



July 5, 2024

VIA RESS

Ontario Energy Board
P.O. Box 2319,
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Attention: Registrar

Dear Ms. Marconi,

**Re: Toronto Hydro-Electric System Limited (“Toronto Hydro”)
2025-2029 Custom Rate Application
Board File Number: EB-2023-0195**

We are counsel to the Distributed Resource Coalition (“**DRC**”) in the above-noted proceeding. Pursuant to Procedural Order No. 1, DRC requests approval to file a very limited additional expert report in support of the customer and utility efficiencies that are likely to flow from the Applicant’s proposed Innovation Fund, which has been identified in OEB Staff’s letter dated July 4, 2024, as the remaining fully unresolved issue in this proceeding.

DRC has recently become aware of work done by The Brattle Group (“**Brattle**”), which we believe would be extremely helpful to the Ontario Energy Board (the “**Board**”), the Applicant, and all intervenors in their consideration of the Innovation Fund. The proposed report by Brattle (the “**Report**”) would directly address the value of innovation funds in facilitating an energy transition in a manner that produces quantified savings and reliability benefits for both utilities and customers over the medium and longer-term. We believe that this quantification has been missing from the Board’s consideration of this issue to date.

DRC issues the request on the following grounds:

1. it has just recently been alerted to the Brattle work in and around related matters;
2. the proposed Report, as detailed below, would be succinct, focused on the sole remaining issue before the Board, and of high value to the Board given the issues that it may wish to consider;
3. the cost of such evidence would be minimal (in the range of \$5,000-\$7,000) in light of the potential customer and utility benefits that it may elucidate for the Board;
4. DRC and Brattle are in a position to meet very short timelines (less than 10 days) to ensure that the evidence and any associated written discovery are introduced at the earliest possible date, without prejudice to the Applicant and other parties; and

5. the introduction of the evidence will not otherwise delay or prejudice Toronto Hydro's application.

Proposed Evidence and Relevance

Brattle combines state-of-the-art analytical techniques and practical industry experience to answer economic, financial, and regulatory questions. Brattle's Electricity Wholesale Markets & Planning practice has assisted market operators, utilities, regulators, and market participants in the US, Canada, and worldwide with insightful, rigorous analyses that help navigate a changing energy landscape. Brattle's work has helped inform wholesale market designs, planning processes, and investment decisions to meet reliability and environmental objectives cost-effectively.

Brattle's Report would speak to the quantified consumer and utility value and importance of vehicles like Toronto Hydro's innovation fund as an extremely valuable mechanism towards taking full advantage of the potential that distributed resources offer, ensuring that the rapidly advancing technologies integral to the energy transition are evaluated and scaled up technologies in a way that maximizes value for ratepayers and utilities.

DRC believes that the Report would therefore be extremely helpful to the Board in diligently evaluating the evidence-based potential value of Toronto Hydro's proposal to include distributed energy resource ("DER") integration as a key feature of its Innovation fund.

The Report would constitute the only independent evidence on the impact of vehicles like Toronto Hydro's proposed innovation fund. There is currently no independent evidence in this proceeding on Issue 2.4 and questions relating to the appropriateness of the proposed fund. The Report and Brattle's experts provide independent expertise currently absent from this proceeding on the potential of DERs actualized through the innovation fund based on the experience in various North American jurisdictions.

In short, the proposed evidence would be of unique value to the Board in this proceeding as it focuses on its evidence-based and prudent review of the sole remaining issue.

Experience of Tom Chapman (lead)

Tom Chapman is a principal with Brattle and an expert in Brattle's Electricity Wholesale Markets & Planning practice. He is an energy economist with expertise in regulatory economics, wholesale energy markets, and energy policy design. For more than 25 years he has worked with utilities, independent electricity system operators, and government, regulatory and industry stakeholders on a range of initiatives that impact energy markets in the United States, Canada, and Europe.

Mr. Chapman has been a lead witness and testified before regulators on electricity sector costs and in support of utility rate filings. He has developed wholesale market participation models for new technologies such as energy storage, distributed energy resources, and hybrid resources. He is experienced in transmission expansion, including new interconnections and intertie trade as well as the integration of renewable energy sources.

Mr. Chapman, as part of Brattle, has extensive experience advising on and overseeing the selection and funding of the types of projects envisioned by Toronto Hydro's innovation fund. He has been at the forefront of exploring the potential of virtual power plants ("VPPs"), working with the U.S. Department of Energy, utilities and industry participants across North America. His experience leaves him well-positioned to offer expert testimony on the potential of VPPs and

distributed resources for Ontario ratepayers and utilities, as well as the most effective mechanisms to maximize that potential in the context of rapid technology advancement and energy transition.

Proposed Timelines

DRC recognizes that this proposal arrives late in the proceeding and does not wish to delay or otherwise prejudice the application. Accordingly, DRC proposes the following in order to expedite the introduction of Brattle's evidence:

- DRC would file Brattle's short report within two weeks of any receipt of the Board's approval. DRC notes that is prepared to proceed on even more expedited timelines if the Board requires it.
- DRC and Brattle are prepared to proceed on similarly expedited timelines in terms of responding to interrogatories and/or the scheduling of any technical conference that the Board deems necessary.

DRC submits that this expedited timeline, in conjunction with the anticipated short and focused nature of the proposed evidence, will ensure that the application suffers neither from delay nor prejudice in the event the Board approves DRC's request.

Proposed Budget

As indicated above, we anticipate that the cost to produce the Report will be between \$5,000 to \$7,000, given its proposed targeted approach. The cost for interrogatory responses, as well as any participation at a technical conference or hearing would be in addition to this amount. DRC estimates that the incremental costs relating to the time that counsel to DRC would spend facilitating the Report would be approximately \$1,500 to \$2,000.

Conclusion

We would be pleased to address any questions you may have.

Sincerely,

Handwritten signatures of Nick Daube and Lisa DeMarco. The signature on the left is 'Nick Daube' and the signature on the right is 'Lisa DeMarco'.

Nick Daube and Lisa DeMarco, Counsel for DRC

c. All Parties