

Stakeholder Feedback and IESO Response

OEB/IESO Joint Engagement on DER Integration – October 20, 2021

Following the October 20, 2021 public webinar on the DER Roadmap, the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB) received feedback from participants on the cross-cutting issues for collaboration.

The IESO received feedback from:

- [Bob Bach](#)
- [Coalition of Large Distributors \(CLD\)](#)
- [Electricity Distributors Association \(EDA\)](#)
- [Elson Advocacy](#)

The presentation materials and stakeholder feedback submissions have been posted on the [DER Roadmap webpage](#). Please reference the material for specific feedback as the below information provides excerpts and/or a summary only.

Notes on Feedback Summary

The IESO appreciates the feedback received from stakeholders. The IESO has provided a summary below, which outlines specific feedback or questions for which an IESO and/or OEB response was required at this time

OEB/IESO Joint Engagement – cross-cutting issues for collaboration

All three stakeholder submissions included comments and recommendations on the draft list of major cross-cutting DER integration issues for collaboration between the OEB/IESO. The CLD submission included both general points for consideration, as well as points specific to each of the identified issues. The EDA submission focused on points with respect to the expanding and changing role of LDCs. Elson’s points focused on capturing and monetizing the full benefits of DERs. The table below summarizes these points.

Feedback	IESO/OEB Response
<p>The CLD submission commended the OEB and IESO for the work and commitment to improving the coordination of DER policy making across the two agencies.</p>	<p>Thank you. The respective OEB and IESO teams look forward to continuing this work and engaging further with stakeholders on this important initiative.</p>
<p>The CLD provided general comments on the cross-cutting issues, including:</p> <ul style="list-style-type: none"> • The cross-cutting issues should be an “evergreen” list subject to ongoing examination and revision. As progress is made on cross-cutting issues, they should fall from the list. As new issues emerge, they should be added. • Ontario requires a systematic and strategically sequenced approach to DER policy-making, and encourages the OEB and IESO to continue down this path in greater detail to identify issue dependencies within each agency’s mandate, and to sequence their consideration on that basis. • A systematic and strategically sequenced approach to DER policy making should reaffirm that serving the ongoing and evolving needs and preferences of customers remains the primary objective of DER policy development (rather than focusing on enabling a particular technology or solution, which can distort focus around customer needs.) 	<p>The IESO and OEB generally agree with the feedback.</p> <p>Updates to the cross-cutting issues will periodically be brought to the OEB/IESO Joint Engagement. In fact, an updated list will be provided at the next OEB/IESO Joint Engagement session, which will be hosted by the OEB in Q2 2022.</p> <p>The IESO and OEB will continue to review and update the cross-cutting issues as appropriate, and in doing so will consider how the two organization’s respective efforts on DER integration interact, including how the two organizations can be better coordinated from a timing and prioritization perspective.</p> <p>We recognize that a customer focus is central to DER integration, especially considering that customers are increasingly installing DERs behind the meter. In fact, the objective of the OEB’s Framework for Energy Innovation (FEI) consultation is “To facilitate DER deployment and adoption that enhances overall value to energy consumers”, which explicitly notes this perspective.</p>

The CLD submission indicated general support for the five identified cross-cutting issues, but encouraged the OEB and IESO to reframe the “evolution of distribution-level business models” point. A summary of points across the five issues is provided below.

Pricing, Programs and Procurement Interactions:

- Supports; confirms that investments in, and operation of, DERs can be incentivized by pricing, programs and procurements.
- Noted the potential for DER policy implications arising from certain open OEB consultations, and suggested reinvigorating previous proceedings at an opportune time with a DER-policy focused lens should be a consideration in the policy mapping phase.

Evolution of Distribution-Level Business Models:

- Suggested there is room for improvement in the characterization of this issue
- Noted two concerns: 1) The CLD believes the focus on business models is misplaced as a policy objective, and instead should focus on services and capabilities necessary to enable DERs. Business models will evolve to meet customer needs and regulatory requirements – they are a means to an end, not an end in and of itself. 2) Should the focus remain on business models, customer and utility adoption of DERs may well drive business model changes of other entities, including the IESO, and the cross-cutting issue should be broadened accordingly.
- Encouraged that this item be framed to focus on LDC capabilities and functions, and in doing so create clear paths and expectations for how those are developed and funded through Distribution System Plans.
- Suggested the issue should be broadened to consider the importance of the IESO / LDC

Thank you for the detailed comments. We will review the draft list of cross-cutting issues shared with stakeholders at the October 22 OEB/IESO Joint Engagement, including the framing of the issues. An updated list will be presented at the next OEB/IESO Joint Engagement session.

collaboration and ensure that as roles and responsibilities evolve, the impacts of changes at the wholesale, bulk or distribution system levels are not suboptimal for customers, consistent with regulatory decision making.

DERs Used as Non-Wires Alternatives (“NWAs”)
Supports and provided examples to demonstrate how Ontario’s LDCs play a leading role in facilitating NWAs, suggesting such initiatives should continue and expand for the benefit of all Ontarians.

