

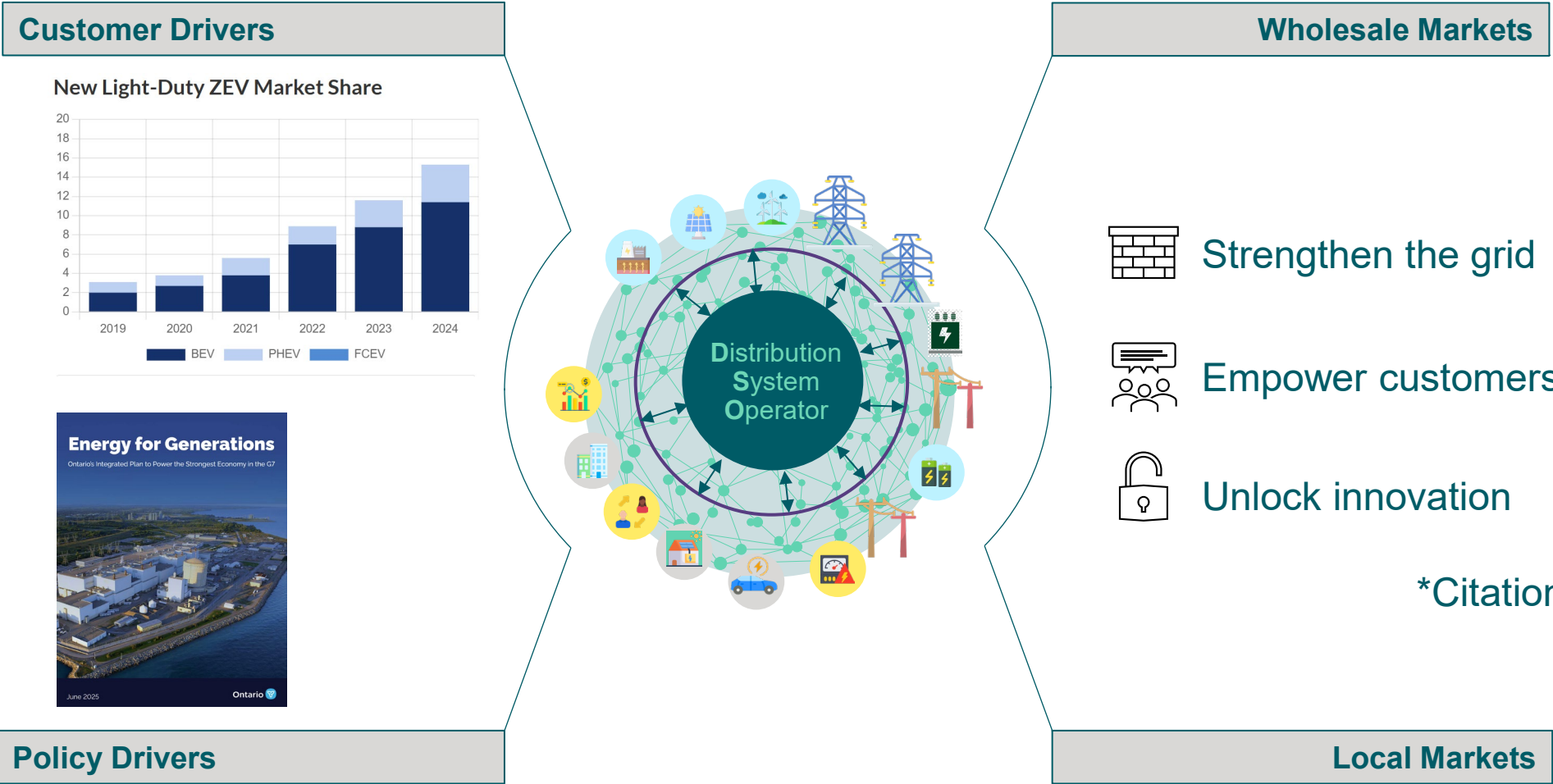


OEB DSO Capabilities Consultation

