

BY E-MAIL

July 23, 2025

**TO: All Rate-Regulated Electricity Distributors
Independent Electricity System Operator
All Parties in EB-2024-0198 Enbridge Gas Inc. Multi-Year Natural Gas
Demand Side Management Plan (2026-2030)
All Participants in EB-2021-0118 Framework for Energy Innovation
All Participants in EB-2023-0125 Benefit-Cost Analysis Framework
All Participants in EB-2021-0106 Conservation and Demand Management
Guidelines for Electricity Distributors Consultation (EB-2021-0106)
All other interested stakeholders**

**RE: Consultation on the Regulatory Treatment of Local Electricity
Demand-side Management (Stream 2) Programs
Ontario Energy Board File No.: EB-2025-0156**

The Ontario Energy Board (OEB) is initiating a consultation on the regulatory treatment of electricity demand-side management (eDSM) programs delivered by local distribution companies (LDCs) that provide both local and system wide benefits. This consultation aligns with direction provided to the OEB in its [2023](#) and [2024](#) Ministerial Letters of Direction (LODs).

On June 11, 2025, the IESO-LDC DSM Regulatory Working Group filed its [Proposed Framework for Implementation of Local eDSM Report \(eDSM Stream 2 Report\)](#) with the OEB. The eDSM Stream 2 Report proposes a framework for funding local eDSM programs that provide both system and local distribution benefits (also referred to as Stream 2 Programs). Stream 2 Programs would be funded from distribution rates (approved by the OEB) and the Global Adjustment, based on the beneficiary pays principle. The eDSM Stream 2 Report notes that the proposed framework for implementing Stream 2 Programs is intended to build on the OEB's existing [Non-Wires Solutions \(NWS\) Guidelines](#) and [Benefit-Cost Analysis Framework](#).

The OEB intends to leverage the eDSM Stream 2 Report as a starting point to consider the appropriate regulatory treatment of Stream 2 Programs and invites all interested stakeholders to participate in this consultation process.

Background

In September 2022, the Independent Electricity System Operator (IESO) was issued a [Minister's Directive](#) expressing support for LDCs to lead eDSM initiatives that are eligible for distribution rate-funding under the OEB's NWS Guidelines. The Directive also instructed the IESO to support, where possible, LDC applications for rate-funding to the OEB that are in the best interest of Ontario's electricity ratepayers and program customers.¹ In response, the IESO and LDCs formed a joint IESO-LDC DSM Regulatory Working Group (Working Group) to identify post-2024 opportunities for collaborating on eDSM programs. The Working Group also worked toward defining funding sources and clarifying roles and responsibilities for the IESO, LDCs and potentially the OEB in supporting these programs.

In August 2023, the Working Group submitted a Recommendations Report to the Minister. The report included considerations that informed the current eDSM Stream 2 proposal on funding local programs.

In the [2023](#) and [2024](#) LODs from the Minister, the OEB was instructed (among other things) to provide guidance on:

- Appropriate cost-sharing mechanism as proposed in the recommendations report
- Changes that would be needed to reduce barriers to LDC conservation activities as outlined in the Recommendations Report²

In September 2023, the OEB issued a [letter](#) responding to the Recommendations Report, focusing on aspects related to its proposed role. The OEB expressed a preference for the Working Group to develop a more detailed proposal that could serve as the foundation for a future OEB regulatory proceeding. The letter also included a set of questions the OEB recommended the Working Group consider in shaping the proposal.

The Minister issued a [new eDSM Directive](#) to the IESO in November 2024³ for the 2025-2036 period. Under Section F 1.b, the Directive requests that the IESO support and contribute to the funding of local eDSM programs that are:

- designed and delivered by LDCs

¹ References in this directive are to CDM (conservation and demand management), which is now referred to by the IESO as eDSM.

² The Minister's letter of direction to the OEB in [2024](#) also asked the OEB to propose an appropriate cost-sharing approach for Stream 2 Programs.

³ This directive was [amended](#) on December 19, 2024; however the amendments are not relevant to the subject-matter of this letter.

- endorsed by the IESO
- approved by the OEB for the rate-funded portion of their costs
- intended to address local LDC needs while also providing value to the bulk electricity system.

Based in part on the OEB's letter and the new eDSM directive, the Working Group then prepared and filed a more detailed proposal (the eDSM Stream 2 Report).

Although OEB staff is not a member of the Working Group, it has met with the co-chairs on several occasions following the September 2023 letter, providing high-level input where requested prior to the filing of the eDSM Stream 2 Report.

Recommendations contained in the eDSM Stream 2 Report are those of the Working Group.

Request for Stakeholder Input

As part of the consultation, the OEB is interested in general stakeholder comments, as well as input on the questions that follow, and encourages stakeholders to consider addressing these questions in written comments submitted to the OEB:

1. What is the appropriate review process for applications to the OEB for approval of Stream 2 Program funding? The eDSM Stream 2 Report suggests such reviews could be conducted by an employee acting under delegated authority under section 6 of the *Ontario Energy Board Act, 1998*, which allows such employees to determine matters with or without a hearing. The types of applications currently delegated under this authority are for reviews that are primarily mechanistic or administrative in nature. Is the review of applications for approval of Stream 2 Program funding by delegated authority appropriate? Are there changes to the approach described in the eDSM Stream 2 Report that could address any concerns you may have related to review by delegated authority (e.g., by further defining conditions on the nature of applications that can be reviewed under delegated authority)?
2. Does the proposed framework to approve distribution rate funding for Stream 2 Programs (including the respective roles of the IESO and the OEB with respect to program review, evaluation, approval, and reporting) strike an appropriate balance between ensuring the prudence of ratepayer funded spending on eDSM and facilitating the development of new energy efficiency programs that would provide both system and local distribution benefits?

