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**By PIVOTAL**

Ms. Christine E. Long, Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
P.O. Box 2319 Toronto
ON M4P 1E4

**Re: Reliability and Power Quality Review: EB-2021-0307**

Dear Ms. Long,

InnPower Corporation ("InnPower") appreciates the opportunity to provide feedback on the Ontario Energy Board's ("OEB") Reliability and Power Quality Review. Please find the response below to Appendix A - Questions for Stakeholder's Consideration, found in the OEB letter dated November 30, 2021.

## Utility Accountability

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?

### Improvements to Reporting / Performance Expectations

The OEB's request for improvements to reporting and/or performance expectations is incongruent with the ability to increase a utility's responsibility for loss of supply events. An outage resulting from a loss of supply is completely outside the control of the utility, therefore, it is implausible for utilities to manage or take accountability for these events.

However, the *reporting* of loss of supply events itself can be improved by requiring transmitters/host distributors to provide loss of supply data (to utilities) to incorporate in reported outages. Although this information should already be provided by the transmitter and host distributor to the OEB, the information provided by the utility could be cross-referenced to provide a complete representation of the event across both utilities.

**Incentives for Reliability Performance**

InnPower agrees with implementing appropriate forms of incentives to drive reliability performance, albeit the metrics utilized should be within the complete control of the utility. Additionally, InnPower would not propose penalizing utilities for poor performance results since a large number of outages are outside of the utility's control.

InnPower suggests a method that is mechanistic in nature, such as a reliability factor (similar to a stretch factor) that would adjust the inflation factor in a utility's annual Incentive Rate-Setting Mechanism (IRM) and\or permitting the utility to earn a return on reliability improvements that are not capital in nature.

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?

The OEB should revise the Major Event reporting requirements to standardize the process; including required use of the IEEE Standard 1366 approach (instead of the alternatives) as InnPower uses this standard formula in its calculation and submission to the OEB.

InnPower would advise against the OEB's review of the effectiveness of outage restorations. With there being great disparity in utility size, geographic location, environment, and other characteristics, the circumstances surrounding outage restorations will vary. As such, it is appropriate for utility management to oversee the effectiveness of outage restorations within the utility specific environment. As a reminder, speed of restoration may sacrifice safety of restoration and this should always be unacceptable and not incentivized.

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?

InnPower suggests defining the difference between primary root cause (initiating or earliest cause) and secondary immediate cause (running from root cause). For instance, in the above example, adverse weather would be the root cause and tree contact would be an immediate cause.

As an outage can have multiple causes, a primary and secondary cause should be reported to the OEB. Although these could be the same, the utility will usually make improvements on secondary causes, as root causes are sometimes unavoidable.

**Monitor Utility Performance**

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?

As stated above, there is great disparity in utility size, geographic location, environment and other characteristics. As such, it would prove difficult and require extensive resources to ensure a successful distributor reliability benchmarking across the sector.

Instead, InnPower suggests the OEB applies the utility specific measure as a benchmark and makes a comparison year-over-year of how the utility performs against itself. Performance would be measured based on historical data within the utility, rather than a comparison to the utility's counterparts.

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?

Momentary outages can occur for a variety of reasons outside of the utility's control (i.e. high winds, lightning, etc.). The system is designed to protect itself through momentary outages.

Additionally, the majority of InnPower's power quality issues within the territory are a result of customer equipment. In these cases, InnPower has completed its due diligence and has abided by all mandatory regulations.

The type of power quality issues that can be reported are items such as large-scale brown outs and over voltage issues. However, for the reasons stated above, manageable performance in power quality and momentary outages is limited. As such, the value of tracking these measures is uncertain.

**Customer Specific Reliability**

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)?

InnPower would advise against customer-specific reliability reporting.

There may be localized pockets in a utility's service territory that are prone to reliability issues for a number of reasons, some of which may be customer driven. Utility management must make prudent decisions on where to invest its limited funds to provide the greatest benefit to customers. If the OEB starts segmenting customers within a utility's service territory based on reliability, it may create inadvertent social, economic and political issues such as perceived unfairness and inequality, change in housing costs, difficulty attracting businesses and increased customer complaints and political involvement. This may all impact prudent decision making, which must be in the sole discretion of utility management.

InnPower supports transparency in reporting measures to customers; however, measures should be at a higher level, as opposed to the individual customer level.

InnPower would also advise against consequences when reliability performance expectations are not met. Instead, utilities should be incentivized to meet and exceed performance reliability targets set by the OEB.

**Utility Planning**

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

InnPower suggests implementing a mandated asset condition methodology for all LDCs, which would assist in utility planning and rate setting. The OEB would be able to create a benchmark for utilities to follow and make comparisons across the sector.

**Additional Factors for Power Reliability Improvements**

- Ability to switch supply feeders without upstream permission
- Build major supply feeders at greater heights (above treeline)
- Remove limitations in vegetation management expenses for rural utilities
- Allow joint use rates, where a portion goes to vegetation management

If you have any questions or require additional information, please do not hesitate to contact us.

Yours truly,

*Original signed by*

Glen McAllister, B.Sc., CPA, CMA
CFO