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Ms. Kirsten Walli
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Re: Proposed Amendments to the Electricity Reporting and Record Keeping Requirements, Phase 2 – Initiative to Develop Electricity Distribution System Reliability Standards, EB-2010-0249

Attached please find the PWU's comments on the proposed amendments to the system reliability reporting requirements under section 2.1.4.2 of the Reporting and Record Keeping Requirements.

Yours very truly,

PALIARE ROLAND ROSENBERG ROTHSTEIN LLP



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encl.

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Proposed Amendments to the Electricity Reporting and Record Keeping Requirements, Phase 2 – Initiative to Develop Electricity Distribution System Reliability Standards

Submission of the Power Workers' Union

1 BACKGROUND

On March, 2011 the Ontario Energy Board (the “OEB” or “Board”) issued a letter confirming the Board’s commitment to the codification of distribution system reliability performance metrics and targets. The Board also indicated that further consultation is warranted on:

- **Resolving issues relating to the quality and consistency of reliability data gathered and reported by distributors; and**
- **Understanding and resolving the implementation issues associated with monitoring and reporting requirements relating to normalization of data, causes of outages, customer specific reliability measures, and a “worst performing circuit” measure.**

On November 23, 2011 the Board initiated Phase 2 of its consultation on distribution system reliability standards to address the above issues. In addition Phase 2 reviewed issues on new monitoring and reporting requirements related to normalizing data, Causes of Outages, customer specific reliability measures, and a Worst Performing Circuit metric. The Reliability Data Working Group was formed to provide input to Board staff on draft proposed amendments to section 2.1.4.2 of the Electricity Distribution Reporting and Record Keeping Requirements (“RRR”) pertaining to the requirement of

reporting and maintaining records on system reliability. Board staff's draft proposals were issued for comment in July 2012.

On March 20, 2013 the Board issued for comment proposed amendments to section 2.1.4.2 of the RRR. The Board's expectation is that the proposed amendments will improve the consistency of the annual reporting of reliability data required for the successful monitoring of performance. In addition the Board notes the importance of successful monitoring in ensuring that distributors are maintaining performance in an incentive rate making regime and that distributors' capital and asset management plans are efficient and effective.

2 POWER WORKERS' UNION'S COMMENTS

2.1 Effective Service Reliability Regulation

Service reliability regulation is a fundamental component of an incentive regulatory framework ("IR framework") intended to ensure that financial incentives are pursued without negatively impacting service reliability performance. The Board's IR framework has lacked effective service reliability regulation. The Power Workers' Union ("PWU") has strongly advocated effective electricity system service reliability regulation in the OEB's regulatory framework in numerous submissions made in various proceedings starting with the Board's First Generation PBR. The PWU is encouraged by the OEB's intent to commence work on the establishment of performance standards for the existing electricity distribution service reliability performance metrics in the next phase of this consultation. Effective service reliability regulation requires realistic and fair targets and performance incentives (i.e. penalties and rewards) provided through clear guidelines. In the PWU's view, realistic and fair province-wide targets are likely not attainable and targets will need to be set for individual distributors. Therefore in implementing the proposed amendments, the Board needs to ensure the continuity of individual distributor's service reliability data. The outcome of Phase 2 of this consultation can jeopardize the Board's ability to implement fair reliability performance standards. The Board cannot continue to ignore the ineffectiveness of its service

reliability regulation and therefore needs to give just weight to the consideration of Phase 2 outcomes on its ability to set reliability standards.

The Board has required reporting of the reliability metrics System Average Interruption Duration Index (“SAIDI”), System Average Interruption Frequency Index (“SAIFI”) and Customer Average Interruption Duration Index (“CAIDI”) starting with 1999 data. In addition, since 2000 the Board has had guidelines in place for these metrics intended to prevent reliability degradation below a distributor’s historic worst performance. Unfortunately a 2008 Board report pronounced the compulsory minimum standards implemented in 2000 as voluntary. Evidence filed by the PWU in this consultation¹ indicates that there has been service reliability degradation, while discussions at the October 15, 2010 stakeholder conference indicated that some distributors interpret the guidelines as rolling guidelines that accommodate deteriorating performance. As a result the existing guidelines have been ineffective. The PWU raised this issue in its December 20, 2011 comments and recommended that the Board amend the existing guidelines to ensure that they do not accommodate service reliability deterioration. To date the Board has not addressed this issue.

Given that work on service reliability performance standards has not even started yet, to ensure that the existing guidelines do not accommodate service reliability deterioration until such time when the Board codifies service reliability standards, the PWU recommends that the Board:

- Establish that the existing guidelines are compulsory and not voluntary; and,
- Amend the wording of the existing guidelines to ensure that they do not accommodate service reliability deterioration.

