

Stakeholder Meeting

Distribution System Operator Capabilities Consultation

EB-2025-0060
October 14, 2025

Agenda



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| 01 | Welcome & Land Acknowledgement
OEB – 15 min. |
| 02 | Purpose & Background
OEB – 10 min. |
| 03 | Discussion on DSO Roadmap Elements
OEB, All Participants – 60 min. |
| 04 | Break
15 min. |
| 05 | Discussion on DSO Roadmap Elements (cont)
OEB, All Participants – 45 min. |
| 06 | Next Steps & Q&A
OEB, All Participants – 30 min. |

1. Welcome & Land Acknowledgment

2. Purpose & Background

Purpose of Meeting

The purpose of this meeting is to discuss:



Stakeholder feedback on the DSO Discussion Paper and Consultant Report



The evolution of the OEB's thinking from the initial 3-step proposal to the DSO roadmap.



The OEB's proposed approach to key elements of the roadmap: the approach, objectives, overall vision and workstreams.

Refresher: Background



Government Policy

- 2023 Letter of Direction (LOD) and government reports highlight DER opportunities through DSO development.
- 2024 LOD asked the OEB to explore DER opportunities and assess the regulatory landscape for future utility business models.
- 2025 Integrated Energy Plan (IEP) Directive asked the OEB to define a roadmap for the potential development and implementation of DSO capabilities by Dec. 31, 2025.



OEB Policy Day

- 2023: Stakeholders asked for clarity on DSOs, emphasizing value, fairness and consistency.
- 2024: Stakeholders prioritized clear definitions, tailored funding, fair investment pacing and scalable grid modernization.



OEB's Progress to Date

- Early 2024: OEB examined regulatory considerations for DSO capabilities and commissioned a study on DSO models.
- OEB engaged with industry and the Independent Electricity System Operator (IESO) Transmission-Distribution Coordination Working Group (TDWG).
- January 2025: OEB launched the DSO Capabilities consultation, released a Discussion Paper and Consultant Report in May and held a stakeholder symposium in June.

Refresher: Consultation Purpose

Objectives – Developing a DSO capabilities regulatory policy framework that can:

- Maximize value and opportunities of DERs.
- Align implementation with consumer interests and system needs.

Outputs – Providing policy guidance on:

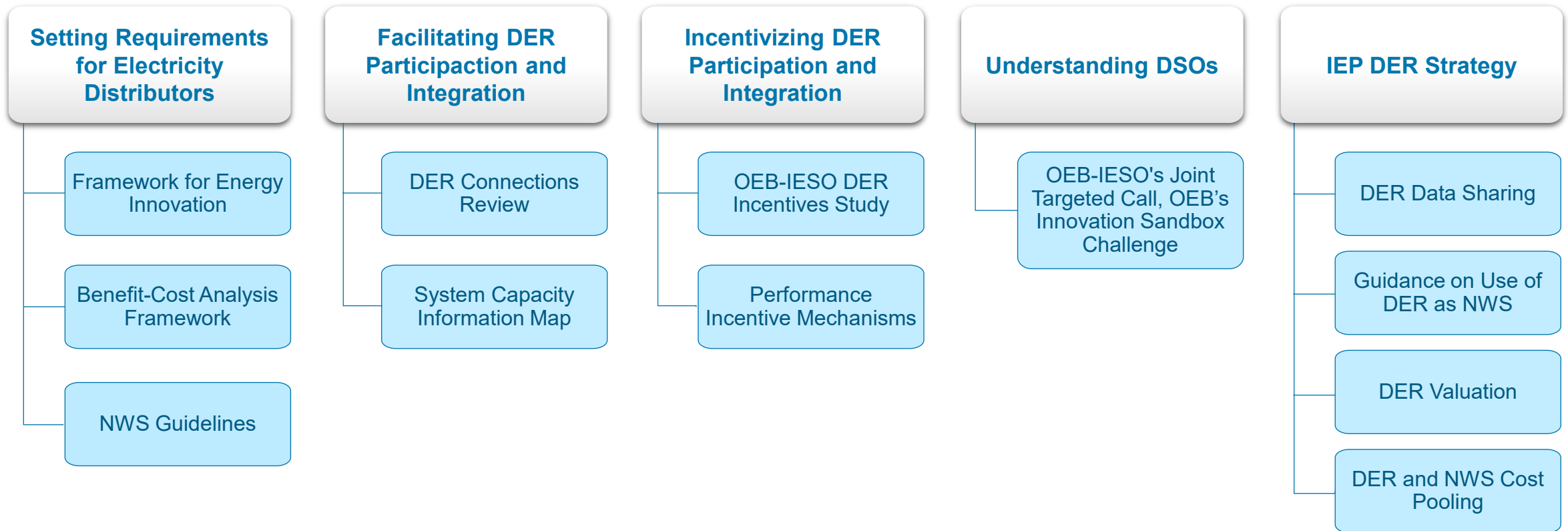
- Any legislative and regulatory changes that may be required or beneficial.
- Expectations of distributor with regards to different activities.
- Criteria for reviewing distributors' investment proposals.
- Updates to participants' rules of conduct and requirements.
- Implications of introducing DSOs for existing processes and requirements (e.g., regional planning).

