



January 14, 2021

Registrar
Ontario Energy Board
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via RESS

**Re: Reliability and Power Quality Review
Ontario Energy Board File Number: EB-2021-0307**

On November 30, 2021, the Ontario Energy Board (“OEB”) announced the launch of a comprehensive review of reliability and power quality in the Ontario electricity sector. In the announcement, OEB staff provided an overview of the Reliability and Power Quality Review (“RPQR”) and requested input from customers, electricity distributors and transmitters, as well as other interested stakeholders.

Elexicon Energy Inc. (“Elexicon”) is pleased to offer its comments on the RPQR. Elexicon is the fourth largest municipally owned electricity distributor in the province of Ontario. It distributes electricity to over 170,000 customers across a nearly 800 sq. km service territory. This large service territory is non-contiguous and spans the communities of Ajax, Belleville, Brock, Clarington, Gravenhurst, Pickering, Port Hope, Port Perry, Uxbridge and Whitby.

Elexicon generally supports OEB staff’s proposed approach to initially focus on those initiatives that would increase accountability to customers through greater transparency and support the OEB’s rate setting processes, however Elexicon cautions that any proposed changes should be evaluated with a cost-benefit analysis. Likewise, if such changes primarily benefit only a subset of customers, the Board should be cautious to avoid cross subsidization as much as possible.

Elexicon would also support the establishment of an industry working group to review and develop further recommendations on some of the more complex issues.

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Utility Accountability

- 1) OEB staff's assessment of distributors' reported data suggests that there may be a significant gap in reporting between transmitters, host distributors and embedded distributors in terms of delivery point/loss of supply outages. Outages reported under loss of supply and major events account for more than 50% of the total number of outages in the province. What type of improvements to transmission and/or distribution reporting and/or performance expectations should be considered to increase utilities' responsibilities for loss of supply events? What are stakeholders' views on the appropriate form of incentives to drive reliability performance?

Response:

Elexicon agrees with OEB staff's assessment that there are some inconsistencies in the reporting of delivery point/loss of supply outages between transmitters, host distributors and embedded distributors. When Elexicon is investigating the cause of an outage, it will self-assess loss of supply outages. However, if Elexicon determines that an outage has been caused by a loss of supply, Elexicon does not typically share this information with the host distributor or transmitter. To the best of Elexicon's knowledge this statement is true for most distributors in the province.

During regular Hydro One Networks Inc. ("HONI") engagement meetings, Elexicon and HONI compared reliability records and inconsistencies were found relating to loss of supply events. For this reason, Elexicon believes improvements could be made if embedded distributors reported loss of supply events to their host distributor/transmitter in a timely manner so that their records could accurately reflect what distributors and the end-use customers are experiencing. In particular, Elexicon believes reporting the following data would be beneficial to the host distributor/transmitter: number of customers affected, duration, and location. Without accurate data, it will difficult for the host distributor/transmitter to discover that there may be an issue that needs to be corrected.

Similar to how distributors are assigned a fixed reliability target by the OEB based on the average of their past 5 year performance, Elexicon submits that the OEB may consider a similar approach to monitoring reliability targets at both the transmission and host distributor level.

Another issue with loss of supply outages, is that they are most often mitigated by the embedded distributor shifting its load from the affected station to another station(s) for a temporary amount of time, until the issue can be properly addressed. By shifting this load between stations, demand will increase on the other feeder(s), and the



embedded distributor will essentially pay the host distributor/transmitter twice for the same load.

- 2) OEB staff's assessment of reported Major Events suggests that distributors have very different interpretations of what constitutes a "Major Event", which affects overall reliability performance scores. Should the OEB revise its Major Event reporting requirements to achieve a common understanding among distributors regarding the type of outages and events that should be reported under the Major Event category? Should the OEB review the effectiveness of outage restorations?

Response:

Elexicon submits that the OEB's Major Event reporting requirements are generally adequate for determining what types of outages and events should be reported as Major Events, however the condition that the event be "beyond the control of the distributor" is somewhat subjective and the reporting requirements could potentially benefit from additional clarity around this point. Alternatively, and perhaps a better option, is that the OEB may want to consider producing an annual report on MEDs across the province. Such a report could detail MEDs that were accepted by the OEB, and those that were not accepted along with a brief explanation as to why. This resource could be helpful to distributors in determining whether or not an activity would qualify, as they could compare and contrast their situation to those of others.

- 3) OEB staff's assessment of historical outage data has also suggested that there are inconsistent approaches between distributors in terms of reporting outages (e.g., different interpretations between "Adverse Weather" and "Tree Contacts" defined in RRR). What is the best approach to ensure consistent outage cause reporting across the sector?

Response:

While Elexicon acknowledges that there are likely inconsistencies amongst distributors in the interpretation and application of cause codes, Elexicon doesn't consider this to be a critical issue requiring further action at this time. This is particularly true in cases where cause codes may be closely related, such as "Adverse Weather" and "Tree Contacts". While the industry could potentially benefit from some tighter definitions around such terms, the gains are likely minimal and the final decision of how they are applied should remain at the discretion of the distributor.



Monitor Utility Performance

- 4) The current performance evaluation (i.e., service area level SAIFI & SAIDI) does not support benchmarking across the industry due to the different characteristic of each utility (such as size and locations). What would be required to ensure successful distributor reliability benchmarking across the sector?

