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Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

September 16, 2019

Re: EB-2019-0207 Distributed Energy Resources Connections Review Initiative
Pollution Probe Comments

Dear Ms. Walli:

Please find attached Pollution Probe's comments per the Board's letter dated August 13, 2019.

Respectfully submitted on behalf of Pollution Probe.

Original signed by

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cc: Richard Carlson, Pollution Probe (via e-mail)

EB-2019-0207

ONTARIO ENERGY BOARD

Distributed Energy Resources Connections Review Initiative

POLLUTION PROBE COMMENTS

September 16, 2019

Submitted by: **Michael Brophy**

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Background

The Ontario Energy Board ("OEB") has heard from customers, Distributed Energy Resources ("DER") providers, industry associations and distributors regarding a number of challenges and potential barriers in relation to the connection of DERs. Customers and DER providers are concerned that the lack of clear rules and uncertainty of definitions is leading to lost opportunities due to connection delays and added costs. DER providers and customers have expressed concern that these challenges and barriers are inhibiting the adoption of cost-saving energy management technologies in the Province. Electricity distributors have raised questions about the impact of these new technologies on their systems and the lack of clarity regarding the treatment of these new technologies. Stakeholders have identified that the lack of clear rules and distributors' limited experience with DERs has led to very different approaches to the connection of DERs in different service areas.

The current rules and technical requirements outlined in the Distribution System Code ("DSC"), as they relate to the connection of DERs, were developed a number of years ago. The rules reflected the limited experience that distributors and customers had with connection of DERs in Ontario. Since the last review of these requirements, there has been a significant shift in the adoption of DERs.

On August 13, 2019 the OEB initiated the EB-2019-0207 DER Connections Review initiative. The OEB has asked for comments and feedback regarding the following questions:

- Are the objectives for the DER Connections Review initiative clear?
- Have staff identified the right topics for the DER Connections Review and do stakeholders have any specific concerns that they want to identify?
- Are there any proposed solutions that stakeholders wish to identify at this point?
- What is the best approach for development of solutions to the issues identified?

Pollution Probe is a firm supporter of policy and action that improves access to cost-effective DER solutions for consumers and communities in Ontario. Pollution Probe's comments and feedback related to the above noted questions are included below.

Comments

Pollution Probe commends the OEB for taking action through this initiative and other related initiatives in an effort to assist in removing barriers to DER and unlock cleaner, more cost-effective energy options. This is a difficult challenge that impacts many organizations, stakeholders and consumers. There are many barriers to promoting and

implementing DER in Ontario as outlined by the OEB. Even if many of these barriers did not exists, it is difficult for typical consumers to navigate utility and system requirements to install energy solutions. Technical support varies significantly by utility, customer call centers are often not well equipped to help customers navigate the process, and even in cases where key account or technical utility staff exist to assist the customer, it can be difficult to work across utility silos in an efficient manner. Having clear and consistent rules and requirements is essential to enabling cost-effective DER solutions. Similarly, municipalities across Ontario have been developing community energy plans to enable energy solutions that better serve their communities. The utility planning, delivery and regulatory process needs to be better aligned to serve these communities.

Pollution Probe's works with consumers, municipalities, industry, policy makers and other relevant stakeholders to find balanced solutions. We welcome the opportunity to work with the OEB, IESO, utilities, municipalities, consumers and other stakeholders to remove barriers to DER and support Ontario's energy system transition.

1.0 Response to OEB Questions

1.1 Are the objectives for the DER Connections Review initiative clear?

Pollution Probe believes that the OEB has done a good job of summarizing the issues impacting DER connections at a high level. Distributors have varying experience and level of competency in dealing with DER and some have adopted a conservative approach to the connection process. The use of disjointed approaches has led to delays and acts as a barrier to the delivery of DER (and related) services to customers. Stakeholders are concerned that the lack of clear regulatory requirements is inhibiting these new technologies and a customer's opportunity to use these technologies to manage energy costs. Utilities may also have a "split incentive" to facilitate adoption of customer focused DER and those issues are being considered in a related proceeding by the OEB.

Pollution Probe shares the OEB's view that there should be consistency across the Province in terms of cost responsibility and process timelines. A "one size fits all" approach may not be practical given the variation in scale and complexity of DER solutions. However, logical rules can be developed that enable small scale residential DER solutions to be approved quickly/consistently and larger more complex project to meet a different service level agreement (SLA).

Technical requirements need to be clear and consistent. Standardization (to the extent possible) and consistency is required to make it easier to communicate to consumers

and for the OEB to track compliance and progress. This would also enable IESO to provide enhanced value through educating consumers and communities as part of its Regional Planning, CDM, demand auctions and related stakeholder outreach. Coordinated outreach plans need to be considered once the DSC updates are made.

