Industrial Gas Users Association

Distributed Energy Resources (DERs) (EB-2018-0288)

& Utility Remuneration (EB-2018-0287)

OEB Integrated Consultations

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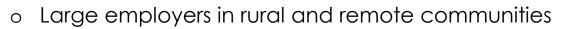
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Industrial Gas Users Association

- Founded in 1973
 - o Intervention in regulatory hearings
 - o 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



- Access to safe, reliable and affordable energy is key to location of plants and (international) competitiveness
- IGUA's mandate
 - o Effective intervention in regulatory hearings (Québec, Ontario, National)
 - o 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)





- Customers will be better off if utilities can adapt (rather than be bypassed).
- Regulators should facilitate orderly evolution and adaptation, but should **<u>not</u>** protect the utility from change.
- Regulators should not pick technology winners and losers; the market should.
- Customers see <u>energy</u> services; evolving framework should <u>un</u>-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, <u>not</u> 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:
 - o 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.
 - o 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 form utility innovations should bear associated costs.
- IGUA supports paced ratepayer funded utility spending on innovation;
 - o 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

