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BY E-MAIL AND WEB POSTING

August 13, 2019

To: All Licensed Electricity Distributors
All Licensed Electricity Generators
All Licensed Storage Companies

All Other Interested Parties

Re: Board File Number: **EB-2019-0207**
Distributed Energy Resources Connections Review Initiative

The Ontario Energy Board (OEB) is commencing an initiative to review its requirements in regard to the connection of distributed energy resources (DERs) by licensed electricity distributors (DER Connections Review). The purpose of this initiative is to identify any barriers to the connection of DERs, and where appropriate to standardize and improve the connection process. The review will be focused on connection of electricity generation and storage facilities connected to the distribution system, either in front or behind the distributor's meter. This letter provides an overview of the issues to be considered in the DERs Connection Review initiative and the OEB's proposed approach to addressing the issues.

On July 17, 2019, the OEB issued a [letter](#) regarding an initiative to investigate how to enable DERs in Ontario (Responding to Distributed Energy Resources EB-2018-0288). That initiative will address policy broader questions regarding value of DERs, new DER services and the role of utilities in providing those new services to DERs. The DER Connections Review is focused on addressing: connection process and timelines, connection cost responsibility matters and technical connection requirements both for the distribution system and any requirements of transmitters for connection DERs. The DER Connections Review work will be coordinated with the Responding to Distributed Energy Resources consultation.

Background

The OEB has heard from customers, DER providers, industry associations and distributors regarding a number of challenges and barriers in relation to the connection of DERs. DER providers and customers have expressed concern that these challenges and barriers are inhibiting the adoption of cost-saving energy management technologies in the Province. Electricity distributors have raised questions about the impact of these new technologies on their systems and the lack of clarity regarding the treatment of these new technologies. To sum up, stakeholders have expressed concerns that the rules regarding the timeframes and cost responsibility for connections are unclear, and that technical requirements are undefined. These issues were also identified by the Advisory Committee on Innovation in its Report to the OEB.

The current rules and technical requirements outlined in the Distribution System Code (“DSC”), as they relate to the connection of DERs, were developed a number of years ago. The rules reflected the limited experience that distributors and customers had with connection of DERs in Ontario. Since the last review of these requirements, there has been a significant shift in the adoption of DERs.

Stakeholders have identified that the lack of clear rules and distributors’ limited experience with DERs has led to very different approaches to the connection of DERs in different service areas. Customers and DER providers are concerned that the lack of clear rules and uncertainty of definitions is leading to lost opportunities due to connection delays and added costs.

Based on staff’s discussions with the sector, it is apparent distributors have varying experience with DERs and some have adopted a conservative approach to the connection process in order to minimize risks. However the adoption of different approaches has led to delays and acts as a barrier to the delivery of these new services to customers. Stakeholders are concerned that the lack of clear regulatory requirements is inhibiting these new technologies and customer’s opportunity to use these technologies to manage energy use and costs.

The OEB’s view is that there should be consistency across the Province in terms of cost responsibility and process timelines. In the case of technical requirements, a degree of standardization and consistency may be appropriate, and in the past the OEB has set technical requirements to facilitate connections. When the DSC was revised in 2009 to include requirements for connection of generation, the OEB’s objective was to minimize the different treatment of customers across different service areas, given all distributors are required to connect customers in a timely fashion. Therefore the OEB intends to proceed with a process of developing additional regulatory requirements where appropriate to standardize the connection process while ensuring reliability on the distribution system and fairness to customers in terms of cost sharing.

Proposed Approach

Based on the meetings with stakeholders, OEB staff have identified the following high level set of issues which may be posing barriers to DER adoption:

- The need for standardization and clarity of definitions, terminology and regulatory rules in respect to DERs
- The need for clear rules regarding cost responsibility for connection of DERs to ensure fairness to DER customers and all other customers of the distributor
- More detailed and comprehensive timelines for the connection process to ensure the timelines are well understood
- Appropriate standardization of connection technical requirements

We are now looking for comments and feedback from customers, service providers, and distributors regarding the identified issues as well as the following questions:

- Are the objectives for the DER Connections Review initiative clear?
- Have staff identified the right topics for the DER Connections Review and do stakeholders have any specific concerns that they want to identify?
- Are there any proposed solutions that stakeholders wish to identify at this point?
- What is the best approach for development of solutions to the issues identified?