Response

Elexicon submits that reliability differences between distributors cannot be easily measured for the purposes of benchmarking. While the OEB correctly identifies size and location as characteristics that will affect the reliability of customers, there are several other variables as well: geology, ecology, topography, climate, customer density, customer mix, contiguous vs. non-contiguous service area, age of infrastructure, amount of undergrounding, etc. Generally, each distributor is composed of a mix of different characteristics that make it unique and attempts to directly compare one distributor to another distributor, or group of distributors, is an imperfect exercise and cannot be used to draw a clear conclusion. Attempts to benchmark reliability often focus on a quantitative analysis, however it is crucial that a qualitative analysis also be incorporated to help explain such differences that cannot be accounted for solely in terms of numerical values. While a qualitative analysis is necessary to properly explain reliability results, such analysis is also subjective and therefore doesn't lend itself well to comparability. For these reasons, Elexicon believes that benchmarking reliability across the sector is not practical. Instead distributors should continue to benchmark themselves against their own past performance and continuously engage with their customers to ensure they are delivering a level of reliability that their customers are pleased with.

- 5) Power quality and momentary outages can have a significant impact on customers. The OEB has seen an increase in customer concerns regarding these issues. Should the OEB establish reporting requirements to monitor utility performance in relation to momentary outages and power quality issues? What type of power quality issues should be and can be reported and monitored?

Response:

Elexicon knows that its customers care about all types of outages, regardless of duration. While longer outages are of a relatively higher concern to most of its customers, momentary outages can be an annoyance to residential customers and potentially costly to its larger manufacturing customers. Unfortunately, a distributor's ability to track momentary outages will likely differ amongst distributors. For example,



Elexicon is able to track and readily report on momentary outages for nearly all of its service territory, with the exception of some rural areas which are not yet supported by its SCADA system. Elexicon expects these sorts of challenges will be present across the province, and the costs of enabling each distributor to accurately report momentary outages likely outweigh the benefits. If a distributor can track momentary outages, they should be encouraged to do so in order to ensure their customers are receiving a proper level of service. However, distributors that are unable to track momentary outages shouldn't be mandated to do so, but they should be encouraged to engage with their customers on such topics to ensure it isn't an area of concern that they may not be aware of.

In terms of power quality reporting, Elexicon submits that such issues are often caused by existing customers on the system and that they can be difficult to identify, hard to measure and there is little consistency between distributors in terms of determining what an acceptable level is. While distributors should continue to monitor and remedy these issues, particularly when such issues lead to customer complaints, Elexicon doesn't believe that reporting requirements should be established for power quality issues at this time.

Customer Specific Reliability

- 6) Given customers' expectations are changing because of an increasing reliance on a reliable system, should the OEB develop customer-focused reliability measures that can provide greater transparency on the level of service individual customers are receiving? Along with creating customer-focused reliability standards, should the OEB consider consequences when reliability performance expectations are not met? (e.g., customer compensation when reliability falls below acceptable level)?

Response:

Yes, Elexicon believes that customer-focused reliability measures would be beneficial, particularly for large customers who are more concerned with reliability.

Elexicon submits it is inappropriate to consider consequences for not meeting reliability performance expectations at this time. Electricity distributors are unable to guarantee the exceptionally high levels of reliability that may be requested by some customers currently. Furthermore, many reliability issues are outside the control of the distributor (e.g. adverse weather, loss of supply, etc.) and it would be unfair to penalize the distributor in such instances.



Distributors are also cognizant that under the current regulatory framework, increasing reliability to an exceptionally high standard for a certain customer, or subset of customers, comes with diminishing returns in terms of economic efficiency, and those costs are ultimately shared by all rate payers. While distributors understand the importance of reliability to their customers, it must balance reliability against the costs to the system, and the resulting bill impacts. Elexicon submits that one way to offer increased levels of services to certain customers, while keeping bills low for other customers, would be to allow distributors to offer Distributed Energy Resources (“DERs”) behind the meter. If distributors were able to offer such services to its customers, it would permit customers who want exceptional high levels of reliability to pay for that, without having those costs subsidized by other customers.

Utility Planning

- 7) How should reliability data be enhanced to support effective utility planning and rate setting? Are there any established methodologies to quantify the value, from a reliability perspective, added by transmission and/or distribution investments?

Response:

Reliability data can be improved by maintaining a record of asset condition and performance data for each asset. This would include performing failure investigations, forensic analysis and recording of outage information on a feeder and critical asset level.

- 8) Are there any established methodologies to quantify the value, from a reliability perspective, added by transmission and/or distribution investments?

Response:

Utility planning can be improved by quantifying the impact of reliability within the formula of risk in a risk-based investment planning framework. One such established methodology is the Common Network Asset Indices Methodology (“CNAIM”), adopted by Ofgem, the UK energy regulator, which involves modifying the health score of the asset based on its reliability performance.¹ While Elexicon is unable to provide its endorsement of this methodology at this time, it is an example of an established methodology that may warrant consideration and further investigation at the working group level.

¹ https://www.ofgem.gov.uk/sites/default/files/docs/2017/05/dno_common_network_asset_indices_methodology_v1.1.pdf



Elexicon appreciates being provided the opportunity to share its feedback on the overview of the RPQR review and looks forward to future opportunities for further engagement.

Sincerely,

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