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April 12, 2019

Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, Ontario M4P 1E4

Attention: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: Ontario Sustainable Energy Association's Comments
Re: Request re Rate Design for Electricity - Commercial and Industrial Customer
Board File No. EB-2015-0043

Please see attached the Ontario Sustainable Energy Association's comments in the above-noted matter.

Yours truly,

Matt Gardner

cc: Dan Goldberger, OSEA
Marion Fraser, Fraser & Company

Document #: 1519239

**ONTARIO SUSTAINABLE ENERGY ASSOCIATION (OSEA) COMMENTS
ON BOARD STAFF DISCUSSION PAPER**

The Ontario Sustainable Energy Association (OSEA) is pleased to provide comments on the Staff Discussion paper titled “Rate Design for Commercial and Industrial Electricity Customers: Rates to Support an Evolving Energy Sector” dated February 21, 2019 (the “2019 Staff Discussion Paper”).

OSEA respectively submits that the 2019 Staff Discussion Paper fails to align the interests of customers and distributors. Board Staff make the same claims (which OSEA submits are unfounded) that were used in the rate design for residential customers with respect to conservation. At that time, many intervenors pointed out that a fixed distribution charge provided no incentive to conserve and would frustrate customers who try to conserve. Intervenors submitted that even when customers’ main power switch is off, customers cannot reduce their distribution charge.

The covering letter dated February 21, 2019 accompanying the 2019 Staff Discussion Paper outlines four objectives for the design of new rate structures for Commercial and Industrial customers. OSEA generally supports these objectives.

1. Facilitate customer adoption of technology to manage energy use and costs, including the installation of distributed energy resources
2. Increase efficiency of the system by encouraging cost effective investment in distributed energy resources distributed energy resources
3. Maintain fairness in the recovery of costs of maintaining a reliable and flexible distribution system and ensure that customers who install distributed energy resources do not shift costs to other customers
4. Facilitate investments to modernize the grid in a paced and prioritized manner that will support customer choice and efficiency

However, nowhere in the staff discussion paper dated March 31, 2016 titled “Rate Design for Commercial and Industrial Electricity Customers: Aligning the Interests of Customers and Distributors” (the “2016 Staff Discussion Paper”) are these same objectives listed, nor does the 2019 Staff Discussion Paper indicate how the proposed rate designs will contribute to the achievement of these objectives. In other words, it appears that significant changes in Ontario’s energy sector between 2016 and 2019 have been ignored, including the advice of the Board’s own Advisory Committee on Innovation.

Furthermore, the Board has three additional yet related consultations, one on Utility Renumeration, one on Alternative Approaches to Allocating the Global Adjustment, and one on Responding to DERs, each of which are to proceed separately. OSEA suggests that the Board should consider a more integrated approach to these highly inseparable

topics, with a comprehensive consultation covering all aspects of C&I design. OSEA is concerned that the net result coming from these four individual consultations is a series of second-best solutions creating more problems for customers and utilities than intended.

For these reasons, OSEA is not prepared to provide comments on the very detailed rate designs in the 2016 Staff Discussion Paper until a comprehensive road map is set out that covers all of the various factors affecting C&I customers and the evolution of the energy sector, to provide a solid basis for the many major changes that will affect electricity in Ontario.

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