

OEB Updates on DER Integration

OEB/IESO Joint Engagement on DER Integration

April 13, 2022

OEB Policy Initiatives

1. Framework for Energy Innovation (FEI)
2. Innovation Sandbox Renewal
3. DER Connections Review
4. Joint Targeted Call
5. Regional Planning Process Review (RPPR)
6. Conservation & Demand Management (CDM) Guidelines
7. Pricing work (Overnight/optional TOU and Class B)

FEI: Consultation Overview

Objectives

Facilitate adoption of innovative solutions, including DERs, in ways that enhance value for energy consumers

Clarify regulatory treatment of innovative technologies and approaches

Approach

 Incremental to make near-term progress on a broad scope

 Starting with two priority workstreams

 Working Group to make recommendations for OEB to consider

Steps to Date

2019/20

Stakeholders identify innovation issues

Jan 2021

OEB publishes DER & COVID impact studies

May 2021

OEB confirms priority workstreams & announces working group

Mar 2021

OEB proposes priority workstreams for stakeholder comment

Jun 2021

OEB confirms FEI Working Group members & mandate

Ongoing

14 of ~20 Working Group meetings held & 3 subgroups established

FEI: Working Group

Terms of Reference

Appendix A FEI Near-term Workstreams

Workstream # 1 - DER Usage: This workstream is intended to investigate and support utilities' use of DERs they do not own as alternatives to traditional solutions to meet distribution needs. The near-term activities will focus on:

- Establishing a working definition of DERs.
- Developing a number of high-value, non-utility-owned DER use cases as alternatives to traditional solutions to meet distribution system needs, based on relevant players' knowledge of needs and alternative solutions.
- Defining 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.
- Developing appropriate incentives for distributors to adopt DERs for distribution uses that do not require equity investment by the utility.

Workstream # 2 - DER Integration: This workstream is intended to ensure that utilities' planning is appropriately informed by DER penetration and forecasts. The near-term activities will focus on:

- Identifying information distributors require regarding existing DERs to effectively operate and make future system plans.
- Establishing appropriate reporting requirements.

The progress made on these near-term priorities will inform subsequent areas of focus, issues to be addressed and activities to be undertaken, consistent with the incremental approach to work.

Members

Consumer & Societal Interests

- Association of Major Power Consumers
- Anwaatin
- Canadian Manufacturers & Exporters
- Consumers Council of Canada
- Environmental Defence
- EV Society
- Industrial Gas Users Association
- Ontario Chamber of Commerce
- Pollution Probe
- School Energy Coalition

Electricity & Natural Gas Sector

- Alectra Utilities
- Electricity Distributors Association
- Elexicon Energy
- Enbridge Gas Distribution
- ENWIN
- EPCOR
- Hydro One
- Independent Electricity System Operator
- Toronto Hydro

DER Solution Providers

- ChargePoint
- Demand Power Group
- Enel
- Energy Storage Canada
- Powerconsumer
- Versorium

FEI: Current Status & Next Steps

Current Status

In accordance with its terms of reference, the Working Group has:

- ✓ Developed a **project plan** laying out the path to a final report.
- ✓ Agreed on a working **definition of DERs**.
- ✓ Developed **use cases** for non-utility-owned DERs as alternatives to traditional solutions to meet distribution system needs.
- ✓ Established **subgroups** to consider:
 - ❑ A benefit cost assessment framework for DER solutions.
 - ❑ Incentives for distributors to adopt DER solutions that do not require equity investment by the utility.
 - ❑ Information distributors require regarding DERs to appropriately plan and operate their systems.

Next Steps

As set in in the OEB's May, 2021 letter:

- ❑ The FEI Working Group's recommendations to the OEB are expected in June.
- ❑ Stakeholders will have an opportunity to comment on the recommendations to inform the OEB's policy determinations and next steps.

FEI: Issues Overview & Preliminary Views

The FEI Working Group is developing recommendations to the OEB regarding:

DER Usage

“support utilities’ use of DERs they do not own, as alternatives to traditional solutions, to meet distribution system needs”

Benefit Cost Assessment

Utility Incentives

DER Integration

“to ensure that utilities’ planning is appropriately informed by DER penetration and forecasts”

