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OEB Launches Updated Framework for Energy Innovation Consultation

By David Stevens

On March 23, 2021, the Ontario Energy Board (OEB) issued a letter initiating a Framework for Energy Innovation Consultation. This consultation is a continuation and consolidation of the previous Responding to Distributed Energy Resources (DERs) and Utility Remuneration consultations that had been initiated in 2018. In the letter, the OEB set out its proposed near-term priorities for the “sector evolution consultations,” including utilities’ use of DERs and the impact of DERs on utility planning.

As described in previous posts (for example, [here](#) and [here](#)), the OEB’s previous DERs consultations have been aimed at looking at how the electricity sector in Ontario should respond to DERs and encourage utilities and regulated service providers to “embrace innovation” in their operations and customer service. The most recent step in the DERs consultations was the publication and discussion of expert studies looking at (among other things) the adoption of distributed generation and storage in Ontario over the next 10 years, including recommendations as to how to develop a flexible regulatory response framework tailored to an unknown future.

In its March 2021 letter, the OEB reviewed the consultations undertaken to date, and signalled its intention to focus on supporting innovation. In this regard, the OEB pointed to recent changes to the *Ontario Energy Board Act, 1998* that added an objective for the OEB “to facilitate innovation in the electricity sector.” The OEB’s letter indicates that “[this] new OEB legislative objective supports and complements the objectives of these consultations, which are expected to contribute to increased regulatory clarity in the treatment of innovative technologies and approaches, as well as further support the deployment and adoption of novel, cost-effective solutions in electricity and gas services by utilities and other sector participants in ways that enhance value for consumers.”

The OEB has identified two near term “workstreams” related to DER usage and DER integration that are intended to address “priority issues” for the Framework for Energy Innovation Consultation. The OEB indicates that the objective of this incremental approach is to respond to the most pressing issues and lay foundations for future work.

In the “DER Usage” workstream, the Framework for Energy Innovation Consultation is intended to investigate and support utilities’ use of DERs that they do not own as alternatives to traditional wires solutions to meet distribution needs. Among other things, this may involve developing “use cases” for non-utility-owned DRTs to meet distribution system needs, and developing appropriate incentives for distributors to adopt such solutions.

In the “DER Integration” workstream, the focus will be on ensuring that utility planning is appropriately informed by DER penetration and forecasts.

Interested parties are invited to provide comments to the OEB about the proposed workstreams and their goals.

After any comments are received and addressed, the OEB intends to create and engage with a Framework for Energy Innovation Working Group (FEI WG), comprised of representatives from the sector. The FEI WG will review the issues relevant to the two identified workstreams and prepare recommendations for the OEB’s consideration. Nominations for the FEI WG can be submitted to the OEB.

The OEB indicates that following consideration of any comments received, the OEB will confirm the near-term priority workstreams and the composition of the FEI WG.

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