



ONTARIO ENERGY BOARD

BOARD STAFF SUBMISSION

**Application for Extension to Mandated Time
of Use Pricing Date for Regulated Price Plan
Consumers**

London Hydro Inc.

EB-2011-0092

May 13, 2011

BACKGROUND

London Hydro Inc. ("London Hydro") filed an application dated March 31, 2011 with the Ontario Energy Board for a licence amendment granting an extension in relation to the mandated date for the implementation of Time-of-use ("TOU") pricing rates for Regulated Price Plan consumers.

London Hydro has applied for an extension to its June 2011 mandated TOU pricing date and requested a new date of May 2012. London Hydro states the extension is necessary due to advanced metering infrastructure vendor delays as well as Measurement Canada compliance issues.

The Board issued a Notice of Application and Hearing on April 14, 2011. Board staff filed interrogatories on the application on April 29, 2011. London Hydro responded to these interrogatories on May 6, 2011.

This submission is being provided by Board staff following a review of the application and evidence filed in this proceeding.

STAFF SUBMISSION

Having reviewed the application and evidence, Board staff has concerns with one aspect of London Hydro's request for an extension to its mandated TOU pricing date.

Staff notes that there are two aspects to London's application for extension. The first relates to the performance of London Hydro's AMI wireless network, pertaining to network congestion issues. London Hydro has kept the Board informed about this development through its monthly TOU/Smart Meter reports. In its application, London Hydro states that it expects this issue to be resolved in early Fall 2011. In its response to Board staff interrogatories, London Hydro describes the tasks it is undertaking to resolve this issue.

Staff accepts that London Hydro's AMI wireless network issues represent extraordinary and unanticipated circumstances related to the implementation of TOU billing that warrants a change to its mandated TOU date. Board staff agrees

that it would not be prudent for London Hydro to attempt to meet its current mandatory TOU date of June 2011 under these circumstances.

However, the second aspect of London Hydro's application is a proposed seven month billing implementation schedule that begins in November 2011 and ends in May 2012 as shown in the table below.

Time of Use Cutover		
Date	Transition	Cumulative
Nov-11	100	100
Dec-11	8,000	8,100
Jan-12	11,900	20,000
Feb-12	30,000	50,000
Mar-12	40,000	90,000
Apr-12	40,000	130,000
May-12	13,813	143,813

London Hydro gives the following reasons for its extended rollout schedule in its interrogatory responses:

1. Establish at least one month of good data for meters being transitioned
2. Complete additional verification and testing of AMI data quality
3. Minimize volume of customers receiving their first Time of Use bill also crossing a period of rate change (November 1st)
4. Take advantage of the MDM/R Measurement Canada solution to ensure compliance with Measurement Canada and avoid customer confusion over lack of register reads on the bill
5. As London Hydro staff focus on helping customers take advantage of the time of use rates rather than billing and transition issues
6. Minimize risk of significant billing issues by transitioning customer groups in a more controlled fashion.

Overall, staff is not persuaded that the reasons above are obstacles preventing London Hydro from rolling out TOU billing in a more expedited manner.

Specifically, for reasons 1 and 2, London Hydro has not presented evidence indicating why these criteria must be met before increasing rollout volumes.

London Hydro's application indicates that it will begin flowing meter data to the MDM/R in June 2011 (using an extended enrollment schedule similar to its TOU cutover schedule), five months prior to cutover of its first customers to TOU billing. Staff is of the view that this five month period provides adequate time to

establish and verify AMI data quality and does not see the justification for additional time to establish “good data for meters being transitioned” and “complete additional verification and testing of AMI data quality.” In its application London Hydro states that flowing meter data to the MDM/R in June 2011 allows time to confirm all MDM/R elements. Additional verification of data quality along with transitioning only 100 customers in the first month do not seem to be an extraordinary or unanticipated circumstances which should necessitate an extension to London Hydro’s mandated TOU pricing date.

With regards to reason 3, staff recognizes that there can be added complexities for bills over a rate change period. However, Board staff is not aware of other LDCs that have highlighted this as an issue.

With regards to reason 4, in its interrogatory responses London Hydro states that “London Hydro has very limited resources and it doesn’t appear prudent to dedicate resources and money to completing the design, software coding and testing of the bill print processes, introduce it to a production environment, and then in a matter of a few weeks (when the MDM/R releases the revised interface specification) to turn around and repeat the entire process.” Staff is of the view that this statement does not provide adequate detail regarding resources and costs to justify a delay in TOU implementation. Staff notes that electricity distributor representatives raised the issue of Measurement Canada compliance when commenting on the Board’s June 24, 2010 proposed determination to mandate TOU pricing. Electricity distributors argued that the determination should be delayed until the issue was resolved. However, the Board concluded that mandatory TOU could still proceed and issued its August 4, 2010 determination. Given that the Board determined TOU pricing could proceed and was aware of the Measurement Canada issue, this should not be a reason to institute a seven month rollout plan and necessitate an extension to London Hydro’s mandated TOU pricing date. In addition, the presumption by London Hydro of customer confusion regarding register reads on bills without presenting corroborating evidence does not appear to Board staff to be a circumstance to delay mandated TOU pricing.

With respect to reasons 5 and 6, staff is of the view that London Hydro has not provided evidence that an accelerated rollout schedule would increase the risk of billing and transition issues.

In conclusion, staff reiterates that it agrees and accepts that London Hydro's AMI wireless network issues represent extraordinary and unanticipated circumstances related to the implementation of TOU billing. Board staff believes it is prudent to extend London Hydro's mandatory TOU date somewhat because of these circumstances.

However, staff is of the view that London Hydro has not provided sufficient evidence supporting the need for an extended seven month TOU billing implementation period. London Hydro's five month period of enrolling meters and following meter data to the MDM/R prior to the requested seven month TOU rollout appears to Board staff to be a prudent amount of time to verify data quality. Staff is of the view that it is not necessary for an additional seven months to rollout TOU pricing. In particular, staff observes that London Hydro is proposing to cutover only 100 customers in the first month of its implementation schedule. Staff submits that it may be appropriate to direct London Hydro to amend its TOU billing schedule to a more reasonably efficient timeline.

All of which is respectfully submitted.