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October 29, 20109
VIA MAIL AND EMAIL
Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
26th Floor
2300 Yonge Street
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: Initiative to Develop Electricity Distribution System Reliability Standards
Board File Number: EB-2010-0249

Vulnerable Energy Consumers Coalition's Submissions

As Counsel to the Vulnerable Energy Consumers Coalition (VECC), I am writing to provide VECC's comments regarding the above Board initiative.

VECC has reviewed the materials produced by the Pacific Economics Group and POLLARA and listened to the stakeholder conference held on October 15th. Subsequent to this conference we have discussed the matter with the Schools Energy Coalition (SEC) and reviewed their submissions. VECC agrees with and adopts the detailed submissions filed on behalf of the SEC. Set out below are some additional comments meant to highlight some issues of particular note to VECC.

VECC specifically agrees with the SEC position that the development and subsequent use of reliability measures/standards must be based on a set of objectives. Furthermore, VECC agrees that these objectives will differ for distributors that are on IRM versus Cost of Service regulation. For those distributors under IRM, the objective should be to ensure that service quality is or has not been sacrificed in the interest of shareholder returns. However, in the

case of distributors under Cost of Service regulation, reliability measures and standards can also be used to support and prioritize capital spending and OM&A activities. Furthermore, the reliability measures used in these two instances may differ.

During the stakeholder conference reference was made to other possible reliability measures besides the three (SAIDI, SAIFI and CAIDI) currently utilized by the Board. VECC sees value in a number of these including a) MAIFI, b) severe storm restoration indicators, c) worst performing circuit indicators, and d) customer service indicators during outage events. Depending on the input received from distributors, the Board may wish to specifically canvas further input from distributors as well as technical input from an organization such as Kinetics regarding the development and use of measures in these four areas.

VECC also agrees with SEC's views that improved reliability data is required before the Board will be in a position to set strict targets and/or consider the use of penalties or rewards. Data improvements are also required before the Board will be in a position to accurately compare reliability performance across distributors. At this stage, the use of reliability measures should likely be limited to benchmarking a distributor's performance against its own historical results. The Board should also focus on ensuring distributors adopt standard definitions for the required reliability measures and have suitable procedures in place for tracking/recording results.

Better data is also required before the Board will be in a position to consider the use of penalties and/or rewards for not meeting/exceeding specified reliability targets. Furthermore, financial penalties/rewards will drive specific behaviours on the part of distributors and their implications must be clearly and fully understood before they are implemented. An example of this is the SSM reward offered to distributors in regards to their CDM programs. This measure focuses on the level of the TRC and as result incents distributors to pursue certain types of programs (e.g. CFLs) and not others (e.g. low income programs). This is not to say that there shouldn't be consequences for distributors that allow reliability to deteriorate during IRM periods in the interest of financial returns in the interim. Rather, it means that such issues and the consequences should be assessed on a case by case basis.

The POLLARA results suggest that customers are generally satisfied with the current level of reliability. The results also suggest that the majority of consumers are neither willing to pay more for higher reliability nor accept more outages in return for a lower bill. In VECC's view this indicates that, for now, the main focus of the Board should be on ensuring current reliability levels are maintained as opposed to seeking to set reliability improvement targets for distributors.

What VECC found even more revealing in the POLLARA results was the fact that among consumers experiencing outages there was greater dissatisfaction regarding the communication between the distributor and its customers than with the actual time taken to restore power. In VECC's view this serves to heighten the need for customer service indicators that are linked to customer communications during outages. It also suggests that there may be ways of improving customer satisfaction other than through increased spending on distribution facilities.

Yours truly,

Original signed

Michael Buonaguro
Counsel for VECC