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THE ONTARIO ENERGY BOARD

OEB Stakeholder Session

Consultation on the Regulatory Treatment of Local Electricity Demand-side Management (Stream 2) Programs

Stakeholder Session held in person and virtually

from 2300 Yonge Street, 25th Floor, Toronto, Ontario,

On Wednesday, October 8, 2025, commencing at 9:30 a.m.

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VOLUME 1

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[--- On commencing at 9:30 a.m. 1](#_Toc210844257)

[LAND ACKNOWLEDGEMENT 1](#_Toc210844258)

[PROCEDURAL MATTERS 2](#_Toc210844259)

[APPEARANCES 3](#_Toc210844260)

[SESSION - T. WAGNER - OPENING REMARKS 7](#_Toc210844261)

[SESSION - R. BREWER - OPENING REMARKS 10](#_Toc210844262)

[SESSION - WORKING GROUP - PRESENTATION 12](#_Toc210844263)

[--- Upon recess at 10:37 a.m. 41](#_Toc210844264)

[--- Upon resuming at 10:55 a.m. 41](#_Toc210844265)

[SESSION - OEB STAFF 41](#_Toc210844266)

[--- Reporter appeals 65](#_Toc210844267)

[--- Reporter appeals 83](#_Toc210844268)

[--- Luncheon recess taken at 12:18 p.m. 95](#_Toc210844269)

[--- Upon resuming at 1:20 p.m. 95](#_Toc210844270)

[SESSION - SEC 95](#_Toc210844271)

[SESSION - CCC 130](#_Toc210844272)

[SESSION - AMPCO 132](#_Toc210844273)

[--- Upon recess at 3:07 p.m. 162](#_Toc210844274)

[--- Upon resuming at 3:21 p.m. 162](#_Toc210844275)

[SESSION - POWER ADVISORY 162](#_Toc210844276)

[SESSION - DRC/SESSION - MINOGI/TFG 175](#_Toc210844277)

[--- Reporter appeals 188](#_Toc210844278)

[SESSION - CCIC 200](#_Toc210844279)

[--- Whereupon the proceeding concluded at 4:41 211](#_Toc210844280)

[p.m. 211](#_Toc210844281)

[UNDERTAKING J1.1: FOR THE WORKING GROUP TO PROVIDE MORE DETAIL ON WHAT INFORMATION IT BELIEVES WOULD BE INCLUDED IN THE BASE EDSM MODEL AND TO INCLUDE NOT JUST THE EDSM MODEL, BUT ALSO INCLUDING THE BENEFIT COST ANALYSIS TEST EXPECTED TO BE EMPLOYED 49](#_Toc210844081)

[UNDERTAKING J1.2: TO ADVISE HOW IESO DISTRIBUTES THE 12.3 MILLION TO THE SPECIFIC LDC, HOW THE MONTHLY STATEMENT WILL REFLECT THAT FUNDING, AND WHETHER THAT PAD WILL BE ABSORBED IN THE GA POOL OR GA RATES ON THE PROVINCIAL LEVEL 72](#_Toc210844082)

[UNDERTAKING J1.3: TO ADVISE WHAT HAPPENS TO BOTH THE GA AND THE RATE RIDER IF THERE IS A COST OF SERVICE IN THE MIDDLE OF A PROGRAM 81](#_Toc210844083)

[UNDERTAKING J1.4: TO ADVISE HOW THE WORKING GROUP'S PROPOSAL DEALS WITH THE PROBLEM OF IDENTIFYING CONSTRAINTS EARLY ENOUGH FOR DSM TO AVOID OR TO SOLVE THOSE CONSTRAINTS, IN COMPARISON TO GAS DSM WHERE THAT HAS BEEN THE PRIMARY PROBLEM 102](#_Toc210844084)

[UNDERTAKING J1.5: TO LOOK AT THE COST ALLOCATION FOR THE RATE RIDERS AND DETERMINE WHETHER THE WORKING GROUP WANTS TO AMEND ITS RECOMMENDATION 129](#_Toc210844085)

[UNDERTAKING J1.6: TO LIST THE CATEGORIES OF THINGS THAT THE LDC IS GOING TO HAVE TO DECIDE WITHOUT IESO APPROVAL THAT THE OEB WILL THEN SEE IN THEIR APPLICATION 136](#_Toc210844086)

[UNDERTAKING J1.7: TO PROVIDE ANY EVALUATION REPORTS AVAILABLE THAT CAN BE SHARED 187](#_Toc210844087)

[UNDERTAKING J1.8: TO PROVIDE A CLARIFICATION ON THE PROPOSED OEB PROCESS AND WHETHER THERE IS A PROPOSED PANEL OR DELEGATED REVIEW PROCESS PERTAINING TO LOW INCOME AND FIRST NATIONS PROGRAMS THAT ARE WITHIN THE MAL 194](#_Toc210844088)

[UNDERTAKING J1.9: TO PUT INTO THE RECORD THE STREAM 1 BRANDING REQUIREMENTS AND TO IDENTIFY THE EXTENT TO WHICH THEY MAY BE INDICATIVE OF THE STREAM 2 BRANDING REQUIREMENTS 198](#_Toc210844089)

[UNDERTAKING J1.10: TO PROVIDE ADDITIONAL DETAIL ON HOW THE WORKING GROUP INTENDS TO IMPLEMENT OR ACTUALIZE THE NO CROSS SUBSIDIZATION REQUIREMENT ON PAGE 12 OF THE FRAMEWORK 199](#_Toc210844090)

Wednesday, October 8, 2025

--- On commencing at 9:30 a.m.

M. MILLAR: Good morning, everyone. Welcome to the stakeholder session for the consultation on the regulatory treatment of local electricity DSM Stream 2 programs. The file number for this is EB-2025-0156. My name is Michael Millar. I am legal counsel here at the OEB, and your host for today's session.

On July 23rd, the OEB issued a letter initiating a consultation on the regulatory treatment of electricity demand-side management programs delivered by local distribution companies that provide both local and system-wide benefits.

The OEB's letter announced this transcribed stakeholder session beginning today and continuing tomorrow as necessary. The session 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 of the Working Group.

I will say more about today's session in a moment, but I would like to begin with a land acknowledgement, and I will turn it over to our hearings advisor, Shelly-Anne Connell.

LAND ACKNOWLEDGEMENT

S. CONNELL: Thank you. The Ontario Energy Board acknowledges that our headquarters in Toronto is located on the traditional territory of many nations including the Mississaugas of the Credit, the Anishinaabeg, the Chippewa, the Haudenosaunee and the Wendat Peoples. This area is now home to many diverse First Nations, Inuit and Métis peoples. We also acknowledge that Toronto is covered by Treaty 13 with the Mississaugas of the Credit. We are grateful for the opportunity to gather and work on this land and recognize our shared responsibility to support and be good stewards of it.

Mike.

PROCEDURAL MATTERS

M. MILLAR: Thank you, Shelly-Anne.

Just a few process and technical matters. I want to remind parties that this stakeholder session is being transcribed, and the goal of the session is for all participants to gain an approved understanding of the Working Group's proposal for funding of local eDSM Stream 2 programs. The OEB will then consider the information received and determine next steps in this proceeding.

The OEB's goal is to provide all stakeholders with an opportunity to ask their questions within this stakeholder session with limited follow-up written questions, likely in the event that the Working Group requests some clarification or further information as required.

The Working Group will file written responses with the OEB and participants to any questions it has agreed to work on by October 30th.

The schedule for today's session has been circulated, and one of my jobs today would be to try to keep us on that schedule.

Just before we get into appearances, just a few reminders about technical matters.

First, I would ask participants who are not asking questions or who -- at the moment -- to be on mute with their audio and their camera off while the Working Group is being questioned by someone else.

I ask that you put your name on the little bar below you, including who you represent, if you haven't already done so, and that will assist the court reporter in knowing who is speaking at any given time.

So I am going to move to appearances before -- I know there were some matters that the Working Group wished to address, some opening remarks they wished to make. I think just given the number of people and parties involved in this, I am going to do it by way of a roll call. I find that the easiest way to do so. And I am only going to go to people who are either on the Working Group and will be on the witness panel or speaking, or people who have told us that they have questions.

APPEARANCES

M. MILLAR: So I will start quickly with OEB Staff. Here today with me are Christopher Humphries, Michael Bell, Pauline Shen, and Michael Parkes. And as I said, my name is Michael Millar.

Maybe I will start with the members of the Working Group.

Andrew, I kind of have you on my -- first up on my screen here. Could I ask you to -- I leave it to you if you want to introduce yourself or the whole panel or however you would like to do it, but everyone who is going to be speaking with the Working Group I would like to have an appearance for.

A. MANDYAM: I will do that for everybody, if everybody's okay. Yeah, that's great. Andrew Mandyam here with Utilis Consulting, who has been supported --

J. GIRVAN: Sorry. There is some interference. I think somebody's microphone --

COURT REPORTER: Yes. Sorry. This is Lisa. I think there is a Kausar who's -- it seems that their audio is reverbing. If they can just go on mute.

M. MILLAR: I'd ask everyone who's not speaking to go on mute, if you could remember to do that.

COURT REPORTER: Okay. Thank you. And then, sorry, Andrew, if you can repeat your introductions, then. Thank you.

A. MANDYAM: Yeah. Yeah. Andrew Mandyam from Utilis Consulting, who has been helping the Working Group with the report and here to provide guidance or answer questions where needed.

We also have Mike Lister from Alectra Utilities, who is one member of the Working Group representing the LDCs; Evelyn Lundhild from the IESO, representing the IESO; and Ted Wigdor, who is with the OEA and -- EDA. Sorry. Sorry. Wrong association there, Ted. I was going to say, who is really representing both the EDA and the OEA, which is part of the collaboration of what we are -- what we are being called as the Working Group, just -- yeah, the OEA, EDA, and the IESO.

Back to you, Mike.

M. MILLAR: Andrew, your audio is very low.

A. MANDYAM: Is it?

M. MILLAR: Yeah.

A. MANDYAM: Can you hear me better now if I speak a little louder? Is that better, Jay?

M. MILLAR: It's still pretty low, but it's better.

A. MANDYAM: Okay.

J. SHEPHERD: Okay. Thank you, Andrew.

A. MANDYAM: I will make a point to talk louder.

M. MILLAR: Thank you, Andrew. I am just going to do a roll call, more or less in the order we have on the schedule. And since, Jay, you happen to be up as well, schools.

J. SHEPHERD: Jay Shepherd, School Energy Coalition.

M. MILLAR: Next up, I have CCC.

J. GIRVAN: Good morning. Julie Girvan on behalf of the Consumers Council of Canada. And I intend to be less than -- I said I think I'd put in an hour. I will probably be half an hour, but just depends on the answers that precede me. Thanks.

M. MILLAR: Thank you, Julie.

Who is here for AMPCO?

S. GRICE: Good morning. Shelley Grice representing AMPCO.

M. MILLAR: Hi, Shelley.

S. GRICE: Hello.

M. MILLAR: Next up, Power Advisory.

K. ASHRAF: Hi. Good morning. Kausar Ashraf, Power Advisory. I'm just rebooting my computer, so I'm just not on camera just yet, but I will be shortly.

M. MILLAR: Thank you very much.

Is anyone here from DRC?

L. DeMARCO: Hi. Lisa DeMarco here for DRC.

M. MILLAR: Hi, Lisa.

Next, I have Minogi and TFG, Three Fires Group.

L. DeMARCO: Lisa DeMarco here for Minogi and TFG.

M. MILLAR: Great.

Next up, CCIC.

R. McDOUGALL: Robyn McDougall here for CCIC, along with Travis Allan.

M. MILLAR: LIEN and VECC?

B. HARPER: Good morning. My name is Bill Harper. I am the consultant for VECC. As indicated, I will be asking questions both on behalf of VECC and LIEN, Low-Income Energy Network.

M. MILLAR: Thank you, Bill.

Okay. That is all that I have on my list. Is anyone else down for asking questions of the Working Group today or tomorrow?

Okay. Hearing nothing, I am going to pass it over to the Working Group for some opening remarks. I have Tam on my list, but it may be someone else. And then we are going to move to a presentation from the Working Group.

So over to you, Working Group.

SESSION - T. WAGNER - OPENING REMARKS

T. WAGNER: I think I am first. So good morning, everyone. Nice to see familiar faces and names today. For those who don't know me, my name is Tam Wagner, and I am the director of demand-side management at the IESO. My accountabilities include the Save on Energy demand-side management programs delivered to businesses, residential consumers, and on-reserve First Nation communities in Ontario. I have been with the IESO for over 20 years. In addition to my current role, I have held senior roles in the organization in the CO's office, operations and regulatory affairs.

I am happy to be here today to help kick off the discussions over the next two days on what we have been calling Stream 2 of an IESO and LDC and during collaboration framework.

Taking a step back, the IESO and LDC collaboration for the last three years has been highly focused on electricity demand-side management and the reengagement of local distribution companies in Ontario's energy efficiency and demand-side management activities.

We are in a pivotal transformative period in our sector. The energy transition is well underway, and the push to greater electrification is transforming our communities, our economy and our society. With that, Ontario's electricity system is forecast to experience unprecedented growth in the years to come.

To secure our long-term needs, we will need to engage in a build-out of the electricity system, a build-out that includes non-wires solutions like energy efficiency and demand-side management.

At the IESO, we have been successful in recognizing the importance and value of energy efficiency and demand-side management as a tool in our toolkit to ensure a reliable, affordable and sustainable energy future.

The province recognizes, too, with a rollout this past January of the 2025 to 2036 electricity demand-side management framework, the longest and largest commitment to energy efficiency programs in Ontario's history.

The electricity demand-side management framework is a 12-year, $10.9 billion investment in energy efficiency.

Amongst other things, the directive to the IESO specifically called for the IESO's support for local electricity demand-side management programs that, first and foremost, addressed local electricity distribution system needs and also provide value to the bulk electric system.

At the IESO, we are focused on the bulk electricity system needs both at the provincial and regional levels. We know that as needs emerge at the bulk system level, need will also emerge at the distribution level.

To meet the bulk system reliability needs, the IESO implements non-wires solutions like energy efficiency and demand-side management alongside other alternatives such as generation and wire solutions to ensure cost-effective outcomes for Ontarians.

Through our collaborative efforts with the local distribution companies, the Electricity Distributors Association, and the Ontario Energy Association, we are looking to foster a similar approach for the distribution system.

With all the system expansion before us to accommodate electricity demand growth, it is imperative to minimize, where possible, the investments that are needed, and demand-side management is another tool to do that. Local distribution companies deferring investments by slowing load growth through cost-effective demand-side management keeps the system affordable for their customers.

And through this, I can't emphasize enough the importance of being coordinated. Being coordinated in the programs delivered to address bulk system and distribution system needs so as not to cause customer confusion, being coordinated by leveraging demand-side management solutions already acquired to extract greater value from those solutions for the bulk and distribution systems, and being coordinated in the processes and approaches used by leveraging existing mechanisms to realize operational efficiencies and achieve even more cost-effective outcomes.

You'll see that the proposal that is the subject of today's consultation is designed to be streamlined and efficient and that it uses existing policies and tools created by the IESO and the Ontario Energy Board, tools such as the IESO's measures and assumptions list as well as the Ontario Energy Board's energy system test and distribution system test of the benefit cost analysis framework.

With that, I will pass it over to Rob Brewer for some remarks as well.

SESSION - R. BREWER - OPENING REMARKS

R. BREWER: Thanks, Tam. Good morning. My name is Rob Brewer. I am the president and CEO of Sault Ste. Marie PUC. And thank you for the opportunity to speak today on behalf of the advisory committee and on behalf of LDCs.

LDCs have a long history of supporting our customers and have become the trusted partners in our communities. In the case of the LDC that I work for, that relationship spans more than 100 years. Supporting our customers on their conservation journey is a natural fit for us and gives us the ability to have a significant impact in a positive way on residential and business customers in our communities.

The partnership that's developed between the IESO and LDCs in putting together this framework and this proposal has been a model of cooperation and shared goals. We all recognize the supply gap that's forecasted in Ontario, and we all realize that eDSM represents an opportunity to provide low-cost options that can be implemented quickly.

The proposal that is being made by the IESO and LDCs respects the OEB's processes. It integrates existing and vetted components, namely the energy system test, the distribution system test of the BCA framework and the IESO's measures and assumptions list. It includes many controls and oversight steps to ensure prudence.

By integrating existing tools that have already been verified for prudence, this proposal aims to increase the efficiency of both LDCs and the OEB by enabling more local eDSM projects to be conceptualized, approved and implemented and resulting in an ability to cost-effectively address local distribution needs, and it contributes to the overall eDSM goals of the province at the same time.

Stream 2's approach in this proposal is to utilize delegated authority within the framework of the OEB's existing tools, to approve local eDSM projects efficiently so that we can assist Ontario's electricity sector in supporting economic development and to help meet the challenges that we are seeing in the face of the energy transition.

So I look forward to this consultation and to the continued partnership between LDCs and the IESO. And with that, I will pass it to the next speaker.

SESSION - WORKING GROUP - PRESENTATION

T. WIGDOR: Thank you very much, Rob. Good morning, everyone. For those of you who don't know me, my name is Ted Wigdor. I am the vice president of policy, government, and corporate affairs with the Electricity Distributors Association. We, as an association, are focused on distribution-related issues, and collectively our members represent approximately 98 percent of all customers in Ontario.

And with me this morning are Evelyn Lundhild, senior manager of DSM special projects at the IESO; Mike Lister, the director of policy and strategy at Alectra Utilities; and Andrew Mandyam, founder and partner at Utilis Consulting to support us as needed.

I want to thank the OEB Staff for convening this meeting and for setting the table for this consultation. It is greatly appreciated, and this is -- today's consultation, and tomorrow's, is a culmination of a great deal of work that's been working collectively with IESO, with the Ontario Energy Association and with LDCs right across the province.

Just to add a little bit of flesh to Tam and Rob's opening remarks, I want to bring people back to 2022. At the time we were looking at the IESO's updated annual planning outlook, which forecasted a gap between supply and demand starting in the mid to late 2020s and extending onward.

So as -- as a collective of LDCs, we saw an opportunity to assist the IESO in bending that demand curve by looking at opportunities of getting LDCs back into the CDM business, at least CDM as it was called at the time.

So collectively, we worked on a paper that was titled "The Power of Local Conservation", which we presented to leadership at the IESO in the fall of 2022. We were very pleased that the paper and its findings were well received by the IESO, and that became a catalyst to begin a -- a more detailed conversation and the creation of a Working Group of IESO representatives as well as representatives from 11 LDCs with the support of both the EDA and the OEA. And that was just a framework by which we could collectively bring something forward to the Minister of Energy and Electrification, as it was then called, to help start a more detailed conversation with all relevant stakeholders in this regard.

The -- we presented the paper in the fall of '23, which was well received by the Minister, who then issued a letter of direction to the OEB to re-evaluate and prioritize eDSM -- well, CDM at the time, alongside other non-wire solutions, which then -- then broke off into two different work streams.

Stream 1 is something that is not in scope of today's presentation, but that just focused on supporting the IESO in its province-wide DSM programs to support the bulk system.

For purposes of this presentation, we are focusing on Stream 2, which is looking at a streamlined approach for the funding of local programs that have both local and bulk system benefits.

The Minister of Energy, and now Mines, issued a new DSM directive on November 7th, 2024, and amended the directives in December of 2024 to the IESO for the following 12-year period, which provided explicit language regarding the funding of Stream 2 eDSM activities. Specifically, as you can see in the presentation deck -- I won't read it word for word -- but section F1B makes reference to the funding programs for LDCs, and it's looking at finding a formula that separates what's funded through GA versus what's funded through local distribution rates.

These ministerial directives really highlight the government's commitment to leveraging energy efficiency as a low cost, non-emitting resource and ensuring that LDCs have a clear pathway for designing and delivering local or regional eDSM initiatives.

As Tam had mentioned in her opening remarks, these initiatives help defer the investments in more expensive infrastructure and helps both customers as well as the system as we move forward.

