



# Niagara On-The-Lake HYDRO

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January 9, 2018

Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, Ontario M4P 1E4

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2017-0290 - IESO Smart Meter Entity – NOTL Hydro Evidence

Attached please find our evidence for the above proceeding as allowed in your letter dated January 8, 2018.

Yours truly,

Tim Curtis  
President  
Niagara-on-the-Lake Hydro Inc.

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** subsections 78(2.1), (3.01), (3.02) and (3.03) of the *Ontario energy Board Act, 1998*;

**AND IN THE MATTER OF** subsection 53.8(8) of the *Electricity Act, 1998*;

**AND IN THE MATTER OF** Ontario Regulation 453/06 made under the *Ontario Energy Board Act, 1998*;

**AND IN THE MATTER OF** an Application by the Independent Electricity System Operator, designated as the Smart Metering Entity, for an Order approving a Smart Metering Charge for the period January 1, 2018 to December 31, 2022

**EVIDENCE SUBMITTED BY**

**NIAGARA-ON-THE-LAKE HYDRO INC.**

The Smart Meter Entity (SME), managed by the Independent System Operator (IESO), has a monopoly on SME services due to Government of Ontario regulations O. Reg. 393/07 and O. Reg. 288/14. Local distribution companies in Ontario (LDCs) are required to use the services of SME under these same regulations whether they want to or not.

The SME was designed as the use of smart meters in Ontario was starting to be implemented. It was unclear at this time what the capabilities of the LDCs and their support services would be with regard to smart meters. The design of the SME therefore had to ensure that the required services could be delivered under the most pessimistic scenarios.

Ten years later the landscape is very different. The use of smart meters is now fully integrated into LDC operations and the services provided by SME are largely a duplication of services LDCs or their service providers could or already do provide. A number of LDCs have questioned why their customers are having to pay for SME services when they could be provided by the LDC at much lower cost.

LDCs are also utilizing the capabilities of smart meters for additional benefits such as outage management, transformer loading, voltage management and theft prevention. The drivers of these additional capabilities are either the LDCs themselves or their third party service providers. The SME has not been a driver or provider of these new capabilities.

The SME has not adapted to the changes in the capabilities of LDCs over the past ten years. It continues to provide the same service it was designed to provide at roughly the same operating cost. As mentioned above, the LDCs have to use this service whether they want to or need to or not.

An argument put forward in favour of continuing the SME is that it allows the central aggregation of all data (big data) which can be sold to third parties or used by other parties of the industry such as data mapping for Conservation and Demand Management purposes. There are three problems with this argument:

- a) Experience in the financial services, consumer products and social media industries have shown that big data by itself has little value. Data needs to be able to be interrogated down to the consumer level to have significant value. All the industries above use the results of big data to target individual consumers with value propositions. SME data specifically cannot be linked to individual consumers due to privacy constraints. SME data cannot get more precise than the postal code level, due to the recent changes in data collection, and the value in the other industries for data at this level is not high.
- b) If the data had real value then those that want the data should pay for the cost of operating the SME to collect the data. It should not be the consumers whose personal data, at an aggregate level, is being sold who is funding the collection. The SME has made no commitments in this regard other than to make a submission to the OEB in 2018 that may include potential revenues.
- c) It is debatable whether a Government organization should be in the business of collecting big data for the purpose of selling it.

This Ontario Energy Board (OEB) rate hearing has the mandate to review the rates proposed by SME for its services for the next five years. What is really needed is a review of whether the services the SME provides are truly needed and, if so, to determine if there are alternate competitive means of obtaining this service that would have a lower cost.

We recognize that a review of this nature is beyond the legal scope of the OEB and that the OEB must operate within the regulations of the Government of Ontario. However, the OEB can, as the regulator with the responsibility of protecting the consumer, in its decision require the IESO to take steps that could encourage changes to be made to the regulations on behalf of the consumer.

We encourage the OEB, as part of its decision, to require:

1. The IESO to commission an independent survey of LDCs to assess if, given the choice, LDCs would continue to use the SME, would use an alternative service provider or would manage these services on their own. The survey should also examine whether LDCs believe they need the services currently provided by the SME or would drop them altogether if they could.
2. The IESO to commission an independent analysis of the costs and benefits of opening the services the SME provides to a competitive market.

3. The publication of the full results of both of these reports.

Respectfully submitted on behalf of Niagara-on-the-Lake Hydro this January 9, 2018



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Tim Curtis  
President