Once comments have been received from stakeholders, OEB staff will issue a letter setting out the scope of the review and details of the approach to addressing the issues. Recognizing that the issues under several of the topics are technical in nature, staff intends to engage a working group of representatives from the sector to review the issues and develop a set recommendations to address the issues. These recommendations would be provided to the OEB for consideration in terms of amendments to the DSC or issuing direction/guidance to the industry. Stakeholders should identify their interest in participating in the working group in their response to the request for comments on the topics and questions identified above. Specifics about the working group will be included in staff's letter that will be issued following receipt of comments.

The OEB is aware that several industry organizations have been undertaking work on some of the issues, particularly technical matters. In order to gain the benefit of these ongoing discussions, OEB staff will invite these groups to provide information on their work to date to the Working Group.

Invitation to Comment and Cost Awards

Any person or organization that would like to provide a comment on the questions identified in this letter is invited send their comments via an electronic copy in a **searchable Adobe Acrobat (PDF) and a MSWord Document**, if possible, to the OEB at boardsec@oeb.ca by 4:30 pm on **September 17, 2019**. Please quote file number **EB-2019-0207** and include your name, address, telephone number and, if available, your e-mail address and fax number. Please also identify your interest in participating in the Working group.

Cost awards will be available under section 30 of the *Ontario Energy Board Act, 1998* to eligible participants for their participation. Parties interested in requesting cost eligibility should indicate their intent by filing a letter with the OEB by **August 27, 2019** in accordance with the filing instructions set out in Attachment A. All requests for cost eligibility should comply with the requirements of the OEB's Practice Direction on Cost Awards.

Questions about the DER Connections Review should be directed to Catherine Ethier at Catherine.Ethier@oeb.ca or at 416-544-5155.

Yours truly,

Original signed by

Brian Hewson
Vice President, Consumer Protection & Industry Performance

Attachment A - Cost Award Eligibility

The OEB will determine eligibility for costs in accordance with its Practice Direction on Cost Awards. Any person intending to request an award of costs must file with the OEB a written submission to that effect by **August 27, 2019** delivered to the **Board Secretary at boardsec@oeb.ca**. The submission must identify the following:

- The policy initiative(s) for which cost eligibility is requested
- The nature of the person's interest in the initiative(s)
- The grounds on which the person believes that they are eligible for an award of costs (addressing the OEB's cost eligibility criteria as set out in section 3 of the OEB's Practice Direction on Cost Awards)
- An explanation of any other funding to which the person has access
- The name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known

All requests for cost eligibility will be posted on the OEB's website.

Licensed electricity distributors and transmitters will have an opportunity to object to any of the requests for cost award eligibility. Objections must be filed with the OEB by **September 27, 2019** and will be posted on the OEB's website.

The OEB will then issue a final determination on cost eligibility.

Eligible Activities

For the purpose of commenting on the topics and questions identified in this letter, eligible parties would be eligible for up to 5 hours.

Details on costs for future steps in the review will be provided at the time of the letter setting out the scope of the DER Connections Review and the working group membership.

Cost Awards

The OEB will apply the principles set out in section 5 of its Practice Direction on Cost Awards when awarding costs. The maximum hourly rates set out in the OEB's Cost Awards Tariff will be applied. The OEB expects that groups representing the same interests or class of persons will make every effort to communicate and coordinate their participation in this process.

The OEB will use the process set out in section 12 of its Practice Direction on Cost Awards to implement the payment of the cost awards. Therefore, the OEB will act as a clearing house for all payments of cost awards in this process. For more information, please refer to the OEB's Practice Direction on Cost Awards.