

February 1, 2024

Nancy Marconi
Registrar
Ontario Energy Board

Via OEB RESS, email to registrar@oeb.ca

Re: CME Feedback to the OEB on Draft Benefit-Cost Analysis (BCA) Framework (EB-20230-0125)

Dear Registrar,

Canadian Manufacturers & Exporters (CME) appreciates the opportunity to submit comments on the Ontario Energy Board's (OEB's) draft Benefit-Cost Analysis (BCA) Framework for addressing Electricity System Needs. The CME has previously provided substantial feedback to the OEB in the CME's August 2022 responses to the Framework for Energy Innovation Working Group (FEIWG) report of July 2022.¹

With the need to reduce fossil fuels usage on a global scale, maintaining low electricity rates is one of the most powerful incentives governments can use. As noted in CME's [Manufacturing Ontario's Future](#) report, our province has a largely decarbonized grid, but rates are currently among the highest in North America. This underlines the importance of rigorous cost controls and objectives evaluation criteria as the province embarks in the largest expansion of its electricity grid in recent history.

For that reason, we applaud the OEB for accommodating many of the CME's prior recommendations which included:

- BCA's must be based on materially accurate costs and benefits for it to achieve the expected results – the lowest cost solutions;
- Develop a decision-making framework for the transparent, comparative analysis of wires/pipes versus non-wires/pipes options enabled by both existing and/or new DERs (this is consistent with the recent [recommendations](#) of the Electrification and Energy Transition Panel on planning the electricity and gas systems in a holistic manner); and,
- Broaden the scope to consider both utility and non-utility owned options.

CME commends the OEB for undertaking a phased approach to developing this framework, focusing first on distribution system needs and how Non-Wires Solutions (NWS) may address them. We agree that *"a distributor would only pursue NWS options where distribution service costs decline or are justified by improvements to distribution service that is provided to customers."*

We support the following quoted elements extracted from the draft BCA framework with the key points, from the CME's perspective, italicized and underlined:

¹ CME Submission to the OEB on the FEIWG and subgroup reports – EB-2021-0118, August 2022.

1. A Phased Integration of BCA to all Regional and System Planning will Help Ratepayers Save

“The BCA Framework establishes a new requirement that distributors shall document their consideration of NWSs when making material investment decisions as part of distribution system planning.”

CME supports the use of BCAs for all NWSs, as previously recommended, and not just Third Party Distributed Energy Resources (DERs) as originally discussed by the FEIWG reports. We agree that the Distribution System Test (DST) should be the mandatory test employed, particularly as an OEB BCA Framework Phase 1 outcome, acknowledging that, as the OEB undertakes its Phase 2 work, that other factors may come into play. Our previous submission noted that as the scope of the BCA expands, the suite of assumptions and validation protocols becomes more complex. Clear guidance from the regulator will be needed to maintain momentum in asset development, as demand dramatically grows by 2050.

2. The Test Needs to be Asset Neutral

“It is the role of the OEB to facilitate the implementation of the best solutions to meet system needs. [...] It is not the role of the OEB to increase or accelerate NWS adoption, or to choose one technology solution over another.”

Through its landmark *Inflation Reduction Act*, the United States has introduced almost \$400 billion in subsidies to a very broad range of low-carbon energy assets. As manufacturers navigate the changing landscape created by these subsidies, they will need to be agile and be ready to shift plans to adapt. CME supports the clarification that it is not the role of the OEB to accelerate NWS adoption or prefer any technology solution. Our association previously recommended that NWS options should be determined based on BCA outcomes that demonstrate whether options are in the best interests of ratepayers.

3. Rigor in the Methodology will Support Good Outcomes, Especially for Costlier Assets

“Electricity distributors are expected to complete the filing template (see Section 6) with a level of detail proportional to the materiality of the costs being incurred and benefits being achieved...”

CME supports these requirements to validate assumptions and findings of a distributor’s BCA. We previously recommended that OEB should ensure that the underlying assumptions and methods are comprehensive, robust, and transparent to support evidence-base scrutiny by stakeholders. We actively support rate hearing applications and recognize the value that robust data provides to this process.

In closing, CME supports the OEB in its phased approach to develop a BCA that builds from the lens of a Distributor’s rate application and keeps a focus on identifying the lowest cost solutions to historic distribution system needs.

Sincerely,



Vincent Caron
Director, Policy & Ontario Government Relations