The discussions that we have had with the IESO have been very collaborative in nature, and as indicated, both the primary working group as well as the two smaller working groups have been an exercise in great collaboration with IESO leadership as well as with LDCs from different parts of the province and the two associations I previously mentioned, both the OEA and us, the EDA.

So eDSM Stream 2 is a proposed framework for funding and implementing local eDSM programs in Ontario that target both local distribution needs and support the provincial bulk system benefits in a coordinated and cost-effective manner. We believe that this is definitely in line with government policy, as indicated through the letter of direction to the OEB as well as the directives that were issued to the IESO.

And as mentioned by Tam and Rob, the intent is to leverage existing policy and tools that have been vetted by the respective agencies, be it the IESO or the OEB, through the IESO's measures and assumptions list as well as the OEB's benefit cost analysis framework and the Non-Wires Solutions Guidelines.

So underpinning this initiative is the principle of proportional cost allocation, ensuring that local ratepayers are only paying the costs that are associated with the local benefits of future DSM programs while the provincial electricity system that's funded through the global adjustments pays the portion that supports the bulk system.

Together, we have come up with what we believe to be is a -- is an innovative but a streamlined approach to finding a way of separating what would be funded through GA versus what is funded through local rates.

It's -- it's an idea whereby using those vetted tools that we had mentioned, LDCs could develop an application that then -- then spits out, if you will, some sort of formula to help separate what is funded through GA versus what is funded through rates. And we believe that this meets the objectives of the OEB of wanting LDCs to consider non-wires solutions where cost-effective and, of course, using the benefit cost analysis framework.

We believe it also supports the IESO's needs to expand eDSM activities to address the bulk system growth. And it also supports LDCs' desires to be nimble and to be able to develop a streamlined approach so that they can be up and running with their DSM activities and programs and engaging with their customers as quickly as possible.

So with that, I will just give you a quick overview of the timelines. We filed our recommended approach with the OEB back in June. The OEB considered it and initiated this consultation in July. You can see the timeline that's begun since the July initiative that started the consultation process.

We look forward to getting any questions where we can clarify the position of the Working Group and help flesh out the position paper where needed, and we look forward to finalizing any questions so that we can then hopefully receive a positive support from the OEB before the end of the year.

And with that, I will pass it over to Mike and Evelyn to walk you through the specifics of the proposed framework. Thank you.

Over to you.

A. MANDYAM: Actually, it will be me. It's all good, Ted. Thank you. Andrew Mandyam here. We can go to the next slide, Tina. Great.

We are going to now walk you through the process flow. You have all read the report and digested it in full, I am sure.

This is a high-level process flow diagram, and I will walk through it in a few minutes here, and then we will go into the details of each of the ten steps that make up the proposal of the Working Group.

It starts at the top left, that the LDC has identified an eDSM need, local need that is -- that satisfies some system capacity or demand situation that -- where constraint is appearing.

Once the LDC has identified a need, it then evaluates under the non-wires solution starting in 2026 onward. It starts evaluating eDSM work or non-wires solutions to offset that constraint situation.

In the case of where an eDSM project is going to be evaluated to offset that constraint, the LDC is expecting to produce a project business case. The project business case will -- some of the parameters are listed there underneath the -- in the second box on the left in orange. This isn't an exhaustive list of the program business case parameters and details, but included in there is an assessment of is the eDSM project already on the IESO's measures and assumptions list.

If it is, then moving on to the next step of designing the program for the local constraint, determining program participant details, incentive amounts, incentive amounts paid to the actual end customers, incentive amount for the actual LDC. All of that, those tombstone parameters, if I could call it, will then lead to the LDC producing a distribution system test and ultimate energy system test values all following the OEB's BCA framework and framework on energy innovation.

Should the LDC at that point make a judgement and the parameters basically yield a result that shows that the eDSM project and the benefits calculations warrant it proceeding with that project, it would then commence discussions with the IESO. We are expecting that the IESO will have a program evaluation form or a program project form, work form, to fill in all of the parameters associated with this eDSM project.

It would then -- the LDC and the IESO would then collaborate together to see where the program fits with IESO review. The IESO's review of the program will entail obviously looking at the project parameters, program details such as how does it compare to its measures and assumptions list, how does -- how do local parameters affect the measures and assumptions list?

The IESO would then go about, if it feels comfortable and confident with the program, issue a letter of confirmation. The IESO may not issue the letter of confirmation, and it may turn out to be an iterative process where the IESO and the LDC adjust the program details such that a letter of confirmation is granted by the IESO.

Once the letter of confirmation is provided to the LDC by the IESO, the LDC can then have the sufficient information to actually file with the OEB an application for its eDSM program.

The proposal by the Working Group here is that the LDC will file the application using OEB-developed work forms and program detail templates. It will file it as part of either an annual IRM application if it's under a price cap, a custom IR annual update application, or its cost of service application. Each of these are scrutinized -- excuse me -- by the OEB.

Once it files its application in one of those particular mechanisms, the OEB will then have the opportunity to review the content of the proposal or the application and determine if it goes through a delegated authority process -- approval process -- sorry -- or a panel review process.

The proposal is based on -- or not based -- it is set up to have work forms and tools and confirmation letter from the IESO all to have the majority of the programs that are being proposed to the OEB go through delegated authority. That's the wish. That's the hope. There is that opportunity for particular situations to go through panel review.

Based on the decision, let's assume that the OEB approves it in either one of the two streams that are -- or paths that are on the screen here in blue. Once an OEB approval is granted, the IESO will then work with -- or sorry -- the LDC will work with the IESO to get a contribution agreement.

The contribution agreement will set out the parameters of the term for the program, confirm the GA, global adjustment and ratepayer component, so the funding that is being contributed through the eDSM Stream 2 funding mechanism within the global adjustment. Once that contribution agreement is executed between the LDC and the IESO, the program is executed by the LDC.

The proposal also has the LDC filing annual reports, and these annual reports will be part of that -- the LDC's either annual cost of service, or if it's in a custom IR, the annual update under the custom IR. Should it -- the program go over multi -- multiple years and one of those years is a cost of service application -- requires a cost of service application by the LDC, the update will be included in that cost of service application.

The program will be executed until it's closed out, and at the point of closeout, so the term is completed, and assuming that the program runs through its term, the LDC will be providing all of the closeout information, the actuals versus the program forecast to the IESO for its final EM&V.

One thing I will mention I didn't capture in the annual process, annual update process, the LDC will provide its annual performance information on the program to the IESO for their annual EM&V process as well.

The program closeout will then, assuming that the program is completed at the end of the term -- will then -- the LDC -- sorry -- will then file an application for disposition of its deferral and variance accounts, which we are asking for the OEB to set up, the eDSM variance account. We are asking the OEB to set those variance accounts up, and they will be disposed of in the subsequent cost of service application for that LDC.

With that said, that's a lot to grasp. We are going to go into more detail now, and I will throw it over to Mike.

M. LISTER: Thanks, Andrew. Good morning, everyone. Mike Lister from Alectra here representing the Working Group.

Andrew just provided that high-level overview. You will see in the slides that follow, Evelyn and I are going to tag-team it back and forth and provide a few more details on that process. I think it's illustrative of the collaborative effort here between the IESO and the LDCs just exactly how this process and the information exchanges will take place and the oversight and accountabilities that are assigned throughout the process.

So as Andrew mentioned, the process begins with the LDC preparing a program proposal. It will start -- it would start that process by evaluating what needs are out there and how eDSM might be able to address those needs. Those needs could be informed by planning documents, by system constraints, by reliability needs for the LDC attempting to improve its performance against its target or to address vulnerability issues or other such needs like that.

The intention is that the LDC would then use its knowledge of its customer base, applying market research, its knowledge and relationships with customers, and its communication channels to -- to create a plan using the IESO measures and assumptions list, or "MAL", sometimes referred to as, to develop a program that could, in aggregate, meet the needs identified above. Would then use this information to calculate the distribution benefit relative to the costs as well as work with the IESO and complete the online form to determine the EST and DST amounts and the cost allocation splits. Importantly, this is where this -- we believe this proposed framework is novel and innovative in that it allows for LDCs to collaborate with the IESO to access GA funding.

Once it has generated all the required information, then the LDC would submit that Stream 2 proposed program to the IESO for its review.

So over to Evelyn now to talk about that part of the process.

E. LUNDHILD: Thanks, Mike.

I am Evelyn Lundhild, senior manager in the demand-side management team at the IESO. I have been there for about 15 years.

So building on our, you know, 15-plus years of program design and delivery experience for the Save on Energy programs, we would review the LDC's proposed program details and ensure that the assumptions they have made about participation and the savings are reasonable and meet with the way that our measures and assumptions list is built, and if they chose to use something that wasn't there, that it was substantiated in a way that we were comfortable with.

We would also check for opportunities to leverage existing province-wide tools or services that were already in existence, avoiding duplication and looking at how the cost-effectiveness was calculated for the bulk system to ensure that the IESO is supportive of the projected benefits from the program.

Then we would determine what the recommended proportionality of the funding split would be between the GA and local rates based on those identified benefits, and, if necessary, we would work together with the LDC to amend the proposal and get it to a point where we were comfortable to issue that confirmation letter.

Once the program design and assumptions are completed and finalized, then we would establish a confirmation letter that we would provide back to the LDC that establishes what budget would be made available to them from the global adjustment and confirms our support for their estimation of bulk system benefit and cost-effectiveness of the program.

And then back to you, Mike.

M. LISTER: Thanks, Evelyn.

So with that in hand, the LDC would then move forward with filing its application with the OEB. As Andrew indicated at the -- in the overview stage, that could include an application made through an annual -- the way that we have proposed the framework is that that application could be included through the annual IRM process, the custom incentive regulation update process, or if its -- if the LDC is preparing a cost of service rebasing application, it could be proposed there. So there are a variety of methods by which the LDC could bring forward the application.

Importantly, what we have said -- or what our proposal includes is that delegated authority would only be allowed where -- where the intended program or proposed eDSM Stream 2 program specifically and directly uses IESO-approved measures and assumptions thereby reducing some of the adjudication that may be required because the IESO has already used its -- applied its expertise.

The LDC would complete the forth -- what we have proposed would be a forthcoming Stream 2 application work form along with the work forms that are currently available for LDCs to prepare their annual IRM adjustments. This would be an -- to be clear, this would be an additional work form for this eDSM Stream 2 work. And the inputs would include, as already described and discussed, features such as the program description, the budget, participation forecasts, the delivery approach, distribution benefits, rate impacts, and ultimately, the rate rider amounts by rate class.

Importantly, that process, if it were an application made or delegated authority approval, would include the important attachment, which is the IESO letter that Evelyn just was referring to.

So ultimately, the application would be for a new eDSM rate rider, the establishment of a variance account to track variances. In our report, we have proposed that OEB -- the OEB may wish to establish a generic variance account for use by any utility making such an application. And then -- and then also a utility-specific incentive that is aligned with those articulated by the OEB through its framework for energy innovation policy.

The application would also meet certain minimum requirements which we will address, talk about in the upcoming slides and throughout the day. Some of those features include, for example, only cost-effective programs would be brought forward, or the expectation is that only cost-effective programs would be brought forward, and that they would adhere to or comply with the beneficiary pays principle where the GA benefits fund -- oh, I am sorry, GA costs fund bulk benefits and local ratepayer funds fund distribution benefits.

The OEB would then review and approve the application, depending on the form of the application. In any event, the OEB staff would do their normal routine in performing completeness checks for the Stream 2 application, and then ask any additional questions. If it was a streamlined process, that typically includes OEB Staff asking interrogatories, but I understand others are available to ask IRs as well through that process.

Once it's verified that the proposal is aligned with policy, that the distribution benefits, cost allocation and rate impacts are -- as proposed, are acceptable and drive the right kind of outcomes, then we hope that there is an approval to proceed with the program.

Then the LDC would take that approval from the OEB back to the IESO where it would meet with the IESO to discuss the contribution agreement. It would review the OEB decision and the approval and any conditions thereon, and finalize the contribution agreement with the IESO -- between the IESO and the LDC setting out typically -- what we think will be standard features, for example, the GA funding terms and payment schedules as well as the program delivery and EM&V obligations.

One important feature that we are going to talk about throughout the day and reference often will be the IESO EM&V of the program.

So at this stage in the process, we have made the application, the OEB has approved the application, and we've completed the IESO LDC contribution agreement.

So back to Evelyn for the next steps.

E. LUNDHILD: Okay. Thanks, Mike.

So the next critical step, of course, is that the LDC actually goes ahead and executes the program, and that includes launching the program, developing all of the necessary processes and contracts that they need to deliver on the program results, implementing measures at their customers that will deliver the savings that are being sought by the program.

All of the costs and revenues associated with the program will be recorded in that variance account that Mike mentioned. And the -- the reporting would -- also includes providing the details of customer participation to the IESO so that we can undertake that EM&V as part of our regular cycle.

On an annual basis, the LDC would be providing updates to the OEB on the performance of the program, including any updates to the success of the program achieving its objectives, any, you know, planned changes to the program if it isn't going the way it was originally anticipated, because nothing is ever perfect, but how -- how the participation is materializing, as well as the budget and the costs.

The IESO will incorporate any local Stream 2 programs into its annual evaluation cycle. We use independent third party evaluators to review program performance and provide us with verified savings numbers that we report to the government, so all of these programs would be included in that process. And then we would share that -- any feedback with the LDC, and they could use that as part of their annual reporting to the OEB.

At the end of the program, when the LDC has wrapped it up, we would do a final EM&V, which would be used to true up the LDC performance incentive versus their original forecast.

Mike, back to you.

M. LISTER: Thanks, Evelyn.

So it just occurs to me now that we should probably define "EM&V" for our record here. So you may not be familiar with some of the terminology we use. That stands for evaluation, measurement, and verification.

So with the evaluation, measurement, and verification, the next step or -- and the final step would be that the LDC proposes a closeout of the Stream 2 program on the basis of that final EM&V which would evaluate the actual costs and savings as against the original plan.

Importantly, that also impacts and directly affects any proposed incentive that was -- that was made by the utility related to the program so that the actual incentives are tied to the actual benefits delivered.

The final closeout would also include a variance and final disposition of the eDSMVA.

E. LUNDHILD: At this point, we thought it would be useful to kind of summarize. There is a lot of tools that will need to be developed in order to inform this process and make the details work, and so this kind of shows you how these different tools and forms will feed into each other.

The -- we had referred to a base eDSM model that would allow the LDC to express what the expected distribution benefits of the program would be. There would also be some requirement from the IESO to lay out what information we would require from the LDC in order to evaluate the program.

Both of those would feed into -- the IESO has an existing cost-effectiveness tool that is used to calculate the cost-effectiveness for the province-wide programs, and we envision that we would update that in collaboration with the OEB to ensure that it provides the right calculation for the EST as well as incorporating the distribution benefits. It would incorporate any expected bulk system benefits and calculate those based on the measures, the savings assumptions and the load profiles that are expected from the measures.

This calculation would inform the confirmation letter that the IESO would provide to the LDC, that then would be incorporated in their OEB application. Out of that OEB application, once approved, there would be the rate rider calculation through another work form that needs to be developed, and both of that plus the IESO's cost-effectiveness results would be information that would feed into this final contribution agreement between the IESO and the LDC that would enable the funds from the global adjustment to flow to the LDC to support the program delivery.

So there's still a lot of work to put these tools together and make sure that they're in place for LDCs to begin to use this process.

But they're mostly, for the most part, adapting existing process and tools that either already exist or can be viewed from -- from existing guidelines. So it's not necessarily new ground so much as creating specific forms that will enable this process to take place smoothly.

So the next section, we are looking to highlight what happens -- or what the specific asks that the group has put together.

In terms of the Ontario Energy Board, we expect that the Non-Wires Solutions Guidelines will need to be updated to include this Stream 2 program as one of the considerations. Not every non-wires solution may be classified as eDSMs. So this is a subset of those guidelines, but it will need to be updated to allow for this process to follow. The filing guidelines, of course, will need to be updated as well.

We will build -- we expect that they would need to build in collaboration with the IESO a standard format for the submission of all of this information and continue to provide guidance to LDCs on how to calculate distribution benefits across the province.

As an outcome of the review process, there would then need to be the form for calculation of the rate rider that would be used to support the program, and we hope that the OEB will support the proposal to use delegated authority for the majority of these situations.

From the IESO, we are -- been asked to continue to maintain on a regular basis and publish a measures and assumptions list, and expand that over time. There is an openness to continue to add new things as appropriate substantiation information becomes available. Continue our cost-effectiveness tool and expand it to be able to do the calculation for the apportioning of the -- of the costs according to the benefits between the GA and the LDC rates and make sure that the tools are maintained with the most recent avoided cost data based on the latest annual planning outlook that the IESO produces.

We'll develop a Stream 2 program application submission document that outlines what information the LDC needs to provide to us for us to do our assessment of their proposal, and we'll try to standardize as much as possible what the content of the letter of confirmation would look like and what the Stream 2 contribution agreement would look like.

We are committing to undertake review of these program proposals and providing letters of confirmation to the utilities and to incorporate these local programs into our annual evaluation and measurement and verification cycle and publish those performance results for the LDCs programs along with the Save on Energy programs.

Over to you, Mike, to talk about the obligations of the LDC.

M. LISTER: Thanks, Evelyn.

So throughout the process, we have -- and throughout our report, we touched on the roles and responsibilities and obligations of various sector players. Insofar as the LDCs are obligated or the role and responsibility they would undertake would be first and foremost to consider where eDSM opportunities might -- might either -- might produce some benefit, whether that's deferring a capital investment, achieving enhanced reliability results to meet targets or vulnerability, whatever the -- whatever the need might be is to -- the obligation is to first consider eDSM and how eDSM might be used to meet certain needs at the -- either at the margin or directly, and then to design cost-effective solutions to meet those needs.

Utilizing the IESO and OEB tools to collaborate the development of a Stream 2 program, and as Evelyn has talked about, that critically includes touching base with the IESO to review measures and assumptions, to ensure cost-effectiveness as appropriate, to ensure cost allocation is appropriate, and thereby develop an acceptable Stream 2 program.

And then utilize the OEB tools to submit the eDSM Stream 2 program for approval, respond to OEB Staff questions as part of the proceeding, or whatever proceeding goes forward. And then when it comes to program execution, to execute the program with due diligence, perform the management and -- overall management and -- of the delivery and financial management of the Stream 2 program, including all of the reporting processes.

To identify any issues and develop either remediation plans or to capitalize opportunities as they arise. And to file the annual reports to update OEB and stakeholders on the current status of program execution and any remediation, if and where required, including annual EM&V reporting as well. And then to collaborate with the IESO on that EM&V annual report and the project closeout as well.

Next slide, please.

And then finally, we thought it would just be worthwhile to take a moment here to sort of look at the big picture. Ted talked -- to open our presentation, Ted talked a little bit about the background and context for what we were doing, and the Working Group met several times and had several long discussions to attach and assign as much accountability and oversight within a -- what we hoped to be a streamlined process as possible.

So overall, we believed that the framework that we have proposed is responsive to ministerial direction. It's innovative. It's constructive. It's intuitive. It has well articulated roles and obligations for each of the IESO, the OEB, and LDCs. It provides measures of -- for regulatory oversight. It capitalizes on IESO expertise and credibility. It facilitates funding mechanisms to access GA funding at the local rate. It proposes programs that are only cost-effective, and it aligns with the beneficiary pays principle.

It uses the MAL, which -- as a source of IESO expertise, OEB-approved tools such as the BCA and the IESO tools to establish cost-effectiveness. It uses the incentive structures as delineated in the OEB's framework for energy innovation. A yet-to-be-constructed work form would help move from program design and application into final rate rider requests. It includes a Stream 2 approval process that could be punted to a panel of commissioners if warranted if, for example, the application didn't meet the standards required for delegated authority. It commits to annual updates and variance tracking to ensure that the actual program results are as close to plan as possible and that the -- any incentive structures are aligned with only actual results. And it includes EM&V processes both annually and at project closeout.

And fully -- and finally, full cost recovery only when the evidence of prudence and value justifies such cost recovery.

T. WIGDOR: Well, good news, everybody. We are well ahead of schedule as I only probably need about maybe five minutes to wrap up, and then we can pass it back over to OEB Staff.

