



April 30, 2020

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

Attention: Board Secretary

Dear Madam:

Subject: EB-2018-0287 Utility Remuneration and -0288 Responding to DERs

WSP is a global engineering and professional services firm. The Power Advisory Services group of WSP Canada (“WSP”) provides technical and advisory services for power and utilities’ clients in Canada. WSP commends the Ontario Energy Board (“OEB”) staff on the transparent and engaging consultation related to distributed energy resources (“DER”).

The techno-economic developments in energy technologies and communication information systems are enabling the value created by DERs to reach many participants across the power system. WSP thanks OEB for the opportunity to participate as this allows the firm to contribute to the conversations and support its clients in providing techno-economic solutions.

WSP is aligned with the information shared by OEB staff on the guiding principles, objectives, issues, scope, process etc. WSP is confident that the feedback and suggestions from all stakeholders involved will help in taking the best approach. WSP would like to offer the following general comments:

1. **Localize** – WSP agrees with the position of “keep up” with the sector evolution being recommended for OEB. A suggestion here is to take into consideration the regional characteristics, when it comes to prioritization and applicability. At the same time, continue to evaluate innovative ideas that are being brought forward, even if the ideas are leading edge but within the regulatory compact (eg, Innovation Sandbox program).
2. **Prioritize** – Business models are evolving from technological developments. DERs could be pursued – by prosumers behind the meter, by utilities themselves as capital investments, or by utilities procuring as non-wires solutions. All these developments will require regulatory clarity on several aspects.

The value of DERs was discussed extensively at the various forums and WSP agrees with the importance being given. The consultation should take a holistic view in capturing and evaluating all the benefits and costs as they relate to participants and non-participants. It is not required for a detailed analysis during the consultation. It is about developing the framework and its elements. The stakeholders are familiar with many frameworks that can be leveraged. For example, the cost-effectiveness tests that are usually pursued for energy efficiency program evaluation. There was discussion on the changing risk profiles for various participants from DER deployment. This risk assessment can be tagged on to cost-effectiveness tests in terms who bears the risk and how. Low carbon

2300 Yonge Street
Suite 2300
Toronto, ON, Canada M4P 1E4

T: +1 416 487-5256
F: +1 416 487-9766
wsp.com



DERs bring benefits along many dimensions. The evaluation should consider the environmental, reliability, and resiliency aspects.

The suggestion here is that regulatory clarity on the various aspects of the emerging business models and the comprehensive value analysis framework should be critical objectives of the consultation process.

3. **Carve** – DER technologies are varied. Storage may not have the same purpose as generation resources. Similarly, electric vehicles are DERs and serve a unique purpose. The suggestion here is to have a focused conversation, as part of the DER consultation, on electrification of transportation. This ties to the first comment on considering the local situation. Considering the clean portfolio of Ontario electricity supply mix, the next sector with significant emissions is the transportation sector. Electrification of transportation would have implications to the power systems and these should be well understood.
4. **Focus** – It is known and expected that any discussion around DERs would involve several dependencies. It is also likely that these dependencies are being reviewed in other initiatives or belong to other parts of regulation. The suggestion here is to sharpen the focus and shorten the scope of DER consultation to the extent possible. Clarity and progress on fewer issues is more appreciated to a broader mandate with longer timelines. Either some of the questions under the issues list could be dropped or discussed to a certain extent as it relates to DER only.

For illustration – DERs deployment could potentially result in changes to risk profiles (up or down). The scope of this consultation could be limited to understanding these incremental changes. The consultation shouldn't necessarily delve into cost of capital implications from DER. Similarly, views have been expressed related to stranded assets and on the other side of the spectrum, motivation of capital investment related solutions. The discussions led to including RRFE into the consultation. It may be appropriate to include only specific aspects as they relate to DER to the current consultation. Some of the issues of utility compensation could be true for all non-capital solutions and not unique for DER, and could be addressed in separate consultations or sequenced consultations. These are only illustrations to show that focused scope and/or sequenced scope will allow to show progress and all the stakeholders involved to have a timely sense of accomplishment.

WSP thanks OEB and the involved staff for the opportunity to provide comments and looks forward to being involved in the next phase of consultation.

Yours sincerely,

Sagar Kancharla
National Market Lead, Advisory Services – Power
Sagar.kancharla@wsp.com
T +1 416 644 0647