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May 16, 2025

EB-2024-0092 – Consultation on System Expansions to Connect Housing Developments
Pollution Probe – Comments on proposed amendments to the Distribution System Code

Dear Ms. Marconi:

On April 17, 2025, the Ontario Energy Board (OEB) provided notice of proposed amendments to the Distribution System Code (DSC) to establish a Capacity Allocation Model (CAM) to support a fair allocation of capacity and costs associated with system expansions to accommodate multiple residential subdivisions and other customer connections in a qualifying development area.

There is a large number of OEB initiatives currently underway and several of these relate to System Expansion to Connect Housing Developments (directly or indirectly). These initiatives also link to direction and/or policy initiatives being driven at the Provincial level. When viewed independently, these initiates can appear to be siloed and not aligned to achieving the intended outcomes in the most efficient and cost-effective manner. The Province has taken extreme measures to increase incentives and decrease costs for housing developers. This approach does not seem to be having the desired outcomes that the Province is hoping for. Success in building additional housing and related infrastructure in an efficient and cost-effective manner requires coordination across a large number of stakeholders. A comprehensive and integrated plan that transparently lays out all the barriers and proposed solutions would better allow all stakeholders to coordinate in an efficient manner to achieve the outcomes targeted. Increasing incentives and reducing costs on developers without a firm understanding that each of these changes will result in specific increases is just a transfer of costs without any tangible results. Ideally, the comprehensive and transparent plan linked to specific outcomes by action item, should be developed at the Provincial level with input and consultation for all stakeholders. However, if that does not occur, it is an option for the OEB to develop its own plan that includes all the elements relevant to the OEB.

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The Ministry of Energy and Electrification letter dated October 21, 2024 to the OEB concurred with the OEB's recommendation to establish a capacity allocation model that considers multi customer, multi-year projects. On that basis, the OEB has essentially been instructed to move forward with a version of a CAM. Input during this process is primarily to identify issues and potential adjustments to the details of the CAM proposed by the OEB. The OEB also established a CAM Working Group to dedicate resources toward identifying options and considering a preferred approach.

There are current options available to decrease the energy infrastructure and related costs needed to serve new housing developments. Many of these are being assessed by the OEB through parallel initiatives. One example is the promotion and enablement of Distributed Energy Resources (DERs) integrated with housing developments. When long-term solutions are favoured over short-term action, it can result in more cost-effective solutions that also provide enhanced benefits to the grid and energy consumers (the same consumers paying for the homes being built). The future is distributed and with customers in mind, not the old centralised transmission models of the past. Solutions need to recognise and embrace the future, not lock in the past. Modern solutions can require less utility (i.e. ratepayer funded) infrastructure and have greater lifetime benefits to the customers that pay the utility bills. Building homes that reduce developer costs without consideration of the real long-term energy costs that will be paid by the actual homeowners is an artificial exercise. Consumers make choices based on their ability to afford a new home and that includes monthly energy costs. Reducing upfront costs alone does not enhance home affordability.

It is logical to plan the system with the long-term in mind rather than piecemeal. This reduces overall costs. The CAM proposed by the OEB is one approach to do this and avoid allocating excess costs on early projects and letting later projects get a free ride. The OEB convened a CAM Working Group to develop and consider options and Pollution Probe understand that the approach proposed by the OEB is the solution the OEB identified through that process. If there were other solutions put forward by the CAM Working Group, it would be beneficial to provide a solution option matrix (pros/cons) to show all the options considered by the CAM Working Group and why they felt that this was the best option.

When done right, integrated long-term planning reduces costs in the long term while meeting system needs in the most efficient and cost-effective manner. Lowering developer costs alone does not achieve that outcome. Pollution Probe recommends that the OEB also consider how each of the proposed changes it makes weave together in a collective manner to build the energy system of the future, rather than perpetuating the old-fashioned energy distribution

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model of the past. Developers will also need to be part of that solution since a large portion of DERs will need to be accommodated for in the developments being planned.

Respectfully submitted on behalf of Pollution Probe.

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