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Paul J. Martinello

OEB - EB-2018-0287 - Advisory Committee on Innovation

The following represent the personal comments/opinion of Paul J. Martinello with respect to the document presented to the Ontario Energy Board from the Advisory Committee on Innovation.

I am in favour and agree in principle with the content of the recommendations as documented in Report to the Chair of the Ontario Energy Board, dated November 2018. This is an excellent first step towards the promotion of innovation within the Ontario electrical sector.

I do have a few areas of concern or rather, areas that require further analysis and as such, I put forth the following comments, thoughts, and suggestions for consideration:

- Innovation should not be regulated, rather there needs to be an environment/culture of innovation that the OEB should be trying to develop through the application of regulation. The document notes that innovation is not so much an action as it is a culture and the culture within the Ontario energy sector is still based on a “poles and wires” mentality. Innovation on the other hand is not tied to this model and as such needs regulatory support to move towards a culture that fosters “attempts and failures” without monetary impact towards Ontario ratepayers;
- There is a need for a new regulatory model that not only supports but fosters innovation through the development of funding models that any LDC could adopt to support their innovation projects. Such a model however, needs to address the broad range of LDC size in Ontario. Many medium to small LDC’s through the delivery of innovation projects would become more efficient, customer-focused and more cost-effective if they had a funding model that would assist their innovation efforts, yet did not place that burden on their ratepayers;
- At this time, consideration with respect to the establishment of more than one funding model needs to be further investigated. Perhaps a two-model approach to funding is required, one for the traditional “poles and wires” funding and a second model to address the unique needs of innovation projects;
- Furthermore, there is a need to look at what innovation really means in the Ontario energy sector. Innovation is not just DERS, there are other innovation activities that LDCs could undertake, such as:
 - o The use of Artificial Intelligence (AI) to augment customer care processes;
 - o The use of Predictive Modelling to forecast asset lives and thus improve asset life cycle management;
 - o The use of Drone technology to support asset maintenance and/or GIS updating, both activities being key components with respect to the maintenance of the electrical distribution system; and,

- The use of Virtual Reality (VR) as a staff training tool, especially with respect to those assets that have long life spans, essentially when those assets could outlive the life of field support staff.

The report focused on DERS, but even in that case, if there is a DER it would still need access to an electrical supply for standby purposes and this issue needs to be addressed as a part of any DER innovation effort. The associated standby cost could possibly be translated into a licensing fee that the LDC can collect from the DER supplier, if not the LDC, which would be a replacement for the revenue, or some percentage thereof, that the LDC will lose due to the load that is being displaced by the application of this technology. The same principle could be applied to co-generation facilities that commercial entities are looking to put in place. The application of these innovative solutions will not eliminate the need for standby power when or in the event of a disruption of the technology, but a licensing fee for their use would help the LDC to maintain the standby capability that could or would be required.

Thank you for the opportunity to provide personal commentary.

Paul J. Martinello