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August 2, 2011

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Bluewater Power Distribution Corporation – Extension to Mandated Time-of-Use Pricing Date for Regulated Price Plan Consumers
Board File No.: EB-2011-0224**

Please find enclosed Board Staff's submission respecting the above application.

Please forward the submission along with this cover letter to the applicant in this proceeding.

Yours truly,

Original Signed By

Roy Hrab
Policy Advisor, Regulatory Policy

Attachment



ONTARIO ENERGY BOARD

BOARD STAFF SUBMISSION

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

Bluewater Power Distribution Corporation

EB-2011-0224

August 2, 2011

BACKGROUND

Bluewater Power Distribution Corporation (“Bluewater”) filed an application dated June 6, 2011 with the Ontario Energy Board under section 74 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule B) for a licence amendment granting an extension in relation to the mandated date for the implementation of time-of-use (“TOU”) pricing rates for certain Regulated Price Plan (“RPP”) consumers.

Bluewater applied for an extension to its mandated TOU pricing date of October 2011 and requested a new date of January 2012 or fourteen weeks after the start date the Independent Electricity System Operation (“IESO”) confirms Bluewater’s wave assignment. Bluewater states the extension is necessary due to delays in the deployment of a version upgrade by the IESO and Bluewater’s testing schedule conflicting with the planned IESO upgrade.

The Board issued a Notice of Application and Hearing on June 27, 2011. Board staff filed interrogatories on the application on July 18, 2011. Bluewater responded to these interrogatories on July 25, 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 Bluewater’s request.

Bluewater is seeking a delay in its TOU implementation “because of delays to the IESO’s version ‘R7.2 and Energy IP 2011 Measurement Canada solution’(“R7.2)”. Bluewater states that it “began its original Unit Testing on schedule” but that it halted testing once it became aware of the change in technical specifications. According to Bluewater, “[B]ut for the change to the R7.2 system, we would have completed our original Unit Testing in accordance with the original Unit Testing Dates.”

Bluewater states further that:

“Theoretically, it would be possible to achieve an October 2011 target by continuing to develop within the legacy system and, then, upgrade that system to R7.2. Clearly, that would create an inefficient and costly duplication of effort since the legacy system would be in operation for a period of just over one month before being replaced by the revised requirement to comply with the R7.2 protocol. We do not believe that would be a prudent course of action given the costs and the drain on our resources. In any event, this theoretical option is not practically achievable. The same internal staff would be required to develop and test both the legacy system and the R7.2 system. Given the time required for testing, that would lead to an overlap in effort. It is simply not possible for the same staff to work on two overlapping implementations.”

In response to staff interrogatories, Bluewater stated that it has not performed a formal analysis of costs and resources because, it also stated in its application, “although it is a theoretical option to develop and test both the IESO’s legacy system and the R7.2 update, this theoretical option is not practically achievable”. Bluewater states that it has six internal staff working full-time on development and testing and, due to the size of the utility, it does not have six other staff to assign to a parallel project to test a redundant legacy system.

Staff observes that it is Bluewater that made the decision to halt its Unit Testing because of the upgrade to the IESO’s system. This is the reason that the subsequent delays to the IESO’s upgrade have had the impact of delaying Bluewater’s TOU implementation. If Bluewater had proceeded as scheduled, it would be able to meet its October 2011 mandatory TOU date.

Staff notes that technological systems are constantly being upgraded. For example, earlier this year, the IESO upgraded from Release 6.3 to Release 7.0. Therefore, an upgrade in and of itself does not constitute an extraordinary and unanticipated circumstance.

Staff also observes that no other distributor has come forward with a TOU extension application based on delays of the IESO’s R7.2 system upgrade. Further, ten distributors, including Bluewater, currently have an October 2011 mandatory TOU

date.¹ Six of these distributors have not applied for an extension. Four of these distributors, including Bluewater, have requested an extension to their mandatory date.² However, unlike Bluewater, the other three distributors requesting an extension did not delay their testing schedules because of the IESO's R7.2 upgrade. All three have completed System Integration Testing ("SIT"). One has completed Qualification Testing ("QT") and the other two began QT in July 2011. All three have stated that they will re-complete SIT testing and QT testing after the IESO completes the R7.2 system upgrade.

Therefore, staff submits that Bluewater has not provided sufficient evidence regarding why it faces unique circumstances that make it unable to meet its October 2011 mandatory TOU date. Staff requests Bluewater, in its reply, should present a schedule for completing TOU implementation without further delay.

All of which is respectfully submitted.

¹ The other October 2011 distributors are: Cooperative Hydro Embrun, Espanola Regional Hydro Distribution, Hydro 2000, Hydro Hawkesbury, Kingston Electricity Distribution Ltd., Niagara-Peninsula, Ottawa River Power, PUC Distribution, and St. Thomas Energy.

² The other distributors that have applied for an extension are: Cooperative Hydro Embrun, Hydro 2000, Ottawa River Power.