Via RESS January 14, 2022

Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Attention: Ms. Christine E. Long, Registrar

**Subject: EB-2021-0307, Reliability and Power Quality Review**

Dear Ms. Long:

On November 30th, 2021 the Ontario Energy Board ("OEB") issued a letter (the "Letter") to electricity distributors inviting responses to a series of questions regarding reliability and power quality review ("RPQR") in the Ontario electricity sector.

Hydro Ottawa Limited ("Hydro Ottawa") appreciates the opportunity to submit comments with respect to the OEB's comprehensive review of the overall reliability performance framework. Hydro Ottawa remains committed to delivering value across the customer experience by providing reliable, responsive, and innovative services.

This letter is organized to first address the questions identified in the main letter as well as the questions provided within Appendix A.

- Do stakeholders have a view on the approach, including prioritization, to addressing the identified issues? What is the best approach to develop solutions to the issues identified? What issues or concerns can be addressed in parallel and what issues or concerns shall be tackled in sequence?

  **Hydro Ottawa Response:**

  In the Letter OEB staff propose "to focus initially on those initiatives that would increase accountability to customers through greater transparency and support the OEB's rate setting processes[1]." and later states that "To facilitate gaining customer insight, the OEB plans to conduct a customer survey seeking input from Ontario residents and businesses. The objective of the survey will be to explore their experiences and expectations regarding the reliability and quality of the electricity supply they are receiving[2]." Hydro

[1] Ontario Energy Board, *Reliability and Power Quality Review, File Number EB-2021-0307*, November 30, 2021, *para 4* [Letter] Retrieved from https://www.oeb.ca/industry/policy-initiatives-and-consultations/reliability-and-power-quality-review-rpqr

[2] Ontario Energy Board, *Reliability and Power Quality Review, File Number EB-2021-0307*, November 30, 2021, *para 7* [Letter] Retrieved from https://www.oeb.ca/industry/policy-initiatives-and-consultations/reliability-and-power-quality-review-rpqr

Ottawa suggests that the customer survey be completed prior to determining what items should be the initial focus of the consultation to ensure items of interest of customers help determine prioritization. Hydro Ottawa would also like to emphasize the importance of customer education, such as the costs and benefits of the options presented, as part of the survey effort. Customer education will enable customers to provide more informed responses of their needs and expectations.

Hydro Ottawa also suggests that current reporting requirement issues be identified and clarified after it has been determined what metrics will be reported on going forward. Hydro Ottawa further suggests this review could help support the OEB's mandate to "Reduce regulatory burden on licensees, namely the number of reporting requirements and corporate governance requirements for Local Distribution Companies (LDCs) and natural gas utilities" by ensuring any current reporting that is not driving stated objectives are removed or replaced with more appropriate measures.

- Do stakeholders have any specific concerns or issues that have not been identified?

**Hydro Ottawa Response:**

Hydro Ottawa's primary concern is to understand the problems and issues that the OEB is looking to address. We also seek to learn which aspects of power quality the OEB is concerned with and how they were identified.

**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?

**Hydro Ottawa Response:**

Over the last five years, approximately 37% of Hydro Ottawa customer outages and 49% of Hydro Ottawa customer interruption hours have been attributed to Loss of Supply and Major Event Days. This points to the necessity of having more effective coordination and open communication between distributors, transmitters and generators to pinpoint opportunities for improvement around the various supply points.

Currently, when embedded LDC customers lose supply, the supplying LDC reports a single customer outage. Hydro Ottawa suggests that embedded LDC customers, rather than the embedded LDC, should be reported in the customer numbers by the supplying LDC.

Hydro Ottawa believes the targets implemented for the incentives to drive reliability performance will need to be reasonable. The targets will need to take into consideration the current reliability performance of the distributor and the rate impacts of more aggressive reliability investments. As such, targets should be considered and developed taking into consideration approved budgets.

In addition, it is unclear if the incentive targets would have penalties applied for not meeting the set targets. As 50% of outages are due to loss of supply, loss of supply should not be considered in the embedded LDC targets, instead they should be part of the supplying LDC's targets. This provides an opportunity to better incent stakeholders to assess and address reliability issues and impacts on end customers in order to target system investments accordingly.

Lastly, Hydro Ottawa suggests that lessons learned from the OEB scorecard targets be taken into consideration. The current methodology can create indices that look unfavorable to the LDC when this may not be the case.

