

Report of the Framework for Energy Innovation Working Group to the Ontario Energy Board – Invitation to Comment

Consultation Process EB-2021-0118

Written Comments of the Building Owners and Managers Association (BOMA)

September 2nd, 2022

Background

The Framework for Energy Innovation Working Group (FEIWG) delivered its Report to the Ontario Energy Board (OEB) on June 30, 2022. The FEIWG was established to advise the OEB on the steps it can take to facilitate cost-effective use and integration of distributed energy resources (DERs). The FEIWG Report to the OEB (the Report) captures the discussions of the FEIWG and offers recommendations to the OEB for consideration.

BOMA's primary interest is in accelerating the adoption of cost-effective DER installations which can help lower our members' utility bills, improve system reliability, quality and resilience and fully support the transition to the low carbon future. BOMA feels a sense of urgency in meeting emissions reduction targets and welcomes immediate action to remove barriers and disincentives, ensure effective financial incentives are in place, provide all stakeholders with information they need for good decision-making and verify that forecast benefits are actually achieved. BOMA is a participant in the DER Connections working group process and recognizes the merit of tackling the range of issues on multiple fronts while looking to the OEB to manage coordination between the work being done within its own proceedings and by the other parties involved.

Following are the specific written comments of BOMA on the FEIWG report and the three subgroups' reports.

General

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

BOMA Response: The report and the 3 subgroup reports capture the range of issues and complexities very well. The main principles that BOMA prioritizes are:

- Information: ready access to reliable information for all stakeholders to support positive decision-making
- Accountability: transparency and rigorous measurement and reporting of actual benefits and costs over time
- Urgency: immediate action and ambitious targets
- Flexibility: ability to adjust policy and guidelines in response to rapid changes in sector conditions and experience gained

BOMA is in agreement with the seven recommended next steps presented in the report, all of which are considered important, and has no additional recommendations. BOMA appreciates that recommendations will proceed both sequentially and in parallel and proposes that the above principles be applied in developing specific action plans.

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?

BOMA Response: BOMA recognizes the inherent economic, system and societal benefits to be gained from accelerated adoption of cost effective DER solutions, while appreciating the complexities of quantifying and weighting the wide range of potential benefits and attributing the associated costs to the appropriate beneficiaries. BOMA supports the early adoption of a simplified BCA Framework to enable good projects to proceed immediately, leaving further refinements to be made over time.

Developing and implementing utility incentives

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

BOMA Response: BOMA is of the opinion that alignment of financial interests of all parties is essential for rapid acceleration of cost-effective DER installations and that removal of disincentives is the first step. This work is part of the transition of distribution companies from “suppliers of infrastructure to energy services.” Such major changes carry inherent risk in a naturally risk-averse sector. Some distributors have greater capacity than others to manage both risk and the technical and administrative requirements of DER installations. DER projects are different and likely to become more complex over time as suppliers become more innovative in addressing multiple benefits. BOMA favours the UI subgroup recommendation (Section 6, recommendation 1) to test alternative incentives (and disincentive avoidance approaches) against a variety of use cases, pilot projects and early applications, with OEB oversight to move projects forward while clarifying issues and addressing possible unintended consequences. This testing should include avoidance of unnecessary administrative costs for all parties as well as direct financial incentives and disincentives.

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

BOMA Response: Consistent with the principle of alignment of interests, BOMA is in favour of appropriate incentives to distributors based on meeting DER targets.

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?

BOMA Response: While more options can be expected to emerge over time, the UI subgroup has done a thorough job of identifying a viable range of possible incentive mechanisms. As discussed in question 3, BOMA favours testing alternative approaches through use cases, pilot projects and early applications.