



Ontario
Energy
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BY EMAIL AND WEB POSTING

July 6, 2022

**To: All Licensed Electricity Distributors
All Licensed Electricity Transmitters
All Rate-Regulated Natural Gas Distributors
All Participants in Consultation Process EB-2021-0118
All Other Interested Parties**

**RE: Report of the Framework for Energy Innovation Working Group to the
Ontario Energy Board – Invitation to Comment**

The Framework for Energy Innovation Working Group (FEIWG) delivered its Report to the Ontario Energy Board (OEB) on June 30, 2022. The FEIWG was established to advise the OEB on the steps it can take to facilitate cost-effective use and integration of distributed energy resources (DERs). The FEIWG Report to the OEB (the Report) captures the discussions of the FEIWG and offers recommendations to the OEB for consideration.

Interested stakeholders are invited to comment on the Report. The FEIWG Report is attached to this letter and available at <https://engagewithus.oeb.ca/fei>.

Background

On May 10, 2021, the OEB issued a [letter](#) confirming the priority workstreams of the Framework for Energy Innovation: Distributed Resources and Utility Incentives (FEI) to:

- investigate and support utilities' use of DERs they do not own as alternatives to traditional solutions to meet distribution needs; and
- ensure that utilities' planning is appropriately informed by DER penetration and forecasts.

Details of the priority workstreams are set out in Appendix A.¹ The May letter also affirmed membership of the FEIWG², which was tasked with identifying options, developing proposals, and preparing written recommendations for the OEB to consider in respect of the priority workstreams, as well as identifying subsequent issues to be considered by the OEB.³

The Work of the FEIWG

The FEIWG has provided a Report to the OEB outlining its discussions and recommendations. Accompanying this are reports of its three subgroups which were established to work through, in greater depth, key topics within the priority workstreams:

- **The Benefit Cost Assessment (BCA) Subgroup** was tasked with defining an approach to measure the benefits and costs of DER solutions as alternatives to traditional distribution investments.
- **The Utility Incentive (UI) Subgroup** was asked to explore appropriate incentives for utilities to adopt DERs for distribution uses that do not require equity investment by the utility.
- **The DER Integration (DERI) Subgroup** was convened to identify information about DERs that distributors require to plan and operate their systems effectively.

The FEIWG Report identifies the overarching and cross-cutting issues that emerged from the subgroups' work and FEIWG discussions, as well as recommendations for next steps the OEB should consider in relation to the priority workstreams and the broader FEI goal of facilitating cost-effective integration and use of DERs.

The FEIWG Report and the subgroup reports are the culmination of more than a year of thoughtful discussion, development, and review of meeting materials, as well as drafting and commenting on reports. The delivery of the FEIWG Report to the OEB represents the completion of the work of the FEIWG. The OEB thanks the FEIWG members for their dedication and contributions.

¹ As indicated in the May 10 letter, the FEI consultation is expected to consider issues beyond the current priorities, and expects that, among other matters, issues relating to utility remuneration and utility ownership of DER assets may be considered in subsequent phases.

² FEIWG membership is comprised of 22 individuals representing 25 entities, as set out in Appendix B.

³ The FEIWG [Terms of Reference](#) (ToR) sets out the objectives, deliverables, roles and responsibilities of participants.

Invitation to Comment

Consistent with the May 2021 letter, the OEB is inviting all interested parties to submit written comments on the FEIWG Report (and the subgroup reports) to inform the OEB's considerations of next steps. **Comments must be filed with the OEB by August 17, 2022.**

While the FEIWG Report summarizes the subgroups' reports, it states that to develop a complete understanding of their discussions, the summaries should be read in conjunction with the full subgroup reports. OEB staff recommends stakeholders review the subgroup reports along with the FEIWG Report, to inform their written comments.

The OEB will determine its next steps in this consultation considering the recommendations of the FEIWG and comments from the broader stakeholder community on the FEIWG's report.

To inform its consideration of next steps, the OEB would be assisted by comments on the following matters:

General

1. What is the relative priority of the issues and next steps identified by the FEIWG?

Developing a BCA Framework

2. What is the appropriate scope of a BCA Framework? In other words, should a narrow or broad set of benefits and costs be considered with respect to deployment of DERs as alternatives to traditional solutions to meet electricity distribution system needs?

Developing and implementing utility incentives

3. How might the OEB remove disincentives for utilities to adopt DER solutions?
4. Is providing incentives to distributors to facilitate adoption of DER solutions (i.e., non-wires alternatives) appropriate? Under what circumstances?
5. If incentives are appropriate, how should the OEB select/develop the form of incentive that should be available?
 - a) Are there options the Incentive Subgroup did not identify that should be considered?

Ensuring distribution planning is informed by DER adoption

6. What should the OEB consider when setting expectations to ensure distributors appropriately consider DER adoption when planning and operating their systems (e.g., industry guidance, additional filing requirements for Distribution System Plans, new requirements for reporting and sharing information)?

Cost Awards

On March 23, 2021, the OEB issued a letter confirming cost awards would be available for this consultation under section 30 of the *Ontario Energy Board Act, 1998*, and costs would be recovered as follows:

- 80% from all rate-regulated licensed electricity distributors
- 20% from all rate-regulated licensed electricity transmitters

The following organizations are eligible for an award of costs in relation to cost eligible activities (collectively the eligible participants):⁴

- Anwaatin Inc. (Anwaatin)
- Association of Major Power Consumers in Ontario
- Building Owners and Managers Association Toronto
- Canadian Manufacturers & Exporters
- Consumers Council of Canada
- Energy Probe Research Foundation
- Electric Vehicle Society
- Environmental Defence
- Industrial Gas Users Association
- London Property Management Association
- Ontario Chamber of Commerce
- Pollution Probe
- School Energy Coalition
- Vulnerable Energy Consumers Coalition

⁴ EB-2021-0118 – Cost Awards Process Framework for Energy Innovation: Distributed Resources and Utility Incentives (April 22, 2021) and EB-2021-0118 Decision on Cost Eligibility Framework for Energy Innovation: Distributed Resources and Utility Incentives (May 10, 2021)

Cost awards will be available eligible participants, as follows:

Activity Eligible for Cost Awards	Maximum number of hours
Written comments on FEIWG Report to the OEB (and subgroup reports)	10 hours

Filing Instructions

Stakeholders are responsible for ensuring that any documents they file with the OEB **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's [Rules of Practice and Procedure](#).

Please quote file number, **EB-2021-0118** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [File documents online page](#) on the OEB's website.
- Stakeholders are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact registrar@oeb.ca for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the [File documents online page](#) of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the [Practice Direction on Cost Awards](#).

All communications should be directed to the attention of the Registrar and be received by end of business, 4:45 p.m., on the required date.

Any questions related to this consultation should be directed to FEI@oeb.ca.

Yours truly,

Nancy Marconi
Registrar