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?

**Hydro Ottawa Response:**

In line with the Reporting and Record Keeping Requirements (RRRs), Hydro Ottawa uses one of the three approaches recommended in the CEA Major Event Determination Reference Guide. In Hydro Ottawa's view, if the OEB wishes for greater alignment among utilities on interpretation of MEDs, the OEB should consider a single approach from the guide be mandated. For reference, the pros and cons of each approach are discussed in the guide.

In addition, the OEB could establish a working group to determine why different interpretations are occurring and provide related clarity in the RRR Requirements.

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?

**Hydro Ottawa Response:**

If the outage cause reporting is inconsistent, it is in Hydro Ottawa's opinion that the definitions should be refined and, in some cases prioritized, to provide sufficient clarity to prevent misinterpretation and promote consistency. An inherent challenge with reporting an outage cause occurs when there are several concurrent events. For example, heavy precipitation (e.g., rain, freezing rain, snow, etc.), lightning and wind. It may not be clear to the distributor which action triggered the outage, therefore discretion is applied.

Hydro Ottawa also recommends an online training module which would include training exercises to support consistent outage reporting outcomes. Further, the additional costs for increasing accuracy of outage cause classification should also be considered.

**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 characteristics of each utility (such as size and locations). What would be required to ensure successful distributor reliability benchmarking across the sector?

**Hydro Ottawa Response:**

SAIDI and SAIFI are industry standard measures of reliability performance. If they are not able to be applied industry wide for benchmarking purposes, Hydro Ottawa would recommend that utilities of similar service territory geography and size, customer volume and/or setting (rural vs urban) be grouped (establishing a uniform characterization of a comparable group is needed to ensure comparisons are relevant, hence insightful), for benchmarking purposes rather than expecting utilities of varying characteristics to have the same performance across the sector. However this should not be the only tool used as a benchmark in measuring performance. In addition, utilities historical performance should be used, and where necessary, improved performance should be taken into consideration including driving individual performance expectations.

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?

**Hydro Ottawa Response:**

While Hydro Ottawa agrees that even short outages can have a significant impact on customers, there are limitations to what LDC's can control in terms of continuous electricity supply, which are outlined in Hydro Ottawa's conditions of service.

It is worth noting that our customers have a varied understanding of power quality, and what they perceive as a power quality issue stemming from their electricity service provider may in fact be the result of interference from household items or poorly wired buildings. If the OEB is considering mandating reporting on power quality, the scope must be limited to the characteristics of the power being provided to the customer supply point, and not beyond the meter.

Hydro Ottawa monitors the number of power quality complaints received from customers, and has implemented a key performance indicator as part of its Asset Management System.

**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)?

**Hydro Ottawa Response:**

Although Customer-focused metrics such as Customers Experiencing Multiple interruptions (CEMI) or Customers Experiencing Long Interruption Durations (CELID) would be useful for flagging corrective action, Hydro Ottawa cautions against implementing punitive compensation for poor reliability.

If punitive compensation is considered appropriate, first it should be determined how many customers are already outside those targets and why. Utilities should be provided a timeframe to implement new standards and targets prior to them being applied. Additionally, it should also be determined if all customers should have the same standard, for example rural versus urban. Furthermore, as indicated above, when setting targets, current budgets approved in rates should be considered. Alternatively, should it be determined if these new reliability targets drive greater investment? If this is the case, regulatory accounts should be established to record the increased cost.

As part of the planning process, Hydro Ottawa targets areas within its distribution system that have been experiencing less than average reliability outcomes.

**Utility Planning**

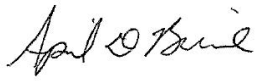
7. How should reliability data be enhanced to support effective utility planning and rate setting? Are there any established methodologies to quantify the value, from a reliability perspective, added by transmission and/or distribution investments?

**Hydro Ottawa Response:**

LDC's have limited amounts of capital available to invest in the distribution system to be able to maintain its reliability for all customers. One way that Hydro Ottawa uses reliability information for planning investments is by using predicted reliability improvements as one of the value measures when scoring investments.

Thank you for the opportunity to provide comments on the Reliability and Power Quality Review. We trust our comments are helpful. Should you have any questions, please reach out to me.

Yours truly,



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