So just to recap, Mike highlighted many of the key points, but I think they bear repeating, is that we are seeking support of a streamlined process for approving these Stream 2 eDSM activities, but the key point to remember is that many of these tools and policies have already been established either by the OEB or the IESO. They may need some tweaking moving forward, but they are already in place.

So by that, I am referring to the IESO's measures and assumptions list, which Evelyn already mentioned would be updated as warranted, and the OEB's benefit cost analysis framework which, as Mike indicated, they would only be approved if there is a net benefit setting aside specific policy objectives that don't require that net positive benefit.

And then finally, it's leveraging the existing OEB's Non-Wires Solutions Guidelines which, again, as Mike mentioned, may need a little bit of adjusting to accommodate these Stream 2 activities.

But the fundamentals are in place, and we believe that this process is aligned with the government's overall objectives around expanding eDSM activities and helping to curtail needed infrastructure as warranted. So it benefits the system, and it benefits customers long term.

So just to summarize the request as Mike and Evelyn have pointed out. To the OEB, we are seeking that they establish and maintain rules for the filing requirements and approval process for these Stream 2 applications and establish the DSM variance accounts and incentive parameters and to work with the IESO on developing the appropriate work forms and a streamlined and a transparent review process and transparent timelines for this, and hopefully, to approve the distribution system benefits.

To the IESO, we are seeking that the IESO produce and maintain cost-effective test tools and the program application templates and to maintain and update as required the measures and assumptions list and to review and confirm the cost-effectiveness of the proposed programs and support LDC-led programs, development and evaluation. And, finally, to perform the appropriate EM&V to support the LDC closeout of the Stream 2 program.

And as Mike mentioned, LDCs have a number of obligations as well. Clearly, they are required to leverage, or at least to consider, the existing Non-Wires Solutions Guidelines in their capital planning process. Their job also would be to lead the program identification, design and delivery of these local programs with their customers. They must adhere with the OEB's and IESO's Stream 2 filing requirements when developing their applications, and due diligence and prudence is always required and expected.

LDCs must ensure there is transparent reporting and accountability for ratepayer benefits. And, finally, compliance with the OEB and IESO's established closeout requirements for each program.

Next slide please, Tina.

So this is just a recap of the work.

So there is program development. Then there is the application and review. Clearly that is critical. Hopefully you get approval and appropriate funding. And then at the end of the day, once the program is completed, there is the proper closeout, and -- with the leveraging of, hopefully, the variance account as required. And then developing the reconciliation and incentives for the next cost of service application.

So that concludes our presentation. Obviously we welcome any and all clarifying questions. And I will pass it back over to OEB Staff to determine how they wish to proceed given that we are ahead of schedule. Thank you.

M. MILLAR: Great. Thank you very much, Ted and the entire Working Group for that informative presentation.

I don't think that has been filed. And we are not doing -- this isn't really a tech conference, so we are not doing formal exhibits here. Can we ask that the Working Group file that presentation? I know I found it very useful, and I imagine other parties would as well.

A. MANDYAM: We will send it out. I think Tina can send it to -- is there somebody we should send it to right now so you can post it through -- to WebDrawer?

M. MILLAR: Yeah. I am hoping maybe you can just send it to WebDrawer. I mean, I am easy. If you circulate it, we can find a way to get it filed on the record. You were on mute there, but I think you were saying "no problem", Andrew?

A. MANDYAM: Yeah. I was basically saying that in a different way. But, yes, no problem.

M. MILLAR: Okay.

A. MANDYAM: Yeah. We will do that before lunchtime. Or try, yeah.

M. MILLAR: Perfect.

And I see we are ahead of schedule, and nothing makes the host happier than to see that. We are going to start with Staff's questions, but I think it might just make sense for us to take our morning break now as this is a natural spot for that.

A. MANDYAM: I agree.

M. MILLAR: So let's come back at -- how about 10:55, to give us a little chance to gather ourselves, and then we will go through the lunch -- I think Staff will take us through and past the lunch break, but we are ahead of schedule. So I will see you all at 10:55.

A. MANDYAM: Thank you.

--- Upon recess at 10:37 a.m.

--- Upon resuming at 10:55 a.m.

M. MILLAR: Welcome back, everyone. We are going to start with some questions for the panel, and up first is Mike Parkes from OEB Staff. And then I think he is splitting OEB Staff's questions with Pauline Shen, so she will be up a little bit later.

Go ahead, Mike.

SESSION - OEB STAFF

M. PARKES: Yeah, thanks very much, Mike. Mike Parkes, OEB Staff. Good morning, panel. Thanks for the informative presentation this morning.

I wanted to start with a new question, which I apologize for not putting in the original Staff questions to the Working Group.

Just a general question on what type of measures are potentially eligible for Stream 2 eDSM funding from the IESO. So in addition to energy efficiency and demand response, the OEB's NWS guidelines list energy storage, generation and managed electric vehicle charging as examples of potential non-wires solutions. And for storage and generation, the guidelines note that both behind the meter and in front of the meter resources are potentially in scope.

So which of those technologies would potentially be eligible for Stream 2 eDSM funding from the IESO?

E. LUNDHILD: I can take that question, Mike. Thank you for the opportunity to clarify.

Any eDSM program that the LDC proposes would have to align with the definition of DSM that's included in the direction we received from the government. I don't know that it would necessarily preclude any individual technologies. The mandate for demand-side management has been expanded in the latest directive from prior directives to include distributed energy resources, but it is explicit that they must be associated with reducing a customer's load, so they need to be behind the meter of a customer, not freestanding or purpose-built facilities and not something that would not be associated with a load. That's probably the biggest restriction that we would see.

We have both traditional energy efficiency measures and demand response in our current program suite as well as behind-the-meter generation where it's appropriate.

M. PARKES: All right. So front of the meter resources definitely excluded, then, under the definition?

E. LUNDHILD: That's right.

M. PARKES: Okay. And behind-the-meter resources, would those -- do they -- would those need to be sized for the customer's load? Like, would you allow behind-the-meter resources that were larger than the customer's load, or do you expect there to be some restrictions in place to have those sized to load?

E. LUNDHILD: They would have to be not -- not -- I believe the language in the directive refers to not participating in another Government of Ontario program, and, you know, we have interpreted that to include net metering. So we do make the distinction in our current programs that if a customer is receiving an upfront incentive towards a behind-the-meter generation, they can't then also enrol in net metering to receive further compensation from ratepayers for the same service, basically.

M. PARKES: Okay. Yeah. That's helpful. Thanks.

So based on that, do we expect that the owner of any of the eligible eDSM resources would always be a third party? Could a distributor themselves own any of these technologies and participate in the program, or do we think it would always be a third party customer?

E. LUNDHILD: I think my expectation would be that it would in general be a third party. Maybe the situation where an affiliate was involved would be something we would need to think about more deeply, provided it was an arm's length transaction.

M. PARKES: Okay. Thanks.

So -- yeah. So distributors would not be the direct owners of the resources.

I had an assumption reading through the proposal that all costs that would be going through this program would be treated as OM&A from the distributors perspective and would not be -- there wouldn't be any assets capitalized, but I realize that's not sort of explicitly stated in the report. Is that the intention, that any costs from the distributor side would be OM&A, or is there the potential for some capitalization of costs?

A. MANDYAM: Mike, Andrew Mandyam here. Just -- I think you are correct. As the Working Group designed the proposal, we did not see or contemplate capital, capitalizing or capital projects included in here. These were all operating expenses, particularly because, at least at the outset, we see that this inception of the eDSM Stream 2 being directly connected to the IESO's measures and assumptions list, which I don't believe has any capitalizing -- capitalizable programs.

M. PARKES: That's helpful. Thanks, Andrew.

And I will now turn to some questions on the benefit cost analysis aspects of the proposal. I had a follow-up on Staff-2.

So Staff-2 was asking about how we could standardize the approach to calculating and valuing distribution system benefits, particularly if there's not a discrete and specific asset that might be avoided or deferred by the eDSM plan.

The Working Group response noted a base eDSM model that could be developed by the IESO and OEB Staff. It wasn't exactly clear to me, to Staff, what would be proposed by that model and how it would differ or build on the OEB's existing BCA framework. Can you provide a bit more details as to how you see this -- what this base eDSM model working.

M. LISTER: Yeah, hi, Mike. I will try that one.

First and foremost, that wasn't a feature of our report, as you know, as you rightly indicated. That was -- that arose in our response to the interrogatory. So -- so I don't know that we have fully worked out exactly how that base eDSM model would be formulated.

In essence, I think our key points are, number one, our intention is to be fully compliant with the BCA. So the base DSM -- eDSM model would incorporate those features. We were also thinking that the next step in that process is the population of the OEB work form. So it should be able -- ideally, it would be able to either communicate or have the right fields available to populate the work form.

So more work, I think, is yet to be done on the development of that base eDSM model, but we recognized in the question that there -- where the question seemed to be going was a desire for standardization that would help or assist the ability to deploy or employ delegated authority decisions.

So I think that's the best answer we can give you today. I don't think we fully fleshed out -- I invite my colleagues, if they have different thoughts as well.

A. MANDYAM: It's Andrew here. Mike, it is the last -- I will just pick up on Michael's last part of his response, which is providing a template for LDCs and OEB and OEB Staff to input a consistent set of information so that there is that rigor that a delegated authority approval process requires. And we hadn't flushed out in our report -- the Working Group had not flushed out in its report this concept of a standardized or a baseline work form that would contain the input of LDCs, which, as I think in one of our responses -- I think it was part B -- we commented that two LDCs filing for the same program would -- using this base eDSM model, would have the same inputs or at least the same parameters, different values possibly because they are under different conditions within each of their service territories for the program. Incentive values might be greater or less between one or two, but the same content would be there. So that's the intent of the base eDSM model.

Hopefully that helps your answer.

M. PARKES: A little bit. I am still a bit foggy, I think, as to sort of what's seen that would be different or different in approach than what's in the BCA framework. Would it be possible as a written response just to provide any additional thoughts or views --

A. MANDYAM: We can do that --

M. PARKES: -- any content you have on how that base eDSM model would work. Because I do think it's a pretty critical part of the proposal in terms of valuing distribution system benefits, particularly, as you know, if you want delegated authority for that.

A. MANDYAM: I don't want to leave you with the impression -- or the audience here with the impression that the base eDSM model is not compliant with the BCA framework or the BCA test as set out by the OEB. So the components --

M. PARKES: Correct, yeah.

A. MANDYAM: -- of that would be the same in the base eDSM model.

This is -- in fact, this could be -- the base eDSM model could be the -- could ultimately be the OEB's work form that Evelyn showed in the slide at builds. It could be the same, one and the same. We are not precluding that from happening. Does that help there?

M. PARKES: Yeah, thanks for clarifying. Yeah. Yeah, I think misspoke when I -- when I -- I wasn't trying to indicate that it would deviate from the BCA framework. I just mean how it would build on the framework and add a bit more methodological detail.

M. LISTER: Yeah, likely what it would do is include the fields -- thank you, Andrew -- include the fields that represent those measures on the measures and assumptions list in a standardized way conforming to the BCA. So I don't think it's really new work; it's just work that brings together the various components into a standardized field or set of fields.

But I don't know what our process here is. I know we are being transcribed, but we can take that question away. Is there a way to identify that as a question --

M. MILLAR: I am going to suggest we --

[OVERLAPPING SPEAKERS]

UNIDENTIFIED SPEAKER: -- I am not sure where we are landing on that. Are we giving them the proposal or -- so are we saying --

M. MILLAR: Clement --

UNIDENTIFIED SPEAKER: I think it is very likely that we may put --

M. MILLAR: There we go. Clement, just so you know, you were on the air there for a moment, but you are off now.

Okay. I think -- this is not formally a technical conference, but just in ordinary practice, we will call these undertakings. They are not formally undertakings, but I am just going to mark it as that, just so we have it written down. So I am going to call it J1.1.

And, Mike Parkes, could you repeat what you are asking them to provide.

M. PARKES: Sure. For the Working Group to provide more detail on what information it believes would be included in the base eDSM model.

M. MILLAR: All right. That's J1.1.

L. DeMARCO: Mike, I wonder if I can just add on because I had a related question, and very specifically, in relation to the eDSM model; very specifically, the benefit cost analysis tests.

M. PARKES: Yeah, go ahead, Lisa.

L. DeMARCO: Yeah, I wonder if we can just expand the undertaking to include not just the eDSM model, but also including the benefit cost analysis test expected to be employed.

M. LISTER: That will certainly be a feature of our response, will be how the base eDSM model comports, complies, or builds on or represents the BCA.

M. MILLAR: Okay. Great. So that's J1.1.

M. PARKES: Okay. Thanks.

UNDERTAKING J1.1: FOR THE WORKING GROUP TO PROVIDE MORE DETAIL ON WHAT INFORMATION IT BELIEVES WOULD BE INCLUDED IN THE BASE EDSM MODEL AND TO INCLUDE NOT JUST THE EDSM MODEL, BUT ALSO INCLUDING THE BENEFIT COST ANALYSIS TEST EXPECTED TO BE EMPLOYED

M. PARKES: I will move on. I had a follow-up on Staff-4. So the Working Group proposes that there wouldn't be a benefit cost ratio threshold for programs that were targeting low income and First Nations customers.

So my assumption is that there would still need to be a benefit cost analysis of the program that was completed and filed with the OEB, at least for the purposes of cost allocation between the IESO and distributors. There just wouldn't be a sharp threshold as to what level you would need to get for approval of the program; is that correct?

E. LUNDHILD: Yes. And that's consistent with the approach that we have taken for the province-wide programs. The directive doesn't require those to meet cost-effectiveness thresholds, but we still perform and publish the results.

M. PARKES: Okay. Thanks.

So in the absence of some kind of a threshold, how does the IESO assess the merits of proposed programs and determine whether to endorse them, and in this case, whether to provide Stream 2 global adjustment funding?

E. LUNDHILD: There generally -- I would expect there would need to be some non-energy benefits or associated societal benefit associated with delivering a program targeting those vulnerable populations, in addition to the distribution need that would still need to be part of the application.

M. PARKES: Okay.

Turn to Staff-5. So Staff-5 was asking about the reference in the proposal to regional needs and then asking about whether that meant transmission benefits. So the response clarified that Stream 2 is not intended to address regional transmission needs, at least at this time, and proposes that inclusion of regional planning considerations and transmission-level benefits and costs might be something we look at down the road with the program but not sort of as a day one activity.

Does that mean that there would be no value assigned to any transmission benefits in the EST, at least initially, like, even bulk or network benefits?

E. LUNDHILD: That would likely be the initial approach just because there would be incremental work that would be required. The LDC would need to engage with the transmitter in order to confirm any of that. We would not necessarily intend to engage with the regional -- the transmission planning to confirm those benefits either. There may be circumstances where it makes sense, but at least initially, the group felt like it was incremental effort that needs to be considered carefully before we would go there.

M. PARKES: Okay. So it would just be -- avoided capacity and avoided energy would be the two benefits that would be the bulk benefits that IESO would be looking to quantify?

E. LUNDHILD: That's right.

M. PARKES: Okay. Thank you.

M. LISTER: If I could just add to that a little bit, Mike. I would just simply note that you raised a good point. We didn't make it a feature of the proposed framework, but we would expect, as with many other OEB policies, that there's some cadence or frequency of review, maybe enhancement, lessons learned, and that sort of thing.

So, to your point, that could be a feature down the road, but it's not one that we explicitly identified for, you know -- we -- the processes that we created are built on existing OEB and IESO tools, so currently that's not a -- a benefit yet captured.

I would also just note that, as you will well know, the OEB has yet to finalize the BCA with the EST, and we expect that work is forthcoming, so that could be a topic of discussion in that venue as well.

M. PARKES: Great. Thanks, Mike.

So that's all I had on the benefit cost analysis side. I have got a few questions on program budget report -- reporting and incentives. Maybe start with Staff-1 there.

So Staff-1 asked whether there'd be a need for some form of funding adjustment or offset if -- infrastructure to address the same system need had already been part of a capital expenditure request that was approved by the OEB in the LDC's most recent rebasing proceeding.

And so the response from the Working Group was that you didn't believe an adjustment was needed mostly due to the principle under the renewed regulatory framework that costs and revenues are sort of decoupled during the rebasing term.

So the OEB does have several additional policies that place limits on new funding outside of rebasing. So we have the incremental capital module policy, which requires distributors to demonstrate that any amounts they are requesting are clearly outside of the base upon which current rates are derived. NWS guidelines also have similar language in there talking about the possible need for an increase or decrease to rates for differences in project costs between the original solution and the NWS.

Just wondering, did you look at those policy precedence at all and take those into account in developing the Working Group's position on this issue that there was no need for a rate offset or adjustment in that circumstance?

M. LISTER: I will take this one.

So the answer to the last part of the question is, no, we didn't explicitly account for an extra step that would propose to evaluate what is or is not covered in rates as against the eDSM Stream 2 plan, per se.

To the extent that there was a specific project reviewed and approved by the OEB that the Stream 2 proposal sought to affect or impact, then, yes, there is an ability to draw a straight line and make a conclusion about its impact within rates.

But, again, our intention was to develop a framework that was nimble and that could allow LDCs to be frequently in the market, responding to different needs. Could be that utilities are trying to meet their reliability targets or address certain vulnerability issues. We didn't think that that sort of lent itself well to a full rate analysis if -- because recall, again, that what we are talking about through the delegated authority is reliance on the measures and assumptions list. So it's going to take quite a few measures to make a really meaningful impact, to really drive a difference in rates, is our -- sort of the underpinning of our thinking in that one.

So trying to dissect every program into where it might or might not be included in rates would be a very, very difficult exercise, except to the extent that there was a clear and explicit investment or program that had been approved.

I hope that answered your question.

M. PARKES: So are you saying that you think that's a pretty unlikely circumstance in general as to how you see the eDSM program rolling out, that it would sort of replace something that you had just gotten approval for and that was part of your DSP in the last --

M. LISTER: Correct.

M. PARKES: -- rebasing? Okay.

M. LISTER: Correct, yeah.

M. PARKES: Okay. All right. That's helpful. Thanks.

Next follow-up is on Staff-13. So that was about the level of program under -- overspending that you might be able to undertake without seeking an explicit need for a new approval from the OEB. So the Working Group proposed being able to spend up to 15 percent above the approved budget, similar to the OEB's demand-side management framework for gas distributors.

So in the gas DSM framework, there are conditions to access that budget, which I noted in the initial question, specifically that the additional spending must be on incremental variable program expenses, not fixed overhead, and that the program must have met its original savings goals, at least on an unverified basis.

Would -- are you proposing that those conditions would also apply for eDSM in order to access that extra budget or not?

M. LISTER: Yeah, I think that's generally correct, Mike. Could you repeat again, what are those conditions as they relate to the gas DSM? I just want to ensure --

M. PARKES: So you would have need to meet sort of performance level or target that had been --

M. LISTER: Yes.

M. PARKES: -- set for the initial programs, so that would presumably be some level of KW savings or --

M. LISTER: Yes. So that's correct and confirmed, yes. And the second --

M. PARKES: And the second one is about the additional funding would need to be for sort of variable --

M. LISTER: Variable --

M. PARKES: -- program-related costs. Yeah, the language might differ a bit as to how that's framed in the gas DSM framework versus the proposal, but that's the principle, is that it would be for sort of new program expenses that scale based on the scale of the program?

M. LISTER: Yes. That is appropriate, and I think the Working Group -- I am speaking for the Working Group now, so I don't think we will have a different answer. If we do, we will come back to you in our written response. But, yes, I think that's appropriate and acceptable.

Again, here, this was a -- not a feature of our -- the reason I might -- you might detect some second-guessing is this was not a feature of our proposed program, and it was, in fact, in response to that question, but it's a reasonable feature of the overall policy. So the answer to your question is yes.

M. PARKES: Okay. Thanks, Mike.

Just moving down my list, I go to Staff-14 next. So Staff-14(a) was about the need -- the need for a mitigation plan if the program was underperforming. So the Working Group confirmed that under certain circumstances, it would be required to report on the reasons for underperformance of a program and then provide a mitigation plan.

