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SUBMITTED VIA ELECTRONIC MAIL TO BOARDSEC@OEB.CA

March 27, 2020

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto ON M4P 1E4

Re: Board File: EB-2018-0287/0288 – Utility Remuneration and Responding to DERs

Dear Ms. Walli:

Advance Energy Management Alliance ("AEMA") is a North American trade association whose members include distributed energy resources ("DER"), 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. These comments represent those of the organization as a whole and not those of any individual member.

AEMA continues to support the direction of the consultation and appreciates the work completed by Ontario Energy Board ("OEB") staff and other stakeholders. By tackling these issues today, the sector will be positioned to value and optimize distributed energy resources, while maintaining a cost-effective electricity system for all customer types, in the near future.

AEMA would like to offer its support for Canadian Solar Energy Industries Association's ("CanSIA") submission. CanSIA outlined key principles, issues and recommendations members of AEMA support. In addition to CanSIA's submission, AEMA offers the following comments (see ATTACHMENT "A" for more detail):

1. **Principles – inclusion of a reference to competition**
   As raised by AEMA members and other stakeholders at the September and February stakeholder meetings, competition is key to meeting other identified principles. Although staff identified competition is part of "economic efficiency" and part of "an evolving sector", which includes "alternative business models, AEMA supports including competition within the guiding principles.

2. **OEB's Role – "Keep up"**
   AEMA spoke of the need to be proactive during the presentation at the September stakeholder meeting. AEMA outlined the regulator needed to be proactive in working towards a vision of the future distribution system, based on the objectives of the province and the fundamental regulatory principles. Local distribution companies should be encouraged to move towards new services, such as Non-Wire Alternatives, through evolving rate structures, efficient rule making and new types of procurements that value DERs. DERs are here and to ensure their value is passed onto the ratepayer, the regulator must 'keep up' with the transitioning electricity (and energy) sector.

3. **Scope – Distribution Rate Design (C&I)**
   While recognizing the need to keep the consultation on track to move towards real changes in the way utilities are remunerated, Distribution Rate Design (C&I) should be included in the scope of the consultation. The proposals in the C&I rate design, such as dealing with stranded assets, and backup charges, will impact the broader policy of DERs, and therefore should be fleshed out in this proceeding.

4. **Scope – Gross Load Billing**
   Gross Load Billing ("GLB") serves as an example of the need to further examine rate impacts and the inconsistency across utilities. The treatment of GLB may lead to increased project costs from one utility to another, which increases project financing risks. A goal of this consultation should be to examine the impacts of GLB on DER's integration, potentially through studies, to determine the real impact on the utility revenue stream.

AEMA appreciates the opportunity to participate in and comment on this consultation and looks forward to continuing to be engaged on these topics with the OEB. Please feel free to contact me at Katherine@aem-alliance.org or +1-202-524-8832 with any questions.

Sincerely,

Katherine Hamilton
Executive Director
Advanced Energy Management Alliance

ATTACHMENT "A"

RE: Gross Load Billing (GLB)

With the installation of customer owned, behind the meter generation, including battery energy storage Gross Load Billing (GLB) is required by most Utilities to maintain Demand Charge Distribution Revenue and ensure no cross-cost subsidy across various rate classes.

GLB has been place since late 1990's for behind the meter non-utility owned generation. Hydro One and most Utilities have Ontario Energy Board approved rates to apply GLB.

Issue #1 – Loss of Distribution/Transmission Revenue
Utilities revenue is based on the customer's peak kW demand established over the billing period. The intent of GLB is to recover any lost revenue if the normal customer peak demand was lowered with the generator operating.

In theory, the Utility build the infrastructure (poles/wires) to meet the customer demand and if monthly demand was lowered on a continuous basis, demand charge revenue would be reduced. This was particularly true for combine heat power (CHP) projects with a high percentage operational profile. This is not the case for battery energy storage installations which have a much lower operational profile.

Recommendation: Commission an analysis of several actual DER installations and determine when and how many times gross load metered data was actually used from gross load metering to maintain Utility revenue.

Issue #2- Lack of Consistent kW Threshold requiring GLB
The kW threshold for requiring GLB varies across Utilities. Hydro One has established a 1MW threshold for non-renewable and 2MW for renewable installations. In some cases, we see Utilities with a threshold as low as >10kW.

Recommendation: If GLB is required, establish a kW threshold similar to Hydro One across all Utilities.

Issue #3 Increase Installations Costs
The procurement and installation of the required the metering and disconnects switches can be very costly, in particular with high voltage (27.6 & 44KV) DER installations. For HV installation $100 to $125K may be required. For lower voltage connections available space is also always a challenge with existing customers electrical switchboards.

Recommendation: Costs with many projects could be reduced if a kW threshold was established as noted in Issue#1.

Issue #4 Is there a better way
With the IESO ICI program, we are seeing an increase of behind meter DER installations. The primary objective is to reduce customer's kW demand during five (5) IESO system peak hours.

In order to reduce customer demand during the IESO's five peak hours, DER installations tend to operate on average 20 to 25 per times year. With so few operations, the likelihood of the installation being dispatched and reducing the customer typical monthly peak demand is minimal.

Recommendation: A potential solution is to remove the GLB requirement and for the Utility and Customer to enter a commercial (contract) relationship subject to specific terms and conditions that would ensure the Utility maintains the same demand charge revenue with the connection and operation of the facility.