

Andrew J. Sasso
Director, Regulatory Affairs and Government Relations
Toronto Hydro-Electric System Limited
14 Carlton Street; Toronto, ON M5B 1K5
regulatoryaffairs@torontohydro.com



June 9, 2025

Registrar
Ontario Energy Board
2300 Yonge Street, 27th floor
Toronto, ON M4P 1E4

Re: Proposed Amendments to the Distribution System Code Regarding a Margin on Payment Incentive Mechanism for the Use of Third-Party Distributed Energy Resources as Non-Wires Solutions (EB-2025-0083)

Toronto Hydro-Electric System Limited ("Toronto Hydro") is the local electricity distribution company for the City of Toronto. It serves over 790,000 customers and delivers approximately 18% of the electricity used in Ontario.

On May 16, 2025, the Ontario Energy Board ("OEB") issued a notice proposing amendments to the Distribution System Code ("DSC") to build on existing guidance by establishing a methodology for the setting of rates to include a margin on payments ("MoP") incentive related to the use of third-party distributed energy resources ("DERs") as non-wires solutions ("NWS"). The OEB has invited stakeholders to provide input and written comments on the amendments, specifically with regard to elements of the proposal related to the default value, MoP incentive eligibility criteria, flexibility, and accounting and reporting.

Toronto Hydro has no direct concerns with the OEB's proposed amendments to establish a methodology for MoP incentive applications and believes the proposal put forward by the OEB is a positive step in creating a framework for utilities that would incent the efficient use of third party DERs as NWAs. The proposal is also responsive to the OEB's previous findings within the Framework for Energy Innovation consultation and its Benefit-Cost Analysis Framework for Addressing Electricity Needs and can contribute to outcomes that deliver customer value and support distributors' near-term consideration of NWS.

However, Toronto Hydro is concerned that the proposal is being proposed on short notice, with limited opportunity for in-depth review, and critically, somewhat in isolation to other ongoing OEB consultations that include potential DER and NWS elements under consideration. Ensuring that the broader sector has a clear understanding of how this proposal fits within the evolving regulatory and planning landscape is essential to enable coordinated and informed decision-making. Toronto Hydro suggests that this proposal be viewed as one small component of a broader, integrated effort that will be guided by input and direction from the upcoming Ontario Integrated Energy Plan, and with continued alignment with wider Government objectives. To the extent such alignment has not been considered, Toronto Hydro recommends that further review be undertaken prior to the adoption of these amendments, such that the proposal is firmly integrated with the broader strategic policy direction on these and related issues.

Toronto Hydro appreciates the opportunity to provide comment on the proposed amendments related to the use of DERs as NWAs and assist the OEB in its ongoing efforts to create frameworks that would incent positive customer outcomes, enhance regulatory effectiveness, and drive sector performance.

Respectfully,

A handwritten signature in blue ink, reading "Andrew J. Sasso".

Andrew J. Sasso
Director, Regulatory Affairs and Government Relations
Toronto Hydro-Electric System Limited

AJS/ek/jl