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Submitted via email to: engagement@ieso.ca

Re: IESO Regional Planning Review Process Straw Man Design

Toronto Hydro-Electric System Limited (“Toronto Hydro”) respectfully provides the following comments in response to the IESO's Regional Planning Process Review Straw Man Design document. Toronto Hydro is the local electricity distribution company for customers in the City of Toronto. It has over 770,000 customers and delivers about 19% of the electricity consumed in the Province. With respect to the IESO, the utility is responsible for settling its commodity electricity purchases and in turn billing customers, ranging from small residences to large commercial, industrial, and institutional customers. It also plays a critical role in Regional Planning for Toronto. Accordingly, Toronto Hydro has a keen interest in the IESO’s Regional Planning Process, particularly as it relates to the future role of distribution utilities and the industry participants with which they interact.

Overview

Ontario’s 2017 Long-Term Energy Plan directed the IESO “to review the regional planning process and report back with options and recommendations to address the challenges and opportunities that have emerged.”¹ While Toronto Hydro acknowledges the legal basis for this Directive, it is Toronto Hydro’s understanding that regulating the Regional Planning process remains under the jurisdiction of the Ontario Energy Board (“OEB”). The utility expects this to continue, and seeks to understand how the results of this consultation will receive due process by the OEB. Moreover, as Toronto Hydro’s comments set out below, the utility strongly encourages the IESO to bring any material Non-Wires Alternatives matters in relation to Regional Planning to bear through the OEB’s Responding to DERs and

¹ <https://www.ontario.ca/document/2017-long-term-energy-plan/chapter-8-supporting-regional-solutions-and-infrastructure#section-0>

Utility Remuneration proceedings.² It is vital that regulatory and planning frameworks remain aligned to ensure a consistent DER framework is established in Ontario.

Part 1 – Process Efficiency and Flexibility

Section 1.1 - Streamlining Load Forecast Development

In its efforts to streamline load forecast development the IESO presents three options for consideration. Respectfully, Toronto Hydro submits that there are options other than the those listed, or at the very least variations to those listed, that should be brought forward for consideration. Toronto Hydro agrees that base assumptions and methodologies should be specified to ensure that forecasts from multiple distributors can be combined efficiently, with these assumptions and methodologies being region specific. However, Toronto Hydro submits that the current responsibility of preparing peak demand forecasts should continue to rest with local distribution companies ("LDCs"), and that the LDCs should maintain the responsibility for producing both the gross and net forecasts for the transmitter and IESO. For Toronto, Toronto Hydro continues to be the entity closest to the customer that understand the trends of demand in their service territory, and remain best positioned to generate this forecast with accuracy and precision. Toronto Hydro will also be able to aggregate energy efficiency and distributed generation forecasts in a way consistent with the way the gross forecast is produced. Involving another party in that effort could lead to incongruities and a lack of overall ownership in the final product.

In terms of forecasting cycle, Toronto Hydro supports the creation of one 20 to 25 year forecast at the beginning of the process that would remain consistent through all the phases of a cycle of regional planning. Planning uncertainty should be captured through an LDC developed scenario-based approach.

The proposed Option C, with forecasts monitored and formally reviewed annually by the Technical Working Group, may prove helpful in some regions but Toronto Hydro does not believe it to be appropriate to apply this approach to all regions. In Toronto Hydro's case, its 10-year forecasts are already reviewed annually with the transmitter. An annual review with the Technical Working Group would unnecessarily duplicate these efforts.

1.2: Accelerating and Sizing the IRRP

In order to accelerate the IRRP process, the IESO proposes to customize the type of IRRP and the scope of work required to better accommodate the needs of the regions and sub-regions. Toronto Hydro's experience is that the current scoping assessment process defaulted to an IRRP without any appropriate criteria for determining whether an IRRP was required. Toronto Hydro recommends that criteria be developed and applied at the scoping assessment stage to determine if an IRRP is required. Further, if

² OEB Case Numbers EB-2018-0287 and EB-2018-0288.

an IRRP is required, it should be focused only on the identified need and associated assets and not apply to the entire region. Under this approach, the scoping assessment default would be that the planning region would not need an IRRP unless non-wire feasibility criteria are satisfied.

1.3: Streamlining the IRRP and RIP

The IESO intends to streamline the IRRP and RIP by clarifying the scope of each to avoid redundancies. Toronto Hydro agrees that greater efficiency can be achieved by avoiding duplication. Toronto Hydro further submits that transmission asset owners and LDCs are best qualified to develop a robust baseline plan and recommends that a baseline plan (currently in the form of an RIP) always be done. If the scoping assessment indicates that an IRRP is warranted, then that IRRP can build on the baseline plans without redoing them and then assess and compare incremental non-wires alternatives within it. The scoping assessment could be completed in parallel with the RIP as a time-saving measure and stakeholder engagement can be structured into the baseline planning process. Should an IRRP be deemed necessary, the engagement process would continue into the IRRP.

