February 7, 2014

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

via RESS and courier

Dear Ms. Walli:

RE: Proposed Amendments to the Distribution System Code
Board File No.: EB-2013-0311

The Ontario Energy Board (the "Board") is proposing to amend section 5.1.3 of the Distribution System Code ("DSC") to require a distributor to install an interval meter for all customers with an average monthly peak demand during a calendar year greater than 50 kW that currently don't have one, within five years of the proposed amendments coming into force.

Enersource Hydro Mississauga Inc. ("Enersource"), Horizon Utilities Corporation ("Horizon"), Hydro Ottawa Limited ("Hydro Ottawa"), PowerStream Inc., and Veridian Connections Inc. (the "Utilities"), thank the Board for this opportunity to provide comments.

The Utilities agree that it would be helpful for these non-interval metered commercial customers to be able to pay the hourly market energy rate for the commodity and therefore have some control over the cost of their electricity. Going forward, the Utilities certainly would support a revision to the DSC requiring installation of interval meters for all new customers with an anticipated average monthly peak demand during a calendar year greater than 50 kW.

However, the proposal to retrofit all existing non-interval metered commercial customers could be problematic and create a number of issues, depending on the specific circumstances of each Local Distribution Company ("LDC").

Some LDCs, such as Hydro Ottawa[1], Enersource and Horizon have had approval from the Board to install Smart Meters ("SM") for their commercial demand customers. All but a few of Hydro Ottawa's 2,745 non-interval metered commercial customers currently have a SM installed. For Horizon Utilities, of their approximately 2,100 General Service > 50 kW customers, 300 have an interval meter, 1,600 have a SM installed and the remaining 200 still have convention meters. Of Enersource's 4,350 General Service > 50 kW meters, approximately 2,000 have been converted to SM and 2,350 have conventional metering. It would not only be very expensive and result in stranded costs but also create data management problems to replace installed SM with interval meters.

Fortunately, the manufacturer of these meters, Elster Metering has confirmed that the type of SM that Hydro Ottawa, Enersource and Horizon have used, an A3RL, would be Measurement Canada ("MC")[2] compliant as an Interval Metering Device. The flow of data would have to be changed from its current route in order to use these meters to bill for energy on an hourly basis. For example, for Hydro Ottawa, the flow to the Advanced Metering Infrastructure ("AMI") would have to include Lodestar. Although this is possible, it will require some infrastructure upgrades and time to implement and test.

[1] Ontario Energy Board, Decision and Order EB-2007-0747 and EB-2007-0748, September 21, 2007
[2] Measurement Canada, Notice of Approval AE-1168 Rev. 19, November 8, 2012

The Utilities recommend that if a customer has a SM that is approved by MC as an Interval Metering Device, then replacement of the SM by an interval meter should not be required in these circumstances; the LDC should only be required to transition the customer to the hourly energy rate. This would follow from the definition of an interval meter found in Ontario Regulation 95/05, which specifies the definition of an interval meter as:

> "Interval meter" means a meter that measures and records electricity use on at least an hourly basis or a time-of-use meter that is capable of providing data on at least an hourly basis.[3]

Changes would be required to the following sections of the DSC and the Retail Settlement Code ("RSC"):

- DSC Section 5.1.7 "For the purposes of sections 5.1.2 to 5.1.5 inclusive, a smart meter and unit smart meter is not an interval meter".
- RSC Section 3.3.3 "Until the metering evolution period end date, a distributor shall determine settlement costs for consumers with smart meters in accordance with section 3.3.2".
- RSC Section 11 "Until the metering evolution period end date, a distributor shall for all purposes under sections 11.1 to 11.3 inclusive treat a smart meter as a non-interval meter".

For LDCs that have either installed SMs that are not approved by MC as Interval Metering Devices or regular mechanical demand meters for customers with an average monthly peak demand during a calendar year greater than 50 kW and less than 500 kW, there are a number of issues to consider:

- The cost of implementing this proposal could vary significantly among LDCs depending on the number of customers without interval meters, as some LDCs have required interval meters for customers down to 200 kW.
- There will be significant capital cost for some LDCs to replace the mechanical demand meters with interval meters and to upgrade the required infrastructure. For example, one LDC has indicated a cost of $7.2 million to replace 4,000 meters. In addition, there will be the cost of the stranded meters. Again, one LDC has indicated up to $3.2 million in stranded meter costs.
- There will also be additional costs for the Advanced Metering Interface ("AMI") or MV90 systems to handle the new data stream. In some cases, the existing MV90 system would not be capable of handling the large increase in interval meters within the LDC.
- If the Board were to require these meter reads to go through the Meter Data Management/Repository ("MDM/R") there would be required changes to processes and file structures. It is not clear if this is the Board's intent and the Utilities could not support this suggestion.
- Some LDCs require the customer to provide them with a dedicated phone line to each interval meter. Also, if the interval meter does not have an internal modem, then the customer is also required to provide a communications enclosure plus a 120 VAC receptacle. These would be additional costs to the customer.
- In some cases, there will be additional costs as many of the electrical rooms within which the current meters are installed will have to be retrofitted as they do not have the required wall space and require custom solutions for each site along with technical deviations.
- For some LDCs, significantly increasing the number of meters with a dedicated phone line would increase the issues which result when the phone line is disconnected. When

[3] Ontario Regulation 95/05 under the *Ontario Energy Board Act, 1998*, Section 1.

this happens, often an employee is required to visit the site at a cost. Perhaps a surcharge may be necessary for those instances where the phone is disconnected as a result of the customer's actions or inactions.

- If the Board does decide to proceed with this proposal or a modified version of this proposal, the Utilities would recommend the use of deferral accounts to allow LDCs to capture all prudently incurred capital and operating incremental costs, including stranded meter costs.

Thank you for the opportunity to provide these comments on behalf of the Utilities.

Yours truly,

Original signed by:

Jane Scott
Manager, Rates and Revenue
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