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June 28, 2018

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

Dear Ms. Walli:

**Re: EB-2018-0028 – Energy+ Inc. Cost of Service Application – Response to Cost Eligibility Objection**

We are counsel to the Association of Power Producers of Ontario (**APPrO**) in the EB-2018-0028 Energy+ Inc. (**Energy+**) distribution rates proceeding (the **Application**), and are in receipt of Ms. Hughes' letter dated June 26, 2018, in which Energy+ objects to APPrO's cost eligibility (the **Objection**).

APPrO submits the Objection should be rejected and APPrO awarded cost eligibility on the grounds that: (i) generation resources are direct customers; (ii) distributed energy resources (**DERs**), including distributed generation resources, can provide significant efficiencies to the distributor and all Energy+ customers by providing deferred capital and operating costs and enhanced reliability through non-wires alternatives; and (iii) the Board's Practice Direction on Cost Awards, as amended (the **Practice Direction**) expressly provides for generators to be afforded cost eligibility in the context of the Application.

**(i) Generation resources are direct customers.**

A number of residential, commercial, and industrial distribution customers own and deploy distributed energy resources including behind the meter *generation* and storage resources. Generation facilities may therefore be, and/or be an integral part of, a number of Energy+ customers. Further, the use DERs to assist customers with the control, efficiency, and reliability of their electricity is increasing. In fact, facilitating distribution efficiency and lowering customer

costs through DERs and distributed generation is both encouraged<sup>1</sup> and may be the subject of specific productivity and reliability measures, as included in the recent Hydro One Networks Inc. distribution rates proceeding (EB-2017-0049). It appears as though Energy+ is proposing costs, rates, and charges in the Application that may benefit from the efficiencies of distributed generation resources, but nonetheless it has requested to preclude those forms of customers and customer resources from cost eligibility. APPrO respectfully submits that the Energy+ rate proposals outlined in the Application will materially impact current and future direct customers that wish to mitigate their electricity costs through distributed energy resources, and they should therefore be provided with the right to be heard and related cost eligibility.

**(ii) DERs can provide efficiencies to both distributors and customers.**

DERs including distributed generation resources can provide significant efficiencies to the distributor and all Energy+ customers by providing deferred capital, decreased operating costs, and enhanced reliability through non-wires alternatives. As a result, APPrO respectfully submits that the Board should encourage the participation and cost eligibility of distributed generation customer organizations including APPrO in the Application, and not discourage it by denying cost eligibility as Energy+ suggests.

**(iii) The Practice Direction supports APPrO's cost eligibility in the Application.**

While section 3.05 of the Practice Direction may limit the circumstances in which generators may be cost eligible, sections 3.03, 3.04(d), 3.06, and 3.07 strongly support APPrO's cost eligibility in the Application. First, APPrO appears to be the only registered intervenor that represents the DERs and distributed generation policy perspective that is relevant to the Board's customer protection, efficiency, and innovation mandates relevant to the costs and rates proposed in the Application. APPrO should therefore be afforded costs eligibility in accordance with section 3.03(b) of the Practice Direction. Second, embedded and other distributed generators are direct customers of Energy+ and therefore are expressly cost eligible as customers of the applicant in accordance with section 3.06 of the Practice Direction. Third, Energy+'s stand-by and other rate proposals raise unique rate issues and impacts affecting both distribution system benefits and rate mitigation for embedded or other generation customers. APPrO submits that these impacts and the rapid integration of potentially beneficial DERs constitute special circumstances that warrant APPrO's cost eligibility pursuant to section 3.07 of the Practice Direction. Finally, APPrO respectfully submits that facilitating reduced customer costs and increased choice through distributed generation resources constitute factors relevant to the public interest in the Application, which also support APPrO's cost eligibility in accordance with s. 3.04(d) of the Practice Direction.

The Board has also found APPrO cost eligible in similar proceedings, and DERs to be relevant in other distribution proceedings. Specifically, the Board found APPrO to be cost eligible in each and all of EB-2012-0031, EB-2015-0043, EB-2010-0279, and EB-2015-0275 electricity-related proceedings. DERs and related non-wires reliability solutions are also the subject of significant evidence in EB-2017-0049.

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<sup>1</sup> Tierney, Susan F. (Analysis Group, Inc.), "The Value of 'DER' to 'D': The Role of Distributed Energy Resources in Supporting Local Electric Distribution System Reliability", March, 30, 2016, available online at: <https://goo.gl/kYF8K6>.

In light of the foregoing, APPrO submits that it should once again be found eligible for its reasonably incurred costs in this Application.

Yours very truly,

A handwritten signature in black ink, consisting of a stylized 'L' followed by a long, sweeping horizontal stroke that curves slightly upwards at the end.

Lisa (Elisabeth) DeMarco

cc. David Butters, APPrO