3. What additional changes to the NWS Guidelines (beyond those that might be needed to address the proposed framework detailed in the eDSM Stream 2 Report), if any, should the OEB consider to reduce barriers to cost effective energy efficiency program activities by rate-regulated electricity distributors?

Consultation Process

1. **OEB Staff Questions and Responses:** OEB staff will prepare an initial series of written questions about the proposed framework detailed in the eDSM Stream 2 Report and send them to the Working Group by **August 28, 2025**. The Working Group will file written responses with the OEB by **September 25, 2025**.
2. **Stakeholder Session:** A transcribed stakeholder session will begin on **October 8, 2025**, continuing on **October 9, 2025** if necessary. This will include a presentation on the eDSM Stream 2 Report by the Working Group and an opportunity for stakeholders and OEB staff to ask questions. The IESO is expected to make a representative available to respond to questions about the IESO's role in the proposed framework. Should time not permit all stakeholders to ask their questions (or should some questions require further consideration from the Working Group), stakeholders and OEB staff may submit any outstanding questions in writing by **October 16, 2025**. The Working Group will file written responses with the OEB by **October 30, 2025**.
3. **Written Comments:** Stakeholders may file written comments for the OEB's consideration by **November 13, 2025**. The Working Group may file written comments for the OEB's consideration by **November 27, 2025**.

The OEB will consider the information obtained through the above consultation activities and determine next steps.

Stay Informed

Interested stakeholders are encouraged to visit the OEB's [Non-Wires Solutions Guidelines Review](#) project page on Engage with Us and sign up to receive future communications regarding this consultation.

Invitation to Participate

Those interested in participating in the consultation are asked to email registrar@oeb.ca by **August 6, 2025**. Emails should include "EB-2025-0156 Consultation on the Regulatory Treatment of Local Electricity Demand-side Management (Stream 2) Programs" in the subject line and provide the following information:

- Participant/organization name
- Name(s) of attendee(s) to be registered
- A contact name, telephone number and email address, and
- If requesting cost awards, the information required by Appendix A.

Cost Award Matters and Filing Instructions

Cost awards will be available to eligible persons under section 30 of the *Ontario Energy Board Act, 1998* for their participation in cost eligible activities as set out in Appendix A. Appendix A also contains information regarding cost eligibility requests and objections. Costs awarded will be recovered from rate-regulated electricity distributors and apportioned between them based on customer numbers consistent with the OEB's Cost Assessment Model.

Information regarding cost awards and instructions for filing materials with the OEB is included in Appendix A to this letter.

Any questions relating to this letter should be directed to Michael Parkes at michael.parkes@oeb.ca. The OEB's toll free number is 1-877-632-2727.

DATED at Toronto, **July 23, 2025**

ONTARIO ENERGY BOARD

Ritchie Murray
Acting Registrar

Appendix A: Cost Awards and Filing Instructions

Appendix A
To Letter Dated July 23, 2025
EB-2025-0156

**Cost Awards Matters and
Filing Instructions**

Cost Award Eligibility

The OEB will determine eligibility for costs in accordance with its [Practice Direction on Cost Awards](#). Any person intending to request an award of costs must file with the OEB a written submission to that effect by **August 6, 2025**. The submission must identify the grounds on which the person believes that it is eligible for an award of costs (addressing the OEB's cost eligibility criteria as set out in section 3 of the Practice Direction on Cost Awards). An explanation of any other funding to which the person has access must also be provided, as should the name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known. All requests for cost eligibility will be posted on the OEB's [website](#).

If any rate-regulated electricity distributor has any objections to any of the requests for cost eligibility, such objections must be filed with the OEB by **August 13, 2025**. Any objections will be posted on the OEB's [website](#). The participant whose request for cost eligibility was objected to will have until **August 20, 2025** to file a response to the objection with the OEB. The OEB will then make a final determination on the cost eligibility of the requesting participants.

Eligible Activities

Cost awards will be available for the following activities:

ACTIVITY	TOTAL ELIGIBLE HOURS PER PARTICIPANT
Review of eDSM Stream 2 Report	Up to a maximum of 4 hours
Review of OEB staff questions and responses on the eDSM Stream 2 Report	Up to a maximum of 2 hours
Stakeholder session (including preparation and follow-up questions to Working Group, if any)	Up to a maximum of 2 times actual session length
Stakeholder written comments, if any	Up to a maximum of 6 hours

Cost Award Amounts

The OEB will apply the principles set out in section 5 of its *Practice Direction on Cost Awards* when awarding costs. The maximum hourly rates set out in the OEB's Cost Awards Tariff will be applied. The OEB expects that groups representing the same interests or class of persons will make every effort to communicate and coordinate their participation in this process.

The OEB will use the process set out in section 12 of its *Practice Direction on Cost Awards* to implement the payment of the cost awards. Therefore, the OEB will act as a clearing house for all payments of cost awards in this process. For more information on this process, please see the OEB's [Practice Direction on Cost Awards](#).

Filing Instructions

Stakeholders are responsible for ensuring that any documents they file with the OEB **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's [Rules of Practice and Procedure](#).

Please quote file number, **EB-2025-0156**, for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [File documents online page](#) on the OEB's website.
- Stakeholders are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact registrar@oeb.ca for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the [File documents online page](#) of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the [Practice Direction on Cost Awards](#).

All communications should be directed to the attention of the Registrar and be received by end of business, 4:45 p.m., on the required date.

Email: registrar@oeb.ca

Tel: 1-877-632-2727 (Toll-free)