



EB-2012-0384

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B;

AND IN THE MATTER OF an application pursuant to section 74 of the *Ontario Energy Board Act, 1998* by Hydro One Networks Inc. seeking an extension to its mandated time-of-use pricing date for certain hard to reach customers.

By delegation, before: Theodore Antonopoulos

DECISION AND ORDER DECEMBER 21, 2012

On September 21, 2012 Hydro One Networks Inc. (“Hydro One”) filed an application with the Ontario Energy Board under section 74 of the *Ontario Energy Board Act, 1998* (“the Act”) for a licence amendment granting an extension in relation to the mandated date for the implementation of time-of-use (“TOU”) pricing rates for certain hard to reach Regulated Price Plan (“RPP”) customers.

BACKGROUND

Under cover of a letter to all Ontario electricity distributors dated August 4, 2010, the Ontario Energy Board provided its determination of mandatory dates by which each distributor must bill those of its regulated price plan customers that have eligible TOU meters using TOU pricing. The Board’s determination was made pursuant to sections 3.4 and 3.5 of the Standard Supply Service Code for Electricity Distributors, which requires TOU pricing for regulated price plan consumers with eligible TOU meters, as of

the mandatory date. Compliance with this Code is a condition of licence for nearly all licensed electricity distributors in Ontario.

THE APPLICATION

Hydro One requested an extension to the exemption from its mandated TOU pricing date granted by the Board's Decision and Order of January 13, 2011, in the proceeding EB-2010-0282. In that Decision and Order the Board granted an exemption from the requirement to apply TOU pricing in respect of approximately 150,000 RPP customers who are outside the smart meter telecommunications infrastructure reach of Hydro One ("hard to reach customers"). The exemption applies until December 31, 2012. Hydro One applied for an extension to that exemption and requests it to begin on January 1, 2013 and have an indefinite expiry date. Hydro One stated that there are no current options that will meet full compliance. Hydro One indicated that the options that are available to reach these customers will achieve only partial compliance and create excessive costs. Hydro One stated that the situation is not expected to be resolved until there is improved telecommunication infrastructure in place or when future technological advancements in automated meter infrastructure become available.

Hydro One also requested that the reporting schedule that was required by the Board in its approval of the original extension in EB-2010-0282 be replaced by the monthly Smart Meter TOU Report.

THE PROCEEDING

The Notice of Application and Written Hearing for the application was issued on October 10, 2012, and dates were established for interrogatories and submissions on the application. On October 31, 2012 Board staff filed interrogatories on the application. On November 14, 2012 the applicant responded to these interrogatories by providing more information regarding the delay and its progress in transitioning the hard-to-reach customers to TOU pricing.

In response to Board staff interrogatories, Hydro One stated that as of October 31, 2012 there are approximately 122,000 affected hard to reach customers that are not on TOU pricing. Hydro One provided details on its plan to transition these hard-to-reach customers to TOU pricing. Hydro One stated that its plan involves the ongoing monitoring of the cellular coverage expansion actions of commercial cellular providers in Hydro One's service territory. Hydro One indicated that upon identification of coverage expansion areas, Hydro One will perform field assessments of signal strengths and design network extensions where it is cost effective to do so. Hydro One also stated that its plan involves the ongoing monitoring and influencing of the product roadmaps of its Advanced Metering Infrastructure vendors for cost effective technologies to extend existing platforms. Hydro One responded that once new technologies are available, they will be assessed and deployed where it is cost effective to do so.

On November 28, 2012 Board staff filed a submission on the application and stated that it did not have concerns with the request for extension however it submitted that the Board would be served by an annual reporting requirement that would monitor Hydro One's progress with respect to its migration of the hard-to-reach customers to TOU pricing. The recommended report contains more details than currently exists in either RRR 2.1.2 or the monthly Smart Meter TOU report. Board staff submitted that a TOU pricing report filed annually should include:

- the total number of RPP eligible customers;
- the number of hard to reach customers transitioned to TOU in that year;
- the total cumulative number of customers on TOU;
- information on any new available technologies for these hard to reach customers;
- progress in the ongoing monitoring of cost effective technologies;
- the costs related to any of these technologies; and ,
- any other related information that would inform the Board on Hydro One's progress to transition hard-to-reach customers to TOU pricing.

Hydro One replied to the submission stating it had no concerns with Board staff's proposed annual reporting requirement. However, Hydro One requested that the annual reporting date be set at April 30, to align with existing filing dates for the annual *Electricity Reporting and Record Keeping Requirements* for distributors.

FINDINGS

I find the extension should be granted for a period of two years. Hydro One will be exempted from the requirement to apply TOU pricing under the Standard Supply Service Code for approximately 122,000 of its identified hard to reach customers effective January 1, 2013 to December 31, 2014.

I accept Hydro One's assertion that there are no current options that will meet full compliance. I also accept that the options that are available to reach these customers will achieve only partial compliance while creating excessive costs.

While I note that other distributors that serve rural or sparsely populated areas have managed workarounds to successfully implement TOU pricing, I accept Hydro One's assertion that its investigation into the various options available revealed that they were not economic solutions for the volume of customers across its service territory.

I encourage Hydro One to continue its efforts to identify a cost effective technological solution during the exemption period.

A two year exemption will require Hydro One to file a further exemption application in the third quarter of 2014 if no solution is identified and implemented by that time. While I accept the reporting protocols as agreed to by Board staff and Hydro One, which will be discussed below, I find that a further exemption application (if necessary) will enable the Board to more formally (and fully) test Hydro One's progress at that time.

I accept Board staff's proposal for annual reporting in relation to Hydro One's hard to reach customers. I find that the annual report would be helpful to the Board to monitor Hydro One's progress in researching technological advances and finding cost effective measures to connect these customers. Hydro One will report on its progress on connecting these hard-to-reach customers to TOU pricing on April 30, 2013 and April 30, 2014.

IT IS ORDERED THAT:

1. Hydro One Networks Inc.'s distribution licence ED-2003-0043, specifically Schedule 3 List of Code Exemptions, is amended to include an exemption from the requirement to apply time-of-use pricing by a mandatory date under the Standard Supply Service Code for Electricity Distributors in respect of approximately 122,000 Regulated Price Plan customers that, as of October 31, 2012, are outside the smart meter telecommunications infrastructure reach of Hydro One Networks Inc. The exemption will expire December 31, 2014.
2. Hydro One Networks Inc. shall file a report to the Board on its progress to transition the identified hard to reach customers to Time-of-use pricing on April 30, 2013 and April 30, 2014. The progress reports shall include the items identified in this Decision and Order.

DATED at Toronto, December 21, 2012

ONTARIO ENERGY BOARD

Original signed by

Theodore Antonopoulos
Manager, Electricity Rates