



**Initiative to Develop Electricity Distribution System Reliability Performance Targets
EB-2014-0189
Submitted August 20, 2014**

Oakville Hydro Electricity Distribution Inc. – Comments

On July 15, 2014, the Board issued a Board staff Discussion Paper entitled *Electricity Distribution System Reliability Measures and Targets* (the “Discussion Paper”) as the next step in its initiative to establish distribution system reliability performance targets or standards. Interested stakeholders were invited to provide written comments on the Board staff Discussion Paper. To facilitate the process, Board staff provided a number of questions that would be of particular assistance to them. Oakville Hydro appreciates the opportunity to participate in this proceeding and has organized its comments according to the questions put forth by Board staff.

What approach should the Board take to establish performance targets for SAIDI and SAIFI (i.e. historical or projected performance)?

In the Discussion Paper, Board staff suggested that performance targets be based upon historical results to ensure that customers will, at a minimum, continue to receive the level of service that they have come to expect and to allow distributors to monitor their improvements in operational effectiveness. Oakville Hydro agrees that historical performance should be used to establish performance targets.

Whether the performance targets should be distributor-specific, a single province-wide target for all distributors, regional or based on peer-groups?

In the Discussion Paper, Board staff suggested that the wide range of performance across the province does not support the introduction of reliability performance targets based on either one province-wide target or regional or other types of peer-group targets. It is Oakville Hydro’s opinion that using regional or peer group targets (comparing similar distributors – urban vs rural,

etc.) allows distributors to benchmark against their peers. Oakville Hydro recommends that the Board consider establishing regional or peer group targets as well as distributor-specific targets.

Should performance targets be based on a specific target, or a target range?

Target:

Board staff is of the view that it is reasonable to accept that a distributor's yearly reliability performance will vary significantly from a five-year average and suggested that the important indicator to monitor is the overall trend in performance results.

It is Oakville Hydro's opinion that a target range with an appropriate band that allows some performance flexibility is preferred. Oakville Hydro believes that coupled with managing performance within the band, the importance of also using trend (within a five year rolling average) as a performance attribute to be considered.

Oakville Hydro notes that the Board's performance scorecard provides distributors with an opportunity to provide comments and input to the Board on potential/actual impacts to results experienced by new systems (e.g. Outage Management System).

Major Events:

In the Discussion Paper, Board staff noted that reliability performance was greatly impacted by weather and other "major events". However, Board staff is of the view that the various ways to define a "major event" on a province-wide basis all have flaws and has suggested that reliability data will not be adjusted to exclude major events.

Oakville Hydro recommends that the Board consider implementing a process to separate or remove "major events" from the performance indicators and targets. An approach similar to what is included in Institute of Electrical and Electronic Engineers (IEEE) Standard 1366 (Major Event Days (MED) Beta Method) could be used to assist in normalizing the statistics. Oakville Hydro suggests that distributors be required to report performance measures both with and

without MED, similar to the manner in which distributors currently report performance measures “With and Without Loss of Supply” in section 2.1.4 of the Board’s Reporting and Record Keeping Requirement (RRR) Filing. Using a standard process to remove major events ensures consistency in reporting amongst distributors and aids in performance benchmarking. Oakville Hydro suggests that the Board may wish to consider consulting with the Canadian Electricity Association (“CEA”) Distribution Council to standardize the definition and calculation of this metric.

What is the appropriate time frame for performance targets to be in place, i.e. should targets be fixed for a five-year period or should a rolling target be used to adjust for the most recent performance.

In the Discussion Paper, Board staff suggests two alternatives for the application of historical performance targets. The first alternative is for a fixed target that would remain in effect for five years. The second alternative is to set the historical target based on a rolling five-year average.

It is Oakville Hydro’s opinion that a rolling five-year target is more appropriate as it reflects a distributor’s most recent performance.

Should the Board introduce a time line for the implementation of customer-specific reliability measures?

In the Discussion Paper, Board staff notes that most distributors agree that there is value in monitoring reliability at the individual customer level. However, Board staff noted that the ability to monitor customer specific performance reliability is not readily available and that setting a deadline for reporting would encourage distributors to achieve the goal of reporting customer specific performance measures.

Oakville Hydro agrees with Board staff’s suggestion that a deadline should be set for the implementation of these measures. Oakville Hydro suggests that a five-year deadline would enable distributors to complete a full Cost of Service application to request recovery of the

funding required to develop the systems required to track the customer-specific reliability measures and to allow sufficient time to put customer-specific measures in place.

Would it be useful for the Board to undertake a pilot project with a number of willing distributors to explore the implementation issues related to the introduction of customer-specific reliability measures? What should be the objectives and/or goals of this pilot project?

Oakville Hydro believes that it would be useful to undertake a pilot project to explore the implementation issues related to the introduction of customer-specific reliability measures. The goals of the pilot project would include the evaluation of the cost and benefits, the time required to implement the systems, benchmarking the degree to which existing business processes need to change, measuring the impact on customer satisfaction, and determining if there are significant increases in future operating costs.

Oakville Hydro has recently introduced an Outage Management System which has the capability of tracking customer specific reliability measures. Oakville Hydro would be interested in participating in this pilot project.

Should distributors be required to develop and implement written practices and procedures for responding to customer complaints about momentary outages as part of their Conditions of Service?

In the Discussion Paper, Board staff noted that consumer groups continue to express the view that distributors are not taking concerns about the impact of momentary outages seriously enough.

Oakville Hydro's agrees with Board staff's suggestion that distributors need to pay more attention to momentary outages, and it is not opposed to the requirement to develop written practices and procedures regarding momentary outages. Oakville Hydro suggests that there should also be more focus on consumer education in this area, assisting residential, commercial

and industrial customers why momentary outages occur and on ways to mitigate momentary interruptions with surge protection, uninterrupted power supply (UPS) and various ride through technologies.

Respectfully submitted,

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