And your response notes two specific circumstances, if you want to access extra budget or change the cost allocation approach where you would need an updated OEB approval.

In the absence of those two circumstances, is the Working Group proposing that the mitigation plan would just be filed on an informational basis? Would it require any endorsement from the IESO or the OEB, or would it just be an informational filing?

A. MANDYAM: Well, I think, Mike, if -- I think your -- sorry. I am trying to capture your question again. I think your question is would it just be informational, this reporting back to the OEB that the program and the mitigation plan, or would it warrant another review or approval? Is that -- that's the question; am I correct?

M. PARKES: So it looked, to me, clear from the response that you're proposing no OEB approval would be required except for those two specific circumstances, but I wasn't sure about the IESO's role. Do they need to endorse and support this mitigation plan, or is it strictly an LDC-led activity that is -- you know, is made available to the IESO and OEB, but no endorsement is needed?

A. MANDYAM: The IESO would re-endorse, if I could say, the new or updated amended program, eDSM program, whenever it deems that it would have -- the program changes would warrant a new confirmation letter. So have we defined all of the criteria and the specific scenarios? You are right, we have listed two here. Could there be more? Probably, yes. But there could be situations wherever the GA to local LDC allocation percentages change that would warrant a new confirmation letter, that would drive an IESO review and subsequent updated confirmation letter or -- yeah, I will just leave it there.

M. PARKES: Okay. Thanks, Andrew.

I'll move on to Staff-17, particularly part(b) of Staff-17.

So this was a question on incentives and sort of -- how we might look at standardizing the approach to calculating incentives, particularly if we try to address the Working Group's preference to have most of these done by delegated authority.

So the OEB has done some work outside of this proceeding to sort of establish -- or at least a proposal for a standardized approach to incentives for the margin on payments incentive. In the Working Group's response, there is a request there that the OEB establish ranges of acceptable performance incentives for the other two types of allowable utility incentives, so the shared savings mechanism and the scorecard-based approach.

So I just note more as a comment, I think the scorecard approach would be difficult to standardize, and that was sort of specifically developed and left open-ended with the intention that a distributor could customize and propose scorecard metrics it believes were appropriate. The shared savings mechanism incentive does potentially lend itself to a standardized approach.

Did the Working Group have any initial proposal as to what it thinks is the appropriate ratio of benefit sharing between customers and utilities for that type of incentive?

A. MANDYAM: I will start responding, Mike, and let Michael across from me respond as well.

I think our intent here -- we don't have a particular percentage at this time, but we can formulate in our submissions and provide some ranges.

The intent here, and just some backdrop why this suggestion was put forward by the Working Group, the Working Group realized and accepts that for delegated authority, there needs to be a set of constructs or rules, if we could call it, or -- that the LDCs can conform to or fall within, within -- with their eDSM applications. The OEB Staff needs to know that the LDC is falling within those boundaries or rules.

So the proposal here was set out for producing that outcome. We don't have a -- we did not get to the level of what percentage would be appropriate for each of those. It's heartening to hear that the OEB Staff's perspective, if I take your statement as OEB Staff's perspective, is that scorecards should be customizable; so, therefore, maybe there's no range for that. It's just an evaluation at the time of the application, and maybe there is a range for shared savings mechanism.

But in the end, I think we can undertake to provide in our submissions on November 23rd or whenever the date is the perspective. We will look forward to hearing what stakeholders' perspectives are, and we can react to that within our submission.

M. PARKES: Thanks, Andrew.

M. LISTER: If I could -- I'll just add one sentiment to that, Mike. It is simply that our -- our -- the way we approached the framework development was to adhere to various OEB policies, the BCA and others, and that includes also the incentives. So to the extent I am not sure that even the margin on payments has yet been finalized, and there may -- the OEB may have already been thinking about how it might provide more structure to those other incentive structures. So that could all form part of that policy discussion as well.

We stuck to the framework, but to the extent that policy evolves, changes, or becomes more structured, then I think the framework would adapt to that -- could adapt to that.

M. PARKES: Great. Thanks, Mike.

I think this is the last question from my side, from Staff, so this would be on Staff-23, particularly part(b) of the question.

So this discusses updates to program input assumptions that might affect the cost-effectiveness and energy savings associated with the program that come out of the IESO's EM&V activities.

So the response notes that any changes to those input assumptions arising from the EM&V, those would be communicated before the start of the program year, so there would be a bit of a lag between the EM&V results and sort of how they were used.

So what happens if based on the updated assumptions, the program was no longer forecast to be cost-effective for the coming year? Would there be an expectation that the LDC would not continue to offer the program, or what would happen in that circumstance?

E. LUNDHILD: I can take this.

If the avoided costs changed because there's some material change in the situation in the province and then such that the benefits are different and make the program no longer cost-effective, then the expectation is the first approach would be for the distributor to try to modify the program in some way to make it cost-effective.

Failing that, then they would consider terminating the program. But I think the first approach is always to seek ways to adjust the program, whether it's changing incentive levels or, you know, seeking greater participation or renegotiating administrative costs or something like that that would drive the desired outcome, which is a cost-effective program.

M. PARKES: So it would be a mitigation plan similar to the one we discussed earlier in a different context? Yeah.

E. LUNDHILD: Right.

M. PARKES: Okay. All right.

And I also wanted to ask about how any changes to those input assumptions might affect program incentives. Because, as you know, there is a lag between when these assumptions are communicated and when the program is delivered.

So if we go down the route of shared savings mechanism incentive, for an example, would you base any performance incentive on sort of the input assumptions that applied at the beginning of each -- the program year, or would you use the final confirmed EM&V values arising from the -- at the time of wrap-up to determine what that -- the eligible incentive might be?

M. LISTER: If I understood your question correctly, Mike, what we have proposed in the report is that the actual -- the incentive structure -- the utility-proposed incentive would be tied to the actual EM&V results. Was that your question? So -- so that the --

M. PARKES: So, yeah, it was not clear to me from -- I knew -- I knew that you were proposing it would be tied to sort of actual final participation --

M. LISTER: Yes.

M. PARKES: -- results, but you're also proposing that that would take account of updates to sort of the -- you know, the eligible energy savings associated with each measure and things of that nature that would come out of the EM&V?

E. LUNDHILD: I -- I -- if the -- if the evaluator determined that the measure savings needed to be changed, then, yes, that would impact the results of the program.

But if there were changes to the avoided costs that, you know, the IESO planning economics department determined in a subsequent year's planning outlook, I don't think we would expect the distributor to have accounted for that, so that would be an unfair penalty to impose on them. So, no, we wouldn't -- we wouldn't take those things into account.

But, yes, if the determination was that the measure isn't achieving the savings that were anticipated, then that would be part of the ultimate results of the program.

M. PARKES: Right. Yeah. Yeah. Thanks for that clarification. Yeah, it was the sort of measure-specific savings, you know, changes to net, to gross, things like that that might come out of the evaluation that I was asking about, so thanks for clarifying.

E. LUNDHILD: Yes. Yes.

M. PARKES: Yeah.

So that's all I have on general program questions, so I will turn it over to Pauline Shen from our team, who has some specific accounting-related follow-ups.

M. MILLAR: Before we do that, Lisa, I see your camera is on.

L. DeMARCO: Yeah, it's just in relation to the last question that Mike asked. If I can get rid of one of my questions. It was in relation to all changes to the standardized related evaluation parameters like the MAL and others, they always apply prospectively, not retrospectively; is that fair?

E. LUNDHILD: I -- sometimes our evaluators will decide that the -- if we are using a deemed savings approach for a measure and the evaluator uncovers new information, they may -- savings from a measure as part of their evaluation. That would -- that would be applied retrospectively.

L. DeMARCO: Thank you. I might follow up on that.

--- Reporter appeals

M. MILLAR: I had that issue as well.

So, Ms. Lundhild, can we ask you to repeat that response.

E. LUNDHILD: What I had said was that if, during the program evaluation, the evaluator determined that the savings of a measure were not what was originally deemed in the program design, then that would be applied to the program results retrospectively. What would not be applied retrospectively was changes to the assumed avoided capacity and energy values that determine the program benefits.

M. MILLAR: Okay. Thank you for that.

Lisa Lamberti, did you get that?

COURT REPORTER: I did. Thank you.

M. MILLAR: Okay. Great.

I think we are now moving to Pauline.

P. SHEN: Yes. Thank you. Thank you, Michael.

So first question, I want to follow up Staff-7. So the Working Group suggests establish a generic DVA account, so I just want to know how many LDC are expect to be a participant in this Stream 2 program?

A. MANDYAM: I think, Pauline, we don't have an exact number, so anything I say will be basically based on providing the opportunity for LDCs to take -- get access to the eDSM Stream 2 program. So if you're asking me for a number of how many LDCs would potentially access this program, we would like it so that all 56, I think, that are still out there, subject to any MAADs proceedings that are ongoing -- mergers, acquisitions, amalgamations and divestitures for Lisa, the court reporter -- we would say that all 56 should be able to access the program. Whether all 56 do at the simultaneous time, that's to be seen.

P. SHEN: Thank you, Andrew. Thank you.

And the second question, Staff want to follow up on the response from Working Group Staff-8. The first one is can you please confirm the eDSM Stream 2 program is a rate-regulated business?

A. MANDYAM: I am a bit confused by the question. I think it is a rate -- if I interpreted it correctly, that you're asking if eDSM 2, Stream 2 programs are rate regulated. We believe they are, and that's why we are making this -- or the Working Group has proposed this -- put -- set forward this proposal for the consideration of the OEB and stakeholders. I hope I answered your question.

P. SHEN: Thank you.

The second question is Working Group proposed two options. Oh, I see the question here.

L. DeMARCO: Again, it's very related to that question that Pauline has just asked. Michael, I hate to be interruptive of flow. I can wait, I am in your hands.

M. MILLAR: Go ahead, Lisa.

L. DeMARCO: Yes. Specifically, do you see a circumstance where the regulated utility could outsource a portion of the program to its unregulated affiliate or another entity?

M. LISTER: Well, so, to be clear, we are proposing that this is utility activity, so outsourced only to the extent that different regulatory mechanisms exist to apply that outsourcing. So, specifically, compliance with the ARC, if it were an affiliate, and certainly if outsourcing were a feature of the program, that would be a cost to -- you know, if a third party delivery agent or something, or if they were in an RFP process, that would form part of the program cost. I hope I answered your question.

L. DeMARCO: Thank you.

M. MILLAR: Thank you, Lisa. I think we can go back to Pauline.

J. SHEPHERD: Sorry, can I just follow up on that.

Am I right in understanding, Mike, that if you -- if a utility outsources a new program to affiliates, you would expect that that would not qualify for delegated authority? Is that fair?

M. LISTER: Yeah, I think we will -- maybe if that's okay, Jay, we will caucus on that at lunch or be ready to speak to that when you're up, or we will take that away, if you're okay. I am not sure just sitting here, and I don't want to misrepresent the Working Group.

J. SHEPHERD: Thanks.

P. SHEN: Go back to the next question.

The Working Group proposed two options so in terms of the accounts, so Option 1 is the GA PAD funding can either be recorded in account, for example, 4330, 4320, and 5085. And Option 2, the Working Group proposing to establish completely new account in APH, so I just want to -- here to ask the Working Group's knowledge of which way is preference, establish new account or Working Group just to use existing APH account? Because we are in the process of update APH.

A. MANDYAM: In short answer, Pauline, we are actually at the -- we would like to collaborate with OEB Staff on what's the -- one, the best accounting order and accounting treatment to provide appropriate visibility to all parties so that the amounts recorded in the USoA account, whichever one it is, whichever approach is taken, meets that transparency requirement.

And then, two, which is the most simplistic and least cumbersome for the LDC to perform.

So that's the long answer of saying to you, we don't have a preference at this point. We put both out there for consideration. And, really, from our -- from the Working Group's perspective, and listening to them, it's really a matter of one of the final details as far as guidance and acceptance of eDSM's Stream 2 program by OEB and OEB Staff, something to work with you on.

P. SHEN: Okay.

The next question is also following the Staff-8 response. So Working Group says this GA PAD funding will assume the rates. So I just want to ask, the rates, is it referring to the service revenue requirement or the base revenue requirement, which means the service revenue requires a revenue requirement from line 8, and the base revenue requirement is a revenue requirement working from line 10. So I just want to understand this rate as to which PAD.

Andrew, you are on mute.

A. MANDYAM: Sorry. I was just asking I -- my remembrances of the revenue requirement work form, I was just looking over at my -- Pauline, confirm for me this, or correct me if I am wrong, the base revenue requirement includes revenue requirement offsets or other revenue; correct?

P. SHEN: The service -- the base revenue requirement is after the revenue offset. So, firstly, the service revenue requirement including whatever revenue or revenue offsetting, deducted revenue offset the LDC will arrive at the base revenue requirement. So I just want to understand this Working Group set of rates is in which part revenue?

A. MANDYAM: It would be the -- subject to check on my team's part and the other members of the Working Group, it would be the base revenue requirement. Because in the particular example A, I think you're referencing, one particular LDC does record their -- I think it's a local distributor DSM program costs or funding through -- funding through as other revenue, so that's where this particular reference came to. And so therefore it would be based -- when we use the word "rates", we are talking at the base revenue requirement level.

P. SHEN: Okay. So it means distribution revenue because base revenue is equal to the distribution revenue requirement; am I right? Just confirm that, please.

A. MANDYAM: Yes.

P. SHEN: Okay.

Okay. So the next question is in Staff-8 response, the Working Group say the 12 million -- 12.3 million, which is in Appendix E, Table 5, on the report. Can you just briefly describe the flow of the GA PAD funding. For example, the LDC requested its 12.3 million funding -- GA PAD funding from, so what would be the flow of the funds? So the IESO will distribute these funds in what kind of -- I think distribute these funds with the -- through the monthly IESO statements. So, for example, which charge type and how these funds were being absorbed in the provincial level if IESO give the funding to the specific utility.

E. LUNDHILD: I think we need to take that back. Can --

P. SHEN: Sure. I can repeat the question if you like.

A. MANDYAM: Please do.

P. SHEN: Okay. Okay. So the question is please briefly describe the flow of the GA PAD funding. So, for example, in appendix table -- Appendix A, Table 5, the GA PAD funding is 12.3 million. How does IESO distribute this 12.3 million to the specific LDC and then reflect on the monthly statement which charge type will be on the monthly statement of this PAD funding?

Also, will this PAD funding be absorbed in the GA pool or GA rates on the provincial level?

A. MANDYAM: Thanks, Pauline. I think we can grab that from the transcript.

P. SHEN: Thank you.

M. MILLAR: Okay. We will mark that, then, as J1.2.

UNDERTAKING J1.2: TO ADVISE HOW IESO DISTRIBUTES THE 12.3 MILLION TO THE SPECIFIC LDC, HOW THE MONTHLY STATEMENT WILL REFLECT THAT FUNDING, AND WHETHER THAT PAD WILL BE ABSORBED IN THE GA POOL OR GA RATES ON THE PROVINCIAL LEVEL

A. MANDYAM: Lisa, over to you now. I think you have a --

P. SHEN: Okay. So the next question, I just want to confirm the distribution system PAD, this funding, I understand from the previous slides, eDSMVA will record distribution system PAD funding including revenue, including the cost, and also tracks variance of eDSM rate rider. I just want to confirm that.

A. MANDYAM: That's correct, yeah.

P. SHEN: Okay.

A. MANDYAM: Yeah, both revenue and costs, yeah.

P. SHEN: So does that mean the eDSMVA also track the revenue variance?

A. MANDYAM: That's correct.

P. SHEN: Okay, thank you.

The next question is the IESO PAD funding in terms of this Appendix A, Table 5, 12.3 million, I just want to confirm, is this 12.3 million the only PAD funding IESO will fund? Is there any other funding in this program will be distributed from IESO, or only this -- based on the example, only this 12.3 million?

E. LUNDHILD: That's right. Only the portion that's determined to be attributed to the bulk system benefit.

P. SHEN: Okay, thank you for the confirmation.

Okay. So move on to the next part. Staff want to follow up the response from the Staff-9. The first -- the question is, the program -- end of the day, the eDSMVA, the program ending for the GA PAD variance, which is 49,259, this amount will be refunded through the IESO. And I just want to know in which payment -- is also -- is also through the monthly statement?

A. MANDYAM: That's what I believe, yes, that's correct.

P. SHEN: Okay. So through the monthly -- I think this question related to the previous undertaking. The same way IESO distribute the funds will be the same way that the variance will be collect or refund IESO take back. Is that -- I just want to confirm that.

A. MANDYAM: I think we can confirm that when we answered response to part 2, the answer to part 2 took into consideration the method between the IESO and the LDC, the transfer of funds, and that would be through the monthly statements, correct.

P. SHEN: Okay.

So the monthly statements here just mean the monthly invoice which all the LDC get from IESO; right?

A. MANDYAM: Correct.

P. SHEN: Okay, thank you. Thank you.

So next question, I want to follow up the Staff-12.

So how long will these typical program last? Is that five years or will be longer?

A. MANDYAM: I -- in listening to the Working Group and contemplating this, the general thought is programs can be anywhere between two to five years. I can say that we -- the concept of a ten-year plan or ten-year program was not ever discussed. So I'd be -- I'd be very surprised if an application came about for a ten-year program, just because of the variance to forecast, the challenge of forecasting with accuracy the benefits over a ten-year period, et cetera.

But as far as the root of the question, how long can a program, an eDSM program, run? Just by the pure rules of it, I suppose we would say they can run infinitely. But practically, I will put on the record, that we -- the Working Group has not talked about it running any more than potentially five years. But even that five years was a very long program.

P. SHEN: Okay. Thanks, Andrew. Thanks for answering the question.

So next, the question, just want to know if this program will continue, for example, this program last five years, and during these five years, LDC go to the rebasing, so if -- if you continue after rebasing period, so for the IESO GA PAD funding, would this be embedded into rates?

A. MANDYAM: What do you mean "embedded into rates"?

P. SHEN: Does IESO give the funding through the LDC? So if the -- this program cross the rebase -- let's say the program last five years, and in year 3, this LDC come for the rebasing. Are the rest of PAD funding or what -- just -- just aside want to know for GA PAD funding will be still as -- as a -- as a payment method as before, or this PAD fund will eventually, during the rebasing, will embedded into rates?

A. MANDYAM: So the scenario I am listening to here is that -- if I play it back to you first, Pauline, and then I will -- I think I will respond, if I am correct.

The LDC files, its cost of service application, included in that cost of service application is an already-approved eDSM program with some amount of IESO-funded global adjustment amount. At the point of the review of the cost -- LDC's cost of service application, if that amount is treated as other revenue, then that will be -- that will form part of the record and be reviewed as other revenue, and therefore, if the OEB approves -- whatever the OEB approves, that GA amount will be included as other revenue, yes. I think that's where you were going with the scenario.

P. SHEN: Yes, yes. Yeah, you are right.

A. MANDYAM: Yes.

J. GIRVAN: Andrew, it is -- sorry, Mike. It's Julie Girvan. Can I just ask a follow-up on that.

So are you anticipating that, say -- say, you -- a utility applies for funding through rate rider in midterm, so, you know, year 3. And you are saying when they came in to rebase in year 5, you are going to put that -- what was in the rate rider now embedded in rates?

A. MANDYAM: No. I am saying that that rate -- if the program runs beyond the cost of service year that's already been approved in your year 3 scenario, Julie --

J. GIRVAN: Yeah.

A. MANDYAM: -- if the program runs for the first two years of the next term --

J. GIRVAN: Yeah.

A. MANDYAM: -- then that amount of X will carry through as a rate rider into the next -- the LDC could propose that that amount as a rate rider previously approved carries through into the first two years of the next term --

J. GIRVAN: Okay.

A. MANDYAM: -- as part of its cost of service application. You --

J. GIRVAN: But you are going to embed -- but you're going to embed the other revenues in rates if it's coming from --

A. MANDYAM: Yeah, you are correct. If that was where the -- if the amount that was previously approved was recorded as other revenue, then that would carry through into the cost of service as an X amount in other revenue. Expectation would be that it would be in other revenue in years 1 and 2. How the LDC deals with it after years 2 and 3, 4, and 5, that's their proposal. But that would be the PAD, yes, stay in other revenue.