¹ EB-2010-0249. PWU Submission. October 29, 2010. Prepared by Frank Cronin. Service Reliability and Regulation in Ontario.
http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/221949/view/PWU_WritteComment_20101029.PDF

2.2 Improving Definitions

The Board is proposing the following amendments to improve definitions:

1. Revise the definitions of SAIDI and SAIFI to more closely adhere to the wording used by other institutions like the Canadian Electrical Association (“CEA”) and the Institute of Electrical and Electronic Engineers (“IEEE”) Standard 1366.
2. Add a definition of “customers” as a metered service for which an active account is established at a specific premise.
3. Define what constitutes “end time” of an interruption by clarifying that the end time should be based on when service is restored to the customer connection point, and that end-time should be tracked using a step-restoration approach (i.e. as it happens).
4. Clarify that outages related to Loss of Supply are those interruptions due to problems associated with assets owned and/or operated by another party, and/or the bulk electricity supply system.
5. Add requirements for distributors to report when the introduction of new distribution system technologies, or reliability measuring and reporting practices have impacted the reported performance data including whether the impact is positive or negative, and the percentage change between the performance reported in the previous year and the current year as a result of the new technology or processes.

The PWU agrees that the proposed amendments (1) through (4) will improve definitions that should result in improved consistency in the reporting of the distributors’ SAIDI and SAIFI statistics. However, in the PWU’s view proposed amendment (5) falls short in addressing the objective of ensuring the ongoing ability to compare future and historical reliability performance (i.e. trend analysis) following the implementation of the proposed definition amendments. The impact of the definition amendments therefore puts at risk continuity of data that allows for reliability performance trend analysis, and in turn compromises the Board’s ability to fairly assess the achievement of outcomes for customers. In addition, in setting reliability standards the Board will need to rely on the distributors’ historic performance. In the absence of a robust quantitative assessment of

the impact of the changes in definitions on the distributors' performance statistics the standards set may not be reasonable and inadvertently result in significantly higher costs or reduced reliability.

Proposed amendment (5) only provides for qualitative comment from the distributors on the approximate directional impact of the definition amendments on their reported performance statistics in a single year. This is significantly short of the robust quantitative evaluation forwarded by the PWU, described in the March 20, 2013 Staff Report to the Board ("March 2013 Staff Report"):

... (1) report performance statistics as it has been done historically (prior to any amendment to the wording) and (2) report the performance using revised definitions for a five year period. At the end of this period the Board could compare the two sets of statistics. Where there are significant differences and no apparent reason for the differences can be found, the distributor must continue to provide two sets of data.

Therefore, if the Board implements the proposed definition amendments the PWU recommends additional RRR requirements as described above to ensure the continuity of individual distributor's service reliability data.

2.3 Reporting on Causes of Outages

The Board is proposing to amend the RRR to require distributors to report the data that they are currently required to record on Causes of Outages. The proposed information that the distributors will be required to report for each cause are as follows:

- The number of interruptions that occurred as a result of the cause;
- The number of customer-interruptions that occurred as a result of the cause; and,
- The number of customer-hours of interruptions that occurred as a result of the cause.

The PWU agrees with the proposed amendment to the RRR that requires the reporting on all Causes of Outages. As noted in the 2013 Staff Report, the PWU is of the view that the Causes of Outages allow for qualitative analysis of reliability performance and that this information should be publicly available. The PWU suggested reporting of Causes of Outages back to 2000, the first year in which the Board required the

distributors to record this information. The proposed amendment would only require reporting of Causes of Outages data going forward starting in 2014.

In the PWU's view, in using historic performance to set reliability standards it will be necessary for the Board to understand the drivers of a distributor's historic performance. Historic Causes of Outages information is the evidence required for such an assessment.

In response to Board staff's initial proposal to only require reporting of Causes of Outages data going forward, the PWU requested that at the very least, distributors that have shown declining performance should be required to report Causes of Outages data back to 2000. This would be consistent with the Board's intent for the recording of this information as articulated in the Electricity Distributor's Handbook:

While annual reporting of this information to the Board is not mandatory, the Board will expect the distributor to produce this information should a review of its service reliability be necessary.

The Electricity Distributors Association ("EDA") suggested that there are interpretation issues with Cause Codes that resulted in differences in reporting. In the PWU's view, the EDA's concerns related to consistency between distributors' recording of Causes of Outages are not an issue in the qualitative analysis of an individual distributor's reliability performance trend. With regard to the EDA's suggestion that stakeholders obtain the information by requesting the data from the distributor, there is no regulatory requirement that would compel the distributors to respond to such a request. Stakeholders therefore are not assured access to the information.

The PWU repeats its request that the Board amend the RRR to require, at the very least, distributors that have reported declining performance in the most recent three years compared to 2000, to report Causes of Outages data back to 2000 for public posting by the OEB.

2.4 Elimination of Certain RRR Requirements

The Board proposes amendments to eliminate the following RRR requirements:

- The reporting of CAIDI given the concerns that CAIDI is not an accurate indicator of reliability performance and that parties interested in reviewing CAIDI can calculate this metric using SAIDI and SAIFI data.
- The reporting of Momentary Average Interruption Frequency (“MAIFI”) given that many distributors do not have the technical ability to monitor momentary outages and the concern that momentary outages are a part of normal operations of the distribution system and should not be used to judge reliability.

The PWU understands that the elimination of these RRR requirements is in keeping with the Board’s desire to streamline reporting requirements. However with regard to MAIFI, there are customers that are concerned with momentary outages and in the PWU’s view, reporting of MAIFI should be revisited when smart grid technology up take by distributors reaches a state that would allow for the proper monitoring of MAIFI as a performance metric.

All of which is respectively submitted.