OSEA's Comments on Proposed Amendments to the Transmission System Code and the Distribution System Code Board File No.: EB-2011-0043

Background

The Ontario Sustainable Energy Association ("OSEA") is pleased provide comments on the proposed amendments to the Transmission System Code ("TSC") and the Distribution System Code ("DSC"). The amendments will create a more structured approach to regional planning, reflecting the Board's Renewed Regulatory Framework for Electricity Regulation.

OSEA is a province-wide, member-based, non-profit organization representing approximately 200 organizations and individuals including private citizens, cooperatives, farmers, First Nations, businesses, institutions and municipalities.

OSEA members are engaged in or support sustainable approaches to energy generation and use, including Community Power projects, renewable energy and conservation.

OSEA inspires and enables the people of Ontario to improve the environment, the economy and their health through conservation and the production of clean, sustainable energy in their homes, businesses and communities. OSEA is not a trade or industry association representing any specific product suppliers, generators or specific generation technologies.

OSEA advances a vision of small scale and local community based power generation among other sustainable energy practices. Energy conservation is equally important to OSEA membership.

Comments on Proposed Amendments

OSEA is strongly supportive of a more structured approach to regional energy planning, rigorous proposed timelines and some flexibility inherent in the transition process. OSEA submits that the specific proposed amendments to the TSC and DSC are not sufficient to meet these goals.

OSEA believes that there are three (3) major issues that remain outstanding

1. Lack of Specific Triggers Requiring Integrated Regional Resource Planning Process

   OSEA understands that the Board cannot use the TSC or DSC to require the OPA to undertake integrated regional resource plans. However, the TSC and DSC should require transmitters and distributors to request integrated regional resource planning ("IRRP") be done when prescribed conditions exist.

   With IRRP, local conditions may be better addressed by CDM than by investments in infrastructure. However, the current OPA practice as identified at Line 18 in the OPA's evidence in EB-2012-0064 is: "The approach assumes that CDM achievement will be distributed uniformly across the province based on historical demand." For regional planning to be effective from a least cost solution, this approach must change.

2. Gaps in Scope

   a. There is no recognition that distributed generators are customers of both the transmitters and distributors – the only "customer relationship" referred to in the Board's summary or the proposed amendments is distributors being customers of transmitters. The codes must reflect that distributed generators are customers of transmitters and distributors. Until this amendment is made, Ontario will continue to be limited in the amount and cost effectiveness of distributed generation.

   b. There is no recognition that distributed energy solutions, other than distributed generation, can reduce the need for investments in transmission and distribution investments. Distributed energy solutions can include using waste heat from all generators to provide heat or other services to customers, neighbourhood scale geothermal heat pump solutions, and integrated community energy solutions (ICES) such as those championed by QUEST.[1] There are viable and cost effective alternatives to investments in transmission and distribution.

3. Lack of Clear Consultation Requirements

   a. The Planning Process Working Group (PPWG) referred to stakeholder engagement. However, there are no requirements, processes or responsibilities in the TSC and DSC for transmitters and distributors to ensure that stakeholder engagement takes place.

   b. Regional Planning will require assessing and performing consultation and engagement with First Nations. There is no reference to this requirement in the proposed Amendments.

[1] http://questcanada.org/sites/default/files/publications/Building%20Smart%20Energy%20Communities%20-%20Implementing%20ICES.pdf

Detailed Comments

OSEA respectively submits that there are additional concerns that have not been addressed. Specific comments are provided on the "high level summary" in the notice to demonstrate why these omissions should be addressed. The Board should not expect on elements that are intended, but not prescribed to occur.

Page 6, Paragraph 1: "…as the transmitter has a direct relationship with distributors that are their transmission customers"

> *OSEA Comment: transmission connected generators are also customers of transmitters just as distribution connected generators are customers of distributors. The regional planning process should include consultations with these customers (existing and future) with respect to infrastructure requirements or else Ontario's use of distributed generation will continue to be limited by transmission and distribution constraints.*

Page 7, Paragraph 3: "In some cases, conservation and demand management ("CDM") or distributed generation options may represent potential solutions.

> *OSEA's comment: This implies that it is always an either or situation when a least cost plan will likely include both demand and supply options. Distributed energy options should be considered beyond distributed generation.*

Page 7, Paragraph 4: "As noted above, in some cases, an integrated regional resource planning process may be necessary prior to the implementation of a regional infrastructure planning process."

> *OSEA's comment: An integrated regional resource plan should **always** be required before investments in new resources are made. Integrated regional resource plans will result in least cost solutions. Rates will be lower than those without IRRP. Only with location specific costs and benefits can a true comparison of supply and demand options be made and the mix of resources optimized. At the provincial level, provincial averages provide a useful proxy in the absence of regional data, but will usually understate the value of demand side solutions including distributed energy solutions which suffer no line losses, incur no transmission costs and minimal distribution costs.*

Page 8, Paragraph 4: "While the Board does not intend to approve Regional Infrastructure Plans, the Board will approve proposed transmission and/or distribution facility investments included in the Plan that it determines are appropriate, through the application process."

> *OSEA Comment: In the absence of any clarity on stakeholder engagement in the planning process, stakeholders will exercise their rights through the application process – whether for rates or leaves to construct. Clarity on the stakeholder requirements and a requirement that all infrastructure planning be preceded by IRRP, will require less rehashing of planning matters within those formal hearings.*

Page 14, Paragraph 4: "The Board also proposes the addition of section 8.6.1 which would clarify that involvement in regional planning does not limit a distributor's obligation to maintain the reliability and integrity of its distribution system in order to meet load growth within its service area."

> *OSEA Comment: Distributors and Transmitters obligations for reliability and integrity should not be restricted to meeting load **growth** and should be expanded to include distributed generation.*