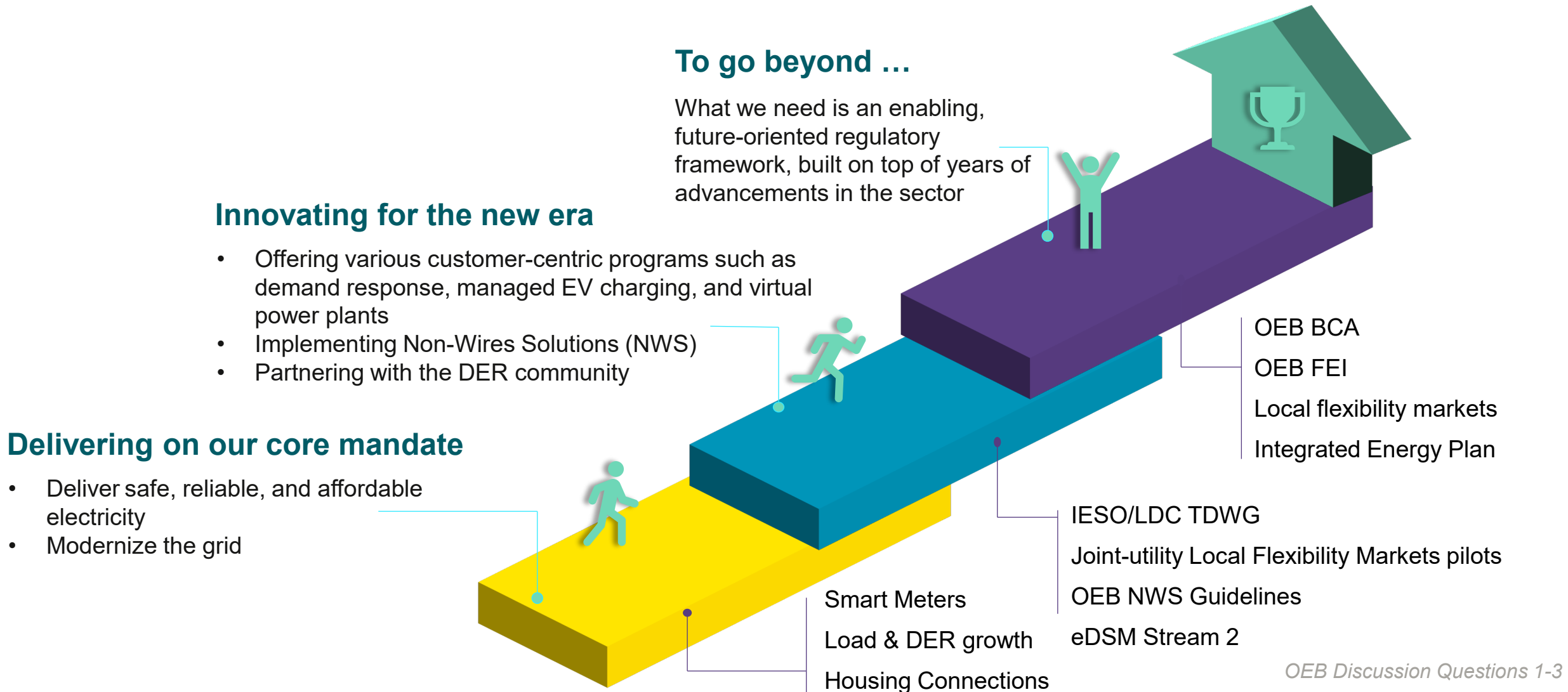
Hydro One Networks Inc.

