

Innovation and Sector Evolution White Papers – *Feedback Form*

Webinar Date: April 26th, 2019

<u>Date Submitted:</u> 2019/05/10	<u>Feedback Provided By:</u> Company Name: Ontario Energy Association Contact Name: Roy Hrab, Director of Policy Contact Email: roy@energyontario.ca
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Following the April 26th public webinar on the scope and research questions of the initial group of Innovation and Sector Evolution White Papers, the Independent Electricity System Operator (IESO) is seeking feedback from participants on questions posed during the presentation.

The presentation can be found here:

<http://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/isewp/isewp-20190426-presentation.pdf?la=en>

Please provide feedback by **May 10, 2019 to engagement@ieso.ca.** Please use subject header: *Innovation and Sector Evolution White Paper Feedback*. To promote transparency, this feedback will be posted on the [Innovation and Sector Evolution White Paper engagement page](#) unless otherwise requested by the sender.

Feedback received will help inform the IESO's proposed scope and associated research questions in order to maximize the relevance and usefulness of the resulting research to the IESO and stakeholders. The IESO will work to consider and incorporate comments as appropriate and post responses on the engagement webpage.

Thank you for your time.

Topic	Question	Feedback
<p>1. Consumer Preferences, Choices and Behaviours Impacting Electricity Supply and Demand</p>	<ol style="list-style-type: none"> 1. Are there changes that you would recommend to the scope of this paper and if so please outline the rationale? 2. Are there changes you would like to see made to the research questions and if so please list the specific question and include the rationale? 	<p>The Government of Ontario has launched a consultation on industrial electricity prices that is seeking direct customer feedback on several issues related to electricity pricing, market renewal, bill presentment, and cost recovery.</p> <p>How will the IESO’s research and analysis co-ordinate with the government’s initiative?</p> <p>How will the IESO’s research and analysis co-ordinate with the ongoing work on consumer preferences and choices conducted through the OEB’s Consumer Panel?</p> <p>How will this project align with the customer engagement utilities conduct in relation to business planning and for rate applications adjudicated by the OEB?</p> <p>How will this project relate with the community engagement and outreach conducted by the IESO are part of the Regional Planning Process?</p> <p>The project brief refers to demand response but is silent on the topic of conservation/energy efficiency. Conservation should be included in some fashion, within the scope of this paper.</p>

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		<p>Much of the discussion in the project brief is around DERs along with several references to aggregation. However, it's not clear how the findings of this paper will tie into design concepts being contemplated as part of Market Renewal. The connection with Market Renewal should be made more explicit in the project brief.</p>
<p>2. Non-Wires Alternative Markets</p>	<p>3. Are there changes that you would recommend to the scope of this paper and if so please outline the rationale?</p> <p>4. Are there changes you would like to see made to the research questions and if so please list the specific question and include the rationale?</p>	<p>The OEB recently announced it is launching an initiative to develop a more comprehensive regulatory framework that facilitates investment and operation of DERs (EB-2018-0288).</p> <p>How will the IESO's research and analysis coordinate and be consistent with the OEB's initiative?</p> <p>What are the intended audiences and potential uses of the white paper results?</p> <p>It is not clear how the findings of this paper will tie into design concepts that are contemplated for Market Renewal. The connection with Market Renewal should be made explicit in the project brief.</p>

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		<p>The project is silent on the topic of the Regional Planning Process. The implications and opportunities for regional planning should be included explicitly in the project scope.</p>
<p>3. Transmission-Distribution Interoperability</p>	<p>5. Are there changes that you would recommend to the scope of this paper and if so please outline the rationale?</p> <p>6. Are there changes you would like to see made to the research questions and if so please list the specific question and include the rationale?</p>	<p>How will the IESO’s research and analysis coordinate and be consistent with the OEB’s DER initiative (see above)?</p> <p>What are the intended audiences and potential uses of the white paper results?</p> <p>The project brief mentions that the research will provide clarity on the interfaces between entities and consider potential models for allocating functions to various entities but is silent on the topic of the Regional Planning Process. The implications and opportunities for regional planning should be included explicitly in the project scope.</p>
<p>4. Electricity System Cost Allocation Options</p>	<p>7. Are there changes that you would recommend to the scope of this paper and if so please outline the rationale?</p>	<p>The objective of this research is unclear as it relates to the IESO’s accountabilities and responsibilities for pricing in the electricity sector. The information in the project brief</p>

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	<p>8. Are there changes you would like to see made to the research questions and if so please list the specific question and include the rationale?</p>	<p>suggests the focus is consumer commodity pricing and cost allocation to ratepayers (rather than pricing and cost allocation for market participants), which is under the authority of the OEB.</p> <p>Given this apparent high degree of overlap with OEB responsibilities, the project brief can be improved by making clear distinctions between the areas of research focus on pricing and cost allocation within the IESO’s mandate and authority versus the OEB.</p> <p>For example, the OEB is currently examining rate design for commercial and industrial customers (EB-2015-0043), global adjustment pricing options (EB-2016-0201), as well as announcing recently launching an initiative on utility remuneration (EB-2018-0287).</p> <p>How will the IESO’s research and analysis co-ordinate, be consistent with, and avoid unnecessary duplication of the OEB’s initiatives?</p> <p>How will the IESO’s research and analysis co-ordinate with the government’s consultation on industrial electricity prices (see above)?</p>

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<p>5. Innovation and Sector Evolution White Papers' Engagement Plan</p>	<p>9. Are there any proposed enhancements to the engagement plan that you believe would lead to a more informed white paper development?</p>	<p>The IESO should ensure that collaboration and co-ordination with the Government, OEB, and ESA are a formal part of the engagement plan and white paper development because all these parties have a role to play in the regulatory framework and environment in which innovation and sector evolution are occurring.</p> <p>Given that the Project Briefs indicate that the intended audience for the IESO's includes the OEB and policy makers. In some cases, these other parties (rather than the IESO) have the mandate and rulemaking and/or policy authority for the topic being researched. Therefore, it appears critical to project success to have all these parties involved in the engagement plan in a transparent way.</p> <p>Further, such transparent collaboration and co-ordination will strengthen stakeholder confidence in the process, recommendations, and implementation plans.</p>

General Comments/Feedback:

Overall, the OEA believes that the significant amount of changes currently underway in Ontario’s energy sector (e.g., OEB Modernization, the replacement of Fair Hydro Plan with a new rebate, Market Renewal, the winding-down of the Conservation First Framework), makes it critical for the IESO, OEB, ESA, and Government to collaborate and coordinate their many sector initiatives. This will ensure that related research and stakeholder consultations are made efficiently and effectively, that unnecessary duplication of work is avoided, and that initiatives do not unintentionally work at cross-purposes, and that government and its agencies are all working with stakeholders towards a common vision of the sector with a common agreement and understanding of the guiding principles and assumptions.

The OEA recommends that the IESO, OEB, ESA, and Government develop a formal and publicly communicated protocol by which they will ensure that their interrelated initiatives are being co-ordinated and integrated. As noted above, given that some of the Project Briefs indicate that the intended audience for the IESO’s includes the OEB and policy makers, it appears to be critical for project success to have government and related agencies involved in the engagement plan and project development in a transparent way.

The OEA recommends the above steps be taken so that industry stakeholders, who must decide how to allocate limited resources, can effectively and efficiently participate in the high volume of important policy consultations currently underway.