

August 15, 2012

Richard P. Stephenson
T 416.646.4325 Asst 416.646.7417
F 416.646.4335
E richard.stephenson@paliareroland.com
www.paliareroland.com

File 18958

VIA RESS FILING

Chris G. Paliare
Ian J. Roland
Ken Rosenberg
Linda R. Rothstein
Richard P. Stephenson
Nick Coleman
Margaret L. Waddell
Donald K. Eady
Gordon D. Capern
Lily I. Harmer
Andrew Lokan
John Monger
Odette Soriano
Andrew C. Lewis
Megan E. Shortreed
Massimo Starnino
Karen Jones
Robert A. Centa
Nini Jones
Jeffrey Larry
Kristian Borg-Olivier
Emily Lawrence
Denise Sayer
Danny Kastner
Tina H. Lie
Jean-Claude Killey
Jodi Martin
Michael Fenrick
Nasha Nijhawan
Jessica Latimer
Debra Newell
Lindsay Scott
Alysha Shore

Mr. Paul Gasparatto
Policy Advisor, Regulatory Policy
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4

Dear Sirs:

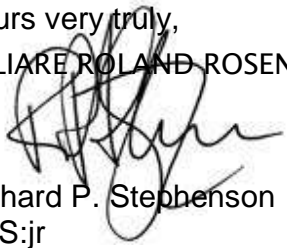
**Re: Phase 2 – Initiative to Develop Electricity Distribution System
Reliability Standards (EB-2010-0249)**

Attached please find the Power Workers' Union's ("PWU") comments on Board staff's proposals on improving the Ontario Energy Board's reliability reporting requirements.

We hope you will find the PWU's comments useful.

Yours very truly,

PALIARE ROLAND ROSENBERG ROTHSTEIN LLP


Richard P. Stephenson
RPS:jr
encl.

cc: Judy Kwik
John Sprackett
Board Secretary

Doc 835232v1

HONORARY COUNSEL

Ian G. Scott, Q.C., O.C.
(1934 - 2006)

Ontario Energy Board

**Phase 2 – Initiative to Develop Electricity Distribution
System Reliability Standards**

Comments of the Power Workers' Union

1 BACKGROUND

On March 31, 2011 the Ontario Energy Board (the “OEB” or “Board”) issued a letter confirming the Board’s commitment to the codification of distribution system reliability performance metrics and targets. The Board also indicated that further consultation is warranted on:

- **Resolving issues relating to the quality and consistency of reliability data gathered and reported by distributors; and**
- **Understanding and resolving the implementation issues associated with monitoring and reporting requirements relating to normalization of data, causes of outages, customer specific reliability measures, and a “worst performing circuit” measure.**

The Board issued a letter on November 23, 2011 (the “Letter”) announcing Phase 2 of the OEB’s Initiative to Develop Electricity Distribution System Reliability Standards. In the Letter Board staff offered distributors and other interested parties the opportunity to provide comments and other information on the topics under consideration. In addition, interested parties were invited to form a Reliability Data Working Group (“Working Group”). The PWU is a Working Group participant.

On July 19, 2012 following several meetings of the Working Group, Board staff provided an overview of the Working Group’s discussions. Board staff also provided proposals to

address issues on reliability reporting requirements on which it seeks feedback from members of the Working Group.

2 THE PWU'S COMMENTS

The PWU appreciates the opportunity provided by Board staff for comments on its proposals on reliability reporting requirements. The PWU's views on electricity distribution system reliability standards stem from its energy policy statement:

Reliable, secure, safe, environmentally sustainable and reasonably priced electricity supply and service, supported by a financially viable energy industry and skilled labour force is essential for the continued prosperity and social welfare of the people of Ontario. In minimizing environmental impacts, due consideration must be given to economic impacts and the efficiency and sustainability of all energy sources and existing assets. A stable business environment and predictable and fair regulatory framework will promote investment in technical innovation that results in efficiency gains.

2.1 INTERPRETATION OF EXISTING SERVICE RELIABILITY GUIDELINES

A key concern that the PWU identified in its December 20, 2010 submission in Phase 2¹ of this consultation as well as in earlier OEB consultations is the wording of the guidelines on service reliability minimum performance standards in the Electricity Distribution Rate Handbook. As currently worded, these guidelines can, and have been, interpreted as accommodating the deterioration of the service reliability minimum standards established in 2000. Standards that accommodate the deterioration of service reliability are inconsistent with the objective of implementing service reliability regulation as a backstop to utilities' inclination to sacrifice service quality in pursuit of Incentive Regulation's financial incentives.

Board staff has not addressed this issue. The need to do so is not for the eventuality that the guidelines might be misinterpreted but to abate performance deterioration that has occurred since 2000 as a result of distributors' misinterpretation of the guidelines.

¹ http://www.ontarioenergyboard.ca/OEB/_Documents/EB-2010-0249/PWU_Comments_20111220.pdf

In the PWU's view, the Board's service reliability regulation, including the implementation of robust standards and incentives, is overdue. This is especially so given that the Board has required service reliability performance reporting since 2000 and is already into the 3rd Generation IRM framework for the distributors. Ensuring that the guidelines preclude deterioration of the standards and confirming the ongoing relevance of the minimum standards established in 2000, would demonstrate the Board's resolute commitment to service reliability regulation.

