

OEB DER Related Policy Consultations Updates

OEB/IESO Joint Engagement on
DER Integration

October 20, 2021

OEB Policy Initiatives

1. Framework for Energy Innovation (FEI)
2. Innovation Sandbox Renewal
3. DER Connections Review
4. Regional Planning Process Review (RPPR)
5. Conservation & Demand Management (CDM) Guidelines

FEI: Consultation Overview

- Facilitate the deployment and adoption of innovative and cost-effective solutions, including Distributed Energy Resources (DERs), in ways that enhance value for energy consumers
- Increase regulatory clarity in the treatment of innovative technologies and approaches

In May 2021, the OEB:

- Confirmed two near-term priority workstreams in the FEI consultation and activities to be undertaken under each workstream
- Called for participation in an FEI Working Group (FEIWG), to be comprised of representatives from the sector with diverse perspectives and interests
- Communicated the OEB will take a phased approach to work focusing on the most pressing issues to lay the foundations to future work
- Issues to be addressed in subsequent phases to be informed by input from the FEIWG

FEI: Working Group

- FEIWG was established in June 2021. It consists of 22 members from the sector with diverse perspectives and interests
- Between June 16th and October 13th, the FEIWG convened 7 times, which demonstrates the commitment of the sector in this work
- FEIWG's main deliverable is to submit written recommendations, pertaining to issues under the two workstreams, to the OEB for consideration in making relevant policy decisions
 - The OEB will provide stakeholders with opportunities to comment on any recommendations made by the FEIWG, in advance of making any policy determinations related to FEI

FEIWG Composition

22 members representing
25 entities:

- 8 distributors, including
2 natural gas
- 5 DER providers
- 5 consumers
representing 7 entities
- 4 other interests
(Environmental, IESO,
municipalities)

FEI: Near-Term Workstreams

DER Usage:

- Develop a number of high-value, non-utility-owned DER use cases as non-wires alternatives to meet distribution system needs
- Arrive at a working definition of DERs
- Define an approach to measure the benefits of these DER use cases relative to costs and assess the value of DERs relative to traditional distribution investments
- Develop appropriate incentives for distributors to adopt DERs for distribution uses that do not require equity investment by the utility

DER Integration:

- Identify information distributors require regarding existing DERs to effectively operate and make future system plans
- Establish appropriate reporting requirements

Expected Outcomes

- Greater clarity on innovation opportunities and expectations
- Less capital-intensive and more cost-effective solutions are utilized lowering LDC costs relative to business as usual
- Better utilization of distribution infrastructure as DER adoption grows minimizing underutilized and stranded assets
- More effective planning that appropriately considers existing DERs already on the system

FEI: Current Focus

- FEIWG members are currently developing high-value, non-utility-owned DER use cases as alternatives to traditional solutions to meet distribution system needs
- These use cases fall into various categories of fundamental distribution system needs (capacity, reliability, power quality, and resiliency). The distribution needs were identified by utility members on the FEIWG based on their knowledge and experience of distribution system planning and needs that can potentially be addressed by DERs
- The following criteria were used to assess and identify a “best fit” DER option to satisfy the distribution system needs:
 - Maturity
 - Market Size/Availability
 - Scalability
 - Dispatchability
 - Degree of Control & Controlling Party

FEI: Planned Next Steps

Tasks under Workstream 1

- Sub-group to develop DER definition
- Define an approach to measure the cost and benefits of DERs relative to traditional solutions, leveraging approaches in other jurisdictions
- Initiate development of incentives for utilities to use third-party owned resources

Tasks under Workstream 2

- Sub-group to examine what information utilities need from DER providers for improved system planning and operations and what information is/can be made available

Innovation Sandbox Renewal

In June 2021, the OEB launched a consultation to renew its Innovation Sandbox, a streamlined, accessible way for OEB staff to support innovators to test new ideas, products, services and business models in the electricity and natural gas sectors

In recent months, OEB staff held targeted small group stakeholder meetings

Stakeholder Feedback Received:

- Broad agreement and support for the intended purpose of the Sandbox, but it needs improvement to be more effective at engaging and informing stakeholders and facilitating innovation
- Key issues raised:
 - Sandbox purpose, support available, and ongoing work must be widely communicated
 - Need more transparency in the process
 - Dissemination of lessons learned needs greater priority
 - Must distinguish Sandbox from other OEB processes
 - Sandbox would benefit from new criteria/objectives to ensure purposeful innovation
 - Sandbox is limited by its inability to provide relief from legislation

