

Industrial Gas Users Association

**Distributed Energy Resources (DERs)
(EB-2018-0288)
&
Utility Remuneration
(EB-2018-0287)**

OEB Integrated Consultations

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Industrial Gas Users Association

- Founded in 1973
 - Intervention in regulatory hearings
 - Coherent voice on natural gas issues
- EITE Members in Québec and Ontario
 - Mining, steel, chemicals, forest products, aluminum and manufacturing sectors
 - Aggregate use > 148 PJ per year
 - Cyclic international commodity business
 - Large employers in rural and remote communities
 - Access to safe, reliable and affordable energy is key to location of plants and (international) competitiveness
- IGUA's mandate
 - Effective intervention in regulatory hearings (Québec, Ontario, National)
 - Coherent voice on natural gas and energy issues



Kudos for Engaging Stakeholders

- Transparency, acceptability and quality of regulatory decision making depends on effective stakeholder engagement.
- Effective engagement on policy development includes early engagement, to inform the regulator and the stakeholders.
- Value of regulator bringing key stakeholders along with it up the relevant “learning curve”.
- Consumer preferences will drive adoption of DERs – **important to hear from consumers.**
 - ? What other regulators will be impacted? (TSSA, Measurement Canada)
 - ? Who will provide skills training? (Utilities, Colleges, Associations)

Objectives

- Customers will be better off if utilities can adapt (rather than be bypassed).
- Regulators should facilitate orderly evolution and adaptation, but should **not** protect the utility from change.
- Regulators should not pick technology winners and losers; the market should.
- Customers see energy services; evolving framework should **un**-silo gas, electricity, thermal energy sources.
- Utility investments should consider accelerating state of change (there is value to adaptability, and to avoiding stranded investments).
- Optimize existing infrastructure.
- Utility evolution should focus on removing barriers to new energy service providers accessing the gas and electricity grids, **not** on expansion of the utility activity beyond the meter.

Principle:

Utility focus should be utility services.

- Investment in utility infrastructure and systems to facilitate and respond to customer innovation.
- Development of new, intelligent, customer responsive services and rate structures.
- Beyond the utility meter:
 - Support development of interoperability standards
 - Support training and qualification of technicians to address more complicated and integrated energy systems
 - Facilitate innovation opportunities of customers, rather than pursuing those opportunities with ratepayer funds

Principles: Utility costs.

- Utility investments in innovation should be governed by the same basic principles of regulation that govern other utility investments.
 - Reasonable opportunity to recover costs of providing regulated utility services.
 - Providing those costs were;
 - Prudently incurred.
 - Reasonably necessary for the provision of such regulated services.
- However, ***bias towards capital investment should be neutralized so that investment decisions are optimized and resulting efficiencies rewarded.***
- Those who benefit from utility innovations should bear associated costs.
- IGUA supports paced ratepayer funded utility spending on innovation;
 - Within sphere of utility operations.
 - With transparent and robust regulatory oversight processes.

Issues

- *What is the appropriate role/function of the distribution utility in delivery of energy services?*
- *What “market failures” are apparent when considering DERs development? How are these “market failures” best addressed? By whom?*
- *Where should distribution utilities be innovating themselves?*
- *Where should distribution utilities be responding to/removing barriers to/facilitating innovation by others?*
- *IP & Competitiveness; quest for open sharing of everything is challenging for commercial innovation.*
- *Regulation in a time of rapid change; responsive but robust.*

Concluding Remarks

- Timely to look at utility remuneration and DER.
- Good inclusive process.
- Keep focus on all energy (not only electricity) and keep a customer lens.
- We have offered our views on 1, 2, 3 (objective, scope, issues), and IGUA looks forward to engaging in the rest of the process and continuing to contribute its considered views through the lens of large, EITE energy consumers.



Thank You