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via RESS e-filing – signed original to follow by courier

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge Street, 27th floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: New Initiatives relating to Electricity Distribution System Reliability Performance Objectives: Major Event Definition, Response to Major Events Reporting Requirements, and Establishing Customer Specific Reliability Measures
OEB File No. EB-2015-0182

In response to the OEB's December 7, 2015 letter and Report of the Board on the above-noted matter, enclosed are Toronto Hydro's comments on the initial OEB proposals.

Please note that Toronto Hydro will not be seeking an award of costs in this proceeding.

Sincerely,

[original signed by]

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SUBMISSION ON ELECTRICITY DISTRIBUTION SYSTEM RELIABILITY: MAJOR EVENTS, REPORTING ON MAJOR EVENTS AND CUSTOMER SPECIFIC MEASURES

Toronto Hydro writes in regard to the Ontario Energy Board's ("OEB") report titled *Electricity Distribution System Reliability: Major Events, Reporting on Major Events and Customer Specific Measures* ("Report"), which was published on December 7, 2015.

The Report invited stakeholder feedback on three initiatives:

- To develop a definition of a "Major Event" that will be used to normalize reliability data that is reported to the OEB;
- To develop criteria and new reporting requirements that will be used to evaluate a distributor's response to a Major Event; and
- To establish an approach to implementing "customer specific" system reliability measures.

Toronto Hydro appreciates the OEB's consultation on these important initiatives and is pleased to provide its comments in this letter.

1. DEFINING A "MAJOR EVENT"

Questions for Stakeholder Comment:

What are the risks/benefits associated with normalizing data in this manner?

In Toronto Hydro's respectful submission, it is appropriate for the OEB to exclude Major Events from reliability data to be used for benchmarking purposes. Individual agency is a key tenant in performance measurement. Corrections are regularly made in order to exclude factors outside the control of those being measured to improve the accuracy of the results. This is done in a wide range

of sectors, from national economic accounts[1] (monthly GDP figures are adjusted for seasonal effects) to athletics (wind-assisted sprinting performances are excluded from official records). Toronto Hydro submits that the OEB accepts this principle in its August 2015 Report when it explains that its reasoning for excluding Major Events is "[i]n order to ensure the measured distributor performance is related to conditions that are within the distributor's control."[2]

Toronto Hydro is therefore broadly supportive of the OEB in this regard.

Is the OEB's proposal for definition of a Major Event reasonable? What are the risks/benefits of OEB's proposal?

Toronto Hydro is strongly supportive of the Board's inclusion of the IEEE 1366-2012 standard ("IEEE standard") as a means by which to identify a Major Event because, in Toronto Hydro's respectful opinion, the IEEE standard is the single most appropriate method of doing so. The IEEE is a well-respected standards organization that employs a comprehensive, consultative process for developing and refining technical standards that are used ubiquitously in electricity engineering and the power industry. By adopting the standard, the IEEE signals that it was thoroughly reviewed through the IEEE's vetting process.

The IEEE standard employs a methodology that compares the magnitude of an event against a utility's historical experience. If the magnitude of the SAIDI sufficiently exceeds the norm using a consistent statistical test, it is considered a Major Event Day ("MED"). Events that are significant but that do not meet the statistical threshold are by definition those that the utility should be fit to respond to through standard business practices. Toronto Hydro has found that, in practice, this method provides a reasonable and objective threshold for MEDs that accurately reflects the condition of Toronto Hydro's distribution system at a given time. Historical MEDs as captured by the IEEE standard are consistently outside of Toronto Hydro's control (i.e., were the result of natural forces or actions by external parties).

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[1] Statistics Canada, CANSIM, Table 379-0031. See for example: http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/gdps04a-eng.htm

[2] Ontario Energy Board (2015), *Report of the Board: Electricity Distribution System Reliability Measures and Expectations* (EB-2014-0189), page 1.

In this regard, Toronto Hydro submits that the OEB could consider employing the IEEE standard as the default methodology for utilities to use to identify MEDs for the purpose of reliability benchmarking. Toronto Hydro is also respectful of the fact that the data required to effectively operate the IEEE standard may not be available for utilities that are small or have a customer base that is less dense, and that modified or alternative approaches may be necessary, such as those proposed by the OEB in this proceeding, in order to establish a comprehensive benchmarking framework for reliability. Toronto Hydro takes no position on the merits of the specific modified or alternative approaches.