Outcomes – Advancing priorities related to:

- Cost-effective grid modernization.
- Increased confidence in DERs as Non-Wires Solutions (NWSs).
- Encourage DER investment where it provides greatest value.
- Reduction of duplication and inefficiency through a consistent design approach.
- Greater customer choice.

DER-Related Initiatives

The DSO Capabilities Consultation will reflect, integrate and build on recent and ongoing DER-related initiatives.



3. Discussion on Roadmap Elements

Discussion on DSO Roadmap Elements

The following slides provide a summary of the most commonly heard stakeholder feedback on DSO capabilities, how it evolved the OEB's thinking and an overview of the OEB's proposed roadmap approach, objectives, overall vision and workstreams for discussion.

We invite stakeholder input on the following guiding questions:

- **Are the proposed roadmap elements appropriate?**
- **Do the roadmap elements adequately reflect the sector's current state and Ontario's needs and priorities? If not, how should the elements be changed?**
- **How could the roadmap elements be modified or clarified to improve the strategy for developing and implementing DSO capabilities in Ontario?**

Feedback received during this meeting will help inform any changes needed to the DSO roadmap. Following this meeting, stakeholders are welcome to submit written comments on the guiding questions, or any of the discussion topics, but this is not mandatory.

We look forward to an engaging and constructive conversation.

Evolution of OEB Thinking

Stakeholder written comments on the DSO Discussion Paper, Consultant Report and inputs shared in the stakeholder symposium **played a key role** in shaping the DSO roadmap approach and clarifying its scope, highlighting the importance of flexibility, capability-building, whole-system outcomes and alignment with existing sector efforts.

WHAT WE HEARD

- Broad support for a phased approach guided by a clearly defined overall vision, with **early focus on enabling DSO functions and capabilities**, rather than prescribing DSO models.
- **Need for flexible implementation pathways** that allow distributors to progress at their own pace, based on system needs, consumer value and DSO readiness.
- **Strong support for Proposal 1 (Mandatory Assessment) & 3 (Advanced Models)**, but less for Proposal 2 (Simplified DSO Model) due to concerns it could lock in rigid structures and limit future advanced models.
- **Build on existing sector work** such as TDWG and pilots that can fill key knowledge gaps, build operational experience, validate solutions and inform design of a scalable framework.
- **Integrate consumer protection principles** throughout roadmap development, while introducing structural regulatory changes in a phased and adaptive manner.



HOW THE OEB'S THINKING EVOLVED

- Reinforced need to **develop an overall vision and consult on key elements** of the roadmap in October 2025.
- **Focus on enabling DSO capabilities, including wholesale market coordination**, with clear guidance on the conditions under which those capabilities should be developed.
- **Consider rules, programs and markets through a holistic lens** to maximize implementation flexibility, rather than treating them as separate proposals.
- **More clearly leverage foundational work** established by the sector, with pilots informing the roadmap throughout.
- **Prioritize work to develop market and conduct rules and requirements earlier** to ensure fair DER/A access and consumer protection.
- **Phase in mandatory regulatory requirements**, allowing for flexibility and testing of standardized approaches.

Discussion Topics

Evolution of OEB Thinking

- Has the OEB adequately captured the common themes heard in stakeholder feedback? Are there any aspects we should reconsider or further refine?

