Vulnerability Assessment and System Hardening (VASH) Project
EB-2024-0199

AMPCO's Comments January 23, 2025

The VASH project was initiated in response to the Minister of Energy (now Energy and Electrification) to develop and implement policies to improve distribution sector resiliency to address the challenges posed by climate change.

Following three VASH stakeholder meetings held in 2024[1], the Ontario Energy Board issued a draft version of the Vulnerability Assessment Report (VA Report) on December 17, 2024, including a Vulnerability Assessment Toolkit (VA Toolkit) developed by OEB's consultant Guidehouse Canada Ltd., which includes resources designed to assist distributors in their preparation of VA analyses.

The OEB seeks written feedback on the draft VA Report and VA Toolkit by January 23, 2025.

Below are AMPCO's comments.

AMPCO's Comments

The Minister of Energy's Direction to the OEB dated November 29, 2023 (2023 Letter of Direction) directed the OEB begin to develop and implement policies that will require local distribution companies to:

- Incorporate climate resiliency into their asset and investment planning activities.
- Engage in a regular assessment of the vulnerabilities in their distribution system and operations in the event of severe weather.
- Prioritize value for customers when investing in system enhancements for resilience purposes.

In response to the above directives, the OEB is proposing two options to Vulnerability Assessment: the Custom Option and the Generic Option.

• Custom Option – Distributors can conduct a custom Vulnerability Assessment so long as they adhere to certain criteria set out in the draft VA report.

• Generic Option – Distributors can use the Vulnerability Assessment Methodology and VA Toolkit developed by the OEB.

[1] July 31, 2024; September 9, 2024; October 21, 2024

AMPCO is generally supportive of the OEB's two option proposal. The proposal was informed by input from stakeholders and it allows flexibility under the Custom Option in what distributors file with respect to a Vulnerability Assessment to best reflect their circumstances. One of the OEB's criterion under the Custom Vulnerability Assessment is that it be developed using a quantitative analysis (e.g., annual probability of failures). It may be helpful for the OEB to provide further guidance on what would satisfy a "quantitative analysis" under the Custom Option. AMPCO notes that many distribution companies already plan for and invest in climate change adaptation as part of their standard engineering practices such as building and designing pole lines to meet or exceed the latest version of CSA C22.3 No. 1[2], and AMPCO expects that a distributor's prospective infrastructure renewal investments will take into consideration existing climate resiliency work already being done and the associated cost impact.

Implementation

The OEB proposes that a distributor's Vulnerability Assessment be filed as part of its Distribution System Plan (DSP). AMPCO takes no issue with this proposal however, AMPCO sees the Vulnerability Assessment as one of many inputs to a utility's distribution system planning similar to, for example, the results of an Asset Condition Assessment (ACA) to justify System Renewal spending. It's worth noting that ACAs conducting by Third Parties often emphasize that the plan for renewal presented in the ACA is based on the estimated condition of assets and that there are numerous other considerations that may influence a utilities actual asset management plan such as obsolescence, system growth, corporate priorities, technological advancements, etc.[3] This recognizes the need for a holistic view of asset investment planning and the balancing of many inputs. Thus, the Vulnerability Assessment needs to be considered in the context of all other asset management process inputs and specific utility conditions and should not automatically be given elevated significance as a planning cost driver. In other words, the Vulnerability Assessment, when incorporated into a utility's distribution system planning, should be considered alongside other inputs to determine investment priorities.

The Generic Option includes a criterion: Vulnerability Assessment Annual Probability Bin – A distributor should decide on the cut off probability thresholds to define low, medium, high, and very high asset vulnerabilities (e.g., Low < 1%, Medium < 5%, High < 10%, and Very High >10%).

AMPCO does not agree the distributor should decide on the cut off probability thresholds. Rather, AMPCO submits the OEB should set standardized thresholds to ensure the data and analysis is comparable between distributors.

Timing

The OEB has proposed that distributors' Vulnerability Assessment and system hardening analyses will be required in rebasing applications filed in 2026 for determination of rates

[2] EB-2024-0026 DSP p.20
[3] EB-2024-0026 DSP Appendix A Asset Condition Assessment p.29

effective in 2027. The OEB recognizes that this timeline is sooner than requested by some stakeholders, but indicates Commissioners will consider the amount of time that distributors have had to prepare the VASH-related aspects of their distribution system plans.

AMPCO sees no reason why the timeline should be moved up. The lead-time required for rebasing applications is significant. Quickening implementation and not allowing for proper consideration and analysis by the utility in the early stages of this initiative will only put more stress and confusion on the process increasing the potential for superficial investment decisions and increased costs for customers.