1.4: Better Integration and Coordination with Related Processes

The IESO intends to develop a better understanding of the scope, interdependencies, and decision-making points of processes related to regional planning to improve integration and coordination. While Toronto Hydro is supportive of these measures, the interdependencies would need to be defined and related processes identified before specific recommendations can be made.

1.5: Enhancing Regional Planning Engagements and Transparency

The IESO intends to continue to incorporate its engagement principles and processes and seek input on the engagement process for further improvement. Similarly, Toronto Hydro continues to have extensive engagements with customers and other stakeholders on its activities. Toronto Hydro remains concerned that an uncoordinated engagement plan between industry stakeholders will lead to confusion as to accountabilities for electricity planning, and risks “engagement fatigue.” Toronto Hydro suggests that IESO efforts avoid duplication with the utility’s own efforts that were recently endorsed by the Ontario Energy Board in its Decision on the utility’s 2020 to 2024 distribution rates application.³

1.6: Better Consideration of Cost Allocation

The IESO proposes a clearer understanding of cost allocation during regional planning. While additional information is always a benefit, Toronto Hydro submits that the total cost of the project, rather than the cost allocation impacts, should be the key consideration within the IRRP or the RIP. As is noted by the IESO, cost allocation is a matter for the OEB to consider, and it remains unclear how the cost allocation information could be used within regional planning, in terms of which rate payers are to be considered and how the cost allocation to one group is to be weighed against the allocation to another. While it is in the interest of the regional planning process to minimize total system costs, how these costs are

³ OEB Case Number EB-2018-0165

apportioned to utility ratepayers and whether utilities have appropriately done so is an issue properly evaluated and tested in front of the OEB.

1.7: Planning with a Long-Term Outlook

Toronto Hydro strongly agrees with the IESO's intentions to maintain a long-term outlook, in order to ensure that regional planning captures potential future needs. In order to permit this, Toronto Hydro further proposes that each regional plan contain a high-level plan that would meet the needs of the region for the long term. The plan does not preclude non-wires alternatives as more certainty develops. However, having this "horizon year" view will encourage a more thoughtful consideration of the near and mid-term actions to ensure future needs are met.

1.8: Enhancing Activities Between Planning Cycles

The IESO proposes to enhance activity in between planning cycles by requiring an annual review with the Technical Working Group. Toronto Hydro suggests that this may not be required for all regions. In the case for Toronto Hydro specifically, it already meets monthly with the transmitter on the status of projects that are both in the planning and execution phases. A meeting with the Technical Working Group would be duplicative in this instance.

1.9: Clarifying Process Stages and Final Products

Toronto Hydro relies on its comments with regard to Section 1.3 concerning Streamlining the IRRP and RIP.

Part 2 – End-of-Life Asset Replacement Information Process

Toronto Hydro believes that the information process needs to strike the correct balance between effort and benefit. To this end, Toronto Hydro proposes that a detailed listing of end-of-life assets be distributed to the Technical Working Group as an initial step in the regional planning process. This information will prove valuable in seeing opportunities for cost savings through the bundling of work in the near, mid and long term "horizon year" view. Toronto Hydro does not see value in an annual collection and presentation of this data, as it is useful only as an input into planning activity. Absent actual use in an active regional plan, the effort does not appear to provide an active benefit.

Part 3 – Barriers to Non-Wires Alternatives

Toronto Hydro remains concerned with the advancement of proposals in this forum outside the scope of, and in the absence of coordination with, the OEB consultations currently underway with regard to Responding to DERs.⁴ Non-Wires Alternatives ("NWAs") will remain part of the Regional Planning process, as they already are, with NWA recommendations made in the most recent 2019 Toronto IRRP. In fact, Toronto Hydro already has a NWA in place at its Cecil TS, which has successfully deferred station upgrades through a novel aggregation of battery storage and CDM. This NWA solution successfully

⁴EB-2018-0288

delayed the need for much larger capital investment at that location, to the benefit of ratepayers through lower costs in the near and medium term. The OEB's continued oversight in this regard, and ongoing consultation on the matter, would suggest that competing efforts through the IESO are premature. Toronto Hydro maintains that to avoid duplication and potentially conflicting conclusions, these issues would best be addressed within the scope of the ongoing OEB review process noted earlier.

All of which is respectfully submitted.

Please don't hesitate to contact me at any time.

Sincerely,

A handwritten signature in blue ink that reads "Andrew J. Sasso". The signature is written in a cursive style with a large initial "A" and "S".

Andrew J. Sasso