

September 10, 2020

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Ministry of Energy, Northern Development and Mines
77 Grenville Street, 6th Floor
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RE: O. REG. 355/17: LONG-TERM ENERGY PLANS

The Electricity Distributors Association (EDA) represents local hydro utilities, the part of our electricity system that is closest to customers. Local hydro utilities are on the front lines of power, and we know that the most important conversations about energy happen around the kitchen table, not the boardroom table. Our customers understand the power of local hydro, and we value the relationship of trust that we have built with customers who relying on LDCs to deliver a safe, reliable, and affordable electric grid.

The EDA welcomes the opportunity to provide feedback on a proposed new long-term energy planning framework. By working as partners, we believe that the EDA and local distribution companies (LDCs) across Ontario can help the government achieve its long term energy planning goals and help build a more prosperous province, a stronger economy, and a better electricity system focused on serving customers.

Our comments focus on:

- Distributed energy resources
- Electrification of transportation
- Conservation

Distributed Energy Resources

Emerging DER technologies offer customers choice and greater control on the management of their energy needs. These technologies also leverage new and innovative products and services, leading to more cost effective and affordable outcomes for consumers.

DERs can reduce energy costs, enhance power quality and provide resiliency for critical loads. For distributors, increasing DER penetration levels will change the design and operation of distribution systems and create opportunities to realize benefits. This can include using most cost-effective DER solutions, closer to load without the need for often expensive transmission upgrades, and more flexibly deployed to meet customers' needs than conventional generators at a bulk system level. This will also serve to help reduce the GA.

According to the IESO, more than 4,000 MW of DERs including behind-the-meter generation technologies, have been contracted or installed over the past ten years in Ontario. DER deployment and the usage of behind-the-meter generation technologies is also expected to grow in the coming years.

LDCs are actively engaged in responding to requests to connect innovative and emerging technologies from a range of proponents. With this increasing volume of requests to connect to the grid, we developed “[A Best Practice Guide for Standardized Distributed Energy Resource Connections](#)” to assist LDCs in managing this connection process last year.

The anticipated trend in increasing DER requests that support behind-the-meter generation for connection to existing infrastructure requires the right investment and framework to support a modern connection process that is efficient and effective for all. As we recommended with the release of the guide, we would like to work with the government in the following key areas:

- Establish different connection process streams depending on the connection type, operational objective, and connection location;
- Expand the definition of resources in the connection process to include energy storage and non-exporting load displacement to recognize the opportunities they can support;
- Increase the amount and depth of publicly available information to help inform customers who are assessing DER investment opportunities;
- Enhance connection process communications and better support customers and specifically to reduce uncertainty; and
- Regularly update connection standards and procedures to appropriately align them with international standards, best practices from other jurisdictions and appropriate stakeholders’ needs.

As detailed in the EDA’s [Power to Connect: A Roadmap for a Brighter Future](#) developing best practices and a streamlined processes for connecting DERs to the grid are among the important activities required to support DERs and behind-the-meter generation proponents. We are currently working on a revised version of this guide and look forward to sharing it with officials in the OEB and the Ministry sometime this Fall.

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As well, given the proliferation of DERs, we are very pleased that the OEB has begun a process for reviewing the framework for LDC remuneration. We trust that this consultation will pick up momentum in the coming months and look forward to working with the OEB and the government in developing a fair and appropriate framework for LDC remuneration for the DER related services that LDCs will provide. We are optimistic that the remuneration framework will provide clarity and direction to LDCs in the following areas:

- equal access to appropriate policy tools that will support them as they adopt foundational infrastructure, deploy DERs, manage financial issues and cope with the financial consequences of idled or stranded assets and the associated debt and, potentially, equity,
- clarity of the regulator’s remuneration policies including matters such as charge parameter stability and suitability, and

- clarity of the scope and extent of the regulatory issues that will be addressed as they plan to provide capacity, whether using legacy infrastructure, DERs or other technologies.

The EDA is looking forward to working with the OEB and the government in developing a fair and appropriate framework for LDC remuneration for the DER related services that LDCs will provide.

For LDCs, the way of the future lies in supporting the deployment of DERs, behind-the-meter generation and energy storage. All these efforts are building an interconnected system with many moving parts that create two-way power flows that can improve system operations and deliver on customer expectations.

Electrification of Transportation

The most immediate challenge facing the electricity sector as a result of COVID-19 is the significant drop in electricity demand. This has increased the Global Adjustment (GA) to record levels in April and May and has significantly depressed the Hourly Ontario Electricity Price (HOEP). While the easing of emergency measures over the past couple months has restored demand levels by some degree, a full recovery of demand will not be realized for an extended period of time.

