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Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4

**Re: System Reliability Phase 2 (EB-2010-0249) – Worst Performing
Circuit Measure**

Attached please find the PWU's response to Board staff's November 21, 2012 communication with regard to a Worst Performing Circuit reliability measure.

Yours very truly,

PALIARE ROLAND ROSENBERG ROTHSTEIN LLP

Richard P. Stephenson

RPS:km

encl.

cc: John Sprackett, PWU (via email)
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(1934 - 2006)

System Reliability Phase 2
Worst Performing Circuit Measure
Submission of the Power Workers' Union

In a November 21, 2012 communication Board staff indicated that there is continuing interest at the Board to introduce a Worst Performing Circuit measure. In July, 2011 Board staff put forward an initial proposal intended to measure performance of the worst performing segment of a circuit, and not the entire circuit, as an indication of reliability performance experienced by individual customers. In the November 21, 2012 communication, Board staff notes its current thinking that the measure would look at the performance of an entire circuit as no common definition of a “circuit segment” can be agreed on. Board staff seeks further input on definitions and other issues around a Worst Performing Circuit measure to help in the drafting of a revised proposal.

In its December 20, 2011 submission the Power Workers' Union (“PWU”) noted that a Worst Performing Circuit measure could be an important part of a robust reliability standards regime. In revealing the worst reliability that customers of a distributor are experiencing it could provide the Board with an additional dimension of a distributor’s reliability performance. However, in reviewing the 2011 stakeholder submissions, the PWU understands, as Board staff notes in its July 19th, 2012 review and the November 21, 2012 communication, that there are some significant issues that need to be addressed to realize the objective for implementing a Worst Performing Circuit measure. In the PWU’s view, these issues need to be thoroughly vetted by the Working Group to determine how, or if, the issues might be overcome. Input on the feasibility of proposals that might result from the Working Group discussions should then be obtained through a survey of all the Ontario electricity distributors.

Furthermore, since the initiation of Phase 2 of the Board's consultation on System Reliability the Board has issued its Renewed Regulatory Framework for Electricity transmitters and distributors ("RRFE"): a performance-based approach. The Board's existing reliability metrics were developed in the context of Performance Based Regulation ("PBR"). In the PWU's view the following PBR context articulated in the *Report of the Ontario Energy Board Performance Based Regulation Implementation Task Force*¹ needs to be considered in assessing the implementation of a Worst Performing Circuit measure:

There are a number of reliability indices that could be monitored. However, it is important to consider the rationale for introducing standards in order to determine which of the indices are appropriate for PBR. The PBR process is designed to take advantage of opportunities to maximize efficiency in operations. The objective of these improvements is to maximize the return that a company can earn within the limits of its approved rate allowance. Given that there is a cap to this allowance there will be increased pressure to squeeze service standards. In some instances this may be appropriate, especially in cases where "gold plating" has occurred. In other situations the results could be deterioration in service to the detriment of the customer. Monitoring service standards acts as a safety net to ensure service is not compromised.

The PWU is concerned that in the absence of thorough considerations of the issues raised and of a PBR context there is a strong possibility of the inappropriate implementation of a Worst Performance Circuit measure. The PWU does not support the addition of a Worst Performing Circuit measure that will not address the rationale for doing so. In addition, with the RRFE's performance-based approach, the PWU is concerned that a poorly developed performance metric will inappropriately reward poor performance and penalize superior performers.

All of which is respectfully submitted.

¹ <http://www.ontarioenergyboard.ca/documents/cases/RP-1999-0034/implemnt.pdf>