
Cornerstone Hydro Electric Concepts Association Inc.

September 25, 2013

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O.Box 2319
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Re: EB-2010-0379 Defining and Measuring Performance of Electricity Distributors – Written Comments

Below please find comments on the Draft Report of the Board on Empirical Research to Support Incentive Rate-setting for Ontario Electricity Distributors.

Insufficient Information to Support PEG Data: A review of the PEG data indicates lacking information to determine whether all LDC data is correct. A review of data indicates errors which undermines the integrity of the total data pool utilized in the PEG Report. While many of these were raised with OEB staff and some guidance provided concern remains that the data set does not accurately capture LDC information. It is unclear what information is included or not included or should be included in the PEG evaluation. Consequently it is difficult for any LDC to comment whether the data should be included. Data verification remains a concern.

Smart Meter OM&A Costs: A review of the data indicates smart meter OM&A costs included in some LDCs while not included in others. This can result in the overstatement of costs for LDCs with costs included. In the 2012 OM&A Data Set smart meter OM&A for the years 2006 to 2011 is included in the 2012 OM&A. This inflates the 2012 costs reflecting an overstated amount (in one LDC data inclusion has increased cost in excess of 10%). Both of these issues negatively impacts on cost comparisons and the level playing field. It is unclear how these costs are included and the full impact of the discrepancy. Further clarification on Smart Meter OM&A costing is required.

Capital: Capital investment by an LDC increases the overall cost of the LDC. By including capital this is a disincentive to invest in appropriate system capital upgrades as it impacts on their “efficiency rating” by increasing the total cost. These costs are investments in continued delivery of service critical to system performance and should not negatively impact on the overall efficiency evaluation. An LDC with a five year capital program, when the program is reduced may appear more efficient. This does not measure overall efficiency but merely expenditure of funds and system investment.

This issue is highlighted when LDCs are undertaking major improvements such as substations.

In conclusion there are issues with the overall efficiency measures and it is believed that further work is required prior to implementation to ensure the proper measures and data. While supportive of the initiative it is believed that full application at this time is premature.

CHEC looks forward to continued engagement in this process.

Yours truly,

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