



EB-2010-0282

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF an application pursuant to section
74 of the *Ontario Energy Board Act, 1998* by Hydro One
Networks Inc. seeking an exemption from their Time-Of-Use
Pricing date for certain Regulated Price Plan Consumers

By delegation, before: Jennifer Lea

DECISION AND ORDER

Hydro One Networks Inc. ("Hydro One") filed an application with the Ontario Energy Board on September 16, 2010, under section 74 of the *Ontario Energy Board Act, 1998*, seeking an exemption from their mandated time-of-use pricing date for approximately 150,000 Regulated Price Plan ("RPP") customers currently located outside the reach of Hydro One's smart meter telecommunications infrastructure. The Board assigned file number EB-2010-0282 to the application.

BACKGROUND

Under cover of a letter to all Ontario electricity distributors dated August 4, 2010, the Ontario Energy Board provided its determination of mandatory dates by which each distributor must bill those of its RPP customers that have eligible time-of-use meters using time-of-use pricing. The Board's determination was made pursuant to sections 3.4 and 3.5 of the Standard Supply Service Code for Electricity Distributors, which requires time-of-use pricing for RPP consumers with eligible time-of-use meters, as of the mandatory date. Compliance with this Code is a condition of licence for nearly all licensed electricity distributors in Ontario.

THE APPLICATION

Hydro One has applied for an exemption from its mandatory June 2011 time-of-use pricing date for RPP customers presently outside the reach of its smart meter telecommunications infrastructure. Hydro One serves some RPP customers in areas of the province that are very rural and sparsely populated. The applicant does not anticipate being able to transition about 150,000 of these rural customers to time-of-use rates until at least the end of 2012.

A Notice of Application and Written Hearing was published on October 27, 2010 inviting interrogatories and submissions on the application. Board staff asked interrogatories, which were answered by the applicant, and provided a submission. Board staff did not object to the application for exemption, but recommended that the Board require quarterly reports from Hydro One beginning in March 2011, detailing timelines, milestones, solutions for reaching the rural customers, and cost estimates for those solutions. Hydro One, in its reply submission, supported the proposal for quarterly reporting, but asked that the first report be filed in October 2011, once meaningful information is available. Hydro One also pointed out that it already files monthly time-of-use progress reports with the Board.

The Board received two submissions from private citizens, customers of the applicant. Both submissions gave examples of meter inaccuracies, and pointed out the uneven implementation of time-of-use pricing in Hydro One's service territory. The submissions argued that the smart meter program has "huge problems", and that this application by Hydro One demonstrates that the smart meter / time-of-use system is "broken" and "not viable at this time". One submission opposed the application for exemption. Both submissions strongly urged that all Hydro One customers be given the opportunity to opt out of time-of-use pricing until the system is proven to be trustworthy and efficiently implemented to all Hydro One customers.

BOARD FINDINGS

While acknowledging the arguments made and frustrations expressed in the submissions from Hydro One customers, I do not find the submissions compelling with

respect to the issues raised by this application for exemption. I cannot, through this decision, amend the legislation, amend Board Codes that require the implementation of time-of-use pricing for RPP customers, or create an option that permits Hydro One RPP customers to opt out of the use of smart meters or time-of-use rates. Denial of the application would not resolve the concerns expressed in those submissions, and would exacerbate the challenges Hydro One faces in implementing time-of-use pricing, as it is required to do.

I find the application should be granted. Hydro One has taken the responsible step of seeking an exemption from the Board well in advance of its mandated time-of-use date. The reason cited in the application for missing the date for some customers is persuasive: Hydro One does face unique challenges in serving rural, very low density areas that may have insufficient wireless coverage to transmit time-of-use data in a cost-effective manner. In addition, as Board staff pointed out, Hydro One has shown significant progress in smart meter deployment and implementation, and has provided a credible plan for resolving the remaining implementation problems.

Hydro One will be exempted from the requirement to apply time-of-use pricing by June 2011 in respect of approximately 150,000 regulated price plan customers who, as of January 1, 2011, are outside the smart meter telecommunications infrastructure reach of Hydro One. This exemption applies until December 31, 2012, at which time Hydro One must apply time-of-use pricing to all of its RPP customers that have eligible time-of-use meters, or seek a further exemption.

The proposal from Board staff, supported by Hydro One, for quarterly reporting has merit, in that it will allow the Board to monitor Hydro One's progress towards full time-of-use implementation. Hydro One asked that the first quarterly report be filed in October 2011, submitting that the company's research into various technology solutions will continue through 2011, leading to a meaningful work plan in September 2011. I find this filing date is acceptable.

IT IS THEREFORE ORDERED THAT:

1. Hydro One Networks Inc.'s distribution licence ED-2003-0043, specifically, Schedule 3 List of Code Exemptions, is amended to include an exemption from the requirement to apply time-of-use pricing under the Standard Supply Service Code in respect of approximately 150,000 regulated price plan customers who, as of January 1, 2011, are outside the smart meter telecommunications infrastructure reach of Hydro One Networks Inc. The exemption applies until December 31, 2012;
2. Hydro One Networks Inc. shall file with the Board quarterly reports describing its progress towards implementing time-of-use pricing for the customers for whom it has received the exemption. The first report shall be filed no later than October 31, 2011 and subsequently on the last business day of succeeding quarters.

DATED at Toronto, January 13, 2011.

ONTARIO ENERGY BOARD

Original signed by

Jennifer Lea
Counsel, Special Projects