

February 23, 2021

Christine Long  
Registrar  
Ontario Energy Board  
2300 Yonge Street  
P.O. Box 2319  
Toronto, Ontario  
M4P 1E4

Dear Ms Long:

**Sector Evolution Consultations: Utility Remuneration (EB-2018-0287) and Responding to Distributed Energy Resources (EB-2018-0288)**

The Consumers Council of Canada (Council) is a participant in the above-referenced stakeholder consultation processes. On December 16, 2020, the Ontario Energy Board (OEB) published a series of expert reports by London Economics International LLC (LEI) to assist parties in consideration of the issues relevant to these consultation processes and issues regarding the COVID-19 pandemic. On January 18, 2021, the OEB posted a study by ICF International entitled, "Ontario Distributed Energy Resources Impact Study". The OEB held a stakeholder meeting on February 3, 2021, for LEI and ICF to present the results of their studies. Stakeholders were also invited to discuss the implications of the studies on "next steps" in the OEB's policy work.

In its invitation to the February 3, 2021, meeting the OEB indicated that following the meeting it was inviting comments on the findings and recommendations made by the experts. The OEB was also interested in receiving comments on the next steps for the consultations.

The Council has participated in all of the stakeholder sessions held by the OEB over the past several years regarding DER. Following the stakeholder meeting on February 20, 2020, the OEB Staff sought input from parties regarding its "current thinking" regarding the scope of the DER initiatives. The Council submitted comments following that meeting. The Council listed a number of points in its submission at that time that should be considered by the OEB in developing a framework to facilitate DERs in Ontario. We believe these points continue to be relevant as the OEB moves forward with these initiatives:

- The focus should be first and foremost on customers – the interests of customers with respect to price and the adequacy, reliability and quality should be protected;
- Customers should be afforded choice and value;
- Utilities should be required to look at a broader range of options to meet a particular distribution needs beyond traditional infrastructure. This should be done in the context of preparing Distribution System Plans which are ultimately filed with the OEB;
- Rewards should be commensurate with risk;
- Those that benefit must bear the costs;

- Competition should not be thwarted by the activities of the utilities;
- Stranded costs should be minimized to the extent possible and the use of existing assets optimized.

With respect to the role of the OEB the Council highlights the following points:

- The OEB must act within its mandate as an economic regulator of monopolies. It is bound by its legislative requirements;
- The OEB should not promote or prevent DER, but facilitate it;
- The regulatory framework must promote economic efficiency, cost-effectiveness and value for customers;
- The regulatory framework should be adaptable, transparent and predictable;
- The OEB should be working consistently with the IESO regarding innovation and DERs and coordinating overall system planning within each of their mandates;
- The OEB should be looking at getting the right information to the right people so DER integration and adoption is happening in the right places;
- Any regulatory framework must be accessible and allow for a level playing field for all stakeholders which includes, ratepayer groups, utilities, energy service providers and other interested parties.

#### **Next Steps:**

With respect to next steps the Council is of the view that the OEB must move forward with a framework to facilitate the development of DER in Ontario, as soon as possible. There has been a great deal of discussion over the past several years through the various DER consultation initiatives, stakeholder meetings and related OEB processes regarding rate design, but it is time to put the rules in place. In its role as regulator the OEB must determine first and foremost determine the role of the regulated entities – what is within the purview of regulation and what should be left to competitive markets? What should the utilities be permitted to do and what should they be excluded from doing? In facilitating DERs does the current regulatory framework need to be changed? If so, in what ways?

As we have suggested before the Council submits that in developing the path forward the OEB should establish a series of working groups with a diverse selection of stakeholders. The working groups can address the questions set out above regarding the role of the utilities and to what extent the current regulatory models need to be revised accommodate those roles. This should include, among other things issues regarding remuneration and the Affiliate Relationships Code. In addition, the Council supports the continuation of the DER Connections Review Working Group and Commercial and Industrial Rate Design initiative. It will be important for the working groups to have a balanced representation – including customers (large and small), utilities (large and small), and competitive service providers. It is also important for the working groups to operate in an open and transparent way to ensure all stakeholders can follow the work.

The Council urges the OEB to set out as soon as possible the process it intends to use going forward to address all of the issues related to DERs. This should include timetables and a description of all of the deliverables expected from the working groups. The Council commends the OEB Staff for its work on these issues so far. The process to date has been both thorough and inclusive, allowing for meaningful

dialogue amongst all industry stakeholders. We appreciate the opportunity to have participated thus far, and look forward to continued participation as the OEB moves forward to establish a DER Framework.

Yours truly,

**Julie E. Girvan**

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CC: All parties