in Ontario
- Canadian Niagara Power
- Enersource Hydro Mississauga Inc.
- Halton Hills Hydro Inc.
- Horizon Utilities
- Hydro One Networks Inc.
- Hydro Ottawa
- London Hydro
- Orangeville Hydro (CHEC Group)
- Toronto Hydro Electric System Limited
- Veridian Connections Inc.
- Vulnerable Energy Consumers Coalition