

PWU Submission on EB-2021-0118
Framework for Energy Innovation: Distributed Resources and Utility Incentives (FEI)
April 14, 2021

The Power Workers' Union (PWU) is pleased to submit comments and make recommendations to the Ontario Energy Board (OEB) regarding the newly created EB-2021-0118 *Framework for Energy Innovation: Distributed Resources and Utility Incentives (FEI)* (formerly the Utility Remuneration and Responding to Distributed Energy Resources (DER) consultation). The PWU is a strong supporter and advocate for the prudent and rational reform of Ontario's electricity sector and recognizes the importance of planning for low-cost, low-carbon energy solutions to enhance the competitiveness of Ontario's economic sectors.

Following stakeholder feedback on the February 3rd Sector Evolution meeting, the OEB has outlined two workstreams of near-term priorities to be addressed by a Working Group:

1. **Workstream # 1 - DER Usage:** This workstream is intended to investigate and support utilities' use of DERs they do not own as alternatives to traditional wires solutions to meet distribution needs. This includes defining an approach to measuring benefits of certain DER use cases relative to costs, something we've identified as critical.
2. **Workstream # 2 - DER Integration:** This workstream is intended to ensure that utilities' planning is appropriately informed by DER penetration and forecasts.

In response to the February 3rd meeting, the PWU offered several recommendations on outstanding issues and what priorities this OEB consultations should be focused on going forward. We are pleased to see that these workstreams touch on some of these recommendations, as they must be addressed before other broader questions can be answered.

However, the OEB should clarify certain aspects of these priorities to ensure they are being carried out appropriately and will achieve the needed results. As such the PWU provides two recommendations:

1. Ensure that total system costs and benefits are being considered when defining an approach to measure benefits of DER use cases; and
2. Conduct a sensitivity analysis on how the benefits of the Industrial Conservation Initiative (ICI) may impact DER adoption.

Recommendation #1: Ensure that total system costs and benefits are being considered when defining an approach to measure benefits of DER use cases

Within the first workstream, OEB has outlined the need to develop a number of high-value DER use cases and define an approach to measure the benefits of these use cases relative to traditional distribution investments. The PWU supports this notion as we have continuously noted in previous recommendations that resolving the value proposition requires a proper Cost-Benefit Analysis (CBA) of DER.

While the OEB states that it will "define an approach to measure the benefits of these DER use cases relative to costs and assess the value of DERs relative to traditional distribution investments", it does not differentiate whether this will be from a customer, utility, or system perspective. We must stress that

any useful CBA must be done from a system perspective as opposed to the customer perspective taken in the ICF study.

We recommend that the development of a CBA be prioritized within the workstream.

Recommendation #2: Conduct a sensitivity analysis on how the benefits of the Industrial Conservation Initiative (ICI) may impact DER adoption

The PWU supports the second workstream activities that would encompass appropriately informing utilities' planning through DER forecasts. As we have noted in previous recommendations¹, the majority of DER adoption in the province is being driven by the generous incentives provided within the ICI program and these outcomes are not helping to reduce total system costs to ratepayers. DER penetration and forecasts should be informed by how adoption could change if the particulars of the Industrial Conservation Initiative (ICI) evolved, were modified, or, as a bounding scenario, even removed.

What is not clear is how DER adoption will change absent the current ICI program conditions. This is the test of value that DER provides to the system. Appropriate utilities planning would consider these scenarios potentially through a sensitivity analysis to potential changes to the program.

Closing

The PWU has a successful track record of working with others in collaborative partnerships. We look forward to continuing to work with the OEB and other energy stakeholders to strengthen and modernize Ontario's electricity system. The PWU is committed to the following principles: Create opportunities for sustainable, high-pay, high-skill jobs; ensure reliable, affordable, environmentally responsible electricity; build economic growth for Ontario's communities; and, promote intelligent reform of Ontario's energy policy.

We believe these recommendations are consistent with, and supportive of Ontario's objectives to supply low-cost and reliable electricity for all Ontarians. The PWU looks forward to discussing these comments in greater detail with the IESO and participating in the ongoing stakeholder engagements.

¹ PWU Utilities Remuneration and Distributed Energy Resources (DER) Integration Submission, February 19,2021