Ontario Energy Board
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February 1, 2024

Re: EB-2023-0125 – Draft Phase One Benefit-Cost Analysis (BCA) Framework

The Atmospheric Fund (TAF) appreciates the opportunity to provide feedback on the draft Phase One Benefit-Cost Analysis (BCA) Framework. We commend this initiative for its commitment to effective decision-making and transparency in Ontario's evolving electricity sector.

We support the Ontario Energy Board's (OEB) commitment to advancing the understanding of the full distribution-level impacts of non-wires solutions (NWS). This framework will play an important role in measuring the benefits and costs associated with NWSs and will help to justify their implementation. The BCA Framework establishes a transparent evaluation process for utilities to clearly state the value that proposed resources could add to the electricity system. This helps provide a fair assessment of energy solutions, contributing to a more even playing field between NWSs and conventional infrastructure. This approach will more effectively demonstrate the feasibility of NWSs in addressing defined electricity system needs and the benefits they can deliver directly to distributors and consumers, as well as broader energy consumers across the province. We also support the Framework's alignment with economic evaluations used in Ontario's electricity sector, enabling integrated distribution system and regional planning. Given the diverse constraints across different areas of the province, it is important that utilities share and report on the key factors covered by the Framework annually. This clarity will help maximize the value of existing grid infrastructure, maintain reliability, and help potential project proponents identify where they can most effectively contribute to the electricity system.

Pre-assessment stage guidance

We acknowledge that there are situations where NWSs may simply not be feasible, and as a result, conducting a full cost-benefit analysis is unnecessary. Considering this, we accept that the pre-assessment stage is an important part of the process. However, we are concerned that the current lack of clear guidance and requirements for the pre-assessment stage raises the risk of viable NWS options being screened out without substantiating evidence. Over many years, we've observed instances, such as in previous Integrated Regional Resource Plan (IRRP) processes, where NWSs were ruled out without sufficient evidence, often based on claims of poor cost-effectiveness or delivery timelines deemed too long to meet system needs. While the reference to Enbridge Gas's Integrated Resource Planning (IRP) Framework provides some guidance, some of the binary screening criteria guidance may not be appropriate for the electricity sector. For example, the IRP timing criterion exempts any system need emerging within three years from consideration of alternatives. Arguably, some NWSs can be deployed more rapidly and with greater certainty of impact than is typically the case with gas IRPs. **We**

recommend that the OEB establish an expectation that any decision to exclude NWSs at the pre-assessment stage must be supported by both a clear rationale and substantiating evidence. For instance, if timing is cited as a reason for excluding an NWS, there should be substantiating evidence demonstrating the urgency of the system need and that an NWS would necessarily require more time to implement than a conventional solution. This added clarity will ensure a fairer and evidence-based approach to evaluating NWSs, ultimately promoting more effective and equitable decision-making to level the playing field with conventional solutions.

Consideration of non-energy benefits

It is widely accepted that non-energy benefits (NEBs) should be factored into the cost-benefit analysis of utility conservation and demand management (CDM) and demand-side management (DSM) programs, including those in Ontario. The OEB has recognized that NWS measures fall under the umbrella of CDM measures, as defined in their CDM guidelines. In instances where the Distribution Service Test (DST) yields marginally negative results, there may still be scenarios where an NWS is preferable when considering participant and societal NEBs. Therefore, **we recommend that the BCA Framework incorporate the consideration of NEBs for NWSs.** We propose that the framework offer utilities the option to conduct a societal cost test inclusive of NEBs or allow for the submission of qualitative information on NEBs in support of NWS proposals that are marginally non-cost-effective under the DST. Several robust frameworks for assessing NEBs are readily available for this purpose. Research commissioned by the Independent Electricity System Operator (IESO) in 2021 has highlighted that NEBs associated with many CDM measures can be equivalent to or even exceed the energy benefits. This underscores the importance of integrating NEBs into the BCA Framework to ensure a comprehensive evaluation capturing the full spectrum of benefits and costs.

Thank you for considering our input and we look forward to the publication of the final BCA Framework. We remain committed to fostering a collaborative environment that integrates sustainable solutions into Ontario's electricity system.

Sincerely,

Bryan Purcell

VP of Policy & Programs
The Atmospheric Fund

About the Atmospheric Fund

The Atmospheric Fund (TAF) is a regional climate agency that invests in low-carbon solutions for the Greater Toronto and Hamilton Area (GTHA) and helps scale them up for broad

implementation. Please note that the views expressed in this submission do not necessarily represent those of the City of Toronto or other GTHA stakeholders. We are experienced leaders and collaborate with stakeholders in the private, public and non-profit sectors who have ideas and opportunities for reducing carbon emissions. Supported by endowment funds, we advance the most promising concepts by investing, providing grants, influencing policies and running programs. We're particularly interested in ideas that offer benefits in addition to carbon reduction such as improving people's health, creating local jobs, boosting urban resiliency, and contributing to a fair society.