

April 7, 2022

The Honourable Todd Smith  
Minister of Energy  
Rm. 5630 Whitney Block  
99 Wellesley Street West  
Toronto, Ontario  
M7A 1W3

Dear Minister Smith,

Energy Storage Canada (ESC) wishes to express support for the Ministry of Energy's multiple initiatives to encourage innovation and reform throughout Ontario's electricity sector, including the \$37 million recently invested into four local energy projects through the IESO's Grid Innovation Fund (GIF) and the Ontario Energy Board's (OEB) Innovation Sandbox.

In particular, we would like to highlight and encourage the ongoing work related to implementation of a Class B Dynamic Pricing Pilot (CBDPP), as expressed in your Mandate Letter to the Chair of the OEB. As recognized by the OEB's own staff research paper, Examination of Alternative Price Designs for the Recovery of Global Adjustment Costs from Class B Consumers in Ontario (EB-2016-0201), the current approach to recovering system costs from non-RPP Class B customers via a flat, volumetric charge produces suboptimal results for consumers and ratepayers alike. Increasing exposure to market prices would be a highly cost-effective method of encouraging energy conservation, enabling lower bills for businesses, and improving overall economic efficiency.

Moreover, adopting dynamic price exposure would reduce peak demand and support efforts to decarbonize the provincial power supply. Further, market-signal driven conservation would be the most cost-effective resource to address Ontario's mid-decade capacity gap following the retirement of the Pickering Nuclear Generating Station, as identified by the Independent Electricity System Operator (IESO).

Of equal importance, the CBDPP would provide an excellent platform upon which Ontario's utilities, small businesses, and independent energy service providers could adopt new Distributed Energy Resources (DERs) and other innovative technological solutions. The CBDPP would provide a controlled setting to develop core competencies and technical processes that will become essential for managing the high-DER penetration future. As the global energy sector undertakes this evolution, Ontario must do all it can to remain competitive with our peer jurisdictions.

To that end, ESC would strongly encourage your Ministry to work with stakeholders, the OEB and IESO in developing and implementing the CBDPP at the earliest opportunity. Amongst the many expected

outcomes from this program, we believe it would be the ideal opportunity to simultaneously deploy multiple DER-ownership models, including third party-owned and operated, third party-owned and utility-operated, and utility-owned and operated. To achieve the best results from this program, it will be critical to allow sufficient length of term to ensure consumers' confidence in making DER investments. We also recognize the significant work the CBDPP would require in regulatory development, data reporting, and compliance. To achieve the greatest benefits from these investments, it would be sensible to deploy this pilot in service territories with significant load growth forecasts and emerging capacity needs. Doing so would relieve the cost of traditional 'poles and wires' distribution and transmission solutions, as well as delivering invaluable learnings.

ESC would welcome the opportunity to provide additional input and support from our membership in launching this important project by the end of 2022. Thank you for your time and consideration of our correspondence.

Sincerely,

A handwritten signature in black ink that reads "Justin Rangooni". The signature is written in a cursive, flowing style.

Justin Wahid Rangooni  
Executive Director  
Energy Storage Canada