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June 27, 2025

Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, P.O. Box 2319
Toronto ON, M4P 1E4

Dear Mr. Murray,

**RE: EB-2024-0129 Advancing Performance-based Regulation – PIMs
Comments of Energy Probe**

In its letter of May 14, 2025, the OEB invited stakeholders who wish to provide written comments on the Staff Discussion Paper – Performance Incentive Mechanisms (PIMs) to submit them by June 27. The following are the comments of Energy Probe Research Foundation (Energy Probe). The comments do not deal with all discussion questions listed in Appendix A attached to the May 14th letter.

PIM 1 System Utilization

This PIM is designed to incent more efficient use of electricity distribution systems by providing a financial reward for aligning the electricity demand in each hour with the maximum capacity of the system. If this PIM is successful, the distribution grid of each distributor would always operate at its maximum capacity. This will have two unintended consequences. It would make it more difficult, time consuming and costly to add new load precisely at the time that Ontario is promoting electrification. The second and more important unintended consequence is that if the distribution system is always operating at maximum capacity, there would be no spare capacity to deal with emergencies and equipment failures. The Staff paper suggests that there should be financial rewards for distributors with high utilization but does not mention who would pay for these rewards. It is clear that ratepayers would pay for these rewards. A financial reward for a distributor would be financial penalty for the distributor's ratepayers unless there are offsetting savings that ratepayers can share in.

PIM 2 SAIDI

System Average Interruption Duration Index, SAIDI, is a reliability index used by electricity distributors, records the average cumulative outage duration for each customer served. The paper

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notes that SAIDI PIMs are in use in New York, Hawaii and Australia. Energy Probe notes that New York, Hawaii and Australia have much higher electricity rates than Ontario. Although high rates can not be directly linked to the SAIDI PIM, Ontario should be careful about adopting any practices of these jurisdictions. This PIM is in a potential conflict with PIM 1 which will likely increase the duration of any interruption. The Staff paper recommends a financial penalty for distributors not meeting the targets for the SAIDI PIM. Although the intention is that the distributor's owner would pay this penalty, in practice it will be the ratepayers. Vast majority of Ontario distributors are owned by municipalities. If a municipality pays a penalty, it will recover the cost from municipal taxpayers who are the same a distributor's ratepayers. Energy Probe is opposed to any penalties being charged because they are pointless for municipally owned distributors.

PIM 3 SAIFI

System Average Interruption Frequency Index, SAIFI, quantifies the average number of times a customer experiences a sustained interruption during a specific period, typically a year. As with SAIDI, the discussion paper recommends a financial penalty. Energy Probe is opposed to any penalties for the same reasons as explained regarding PIM 2 SAIDI.

PIM 4 Efficient DER Connections

This PIM is designed to incent timely connections of Distributed Energy Resources, DERs, to distribution systems. There is an underlying assumption that all DERs are similar and are equally easy to connect anywhere on the distribution system. This also assumes that DERs, whatever they are and wherever they are, always benefit all ratepayers and that a distribution system can never have too many DERs. All these assumptions are wrong. The Staff Discussion Paper recommends a financial reward for this PIM. Energy Probe is opposed to a financial reward for the same reasons as explained in comments related to PIM 1 System Utilization.

Respectfully submitted on behalf of Energy Probe.

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TL Energy Regulatory Consultants Inc.

cc. Patricia Adams (Energy Probe)