J. GIRVAN: It might be complicated because if the program ends after year 2 of the new rebasing, you have got --

A. MANDYAM: Yeah.

J. GIRVAN: -- other revenue embedded in rates. So that's just something to think about.

A. MANDYAM: Fair point. Fair point. Yeah, I just -- as I was talking through, fair point. I am not sure how -- yeah, anyway, we will stop there.

Jay, I think you had a...

J. SHEPHERD: Yeah. I am going to ask if you can follow up on that. Because what you're suggesting doesn't sound -- from a rate point of view, doesn't sound like it works, and so I am wondering if you can take that away as an undertaking to look at it and make a specific proposal as to what happens if -- to both the GA and the rate rider if there is a cost of service in the middle of a program.

A. MANDYAM: Okay, we can do that.

M. MILLAR: So I am going to mark that as J1. --

L. DeMARCO: If there's a --

M. MILLAR: Yeah, okay. Go ahead, Lisa.

L. DeMARCO: Sorry. If there is a cost of service or an IRM update in the middle of the program period, I think the IRM is going to be fairly important too.

J. SHEPHERD: Well, why wouldn't it -- why wouldn't it effect -- be effective if it is -- in an IRM, you don't embed rate riders or GA or other revenue into rates.

L. DeMARCO: I wonder if it is just a pass through, and I would like to know whether or not that is a pass through if it happens in the context of the middle of an IRM program.

J. SHEPHERD: I don't understand the question, sorry.

L. DeMARCO: I am curious as to if the program starts or ends in the middle of an IRM period or at the point a cost of service application happens, what is the treatment of the -- what's the revenue treatment of both the associated revenues from GA and the LDC rate portion? So --

J. GIRVAN: It would be kept outside the IRM.

L. DeMARCO: I want that confirmed on the record.

M. MILLAR: So maybe -- Andrew is that something you can reflect on, or is that something you can answer right now, or is that something you can incorporate as part of your response?

A. MANDYAM: I think it wouldn't be part of this response. I think I took Lisa's question as more connected to Pauline -- the undertaking we took for Pauline on -- I think it was J1.2, is to talk through the flow of the -- particularly that question, it was the 12.3 million GA amount, but we can expand that to diagrammatically show where the flow of monies goes to, if it's other revenue, during the IRM term.

I got, Jay, 1.3 as when you cross the IRM term to a new cost of service, go through a cost of service term. That's specific to that -- I understand that question.

M. MILLAR: Lisa, does that satisfy you if that --

L. DeMARCO: That's great. That's helpful. Thank you.

M. MILLAR: Okay. And then, J1.3, the new one, will be the question as Jay asked; is that correct?

A. MANDYAM: Yes. Specific proposal to deal with GA and rate rider funding, correct me if I am wrong, Jay, if it crosses over a cost of service application.

J. SHEPHERD: Yeah. The question is normally rate riders are embedded in rates, typically --

A. MANDYAM: Yes.

J. SHEPHERD: -- like, for an ICM or something and --

A. MANDYAM: Yeah, yeah, yeah, yeah.

J. SHEPHERD: -- other revenues are embedded in rates. And so I am not sure whether you're proposing something different, and if so, what mechanism would be used to ensure that they're kept as flow-throughs as opposed to --

A. MANDYAM: Yeah. To embedded in rates, yes. Fair point. We did not -- just to clarify, we would -- the discussion was never to try to incorporate ICM treatment for programs which ICM basically, at cost of service, folds the revenue requirement, the rate base, the depreciated rate base into rates --

J. SHEPHERD: Well, that's true of most rate riders, in fact.

A. MANDYAM: Yes. Fair enough. Fair enough.

J. SHEPHERD: Okay. Thanks.

M. MILLAR: So we have the question. That's J1.3.

UNDERTAKING J1.3: TO ADVISE WHAT HAPPENS TO BOTH THE GA AND THE RATE RIDER IF THERE IS A COST OF SERVICE IN THE MIDDLE OF A PROGRAM

M. MILLAR: And I think that's back to you now, Pauline.

P. SHEN: Okay. Thank you, Andrew.

So the next question is follow up the Staff-13.

So the Working Group replies. The Staff-13 say the eDSMVA will be reviewed in cost of service. I just want to confirm if the program package or expense change over 15 percent during the -- during the rate term, this group to deviate in eDSM, there will still be reviewed at cost of service; right?

A. MANDYAM: So the -- just a point of clarity, Pauline, the review at cost of service, I believe what you're talking about, is -- actually, let me ask this question first.

The review of cost of service in your scenario is after the program is closed out?

P. SHEN: No. Before. The program is not closed out, but the Working Group, the point -- if the budget change over 15, correct me if I am wrong, change over 15 or the expense change over the 15, the Working Group will request a review.

So I just want to confirm, for this type of budget change or review, in terms of this group to deviate eDSMVA will still be reviewed in cost of -- will not -- the point once the budget change, you request immediate review which during --

A. MANDYAM: The short answer is it would be the next application, whether it's an IRM if you're a price cap, a custom IR annual update if you're a custom IR, or the cost of service, whatever the next application is after the utility identifies that they're going to exceed that 15 percent, they would bring forward their application and seek the updated reapproval. Or they would decide to say, we are stopping the program. But that would all be in the next -- we would not wait -- the utility will -- the Working Group's proposal is that the utility will not wait until the cost of service, which could be three, four, five years away.

P. SHEN: Okay. So does that mean -- just to a make point of this, in the scenario, let's say this program, the cost of expenses is over maybe 15 percent or whatever and the --

--- Reporter appeals

P. SHEN: So I just want to confirm everybody can hear me now?

A. MANDYAM: Yes.

P. SHEN: Okay, thank you.

So does that mean if during that -- let's say next application is that IRM application, and this budget or expense over the 15 percent, sorry, the Working Group will bring forward that review. And at that point, if the program decided to be stopped, does that mean this group 2 eDSMVA will also be reviewed in that IRM instead of in the cost of service?

A. MANDYAM: Yes, that's correct. And because the program exceeding the budget and exceeding the -- or going to be seeking reapproval because it's exceeding the 15 percent threshold that is now -- been in place, we would expect it's probably a panel review too.

P. SHEN: Okay.

A. MANDYAM: Because the program -- Pauline, just for everybody. In your scenario, the program is functioning. It's -- it's obviously doing well because it's -- the company, the utility is seeing it is increasing its funding by the 15 percent, and even wanting to exceed the 15 percent. So, therefore, in that scenario, I would see it as the utility's responsibility to file that application at the next available point, which could be an IRM.

And in that annual IRM, that request would be made, and it could go to delegated authority, or I would suspect it would be panel decision at that point.

P. SHEN: Okay, thanks.

J. SHEPHERD: Can I just ask a follow up on that. You are proposing that -- this is a group 2 account, and you are proposing that the normal rules about clearance of group 2 accounts not apply to this?

A. MANDYAM: We would be asking for that, you're right, Jay. Yeah. Because of the -- I guess the special nature of it. Yeah. In this scenario, by the way. In this scenario, right. The scenario --

J. SHEPHERD: Well, that's the question I am asking --

A. MANDYAM: Yeah.

J. SHEPHERD: -- is -- because there's two scenarios. One is where you're offside on your budget.

A. MANDYAM: Right.

J. SHEPHERD: The LDC is offside on their budget. So they -- they are -- they have spent more than the Board approved, and they want to collect it, right. So the Board has to approve it, or they can't collect it, right. It's straightforward.

But the other is general clearance of that account. You're proposing it would be in an IRM application and only after the program is closed out.

A. MANDYAM: No --

J. SHEPHERD: You are proposing the next application, whatever it is, and only after the program is closed out.

A. MANDYAM: No. Sorry. The -- no. The close -- we are not -- sorry. I am now confused in the scenarios. Can you play back. Sorry for that, Jay.

J. SHEPHERD: Sure, sure.

You're over your budget.

A. MANDYAM: Yes.

J. SHEPHERD: You want to stop the program and collect the over budget money; right?

A. MANDYAM: That would only be -- can I stop -- sorry. Just I don't mean to be rude, but to just stop you there because I got my train of thought there.

That scenario would not be -- that would be a project closeout, and it would not be until the cost of service.

J. SHEPHERD: Okay.

A. MANDYAM: So the company in that situation -- so the budget is exceeded. It's a -- it's obviously -- the program is not doing as well as it was. We have got to the 15 percent. We are closing it out. We are stopping the program, let's say it that way, don't want to use the word "closeout". And, therefore, that would not be treated or reviewed until the cost of service application. So the amounts in the variance account would sit there until the next -- until that LDC's cost of service application.

The scenario I was contemplating was the positive side scenario. You have got an LDC, performance targets are being hit. They would like to exceed the 15 percent threshold to continue the program because the performance targets are being hit. Therefore, they would be able to apply for that scenario in an IRM.

J. SHEPHERD: Well, so they are not -- that's not about the eDSMVA. That's about the program. It's asking for a bigger budget for the program?

A. MANDYAM: Yes. Yes. That's the scenario we --

J. SHEPHERD: Right. So then -- so then the normal group 2 disposition rules wouldn't apply anyway. You are not asking for a disposition.

A. MANDYAM: Yeah. That's correct. That's correct.

J. SHEPHERD: Then the question is, well, in the normal circumstances, you're saying that once you close out a program, you get to close out that account, and you don't wait for cost of service; is that right?

A. MANDYAM: In the normal course -- no. So if a -- normal course, the program ends, say it ran to its conclusion in year 2 of the company's five-year IRM term. They would wait until the cost of service fifth -- sixth year out. So they would wait until -- they would not seek disposition until the cost of service. The only time we are proposing that a disposition is sought by an LDC is at a cost of service application, the next available one.

J. SHEPHERD: Gotcha, thank you.

A. MANDYAM: Sorry for the confusion if -- that led us down, but I think that helped everybody.

L. DeMARCO: Sorry. Can I just follow up on that because now I am confused.

We have got the scenarios in the normal clearing of the DSMVA account, which is where the program has been stopped in all circumstances; do I have that right?

A. MANDYAM: Can you repeat that. Sorry. I missed the first part because I didn't think you said when it would be -- when LDC would seek disposition in your statement there, Lisa. That is -- I just didn't catch it.

L. DeMARCO: Yeah. Let me start with a proposition that what we are talking about, what Jay is talking about is when the program has been stopped; correct?

A. MANDYAM: Yes. Correct.

L. DeMARCO: So that happens for non-achievement of the goals; right?

A. MANDYAM: Yes. Could happen for that.

L. DeMARCO: Or finishing?

A. MANDYAM: Just regular -- it's finished.

L. DeMARCO: End of the program?

A. MANDYAM: Yes, correct.

L. DeMARCO: And in each of those circumstances, you are saying wait until the cost of service happens; is that right?

A. MANDYAM: Correct. The next cost of service.

L. DeMARCO: And then we have got Scenario 3, which is the LDC is offside on budget and is overperforming, so is more than 15 percent over budget?

A. MANDYAM: Yeah. Right.

L. DeMARCO: And the program is not stopped?

A. MANDYAM: Correct. Because the program is performing well, the LDC would like to get additional funds beyond the 15 percent threshold; so, therefore, in that next IRM, next application, it would file for that update to the program, updated approval, seeking the -- whatever the additional amounts it believes it needs for that program.

L. DeMARCO: Thank you.

J. GIRVAN: Sorry, Andrew. This is -- this is getting a little complicated. You are now saying you don't want a 15 percent threshold on the DSMVA; you want it to be unlimited if you're overperforming? Like, is your proposal 15 percent, or is it something more than that?

A. MANDYAM: We're -- our proposal is you go up to 15 percent without seeking any reapproval. If the -- but we also, Julie, would like the flexibility to seek a reapproval if the performance on the program is going very well and the LDC would require greater than 15 percent of the original budget to continue that program. And that --

J. GIRVAN: Okay. So --

A. MANDYAM: -- would be the reapproval scenario that we are talking about.

J. GIRVAN: Okay. So you are going to have to set this out, because this is just what you initially set out in your response to Staff, so it's not --

A. MANDYAM: Um-hmm.

J. GIRVAN: It seemed to be you are building on the proposal as we speak, so that's important for you guys to set it out in terms of what your actual proposal is. That's important. Thanks.

A. MANDYAM: Fair enough. We can -- we -- go ahead, Jay.

J. SHEPHERD: Sorry. Built into your proposal is that the LDC can come in at any time and ask for a revised approval to a program. Effectively, it's a new program. They would go through the same process with the IESO. They'd get a new confirmation letter, and then they would go to the Board, saying, here is our new application; it's more money because this program is very successful or because we had to change it because it was falling apart or whatever. But you always have -- the LDC always has the option to file saying, we want approval for this revised program; right?

A. MANDYAM: Correct.

J. SHEPHERD: And that has nothing to do -- I mean, the previous program that you're amending or whatever is evidence, but you're not extending that program; you're asking for a new approval?

A. MANDYAM: That's fair. Yes, correct.

J. SHEPHERD: Thanks.

M. MILLAR: Can we --

L. DeMARCO: Sorry.

M. MILLAR: Go ahead, Lisa.

L. DeMARCO: The question is you may very well be extending that program, but you're asking for a new approval of the amounts that have exceeded the original approval; is that fair?

A. MANDYAM: That's correct. In that scenario, yes, correct.

L. DeMARCO: Okay.

M. MILLAR: Okay. I am going to turn it back to Pauline. Pauline, we will be looking for a lunch break -- I don't know -- five, ten minutes, something like that. So I am not sure if that will get you through your questions, but let's --

P. SHEN: Yes. I just have only one left.

M. MILLAR: Okay. Off you go.

P. SHEN: Yeah.

So the last question from my party is I just want to ask Working Group when this eDSMVA will be active or when the active day from the Working Group perspective?

A. MANDYAM: The -- when will it be active --

P. SHEN: Yeah, when --

A. MANDYAM: You mean when will --

P. SHEN: Yeah, when this DVA will be, you know, coming to use.

A. MANDYAM: So one thing we haven't talked about is what is the next step approach to putting all of the updates to the filing requirements or the required policies that the OEB sets out, when will that be effective. Once that's effective, we would like the eDSMVA to be effective alongside that, the same date. Because it -- I would think that you would -- if that's the question, when will -- when will we want the accounting order for the eDSMVA to be sent out --

P. SHEN: Rough -- rough timeline, I just want to know that.

A. MANDYAM: It should be coinciding with the whole OEB process being finalized and, I guess, you know, set out as guidance.

J. SHEPHERD: Sorry. I don't understand that, Andrew.

So you're saying that an LDC that doesn't have an eDSM program would have an eDSMVA?

A. MANDYAM: Whether there -- so in the -- if we are setting up a generic eDSM variance account, they would have access to it, but then they would have to call it out in their application that we are accessing, recording monies into it, and that would be at the first point of the -- and that would be performed as part of that first application.

That's one approach that I've had in my head, Jay, but I am open to your thoughts on that.

J. SHEPHERD: Well, no. The question I am asking is are you proposing that utilities can charge money to the eDSMVA before they have an eDSM-approved program?

A. MANDYAM: No.

J. SHEPHERD: For example, their planning costs and all that sort of stuff, are you proposing that that can be charged to the eDSMVA?

A. MANDYAM: Not before it would be approved. Nothing gets recorded in an eDSMVA without approval by the OEB of that eDSM program.

Now, Jay, just on the -- now going into --

Hopefully that answers your question, Pauline. Let me first do that. Pauline, did that answer?

P. SHEN: Yeah, so from Staff's side, just want to know the expected -- what Working Group expected.

A. MANDYAM: Well, we'd expect the OEB's accounting orders for eDSMVA to coincide and be effective the same date that the eDSM programs applications can be filed.

P. SHEN: Okay. Thank you. Thank you for the confirmation.

A. MANDYAM: You're welcome.

Jay, now, a little nuance, and I don't know where you're landing on this as I think about your propose -- your question. So there may be some planning costs that are part of the eDSMVA program that would -- could be included at the time of the application for the OEB's approval. So these would -- so there -- you know, there is -- before the application is filed, there has to be some work performed in order to produce the actual program.

Now, should those costs be incremental to what's in rates, then the LDC should be able to put those into the application, declare that these were incremental costs to rates, and then have that reviewed as part of the application review process by the OEB. Your thoughts on that?

J. SHEPHERD: So, like, most of the work in an eDSM program, most of the internal work at the LDC is done before they apply for the -- for approval?

A. MANDYAM: Yes, correct.

J. SHEPHERD: You are saying they can, in that application for approval, reach back and take those costs and say those costs are a part of the costs of the program and should be in the eDSMVA?

A. MANDYAM: Only if they are incremental to what's already in base rates. Because they -- you know, I could see that some salaried employees already in base rates would be part of that planning and design, and should they be included? Probably not.

But if there's incremental to what's in rates, shouldn't those be included? I mean, I am asking you a question, I guess, in that sense, seeking your thoughts.

J. SHEPHERD: The problem is that -- that if your -- if the test is incrementality, then, as you well know, that becomes a big problem in an application, and it makes it difficult to use delegated authority.

UNIDENTIFIED SPEAKER: Could you mute, please, Andrew.

A. MANDYAM: Fair enough.

UNIDENTIFIED SPEAKER: Could you mute.

M. MILLAR: Okay. And -- okay. I think that's the end of your questions, Pauline, I believe, so thank you.

And I think we will take our lunch break. Jay, you are ready to go when we come back?

I am going to assume he is.

J. SHEPHERD: The answer is yes.

M. MILLAR: Okay. Great.

And folks will have seen we are ahead of schedule, so we are probably -- I see after Jay, it's CCC, then AMPCO, and I expect we will get to Power -- you know, a bunch of you may be up today that you weren't expecting to be up, so just continue to monitor.

And we will come back at 1:20.

--- Luncheon recess taken at 12:18 p.m.

--- Upon resuming at 1:20 p.m.

M. MILLAR: Good afternoon, everyone. We are going to continue with our questioning, and it's over to you now, Mr. Shepherd.

SESSION - SEC

J. SHEPHERD: Thank you.

So I did send you some questions in advance, but before I get to those, a bunch of questions -- some of those have already been answered, but before I get to those, I have a bunch of additional questions that came up as a result of your presentation and the discussions earlier.

And I want to start with the biggest concern I have, and that is you talk about LDCs starting the process by identifying a constraint on their system, something that they need to fix like a -- they are going to need to build a substation, or they are going to need to put in new feeders, or they are going to need to -- they are trying to improve reliability, et cetera, et cetera, and which sounds like the gas IRP approach as opposed to DSM.

Now, gas IRP, the problem has -- that has arisen is you have to start with a constraint, and, of course, as a result, we have had no IRP for, like, 20 years.

The -- and when I went and talked to the schools about this, they said, well, what about opportunities? If an LDC identifies an opportunity, does that also qualify? So the example they gave me is you are building out a whole area -- Whitby, let's say -- and there is going to be a bunch of new schools; there is going to be 20 new schools, let's say. And so the school boards and the -- and Elexicon, in that case, sit down, and they say, let's work out a program where we can reduce the use, we can shift load, you know, have storage and stuff like that, and do all the things we could do to make those new schools as efficient as possible, and, therefore, reduce their impact on both the local system and the bulk system, and can we use this program to ensure that the bulk system benefits are captured?

And so my question is does that sort of thing, not that particular example, but that -- conceptually that type of thing, that opportunity as opposed to constraint, does that come within what you're proposing?

M. LISTER: Maybe I will start and maybe invite my colleagues to help out.

Go ahead.

E. LUNDHILD: I think this is a little bit of a grey area because there is overlapping responsibilities. The IESO is responsible for the bulk system, reliability, and adequacy, and so we will continue to be operating the province-wide Save on Energy programs. Through this process, we are enabling distributors to use -- to address opportunities within their local area to -- to -- because it's their responsibility to provide adequacy in their local area.

