CANADIAN NIAGARA POWER INC.
A FORTIS ONTARIO Company

February 7, 2014

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto, ON M4P 1E4

Dear Ms. Walli:

RE: CANADIAN NIAGARA POWER INC. ("CNPI") AND ALGOMA POWER INC. ("API")
EB-2013-0311
PROPOSED AMENDMENTS TO THE DISTRIBUTION SYSTEM CODE

On January 16, 2014, the Ontario Energy Board (the "Board") issued a Notice of Proposal to Amend a Code (the "Notice") inviting comments on the Proposed Amendments to the Distribution System Code (the "Code"). The purpose of the amendments are to require a distributor to install a MIST meter on any installation that is forecast by the distributor to have a monthly average peak demand during a calendar year of over 50 kW.

Canadian Niagara Power and Algoma Power submit the following comments for review:

- CNPI and API have reviewed the Board's proposal on a cost/benefit basis and are concerned that the Board may be underestimating the costs and overstating the potential benefits of this proposal.

- It would appear that the Board is of the view that costs associated with the proposed amendments would relate primarily to procurement and installation of new meters:

    - *The Board expects that distributors will install interval metering systems that communicate through the distributor's Advanced Metering Infrastructure installed as part of Ontario's smart meter initiative.*

- *There will be costs associated with procuring and installing the new meters, removing old meters, and there may be stranded costs associated with the previously installed meters. These costs will be borne by the applicable customer rate classes.*

- It would appear that the Board's view of anticipated benefits are:

  - *The benefits of moving all customers with a monthly average peak demand during a calendar year of over 50 kW to interval meters are that it will provide them with greater choice, opportunity, ability, and incentive to better manage their electricity consumption and costs through load shifting, pricing options, and/or demand reduction. The proposed amendments will also bring these customers in line with the rest of the electricity customers in Ontario in terms of pricing. Potentially, this will lead to the deferral and mitigation of system investments, lowering overall system costs.*

- In preliminary discussions with AMI vendors, CNPI and API are under the impression that there may also be significant costs involved in upgrading AMI infrastructure in order to capture the information required for interval metering of a large number of GS>50 customers.

- Given that most GS>50 meters have already been replaced with smart meters, and that these meters are not capable of interval settlement in the traditional sense, the meter replacement and stranded asset costs are expected to be quite high. Combined with the unknown, and potentially significant costs associated with AMI upgrades (capital and ongoing O&M), CNPI and API are concerned that the costs to be borne by the GS>50 class are potentially far greater than the anticipated benefits.

- Many of the customers in this group are in the retail, service, administration and utility sectors. This includes restaurants, stores, schools, community centres, government services, and water treatment facilities. While a move to interval metering will provide some incentive to shift discretionary loads, CNPI and API are doubtful that many of the customers in this group will be able to achieve material shifts in their overall load from peak to off-peak periods.

- It is also CNPI's and API's view that where any of these customers are able to significantly shift load in order to take advantage of hourly pricing, they have always had the opportunity to do so by requesting a MIST meter under the provisions currently in place in the DSC.

- CNPI and API propose that it may be more appropriate at this time to form a working group comprised of metering/settlement experts from various LDC's, as well as customer representatives to review options, costs and benefits for moving this group of customers to some form of hourly or time of use pricing.

- The LDCs should be able to select the communication system that works for their utility, and not be mandated in this regard. Some current communication systems have not proven they can provide interval data and or demand reads.

- More appropriate levels to mandate interval meters would be at the 100kw to 200kW level. GS customers between 50kW-100/200kW would have the option of an interval meter or a smart meter

Please contact the undersigned if you have any further questions on this submission.

Yours truly,

Original Signed By

Douglas R. Bradbury
Director, Regulatory Affairs