Information Required

Reporting Requirements

Next FEI Priorities

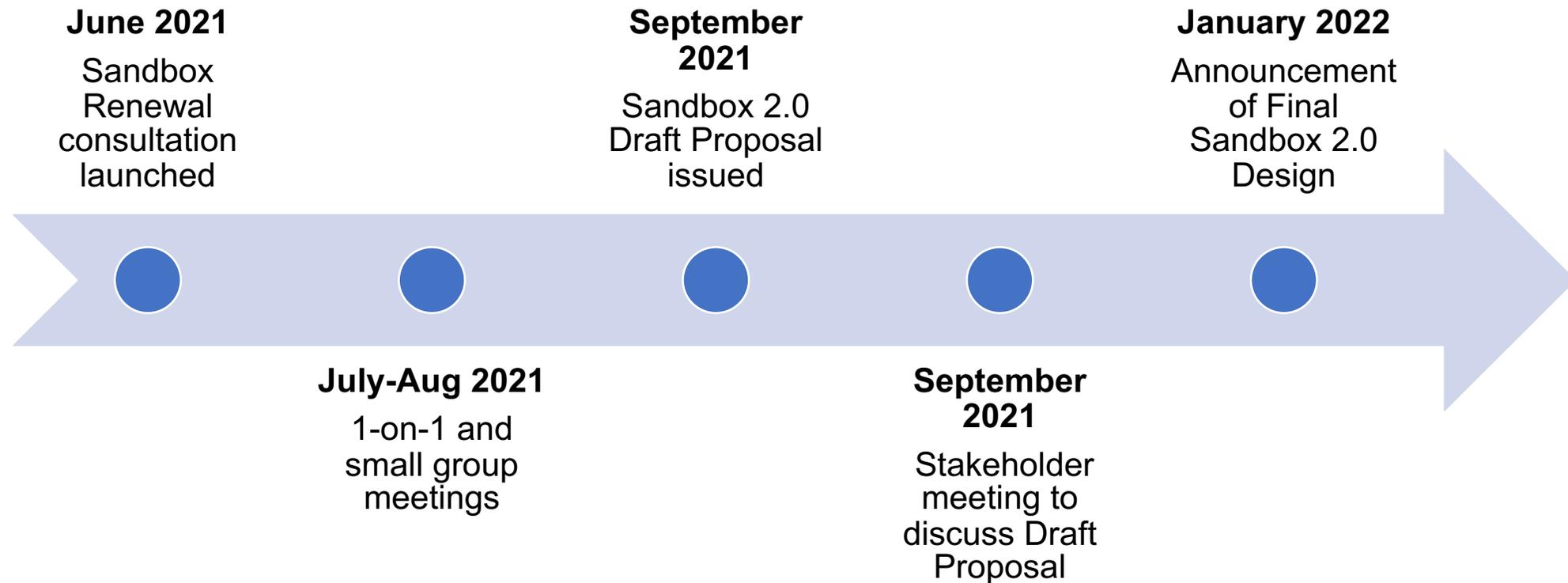
“identifying and suggesting relative priority of subsequent issues and areas of focus to be addressed”

Role of Distributors?

Integrated Planning?

Innovation Sandbox Renewal

In January 2022, the OEB announced the Innovation Sandbox 2.0



Summary of Sandbox 2.0

- Updates to goal and project-specific criteria
- Enhancements to **awareness and transparency**:
 - Website & new dashboard
 - Improved reporting
 - Increased outreach
- Sharing **lessons learned** with government
- Exploring opportunities for **funding**
- A new, broad OEB **open dialogue** to discuss innovation, net zero and the energy transition.
- A commitment to revisit a **thematic sandbox**

Sandbox 2.0 features will be phased in

Short-term Features:

- Improved awareness, transparency
- Website enhancements

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 consists of Distributors, DER Developers, and consumer and environmental groups
 - WG established Process and Technical Subgroups to review specific issues
- Workstream and Deliverables
 - **Tranche 1:** Developed and issued guidance to streamline connection application process [complete]
 - **Tranche 2:** Proposed amendments to the OEB Distribution System Code to standardize forms, processes, timelines, and technical requirements [complete]
 - **Tranche 3:** Work includes: 1) Review reporting and record keeping requirements (RRR) to reflect changes from earlier tranches of work; 2) Review cost estimate uncertainty issues; 3) Generate high-level list of potential issues pertaining to bi-directional EV chargers; 4) Develop risk framework for providing indication of connection project cost and complexity [in progress]

DER Connections Review: Status + Next Steps

Current Status

March 2022: OEB issued final Notice of Amendments to the Distribution System Code that captures recommendations from Tranche 2.

The Amendments standardize forms, processes, timelines, and technical requirements for DER integration and provide clarity related to the treatment of storage facilities.

Next Steps

Tranche 3: The DER Connections Review Working Group is expected to meet in May 2022 to review Subgroup recommendations from Tranche 3 and determine priority items for Tranche 4.

OEB RPPR*: Consultation Overview

- On December 20, 2021, the [OEB initiated a consultation process](#) to undertake a review of the regional planning process. The primary purpose of this review is to improve the efficiency and effectiveness of the current process, which was originally instituted in 2013 to ensure optimal investments.
- 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 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

*RPPR: Regional Planning Process Review

OEB RPPR*: Consultation Update

- The RPPAG has provided its [Report to the OEB](#), which includes recommendations for the OEB's consideration, that are intended to improve the current regional planning process
- The RPPAG's recommendations could result in amendments to several OEB regulatory instruments including: Transmission System Code, Distribution System Code, IESO's licence, and Filing Requirements for Rate applications and Leave to Construct applications
 - Some recommendations were reflected in the recent CDM Guideline update
- The OEB has reviewed the recommendations and will be providing a letter to the RPPAG setting out the OEB's response to those recommendations and next steps

*RPPR: Regional Planning Process Review

CDM* Guidelines

The OEB issued updated Conservation and Demand Management (CDM) Guidelines for Electricity Distributors on December 20, 2021

Rate applications filed by electricity distributors after this date are expected to be consistent with the 2021 CDM Guidelines, or to provide an explanation for any divergence.

Among other things, the updated CDM Guidelines provide guidance on:

- Types of CDM activities eligible for funding through distribution rates.
- The expectations for distributors when considering CDM in distribution system planning and requesting funding for CDM activities.
- Interactions with IESO CDM efforts under the 2021-2024 CDM Framework, including the Local Initiatives Program.

*CDM: Conservation and Demand Management

CDM* Guidelines, continued

- Under the 2021 CDM Guidelines, distributors are required to consider the potential role of CDM activities in meeting system needs within their distribution system planning process.
- CDM activities may potentially include energy efficiency, demand response, energy storage, behind-the-meter generation, and other new and innovative categories of solutions.
- Where a CDM initiative is determined to be the preferred solution to meeting an identified system need, distributors can seek funding through distribution rates
 - This may involve cost-sharing with another party if the costs and benefits are shared

*CDM: Conservation and Demand Management

Thank You

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