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March 21, 2012

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

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Stakeholder Session Presentation Materials for March 28-30, 2012 on Behalf  
of the Ontario Sustainable Energy Association (OSEA)  
Renewed Regulatory Framework for Electricity Consultation  
Board File Numbers: EB-2010-0377, EB-2010-0378, EB-2010-0379, EB-2011-  
0043 and EB-2011-0004**

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Enclosed please find two hard copies of a presentation filed on behalf of the Ontario Sustainable Energy Association (OSEA) in the consultation for the Renewed Regulatory Framework for Electricity.

The presentation will be made at the Stakeholder Conference March 28-30, 2012.

A copy of this cover letter and attached submission has also been filed through RESS.

Yours truly,

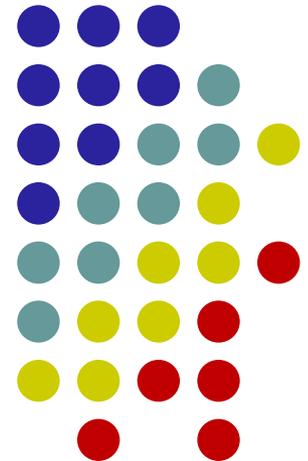


Joanna Vince

cc: Mr. Kristopher Stevens, Executive Director, OSEA  
Intervenors

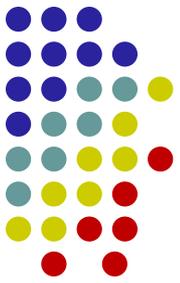
# OSEA's Presentation to Stakeholder Consultation for Renewed Regulatory Framework

Presented by Marion Fraser



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# Who is OSEA?

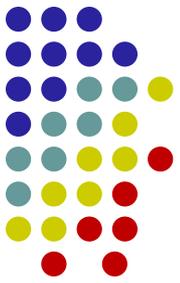
- ❖ The Ontario Sustainable Energy Association inspires and enables the people of Ontario to improve the environment, the economy and their health through conservation and by producing clean, sustainable energy in their homes, businesses and communities.
- ❖ Our community - staff, interns, volunteers, members, friends and supporters - are actionists (as opposed to activists) looking for (and working on) solutions.
- ❖ We work pro-actively to build bridges between stakeholders and seek ways to improve Ontario's energy system collaboratively recognizing that community, industry and government should all play a role in shaping our energy future.

*OSEA is **not** an industry association representing generators or specific generation technologies*



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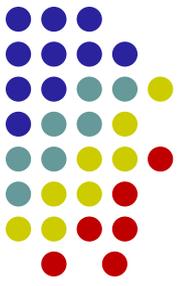
# OSEA's Preliminary Views on RRFE

OSEA generally supports the direction inherent in the model framework

- Integration of Planning to optimize investment and achieve cost savings
- Severing treatment of O&M and capital
- Longer time horizons
- Multi-year approvals
- Focus on Outcomes
- Regional Planning
- Asset Management

Do these changes go far enough?





# OSEA Suggests: More Clarity

Definition of integrated planning (same as O Reg. 424 or something else?)

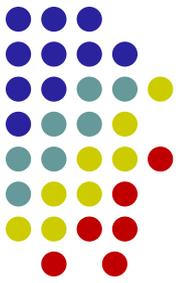
Continued blurring of differences between rate impacts and bill impacts limits decision making – *they are not the same*

Narrow approach to bill mitigation, e.g.