So I don't know that there is a clear-cut answer to your question. I think it could go either way. There are probably things that would be best addressed by a province-wide program, and there are things that might only be of interest to a local area that might -- or -- or maybe it's an opportunity to test an approach, and then down the line, turn it into a province-wide offer.

So I don't think that it's a clear-cut black and white, but there are -- under current constructs, there are different mandates.

J. SHEPHERD: No. Okay. I understand that.

And so let me just follow up on that one question. I was assuming that if a local LDC develops a program for a specific local need and it works, that one of the things that IESO would be wanting to do is see if you can roll it out to other LDCs; is this replicable across the province? Isn't that right?

E. LUNDHILD: We may want to roll it out as a province-wide program that would be centrally administered from a cost-efficiency point of view, though. I would still say that is another path.

But, yes, we would look for opportunities to see what's successful at a smaller scale and expand it, for sure.

J. SHEPHERD: So -- so -- and am I right in understanding, then, that this notion that you have to start with a constraint is for a particular category of these programs, but a constraint is not required for an LDC to say, here is something we'd like to do that is specific to our area and will -- will help us as an LDC and will also provide bulk system benefits? I mean, what you're doing is you are trying to solve a stacking problem; right? And so are LDCs allowed to do that? I think your answer is yes.

E. LUNDHILD: If they -- if they can quantify a distribution benefit.

J. SHEPHERD: Well, okay. But wait a second --

E. LUNDHILD: It cannot be solely for the bulk system benefit.

J. SHEPHERD: Well, okay. But -- but whenever you reduce either demand or energy in a local area, you're getting a local benefit. Sooner or later, there is a value to less distribution system demands. Sooner or later, there is a value to improved reliability, right, or less need for local generation, all that sort of stuff?

All those things, those are not bulk system benefits; they are local benefits, so you are always going to have that if you have energy efficiency; isn't that right?

M. LISTER: Yeah, I would tend to respond to your question with an affirmative yes, that the expectation is that a utility could investigate opportunities or respond to constraints.

What we are proposing in this framework is for it to go through a streamlined Stream 2 application process, it must rely on an IESO-approved measure.

So to the -- in your example, to the extent that, say, a new development or something could perhaps deploy some IESO-approved measures, then that grants us the ability to access GA funding to assist because through that process, we can capture the benefits that derive for the bulk system.

Normally, or otherwise, opportunities such as -- such as the one you described could be -- could be approached by a utility through its non-wires service obligations, but that would not include access to GA funding, at least considering where current frameworks are.

J. SHEPHERD: Well, and it would also not apply to straight DSM funding, the DSM programs. They would only apply where there's an IRP benefit -- an NWS benefit.

E. LUNDHILD: The directive that we have that gives us authority to offer GA funding to this is pretty direct that it needs to be a distribution system need that's being addressed by the program.

J. SHEPHERD: Well, so then I am still -- I am not clear what the answer is. I thought you said if the -- if the utility has an opportunity to have a program that will provide system benefits, distribution system benefits, but also is primarily driven by DSM -- by energy efficiency benefits, that that would be okay, but are you now saying, no, that the distribution system benefits have to be the prime driver?

E. LUNDHILD: For the utility to initiate the process, they have to be trying to address a distribution system need. It doesn't have to end up that it's more than 50 percent of the benefits, but it does have to be a distribution-quantified benefit that's part of the application.

J. SHEPHERD: Well, okay. So then I am going to ask a follow-up -- go ahead, Bill.

B. HARPER: No. I was going to ask -- what I was going to ask is I understand here we are talking about eDSM Stream 2 programs. Those are ones that are addressing local needs plus also bulk needs. In the type of example Jay is raising where, let's say, they come up with -- the schools and the utility identify opportunity, and the -- you know, and the distribution need is well off in the future and maybe that -- not well understood, but, as Jay says, it would still provide energy and capacity savings.

Is that not something that wouldn't necessarily be considered for funding during this program, but under the local initiatives section of your broader IESO programs, would it fall under that in terms of a potential opportunity for funding based on its bulk system benefits?

E. LUNDHILD: That's right. The IESO could always consider a local initiative in response to -- we regularly consider opportunities that arise out of the IRP process.

J. SHEPHERD: Okay. So then my follow-up question is -- on this is, what we have seen in gas DSM is that because you have to start with a constraint, and it's hard to identify a constraint far enough in advance for DSM to make a real difference, the result has been there's been no IRP. Like, zero. And so how does this address that?

M. LISTER: Yeah, I think we -- if you're amenable, Jay, I think we would like to take this one away by way of undertaking.

J. SHEPHERD: Okay.

M. LISTER: Maybe we could get you to frame the undertaking?

J. SHEPHERD: Yes. How do you -- how does -- how do I ask it correctly?

How does your proposal deal with the problem of identifying constraints early enough for DSM to avoid or to solve those constraints? And the comparison is to gas DSM where that's been the primary problem. Okay.

M. MILLAR: We will mark that -- sorry, Jay. We will mark that as J1.4.

J. SHEPHERD: Awesome.

UNDERTAKING J1.4: TO ADVISE HOW THE WORKING GROUP'S PROPOSAL DEALS WITH THE PROBLEM OF IDENTIFYING CONSTRAINTS EARLY ENOUGH FOR DSM TO AVOID OR TO SOLVE THOSE CONSTRAINTS, IN COMPARISON TO GAS DSM WHERE THAT HAS BEEN THE PRIMARY PROBLEM

J. SHEPHERD: I want to -- I want to ask about delegated authority because, Mike, you said, well, you know, keep in mind delegated authority is only being proposed for IESO-approved programs, but isn't that all of them? Isn't that by definition, you are only allowing IESO-approved programs into this system?

M. LISTER: To be clear, what the proposal is is that where an eDSM Stream 2 program includes IESO-approved measures, then that could go forward for a delegated authority. And our thinking there was that IESO is, number one, a government agency; number two, credible; and, number three, an expert in this field.

But that -- what is not on -- but not every measure will be included on that measure and assumptions list. I don't know it well enough to speak to what's not on there, but conceivably not every measure that could produce eDSM benefits is included on that list.

J. SHEPHERD: I just -- I thought you just said the reason why this is all stuff that's included in the MAL is to make it easier, and yet if it's not all included in the -- sorry. I just -- I am not sure I understand where you're going.

Basically you're saying in most cases, with some exceptions, delegated authority would be the decision-making process? That's what you're asking for?

M. LISTER: That's what we are hoping for, that in most cases, that would be the condition. But that condition requires that the measures that are being proposed for the execution of the program are the same as those that IESO has a -- measures and -- that reside on the IESO's approved measures and assumptions list. Anything that's not on that list would not qualify for this streamlined or delegated authority application process.

J. SHEPHERD: Sorry. Would not qualify for -- for this program, for the eDSM Stream 2, or would not qualify for delegated authority within Stream 2? They are different things.

M. LISTER: Just the delegated authority. A Stream 2 --

J. SHEPHERD: Okay.

M. LISTER: -- application could be made else-wise for a panel's review that included different measures, but that would not be eligible for delegated authority.

J. SHEPHERD: But it would still get the GA funding?

M. LISTER: It could, and we hope it would, yes.

J. SHEPHERD: Okay. Thanks.

You talked about -- earlier about the contribution agreement, and it sounded like you were saying that once the OEB approval is done, then the LDC and IESO negotiate the terms of the contribution agreement. But I would have assumed -- and tell me whether this is right -- that you are going to have a standard contribution agreement, and it's, like, fill in the blanks, sign here; is that right?

E. LUNDHILD: That's correct.

J. SHEPHERD: Okay. Thanks.

In a lot of cases, these eDSM programs will -- will also -- will have parallels to gas DSM programs. Particularly, if it's residential housing or if it's -- if it's businesses, they will have -- the things they would do to reduce electricity use will often also reduce gas use, and there's programs for that.

Do you have thoughts on how these programs, the ones you're proposing, would integrate with the gas DSM programs?

E. LUNDHILD: That's something we would probably approach on an individual program basis, but certainly something that the government has encouraged us to do is to work together with the gas utility to align programs where appropriate and where it makes sense.

J. SHEPHERD: Well, in fact, you're rolling out -- you have rolled out one window; right?

E. LUNDHILD: That's right. For residential programming, we have the home renovation savings program in market now that's jointly delivered.

J. SHEPHERD: But so, again, coming back to my schools, if they were participating in a local program, and let's say it was adding insulation to schools. They are all pretty insulated now, but let's -- it's a hypothetical. And the utility says, yeah, that's a great idea, and it'll solve our problem where we don't have to double up that feeder down your way, and there's also gas funding available for insulation. Are you assuming that those two things can be -- can happen in parallel, that the school could ask for gas funding and could ask for electricity funding for the same insulation as long as it's not obviously double-counting it?

Was that a nod, Evelyn, or --

E. LUNDHILD: Yes, absolutely. I would expect that the utilities would be talking and looking for opportunities where they could find administrative efficiencies to do that sort of thing where they are contributing for different elements of the savings.

J. SHEPHERD: Okay. Awesome.

On Slide 16 -- and this is a question for you, Evelyn. On Slide 16, it has the asks -- asks of the OEB and asks of IESO. Am I assuming that IESO is already agreeing to the asks that are for IESO?

E. LUNDHILD: Yes. We have been part of the Working Group for the last year and would commit to delivering these elements.

J. SHEPHERD: Okay.

So then -- then the Working Group report really boils down to a bunch of requests of the OEB, right, but because the requests of IESO are basically already approved; is that fair?

M. LISTER: That's fair.

J. SHEPHERD: Okay. That was you, Mike?

M. LISTER: That was me. Sorry. Yes.

J. SHEPHERD: Okay.

When you were answering the questions from Mike Parkes, you -- on Staff-5, you talked about values assigned to avoid transmission costs, and I didn't understand the rationale for not including that. I understand the rationale for not including a specific "we didn't have to build this line value". I get that. But -- but reducing peak demands, for example, which is one of the goals here, I assume, has an intrinsic value to the transmission system, and I wondered why you didn't include a value for that in this proposal?

Nobody wants to answer.

E. LUNDHILD: I think we did not anticipate that that information would be readily available in the absence of an active IRP. Where that information is available because there's been a recent IRP, then we could consider including it. I believe the BCA framework does direct utilities to consult with the IESO planning team on local transmission plans --

J. SHEPHERD: Yeah --

E. LUNDHILD: -- as part of the process.

J. SHEPHERD: I was -- I was asking more on a generic basis.

There are some jurisdictions -- for example, the United States -- that simply assign a value associated with reductions in peak demand, a transmission value associated with that as a sort of a default. If you don't know what transmission you're avoiding but you know you are reducing peak demand, your value is X.

E. LUNDHILD: Our experience has been -- like, we used to do that several years ago, and we dropped that from our cost-effectiveness model just because we felt like it really wasn't a representative value.

Ontario has a pretty broad transmission system with a lot of different needs, and the costs are wildly different depending on where you are and what -- where -- where -- and, you know, a simple 2 percent or 4 percent adder on the capacity value really wasn't meaningful. So we consciously took that out of our standard cost-effectiveness model.

I think where there are significant transmission investments that have already been identified and need to be pointed out, those could be -- could be readily included, but I don't know that what the value of a small adder on the generation capacity value really -- whether that's meaningful.

J. SHEPHERD: Well, but isn't the result that you're setting it at zero? You're saying that reducing demand has no -- has zero transmission value? That seems incorrect to me. I don't know --

E. LUNDHILD: In some -- in some places in the province, that may be true. It may not actually provide any transmission value. It really is situation-dependent. And so we -- again, if it's cost-effective on the merits of the generation and energy values and the distribution deferral, it's -- it's not necessarily going to add anything to the equation to do that extra layer of work. It really is situation-dependent.

J. SHEPHERD: Okay.

So now I am going to turn to the questions I sent to you in advance, and I -- but I -- some of them have been partially answered, so I will rephrase them for you.

So the first is I am trying to understand how you're dividing up who pays for what. And I get the concept is local benefits. Local are in the rate rider, and bulk system benefits are in the GA. I didn't understand whether the local benefits that you're talking about include, for example, local energy savings, local demand savings, that on -- like, for example, if the utility is buying less local DERs because they've implemented eDSM, is that a local saving? Is that a rate rider cost as opposed to a GA cost? That's just one example.

M. LISTER: Yeah, sorry. I am not sure I entirely understand your question. Let me try a response this way, and you can tell me if I haven't answered your question.

So what we have proposed is that at the outset, both the distribution benefits, some of which you just described there, would be evaluated. And at the same time, using the IESO cost effectiveness calculator, the bulk system benefits would be determined.

The ratio or the proportion of those benefits to each other would determine how the costs get allocated. The allocated costs for the distribution portion, which helped to fund those distribution benefits that you just described would be included in the rate rider. Or for --

J. SHEPHERD: Okay. So I --

M. LISTER: -- recovery through the rate rider --

J. SHEPHERD: -- understand that.

M. LISTER: Okay.

J. SHEPHERD: I understand that part, Mike.

What I am trying to get at is the -- the -- your report appears to talk about distribution system benefits as being only wires and reliability and similar benefits, not including any of the benefits associated with reduced energy needs and reduced demand. Reduced whether it's peak or whatever, various types of peak.

It doesn't appear to include that in the local benefits.

So -- so -- and a part of that is a bulk system benefits, but part of it is also the participants are saving money. They are reducing their bills. And normally, that's one of the benefits that's included. Is that a local benefit, or is that a bulk system benefit? And so I am trying to understand what the dividing line is.

E. LUNDHILD: I think the -- I think the bulk system benefits generally are defined to include the energy value and the generation capacity value. I think, though, that this is actually not really within the scope of this Working Group. This is -- goes back to the OEB's BCA framework, and we would rely on their guidance about what to include at which level, not something that the Working Group determined.

J. SHEPHERD: Sorry. I don't understand that.

E. LUNDHILD: The BCA framework lays out which benefits are expected to be included in the DST and the EST, and that is what the Working Group would rely on for creating the cost effectiveness test that would be used to evaluate the program.

J. SHEPHERD: So if it's not in the DST as -- sandwiched by the benefit cost analysis, then it's not in a cost that's associated with the rate rider?

M. LISTER: Right.

J. SHEPHERD: Okay. Good.

M. LISTER: Yeah. Our specific framework is intended to be a taker of the BCA. So to the extent the costs you are describing are in the BCA, then they could be included there, but if they are not, then that is not part of this process.

J. SHEPHERD: Sorry. You faded a bit there.

Okay. Then let me talk for a second about delegated authority because I -- my understanding of delegated authority is if something is entirely mechanistic, then Staff can decide it. If it's not entirely mechanistic, if there's any judgment involved at all, then it typically is bumped to a panel.

And it sounds to me like you're saying, in this limited class of cases, even though there's some judgment required and you're setting rates, it's okay to do it through delegated authority. Is that right, or are you saying only the mechanistic ones will go through delegated authority?

M. LISTER: Yeah, what we are -- I think the latter, Jay. What we are proposing is that the eDSM Stream 2 proposals could be standardized enough to limit material judgment required, and therefore, that could be -- of course, OEB will make this determination -- could be a good candidate for delegated authority.

One of the things that we are after in developing this framework is a -- somewhat a nimble process. Or said differently, what is not nimble is an application every five years to determine how we might meet some needs through eDSM. A framework that allows reiteration, re-evaluation on an annual basis is more nimble and could be more effective.

And so to that end, we thought if there's a mechanism we could -- a framework that we could produce that facilitates or enables delegated authority, then that's a great outcome. Not unlike -- and here, we were borrowing from the philosophy underpinning ratemaking at large. So through the RRF, the OEB has established three different rate making methodologies, and then annually show up to adjust. And we thought that this could be a good candidate to follow a like -- while not exactly the same, but a near to the same sort of cadence and process.

Did that answer your question?

But ultimately, it's going to be the OEB Staff -- or OEB, I should say, who is going to determine if that -- if that is truly a delegated authority -- a function that can be undertaken by delegated authority. But that is what our proposal is, yes.

J. SHEPHERD: So this is, like -- this is light-handed regulation as we used to call it, right. And I understand the goal. And, indeed, there is no point in having everybody sitting around talking all the time when something is pretty obvious. But what I am trying to get at is whether you're proposing that the delegated authority approach of the Board be different in this case than it is in other applications.

In other applications, they have a pretty clear understanding internally at the Board of what things should be delegated and what things should not, and there is a bunch of concepts surrounding that.

Are you proposing that those same ones be applied here?

A. MANDYAM: We are proposing that a -- let me backtrack first before -- I guess, to get to the answer because I think some context should be applied.

Those applications, the IRM, et cetera, they have a set of rules and boundaries around which the -- if the application falls within, then delegated authority gets applied. I think that's fair to say, Jay.

J. SHEPHERD: Yeah.

A. MANDYAM: So we expect -- and what we are trying to do with our proposal is provide that boundary box.

So, for example, I will just use this: We would like -- we have asked for OEB Staff to set ranges for any eDSM proposal that proposes a shared savings mechanism or a scorecard mechanism as an incentive approach. That is one boundary. If all of these -- if that boundary and other boundaries are set through this proceeding, then everything that flows in, that falls within that boundary, should be a mechanistic or delegated authority approach.

J. SHEPHERD: In terms of the programs themselves, you're proposing that the -- that the OEB not make determinations on the programs but cede that authority, that approval authority, to IESO, to rely on IESO to make those regulatory decisions; right?

M. LISTER: Yeah. I wouldn't necessarily call it -- maybe this is a matter of semantics, but I wouldn't say "ceding authority" at all. I would say relying on the expertise as a credible government agency of the IESO. That's why our -- the framework we propose explicitly requires that the measures be those that are already preapproved by IESO.

J. SHEPHERD: I --

M. LISTER: And -- yeah. Go ahead, sorry.

J. SHEPHERD: I understood. I guess what I was going to ask is did the Working Group get a legal opinion as to whether the OEB is allowed to do that?

M. LISTER: No.

A. MANDYAM: No.

J. SHEPHERD: No? Okay. Thanks.

Next is -- is -- I -- I asked earlier about whether roll out to other LDCs or -- not roll out so much as availability of successful programs of other LDCs is going to be facilitated. Do I assume that IESO would do that?

M. LISTER: Sorry. Could you repeat the last part of your question. I didn't hear it.

J. SHEPHERD: Yeah.

Elexicon has a successful eDSM program because they have a particular type of manufacturer that they can work with and solve a particular problem and save some electricity or reduce demand. There are other manufacturers in the province that are like that, and so other LDCs could probably use that.

Is it IESO that would then identify that and say to the other LDCs, this is a program available to you too? Or would they -- would those other LDCs have to initiate it themselves? Or would --

E. LUNDHILD: We would make the -- we would make the information available. We publish all of the evaluation reports for all programs on an annual basis. We would not necessarily proactively approach them and say, you should do this. This would be information that was available, and if someone approached us and wanted to talk about it, we would certainly be open to sharing.

J. SHEPHERD: Okay.

M. LISTER: Just if I could add to that. The LDC community also talks a lot in various forms, notably here at the EDA. So it's very likely that if LDCs had successful eDSM programs, they would highlight them in various forums. And the community itself is generally communicative on those things.

So it's not as though we'd have to just wait for IESO to start knocking on the door. I think utilities would want to be proactive in that way.

A. MANDYAM: Jay, not that I want to pile on, but I am going to pile on just a small amount but in a different way.

We did talk about this as a Working Group and -- programs, and this is where that base eDSM model came about. Because then if there is this boundary box, and the base eDSM model allows for similar programs to be input and -- by different -- programs to be input by different LDCs that are of similar nature; therefore, then, the OEB review can -- it falls within that boundary box that we just talked about for delegated approval, so --

J. SHEPHERD: So you're assuming primarily organic flow of information in the industry, which I agree is -- it happens and perhaps with some assist from IESO after programs are finished. But you're not assuming that the OEB will have any responsibility to promulgate successful versus unsuccessful DSM programs and, you know, encourage them or whatever.

A. MANDYAM: It would be nice for that to happen. It would benefit the industry. We can put that in our submission, and I think you can put that in your submission, and we will see whether we influence with that authority.

J. SHEPHERD: Okay. Thanks.

Next is IESO, you have a budget cap -- sorry, IESO. Evelyn, IESO has a budget cap -- your new name is IESO.

