

Feedback Form

OEB/IESO Joint Engagement on DER Integration – November 27, 2023

Feedback Provided by:

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Following the November 27, 2023 OEB/IESO Joint Engagement session, the Ontario Energy Board (OEB) and the Independent Electricity System Operator (IESO) are seeking feedback from participants on the joint engagement in general. The OEB and IESO are also seeking feedback on the Joint Study of DER Incentives. Please complete the sections below that are relevant to you.

All of the referenced presentations are posted on the [DER Roadmap webpage](#). The Joint Study presentation is also posted on the dedicated [Joint Study of DER Incentives webpage](#).

Please provide feedback by December 18, 2023 to engagement@ieso.ca. Please use subject header: *OEB/IESO Joint Engagement*. To promote transparency, this feedback will be posted on the [DER Roadmap webpage](#) and [Joint Study of DER Incentives webpage](#), unless otherwise requested by the sender.

The IESO and OEB will work to consider and incorporate comments as appropriate and post responses on the webpage.

Thank you for your contribution.

OEB/IESO Joint Engagement

Topic	Feedback
Are there any specific DER initiatives or concerns that should receive focused attention in the OEB/IESO Joint Engagement forum?	<p>The EDA believes the OEB/IESO Joint Engagement sessions are useful forums to provide updates on topics that are currently being developed and analyzed in other stakeholder engagements. It's an opportunity to draw connections and remove segregation of decision making by the IESO and decisions making by the OEB.</p> <p>We have noted that in these sessions there is not necessarily an opportunity to engage in the subject matter that is being covered in a deep or meaningful way. We suggest more engaged working sessions on each topic.</p> <p>A few emerging topics that we suggest merit discussion at this level are:</p> <ul style="list-style-type: none">- Application of the Benefit Cost Analysis Framework (BCAF)- Considerations for Distribution System Operators (DSO)- Conservation and Demand Management (CDM) framework- Non-Wires Alternatives (NWA) program best practices and/or lessons learned.- LT2 and future procurement designs, where DERs are contemplated.- IESO's Demand Side Vision (DSV)
Was today's session useful? How can we improve the next session?	Yes, the session was useful. We particularly appreciated the opportunity to hear from other LDCs and stakeholders during the session to present updates on projects and lessons learned. This should be repeated and given adequate time at future sessions.

OEB/IESO Joint Study of DER Incentives

Topic	Feedback
<p>What is your perspective on the current state of DER incentives in Ontario?</p>	<p>Ontario does not currently have a cohesive DER incentive framework.</p> <p>While there are various different incentive structures that customers should consider when making business cases for investment, the current structure only provides limited flexibility and participation options. We understand that DER incentives are in their early stages in Ontario but LDCs have been encouraged to consider NWAs and potentially develop programs to procure distribution service from DERs, with very little certainty. Many Ontario LDCs are developing such initiatives and plans to incorporate DERs within their plans but lack certainty to do so.</p> <p>LDCs must consider the wide selection of incentives that might be available to customers as they are developing their own DER incentive programs (e.g., NWA procurement). For instance, customers who participate in the Industrial Conservation Initiative (ICI) may not be willing to participate in an LDC's NWA program if there's a risk that the customer's DER may be unavailable during the top 5 coincident peak periods of the adjustment.</p>
<p>What are the biggest challenges Ontario faces when aligning DER incentives?</p>	<p>When aligning DER incentives in Ontario, there are several challenges, including:</p> <ol style="list-style-type: none"> 1. Lack of a cohesive framework: Ontario currently lacks a comprehensive DER incentive framework, making it difficult to establish consistent and standardized incentives across the province. This includes challenges with government regulation, OEB regulation, IESO market, IESO programs, and IESO procurements. 2. Diverse incentive structures: There is a multitude of incentive structures in place, making it challenging for customers and stakeholders to navigate and understand the various options available to them. This involves various eligibility frameworks, restrictions, and compensation mechanisms.

Topic	Feedback
	<p>3. Coordinating multiple stakeholders: Aligning DER incentives will require coordination among various stakeholders, including LDCs, regulators, government agencies, and industry participants.</p> <p>4. Balancing cost and benefits: Determining the appropriate level of incentives for DERs involves finding a balance between encouraging adoption, ensuring appropriate compensation for grid services provided, and managing the associated costs.</p> <p>5. Integration with existing programs and initiatives: Ontario already has existing programs and initiatives, such as the ICI and net-metering regulation, which are well integrated within the customer base. Changes to these programs could have material impacts on existing customers.</p> <p>6. Technological advancements: The rapidly evolving nature of DER technologies introduces challenges in aligning incentives with emerging trends and market developments. Keeping pace with technological advancements and adjusting incentives accordingly can be demanding.</p>
<p>Which mechanisms (slide 7) hold the most promise for the practical and economically efficient deployment and operation of DERs?</p>	<p>From an LDC perspective, the most relevant mechanisms to consider include:</p> <ul style="list-style-type: none"> - Regulated Price Plans - Distribution Charges - CDM programs - Demonstration Programs - Distribution Non-Wires Alternatives <p>Please refer to the table at the end of this feedback form.</p>

