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To: Ms. Kirsten Walli, Board Secretary Ontario Energy Board
Re: Proceeding to Determine and Implement a Distribution Rate for Embedded Micro Generators (EB-2009-0326)

Background

Lexco is a consulting firm with an interest in developing gas-fired, load-displacement, Combined Heat and Power (CHP) applications embedded within commercial properties. We have undertaken a feasibility study to consider the economic, technical, and legal issues associated with developing a large number of such projects.

The issue of "a just and reasonable rate to recover the costs associated with embedded generators having a nameplate capacity of 10 Kw. or less" bears directly on our business planning.

Comments on Draft Issues List

Service Classification

The Service Classification should address:

1. Renewable v. natural gas combustion embedded generators.
2. Combined Heat and Power - What is the overall thermodynamic efficiency with which the energy in the natural gas is used? Is energy not used to produce electricity used for hot water or district energy?
3. Is the generation dispatchable at the request of the LDC?

Treatment of non-microFIT applications

The Board should allow itself the flexibility to consider non-renewable embedded micro-generation.

Cost elements to be recovered

One of the problems the LDC may have with large scale DG development is that each generator has a different owner/operator. The counterparties will have a wide range of understanding about the rules. Substantial administrative costs are imposed on the LDC and could disadvantage the economics of the DG project.

Under aggregated ownership (as a Virtual Power Plant) DG located in many buildings within the LDC is owned, operated, and maintained by a single developer Many separate power developments will have one face at the LDC. The Virtual Power Plant developer will have a stable, ongoing relationship with the LDC. This relationship will lower the LDC's administrative costs for administering contracts with small, embedded generators.

These savings should be recognized in "a just and reasonable rate to recover the costs associated with embedded generators".

Sincerely,

Alex MacDonald