

BY EMAIL and RESS

July 22, 2025

Mr. Ritchie Murray
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
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Dear Mr. Murray:

EB-2025-0060 Distribution System Operator Capabilities - Building Owners and Managers Association Toronto's (BOMA Toronto) Comments

Introduction

On January 28, 2025, the Ontario Energy Board (OEB) launched a consultation to consider and define a policy framework to set expectations for electricity distributors regarding the development of Distribution System Operator (DSO) capabilities.

On May 20, 2025, the OEB released two reports to support the consultation: i) DNV Energy Insights Report - This report focuses on the core drivers behind the implementation of DSOs, use cases, DSO functionality and architecture; ii) OEB Staff Discussion Paper - Based on the research that OEB staff has undertaken, the paper sets out DSO opportunities and policy objectives, discusses the core regulatory considerations that DSO capabilities give rise to, and proposes an approach for moving forward.

In the June 23/24, 2025 stakeholder engagement session, DNV Energy Insights and OEB staff presented their reports and other stakeholders also delivered presentations on topics such as DSO capabilities, critical success factors and policy objectives.

BOMA Toronto is generally supportive of the OEB's objectives and approach to consider and define a DSO policy framework. We will continue to provide a voice for commercial property owners and operators in Ontario throughout the development of this important initiative.

Discussion Questions

Defining Opportunities and Objectives

DSO capabilities refer to advanced functions to integrate, manage and optimize Distributed Energy Resources (DERs) and DER aggregates (DER/As) to meet system needs. BOMA Toronto supports the development of DSO capabilities in Ontario. It aligns with the province's long-term energy transition and emission reduction goals. We believe that DSO development is the only pathway to successfully integrate and optimize two-way DERs such as renewable generators, electric vehicles (EV) and storage in the electricity grid. DSO capabilities will play a vital role in facilitating non-wires alternatives (e.g. solar photovoltaics, storage, EVs and consumer devices that can reduce electricity use on demand) to avoid or delay traditional wire infrastructure upgrades, while our reliance on the electricity grid's reliability and resilience increases as we go through electrification, decarbonization and climate changes. Improved customer choice/engagement through participation in demand-response programs, smart dynamic electricity pricing options/strategies and local electricity market are some of the additional benefits of DSO capabilities development. Finally, customer benefits and affordability should always be key considerations in every step of DSO capabilities development.

Electricity distributors play a central role in assessing and defining DSP capabilities and the vast number and diversity of local electric distributors in Ontario pose a unique challenge to DSO capabilities development. Electric distributors in Ontario vary immensely in size, customer base (e.g. rural vs urban), DERs penetration and DSO readiness. It is important that these variances are recognized, and these different electric distributors should be encouraged to progress at different paces, share their knowledge and learn from each other. With time, the DSO readiness of different electric distributors will eventually merge, resulting in a DSO with comprehensive capabilities.

Currently, there are several on-going OEB consultation sessions (and working groups) that are interrelated with this DSO capabilities development. The OEB needs to manage this DSO capabilities initiative and the other interrelated consultations/working groups as a group to share data, learn from each other, in order to establish consistent, effective and comprehensive DSO capabilities framework.

How should the OEB's objectives (as set out in section 1 of the OEB Act) be balanced and reflected in the development of a DSO policy framework for Ontario?

Section 1 of the OEB Act is set out as:

1. To inform consumers and protect their interests with respect to prices and the adequacy, reliability and quality of electricity service.
2. To promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry.
3. To promote electricity conservation and demand management in a manner consistent with the policies of the Government of Ontario, including having regard to the consumer's economic circumstances.
4. To facilitate innovation in the electricity sector.

The four objectives listed above are fundamental guidelines and principles for the OEB. All four should be considered with equal priority in the development of a DSO policy framework for Ontario.

Evaluating Proposals and Approaches

BOMA Toronto supports the three proposals presented in the Staff Discussion Paper. The three proposals are:

Proposal 1: Require distributors to assess the need for DSO capabilities to be implemented to address system needs;

- OEB staff require all distributors to conduct two mandatory assessments to inform preparations to integrate DER/As effectively into their systems and take advantage of DER/As to meet system needs when cost effective to do so;
 1. An assessment of current and future needs to identify DSO use cases (such as non-wires solutions, congestion management and operational efficiency) applicable to its service area.
 2. An assessment of current capabilities to identify what capabilities the distributor needs to develop and when, including requisite grid modernization investments, to support the identified use cases.

BOMA Toronto supports Proposal 1. These mandatory assessments from distributors will provide important DSO capabilities information (both readiness and requirements) to inform overall Ontario DSO readiness. Additional benefits include data sharing and lesson

learned from all Ontario electric utilities, informing the appropriate pacing of DSO capabilities development in Ontario.

Proposal 2: Develop a simplified DSO Model

- OEB staff proposes to work with stakeholders to develop a simplified DSO model that can be implemented where system conditions warrant.

BOMA Toronto supports Proposal 2. BOMA Toronto agrees with OEB staff and believes this is the best solution that would allow time for careful consideration of more sophisticated DSO models as DER penetration grows.

Proposal 3: Further Development of Advanced Models

BOMA Toronto supports Proposal 3. As mentioned above, BOMA Toronto believes electric distributors with advanced DSO readiness and DER connection requirement should be allowed to develop more advanced DSO capabilities. Similarly, distributors with less DSO readiness and less DER connection requirement should be allowed to develop DSO capabilities at a slower pace.

Currently, electric distributors' DER connection requirements and DSO readiness are very diverse. However, BOMA believes that an advanced DSO model will ultimately become the most effective tool to manage and optimize DERs for all electric distributors in the near future.

BOMA Toronto also notes that DSO should have a clear separation from electric distributors to mitigate and remove potential conflict of interest between the DSO and the electric distributors.

Respectfully submitted on behalf of BOMA Toronto,



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