Topic	Feedback
<p>Do you see any unnecessary / inefficient overlap in existing DER incentives in Ontario (slide 11)?</p>	<p>We suggest that there may always, out of necessity, need to be an overlap in DER incentives. For example, the procurement of DERs by the IESO (e.g., LT2 RFP) will provide a revenue stream for associated energy and capacity from the contracted DERs. These DERs will be subject to a "price-based mechanism" such as delivery charges, which will inform the participants' bid.</p> <p>Another example is CDM programs that provide incentives to customers to install energy-efficient devices or adopt energy-efficient behaviours. The benefit customers receive would depend on the price they pay for electricity, which includes a mixture of commodity charges, delivery charges, etc.</p>
<p>Which principles are most critical for the success of the DER incentives (slide 13-18)?</p>	<p>Each of the principles listed is important. That said, there are trade-offs, like those established by the principle of ratemaking.</p> <p>For example, the most economically efficient incentives may be the most difficult to establish, requiring exact or precise information at different locations and time scales, and may be the most convoluted or challenging for customers to understand. Overall, we recommend there be a balance when considering DER incentives, with a focus on customers as ultimate participants. Therefore, the principles of simplicity and compensation for services delivered that are reasonably commensurate with the benefits of such services.</p>

Topic	Feedback
<p>Where are the most significant gaps in “value stacking” with DERs in Ontario (slide 14)?</p>	<p>From the LDC's perspective, the key challenges hindering value-stacking involve:</p> <ol style="list-style-type: none"> 1. Standardization Gaps: Absence of a standardized methodology for assessing value across diverse value streams. 2. Data Limitations: Insufficient data to determine the value linked to various streams, necessitating standardized assumptions in the presence of data gaps. 3. Incentive Complexity: Many existing DER incentives in Ontario serve as proxies for multiple potential value streams 4. Customer Understanding: Complexity for customers in comprehending each potential value stream, underscoring the importance of a simplified framework.
<p>Are there any specific DER technologies or applications that present unique challenges that may require more tailored incentives?</p>	<p>Smart charging for electric vehicles (EVs) is likely a distinctive application that may necessitate a customized approach. This stems from the fact that EVs are primarily utilized for transportation rather than grid services, and their availability for providing such services when required is uncertain. However, we acknowledge the existence of numerous successful EV smart charging programs worldwide, offering a valuable pool of best practices and lessons for Ontario to leverage.</p>

General Comments/Feedback on Joint Initiatives

With respect to the DER incentive study, we suggest that there’s a need for clarification related to the categorization of DER incentives (slide 7), and there is likely a few DER incentive mechanisms that are also missing from this organisational framework (e.g., clean energy credits.) We recommend the following framework:

Regulatory and Legislative Mechanisms	Wholesale Market Mechanism	Procurements and Programs
<ul style="list-style-type: none"> • Industrial Conservation Initiative (O. Reg. 429/04) • Net Metering (O. Reg 541/05) • Clean Energy Credits (O. Reg 39/23) • Regulated Price Plan (O. Reg 95/05) • Distribution Charges and Transmission Charges (Per Section 78 of the Ontario Energy Board Act, OEB Filing Requirements for Transmission and Distribution Applications, and other applicable OEB codes and guidance) • Distribution and Transmission NWAs (Per Section 78 of the Ontario Energy Board Act, OEB Filing Requirements for Transmission and Distribution Applications, and other applicable OEB codes and guidance) 	<ul style="list-style-type: none"> • Commodity Prices (i.e., Today's Market: HOEP, MCP, and Post-MRP: LMP and OZP) • Capacity Auction • Ancillary Services • IESO Uplifts 	<ul style="list-style-type: none"> • IESO Resource Acquisition Contracts (e.g., Expedited, Medium, Long-term, etc.) • Previously Contracts (e.g., FIT, RESOP, CESOP, CHPSOP, etc.) • CDM programs (e.g., Local Conservation Initiatives, Peak Perks, etc.) • Pilot programs and demonstration projects (i.e., Interruptible Rate Pilot, OEB/IESO Joint Targeted Call, etc.) • Income-Eligible and Indigenous Energy Projects • Other government subsidies and supports (i.e., grants, rebates, ITCs, etc.)

Further, as it relates to value streams (slide 14), the study should add value streams associated with:

- Customer benefits (e.g., reduced costs, resilience, etc.)
- Environmental Attributes (e.g., CECs, etc.) (Note: that emissions reduction and environmental attributes are distinct attributes with different revenue streams. For example, CECs may be traded for non-compliance purposes (e.g., ESG) and emissions reductions may be driven by compliance requirements (e.g., emissions performance standards)).

We believe clarification and being precise with the categorization of DER incentive mechanisms is essential as the IESO/OEB develop recommendations pertaining to the overall incentive framework influencing DER adoption.

General Comments/Feedback on OEB DER Activities

No comments. EDA continues to be actively engaged in OEB's DER-related engagement initiatives.

General Comments/Feedback for the IESO DER Activities

No comments. EDA continues to be actively engaged in IESO's DER-related engagement initiatives.