

Mar 25, 2019

OEB Initiates Consultation Addressing DERs and Utility Remuneration

By David Stevens

On March 15, 2019, the Ontario Energy Board (OEB) announced that it is starting concurrent consultation processes to look at how the electricity sector in Ontario should respond to Distributed Energy Resources (DERs) and encourage utilities and regulated service providers to “embrace innovation” in their operations and customer service. The stated aims of the consultation are to drive lower costs, improve service and offer more consumer choice “by encouraging utilities and other service providers to embrace innovation,” and to “secure the benefits of sector transformation and mitigate any adverse consequences.”

The consultation is consistent with direction from recent OEB reports and reviews.

For example, the OEB’s December 2017 Strategic Blueprint for 2017 to 2022 (discussed in an earlier post) identified “Innovation & Customer Choice” as a “strategic challenge” to be met in coming years. The OEB aimed to meet this challenge by encouraging utilities and other market participants to embrace innovation in their operations and the products they offer consumers. The OEB indicated its plan to achieve this outcome by (among other things) remunerating utilities in ways that encourage them to pursue cost-effective innovation and addressing any unwarranted regulatory barriers to innovation and new business models that benefit consumers.

More recently, the OEB’s Advisory Committee on Innovation issued a report making a number of recommendations about steps that the OEB should take to further promote innovation. These included the establishment of clear rules and processes for DER integration and the creation of appropriate incentives for utilities to consider least-cost solutions with greatest value for consumers.

As a first step in the new consultation process, OEB staff plans to issue a “scoping paper” on both topics (DERs and utility remuneration), setting out a proposed list of issues to be considered. Stakeholders will have the opportunity to respond through written comments and a stakeholder conference. After the issues are set, the OEB plans to proceed to an examination of policy options.

Of course, as with all of the OEB’s current activities, it remains to be seen whether the Ontario government’s proposed new governance and operating structure for the OEB (which would include a new CEO) will have any impact on this initiative.

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