



PO Box 65491
Washington, DC 20035

p 202.580.8284
e info@aem-alliance.org
aem-alliance.org

VIA ELECTRONIC MAIL

January 25, 2019

Ontario Energy Board
PO Box 2319
2300 Yonge Street
27th Floor
Toronto, ON M4P 1E4

Re: Report of the Advisory Committee on Innovation to the OEB – Board File No.: EB-2018-0287

To the Board Secretary;

Advanced Energy Management Alliance (“AEMA”) appreciates the opportunity to provide comments to the Ontario Energy Board (“OEB”) on the Report by the Advisory Committee on Innovation (“Report”). AEMA is a North American trade association whose members include distributed energy resources (“DERs”), demand response (“DR”), and advanced energy management service and technology providers, as well as some of Ontario’s largest consumer resources, who support advanced energy management solutions due to the electricity cost savings those solutions provide to their businesses.

AEMA comments focus on the points outlined in the Letter to Stakeholders (November 22nd, 2018) of the OEB’s Strategic Blueprint and supports these objectives.

- Transformation and Customer Value – how can the OEB help ensure that the evolution of the sector brings a stronger focus on demonstrable value for consumers?
- Innovation and Customer Choice – how can the OEB incent and enable innovation that enhances customer choice and control:

1. What actions should be the highest priority for the OEB?

Before any changes are made to codes, regulations or business processes as recommended in the Report, a review and strengthening of the Affiliate Relationships Code (“ARC”) needs to occur. This can be done concurrently with the next phase of OEB Work Plan. As processes, technical requirements, and solutions evolve, the ARC needs to be modernized to reflect the new realities of the sector, the markets and the roles of

utilities and 3rd party providers, and to ensure that anti-competitive behavior does not hinder markets for customer solutions.

AEMA supports the review of the connection process and cost responsibilities as a top priority of the OEB Work Plan. This can be done in an efficient manner as discussion between utilities and 3rd party providers have already begun. AEMA recommends establishing a policy consultation in the upcoming weeks to move this recommendation along in a timely manner. A larger discussion on guidelines for commercial arrangements for non-utility resources as a non-wires alternative, which should include the examination of remuneration models for these services, is also needed; however, the policy consultation on the connection process should proceed immediately and not be delayed until these guidelines are established.

The AEMA supports the review of remuneration models and the current rate setting process, which limits the ability of utilities to use non-traditional solutions. Utilities should be incented to find the lowest cost solution (while maintaining safety and reliability) to solve their 'problems'. This should include using markets and third party providers to source solutions such as demand response services and DERs that may already be in place and owned by customers. AEMA recommends a generic hearing take place to learn about the potential models of remuneration, the challenges facing utilities, and their potential solutions.

2. What interdependencies should be considered for planning and sequencing the OEB's next steps regarding further policy development and consultations?

The IESO and the Ministry of Energy, Northern Development and Mines should be involved in the consultations and play an active role. However, their involvement should not hold up proposed solutions such as DER connection or remuneration model evolution.

Innovation Sandbox:

Although AEMA supports the idea of the recently announced Innovation Sandbox to support innovative ideas that are likely to provide better value to consumers, concerns with the process do exist. AEMA understands that sometimes the regulatory cycle does not follow the fast-pace of the innovation cycle; however, this does not mean that a solution needs to circumvent standard regulatory public policy norms.

First, the Innovation Sandbox should be a public forum and allow for transparent and equal participation as between customers, utilities and interested third-party market participants. If a utility brings forward an idea or a problem, this should be done in a public manner so others may understand the nature of the problem and the proposed solution. The solution can deal with both the operational need and the regulatory solution (including remuneration). The market may be able to assist the utility to address the challenge and offer the best solution for consumers. In other jurisdictions, utilities are using the market to source solutions. Currently Con-Edison in New York has issued numerous RFPs in an effort to find innovative, non-traditional solutions to challenges that are similar to the ones facing utilities in Ontario. AEMA suggests that the

Innovation Sandbox should be used a market-place for utilities to find innovative alternative solutions for their problems.

AEMA looks forward to participating in the next steps of the Report on Innovation. Please contact us if you require further information or have any questions on these comments.

Best regards,

A handwritten signature in black ink, appearing to read "Katherine Hamilton". The signature is fluid and cursive, with a long horizontal stroke at the end.

Katherine Hamilton, Executive Director

cc: Sarah Griffiths, Enel X