



November 5, 2024

Ms. Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor Toronto,
ON M4P 1E4
Office of the Registrar <Registrar@oeb.ca>

Dear Ms. Marconi:

RE: APPLICATION BY ALGOMA POWER INC. FOR EXTENSION TO THE EXEMPTION FROM THE PROVISIONS OF THE STANDARD SUPPLY SERVICE CODE FOR ELECTRICITY DISTRIBUTORS REQUIRING TIME-OF-USE PRICING FOR REGULATED PRICE PLAN CONSUMERS WITH ELIGIBLE TIME-OF-USE METERS, AS OF THE MANDATORY DATE

On June 4, 2019, Algoma Power Inc. ("API") filed a stand-alone application for amendments to its electricity distribution licence (ED-2009-0072) in relation to the expiry of code exemptions related to a mandatory date for implementation of time of use billing, and related exemptions with respect to billing estimation and accuracy. The Board assigned file number EB-2019-0163 to this application. In its Decision and Order issued November 14, 2019, the Board accepted that it is not yet feasible to economically implement TOU billing and to make all meters communicate reliably enough to issue regular monthly TOU bills based on actual meter readings. The Board granted exemption from sections 2.10.1 and 7.11.1 to 7.11.7 of the DSC with regard to estimated billing and billing accuracy. This exemption was extended to December 31, 2024.

API has enclosed a stand-alone application for amendments to its electricity distribution licence in relation to the expiry of code exemptions related to a mandatory date for implementation of time of use billing, and related exemptions with respect to billing estimation and accuracy. The requested extension of these code exemptions will allow API to continue to avoid uneconomic investments and to explore cost-effective alternatives for TOU and ULO billing for the small percentage of its customer base that would continue to be the subject of the code exemptions.

If you have any questions in connection with the above matter, please do not hesitate to contact the undersigned at (905) 871-0330 ext. 3271.

Yours truly,

Duane Fecteau
VP Finance & Chief Financial Officer

251 Industrial Park Crescent • Saull Ste. Marie, Ontario P6B 5P3

Tel: 705-256-3850 • Fax: 705-759-2218 • www.algomapower.com

ONTARIO ENERGY BOARD

**IN THE MATTER OF THE Ontario Energy Board Act, 1998,
C.S.O. 1998, c.15, Schedule B, as amended (the “Act”);**

**AND IN THE MATTER OF an application by Algoma Power
Inc. for an Order, pursuant to section 74 of the Act, amending
the applicant’s electricity distribution licence (ED-2009-0072)
to update Schedule 3 to extend the expiration date of certain
exemptions from the Distribution System Code and the
Standard Service Supply Code.**

APPLICATION

INTRODUCTION AND BACKGROUND

Algoma Power Inc. (“API”) is a licensed electricity distributor (ED-2009-0272), based in Sault Ste. Marie, Ontario. API’s service area extends approximately 93 km east and 255 km north of the City of Sault Ste. Marie, covering approximately 14,200 km².

On June 11, 2015, API applied to the OEB (EB-2015-0199) for an amendment to its Electricity Distribution Licence relating to provisions of the Standard Supply Service Code setting a mandatory date for implementation of time of use (“TOU”) billing, and provisions of the Distribution System Code related to billing accuracy and limiting estimated bills. The essence of API’s application was that while it had installed smart meters for all services in the required customer classes, for a small subset of its customers in very remote and low-density areas it was not economically justifiable to transition to TOU billing. API identified that for each area not covered by its AMI infrastructure at the time, the cost to implement TOU billing would range from \$2,000-\$10,000 per meter in initial capital costs and \$500-5,000 per meter in annual O&M costs.

At the time of the EB-2015-0199 application, approximately 97% of API’s RPP-eligible customers had been transitioned to TOU billing. API anticipated transitioning up to 127 additional customers in 2015, leaving approximately 2% of its customers on tiered RPP rates.

In its October 8, 2015 Decision and Order, the OEB amended API’s Licence to include the requested code exemptions, effective until December 31, 2019, as proposed by API. While API indicated that it expected to transition few, if any, additional customers to TOU billing in the 2016-2019 period, it committed to engaging and reporting progress on this item as part of the annual stakeholder sessions agreed to in its EB-2014-0055 Settlement Proposal.