Proposed Roadmap Approach and Objectives

DSO ROADMAP APPROACH

- Anchored by an overall vision that guides the evolution of DSO capabilities and advanced through workstreams in collaboration with the sector.
- Describes the process for arriving at key policy decisions and guidance that will shape Ontario's regulatory framework for implementing DSO capabilities.

DSO ROADMAP OBJECTIVES

- Define a set of standardized DSO capabilities and distribution flexibility services for the sector, identify the conditions under which they may be required and define the roles of distributors in delivering them.
- Establish the regulatory outcomes needed to achieve the overall vision, including formal requirements and advice to government.
- Ensure the development of DSO capabilities is grounded in the OEB's statutory objectives and is guided by customer benefit, system need, cost effectiveness, flexibility, practicality and adaptability.

Proposed Roadmap Overall Vision

DSO ROADMAP OVERALL VISION

DERs contribute to an affordable, secure, reliable and clean energy system that meets evolving consumer needs and delivers long-term value.

To support this outcome, the OEB ensures a regulatory environment in which Ontario electricity distributors can adapt to changing customer needs and system conditions by evolving their DSO capabilities, as appropriate. Sector entities will work together to fully integrate, manage and optimize DERs across the distribution system and support DER participation in the wholesale electricity market.

The regulatory environment enables electricity distributors to deploy a range of activation mechanisms for DERs to meet distribution needs, including local markets, and appropriately recognizes the diversity of distributors and DER providers, while aligning with the OEB's statutory objectives.

Discussion Topics

Roadmap Approach

- Does the proposed roadmap approach clearly support the development of DSO capabilities in a practical and scalable way?

Roadmap Objectives

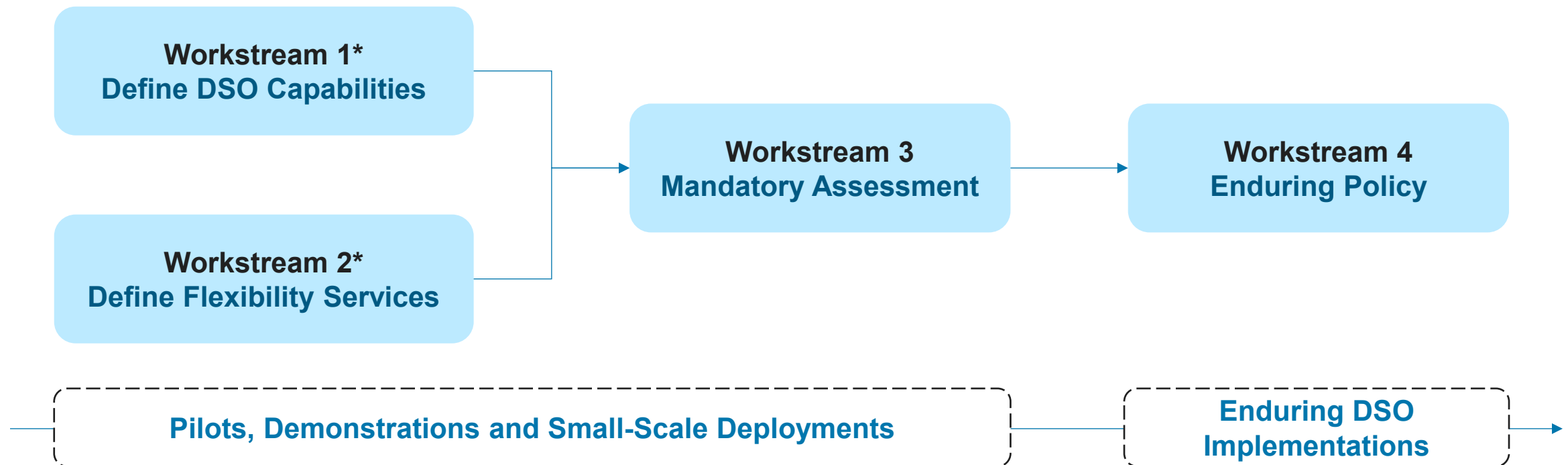
- Do the stated objectives reflect the right priorities for enabling DSO capabilities in Ontario? Are there any objectives that should be added, refined, or removed to better align with sector priorities?