Staff Proposals for Sandbox 2.0

In response to July-August meetings, staff developed **Sandbox 2.0 proposals**:

- Refocus Sandbox goals and criteria to align with stakeholder feedback
- Enhance transparency and information sharing
- Consider adding a new ‘concierge’ service and how to foster an ongoing innovation dialogue
- Continue outreach and education activities underway
- Other issues – funding, application support, thematic Sandbox

- Stakeholder meeting held September 30th
- Written stakeholder comments were submitted October 15th
- Written comments currently being reviewed by OEB staff

DER Connections Review

Objective is to identify barriers to the connection of DERs, and, where appropriate, to standardize and improve the connection process

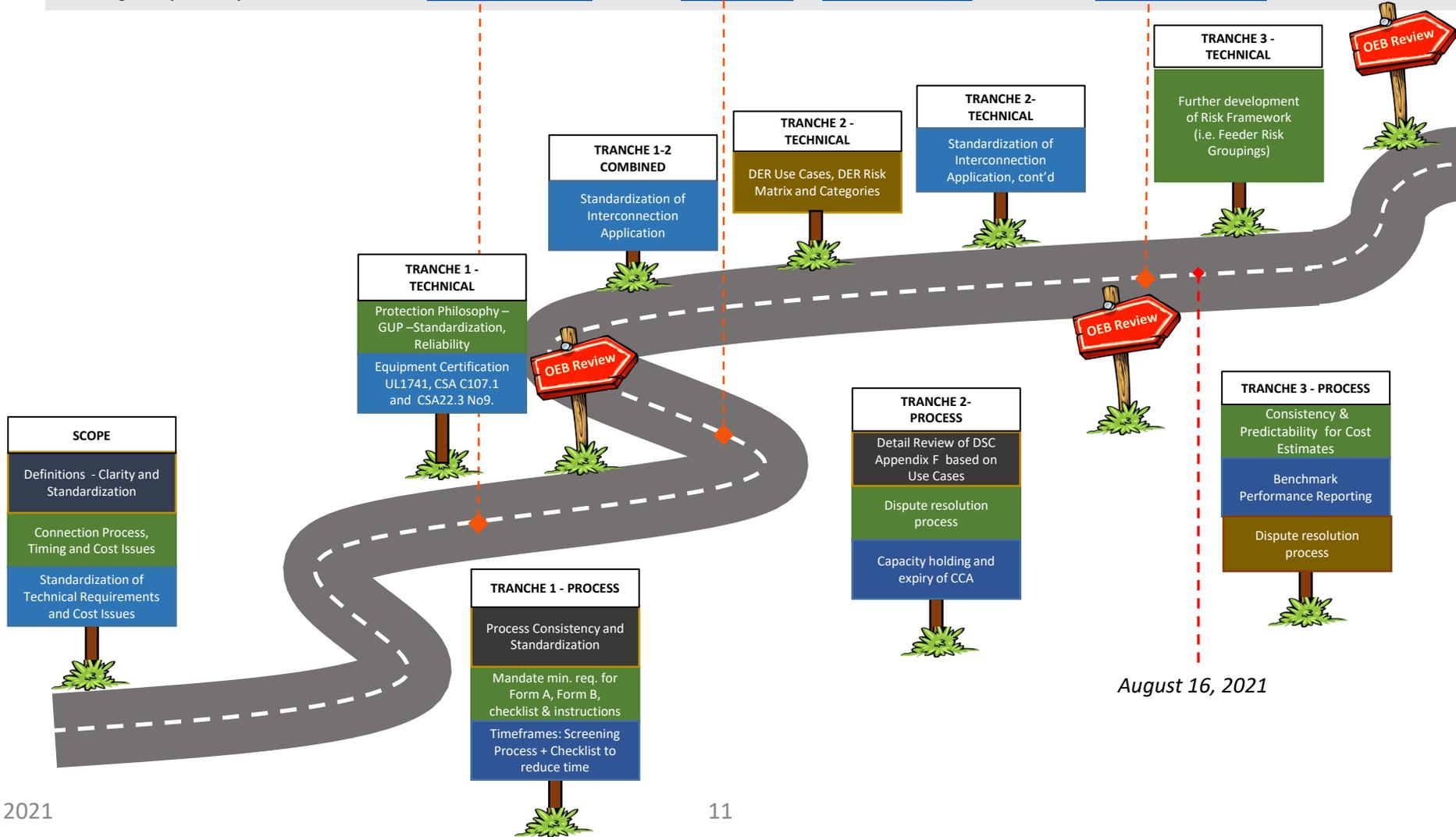
- Established a Working Group (WG) to provide recommendations to OEB staff
 - WG consist of Distributors, DER Providers, consumer and environmental groups
 - Technical & Process Subgroups established to tackle specific deliverables (CIA application form, risk framework)
 - WG sets priorities for subgroups and reviews and approves final recommendations to OEB staff
- Deliverables
 - **Tranche 1:** Issued guidance to streamline initial connection application process
 - **Tranche 2:** Issued proposed Distribution System Code amendments requiring use of standardized forms and processes, setting timelines, application screening process requirements, technical connection requirements with view to more standardization and efficiency in DER connections across different distributors
 - **Tranche 3:** Work commencing to develop risk assessment matrix, clarity on cost responsibility, distributor performance reporting

