

The Northumberland Hills Hospital Perspective

Ontario Energy Board Standby Rates Consultation Stakeholder Meeting

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NHH

Northumberland
Hills Hospital

Northumberland Hills Hospital

- Who is NHH
 - Opened in 2003
 - Located in Cobourg (~100km east of Toronto)
 - Serves catchment area of west Northumberland County (~63,000 residents)
 - Delivers broad range of acute, post-acute, outpatient, and diagnostic services.
 - 700+ full and part-time staff.
 - Electricity distribution customer of Lakefront Utilities Inc. (LUI)



NHH's Behind-The-Meter Facility

- 287kW Combined Heat and Power (CHP) Generation Facility.
- In-Service since 2020.
- Historical usage has been consistent way to reduce electricity costs.
- Planned maintenance completed off-peak.
- Facility benefits LUI (and upstream) by reducing load on distribution (and bulk) system.
- Facility received incentive funding from the IESO.
- Economics of facility did not contemplate standby rate.
- NHH intervened in LUI's 2019 IRM and 2022 CoS Applications.

Standby Rates As Historically Contemplated Singles Out LDG

- Standby Rate unfairly singles out load displacement generation (LDG).
- LDG is a type of load management, but other types of load management (demand control, storage, operational practices, etc.) do not have a similar charge.
- Cost allocation and rate design are structured to capture peak demand already.
- Any charge for load management should apply to all types, and should simply be part of the standard rate.

Standby Rates As Historically Contemplated Are Designed Unfairly

- Capacity Reserve Charge (CRC) proposal from 2019 EB-2015-0043 Staff Report flawed.
- No analysis if capacity is in fact being held in reserve for customers with LDG.
- No analysis of the actual costs for an LDC to hold capacity in reserve.
 - Cost \neq Lost Revenue (Navigant Study in EB-2015-0043 asked wrong question)
 - Cost to provide backup for LDG customers due to in-frequent facility outage is very different than the cost to service same demand year-round
 - CRC (or similar methodologies) assumes distributor reserves capacity at all times on all facilities that serve the customer.
 - Do not generally need to hold full capacity in reserve because of the demand diversity of customers (which is/should be considered in system design).
 - If a customer with LDG's use of 'additional' capacity (for example during an outage) is below its highest monthly peak demand for that year, then there is no incremental cost.
- Instead of focusing on a theoretical amount of standby capacity (which is not how we charge customers more generally for demand costs), it is better to design base rates so that the actual demands on the system for each customer are costed and charged.

Standby Rates Do Not Contemplate Value LDG Provides System

- CRC or any existing or completed Standby Rates methodologies do not consider the value LDG provides to the distribution system.
- Significant electrification (increasing peak capacity) will be needed to meet decarbonization targets which will require significant distribution system upgrades.
- OEB should want to encourage reduced system demand by incenting customers to install DERs, including LDG.
- Existing Standby Rates (almost all approved more than 15+ years ago) were a product of a different time.

Standby Rates Create Strong Disincentives That Harm Electricity System

- CRC proposal provides no incentive for a customer with LDG to manage outage to the benefit of the system (during off-peak).
- More broadly, standby rates create disincentive for customer from installing LDG as they reduce the financial benefit to do so.
 - Runs contrary to OEB's work seeking to incent adoption of DERs (which includes LDG) and use of third-party owned DERs to benefit distribution system.
 - Runs contrary to IESO work (for example, discussion as part of Future Clean Energy Fund is funding towards customer-sited DERs, OEB/IESO Joint Study in DER Incentives).

If Standby Rates Are To be Implemented Province-Wide, Then OEB Should Consider...

- Very hard for customers to provide input on specific design due to lack of data and analysis (as pointed out by many non-utility stakeholders in EB-2015-0043).
- Phase-in period is a must for existing customers with LDG without existing Standby Rate in place.
- Rate design must be reflective of LDC actual costs.
- Must reflect value that LDG provides to distribution system now and into the future.
- If negotiated capacity option chosen, some form of a timely and cost-effective dispute resolution mechanism needs be implemented due to power imbalance in favor of LDC.

Thank You

