# Low-Income Energy Network

Sent by courier and through the Board's web portal

February 19, 2013

Ms. Kirsten Walli
Board Secretary
P.O. Box 2319
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, ON M4P 1E4

**Re: Comment on Report of the Planning Process Working Group to the Board: The Process for Regional Infrastructure planning (February 5, 2013)**

Dear Ms. Walli:

The Low-Income Energy Network (LIEN) represents 90 member groups across Ontario. As a network representing the intersection of interests related to low-income consumers and energy and sustainability, LIEN's focus is on reducing the energy bills of all low-income consumers through conservation and demand management (CDM), and appropriate network investment (generation, renewables, system upgrades, smart grid), providing low-income consumers the opportunity to better manage their energy bills. This helps to ensure that all low-income consumers across Ontario have access to conservation programs, technologies and services as well as conservation education, and to realize the environmental, energy and economic benefits associated with the more efficient use of energy from generation to end-use.

**LIEN Submission Details**

***CDM Should be an Aggressive Delivery Strategy Implemented in every Regional Infrastructure Plan***

Since its inception in 2005, the OPA has been carrying out regional planning activities to address local and regional adequacy and reliability needs. Joint regional planning studies have been carried out with distributors, transmitters and the IESO. The OPA began to do regional planning outside of the Integrated Resource Planning (IRP) process because it required a high degree of coordination with distributors, transmitters, IESO, and other parties to develop integrated plans that examine conservation, generation (including DG), and infrastructure (transmission and distribution and related facilities).

According to the Planning Process Working Group Report to the Board, "From a resource perspective, regional planning considers local generation and/or CDM to address supply and

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LIEN is a project funded by Legal Aid Ontario and supported by ACTO & CELA

reliability issues in a region or local area."[1] While CDM is listed in the diagrams in this report, the language in the text suggests that CDM is viewed as an alternative to a wires solution – an 'and/or strategy' as well as to the other alternatives on the list, such as local generation (p.9); and in particular, " in some cases, a straightforward wires solution may be the only option" (p.12). In any regional plan, LIEN is of the view that the optimal solution would be comprised of a set of integrated options to implement, and, in the example just cited above, at least a wires solution and CDM.

Considering CDM 'an alternative to' is inappropriate and fails to recognize the systemic value of CDM. This faulty reasoning is reminiscent of the early days of environmental assessment applied to waste management in Ontario (1980's), where there was strong resistance by municipalities to consider recycling/composting as implementation strategies to be included in the waste management plan as part of an integrated systems approach to waste management. It took years of delayed approvals, citizen opposition, and a considerable amount of taxpayer money to address these matters. Today, most municipalities have aggressive waste diversion targets which they are achieving alongside plans to keep their landfills open and/or add new landfill capacity. We can avoid the delays and acrimony of the past waste situation by learning from this experience, and treating aggressive CDM as a required implementation strategy that belongs in every Regional Infrastructure Plan, not just in the OPA Integrated Regional Resource Plan.

Ontario Hydro in the 1990s learned the importance of including aggressive CDM in its local integrated resource plans (e.g. Espanola); the IRP process was clearly described in the Ontario Hydro restructuring proceeding before the Board and complimented by the Board. There is no need to reinvent the wheel and recommence the struggles that result from treating CDM as an alternative to a wires solution or any other alternative, instead of as an essential component of every Regional Infrastructure Plan, an essential component of a wire or set of wires solutions.

The OPA has begun to learn similar lessons based on its experience in its Northern York Region study[2]. In that study, there were at least 2 key lessons learned. The first is that there is a "need to look at other options – not only transmission, working with the communities, and considering a range of options, not just the primary project".[3] The second is that "CDM and DG [are] much more prominent than before."[4] These lessons suggest an understanding of the need to have a set of implementation options, not just the primary project, and to include both CDM and DG, in particular.

CDM has proven itself in countless studies to be the cheapest and fastest tool for reducing and delaying the need for expensive wires or other infrastructure solutions. It also garners wide public appeal; integration of CDM delivery in each Regional Infrastructure Plan to achieve aggressive CDM MW and kWh targets will help to obtain major community buy-in regarding the plan. Many communities in Ontario have greenhouse gas (GHG) reduction plans; by the end of 2014 they will all have energy action plans prepared and submitted to the Minister of Energy. CDM will be a major part of these plans. The Regional Infrastructure Planning Process should take into account these municipal efforts and leverage them.

[1] Planning Process Working Group Report to the Board: The Process for Regional Infrastructure Planning in Ontario. February 5. 2013. P.9.
[2] R. Chow OPA, OEB RRFE Regional Infrastructure Planning Process Working Group. December 5, 2012.
[3] Ibid.
[4] Ibid.

