

**BY COURIER**

September 4, 2007

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Application by the Independent Electricity System Operator for the Smart Metering Entity Licence**

The Independent Electricity System Operator (the “IESO”) has been designated as the Smart Metering Entity (the “SME”) by Ontario Regulation 393/07<sup>1</sup> made under the *Electricity Act, 1998*.

Accordingly, the IESO hereby applies for a licence under section 57 of the *Ontario Energy Board Act, 1998* with respect to its powers and duties as SME. The IESO is seeking a licence to take effect on or before September 14, 2007 to December 31, 2011, in order to cover the full term of the Meter Data Management Repository Development Hosting and Support Agreement made between the IESO and IBM Canada Limited.

In the event that the Ontario Energy Board (the “Board”) cannot issue the licence on or before September 14, 2007, the IESO is requesting, pursuant to sub-section 21(7) of the *Ontario Energy Board Act, 1998*, that the Board issue it an interim order pending the final disposition of the matter before it. The IESO believes that no other party will be adversely affected in a material way by the issuance of an interim order and requests that the Board issue the interim order without a hearing.

**A. The Applicant**

The IESO is a corporation without share capital continued pursuant to Part II and section 4 of the *Electricity Act, 1998*. The objects of the IESO include to plan, manage and implement, and to oversee, administer and deliver, the provincial government’s smart metering initiative.

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<sup>1</sup> Ontario Reg. 393/07 made under the *Electricity Act, 1998*, was filed on July 26, 2007 in the Registrar of Regulations and published in the Ontario Gazette on August 11, 2007.

The IESO was designated as the SME by regulation made under Part IV.2 and sub-section 53.7(d) of the *Electricity Act, 1998*. The objects of the SME are set out in section 53.8 of the *Electricity Act, 1998*, and include,

- (1) to collect and manage (including the facilitation of the same) and store information and data on the consumption or use of electricity in Ontario;
- (2) to provide and promote non-discriminatory access to data and information related to the consumption of electricity, including its communications and technologies; and
- (3) to establish, own or lease and operate one or more databases to facilitate collecting, managing, storing and retrieving smart metering data.

In addition, the IESO is managing the development of the meter data management/repository (the “MDM/R”) to collect, manage, store and retrieve information related to the metering of consumers’ use of electricity in Ontario.

## **B. The Application**

The IESO is applying under section 57 of the *Ontario Energy Board Act* for a licence to exercise the powers and perform the duties of the SME under the *Electricity Act, 1998*. The IESO has proposed, for the Board’s consideration, draft terms and conditions for the SME licence, as set out in Appendix “A”.

On June 27, 2007, the Board issued Code Amendments relating to the management of smart meter data. One of these amendments included an amendment to section 5 of the Distribution System Code by adding the following new section 5.4:

“s.5.4.1 A distributor shall, upon being requested to do so, enter into an agreement with the Smart Metering Entity or the IESO, in a form approved by the Board, which sets out the respective roles and responsibilities of the distributor and the Smart Metering Entity or the IESO in relation to metering and the information required to be exchanged to allow for the conduct of these respective roles and responsibilities.”

A Smart Metering Agreement for Distributors (the “IESO-LDC Agreement”) is under development and will provide for Terms of Service to

govern the administration and operation of the MDM/R and include the process by which distributors and other interested parties may provide stakeholder input on any amendments to the Terms of Service. The IESO anticipates that a comprehensive set of the Terms of Service will be published by the end of September 2007. To the extent that the SME licence may set out terms and conditions for the IESO-LDC Agreement and the Terms of Service, the IESO will not be able to submit these documents to the Board prior to end of September, 2007.

In the event that the Board cannot issue the licence on or before September 14, 2007, the IESO is requesting that the Board issue it an interim order. The interim order is requested in order to ensure that the SME licence is in place as the IESO begins the initial cutover to production operations and commences the collection, storage and management of customer meter data. It is anticipated that only a small number of LDCs will begin cutting over smart meters prior to the completion of the IESO-LDC agreement and the licence being extended to its full term.

#### **C. Information about Each Key Individual at the IESO**

Information about each officer and director of the IESO is set out in Appendices “B” and “C” to this application, as prescribed by the Board Secretary.

#### **D. Procedural Matters**

The parties potentially affected by this application are the licensed distributors and retailers in Ontario. To effect individual service of this application on each such person would be very expensive. The IESO therefore proposes that notice of this application be given by the following means:

- (i) posting this letter application, including Appendices “B” and “C” on the IESO’s website at the “IESO News and Notices”, “Smart Metering System Implementation Program” and “Regulatory Affairs” pages. This information will be automatically announced to all market participants and interested parties who are registered to receive IESO news and other communiqués; and
- (ii) publishing a Notice of Application in an English and a French language daily newspaper in Ontario.

**E. Contact Information for this Proceeding**

The IESO requests that a copy of all documents filed with the Board by each party to this proceeding be served on the IESO's counsel in this proceeding as follows:

(a) The IESO: Ms. Helen Lainis  
Senior Analyst, Regulatory Affairs  
Independent Electricity System  
Operator

Address for Service: 655 Bay Street, Suite 410  
P.O. Box 1  
Toronto, Ontario M5G 2K4

Telephone: (905) 855-4106  
Fax: (905) 855-6372

Electronic access number: [helen.lainis@ieso.ca](mailto:helen.lainis@ieso.ca)

(b) The IESO's counsel: Patrick Duffy  
Counsel for the  
Independent Electricity System  
Operator

Address for Service: 655 Bay Street, Suite 410  
P.O. Box 1  
Toronto, Ontario M5G 2K4

Telephone: (416) 506-2834  
Fax: (416) 506-2843

Electronic access number: [patrick.duffy@ieso.ca](mailto:patrick.duffy@ieso.ca)

**F. Freedom of Information Consent**

Please find enclosed an executed consent to the collection of information for the purpose of determining the IESO's SME licence application, and a cheque in the amount of \$800 covering the licence application fee.

Please call the undersigned should the Board have any question about this application.

Yours truly,

Patrick Duffy  
Counsel for the  
Independent Electricity System  
Operator

c: Helen Lainis, Independent Electricity System Operator  
Mark Garner, Ontario Energy Board  
Brian Hewson, Ontario Energy Board  
Barbara Robertson, Ontario Energy Board