

April 14, 2020

VIA RESS & EMAIL

Ms. Christine E. Long
Registrar
Ontario Energy Board
2300 Yonge St., Suite 2700
Toronto, ON M4P 1E4
Email: registrar@oeb.ca

Dear Ms. Long:

Re: Framework for Energy Innovation (“FEI”)

On March 23, 2021 the Ontario Energy Board (“OEB”) issued a letter providing direction and next steps on the policy file previously known as “Utility Renumeration” (EB-2018-0287) and “Responding to DERs” (EB-2018-0288). These were recast as the newly named “Framework for Energy Innovation” (EB-2021-0118). The OEB’s change reflects the recent amendment to the OEB Act to include an objective to “facilitate innovation in the electricity sector”. As a result, the OEB expects this policy file to result in *“regulatory clarity in the treatment of innovative technologies and approaches...in ways that enhance value for consumers.”*

In order to facilitate this evolution, the OEB has directed the establishment of a Working Group (the “FEI WG”) to undertake two workstreams, summarized as follows:

- Workstream 1 – DER Usage: investigate and support utilities’ use of DERs they do not own as alternatives to traditional wires solutions to meet distribution needs.
 - Establish a working definition of DERs;
 - Develop non-utility owned DER use cases as non-wires alternatives to meet distribution system needs;
 - Define an approach to measure the benefits of use cases relative to costs and assess the value of DER relative to traditional investments;
 - Develop incentives for distributors to adopt DERs for distribution uses that do not require equity investment by the utility.

- Workstream 2 – DER Integration: ensure that utilities’ planning is appropriately informed by DER penetration and forecasts.
 - Identify information required by distributors regarding DERs to effectively operate and make future system plans;
 - Establish appropriate reporting requirements.

In its letter, the OEB indicates that the objective of its approach is to respond to the most pressing issues and to lay the foundations for future work. To this end, the OEB envisions that subsequent areas of focus will be identified to build upon the progress of the FEI WG, while also relying on input that has been made by Stakeholders to date. The OEB sees that this will provide “*flexibility to respond to new information, priorities, and issues over the course of policy development work*”.

The OEB recognizes that the issues under consideration are technical in nature and that subgroups may require representatives with appropriate technical knowledge. At the end of its letter, the OEB invites stakeholders to submit any comments, specifically inviting comments regarding, “concerns or objections to the near-term priority workstreams”.

Alectra does not object to the formation of a working group, or the specific task assigned to the working groups, per se. However, Alectra remains concerned that the scope of the issues and the framework for constructive policy development still appears to be lacking. In the OEB’s own words, the issues that will be put to the working group are those of a technical nature. Policy development cannot be advanced in a technical forum. Instead, policies should be developed from a clear articulation of the problem; the objectives sought; and the thoughtful engagement and discussion of pros and cons surrounding alternative directions.

In the absence of any further direction from the OEB, Alectra is challenged in how the working group can develop or contribute to coherent future looking policy that enhances value for customers. Beyond the forum for policy development, Alectra has two main concerns it wishes to raise. The first is the apparent exclusion of consideration of utility ownership of DER assets, and the second is the absence of any mention of utility remuneration.

Regarding utility ownership of DER assets, Alectra is concerned that by referring exclusively to investments where utilities do not have an equity ownership, the scoping appears to presuppose that equity ownership by utilities is not an item for consideration, or not at this juncture with no indication for the timeline for such a consideration. This is not consistent with other policy direction to date. As highlighted in the submission by the Coalition of Large Distributors (“CLD”) the OEB has permitted the ownership of DERs by utilities in other cases, specifically if it is intended for the purpose of enhancing reliability.

Further, if it is the case that the OEB is not considering the ownership of DERs by utilities except as for circumstances that are defined as improving reliability, then it follows that there must have been a policy decision that enhancing customer value arises only by removing the possibility for utility ownership of such assets. Alectra believes this is premature, and fails to consider the utility’s role and consumer value.

Alternatively, if the OEB does in fact agree that utility ownership of DER infrastructure can or should be considered as it evaluates policy direction, then it is concerning that the scope of the working group should only consider situations of non-utility equity ownership. A fragmented policy framework or one that is implemented piecemeal may result in limiting opportunities to enhance customer value, the very objective the OEB has claimed it is setting out to achieve.

As stated above, the OEB's letter does not appear consistent with previous scoping that was to include examination of utility remuneration, which was to be a significant feature of policy development. While the scoping does refer to "utility incentives", it is neither clear what exactly this means, nor is it clear that this is the same as "remuneration".

In light of the above-mentioned concerns, Alectra believes the sector would benefit greatly from the following:

- an understanding the full scope of issues and how they interrelate;
- an understanding for how the work undertaken by the OEB is consistent with work being undertaken by the IESO; and
- an understanding for how these or future working groups specifically contribute to moving policy forward.

Alectra believes that a vision of the path forward as well as the future streams to address all of the remaining issues would assist all stakeholders. In Alectra's view, the OEB should not rely on the working group to establish this vision or to manage the potential interconnections.

Alectra appreciates the opportunity to provide these comments for the OEB's consideration. Should you have any questions, please do not hesitate to contact the undersigned.

Yours truly,

Indy J. Butany-DeSouza, MBA
Vice President, Regulatory Affairs
Alectra Utilities Corporation