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September 2, 2022

**EB-2021-0118 – OEB Future of Energy Innovation  
Pollution Probe Comment on FEI Report and Process**

Dear Ms. Marconi:

The Framework for Energy Innovation Working Group (FEIWG) delivered its Report to the Ontario Energy Board (OEB) on June 30, 2022. The OEB issued a letter on July 6, 2022 inviting stakeholders to file written comments on the Report.

Please find below Pollution Probe's comments related to the FEIWG Report and related process. Please note that Pollution Probe has not provided exhaustive comments and recommendations, but has provide directional comments to help the OEB as it digests the FEIWG Report(s) and considers next steps to accelerate the required tangible actions to achieve the goals of FEI.

Consultation and FEIWG Report

First off, Pollution Probe commends the OEB for initiating open consultations and working groups on several key industry issues including FEI. Getting a broad set of industry experts and stakeholders together to collaboratively work through these types of difficult issues helps advance collaborative understanding of what are often very complex issues. The approach used in the FEIWG was collegial and structured. Having strong OEB Staff support and guidance is key and that was available for the FEIWG. Pollution Probe see a high amount of value that can be leveraged through the FEIWG and has also provided some suggestions on issues that may also require additional OEB tools to advance progress in an effective and timely manner. Leveraging the full suite of consultation, benchmarking and regulatory tools available to the OEB is required to advance innovation, modernization and Distributed Energy Resource (DER) opportunities urgently needed for Ontario consumers and communities.

It is important to note that the FEIWG Report is a consolidation of FEIWG work and not representative of the full value of FEIWG discussions to-date. The Subgroup reports provide more detailed information and analysis for:

- Utility Incentives
- Benefit-Costs Analysis
- DER Integration

The FEIWG Report and the Subgroup reports represent an objective summary of discussions and recommendations specific to the areas of consensus that could be reached or in some cases a perspective on options or issues to be considered by the OEB, where specific recommendations were not achieved. More fulsome progress was restricted by the need to drive consensus. Some FEIWG

members interpreted the FEIWG scope as narrowly focused on short term opportunities that do not require changes to the current utility regulatory framework. Other members suggested that “status quo” should not restrict FEIWG discussion and recommendations. Although it was essential to discuss some broader and longer-term issues, many of those opportunities were not included in the FEIWG or Subgroup reports since consensus could not be reached. It was also clear from the Subgroup reports which topics and issues are more aligned with a consensus approach and which will require enhanced tools such as a Generic Hearing.

### Challenges

There were several challenges identified through the FEIWG process and related reports. The regulatory framework in Ontario is complex and it was not in the scope of the FEIWG (or practical) to try to resolve many of the broader regulatory, policy and market challenges. It was important to acknowledge and understand the broader context as issues were discussed.

There was a diversity of stakeholders on the FEIWG and each brought a different perspective and level of knowledge. Educating stakeholders with less industry and best practice knowledge moderated the pace of progress<sup>1</sup>. Some stakeholders (including utilities) are more supportive of innovation and changes to advance DER opportunities and other stakeholders are more interested in maintaining the status quo. This dichotomy can impact the overall pace of progress. Working at the speed of the slowest FEIWG member impacts progress for the entire group. Clear direction from the OEB that the pace of change needs to increase and not be restricted by status quo would help accelerate progress. The use of Subgroups also helped to move some issues forward at a quicker pace (e.g. Cost-Benefit Subgroup)

### Example of Progress

Some areas of focus for the FEIWG have made strong progress and other areas have been more challenging. Examples of progress include:

- The unanimous understanding that utility and regulatory energy silos need to be broken down quickly to provide more a more holistic and cost-effective approach to provide clean energy to Ontario consumers and communities.
- The need to align energy planning in Ontario with community/municipal energy and emission planning. Only by aligning those requirements and outcomes will holistic, cost-effective clean energy solutions be supported across Ontario. Lack of alignment will lead to duplication and higher costs to consumers.
- Recognition of best practice industry tools that Ontario should leverage, such as the National Standard Practice Manual for DERs<sup>2</sup> that sets out a practical approach for cost-benefit analysis.
- Recognition of the broad range of relevant DERs including energy efficiency (CDM and DSM), EVs, etc. that should be leveraged in Ontario.

### Pace of Progress

As noted above, the work of the FEIWG and related reports have led to enhanced understanding of issues and a set of recommendations. However, the pace of real change needed to unlock the benefits of DERs for Ontario consumers and communities remains slow and must be accelerated. Real clean

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<sup>1</sup> For example, very few FEIWG members were familiar with the National Standard Practice Manual for DERs and its use in other jurisdictions.

<sup>2</sup> [National Standard Practice Manual - NESP \(nationalenergyscreeningproject.org\)](http://nationalenergyscreeningproject.org)

energy needs and real technical solutions exist today, but the regulatory requirements and solutions are lagging.

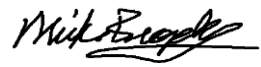
Utilities are lacking a common set of assumptions that they can use for regulatory assessment of DERs. This has been one barrier for utilities to bring forward solutions to the OEB. It is recommended that the OEB develop a manual of standard DER assumptions by technology, which is similar to the successful approach used for DSM and CDM. Some utilities are already moving forward with studies to identify some of these inputs and the OEB could ensure effective sharing of information and bridging of information gaps through a technical committee approach. The OEB should also encourage (or require) utilities to bring forward DER assumptions in their applications. Even if they are not perfect, they provide a valuable basis for future improvement.

#### Next Steps

Pollution Probe encourages the OEB to continue the progress being made by the FEIWG and also leverage other regulatory tools (e.g. Generic Hearing) for items where that is more effective. It is clear from the FEIWG Report and Subgroup reports which issues will continue to make progress through the FEIWG and which issues require some additional tools to be applied. For example, it is highly unlikely that the FEIWG will be able to put forward a consensus proposal for utility incentives. However, it is possible for the Subgroup to advance the DER benefit-cost framework based on the NSPM, should the OEB endorse that approach and provide firm direction and appropriate resources<sup>3</sup>.

Thank you for the ability to provide comments and Pollution Probe is committed to supporting the OEB and the FEI process in the next phase of FEI.

Respectfully submitted on behalf of Pollution Probe.



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<sup>3</sup> The ability to leverage OEB consulting resources such as ICF and London Economics was extremely helpful to benchmark best practice assumptions and case studies. Leveraging those resources will be essential to complete a full benefit-costs framework for DERs in Ontario.