- No impact of conservation and demand management
- No bill protection for low income and vulnerable customers and consumers, not just emergency protection

Too many questions unanswered





# OSEA Suggests: Go Further

Integrated resource planning (IRP)/Least Cost Planning)

Local and regional consultation on plans

Non Rate Board Objectives with respect to electricity regulation, e.g. Minister's Directive for Smart Grid as guidance to Board on Objectives

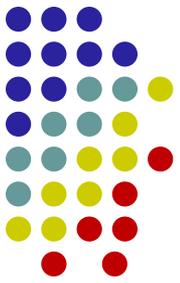
Consideration of non-wires options for geographical T&D issues, i.e., local resource acquisition and pricing based on demand not energy for T&D

Sustainability was key element in recent legislation:

- ❖ *Electricity Restructuring Act;*
- ❖ *Green Energy and Green Economy Act*

Proposed Model only paints half the picture





# Impact of Missing Elements

Customers relegated to single box; limited participation, limited benefits

Supply side (wires) orientation limits options, increases costs, reduces benefits

Broader government policy - sustainability

Externalities – health, environment, economy

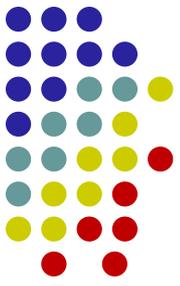
Role of LDCs in local economic development, policy implementation

How can anyone see  
or  
plan the whole picture?



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# Too Many “Plans”

No mechanism or guidance for LDCs for their “corporate direction”;

Proliferation of plans problematic

- Network Investment Plans
- CDM Plans
- Green Energy Plans
- Smart Grid Plans
- Regional Plans
- LTEP/ IPSP

Regulation on many matters piecemeal, segregated

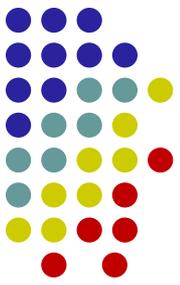
What is required?

- 1 capital plan
- 1 operations plan



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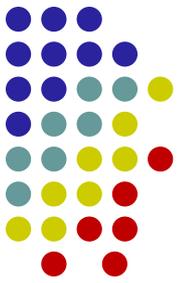


# OSEA's Focus for Presentation

1. Lessons from IRP – *rumours of its death are greatly exaggerated*
2. Local Resource Acquisition – *local generation, cogeneration, micro grids, district energy, targeted conservation and demand management*
3. The Role of Sustainability in Regulation – *addressing government policy direction*

Priorities  
based on  
OSEA's  
mandate





# IRP (US Energy Policy Act of 1992)

“Planning and selection process for new energy resources that evaluates full range of alternatives to provide adequate and reliable service at the lowest system cost.

- ❖ new generating capacity
- ❖ power purchases
- ❖ energy conservation and efficiency
- ❖ cogeneration and district heating and cooling, renewable energy resources,

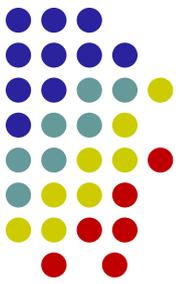
Takes into account necessary features for system operation, e.g.