The addition of new electricity demand would help to absorb GA increases and make more effective use of surplus baseload generation. That said, given the depressed investment climate, we cannot solely rely on private investment in new industrial operations to achieve this demand increase. We believe that the provincial government will need to take a leadership role in spurring new consumption of electricity. We believe that the most practical and cost-effective target would be through the electrification of transportation, including both public transit, such as GO Transit, and privately and commercially owned electric vehicles (EVs). We continue to advocate to government that LDCs can and should play a crucial role in supporting fuel-switching and electrification initiatives — particularly electrification of the transportation sector, including EVs and mass transit.

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There are several environmental and economic benefits that the electrification of transportation can bring for the province. Electrifying the transportation sector can provide environmental benefits by reducing emissions that will come from fuel-switching traditional transportation vehicles. Not only do EVs have no tailpipe emissions, the electricity that powers EVs is increasingly clean. EVs and public transportation vehicles powered by electricity can bring the environmental benefits of a clean energy future for the province. Developing the infrastructure and the technology to support the electrification of Ontario's transportation sector will create new jobs in both the innovation sector and traditional manufacturing sectors. Significant opportunity lies in creating jobs and stimulating our domestic

economy through investments in electric vehicle production by pivoting from our strong auto-manufacturing base. Commercial vehicles make up a significant portion of the transportation sector in Ontario and the potential to reduce emissions and create jobs within this group is massive. For example, Newmarket-based BYG, an urban transit electric bus manufacturer, has already produced its first two zero-emission, battery-electric buses for the Toronto Transit Commission with another eight on the way. LDCs can play a leading role in the development of the EV charging infrastructure required to support the deployment of commercial EVs on a much wider scale.

Conservation Planning

Providing a clear and central role for LDCs in a new conservation framework is critical to help continue the achievements we have seen over the last decade with conservation and demand management (CDM) programs in Ontario. LDCs successfully and cost-effectively delivered CDM programs to over 5 million residential, commercial, industrial, and institutional customers throughout Ontario for over a decade. LDCs are proud of their CDM success and associated positive relationship with customers in Ontario. The 2015-2020 Conservation First Framework, terminated in 2019, delivered by LDCs with centralized funding from the IESO, was the most cost-effective CDM framework in recent history. In the first three years of the framework, needed savings were achieved by Ontario's families and businesses, while reducing peak demand by 648MW.

As well, business programs were delivered at an amortized system cost of 1.5¢/kWh, based on verified results from the IESO. This is lower than the current projections for the 2019-2020 Interim Framework, and **significantly lower than any other forms of new electricity generation in the province**. LDCs, the trusted energy advisors to Ontario's businesses and families, are pleased to see the results deliver needed jobs and improved economic stability in all areas of the province.

The current proposed conservation framework contemplates the continuation of centrally delivered CDM by the IESO. We support the continuation of program delivery in Ontario, as the stop-start process significantly decreases participation in valuable conservation and creates market confusion. For clarity, the IESO is a central procurement, promotion, and funding agency for CDM.

The 2019-2020 Interim Conservation Framework has a mixed delivery formula including profit-oriented service providers, regulated-LDC local delivery agents, and other smaller program delivery by the IESO. We believe a mix of delivery agents can be effective, if run productively.

The new framework should encourage and prioritize conservation program providers that have demonstrated a history of cost-effective delivery, together with a strong knowledge of the customers they will serve, in Ontario. As LDCs are the trusted energy advisors to their customers, they should be invited to participate in the design and delivery of any province-wide program. Further, LDCs should be leveraged to assist in the delivery of future programs to small- and mid-sized businesses. The broad and direct customer reach of the LDCs enable quick, cost-effective, and fair access for all businesses across the province. Moreover, unlike private companies, LDCs' efforts are regulated by the Ontario Energy Board, managed by the IESO through contracts, and all LDCs are subject to oversight by several government agencies. This multi-layer oversight provides certainty that LDCs will be ratepayer-focused and cost-effective.

The new conservation framework should encourage and prioritize conservation program providers that have demonstrated a history of cost-effective delivery, together with a strong knowledge of the customers they will serve, in Ontario. As LDCs are the trusted energy advisors to their customers, they should be invited to participate in the design and delivery of any province-wide program.

Thank you once again for the opportunity to provide input into this consultation process. If you have any questions regarding our submission, please feel free to contact Abdul Muktadir, Senior Policy Advisor, at amuktadir@eda-on.ca or 905 265 5334.

Sincerely yours,



Teresa Sarkesian
President and Chief Executive Officer