Data and Information Sharing

Supports; noted that LDCs must be at the table to help identify both opportunities and risks associated with a more dynamic/flexible system with high levels of DER penetration, and the data needs and capabilities that go along with it.

T-D Operations and Coordination

Supports; recognizes the importance of increased coordination between the wholesale market and transmission and distribution systems with high-levels of DER penetration.

Feedback	IESO/OEB Response
<p>The EDA submission included several points for consideration, which are included below:</p> <ul style="list-style-type: none"> • Expanding the role for LDCs: If LDCs become accountable for new functions that help support the implementation of DERs, the OEB will need to determine the mechanisms by which LDCs can recover the costs incurred to fulfill these responsibilities while the IESO will need to revise market rules/communication protocols to increase coordination between LDCs and the IESO. • The OEB/IESO will need to coordinate an approach to developing regulatory guidance that will enable LDCs and the IESO to continue working together while allowing LDCs the flexibility to play a major role in DER integration. Providing clear deliverables and timelines on what areas the IESO/OEB will focus on for collaboration will help facilitate engagement and more meaningful outcomes for stakeholders. • Financial implications: Increased adoption of DERs will require that LDCs change their approach to planning and operating the distribution system. The changes may increase costs, beyond those currently collected from customers through either rates or the existing connection process. The OEB and the IESO need to support LDCs to ensure the appropriate compensation mechanisms are in place for LDCs to support DERs. • While each LDC is responsible for its own service territory, the Ontario power system is a highly interconnected and complex infrastructure. Coordination and collaboration between the distribution and transmission system will be required to realize the full system benefits of DERs 	<p>Thank you for the detailed comments. The IESO and OEB will continue to review how the two organization’s respective efforts on DER integration interact and how the two organizations can be better coordinated from a timing and prioritization perspective. An updated list of cross-cutting issues will be presented at the next OEB/IESO Joint Engagement session.</p>

Feedback	IESO/OEB Response
<p>Elson Advocacy noted that one of the most important cross-cutting issues, and one that should be separately itemized, is ensuring that the full benefits of DERs are captured and monetized. Elson cautioned that if all the benefits are not captured effectively (through value-stacking), the province will end up with fewer DERs than the economically optimal amount.</p>	<p>Assessing the cost and benefit of DER integration is an important and challenging exercise that the IESO and OEB look forward to working with stakeholders on as part of the two organizations respective efforts to ensure that the value of DERs is comprehensively considered.</p> <p>The OEB’s and IESO’s objectives related to DER integration speak to the issue of value. For example, the objective of the OEB’s FEI consultation is “to facilitate the deployment and adoption of innovative and cost-effective solutions, including distributed resources, in ways that enhance value for energy consumers.” The FEI is primarily focused on distribution level value and barriers. The goal of the DER Roadmap is “To maximize the value DERs can provide to Ontario’s electricity system by addressing challenges and opportunities related to DER integration within the IESO’s mandate”. The IESO is largely focused on transmission level value and barriers.</p> <p>As noted in the Regional Planning Process Review final report, which includes high-level direction for the sector at large, “value stacking” can enable proponents to build economic business cases that take into account multiple concurrent value streams.</p> <p>DERs can be used to address both transmission and distribution needs, if transmission-distribution (T-D) coordination protocols are in place and allow for it. T-D operations coordination is one of the identified cross cutting issues. The OEB and IESO are currently working together on T-D coordination issues in a couple of forums and also expect to do so as part of other future initiatives, as discussed at the stakeholder engagement session in October and detailed in the presentation deck.</p>

General Comments/Feedback

The EDA submission included additional points for consideration with respect to the LDCs role in the changing DER landscape. The table below details these comments and associated recommendation.

Feedback	IESO/OEB Response
<p>LDCs can effectively own and operate and host DERs and may become distribution system operators in the future. LDCs are best positioned to maximize the value and benefits of DERs to distribution systems and to the customers served by those systems. LDCs are uniquely able to coordinate the dispatch of DERs, either at the device specific level or in aggregate to manage power flows so that customers are served safely, reliably and at the lowest sustainable cost.</p> <p>LDCs will work with their customers, DER proponents and other third parties, and utilize their own assets, including DERs, to benefit all parties.</p> <p>We encourage the IESO to explore all options that foster the responsible adoption of DERs, whether connected to the IAM or a distributor’s infrastructure. LDCs need a voice at the table as DER regulations are developed to ensure the safe and reliable operation of our distribution systems.</p>	<p>Thank you for raising these important points. The central role of LDCs is recognized, and the IESO and OEB will continue to engage LDCs and solicit their input in their respective DER integration initiatives.</p> <p>Additionally, and as noted in the October 22 OEB/IESO Joint Engagement session, the OEB expects that issues relating to utility roles, including ownership of DER assets, will be considered in subsequent phases of the FEI consultation.</p>