



Ontario Energy Board (OEB)
2300 Yonge Street, 27th floor,
P.O. Box 2319, Toronto, ON, M4P 1E4
Attn: Alexander Di Ilio

Submitted via Regulatory Electronic Submission System (RESS)

February 1, 2024

RE: EB-2023-0125 - Feedback on the OEB Draft Benefit-Cost Analysis Framework for Addressing Electricity System Needs

Dear Ms. Marconi,

On December 14, 2023 the Ontario Energy Board issued the Draft Phase One Benefit-Cost Analysis Framework (or “the handbook”) for stakeholder feedback.

Elexicon appreciates the OEB's efforts in developing and refining this framework and recognizes its importance in guiding the future of electricity distribution planning in Ontario. To further support these efforts, we are submitting additional feedback on the revised handbook, attached below.

The increased adoption of non-wires solutions (“NWS”) is an important step for Ontario’s electricity system to meet decarbonization and electrification goals. Through appropriate pacing, deference, and flexibility, distributors can ensure planning processes to incorporate NWS will evolve in an efficient and cost-effective manner.

Thank you for your consideration of our comments; we look forward to further stakeholder engagement on this essential and transformative work.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stephen Vetsis", is placed above the printed name.

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General Observations on the Phase One BCA Framework:

Exelion commends the OEB for its proactive leadership in developing the Draft BCA Framework. The framework represents an important development to support integration of Non-Wires Solutions (“NWS”) into our distribution system planning and operations. NWS provide distributors with an important tool in addition to traditional infrastructure investments to support the energy transition and deliver cost-effective service for customers.

The OEB’s Framework for Energy Innovation: Distributed Resources and Utility Incentives released January 30, 2023 (“FEI”) states that, “The OEB recognizes that, to meet these new expectations, distributors need time to build internal capabilities and, more fundamentally, realign their business priorities around doing things differently”. While distributors are beginning to consider NWS, Exelion agrees that the development of experience and capabilities will evolve along with the technical feasibility of the NWS themselves.

The OEB has proposed that the BCA Framework would be effective for all electricity rate applications for the 2026 rate year, onwards. At a high-level, Exelion is supportive of the proposed BCA Framework as a document however, it is important that the implementation of the BCA Framework recognizes the evolutionary nature of the capabilities of the sector when considering proposals in rate applications. Particularly in the initial years.

Rational and cost-effective implementation of the framework will be greatly enhanced by:

Framework Flexibility: The flexibility of the Draft BCA Framework is essential. The framework and new requirements must accommodate the varied sizes and operational characteristics of Local Distribution Companies (LDCs) across Ontario, to ensure practical application.

Pre-assessment Process: Exelion agrees with the OEB's guidance on the pre-assessment process: "Currently, the OEB is not establishing a mandatory format or requirements for the pre-assessment stage. It is expected that the degree of consideration of NWSs will vary depending on the system need, as some system needs may be clearly unsuitable for NWSs." The development of the pre-assessment process should be the responsibility of individual



distributors to appropriately tailor to their circumstances. The pre-assessment process is expected to evolve as more NWS are developed, and distributors have deployed, tested, and tracked the benefits of NWS.

Areas Requiring Further Review and Refinement:

Evolving Approach to NWS Integration: the OEB should encourage a reasonably paced and evolving approach to the integration of NWS into distribution system planning. Recognizing available technologies are new, and have limited use cases to address system needs, LDC system planning resources should be allocated to consideration of NWS in a cost-effective manner. This approach should emphasize testing and learning, given the emerging nature of NWS and Distributed Energy Resources (DERs) in our industry.

Scope and Materiality Thresholds: To promote efficient and cost-effective planning processes, the requirement for documenting consideration of NWS to meet system needs should be more narrowly scoped. NWS are typically most suited to instances where there are incremental capacity requirements or where some improvement in reliability is required; namely, System Service investments. These drivers are not aligned with the drivers underpinning System Renewal and System Access investments. Therefore, System Renewal and System Access investments (in addition to General Plant) should be excluded from the requirement for documenting consideration of NWS. While LDCs may propose NWS for any category they should not be required to document pursuit of NWS for a broad range of system needs that are not likely to be addressed by NWS in their current forms. Additionally, we propose permitting LDCs the flexibility to adopt a higher materiality threshold in their preassessment criteria. This would reduce the likelihood of exhausting planning resources on documenting the consideration of NWS for a higher volume of small investments during this nascent phase when most small system needs are highly unlikely to be addressable by an NWS.

Qualitative Costs: Cost-based evaluations do not account for all factors considered by a LDC, such as safety, environment, customer expectations, and reliability. More guidance is required on how to capture qualitative benefits and costs in the DST, specifically the level of detail and how the LDC should assess or weigh the qualitative inputs.



Technical Flexibility and Responsiveness: The technical aspects of the framework, particularly the methodology and inputs for net costs and benefits are promising tools for conducting BCAs. Additional worked examples with a variety of NWS would be useful for understanding how to apply these tools. Also, conferring flexibility to LDCs in the application of these tools as they begin to incorporate NWS into system planning processes is essential. Current LDC practices do not capture all the cost and benefit inputs contemplated in the handbook. The OEB should ensure this new guidance is effective and relevant by encouraging reasonably paced adoption of new sector practices and processes to capture the value of these new resources.

Impact of the EST on Project Planning: In the Energy System Test, some of the inputs would be sourced from the province's transmitter and/or the IESO (such as bulk system benefits or impacts) that are beyond the scope of the LDC. To collect and evaluate these inputs, additional time and resources will be required. This can potentially increase the timeline for project planning and impact project budgeting. These factors would need to be built into budget and time expectations for planning. Phase 2 of the BCA framework should be cognizant of project timelines if LDCs need to gather inputs which are externally produced.