It is Toronto Hydro's understanding of the OEB's proposal that, using one of the three approaches discussed above, events exceeding the chosen method's threshold must also meet the four requirements set out in the OEB's proposed Major Event definition (unforeseeable, unpredictable, unpreventable, unavoidable) in order to qualify as a Major Event. Toronto Hydro interprets the OEB's proposal as layering the concept of Force Majeure onto statistical methods designed to identify Major Events. If this is correct, it is Toronto Hydro's respectful submission that a Major Event identified using the IEEE standard should not need to meet any additional obligations related to the concept of Force Majeure. As noted, Toronto Hydro believes the OEB can take sufficient assurance that the IEEE standard will by definition identify Major Events given the voracity of its standards development process, and further by Toronto Hydro's above noted experience with the IEEE standard.

Is it reasonable to have distributors themselves determine which outage events are Major Events, based on the principles set out in the proposal? Or should the OEB make a determination for each event?

Toronto Hydro's submissions on these questions are addressed in prior responses.

Are there any other approaches to normalizing data that the OEB should consider? If so, please describe along with the risks/benefits these other options offer?

Toronto Hydro's submissions on these questions are addressed in prior responses.

Once a definition of a Major Event is adopted, would distributors be able to recalculate their reliability performance results for the past five years, and file this information with the Board?
Toronto Hydro is able to retroactively adjust its reliability performance results based on the IEEE standard methodology.

2. MONITORING RESPONSE TO MAJOR EVENTS

Toronto Hydro's recent experience with measuring and evaluating its performance during Major Events is a matter of public record. In December 2013, an Ice Strom seriously damaged Toronto Hydro's distribution network, causing widespread disruptions and sustained outages to customers. Shortly thereafter, an Independent Review Panel was struck to investigate Toronto Hydro's response to the event and confirm aspects of its response in need of improvement. In providing the Panel's findings and recommendations, the Panels' Final Report made the following statement:

> "Through a dedicated, coordinated, and intensive response, the community was safely restored to normalcy within a reasonable timeframe given the amount and type of damage suffered. Toronto Hydro performed the restoration in a manner consistent with industry norms. The Company's management and approach to the restoration was prudent, diligent, and safe. As expected with any large incident, the recovery from this ice storm also exposed several aspects of the emergency response that can be further improved."[3]

Acting on the recommendations of the Report has put Toronto Hydro at the leading edge of efforts to prepare for, respond to and learn from Major Events. Ongoing efforts demonstrate Toronto Hydro's continued leadership in this regard. Under the umbrella of the Canadian Energy Association (CEA), Toronto Hydro, along with BC Hydro, spearheaded the creation of a National Mutual Assistance Group across Canada. In October 2015, Toronto Hydro hosted the first North Atlantic Mutual

[3] Independent Review Panel (2014), *Final Report: The Response of Toronto Hydro-Electric System Limited to the December 2013 Ice Storm*, page 9. See:
https://www.torontohydro.com/sites/corporate/Newsroom/Documents/TorontoHydro_%20Final%20Report%20of%20the%20Independent%20Review%20Panel.pdf

Assistance Group Conference in Canada, where members of that organization met to strengthen processes that facilitate mutual aid and to review recent storm performances and lessons learned.[4]

Toronto Hydro continues to take proactive steps in this regard, reflecting the utility's ownership of this aspect of its role in delivering electricity to customers in a safe and reliable fashion. Toronto Hydro therefore submits its support for the OEB's objective in this proposal to "highlight best practices and identify where improvements need to be implemented."

3. CUSTOMER-SPECIFIC RELIABILITY MEASURES

Questions for Stakeholder Comment:

Is there any reason for not initiating a pilot project to review the implementation requirements for reporting customer level reliability data?

Toronto Hydro fully supports the proposed pilot project.

What are the risks/benefits of establishing a specific implementation date of 2018 for monitoring and reporting on individual customer outages?

Toronto Hydro supports the establishment of a firm timeline for the implementation of customer specific reliability metrics. However, given the varying capabilities of utilities and the potentially significant investments and process enhancements required to implement monitoring and reporting, Toronto Hydro believes that 2018 is potentially too aggressive. Toronto Hydro suggests that a firm timeline be established following a review of the pilot project results.

Are there other options the OEB should consider to reach the goal of having customer specific reliability measures?

Toronto Hydro has no submissions in response to this question.

[4] See: http://www.newswire.ca/news-releases/toronto-hydro-hosts-first-north-atlantic-mutual-assistance-group-conference-in-canada-537445311.html