

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B).

IN THE MATTER OF an Application by Hydro One Networks Inc. seeking approval of the Ontario Energy Board for its distribution rates for the period January 1, 2018 to December 31, 2022.

WRITTEN SUBMISSION OF ONTARIO SUSTAINABLE ENERGY ASSOCIATION

August 10, 2018

I. OVERVIEW

1 Hydro One Networks Inc. (“Hydro One”) brought an application seeking the approval of the Ontario Energy Board (“Board”) for Hydro One’s distribution rates for the period of January 1, 2018 to December 31, 2022 (the “Application”).

2 OSEA’s written submission focuses on the areas of Hydro One’s Application that are of concern to OSEA’s mandate to promote sustainable energy, including conservation, energy efficiency, renewable electricity generation, energy storage, and smart grids.

3 OSEA wishes to comment on the following issues of Hydro One’s Application:

- (a) Issue 17 – Does the application adequately incorporate and reflect the four outcomes identified in the Rate Handbook: customer focus,

operational effectiveness, public policy responsiveness and financial performance?

- (b) Issue 28 – Has Hydro One appropriately incorporated Regional Planning in its Distribution System Plan?
- (c) Issue 52 – Are the proposed fixed and variable charges for all rate classes over the 2018-2022 period, appropriate, including implementation of the OEB's residential rate design?

4 OSEA respectfully requests that the Board, in issuing its decision, require that Hydro One:

- (a) conduct a study to determine how Hydro One can achieve greater energy savings than Hydro One's assigned target of 1,221 GWh by 2020. This could be done in part by:
 - (i) studying ways to increase market penetration of existing Conservation and Demand Management ("CDM") programs
 - (ii) studying ways to collaborate with natural gas utilities such as Enbridge Gas and Union Gas to implement comprehensive and fulsome CDM/demand-side management ("DSM") programs
- (b) continue to explore and implement opportunities for Distributed Energy Resources ("DERs") where appropriate, and
- (c) study ways to further reduce the Connection Impact Assessment ("CIA") charges for small generators to promote the installation of renewable energy in Ontario.

II. ISSUE 17 – DOES THE APPLICATION ADEQUATELY INCORPORATE AND REFLECT THE FOUR OUTCOMES IDENTIFIED IN THE RATE HANDBOOK: CUSTOMER FOCUS, OPERATIONAL EFFECTIVENESS, PUBLIC POLICY RESPONSIVENESS AND FINANCIAL PERFORMANCE?

5 Under the Conservation First Framework, Hydro One must achieve 1,221 GWh of net energy savings by 2020.¹ In Hydro One's Updated Electricity Distributor Scorecard, Hydro One projects that it will achieve this requirement.²

6 OSEA is supportive that Hydro One is projecting to meet its assigned 2020 conservation target with its existing CDM plan as filed at Exhibit I, Tab 17, OSEA-6.

7 OSEA submits that the Board require Hydro One to study ways to achieve greater energy savings than the minimum assigned target of 1,221 GWh. CDM plans are not static and CDM plans should be updated to reflect the program's performance.³ A reduction in electricity use is beneficial to customers, who are able to achieve long term savings by implementing conservation opportunities.

8 Achieving additional energy savings is consistent with the goal of the Conservation First Framework to reduce electricity consumption and reflects Hydro One's responsiveness to public policy.⁴ The benefits of conservation and reducing energy use include a reduction in greenhouse gas emissions,⁵ reduction in costs for consumers,⁶ and conserving natural resources such as natural gas.⁷

¹ Exhibit A, Tab 5, Schedule 1, Page 42 of 52

² Exhibit I, Tab 18, SEC-29.

³ IESO, Conservation Delivery and Tools, <<http://www.ieso.ca/en/sector-participants/conservation-delivery-and-tools/cdm-plans>>.

⁴ *Ibid.*

⁵ Government of Ontario, Ontario's Long-Term Energy Plan 2017: Delivering Fairness and Choice, <https://files.ontario.ca/books/ltep2017_0.pdf>, at page 94.

⁶ *Ibid.*, at page 93.

⁷ *Ibid.*, at page 92.

9 OSEA is supportive of Hydro One's existing outreach programs such as the Get Local Program and the First Nations Conservation Program. In order to achieve additional energy savings, the Board should require Hydro One to study and track the success of these outreach programs.⁸ The data obtained from following up with customers after the outreach programs can be used to develop strategies to increase market penetration of existing CDM programs and improve future outreach programs.

10 In addition, OSEA supports a coordinated approach to CDM in Ontario and collaborative initiatives such as Hydro One's former Smart Thermostat Program, implemented in collaboration with Union Gas, Nest and Ecobee.⁹ OSEA submits that the Board should require Hydro One to study ways to create additional collaborative CDM/DSM programs to be implemented in collaboration with Enbridge Gas and Union Gas.