Roadmap Overall Vision

- Does the overall vision capture the right outcomes and direction for DSO capabilities?
- What risks or barriers do you foresee in achieving the overall vision?

Proposed Roadmap Workstreams - Overview

The OEB proposes the following DSO roadmap workstreams, which were modified and further detailed from the 3-step proposal included in the DSO Discussion Paper.



*Simultaneous development of workstreams via a working group.

Proposed Roadmap Workstreams - Details

Workstream 1 **Define DSO Capabilities**

- Define the spectrum of DSO capabilities and provide guidance to distributors on the conditions under which these capabilities should be developed.
- Workstream will consider capabilities needed for all activation mechanisms, and wholesale market coordination.

Workstream 2 **Define Flexibility Services**

- Define distribution flexibility services, develop standardized approaches to delivering them
- Develop associated regulatory instruments to specify the market and conduct rules and requirements associated with DSO activities to ensure fair and competitive DER/A participation and appropriate consumer protection.

Pilots, Demonstrations and Small-Scale Deployments

- Ongoing projects will inform Workstream 1 and 2 and new projects can test the standardized approaches developed, as well as inform detailed criteria development for assessments in Workstream 3 and regulatory policy expectations in Workstream 4.

Workstream 3 **Mandatory Assessment**

- Develop a mandatory requirement for distributors to assess and demonstrate planning for investments to develop their DSO capabilities.

Workstream 4 **Enduring Policy**

- Establish DSO regulatory policy expectations for those distributors that pursue DSO capabilities based on Workstream 3 assessment.
- This includes defining the role of distributors with respect to wholesale market participation where roles differ across the models and functional/legal separation requirements.

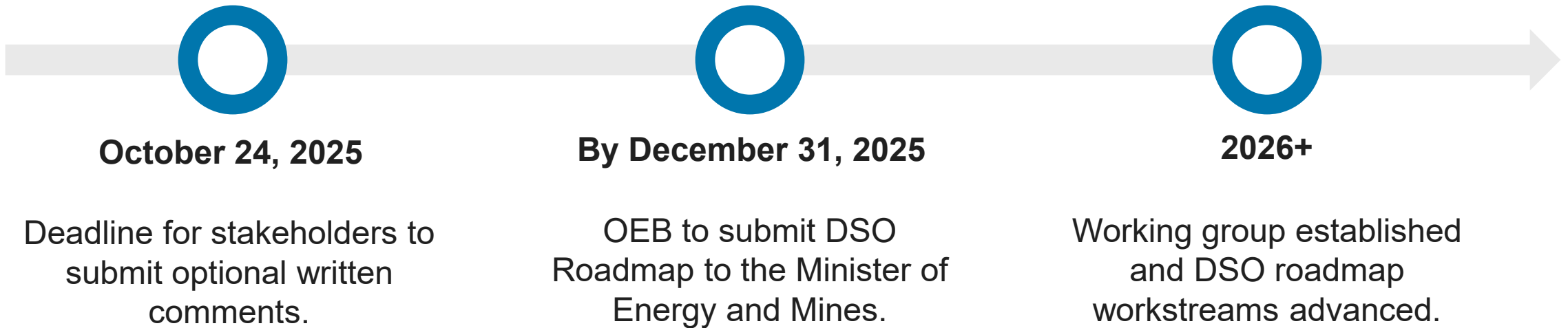
Discussion Topics

Roadmap Workstreams

- Are the roadmap workstreams clearly defined, appropriately scoped, and logically sequenced to reflect sector readiness and priorities?
- Are there any key elements missing from the workstreams, or areas that should be refined to better support the roadmap objectives?
- What timeframe is appropriate for completing the proposed roadmap workstreams?
- Given the broad scope of Workstream 1 and 2, which specific areas should the working group prioritize first to ensure early progress and meaningful impact?

4. Next Steps and Q&A

Next Steps



*Due to the IEP deadline of Dec. 31, 2025 for the DSO roadmap, the OEB will be unable to extend the deadline for comments.

Questions for Written Comments

- Are the proposed roadmap elements appropriate?
- Do the roadmap elements adequately reflect the sector's current state and Ontario's needs and priorities? If not, how should the elements be changed?
- How could the roadmap elements be modified or clarified to improve the strategy for developing and implementing DSO capabilities in Ontario?

