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BY EMAIL and RESS

February 1, 2024

Ms. Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
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Dear Ms. Marconi:

EB-2023-0125 Draft Phase One Benefit-Cost Analysis Framework - Building Owners and Managers Association's Comments

Introduction

The Benefit-Cost Analysis (BCA) Framework is an outcome of the Framework for Energy Innovation (FEI) consultation, which was initiated to clarify the regulatory treatment of innovative and cost-effective solutions including non-wires solutions (NWS) and facilitate their adoption in ways that enhance value for customers. The BCA Framework outlines the methodology that electricity distributors are to employ when assessing the economic feasibility of NWSs to address defined electricity system needs. The development of the BCA Framework will take place in two phases. Phase One will advance guidance, methodologies, and tools primarily for distribution impacts. Phase Two will focus on broader energy system impacts.

On December 14, 2023, the Ontario Energy Board (OEB) issued its Draft Phase One BCA Framework for Addressing Electricity System Needs ("Draft BCA Framework") for stakeholder feedback.

Building Owners and Managers Association (BOMA) represents over 800 Ontario Property and Facility Owners, Managers, Developers, Leasing Agents, and Commercial Real Estate Professionals. Its members account for 80 per cent of all commercial and industrial real estate companies throughout Ontario.

BOMA appreciates the opportunity to provide input on the OEB's Draft BCA Framework and its comments are set out below.

General Comments

BOMA has reviewed the Draft BCA Framework and is generally supportive of the OEB's direction.

In particular, BOMA supports the intent of the Draft BCA Framework, which is to encourage the development of solutions that are in the best interests of both an electricity distributor's customers and Ontario's energy customers more broadly and to help level the playing field between NWS and traditional poles-and-wires infrastructure solutions to meet an electricity system need.

Distribution System Test and Energy System Test

The Draft BCA Framework sets out two cost-effectiveness tests when considering NWSs – Distribution System Test (DST) and Energy System Test (EST). All applications submitted by electricity distributors for the use of NWSs must calculate the benefits and costs prescribed by the DST. Electricity Distributors may also elect to calculate the benefits and costs prescribed by the EST. The DST evaluates the impacts associated with providing distribution service, favouring the solution that delivers the highest net benefits to the distribution service enjoyed by the utility's customers. The EST evaluates the impacts to all customers in Ontario, favouring the solution that delivers the highest net energy system benefits to these customers.

While BOMA generally supports the use of DST and EST in the Draft BCA Framework, BOMA recommends the following considerations:

1. *Inclusion of Greenhouse Gas Emission Impact as a Benefit*

   Tables 1 and 2 in the Draft BCA Framework provide the list of Benefits in the calculations of DST and EST. Greenhouse Gas (GHG) emission impact has not been identified as a benefit in these tables.

   BOMA submits that given the Government of Canada's commitment to achieving net-zero emissions by 2050 and GHG emission is a major contributor to global warming and climate change, GHG emission impact should be considered in both the DST and EST calculations.

2. *Should the EST be the Mandatory Primary Test?*

In the Draft BCA Framework, the DST is listed as the mandatory primary test while the EST is listed as optional. The OEB indicates that in Phase Two of this initiative, it may expand on the direction provided for EST.

The BCA Framework is an outcome of the FEI consultation, which was initiated to, among other things, facilitate NWS adoption that enhance value for customers. As such, BOMA believes the primary and mandatory test of the BCA Framework should consider all components of customer savings, which include avoided distribution, transmission, energy and generation capacity costs. As a result, EST appears to be the more appropriate choice to be utilized as the mandatory and primary test in the BCA Framework.

However, BOMA also acknowledges there are important considerations that need to be examined before EST can be implemented appropriately. For example, BOMA has concerns regarding the availability, consistency and applicability of upstream energy system (especially transmission) benefit information to be used in the EST calculations as these benefits may vary greatly among different electricity distributors. Additionally, should and how does an electricity distributor receive further compensation when a NWS provides broader system benefits that go beyond its own customers?

In conclusion, BOMA submits that the application of the EST needs to be examined thoroughly in Phase Two of this initiative.

BOMA is pleased to continue to work collaboratively with stakeholders in this proceeding in support of the development of infrastructure investment solutions that are in the best interests of both an electricity distributor's customers and Ontario's energy customers more broadly.

Sincerely,

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