On June 4, 2019, API applied to the Board for an extension of the exemptions relating to provisions of the Standard Supply Service Code setting a mandatory date for implementation of time of use (“TOU”) billing, and provisions of the Distribution System Code related to billing accuracy and limiting estimated bills. In its Decision and Order dated November 14, 2019, the OEB accepted that it is not yet feasible to economically implement TOU billing and to make all meters communicate reliably enough to issue regular monthly TOU bills based on actual meter readings. The Board extended the exemption from sections 2.10.1 and 7.11.1 to 7.11.7 of the DSC with regard to estimated billing and billing accuracy in addition to an exemption from the Supply Service Code for Electricity Distributors requiring time-of-use pricing for Regulated Price Plan consumers with eligible time-of-use meters, for the identified up to 350 hard to reach customers, to December 31, 2024.

On January 1, 2023, further amendments to the SSSC came into force to implement a new optional ULO price plan for electricity consumers on the RPP. As a result of these amendments, Electricity distributors are now required to offer the ULO price plan to their customers as of November 1, 2023. Like standard TOU, ULO pricing relies on smart meters that are connected to telecommunications infrastructure. Minor changes to the wording of the exemption in Algoma’s licence were required to align with the ULO amendments. The changes to Algoma’s licence were administrative in nature – they did not change the substance of the exemption. The OEB amended API’s licence to include ULO pricing in the exemption effective April 20, 2023.

STATUS

As of the filing date of this Application, API has not been able to identify cost-effective solutions for transitioning the remaining customers with hard to reach meters to smart metered billing. While the cost effectiveness of communication options has improved in some areas, the capital and ongoing maintenance cost of AMI collectors that would be required for the large number of very low-density areas remains a barrier. In order to cost-effectively collect hourly reads and transition to TOU billing for these customers, API expects that a combination of solutions would be required, as follows:

- 1) Cost-effective communications options would need to be available; and
- 2) The costs of capital infrastructure, in consideration of the number of meters/accounts would need to be reasonable.

Cost-effectiveness of Communications

The cellular network in API’s territory has expanded over the years, but many locations still do not have reliable cellular service. API has commissioned a comprehensive study to evaluate all communication needs, including proper backhaul for the smart meter system, including alternate communication means in those areas without adequate cell service. Nevertheless, API does

not anticipate, during this proposed exemption period, that it will be able to extend its ability to reliably communicate with meters at the locations of all hard-to-reach customers on a cost-effective basis

Cost Effectiveness of Capital Investments

It is unlikely for natural customer growth to result in cost-effective capital investments for these hard-to-reach customers. API's existing AMI solution does not offer cost-effective solutions for very small/isolated groups numbers of meters. API will, as it works towards replacement of its aging AMI infrastructure from initial deployment, look to cost effectively update infrastructure to collect TOU readings from residential and small commercial customers in low density areas.

API notes that it is working with its smart meter vendor on a propagation study to target those meters that are not communicating, looking at relocating tower sites to resolve communication issues and ensure towers have proper backhaul.

Nonetheless, for some very remote customers, there are some locations where proper meter communications may not be feasible based on low customer density and geographic meter location. This would include economic considerations, where for some customers, it may cost as much as \$20,000 up front to install metering infrastructure for the customer, plus an estimated \$700 monthly expense to read the meter on an ongoing basis.

For all these reasons API is requesting that the code exemptions included in Section 1 and 4 of Schedule 3 of its Distribution Licence (ED-2009-0072) be extended to December 31, 2029, coinciding with the end of the rate-setting term covered by its current Cost of Service Application (EB-2024-0007).

API confirms that for meters that remain outside the reach of its AMI infrastructure customers will be invoiced on the basis of tiered RPP rates during the 2025-2029 period.

RELIEF REQUESTED

API requests an extension of the exemptions established by the OEB's decision in EB-2023-0100 to coincide with the expected end of its next rate-setting term (i.e. December 31, 2029). Accordingly, API requests that the List of Code Exemptions in Schedule 3 of its Distribution Licence be modified as follows:

- 1) Extend the exemption from provisions of the Standard Supply Service Code for Electricity Distributors requiring time-of-use pricing or, if the consumer so elects, ultra-low overnight time-of-use pricing for Regulated Price Plan consumers with eligible time-of-use meters provided for in Section 1 by replacing "December 31, 2024" with "December 31, 2029"; and

- 2) Extend the exemption from various sections of the Distribution System Code limiting the use of estimated billing and requiring billing accuracy provided for in Section 4 by replacing "December 31, 2024" with "December 31, 2029".

Should a decision by the Board not be reached by December 31, 2024, API requests that the OEB extend its current exemption until reaching a decision on this application.

API requests that pursuant to Section 32.01 of the Board's Rules of Practice and Procedure, this proceeding be conducted by way of a written hearing.