- ❖ diversity, reliability, dispatchability, risk

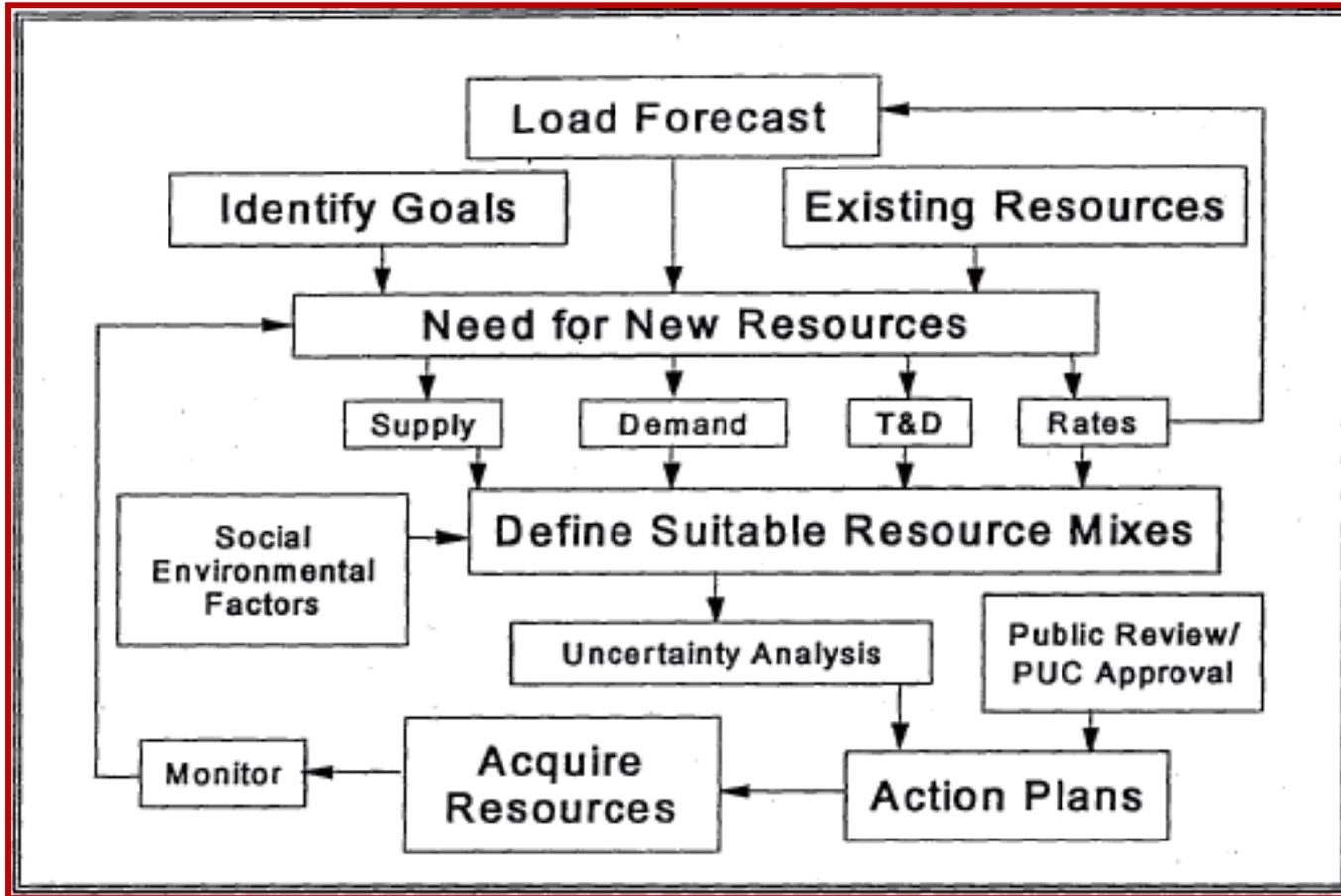
Treats demand and supply on a consistent and integrated basis”

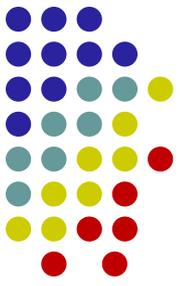
Also used  
in BC,  
Manitoba,  
Quebec,  
NS





# IRP Fundamentals





# Example: Consolidated Edison

No regulatory requirement for IRP

Included effects of DSM in capital planning since 2003 – estimated reductions \$1 billion

Forecasts of DSM included ConEd programs and all other programs in its territory

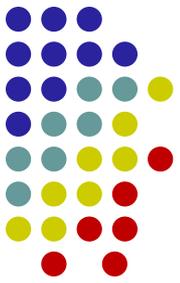
Considers geographically targeted and non-targeted programs

Non targeted programs focus on energy

Targeted programs focus on peak – drivers of T&D requirements

DSM defined very broadly – includes fuel switching, CHP, renewables, district energy





# ConEd's Targeted Approach

2003 – started avoiding network related capital through local resource acquisition such as targeted DSM using LIRP

- More effective
- More financially attractive
- Valid alternative to system reinforcement
- Where cost effective, only solution

