

BY EMAIL and RESS

June 27, 2025

Mr. Ritchie Murray
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Dear Mr. Murray:

EB-2024-0129 Performance Incentive Mechanisms, Advancing Performance-based Rate Regulation - Building Owners and Managers Association Toronto's (BOMA Toronto) Comments

On May 14, 2025, the Ontario Energy Board (OEB) released a Discussion Paper presenting draft performance incentive mechanisms (PIMs) for electricity distributors as part of its consultation to advance its performance-based approach to rate regulation. The Discussion Paper proposes four PIMs, with the goal of strengthening the link between what electricity distributors earn and the achievement of outcomes consumers value, for stakeholder review and feedback.

BOMA Toronto is generally supportive of the OEB's objectives and approach to advancing performance-based regulation (APBR) and the proposed PIMs in the May 14, 2025 Discussion Paper. We will continue to provide a voice for commercial property owners and operators in Ontario throughout the development of this important initiative.

BOMA Toronto Responses to Specific Discussion Questions

1. *Which secondary objectives, if any, are missing from the list presented in Section 1.3?*

BOMA Toronto supports the list of secondary objectives presented in Section 1.3.

However, the OEB may need to further encourage electricity distributors to achieve some of these objectives (e.g. system capacity/electrification, reliability and resiliency) more effectively and efficiently through collaboration and Integration with

other electricity and natural gas utilities, district energy services providers, developers and other stakeholders.

2. *Which secondary objectives, if any, are not appropriately addressed by the proposed PIMs?*
3. *Is the definition of a PIM employed in the Discussion Paper fit for purpose? If not, why not?*
4. *Are the criteria used to evaluate the proposed PIMs appropriate? If not, why not?*
5. *What additional information, if any, is needed about each of the proposed PIMs in the final PIMs framework?*

BOMA Toronto does not have any concerns.

6. *Are you supportive of applying a standard set of PIMs to all electricity distributors in Ontario? If not, why not?*
 - a) *Which PIMs should be applied to which distributors?*
 - b) *What characteristics of distributors should be used to define whether the PIMs framework should apply?*

A standard set of PIMs should be applied to all electricity distributors in Ontario.

7. *In the context of a standard PIMs framework, should electricity distributors continue to be able to propose custom PIMs in addition to being subject to “standard” PIMs?*

Yes. Custom PIMs in addition to the standard set will promote innovation in the sector.

8. *Are you supportive of implementing a PIM related to system utilization/load factor? If not, why not?*

Implementing a PIM based on a single system utilization/load factor for a distributor is not practical as the demand/usage/capacity vary greatly with location, density and other factors.

However, BOMA Toronto is in general supportive of incenting more efficient use of the existing capacity of the distribution system, which should increase utilization and reduce the need to add incremental capacity and ultimately cost.

BOMA Toronto recommends collecting more data in this area. Further analysis is needed before establishing a practical “utilization” PIM.

9. *Are there any specific characteristics of the system utilization/load factor PIM as presented in the Discussion Paper that you have issues with? If so, which characteristics?*

a) Please describe the issues and present alternatives characteristics if possible.

N/A. See BOMA Toronto’s response in question #8.

10. *Are you supportive of implementing a PIM related to SAIDI? If not, why not?*

Yes.

11. *Are there any specific characteristics of the SAIDI PIM as presented in the Discussion Paper that you have issues with? If so, which characteristics?*

a) Please describe the issues and present alternative characteristics, if possible.

No. BOMA Toronto is supportive of the SAIDI PIM as presented in the Discussion Paper.

12. *Are you supportive of implementing a PIM related to SAIFI? If not, why not?*

Yes.

13. *Are there any specific characteristics of the SAIFI PIM as presented in the Discussion Paper that you have issues with? If so, which characteristics?*

a) Please describe the issues and present alternative characteristics, if possible.

No. BOMA Toronto is supportive of the SAIFI PIM as presented in the Discussion Paper.

14. *14.Are you supportive of implementing a PIM related to DER connections? If not, why not?*

No. BOMA Toronto does not believe a PIM related to DER connections is necessary as DER connection times requirements have been defined and are enforced in the Distribution System Code (DSC).

15. *Are there any specific characteristics of the DER connections PIM as presented in the Discussion Paper that you have issues with? If so, which characteristics?*
a) *Please describe the issues and present alternative characteristics, if possible.*
16. *Should all DER connections be considered the same? Should different sizes of DERs have different requirements?*
17. *What aspects of the DER connections process and timeline should be considered in the development of the PIM?*

N/A. See BOMA Toronto's response in question #14.

18. *Looking at the PIMs considered but not included (Table 10 in the Discussion Paper), which of these PIMs deserve further consideration?*
a) *Please describe why the PIM deserves further consideration and what the characteristics of this PIM may be.*

None. BOMA Toronto does not have any concerns with the OEB's rationale to not include them.

19. *Does a housing connection PIM discussed in Section 4.5 require further consideration in advance of the OEB's other planned work in this area? Why or why not?*

No. This PIM is redundant as listed in the OEB's rationale to not include.

20. *Do you agree with the three target setting methodologies described in the Discussion Paper? If not, which aspects of these target setting methodologies do you disagree with and why?*

Yes.

21. *Has the most appropriate target setting methodologies been proposed for each of the proposed PIMs? If not, which target setting methodologies would you recommend for each of the proposed PIMs?*

In general, BOMA Toronto believes a combination of “Based on comparison to peers” and “Based on utility’s own past performance” will continuously drive the most improvement.

Based on comparison to peers will always drive improvement in the sector. Based on utility’s own past performance will drive further improvement for utilities that are already ahead (from peers).

22. *Do you agree with the methodology presented for setting the incentive levels for the PIMs? If not, which aspects of the incentive setting methodology do you disagree with and why?*

Yes.

23. *Please provide feedback on the proposed process for administering the PIMs presented in the Discussion Paper.*

- a) *What aspects of this process work and why?*
- b) *Which aspects of this process do not work and why?*
- c) *Do you have an alternative process or parts of the process that you would like to propose?*

In general, BOMA Toronto is supportive of the proposed process. Working group(s) is important as this is a new process and there will be many changes that need to be discussed among stakeholders before the framework is finalized.

While tracking PIM incentives in a variance account and collecting/returning incentive amounts through rate rider is an efficient and relatively simple process, it is not necessary to dispose of the incentives annually via IRM process. BOMA Toronto believes that disposition of the incentives and reviewing targets/incentive levels should be done only at rebasing to i) reduces administrative burden; and ii) allow a thorough review.

24. *Do you agree with the proposed time frame for the implementation of the PIMs? If not, which aspects of the time frame do you disagree with?*

BOMA Toronto believes finalizing the PIM framework and PIMs will take time. Therefore the proposed implementation time frame should be slightly extended in all steps (not any specific aspect).

Respectfully submitted on behalf of BOMA Toronto,



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