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VIA RESS

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Dear Ms. Long:

Re: EB-2021-0118: Framework for Energy Innovation: Distributed Resources and Utility Incentives.

Association of Major Power Consumers in Ontario (AMPCO) and Industrial Gas Users Association (IGUA) Comments on Near-Term Priority Workstreams and Working Group Participation Interest.

We write as legal counsel to AMPCO and IGUA in respect of this refreshed policy consultation.

Shared Interests and Constituencies

AMPCO and IGUA have both been involved, separately, in previous phases of this consultation. They both represent Ontario's largest energy consumers – in AMPCO's case in respect of electricity use and in IGUA's case in respect of gas use. Their memberships overlap as many of Ontario's largest energy consumers rely on both natural gas and electricity for their industrial processes and global competitiveness.

Given their overlapping constituencies and otherwise commonality of views and concerns arising from the dependence of their members on reliable and affordable energy supply, AMPCO and IGUA have determined that they have a shared and largely common interest in the OEB's ongoing policy work in the areas engaged by this refreshed consultation. Accordingly, and in deference to the OEB's request that groups representing the same interests or constituency make every effort to co-ordinate, AMPCO and IGUA have determined that in this instance their joint participation would be the best way to pursue their common interests while most efficiently and effectively assisting the OEB. This conclusion is premised on a view that both electricity services and natural gas services innovation are relevant and appropriate to the OEB's ongoing energy services innovation policy work.

Comments on Near Term Priority Workstreams

The Board's March 23, 2021 letter setting out its near-term policy priorities in the areas engaged by this consultation invites comment from stakeholders with concerns or objections in respect of the identified priorities. Neither AMPCO nor IGUA have concerns or objections, but they do wish to provide comment on appropriate clarifications.

Energy Innovation

The OEB has renamed this policy initiative as a *Framework for Energy Innovation*, and notes that the objectives of these consultations “are expected to contribute to increased clarity in the treatment of innovative technologies and approaches, as well as further support deployment and adoption of novel, cost-effective solutions in electricity and gas services by utilities and other sector participants in ways that enhance value for consumers” (our emphasis). Thus, while the priority workstreams identified are described in reference to “non-wires solutions”, IGUA assumes that, as in previous phases of these consultations, the issues to be engaged will also impact policy in respect of natural gas delivery “non-pipeline alternatives” (NPAs). This would be appropriate for a number of reasons, including;

- The history of Ontario natural gas distributors looking to, and seeking to adopt, regulatory policies initially applied to Ontario electricity distributors. (For example, the Enbridge Gas Distribution and Union Gas Limited merger application and consequent IRM rate proposal both approved by the OEB, inclusive of, by way of further example, Enbridge Gas Inc.'s adoption of the OEB's Incremental Capital Module (ICM) policy.)
- EGI's Integrated Resource Planning Alternatives (IRPA) framework proposal currently before the OEB [EB-2020-0091]. EGI's application directly engages the priority issues identified by the OEB in this matter for near-term work, and the outcome of that proceeding will be relevant to the topics included in the workstreams in this initiative (including the development of use cases, assessment of the value of DERs relative to traditional distribution investments, and the development of appropriate incentives for distributors related to DERs adoption).
- Energy innovation entails new approaches to provision of energy services. Various technologies and fuel sources may be combined in order to displace more conventional utility service (for example geothermal and electrical energy to displace gas heating, or utilization of waste heat from an industrial process to displace electrical air and/or water heating in remote locations, or power to gas storage initiatives).

Input in previous phases of the current consultation and many of the submissions in EGI's IRPA framework proposal proceeding asserted the importance of consideration of “energy services” from a customer perspective, and the suitability of electricity, gas, a combination of the two, and/or substitutes (such as demand response and geothermal) as alternatives to traditional utility infrastructure investments.

Both AMPCO and IGUA believe that a non-siloed approach to these issues is appropriate, while at the same time the dependence of many energy consumers on one form of energy delivery or the other, in the near and medium term at least, must be considered. We anticipate that the OEB does not intend to preclude such broader discussion of alternatives to conventional utility infrastructure, and that both natural gas and electricity stakeholders should, and will, have a continuing interest in, and will be able to make a useful contribution to, the policy considerations being furthered through this refreshed initiative.

Proposed Process

We respectfully suggest that this refreshed initiative might benefit from some additional information on the process envisioned by the OEB.

The OEB's March 23rd letter contemplates that the FEI Working Group (FEI WG) will first be asked to sequence tasks, determine a schedule, and establish sub-groups related to the tasks identified. It is not clear what the OEB contemplates after that. It may be appropriate for the OEB to request a workplan from the FEI WG so that approval and/or further guidance in respect of that workplan can be provided.

It may also be helpful, either now or following receipt and consideration of an FEI WG workplan, for the OEB to provide further guidance on the nature of the output or report that it would like to see from the FEI WG, and the timing and or phasing for such a report as well as the process that it then anticipates engaging once that report is provided.

Any additional information that the OEB can provide on the process which it currently envisions could assist stakeholders in assessing the time commitment entailed in participation, and the nature of the participation through which they could most efficiently and effectively provide input from their particular perspective(s).

Utility Ownership of DERs

The DER Usage workstream (Workstream #1) has been scoped by the OEB *“to investigate and support utilities’ use of DERs they do not own as alternatives to traditional wires solutions to meet distribution needs”* (our emphasis).

In previous phases of this consultation, as well as in EGI's currently ongoing IRPA Framework proceeding, the permitted scope of utility ownership of DERs is an issue. The absence of mention of this issue in the OEB's March 23rd letter is conspicuous. To the extent that absence was purposeful it might be helpful for the OEB to indicate why the issue was excluded, and when and how it will be addressed (if for no other reason than to move the currently directed discussions along).

FEI Working Group Participation

AMPCO and IGUA would like to be (jointly) represented on the FEI WG.

Consideration of larger customer DERs opportunities and implications would be an appropriate and useful inclusion in the FEI WG's work. The impact of one or a few large customers on utility infrastructure can be significant. Further, larger customers would have an interest in, and would (and do) deploy, different types of DERs options, which entail unique capital, operating, and energy saving/grid supply displacement implications.

In respect of electricity in particular, power quality is of unique importance to large power consumers (compared to general service customers), and the implications and utility/large customer responses to potential DERs impacts on power quality is thus of particular interest to AMPCO's members.

AMPCO and IGUA have particular perspectives to bring to the discussions, including in respect of particular types, and associated utility and customer value implications of, non-utility-owned DERs solutions.

Conclusion

Both AMPCO and IGUA have been determined in earlier phases of this policy development initiative to be eligible for recovery of their reasonably incurred costs of participation, as representative of electricity and natural gas customers. AMPCO and IGUA understand that their cost recovery eligibility continues through this phase of the OEB's work. Through combining their participation those costs will be lower.

AMPCO and IGUA both appreciate the OEB's continued openness and stakeholder engagement efforts as its work in this important policy area moves forward, and look forward to continuing to contribute to that work from the perspectives of Ontario's largest energy consumers.

Yours truly,



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