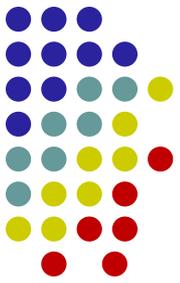
“Dig We Must”  
or  
“Save We Must”

Total Resources Cost Ratio: 2.2 to 2.8

Focus on most cost effective savings

Focus on primary distribution, now moving to secondary





# Local Resource Acquisition

Avoiding or delaying T&D upgrades

Focus on Smarter Grid not Bigger Grid

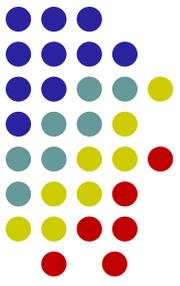
- significant increase in customer-side participation in the energy supplied and demand-side management
- paradigm shift in towards more decentralized energy supply and bidirectional power flows
- hidden costs of with doing nothing — enduring outages, **wasted energy**, antiquated technology and other limitations inherent in current systems — far outweigh the investment needed to make it stable and efficient for the future.

Smart Grid  
should be  
“business  
as usual”



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# Local Resource Acquisition through CDM Can Mitigate Rates and Bills

**Short term:** In California, if DSM increases rates by 1%, customer bills go **down between 5 and 10%** depending on the customer class

**Long Term:** Conservation reduces rates from what they would have been because conservation is cheaper than new generation and expanded transmission and distribution systems

- ratio of percentage changes is
  - 2:1 for surplus utility
  - 5:1 for base utility
  - 8:1 for deficit utility

**Customers Pay BILLS**

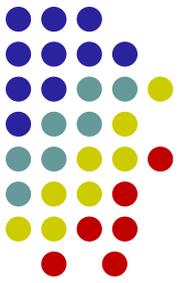
Source: Eric Hirst

Oak Ridges National Laboratory



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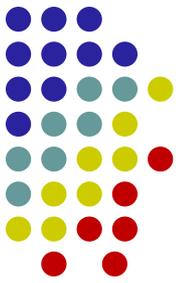
## Link to Local and Regional Planning

Beyond targeted DSM to reduce T&D capital, implementation of community energy plans like Guelph, Sudbury, Kingston benefit from community engagement

- Both conservation and renewable energy can foster community engagement
- Avoid NIMBY

Communities consist of customers and consumers!





# Government Policy and Sustainability

## *Electricity Restructuring Act 2004*

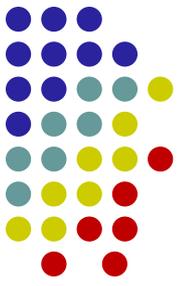
- ❖ “ensure the adequacy, safety, **sustainability** and reliability of electricity supply in Ontario through responsible planning and management of electricity resources, supply and demand

## *Green Energy and Green Economy Act*

- ❖ Three objectives related to sustainability added to OEB mandate

*Explicit guidelines will lessen uncertainty, e.g. price for carbon*





# Role of Sustainability in Regulation

Government policy objectives for Smart Grid in Directive to OEB

- ❖ *Efficiency*
- ❖ *Customer value*
- ❖ *Co-ordination*
- ❖ *Interoperability*
- ❖ *Security*
- ❖ *Privacy*
- ❖ *Safety*
- ❖ *Economic Development*
- ❖ *Environmental Benefits*
- ❖ *Reliability*

*Apply these objectives to RRFE?*

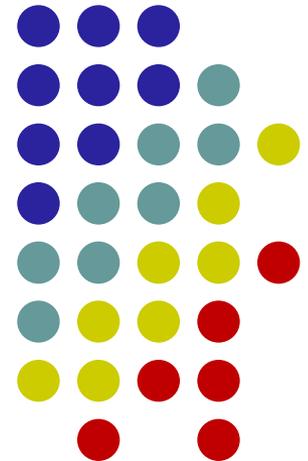


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# Thank You

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