1.2 Have staff identified the right topics for the DER Connections Review and do stakeholders have any specific concerns that they want to identify?

Pollution Probe is conscious that there are several DER related initiatives being conducted concurrently and it is important to ensure that the scope of each are complimentary and that issues brought forward are aligned with the correct proceeding. IESO also has DER related stakeholder activities underway and it is important that they feed in effectively. Bringing all of these issues together in one proceeding is impractical and the OEB will need to coordinate internally to ensure effective alignment and segmentation. This initiative will drive a change to utility requirements (i.e. Distribution System Code) and EB-2018-0287/0288 will drive the policy changes including potential utility incentives and obligations. Pollution Probe recommends that the OEB also assess directly related natural gas utility barriers and opportunities as part of these initiatives. Providing cost-effective consumer and community energy solutions such as DER is an energy issue and segmenting it by fuel type will not lead to an optional solution.

The topics identified by staff for this initiative appear to be appropriate and there are some clarifications and additional topics outlined below that may also be helpful.

Staff topics include:

- The need for standardization and clarity of definitions, terminology and regulatory rules in respect to DERs
- The need for clear rules regarding cost responsibility for connection of DERs to ensure fairness to DER customers and all other customers of the distributor
- More detailed and comprehensive timelines for the connection process to ensure the timelines are well understood
- Appropriate standardization of connection technical requirements

Regarding clear rules, timelines and technical requirements it may be useful to segments these by size and category of application (e.g. residential DER less than 5 kW). Small applications could follow a prescriptive approach for review and approval, while larger solutions would be more complex and time consuming.

There is also a need for central coordination between the OEB, IESO or other related organizations to better align DER-related activities including stakeholder outreach, assessment of technical options and to track provincial progress.

1.3 Are there any proposed solutions that stakeholders wish to identify at this point?

As mentioned above, a “one size fits all” approach is not practical given the variation in scale and complexity of DER solutions. However, consistent rules and logical categories can be developed to accommodate a wide range of solutions in a consistent manner. Having consistent province-wide requirements, SLAs and metrics would enable all LDCs to track progress (as part of their annual distribution rate application requirements and/or annual reporting). Sharing these metrics in a consolidated and transparent manner will also enable the industry to benchmark and promote best practices.

A large portion of DER solutions historically implemented in Ontario are due to direct government intervention in the form of policy, financial incentives and procurement (e.g. via IESO procurement and programs). This approach has been helpful to stimulate the market but a more permanent approach is needed to transform the market. Systematically removing barriers, clarifying utility requirements and providing a transparent market-based framework is a more sustainable approach. It is difficult to identify all future issues and barriers that need to be addressed to ensure access to more cost-effective customer solutions. It is recommended that the OEB develop (jointly with IESO and other relevant stakeholder input) and update a comprehensive list of issues that need to be systematically removed. This approach would help ensure that activities by IESO and other stakeholders are complimentary and not duplicative.

The challenges identified by the OEB are not unique. Pollution Probe has worked with stakeholders in jurisdiction across Canada and beyond regarding similar challenges. The right solution for Ontario will be impacted by the range of resources available locally, but the overarching problem remains the same. Approaches from leading jurisdictions like New York may also be useful as a guide. Making the “value stack” transparent in New York provided a foundation to drive market planning and investment in a more real time basis than is currently done in Ontario.

1.4 What is the best approach for development of solutions to the issues identified?

Enabling better access to DER solution in Ontario and removing regulatory, utility and market barriers can be a large and complex challenge. There are several moving parts that have not come together well up to this point and they will need to be better integrated in order to achieve success. These challenges include:

- A lack of DER and related (including CDM) solutions considered and implemented as part of regional and utility planning.
- Silos between energy forms (e.g. electricity, natural gas, renewables, etc.). Infrastructure planning and approval.
- A lack of alignment between DER related activities at the IESO and utility infrastructure/rate case/policy proceedings at the OEB.
- A lack of meaningful integration between Regional Planning and local community energy planning.
- A selective interpretation of OEB requirements when developing utility rate cases (i.e. asset/distribution plans, IRP and other essential elements) and infrastructure requests (e.g. Leave to Construct).

As changes are identified to modernize the Distribution System Code, it will be important to align filing requirements related to utility approvals to require an assessment of energy options (i.e. need for the infrastructure) rather than just an assessment of infrastructure routes for a pipeline or wires solution only. This puts the customer first by providing energy to consumers rather than picking the best route for infrastructure that may not be needed in the first place if local solutions were pursued.

Thank you for the opportunity to provide input at this early stage and Pollution Probe looks forward to providing additional input in future stages of this initiative.