11 A coordinated approach to CDM is consistent with the Conservation First Framework, which emphasizes a "coordinated effort within all stages of energy planning, as well as more effective teamwork among sector partners, particularly with local distribution companies (LDCs) and large customers."¹⁰ The Conservation First Framework encourages partnerships with natural gas distributors to "collaborate in areas such as marketing and customer engagement where there are shared customers or program goals."¹¹

⁸ Oral Hearing Day 4 Transcript, page 188-189.

⁹ Exhibit I, Tab 17, OSEA-6, Attachment 1; Expected to close on July 31, 2018: Oral Hearing Day 10 Transcript, page 14.

¹⁰ IESO, Conservation Delivery and Tools, <<http://www.ieso.ca/en/sector-participants/conservation-delivery-and-tools/cdm-plans>>.

¹¹ *Ibid.*

III. ISSUE 28 – HAS HYDRO ONE APPROPRIATELY INCORPORATED REGIONAL PLANNING IN ITS DISTRIBUTION SYSTEM PLAN?

12 OSEA is supportive of Hydro One's Advanced Distribution System investments¹² that are designed to upgrade Hydro One's distribution system to facilitate DER management.¹³ OSEA supports Hydro One's plans to establish a DER Management System as part of the Demand Response for Operations,¹⁴ which aims to enable Hydro One to properly utilize DERs.¹⁵

13 OSEA is encouraged by Hydro One's investigations into the use of DERs as a means to improve reliability in First Nations communities, as summarized in Hydro One's Argument-in-Chief.¹⁶ In particular, OSEA supports Hydro One's initiatives on Christian Island, the energy storage pilot project with the Anwaatin communities and Hydro One's energy storage study with EPRI.¹⁷

14 There are numerous benefits to increasing the number of DER projects in the distribution system, as discussed in the Expert Evidence of Anwaatin Inc. The application of DERs can "defer transmission investment and upgrades" by "reducing load at a substation or circuit level," as well as "improve both distribution system reliability and resilience".¹⁸ The IESO also recognized the benefits of DERs, as noted in the IESO's Ontario Planning Outlook that states "DERs can be part of the solution in

¹² Exhibit B1, Tab 1, Schedule 1, ISD: SS-07.

¹³ Exhibit I, Tab 28, OSEA -20.

¹⁴ *Ibid.*

¹⁵ Technical Conference Day 3 Transcript, page 128-129.

¹⁶ Hydro One Network Inc's Argument in Chief, page 28 of 158.

¹⁷ Exhibit: JT 3.15, Attachment 1, Page 1 of 2.

¹⁸ Expert Evidence of Anwaatin Inc., page 9 of 16.

addressing higher demands and reducing the need for new grid-connected resources. DER can also enhance supply security and resiliency.”¹⁹

15 OSEA requests that the Board encourage Hydro One to continue to explore and implement other potential opportunities for DERs where appropriate.

IV. ISSUE 52 – ARE THE PROPOSED FIXED AND VARIABLE CHARGES FOR ALL RATE CLASSES OVER THE 2018-2022 PERIOD, APPROPRIATE, INCLUDING IMPLEMENTATION OF THE OEB’S RESIDENTIAL RATE DESIGN?

16 Hydro One created four new categories of CIA charges in recognition that some CIA require less effort to complete.²⁰ The new CIA categories reflect different sizes and types of projects, including small projects under 500 kW. The associated charges for each CIA category reflect the average time used by Hydro One staff to complete a CIA for the different projects.

17 Notwithstanding the reduction of CIA charges proposed by Hydro One, CIA charges may still be prohibitive for smaller renewable generators. For instance, the proposed CIA charges for small projects less than 500 kW range from \$1,941.06 to \$3,216.36, depending on the type of project.²¹ The cost of the CIA charges may deter smaller generators from connecting and adding sustainable electricity to the grid. Hydro One has not studied the impact of the CIA charges on small generators.²²

18 OSEA requests that the Board require Hydro One to study the impact of the CIA charges on small generators to assess how further reductions can be made to CIA

¹⁹ Ibid, page 11 of 16; Independent Electricity System Operator, Ontario Planning Outlook: A technical report on the electricity system prepared by the IESO (September 1, 2016), <<http://www.ieso.ca/sector-participants/planning-and-forecasting/ontario-planning-outlook>>

²⁰ Exhibit I, Tab 52, OSEA-21.

²¹ Exhibit H, Tab 2, Schedule 3, Page 7 of 112.

²² Exhibit I, Tab 52, OSEA-21.

costs. By ensuring that small projects continue to be viable with an appropriate CIA charge, Hydro One will be able to further promote the use of renewable energy, incentivize the development of renewable projects and contribute to Ontario's progress in achieving its 2020 conservation target.

V. CONCLUSION

19 OSEA respectfully requests that the Board include the following requirements in its decision and mandate that Hydro One:

- (a) study ways to exceed its assigned energy savings target of 1,221 GWh, which could be done in part by increasing market penetration of CDM programs and collaborating with natural gas utilities to implement CDM/DSM programs
- (b) explore additional opportunities for DERs, and
- (c) study the impact of CIA charges on small generators to assess if additional reductions can be made.