June 23, 2025 | Fahimeh Kazempour & Kaleb Ruch

DSOs respond to customers and policy



The sector continues to build on established capabilities







OEB Discussion Questions 1-3

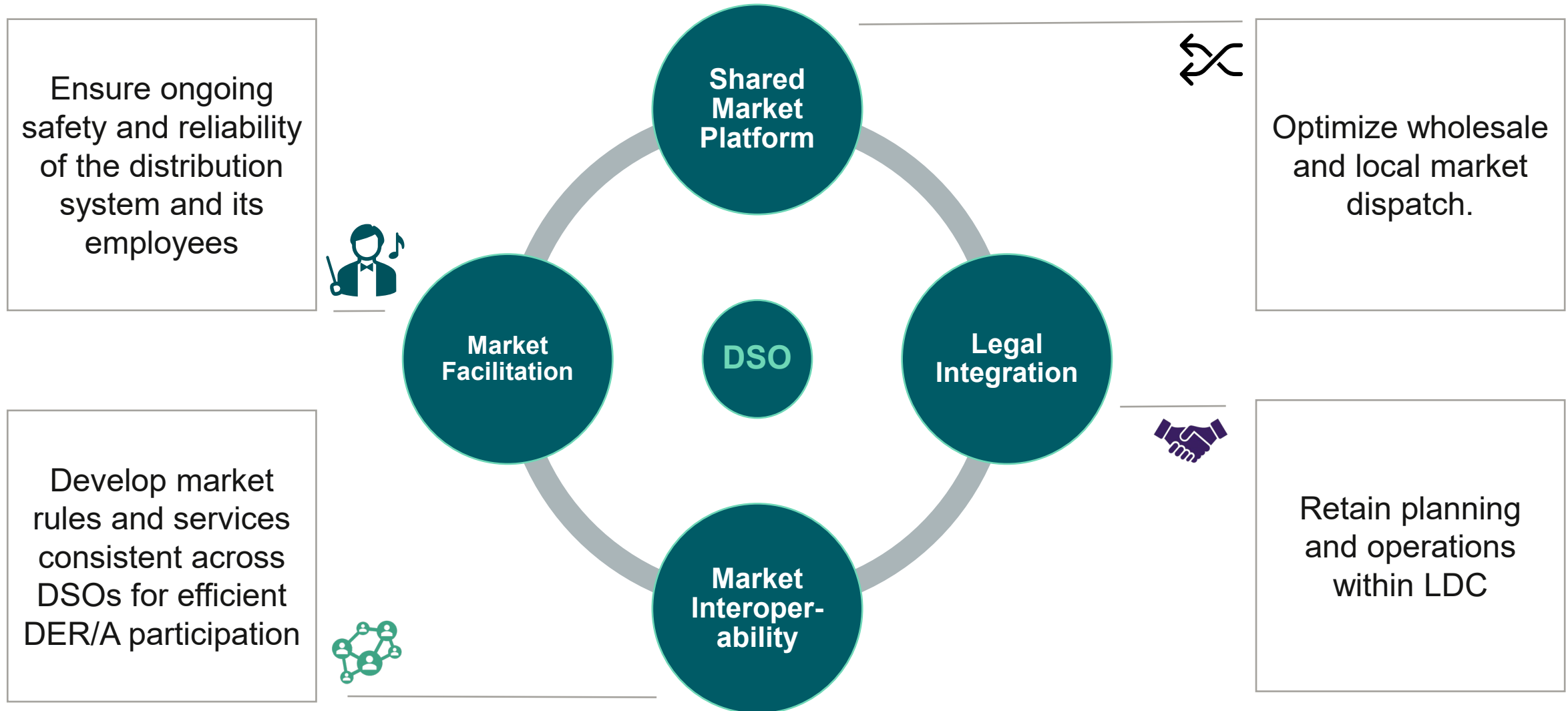
Regulatory clarity to evolve DSO capabilities

An Advanced DSO capabilities roadmap: Making DSO capability evolution faster and more efficient, consistent with government objectives.

Key consultation outcomes should include:

