

BY EMAIL and RESS

September 18, 2024

Ms. Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Marconi:

EB-2023-0195 Toronto Hydro-Electric System Limited (Toronto Hydro) 2025-2029 Custom Rate Application for Electricity Distribution Rates - Building Owners and Managers Association Submission on Toronto Hydro's proposed Innovation Fund

Pursuant to the Ontario Energy Board (OEB) Procedural Order No. 7, please find attached Building Owners and Managers Association's (BOMA) submission on Toronto Hydro's proposed Innovation Fund in its 2025-2029 Custom Rate Application.

Sincerely,



Clement Li
Director, Policy & Regulatory Development
Enerlife Consulting Inc.
cli@enerlife.com

**EB-2023-0195 - Toronto Hydro-Electric System Limited 2025-2029 Custom Rate
Application for Electricity Distribution Rates**

**Building Owners and Managers Association's Submission on Toronto Hydro's proposed
Innovation Fund**

Introduction

The 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. Over the years, BOMA has been active in protecting and advancing the interests of its members on important policy issues including energy transition, energy pricing and supply, property taxes, labour requirements, building materials and equipment regulations.

Background

Toronto Hydro filed an application with the OEB on November 17, 2023, seeking approval for changes to the rates that Toronto Hydro charges for electricity distribution, beginning January 1, 2025, and for each following year through to December 31, 2029 (the Application). On August 16, 2024, Toronto Hydro filed a proposed Settlement Agreement which contains a substantial settlement of the issues within the Application, with Toronto Hydro's proposed Innovation Fund remaining unsettled.

Pursuant to Procedural Order No. 7, this is BOMA's submission on Toronto Hydro's proposed Innovation Fund in its 2025-2029 Custom Rate Application.

BOMA Comments

BOMA is generally supportive of innovation among utilities. The energy transition has already begun. Ontario's electricity distribution system will undergo substantial changes as electrification takes place. Innovation research is key to enable utilities to explore and find better options to implement these significant investments effectively and efficiently. Therefore, BOMA submits the OEB should approve Toronto Hydro's proposed Innovation Fund with the following adjustments:

1. Evidence to demonstrate that the scope and nature of the projects to be funded by Toronto Hydro's proposed innovation fund are distinct

In its evidence¹, Toronto Hydro indicated that the definition of innovation includes: i) the use of new technology or new ways of using existing technology; ii) innovative business practices, including relationships with others to enhance services to customers and share costs; or iii) enhancing distribution services in a way that benefits customers, including facilitating customers' ability to innovate in how they receive distribution services.

BOMA believes that there is potential overlap between "projects under the proposed innovation fund" and "normal innovation work expected in a distributor's system plan funded by base rates". As such, any expenditures from the proposed innovation fund must be supported by evidence to demonstrate that the scope and nature of the projects to be funded by the proposed innovation fund are distinct from what are expected from projects funded by base rates. BOMA also expects the expenditures under the innovation fund must be subject to an OEB prudence review when Toronto Hydro applies for cost true-up.

2. Governance

Toronto Hydro proposed a governance framework that includes only Toronto Hydro senior leaders to oversee pilot selection, design, execution and evaluation². BOMA does not believe that is appropriate and recommends a steering committee that includes representatives from Toronto Hydro, OEB, City of Toronto, Independent Electricity System Operator and other parties with adequate industry knowledge. This steering committee will oversee and approve all aspects of these innovation projects, including annual review and reporting requirements. This recommendation will improve transparency, public awareness and overall effectiveness of the projects.

3. Duplication and sharing of information

BOMA recommends additional conditions to avoid project duplication:

- Project selection criteria must include a review of similar projects in Ontario and North America to avoid duplication. Lessons learned from similar projects in other utilities and jurisdictions will also improve the scope of the proposed projects.

¹ EB-2023-0195 Exhibit 1B, Tab 4, Schedule 2, section 3

² EB-2023-0195 Exhibit 1B, Tab 4, Schedule 2, section 4

- Project findings and detailed data must be made available to the public to avoid duplication (for other utilities in Ontario and North America). Detailed data sharing will also encourage and allow other parties to perform additional analyses, maximizing the benefits of these projects.