You have a budget cap for Stream 2 programs; right? 140 million or something?

E. LUNDHILD: We have a budget for LDC programs which includes both Stream 1 and Stream 2.

J. SHEPHERD: Yeah.

E. LUNDHILD: It's -- umm --

J. SHEPHERD: But it's like --

E. LUNDHILD: -- $150 million in each three-year plan.

J. SHEPHERD: Okay.

Is it appropriate and has the -- has the Working Group talked about whether it's appropriate to have a similar cap for the rate rider side of this? The funding from rate riders? Maybe not the same amount, but maybe some other amount, but a cap?

A. MANDYAM: We did talk about it after we received your question, and where we landed was we don't believe a cap is appropriate. We -- we believe that each -- you know, our -- the IESO's approach to funding these programs, these eDSM programs, will be on a first-in, first-out. They will make the evaluation of is the program participation rate, the budget level, the expected outcomes, all in alignment with what they have seen in other sourced efforts or places where those programs have been executed.

So therefore, we don't think a cap is beneficial. Because if one area is actually wanting to have a higher expenditure in Elexicon territory versus Alectra because of certain conditions, then that should occur. No cap should be allowed -- or enforced, I should say. Not allowed. Enforced.

J. SHEPHERD: I am sorry. I don't understand that. I wasn't talking about a cap per utility. I was talking about an overall cap --

A. MANDYAM: So a total cap of, like, the -- of the 150 million, some amount --

J. SHEPHERD: No, not of the 150 million. Because the rate rider funding is in addition to the 150 million; right?

A. MANDYAM: Yes. Yes.

J. SHEPHERD: Correct.

So does it make sense for the OEB to say, well, look, we are going to approve this for now, but we are not going to approve more than 50 million of rate rider funding until we see how it works? Just like the government, we are going to set a limit on it; does that make sense?

A. MANDYAM: I do think there is a limit. In one of our answers to -- I think, to Staff or -- it was one of the Staff questions, we talked about the 10 percent limit that the OEB has for bill impact threshold -- bill impact and rate mitigation. I would think that would have -- we said that that would apply here from the Working Group proposal, so no one DSM or no group of eDSM programs in -- being approved should exceed the 10 percent bill impact threshold that the OEB has set out for rate mitigation.

So I believe you have got -- there is -- you have got, sorry, Jay -- the OEB has some boundaries and thresholds for protection on that front.

J. SHEPHERD: Okay.

I didn't understand why you were proposing that joint programs should be the subject of individual rate applications. Why couldn't -- why couldn't multiple utilities file saying, the three of us are going to do this program, and here are the different rate riders that would apply to us?

A. MANDYAM: So that could happen. You are correct. That could happen. It's a -- it would be an output of the OEB's work form and how this process moves from this process definition to an actual implementation set of tools.

J. SHEPHERD: Okay.

A. MANDYAM: Our thought when we -- it was simplistically exactly what you said. It was each utility has their own base rates, rate structure, we have individual impacts to those rates across the rate classes. Let's put it in individual forms, work forms, for simplicity and OEB transparency. That was our thinking to separate it out.

J. SHEPHERD: So -- so utilities involved in a joint program could make their individual applications, individual-based DSM cases, et cetera, individual letters, and then have them joined and heard together, that would be a more efficient approach than simply having a joint application? I mean, it sounds like that's what you're saying.

A. MANDYAM: If the OEB is up for that, yes, that could --

J. SHEPHERD: Okay. Cool.

Did I read your -- your response -- your report and responses correctly that an eDSM program from a utility that's targeting a specific customer would not qualify for this framework? Did I read that right?

So Alectra, for example, says -- do you still have Dofasco in Hamilton? Or whoever. Somebody big like that says, we can solve a distribution constraint if we have this program for that steel company; is that okay?

M. LISTER: Yeah. I would say the answer is yeah. That could -- could be okay subject to all of the conditions and estimates for what can be done or what existing infrastructure they have of how you might -- what you might replace it with and so on and so forth.

But I don't recall an area where we said that if it was a specific customer, then that would --

E. LUNDHILD: I don't recall that either. Just to be clear, though, Jay, a lot of those customers are directly connected to the transmission system and aren't distribution customers. Like Dofasco, for example.

J. SHEPHERD: Pardon the example. Conceptually.

Okay. Then the next question is concerning the base DSM model. The proposal that you made is that the utilities would develop the base DSM model, but if I heard you correctly today, what you're saying is, really, OEB Staff would develop it with input from the utilities and anybody else who has something to say; is that right?

A. MANDYAM: Correct.

J. SHEPHERD: Okay.

A. MANDYAM: We are happy to do that. I think there is some IESO-led efforts in building, and there is OEB Staff-led efforts. The LDC Working Group would like to be part of that for all the reasons I talked to you about the boundaries and setting the -- setting up the infrastructure of this process so that the LDCs have a flexibility to put in applications that, A, might be outside of the MAL or -- but they have generated or they have sourced appropriate savings regimes and jurisdictional scans to support the program. But all of the tools should have the flexibility, and that's why the LDC Working Group has requested participation in it.

J. SHEPHERD: Okay. Okay.

Let me talk about cost effectiveness.

I didn't understand whether the qualitative benefits and the benefits that were assigned values but didn't have normal values are the same. And there is some places where you say if you are doing cost effectiveness, you can be below 1.0 if you have benefits that are not quantified.

And in other places, you say if you have benefits that are qualitative in nature, you can assign a value to them to get over 1.

Are those the same thing, or are those different things?

A. MANDYAM: Let me -- sorry for the confusion, first of all, in the report.

Let me try to clarify here.

So the proposal and expectations that is -- of the Working Group is that most, if not all, of the LDC eDSM applications are going to have a cost effectiveness ratio of greater than 1.

J. SHEPHERD: Yes.

A. MANDYAM: So that's first and foremost.

The flexibility that was being requested in this proposal is that where the cost effectiveness is greater than .7 but less than 1.0, that utility and that application can try to justify or can justify the qualitative benefits being substantive enough so that they would basically warrant an OEB approval of that application and that eDSM --

J. SHEPHERD: Okay. So that -- that, I understand.

A. MANDYAM: Okay.

J. SHEPHERD: But that's not assigning a value to the qualitative benefits.

A. MANDYAM: Correct.

J. SHEPHERD: That's just saying they are big enough that we should do this anyway.

A. MANDYAM: Correct.

J. SHEPHERD: But there is other places where you say you can actually assign a value to those qualitative benefits.

A. MANDYAM: So this is -- you know, we don't expect that to happen. And so I think I will fall back on my first point, which you and I agreed on, which is the qualitative benefits will still be remaining as qualitative, and the application and the LDC will seek for the OEB to accept those qualitative benefits as qualitatively increasing the cost-effective ratio to be greater than 1 or match 1 or a --

J. SHEPHERD: So -- so, for example, in income qualified projects, the -- there are benefits associated with improving the housing of low income individuals and families. And those benefits, you don't need to assign a number to them, you just need to decide that the net costs of this program is -- that's a legitimate cost to achieve that category of benefits; is that right?

A. MANDYAM: Oh. Yes, that's correct.

J. SHEPHERD: Awesome. Awesome.

I assume that if a -- if a proposed program is not cost-effective, even if there's -- there's qualitative benefits, but it's not cost-effective on the numbers, that you would agree that that doesn't go to delegated authority?

A. MANDYAM: That would be true. Correct.

J. SHEPHERD: Okay.

M. LISTER: The other thing just to point out in that condition as well, and I think we might have touched on this in the -- in one of the IR responses. Getting IESO -- the IESO confirmation letter would be a first hurdle to meet in that case as well. In other words, that's why we expect that should be a very rare occurrence. In other words, the IESO wouldn't just say you have met a .7 cost effectiveness, and you are good to go. The IESO is expected to evaluate those qualitative benefits as well.

J. SHEPHERD: So -- well, that's a good point. And, Evelyn, does IESO have programs now that don't meet 1.0?

E. LUNDHILD: We do, but only in the income qualified and First Nations space.

J. SHEPHERD: Okay.

E. LUNDHILD: And the directive specifically allows for those not to be cost-effective.

J. SHEPHERD: But you still look, when you do that, at the qualitative benefits associated with that program; right?

E. LUNDHILD: That's right.

J. SHEPHERD: You don't just say, ah, the cost effectiveness is .001, but it's okay because it's Indigenous?

E. LUNDHILD: No. There are other factors that are in consideration for sure.

J. SHEPHERD: Awesome. Okay. Thank you.

Also on cost effectiveness, in Staff-17(a), you said the performance incentives are not included as costs in the cost effectiveness test, and I didn't get that because from the ratepayer point of view, the cost to us, why -- why would you do it if it's costing us more than the benefits that are -- that we are getting?

M. LISTER: Sorry. We are just looking for that IR response? Did you say it was Staff-17?

J. SHEPHERD: 17(a).

A. MANDYAM: Jay, I believe we did respond primarily to Staff's perspective and position on this which is -- I think in the question, they pointed out that the current BCA does not allow for -- the framework does not allow for utility incentives to be considered as part of the cost. So we conformed or complied with that -- that part of the BCA framework in our response and in our proposal.

J. SHEPHERD: Oh.

A. MANDYAM: I know. I know. We were -- yes, so...

J. SHEPHERD: Okay. I understand.

And then my last question is on cost allocation. I think this is my last question. I am sort of running out of time, so -- in fact, I am over time.

In the cost allocation, you have said -- I think what you said in Staff-11 is allocate the rate rider cost the same as you allocate the GA. And that doesn't seem correct to me because the local benefits are not going to be similar. They are not going to be the same as the GA benefits, the bulk system benefits, so why wouldn't you allocate it on the basis of the benefits?

A. MANDYAM: So one of the primary reasons we followed the -- we actually said we would apply the utility's last cost of service cost allocation methodology, which was part of the IRM, primarily because of trying to ensure that the application would conform to a known tested approach that was approved so that it could pass through delegated authority.

If -- our concern was that if we choose a non -- and a cost allocation methodology that was not approved in a prior most recent proceeding, then it would open up the application for a review and adjudicated process that's not delegated authority, so...

J. SHEPHERD: Understood. But, yeah, I mean, I guess you don't change a policy so that you don't have to regulate. That is sort of bad policy.

A. MANDYAM: I don't disagree, but yeah.

J. SHEPHERD: I would have thought that some eDSM programs would be peak, peak, peak all the time. Everything is about peak. And others would be quite different. They'd be reliability, they'd be OM&A, et cetera. And those would be allocated completely differently. Different customers would pay for those things. Normally.

A. MANDYAM: We don't -- we did debate all of this internally, and we have landed where we are.

I will say this, if there are -- we are very open to stakeholder input on a better methodology of cost allocation that isn't just choosing the utility's last approved cost allocation methodology in their cost of service application. We are open to it.

J. SHEPHERD: Go ahead, Bill.

B. HARPER: I was going to say I had a very similar question, but sort of coming at it from a different angle.

My understanding was the proposal was to allocate the distribution side of the costs basically on the basis of how the GA -- the deferral account is allocated to customer classes.

J. SHEPHERD: Yes.

B. HARPER: And my understanding is that it is only the -- that's the GA only associated with non-RPP customers, and so the allocation is based actually on kilowatt hours associated only with non-RPP customers in each class.

J. SHEPHERD: Yes.

B. HARPER: Which seems to me to be fundamentally different than this, which is supposed to be benefitting all customers, not just non-RPP customers. So I guess I had a similar question in terms of is it -- you know, you -- maybe you think about it, do you think it's even any -- in any reasonable way a reasonable allocation based on how the GA is actually allocated now and what it's actually allocating?

A. MANDYAM: Good point, Bill. And I think you're correct. We could change our approach. And we should probably take that away as an undertaking.

B. HARPER: And maybe do you want to take it -- yeah, an undertaking would be useful because it would help us in our subsequent submissions in terms of maybe -- it gives us a straw man to think about, let's put that it way.

M. MILLAR: J1.5. And could one of you repeat what the undertaking is for.

J. SHEPHERD: The undertaking is to -- is to look at the cost allocation for the rate riders and determine whether the Working Group wants to amend its recommendation.

M. MILLAR: 1.5.

UNDERTAKING J1.5: TO LOOK AT THE COST ALLOCATION FOR THE RATE RIDERS AND DETERMINE WHETHER THE WORKING GROUP WANTS TO AMEND ITS RECOMMENDATION

J. SHEPHERD: And that's all my questions. Thanks a lot, guys.

A. MANDYAM: Thank you.

M. MILLAR: Thank you, Mr. Shepherd.

Ms. Girvan, Julie, you are up next.

SESSION - CCC

J. GIRVAN: Yeah. Good afternoon, everybody. Nice to see you again.

Okay. My first question is -- and I am taking this from a fairly high level. I am not sort of getting into the details of your process as much.

Why weren't customers or ratepayer groups included in your Working Group?

M. LISTER: It was not an effort to exclude customers or anybody. You might recall -- I am searching my memory banks a little bit here, but there was a letter of direction by the Minister -- by the Ministry, whichever -- whatever it was called back then, in December 2023. IESO and LDC both -- LDCs both have experience delivering CDM, but, as you know, the old framework was wound down some years ago.

So discussions began around what could we do, what are the constraints, what are the barriers of -- you know, what -- what more could be done, or how might we establish a framework. And it evolved from there. We had a Working Group studying this question and debating many of the issues, and that work continued, and there was another letter of direction. And ultimately --

S. GRICE: Excuse me. Excuse me. Sorry. It's Shelley. I am sorry to interrupt, but Julie just sent me a note that her power went off, and I think we have lost her.

M. LISTER: Oh, no.

A. MANDYAM: Well, not lost her, but she is just not online.

M. MILLAR: Why don't we pause just for a moment, and hopefully Julie will be right back with us.

Shelley, did she send you a text to that effect? Is that how you knew?

S. GRICE: Yes, yes, she sent me a text.

M. MILLAR: And as far as you know, she is trying to get back on?

S. GRICE: She is.

M. MILLAR: Okay. Let's just give her a minute. It's a little early for our afternoon break, so let's just see if we get her back.

J. SHEPHERD: Is -- Shelley, you are next; right? Is Shelley ready to go?

S. GRICE: I am.

A. MANDYAM: Yeah, why don't we -- why don't we continue and --

M. MILLAR: Okay. Let's do -- yeah, Shelley, I see -- you are down for 20 minutes; is that right, Shelley?

S. GRICE: Yeah, I will probably be less. A lot of my questions -- or a few of them have been answered.

M. MILLAR: Okay. So why don't you go ahead, then.

S. GRICE: Okay. I am just going to let Julie know that, so just bear with me while I text her.

M. MILLAR: Okay. Sounds good.

SESSION - AMPCO

S. GRICE: Good afternoon, everyone. I am just going to pull my questions up.

Okay. My first question, I just wanted to talk -- ask a bit of clarification on the eDSM framework and its reliance on existing constructs.

So my understanding is the framework leverages the Non-Wires Solutions Guidelines, the benefit cost analysis framework, and then the IESO's expertise on province-wide programs, and that includes the IESO's measures and assumptions list.

And then the LDC submits its program to the IESO for confirmation of the assumptions, and the IESO examines the submission to confirm it complies with the measures and assumptions list.

So -- and just following up on the discussion Jay had around the mechanistic nature of a delegated authority review versus a non-mechanistic nature, I just wondered is it possible for you to list out what the key program assumptions are that at the -- that are at the sole discretion of the LDC, meaning they do require LDC judgment? They are not mechanistic? I just want to understand the inputs into the LDC's programs. If there's anything that's not mechanistic, if it could be identified?

A. MANDYAM: I think, you know, Shelley, we could -- we've tried to undertake -- well, undertake -- sorry -- we did respond in one question around situations where the eDSM application would more than likely go to a panel of commissioners. We could try to elaborate on that.

I'm -- I am hesitant to -- or the Working Group is hesitant to take on trying to list all of the parameters that would be included in an eDSM application with the IESO and the OEB just because there are -- it would never -- it would not be exhaustive at this point, and so I think we had a bit of this conversation ourselves. That's where the scenario -- scenarios are contemplated being outside the boundaries came about.

S. GRICE: Okay. Is there -- are there any standard types of inputs that are going to be non-mechanistic? Like, something -- so taking into account -- yeah.

A. MANDYAM: Okay. So if a -- let me test this out with the team checking my accuracy here. If an eDSM application has a proposal where it is not existing on the measurement assumptions list, the utility has produced other sources, maybe illustratively from another jurisdiction where the program -- a similar program was run and it had output EM&V provided, and the IESO said, fine, we will give you a letter of confirmation, then that, when it goes to the OEB, could be reviewed outside of delegated authority because the OEB would say -- probably would say, well, it isn't on the existing measures and assumptions list of the IESO; therefore, we would want to scrutinize that jurisdictional scan or that other information that was provided.

S. GRICE: Okay. Is there -- is there anything else? Is there any other?

A. MANDYAM: One second.

J. SHEPHERD: Can I just do a follow-up before you answer that?

A. MANDYAM: Yeah.

J. SHEPHERD: It seems to me there is three categories. There is a category of inputs into the application, the approval application, that are external data. They're -- the LDC doesn't have any judgment. There's a number. You put it in; right? Existing rates, whatever.

There are also inputs that, while the LDC has to assess what they think the number should be, IESO is going to have to approve it. They are going to have to approve that number. Whether it's because it's from the MAL or whether it's because it's a new measure that IESO has to figure out, okay, is this a reasonable assumption given the evidence? It's going to be an IESO approval.

And then there's going to be a third category, which are things that the LDC makes a judgment call on, and the IESO doesn't have to approve it. It's not within their mandate to approve it, but it's still a judgment call. It could be, for example, where in the range of incentives do we want to go, or which type of incentive do we want to use, or -- or, you know, what is the growth assumption for our municipality in the future or that sort of thing. And those are ones that are expressly judgment just of the LDC.

So in that last case, can you list the categories of things that the LDC is going to have to decide without IESO approval and the OEB will then have to -- will see in their application?

A. MANDYAM: I think we can make a best-efforts approach to do that. Yes, we can do that.

J. SHEPHERD: That would be great.

Does that get you where you want to go, Shelley?

S. GRICE: Yes, yes. Thank you.

M. LISTER: I would just want to indicate that was a great description, and that was very helpful. Thanks, Jay.

Beyond that, those are, though, exactly the parameters that would impact cost-effectiveness, so they do have a bearing on the IESO's ability to approve or provide the confirmation letter.

But, nevertheless, we will take that away. We will undertake to provide a list. It may not be exhaustive, but it will be what we can think of. And we will invite others to address that as well.

J. SHEPHERD: Mike, is that -- is that explanation good enough for the undertaking?

M. MILLAR: If you are speaking to Mike Millar, it's good enough for me if the parties are satisfied that gives them the information that they need, and we will call that J1.6.

M. LISTER: That's great. Thanks.

UNDERTAKING J1.6: TO LIST THE CATEGORIES OF THINGS THAT THE LDC IS GOING TO HAVE TO DECIDE WITHOUT IESO APPROVAL THAT THE OEB WILL THEN SEE IN THEIR APPLICATION

J. GIRVAN: Hi. Sorry. It's Julie. I am back, but I understand Shelley is going ahead. But there is 16,000 customers out in Toronto with the power outage, so that's why I am working off my phone. So thanks, Toronto Hydro.

Go ahead, Shelley, and I will go after you.

S. GRICE: Okay. Okay. Thank you.

Just in terms of -- in the report, it talks about that an LDC would submit an eDSM program for approval within an LDC's IRM rate-setting, an annual update process, or a cost of service application. I just want to understand, does that mean that a stand-alone application would not be contemplated for an LDC's DSM program? I just wanted to clarify that.

M. LISTER: Let me try it this way: No, we are not proposing that a stand-alone application couldn't be made.

S. GRICE: Okay.

And then that would go to delegated authority too if it met all of the requirements?

M. LISTER: Correct.

S. GRICE: Okay. Okay. Thank you.

And then I just -- I just had a question about the cost allocation, and I was looking at Staff-11(b), and I just had a different question with respect to the response.