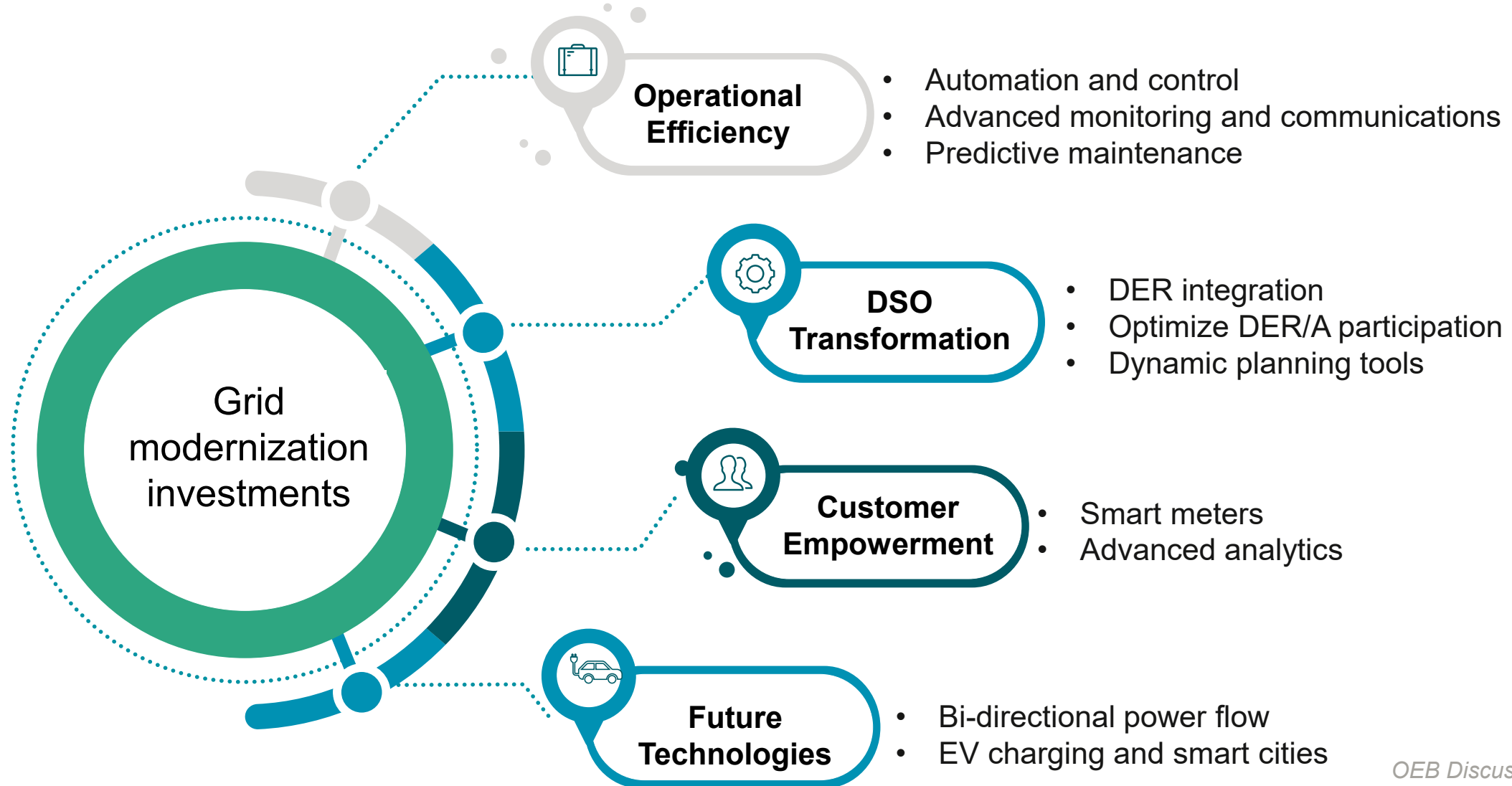
	Roles, Responsibilities and Roadmap	<ul style="list-style-type: none">• Market Facilitation (as described at the TDWG)• Build a roadmap
	Investment Guidance	<ul style="list-style-type: none">• Grid modernization enables DSO capabilities• Core systems, in-field technology, integration
	Local Market Confidence	<ul style="list-style-type: none">• Rules and technology for market neutrality• Supporting market interoperability
	Remuneration Framework	<ul style="list-style-type: none">• FEI Incentives for project-specific Non-Wires Solutions• New Incentives required for market-based solutions

Industry collaboration has produced alignment



OEB Discussion Questions 4-6

Grid Modernization unlocks DSO Capabilities and other outcomes



OEB Discussion Questions 4-6

Markets accelerate DER adoption and greater efficiency in the long-run

Market-Based Approach Benefits:

1. Dynamic, responsive pricing
2. Competitive innovation
3. Price discovery through competition
4. Scales with new participants
5. Efficient allocation of resources
6. Incentivizes right-time, right-place investments

Evidence from abroad shows significant promise...



UK Power Networks' DSO Hits flexibility milestone

UK Power Networks' Distribution System Operator (DSO) has achieved a significant milestone in energy flexibility, with over 100,000 live assets, totalling 2GW of flexibility, registered on its Localflex trading platform.

"In 2023/24, 7.8 GWh of flexibility was dispatched, reflecting a **seven-fold increase** from the previous year and delivering 91 in consumer benefits"

- [UK Power Network DSO Annual Report](#)

Conclusion: An Advanced DSO Roadmap

Roadmap: Success through building on industry innovation and leadership

Ahead: An Advanced DSO model

- Perform integrated planning
- Operate a flexible grid
- Facilitate market participation
- Procure services for local needs



Pending

- Roles and responsibilities
- Investment guidance
- Local market confidence
- Remuneration framework



Accomplished: Early capabilities

- Key enabling investments and innovations supported by existing policy.



OEB Discussion Questions 4-6