DER Connections Review Issues: Roadmap

Working Group Accomplishments:

WG [Recommendation to ESA](#) EB Letters [Form Templates](#) and [Protection Philosophy](#) 11/26/2020

[Notice to Amend the DSC](#) - 8/16/2021



DER Connections Review: Current Status

- Proposed Amendments to the Distribution System Code
 - Issued a Notice of Proposal to Amend the DSC on August 6, 2021
 - Stakeholder comments were received from 18 organizations
 - OEB staff are currently reviewing comments
- Tranche 3 discussions underway

OEB RPPR: Consultation Overview

- On December 20, 2020, the [OEB initiated a consultation process](#) to undertake a review of the regional planning process. The OEB instituted a more structured process across the province, in 2013, to better ensure optimal investments are made. The primary purpose of this review is to improve the efficiency and effectiveness of the current process
- The OEB re-established its Regional Planning Process Advisory Group (RPPAG) to assist the OEB in this review
 - The RPPAG was originally established in 2013 as an ongoing advisory group to propose changes to the regional planning process based on “lessons learned”
 - The RPPAG is comprised of LDCs, Hydro One, the IESO and other stakeholders representing DER / Non-Wire developers, municipalities, consumers and a natural gas utility

OEB RPPR: Consultation Update

- The review includes consideration of certain high-level recommendations from the review completed by the IESO that the two organizations determined the OEB should take the lead on, as set out in the [IESO's Final Report](#)
- The scope of the RPPAG's work is not limited to assessing those IESO recommendations as there may be other areas where process improvements can be made
- The RPPAG's first meeting was in February 2021 and general agreement on all the recommendations was achieved at the seventh meeting in September 2021. The RPPAG is now in the process of drafting its report with recommendations to the OEB

OEB RPPR: Next Steps

- Once the RPPAG has completed its work related to addressing the IESO's recommendations and the other recommended changes that the RPPAG has identified, next steps include the following:
 - The RPPAG's recommendations will come to the OEB for review / endorsement
 - Once the changes are finalized, the RPPAG will revise the document that sets out Ontario's Regional Planning Process created by the OEB's initial advisory group in 2013 (i.e., Process Planning Working Group)
 - The OEB may also conclude it is necessary to propose amendments to its applicable regulatory instruments (e.g., TSC, IESO licence, etc.), as part of a formal consultation process, to underpin changes that the OEB endorses

CDM Guidelines

The OEB staff's Discussion Paper on "Updating the CDM Guidelines for Electricity Distributors" was issued for stakeholder comment on August 5, 2021

Among other things, the Discussion Paper sets out:

- A proposed approach regarding the role of CDM for rate-regulated electricity distributors
- Addressing the 2021-2024 CDM Framework
- The winddown of activities associated with previous CDM Frameworks
- Rate-funded CDM activities outside the provincial Framework

CDM Guidelines

- Key proposals in the Discussion Paper include:
 - Distributors would be required to consider the role of CDM in meeting system needs within their distribution system planning process
 - Where a CDM initiative was determined to be the preferred solution to meeting a system need, distributors could seek funding through distribution rates
 - CDM activities could include energy efficiency, demand response, energy storage, and other new and innovative categories of solutions
- Stakeholder comments were received September 16th and are currently being reviewed
- The OEB intends to issue updated CDM Guidelines in the near future

Thank You

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