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February 17, 2021

Christine E. Long
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Long,

RE: EB-2018-0287/0288 – Written Comments of the London Property Management Association on Sector Evolution Consultations – ICF and LEI Reports

Introduction

The Ontario Energy Board (“OEB”) held a stakeholder meeting on February 3, 2021 to receive input on the expert reports by London Economics International LLC (“LEI”) and ICF related to Utility Remuneration and Responding to Distributed Energy Resources (“DERs”) initiatives.

The invitation letter (dated January 18, 2021) for the February stakeholder meeting indicated that in addition to discussing the experts’ reports, stakeholders would be invited to discuss the implications of the studies on the next steps in the OEB’s policy work. The letter further indicated that stakeholders would be invited to comment on the findings and recommendations made by the experts and to discuss the implications of the studies on the appropriate focus areas and sequencing of next steps in these consultations.

These are the comments of the London Property Management Association (“LPMA”) on those preliminary proposals.

LPMA’s Written Comments on OEB Staff’s Preliminary Proposal

LPMA filed written comments with the OEB on April 30, 2020 related to the guiding principles, the OEB’s role and approach, the need for action, objectives, issues and defining the scope associated Staff’s preliminary proposals. LPMA submits that these comments remain valid and should be considered in any future steps in these consultations.

Utility Remuneration

As there was little or no additional information in either the LEI or ICF reports that dealt with utility remuneration, LPMA is not providing any further comments on this topic. The comments provided in the above noted April 30, 2020 letter related to this topic remain.

Responding to Distributed Energy Resources (“DERs”)

The February 3, 2021 stakeholder meeting and the relevant reports from LEI and ICF dealt with the potential impact of the Covid-19 pandemic on DERs and made recommendations with respect to actions that should be undertaken in the near-term, medium-term and long-term.

As part of the stakeholder meeting, Staff asked a number of questions such as where do we go from here and indicated that it was going to use the input from the meeting and the comments received to develop near-term priority work streams for the DER initiative.

a) The Impact of Covid-19 on DERs

The impact of the pandemic on DERs has been similar to that of its impact in many sectors of the economy and life in general. Plans have been put on hold, including investment in DERs.

As indicated in the LEI report, the pandemic has reduced DERs sales in Ontario in 2020 based on survey responses from a sample of DERs suppliers. This is not unexpected.

The primary drivers for DERs, according to the LEI report are cost savings, environmental benefits reliability, greater independence and taking advantage of government incentives. Each of these drivers have been impacted, to some extent, by the pandemic. For example, the primary driver of cost savings has been impacted by the government decision to set all tiered prices to the lowest tiered price. This reduces the incentive to reduce or shift consumption.

However, LPMA believes that the impact of the pandemic on the drivers noted above is most likely to be temporary in nature. Once the threat of the pandemic has passed, LPMA expects that things will return to a more normal situation. Of course, no one can predict when this will happen or when it does, how quickly or slowly the return to normal will be.

It is the belief of LPMA that the impact of Covid-19 on DERs will be temporary and of a currently unknown length. This should not stop the OEB from planning now for DERs in the future. While the pandemic has given the OEB more time to plan, LPMA does not believe the OEB should slow down its plans; rather it should use this delay in the potential wide spread evolution of DERs to undertake and accelerate the policy work that is required to deal with the disruption that DERs may be bringing.

b) ICF Near-Term Recommendations (2021-2023)

LPMA is providing comments on the four near-term recommendations provided in the ICF report.

i) Encourage the LDCs to coalesce around common reporting requirements and best practices for data from DER

LPMA believes that it is key for the LDCs to both report on a consistent basis and to follow best practices for data from DERs. This is something that the LDCs should be focusing on immediately in order to ensure that they are in a position to provide timely information to DER developers. This would form the foundation for reporting and transparency. It would also ensure that LDCs have a base for building their internal capabilities related to the timing and costing of DER connections.

LPMA also believes that it is important for the LDCs to have common approaches based on best practices. This would make it easier for DER suppliers to deal with more than one LDC.

The sooner that the LDCs can achieve this, the more certainty there will be going forward for all parties involved.

ii) Convene stakeholders and hold discussions to develop frameworks to integrate DER into the fabric of electric distribution planning

LPMA submits that this is an essential near-term activity. Electric distribution planning will have to change to incorporate DERs. This change can be both reactive and proactive. Distribution planning is used to reacting to events. These events include customer growth in different areas of the system, the unexpected failure of assets and reacting to such things as ice storms. Another reaction would be to a customer installing a DER. Distributors are generally very good at reacting to these types of events.

Proactive distribution planning includes such things as the scheduled replacement of lines, poles and stations and known new subdivisions. To date, there has been little proactive planning by most distributors that includes DERs as opposed to the typical type of distribution assets. This is the area where LPMA believes that the distributors need to adjust their distribution planning approaches. Again, the sooner the distributors can integrate DERs into their planning process, the better the process will be for all parties involved.

iii) Organize technical workshops to generate discussion on implementation timelines and characteristics, share knowledge, and provide further support for LDC field pilots and projects on advanced capabilities

ICF recommends that this effort could be initiated in the near-term. LPMA believes that this effort should be initiated as soon as possible.

It is imperative that LDCs gain experience and understanding on the implementation timelines and characteristics of DERs as soon as possible. This cannot be done efficiently without the LDCs sharing knowledge amongst all parties on such things as field pilots or lessons learned. Technical workshops would help share this knowledge.

iv) Work with LDCs to determine how potential DER growth trajectories within their respective territories may impact with DER use cases provide the greatest system value at the distribution level

The ICF recommends that in the near-term the OEB could support LDC pilots that explore innovative ways to integrate DER and maximize their potential system and/or local value. LPMA believes that could ought to be replaced with should.

In addition, LPMA believes that the OEB should encourage the distributors to bring forward potential pilot projects and then select the first few pilots based on diversity of type of DER, geographical location, timelines and other factors that may be relevant to gaining the greatest value and knowledge related to DERs.

LPMA is not making submissions with respect to the ICF medium-term and long-term recommendations at this time because it believes that the level of uncertainty around DERs at this time is too large to set plans that far in advance. The OEB's approach and that of the industry and of the market must be flexible and adaptable to whatever comes along and whenever it comes along. Parties should not lock themselves into medium or long-term views or plans, rather they should set themselves up in the short term to be nimble and able to react quickly to unexpected circumstances and events. If nothing else, the pandemic has taught us how quickly the assumptions written in stone can turn into quicksand.

The ultimate objective of this consultation and the policy work and work streams that follow should be to ensure that the industry – including the OEB - can adapt quickly to the technological change that is here and that is yet to be identified. That may mean anything from dealing with complex technological issues to the setting of just and reasonable rates, to simply getting out of the way and letting the market lead the way.

Yours very truly,

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Consultant to LPMA