ONTARIO ENERGY BOARD

Benefit-Cost Analysis Framework for Addressing Electricity System Needs

EB-2023-0125: Project Plan & Stakeholder Engagement Opportunities

October 13, 2023

Purpose of today's stakeholder session

- The OEB's Framework for Energy Innovation (FEI) noted that a Benefit-Cost Analysis (BCA) Framework to evaluate Distributed Energy (DER) solutions would be developed in two phases.
- The intent of today's session is to introduce the Phase One Project Plan and invite written stakeholder feedback.
- The structure of today's one-hour session is as follows:
  1. OEB staff introduction
     a. Stakeholder consultation approach
     b. Preliminary BCA policy
  2. Project Plan overview by Guidehouse
  3. Stakeholder questions and discussion

There will be 3 engagement opportunities

Today – October 13, 2023

Project Plan

Outline project plan to develop Phase One of the BCA Framework

Obtain written stakeholder feedback on Project Plan & approach

December 2023

Draft BCA Feedback

Seek feedback on draft Phase One BCA Framework

Obtain written stakeholder feedback

March 2024

Final Presentation

Walkthrough of finalized Phase One BCA Framework

Phase One BCA Framework published

Guidance will be provided on use of the BCA Framework

- The BCA Framework will specify (1) when LDCs should conduct a BCA, and (2) the level of detail required when filing the BCA results.

- The BCA Framework will require electricity distributors to:
  - Consider DERs and other NWAs when making material investment decisions as part of distribution system planning.
  - Note when and how LDCs will need to demonstrate their process to consider DERs as part of regulatory filings.
  - Conduct a BCA to determine whether a DER or traditional wires solution is the prudent approach to meeting a system need (symmetrical treatment of traditional and NWA solutions).
  - Provide rationale for situations where DER solutions are not considered or where a BCA analysis was not conducted (e.g., not a technically viable DER solution).

Phase One addresses direct distribution system and first order upstream impacts

- Phase One of the BCA Framework will involve the development of a Distribution System Test focused on distribution-level costs & benefits. It will also include a simplified Energy System Test that encompasses simplified generation and transmission benefits.
  - The OEB's BCA Framework will seek to align with the IESO's regional planning economic analysis process for NWAs when developing the Energy System Test, where possible.

- Phase Two of the BCA Framework will involve refinement of the Energy System Test, including consideration of impacts to those who host the DER(s) and possibly societal impacts.

Path forward and next steps

- Materials from today's session and the draft Phase One BCA Framework Project Plan will be made available to all registered participants after today's session.
- Participants will be given a two-week period thereafter to provide written comments.
- For those participants granted cost awards eligibility, a maximum of today's meeting time plus one (1) hour for preparation and four (4) hours for subsequent draft project plan comments will be available.
- Written comments are to be filed in accordance with the instructions provided in the How to File Materials section of the EB-2023-0125 consultation initiation letter. Comments will be publicly available on the OEB's website.

Consultation approach and policy summary

Consultation Opportunities

- Stakeholder feedback will be collected and incorporated throughout the development of Phase One of the BCA Framework.
- Three planned stakeholder sessions:
  - **2023 Oct:** Project plan webinar
  - **2023 Dec:** Draft BCA Framework feedback
  - **2024 March:** Final webinar

Preliminary Policy

- The BCA Framework will provide specific direction as to when the OEB expects consideration of DERs.
- BCA Framework will be developed in two phases:
  - **Phase One** – focused on a Distribution System Test with a simplified Energy System Test.
  - **Phase Two** – refinement of the Energy System Test, may be expanded to consider societal impacts.