



September 2, 2022

By: RESS

Ms. Nancy Marconi
Registrar
Ontario Energy Board
PO Box 2319
2300 Yonge St., Suite 2700
Toronto, ON, M4P 1E4

Dear Ms. Marconi:

Subject: EB-2021-0118, Framework for Energy Innovation WG Report

Hydro Ottawa is pleased to offer the following comments with respect to the recommendations contained in the Framework for Energy Innovation Working Group ("FEIWG") Report, which was submitted to the Ontario Energy Board ("OEB") on June 30, 2022, in addition to the specific questions raised in the OEB's letter of July 6, 2022.

Hydro Ottawa places emphasis on the importance of distributed energy resources ("DERs") and it is our mission to "Make Hydro Ottawa the leader in unlocking the full value of distributed energy resources for all stakeholders"

The following questions were identified as being pertinent to the OEB's consideration of next steps:

General

1. What is the relative priority of the issues and next steps identified by the FEIWG?

Response:

In order of relative priority, Hydro Ottawa views the top regulatory priorities to be:

1. Providing clarity on the role, expectations and accountabilities of the distributor to be a first priority. In doing so, the respective roles of third party DER providers, customers and the IESO may also need to be modified in order to ensure the successful integration of DERs at both an industry and customer level.
2. Remove DER disincentives .
3. Establishing an initial framework/template for BCA to ensure consistency across the province.

4. Establishing an initial policy, including performance standards (e.g., timelines, etc.) for the sharing of information between LDCs/DER providers and customers for planning and operational purposes.

Developing a BCA Framework

2. What is the appropriate scope of a BCA Framework? In other words, should a narrow or broad set of benefits and costs be considered with respect to deployment of DERs as alternatives to traditional solutions to meet electricity distribution system needs?

Response:

Distributors need a framework to quantify the benefits of a vertically-integrated system. For example, distributors should quantify the benefits to the system overall. This is possible to do for wire infrastructure, however, quantifying the benefits for non-wires alternatives is not clear. Further, DER connection costs should not negatively impact distributor rates and only distribution benefits should be attributed to distributors and their customers.

Developing and implementing utility incentives

3. How might the OEB remove disincentives for utilities to adopt DER solutions?

Response:

In terms of utility disincentives, distributors need to have the ability to receive an appropriate return on their investments in DER technologies, such as programmatic ones. Clarity and certainty in terms of cost recovery is also needed to ensure equal treatment across the province. There is a need for the customer, distributor/shareholder to receive some level of remuneration that reflects the benefit at any level of the grid.

Integrating DERs into the distribution system is part of the government's strategy to respond to growing demand for electricity, mitigate climate change and enable consumers to take a more active role in their electricity supply and usage. Proponents who can offer those services, where and when they are needed should, typically, not encounter any unresolvable roadblocks or burdensome administrative requirements.

4. Is providing incentives to distributors to facilitate adoption of DER solutions (i.e., non-wires alternatives) appropriate? Under what circumstances?

Response:

Hydro Ottawa does not anticipate a need to provide distributors with an incentive to facilitate the adoption of DER solutions if a proper remuneration methodology is provided. However, should the project concerned have unintended impacts on the operation of the distribution system which may require unplanned investment or related delay in connecting the DER, reasonable accommodations would need to be made in terms of connection timelines and cost recovery.

5. If incentives are appropriate, how should the OEB select/develop the form of incentive that should be available?

a) Are there options the Incentive Subgroup did not identify that should be considered?

Response:

Generally, Hydro Ottawa does not see the need for incentives. The ability of the industry to instill a reasonable level of confidence that viable DER applications will be accommodated could address potential risks proponents may have with respect to obtaining connection.

Ensuring distribution planning is informed by DER adoption

6. What should the OEB consider when setting expectations to ensure distributors appropriately consider DER adoption when planning and operating their systems (e.g., industry guidance, additional filing requirements for Distribution System Plans, new requirements for reporting and sharing information).

Response:

A distributor's ability to forecast DER impacts on future loads is expected to be challenging. Distributors need visibility of DERs coming into their service territory. A framework or roadmap is needed which aligns with the supply strategy and needs. It is not known to what extent the DER business model aligns with that of the distributor and whether there could be conflicts in terms of the regulated and competitive business models.

Further, it is not clear what information DERs need from distributors. We propose that a connection process document be developed to inform stakeholders of their respective responsibilities and deliverables. Timely and accurate communications amongst stakeholders at the operational level will also be key to successful implementation.



Additional Comments

The societal and system benefits of DER integration should be weighed when comparing traditional options and DERs. Where the DER is most cost effective and where there is an up front cost that is incurred by the utility which provides a broader system or societal benefit beyond the utility's customer base, some form of cost sharing mechanism should exist to reimburse the utility's customers for that portion of the utility's investment. Recognising that the Ontario market design presents some challenges in this regard, this approach would promote fairness and prudence in DER integration and cost containment.

Utilities should be enabling DERs that lead to the greatest total benefit for all Ontarians. This will be achieved by choosing the solutions with the greatest benefit/impact, and developing a mechanism to make the financial aspect and cost allocation methodology result in an efficient, fair and transparent outcome to the extent possible. For example, a DER installation in Ottawa, funded by Hydro Ottawa customers, which benefits a portion or all of the province should expect some relative compensation (cost recovery/offset mechanism, including a return on their investment).

Thank you for the opportunity to provide comments on this important and transformational topic.

Sincerely,

DocuSigned by:

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