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BY COURIER

January 17, 2011

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700,
2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Walli:

**EB-2011-0002 – Ontario Energy Board 2011-2014 Draft Business Plan – Hydro One Networks’
Comments**

Hydro One Networks Inc. (Hydro One) welcomes the opportunity to comment on the Ontario Energy Board’s (the Board’s) Draft 2011-2014 Business Plan. Hydro One agrees with the Board’s sharper focus on the position of consumers in our current environment of increasing energy costs. Hydro One looks forward to working with the Board as the Business Plan moves from an “outputs” to an “outcomes” approach.

Outcomes versus Output:

Hydro One supports the ‘new approach to strategic and business planning’ that will establish a performance-assessment framework that will be focused on outcomes that are consistent with the OEB’s Mandate and Mission. Hydro One agrees that such an approach necessitates the development of appropriate indicators and the collection of data and as such encourages the Board to take time to ensure the most appropriate performance assessment indicators are developed.

The *Energy Consumer Protection Act*

Hydro One looks forward to working with the Board with respect to consumer education and implementing the *Energy Consumer Protection Act* particularly related to low income energy consumers. Ensuring that new customer service rules tailored to low income energy consumers are appropriate, workable and cost effective will be critical to the success of this initiative.

Comments on Specific Goals and Objectives:

Electricity Distribution

Goal 1.1: Optimizing distribution infrastructure investment

Objective 1.1.1: Distributors prioritize distribution investment through local system and regional planning with regard to reliability and the total bill impact on consumers

Hydro One has a rigorous prioritization process that includes prioritizing reliability, reinforcement, the need for expansion and customer impacts. At this time it is not clear to Hydro One how the Board envisions applying regional planning to this work activity. It is recommended that the term “regional planning” be well defined before it is used in this objective.

Hydro One is also concerned with the use of the term “total bill impact” in this objective. In this objective we suggest that the term “total” be removed. In considering bill impacts, Hydro One recommends that distribution investments and proposed revenue requirements continue to be judged on their own merits.

Objective 1.1.2: Distributors develop and implement smart grid systems consistent with the Smart Grid Directive and Board guidance.

Hydro One looks forward to participating on the newly formed “Smart Grid Working Group” forum to help in designing guidelines for Smart Grid planning. It will be important to ensure this group coordinates with other entities that are also developing guidance for the Smart Grid including the Ministry of Energy, the Ontario Power Authority, the IESO, etc. Such coordination will be critical in ensuring the Smart Grid development process is efficient and cost effective.

Goal 1.2: Setting rates and prices

Objective 1.2.1: The Board’s approach to the RPP, including TOU prices, ensures fairness in the recovery of costs while promoting conservation and demand shifting

Objective 1.2.2: Distributors achieve performance and cost efficiency standards in accordance with a rate-setting framework that considers the total bill impact on consumers.

A clear definition of “total bill impact” needs to be developed before the objectives addressing the Board’s goal of “setting rates and prices” can be initiated. All aspects of “total bill impact” then need to be considered in order to address consumer impacts. Hydro One is looking forward to working with the Board on its “Renewed Regulatory Framework” consultation being undertaken in 2011.

We are concerned that the Board’s review of Electricity Rate Design and Customer Classification has been dropped from the 2011 - 2014 business plan. Hydro One is currently undertaking a Board directed Density study that would have been more helpful if this Board review was also underway.

Electricity Transmission and Infrastructure

Goal 2.1 Optimize transmission infrastructure investment

The business plan objectives associated with this goal refer to “reviewing” plans and projects. Hydro One suggests that the wording be changed to “review and approve” plans and projects.

Hydro One thanks the Board for the opportunity to provide comments on the Draft 2011-2014 Business Plan and looks forward to working with the Board as the Plan is finalized.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank