

**NOTICE OF PROPOSAL TO AMEND A CODE
PROPOSED AMENDMENTS TO THE DISTRIBUTION SYSTEM CODE TO FACILITATE THE
CONNECTION OF HOUSING DEVELOPMENTS AND RESIDENTIAL CUSTOMERS**

BOARD FILE NO. EB-2024-0092

VECC Comments December 10, 2025

On November 18, 2024, the OEB issued a Notice of Proposal to amend the Distribution System Code and invited comments from all interested parties on the proposed amendments to facilitate the connection of housing developments and residential customers. Specifically, the proposed amendments:

- Extend the connection horizon from five years to a maximum of 15 years to connect a housing development; and
- Extend the maximum revenue horizon for all residential connections from 25 years to 40 years.

VECC has reviewed the proposed amendments and makes the following comments.

Background

Following the November 29, 2023 Letter of Direction to the OEB from the Minister of Energy, the OEB undertook a review of different cost recovery approaches to support the province's new housing, transportation and economic goals. Following a consultation process in the spring of 2024 involving consumers, developers and distributors, the OEB submitted its Report to the Minister of Energy and Electrification on June 28, 2024. In that Report, the OEB made recommendations including:

- Proposing new provisions for the DSC to clarify for distributors and customers how extended connection horizons beyond the standard five years should be employed.
- Extending the revenue horizon used in the evaluation of expansion projects to 40 years, to recognize the life of assets used in connecting and serving residential customers.
- Developing a capacity allocation model that specifically addresses multi-year, multi-party developments and ensures a fair allocation of costs among connecting parties.

In a letter to the Chair of the OEB, the Minister of Energy and Electrification endorsed the above recommendations and indicated an expectation that the OEB further consider extending the connection horizon for housing development projects to 15 years.

Customer Connection Horizon

The OEB proposes to amend the DSC to extend the connection horizon from five years to a maximum of 15 years for an expansion to connect a “housing development”. Housing development means a project to construct multiple residential accommodations on a piece of land that will be divided into multiple parcels and offered for sale, and that will be comprised predominantly of residential accommodations but may also include public buildings, industrial and commercial buildings or space appropriate for such buildings.

To qualify for the extended connection horizon, the following conditions must be met:

- (a) the developer for the housing development has requested a customer connection horizon that exceeds five (5) years;
- (b) the connection of the last residential customer in the housing development is forecast to occur more than five (5) years from the date of the request to connect;
- (c) the developer has provided the distributor with:
 - i. an approved plan of subdivision for the housing development; and
 - ii. evidence that the developer owns the land on which the housing development will be built or has written authorization to build the housing development on that land from the landowner; and
 - iii. an initial offer to connect the housing development had not been accepted by the developer on or before November 18, 2024.

The customer connection horizon begins on the energization date of the facilities.

The OEB explains these proposed conditions are aimed at ensuring that only lengthy housing development projects that are sufficiently advanced will qualify. This will minimize the impact on existing ratepayers by reducing the risk of projects failing to progress as planned and avoids the unnecessary administrative burden for distributors in extending connection horizons for projects expected to be completed within five years.

VECC submits the OEB has appropriately responded to the Minister’s expectations. VECC supports extending the current connection horizon from five years to 15 years so that homes within a housing development that are constructed beyond the five-year timeframe are included in the revenue calculations. However, by relying on a longer period of time there is inherent forecast risk and the risk that the developer that existed in year one is no longer in business or has divested that development in later years. VECC believes the OEB needs to take this into account and consider adding a condition that developers be required to provide a Letter of Credit for their projects as an assurance that they, or their successor, will fulfill their obligations. This approach would protect the interests of

customers in the event that the developer failed to deliver on the project.

Revenue Connection Horizon

The OEB proposes to amend the DSC to extend the revenue horizon for all residential connections to 40 years from the current maximum of 25 years. This includes not only housing developments but also multi-unit residential buildings and individual residential customers.

The OEB explains it is of the view that extending the revenue horizon to 40 years is a reasonable step to ensure a balance between existing and new customers and is reflective of the expected life of assets and the fact that residential homes are expected to stay connected for an extended period.

VECC supports the change in the customer revenue horizon for residential customers to align with the useful life of the assets.

The change to the revenue horizon would reduce the shortfall between costs and revenues in the economic evaluation, and it will lower the capital contribution amount to be paid for residential connections, including connections for housing developments.

Transitional Matters

As a transitional matter, the OEB proposes that the new revenue and customer horizons apply where an initial offer to connect has not been accepted by the customer as of the date of this Notice. This approach is intended to avoid the administrative complexities and potential financial challenges associated with applying the extended horizons to projects that are already completed or well into the connection process. At the same time, this approach aims to ensure that developers are not incentivized to delay moving forward with a project to take advantage of the new horizons.

With respect to implementation, VECC submits the OEB needs to consider how these broad changes impact distributors that recently had new cost of service rates approved or who are currently in the process of rebasing. Specifically, changes to the connection horizon may have significant impacts on connection forecasts and the contribution revenues that are expected during a rate period. The OEB may wish to consider on a generic basis, if there will be a recalculation of capital contributions and a true-up for variations.