"As conveyed to the PPWG by Board Staff, the Board's intent in relation to the reference to "infrastructure" is that infrastructure means "wires", both transmission and distribution, and is not intended to reflect other types of power system infrastructure such as generation resources."[5] This direction does not preclude the inclusion of CDM as a component of any wires or set of wires solutions in a Regional Infrastructure Plan. LIEN strongly urges the PPWG and the Board to adopt such an approach and to include targeted CDM (See discussion on last page of this submission on Targeted CDM) in every Regional Infrastructure Plan.

***Treatment of Options/Alternatives – NPV of Leave to Construct and Total Resource Cost Test***

LIEN agrees that each option and set of options should be evaluated based on an NPV calculation, consistent with that used for Leave-to-Construct approvals. In addition, the Total Resource Cost (TRC), also an NPV type test, and used in Ontario to assess societal benefits of each option and the option set should be added to the list of required tests.

***The Need to Manage Public Concern Over the Lack of CDM***

The Regional Infrastructure Planning Process – OEB Staff Memorandum (p.4) suggests that CDM and DG will be difficult issues to address and should be resolved during broader stakeholder consultation. Why wouldn't there be similar treatment of infrastructure wires options being proposed? Infrastructure wires options are controversial because they are expensive and can be intrusive into neighbourhoods. This suggests that the memorandum is indicating that CDM is not viewed as a serious strategy to be implemented as part of an infrastructure plan, but rather a public relations matter to be addressed in consultation. LIEN urges the PPWG and the Board to ensure that CDM and DG are considered serious options, and that aggressive CDM is included in every Regional Infrastructure Plan.

As discussed earlier, a regional plan, if done properly, should be comprised of a set of integrated options to be implemented to address the need, the set being optimized for performance and cost. It is the expectation that multi-component options (e.g. CDM, DG, and wires) or scenarios would be generated and compared based on NPV tests, including TRC.

***Triggering Regional Infrastructure Planning or OPA IRRP***

As earlier indicated, CDM should be included in a major way in every mix of solutions to address a regional problem. Therefore, in every case the OPA IRRP process should be triggered to determine the preferred mix. It is essential that this step in the process involve consultation with the distributor(s), transmitter, the IESO, municipalities affected and large customers etc. as well as a broad range of community/regional stakeholders. The consultation, to be meaningful, should occur at the appropriate interval in the process, when planners are not wedded to the mix, so that stakeholders are afforded the opportunity to provide input that can make a difference to the final mix.

***Broad Meaningful Consultation is Essential***

LIEN supports the objective of the Working Group to achieve greater transparency in the regional planning process. LIEN is also of the view that stakeholders should be properly informed, engaged and have meaningful opportunities to provide input throughout the planning process.

[5] Planning Process Working Group Report to the Board: The Process for Regional Infrastructure Planning in Ontario. February 5. 2013. P.10.

To achieve meaningful input, stakeholders must have more than an opportunity to provide comment in a public review based on internet document postings. There should be at least one public meeting in each community affected to provide input on the Scoping Process Outcome Document, another to discuss the proposed mix (and draft IRRP), and then at least another meeting to discuss the proposed draft Regional Infrastructure Plan. Municipalities may be willing to host such events and to provide logistical services.

***The Importance of Targeted CDM and Associated Regulatory Changes***

Targeted CDM should be a tool in the toolbox of LDCs to address regional and local infrastructure issues. Con Edison has a very successful targeted CDM program, which targets special local electricity needs. Each year Con Edison forecasts where equipment upgrades may be needed to maintain reliability, and where upgrades are needed, Con Edison offers the Targeted DSM Program.[6] Targeted CDM has enabled Con Edison to delay the need for expensive equipment upgrades in targeted neighbourhoods.[7] Through its DSM efforts, Con Edison expected to be able to defer $230 million in capital investments throughout 2012.[8]

The Board should introduce targeted CDM as part of the CDM Code. This would be a regional and/or single distributor CDM program or set of programs designed to meet specific kW and kWh targets in particular neighbourhoods, communities and at the regional level, determined in the final mix related to a Regional Infrastructure Plan and an IRRP. What constitutes a duplicative program for these CDM programs would be relaxed to address the urgency and the opportunity to bring CDM on line very quickly, while ensuring that the CDM is cost-effective (meets TRC test, or in the case of low-income, .7TRC). For example, in the current CDM Code, LDCs would not be granted approval to deliver a Board-Approved Program if the program only added markets that were currently excluded by OPA's program eligibility requirements; such an LDC program would be viewed as duplicative. An appropriate relaxation of the CDM Code would not consider such programs duplicative, if they were targeted CDM programs.

Thank you very much for the opportunity to provide comment.

Sincerely

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[6] http://www.coned.com/energyefficiency/targetedDSM.asp
[7] ibid.
[8] http://www.conedison.com/ehs/2009annualreport/climate_change/reducing_carbon_footprint_customer/targeted_dsm.asp (p.1 of 2)