2.2 IMPROVING RELIABILITY DEFINITIONS

In response to the PWU's concern that changes to reliability reporting definitions/requirements will disrupt data continuity that allows for trend analysis of the distributors' service reliability performance back to the introduction of the filing requirement in 2000, Board staff suggests that distributors be required to report if/when the change will result in a significant difference in the performance statistics reported compared to the historical statistics. While the PWU appreciates Board staff's acknowledgement of the issue, the PWU believes that there is the need to go a step further in addressing the issue. The impact of the change on the reported statistics should be assessed for all distributors. All distributors should be required to (1) report the performance statistics as it has done historically; and, (2) report the performance statistics using the Board's changed definitions. At the end of a five year period, the Board would compare the two sets of statistics. Where the difference is significant and analysis of the difference indicates a consistent trend that can form the basis for an empirically derived adjustment of the historical statistics, the distributor would be allowed to drop the collection of data using its historical approach. Where the difference is not found to be significant the distributor would also be allowed to drop the collection of data using its historical approach. However, where the differences are significant and the underlying cause of the differences is not apparent, the distributor would need to continue reporting two sets of statistics. This approach would preclude the situation where distributors that might record better statistics under the Board's changed

definitions would be disinclined to report if/when the change results in a significant difference in the reported performance statistics.

2.3 MEASURING PRACTICES

The PWU commends Board staff's decision not to make any suggestions on specific changes to the Reporting and Record Keeping Requirements ("RRR") with regard to standardizing measurement practices and allow the distributors the flexibility to use the best source of reliability statistics available to them. As Board staff points out, the Working Group noted that there are different smart meter technologies in place with varying limitations in tracking reliability data. Under this circumstance forcing standardized measurement practices on the distributors would be futile and would put at risk the continuity of the reliability statistics.

2.4 NORMALIZED REPORTING DATA

The PWU supports Board staff's suggestion of using events for which Environment Canada issued a Weather Watch or Warning to normalize reliability statistics. This is similar to the suggestion that the PWU made in its December 20, 2011 submission.

Board staff proposes normalizing data for "adverse/extreme weather events" which under the current Cause of Service Interruption would be code 6 events. Since it is unlikely that a Weather Watch or Warning will be issued for all weather events reported as code 6 events, the PWU suggests distinguishing the events for which Environment Canada issued a Weather Watch or Warning as a major event. As noted in the PWU's December 2011 submission, since the condition of a distributor's system factors into the severity of the impacts of code 6 events on reliability performance, by normalizing for major events it should be possible to carry out qualitative assessments of a distributor's ability to withstand code 6 weather events. This approach will require the addition of a code for major weather events for which Environment Canada issued a Weather Watch or Warning.

In applying this approach, the criteria used by Environment Canada to issue a Weather Watch or Warning would apply to major events and confirmation that the major event did take place would be required in order for the event to qualify as a major weather event for normalization.

If Environment Canada maintains historical archives of the events for which it issued Weather Watch or Warning this source of information could be used in analysing the distributors' reliability statistics normalized for major weather events back to 2000.

2.5 CAUSE OF OUTAGES

The PWU commends Board staff's support for an amendment to the RRR to require reporting of Cause of Service Interruption. The distributors have been required to record this information since 2000. To reduce the burden on the distributors, Board staff suggests that reporting be done on a go forward basis rather than requiring reporting of data back to 2000 as recommended by the PWU. In the PWU's view reporting on a go forward basis limits the analysis of distributors' service reliability trends for the substantial period prior to the implementation of the Cause of Service Interruption reporting requirement. At minimum, the Board should require distributors whose reliability statistics show an upward trend (i.e. service reliability deterioration) to report the historic cause information back to 2000 to allow for a qualitative analysis of the distributors' apparent service reliability degradation. The PWU is sympathetic to the effort required by distributors in reporting service reliability data. However, service reliability is a key indicator of the quality of the distributors' product that customers pay for and expect at the levels that they value. It is therefore essential that the Board as economic regulator of the distributors is able to properly assess the level of service quality provided by the distributors. The distributors' efforts are essential to a proper empirically-based assessment of their service quality performance.

2.6 APPENDIX A - DEFINITIONS

The reporting requirements for SAIDI, SAIFI and CAIDI appear to depart from the filing requirements in the Board's RRR and Electricity Distribution Rate Handbook. The current reporting requirements are for monthly statistics (i.e. 12 individual month's statistics) to be filed annually (i.e. once a year). The reporting requirements for SAIDI, SAIFI and CAIDI in Appendix A appear to only require reporting of the statistics by year and not by month. Under each metric it states that a "distributor is required to monitor this index monthly and to report to the Board the following information for the year". The information described for each index is the aggregate information for the year (e.g. total customer-hours of interruptions for the year). Monthly information is essential in analysing possible temporal/seasonal elements of service reliability performance and the monthly level of detail should not be lost.

All of which is respectfully submitted