And OEB Staff asked if the Working Group has a proposal as to the default approach to the allocation of costs across rate classes, and I think where we are now is that the Working Group is going to come back -- is going to review that and come back with its proposal on cost allocation, but I just want to follow up with the wording with respect to "default approach".

Am I correct in assuming, then, that if an LDC had, say, a residential program, that it could propose a different cost allocation in that it could be allocated only to residential customers? Is that -- is that openness there, or is "default approach" intended to mean "standard approach"?

A. MANDYAM: What do you mean by "standard approach"? What's your -- what's standard for you, Shelley?

S. GRICE: So that would mean that if -- if we just go with the response that you're saying that the cost allocation would be the same methodology as what was approved in the last cost of service application, is that intended to mean if that was the proposal, that that would be the standard proposal that every LDC would follow that, or is there some openness in terms of how costs are allocated in an application?

A. MANDYAM: There is -- there has been openness, but your definition of "standard" is our definition of "standard" too, or "default", and that's the takeaway from listening to -- or having been questioned by Jay and then subsequently discussed with Bill. So we are taking that away.

Our proposal was the last cost of service methodology is the -- cost allocation methodology is the methodology applied to eDSM programs. Our takeaway and Undertaking J1.5, I think, is to review that and come back with potential alternative proposals.

S. GRICE: Okay. And then that would be the proposal for this framework?

A. MANDYAM: Correct.

S. GRICE: Okay.

A. MANDYAM: And we have till October 30th, I think, to submit our undertaking responses.

S. GRICE: Okay. Okay. That's great. Thank you.

And then just in terms of the LDC program design, you've got references in the report about LDCs having the unique customer relationships and comprehensive customer outreach strategies and that LDCs would market the program to eligible participants. And just -- I am just going to use, say, a program -- an LDC program for large users as an example.

If an LDC were proposing to augment an existing IESO program or propose a new program, is that -- would they be designing that program with the IESO, or would the LDC be seeking input from customers with respect to that program? I am just wondering what the LDCs are envisioning in that example.

M. LISTER: Yeah, I think the answer, it would be both; talking to customers about what their needs are, what their expectations are, talking with the IESO about evaluation characteristics of different measure -- or given measures or assumptions. So I don't think there is a one-size-fits-all answer to that. I would -- the approach is that each Stream 2 proposal would be fairly customized -- customized to the particular opportunity and then standardized for the purpose of application making. I hope that answered the question.

S. GRICE: Well, yeah, and I guess -- I guess the -- so the expectation would be that customers would be involved early on in that process? Would that be the expectation?

M. LISTER: That would be a good expectation, yes.

S. GRICE: Okay. Okay. Great. Thanks so much. Those are all my questions.

M. MILLAR: Okay. Thank you, Shelley.

Julie, can we go back to you now?

J. GIRVAN: Yeah. And just good news, my power just came back on. It was odd timing, but anyway...

Okay. So, Mike, I was just asking you about why you didn't include customers or consult with customers.

M. LISTER: Yeah, and I think I made it most of the way through that response. Where I -- where I ended that was -- so we were -- we were still -- we were working through a framework, proposed framework in early 2024 or throughout 2024, and then another ministerial letter came out. Somewhere in there, there was also a directive or a mandate put to the OEB to consider what more it could do. So we rejigged our work to be responsive to that, and eventually here we are in this consultation.

So there was never a decision to exclude anyone, but between the LDCs and the IESO, there was recognition of the LDCs wanting to do more, able to do more. The IESO had -- has, and since has, done some of its supply-side analyses showing capacity gaps and so on and so forth.

So it was just a function of timing and where we were in study in the formation of the Working Group and now -- and then being responsive to the ministerial letter of direction.

J. SHEPHERD: Julie, can I ask a follow-up on that?

J. GIRVAN: Yeah. Um-hmm.

J. SHEPHERD: My understanding, Mike, was that -- that basically the OEB should treat this like it's a utility application. The utilities got together with the assistance of IESO and have a proposal, and the -- and as with any other application, rate application or whatever, the OEB has to look at it as this is one side, and now let's get input from the other side, so this is what we are doing now; is that a fair characterization?

M. LISTER: Not entirely. It's not entirely incorrect either.

First of all, this isn't an application. This is a policy framework, so it's different in that way. But this is a different take on policy-setting than we are used to or that we have otherwise employed in Ontario. I am just thinking back. It's probably not the first time it's been -- a policy has been industry-led, but in this particular instance, it's the industry leading with a proposal seeking feedback from all stakeholders.

So like we have tried to say a few times today, we welcome the feedback and the input, and we are looking forward to comments from others.

J. SHEPHERD: Okay. Thanks.

L. DeMARCO: Julie, do you mind if I pop in?

J. GIRVAN: No.

L. DeMARCO: Just can I confirm there was no First Nations representative on the Working Group?

M. LISTER: That is correct.

L. DeMARCO: And there was no First Nations consultation discretely?

M. LISTER: That is correct.

L. DeMARCO: Thank you.

J. GIRVAN: So I am just trying to understand your proposals from a regulatory perspective, and it sounds like this Stream 2, with the idea of the delegated authority is -- it's not -- I think under your proposal there won't be opportunity for intervenor input; is that correct? You are trying to streamline it through --

A. MANDYAM: That's correct.

J. GIRVAN: -- a delegated authority?

A. MANDYAM: It's like an IRM. I mean, I guess, you -- you know, intervenors can intervene in IRM, as I understand it, unless its rules have changed recently, but I think intervenors can intervene in IRMs.

M. LISTER: And project closeout.

A. MANDYAM: Pardon?

M. LISTER: And project closeout.

A. MANDYAM: And project closeout, yeah.

J. GIRVAN: Project closeout? What do you mean?

A. MANDYAM: Oh, sorry. Project closeout is when the disposition of the application eDSM amounts are disposed at the cost of service, which intervenors usually participate in utilities' cost of service application --

J. GIRVAN: Well, that's -- that's your proposal for intervenor input is once things are done and you are looking to clear the accounts; is that right?

A. MANDYAM: That's correct.

J. GIRVAN: Okay.

My next question is, and I think this is really for Evelyn, I am looking at this from a residential customer perspective, and what's the current status of the residential home audit program that you are jointly delivering with Enbridge, the home renovation savings program?

E. LUNDHILD: What are you looking for in terms of status? Sorry.

J. GIRVAN: Are you planning to continue with that program with Enbridge?

E. LUNDHILD: Yes.

J. GIRVAN: Yes. Okay.

And do you -- now, the next question is really -- I am trying to understand that this proposal is that LDCs will develop further programs, so let's just stay on the residential side. Is it my understanding that some LDCs will want to add additional DSM programs to the existing home savings program, home renovation savings program?

E. LUNDHILD: They could potentially choose to add additional incentives or additional measures.

J. GIRVAN: But you're not -- I will just -- I will step back. I will step back.

It's my understanding that there is kind of very few potential residential programs. We have kind of come down to -- I know Enbridge. The last sort of residential program is this program, and in terms of -- and it's actually not cost-effective from an Enbridge perspective. And I just wondered if you anticipate LDCs trying to think up new residential programs? Because my understanding is there is not that much out there.

E. LUNDHILD: There is probably more challenges. I agree. It's -- there's not a lot of electricity savings that's cost-effective in the residential space.

J. GIRVAN: Yeah.

Do any of the LDCs have anything to say about that? Mike, or...

M. LISTER: Not specifically, no. But it's not surprising to hear that, and that would meet our expectations. Less fruit is available in the residential space, so to speak.

J. GIRVAN: Okay. So we don't see a lot of -- yeah, we won't necessarily see a lot of individual LDCs trying to develop new programs for residential customers.

M. LISTER: Yeah, just to be -- sorry. Just to be clear, I don't think we should summarily consider that it's not an opportunity that could be viable. I think Evelyn's response and what I am saying here is in the -- in the -- in the scale of probability, that it's probably lower probability that there would be successful programs, but I am uncomfortable if we just summarily disregard that as an opportunity.

J. GIRVAN: Okay.

E. LUNDHILD: Yeah, I -- there may be some new opportunities coming in, more on the demand flexibility, demand response side than traditional energy efficiency.

J. GIRVAN: Okay.

E. LUNDHILD: But -- like, I wouldn't rule it out, but you're right. It is a little more challenging on the traditional energy efficiency side to find opportunities in residential.

J. GIRVAN: And is the IESO looking to develop any residential programs, not including sort of low income, but beyond the existing home renovation savings program?

E. LUNDHILD: Yeah, we are continuing to look at how we refine the province-wide programs or what new measures might be worth including. That's an ongoing effort.

J. GIRVAN: Okay.

A. MANDYAM: Julie? Just --

J. GIRVAN: Yes, Andrew?

A. MANDYAM: -- going to pile on this one as well. Sorry.

But if CCC identifies in another jurisdiction a residential program and brings it forward to any of its LDCs that it has constituents residing in, then, you know, that LDC and CCC could work together to bring forward the sources of the EM&V that support that -- that program to the IESO via the LDC, and then that could get through the review process to hopefully achieve a confirmation letter and go through this process.

So, you know, there is --

J. GIRVAN: I understand that.

A. MANDYAM: I am just -- yeah, I am repeating the -- in a process flow way.

J. GIRVAN: I think just -- not that this is a newsflash, but I think our preference would be that the IESO continue to deal with the residential sector.

So is the expectation that individual LDCs are going to be hiring consultants and new staff to develop program concepts?

M. LISTER: Maybe. Maybe not. It will very much depend on each LDC, what opportunities or constraints there are in their particular circumstance. You might know that the Stream 1 -- we talked about Stream 1 at the beginning of the day. And so there are -- that does lend itself for utility staffing to begin to look at some of these opportunities that may require a consultant or an expert -- expert reviews of particular items. So I don't think we can say no, but I don't think that's --

J. GIRVAN: You know, but I --

M. LISTER: -- what we are planning for.

J. GIRVAN: A comment on my -- from my perspective is we have kind of gone -- we have kind of done that before, and it didn't really work very well, and we went back to centralizing DSM programs at the IESO.

And I just -- this is a question for the IESO again, Evelyn. One of the problems on the residential side is what we call the sort of -- sometimes there's too many windows, and we sort of look to the one-window approach, and, I mean, we have got -- we have had in the past, especially with home renovation programs, customers going to, say, for example, City of Toronto, Toronto Hydro, Enbridge Gas, the federal government, kind of a confusion about sort of where do I go, and this is what I want to do. And doesn't it make sense for one access point for residential customers?

E. LUNDHILD: Yes. We are definitely supportive of that, and that's why we embraced the one-window approach to delivering the home renovation savings program where, you know, actively looking at how we might bring the income qualified program under that same umbrella. We are very pleased to have announced recently that NRCan is funding the oil to heat pump program now through us.

So, yes, we definitely agree with you that that's a preferred approach to make it simpler for customers.

J. GIRVAN: That's great. Thanks.

So I had a few questions on cost allocation, but it sounds to me that -- like you guys are going to go back and think about that, and I would advocate on behalf of customers that you sort of look at, you know, user pay or whatever in terms of if you've got industrial program, industrial customers are the ones to pay for it; you have got a residential program, you want the residential customers to pay for it. So that's just a plug for good cost allocation. So --

A. MANDYAM: Duly noted.

J. GIRVAN: Okay. Thanks.

The other thing is the government, you know, in the January announcement announced -- I think the number -- and I think you said -- someone said it earlier today. Maybe it was Tam -- $12 billion in rate -- in -- and I am just curious as to how this ratepayer-funded program fits in with that. Is it in addition to the $12 billion? Is it part of it?

E. LUNDHILD: It's part of it. So if you go back to the directive, the total umbrella is a ceiling of $10.9 billion over the next 12 years, and within that, there are some carveouts. There's a specific carveout for income qualified programming and First Nation programming and LDC funding. And I think the rest is -- anyway, there's some, you know, specific numbers around different segments --

J. GIRVAN: Okay. I will look at that.

E. LUNDHILD: -- and sectors, if you look at the directive. Yeah.

J. GIRVAN: Do you have any estimates of the overall sort of annual cost of ratepayer-funded programs? Is it in that directive? Like, of the -- well, I don't -- I want to say annual, but of the 12 billion, you are saying it's just a portion? It's a small -- it's quite a small portion?

E. LUNDHILD: I don't know if I would say quite a small portion, but the -- the --

J. GIRVAN: Yeah, there's -- it could be a billion.

E. LUNDHILD: The portion that goes to LDCs is capped at a maximum of 150 in each three-year plan.

J. GIRVAN: Okay.

J. SHEPHERD: Let me just follow up on that, Julie.

So that's 600 million from the GA going to LDCs, but the rate riders that are proposing this are in addition to that budget in the directive; right?

E. LUNDHILD: That's right. Right. But, I mean, these programs all have to be cost-effective, meaning that there are net system benefits, so we are avoiding energy and generation capacity that we would have to procure from other sources to be cost-effective. So -- but the expectation is there is a net benefit to ratepayers.

J. GIRVAN: Okay. But I guess what -- yeah, Jay, thanks for the clarification.

I just -- all I was looking at was in the context of your committee, have you looked at what might be an estimate of ratepayer-funded programming through rate riders? Have you looked at that at all?

M. LISTER: No. Sort of our MO here, sort of priority of operations is establish a framework first. Second order of operations in that, that would be necessary to answer that question, would be surveilling different LDCs for what they think -- what are the opportunities and constraints. That's the big bucket of work that has really gone by the wayside these last few years. Utilities aren't actively looking at that. So we haven't yet -- as a community, the LDCs haven't evaluated what that opportunity is at the aggregate level, I would say.

J. GIRVAN: Okay. Would that be something meaningful to the Board, just to know what the -- the arrangement?

A. MANDYAM: Well, I was going to add that through the Working Group discussions that I have been participating with, there is, at least amongst that group, a belief that this will start slow. And the -- this is not expected to be a substantive number of applications being filed with the OEB day one when the -- all of the infrastructure and the policies are put in place.

J. GIRVAN: Okay. That's helpful. Thanks.

Now, so have some LDCs begun developing programs, or they are waiting for this to be approved?

A. MANDYAM: My understanding is the latter, waiting for the programs to be -- or the process to be approved. Apologies.

J. GIRVAN: Okay. Thank you.

Now, you had a discussion with Mr. Parkes earlier regarding your proposed DVAs, and I am just trying to understand what -- what will go in those DVAs.

You have talked to tracking differences in the approved budget. So you have a budget for a set of programs, potentially, and this will be used to true up those amounts? So depending on what you would get through the rate riders, depending on what the programs actually cost? Are those the two elements included in that DVA?

A. MANDYAM: That's correct. You would -- you set up -- the OEB would approve a cost, total cost, for the program which includes incentives, it includes the payouts to participants, it includes the administrative costs, et cetera, for that program. So that's the total cost.

It would be set up as a rider -- as a variance account and a rider associated. The true up would be on how much revenues did you collect under that rider relative to the expected revenues or the programmatic forecasted participation costs, et cetera, and then what were the actual costs that were incurred in running that program over the course of the term, and then the true up would happen.

J. GIRVAN: So everything is trued up?

A. MANDYAM: Yes.

J. GIRVAN: Okay. So I --

J. SHEPHERD: I am sorry to interrupt again, Julie. It sounds like you are saying, Andrew, that only the rate rider side of the costs and the rate rider revenues are included in the DVA.

A. MANDYAM: No. The total costs -- you're right, Jay. You are going down the global adjustment component of it.

J. SHEPHERD: Yeah.

A. MANDYAM: Because there could be a credit or a debit on the global adjustment side of it too. You are correct, yeah. It's not just a local --

J. SHEPHERD: But the GA contribution will be trued up to actual costs; right?

A. MANDYAM: Correct. Correct.

J. SHEPHERD: So -- so the DVA isn't trueing that up?

A. MANDYAM: You're right. Because the GA costs wouldn't be probably -- I have to take this away and think about how we can do the accounting for that. You are questioning where is the GA cost residing on the LDC's books for true up at the end --

J. SHEPHERD: No. I am asking about the variance account. Are the ratepayers trueing up the variance between GA costs and actual -- budget costs and actual costs, or is IESO doing that true up? Are we on the hook for any of that variance?

A. MANDYAM: Hmm. No, the -- our proposal was never to put the ratepayers on the hook for that. The GA component was going to be trued up against the IESO by the IESO. If it was a -- if we had -- if the program overperformed or -- let me say it this way. If the GA balance was going to be in a credit, then the IESO would give that rate -- local LDC -- that LDC a credit. If it was a debit, then the LDC would recover that and put that into the GA portion.

J. SHEPHERD: But it would be recovered from IESO, not from ratepayers?

A. MANDYAM: Correct. Correct, yes.

J. SHEPHERD: Thanks. Sorry for the interruption.

J. GIRVAN: It's okay.

So I am just going back to what you -- you had an initial discussion with Mr. Parkes about this, and it's still not clear to me. So say, for example, you have got a program, and the justification is you don't have to build some station. So that station is in your DSP, it's in the capital budget that was approved in rates, and so the impact of that particular capital project is in rates.

But you're asking ratepayers for money to spend on a program to not have to build that, but you're still going to get recovery during the rate term of the costs of that project. And I'm just -- it's just not clear to me why that's fair.

M. LISTER: So the discussion that we had with Mike Parkes this morning, you are right, we did address this, the answer was -- or the issue is that, and the comments that we made were, to the extent that there is a clear line between an approved project that has a specific rate impact that can be identified, then absolutely. If an eDSM program later comes along to say, we think we can do this in a different way, maybe more economically, or defer the asset, then there is a traceable linkage to be made between the project and the eDSM.

For other projects and programs, that wouldn't be the case. The OEB does not typically approve a DSP at large. And, secondly, often -- I won't say always, but often, the approvals are typically budget envelopes. So there's no direct line. And the budget envelopes themselves are often for less than what the utility is seeking.

So two outcomes from that are that, number one, it's very difficult, in fact, it would be impossible to link an eDSM from budget specifically to something contained within an envelope. There is no such linkage.

The second issue, though, that emerges is to the extent that a utility obviates or addresses the need or the opportunity through eDSM, that's helpful to ratepayers and to the LDC because it could help the LDC reallocate its budget in its management of the entire portfolio of projects that it has to look at.

So there is a benefit, there is still a benefit that flows through by allowing the LDC to do more with less, if I can put it that way.

But by and large, for the most part, when a utility receives a decision, it's not for a specific project. But we have said that where there is a specific project and a specific rate impact, then -- then that should be subject to review if the EM&V impacts that.

J. GIRVAN: Okay. And would that be done through the variance account, potentially?

M. LISTER: You go.

A. MANDYAM: I think that would be done at the point of application being filed and through a panel review as opposed to the delegated authority.

M. LISTER: Yeah. Yeah.

A. MANDYAM: That is what I would see --

J. GIRVAN: It could be -- for example, it could be, Andrew, that the LDC doesn't rebase for ten years?

A. MANDYAM: No, I am saying that is not a rebasing application. When the LDC files its eDSM application, which would be -- could be in an annual IRM if it's a price cap or a custom IR annual update, if it's a CIR rate framer, that would be when it would be. So it could be in between the term before rebasing, any point in the term.

J. GIRVAN: Okay.

Let me just -- just going through my notes. Sorry.

Okay. You have talked about annual reports as part of your detailed process, and it's not clear to me how that's all going to work.

So I guess it's -- I am looking at what is in an annual report, what is the process.

And I understand if it's at -- say, at the cost of service rebasing, or even an IRP application, but just how do you see people doing something with that? I have often heard Board Staff say, we get all these reports, but we are not sure what to do with them.

Do you -- do you envision people having an opportunity to comment? What do you expect Staff to do? What do you expect the Board to do with these annual reports? It's just not clear to me.

A. MANDYAM: So the annual report in our proposal -- and we will be clear, we haven't got it down -- we haven't designed it to the lowest level of detail, that is a subsequent process to this -- to the OEB accepting this proposal and moving onward with building the infrastructure.

But our current thinking or the proposal is thinking that we could use the existing application work form that would have set out the approval, set out the details of the approval to then be filled in with additional detail on how the performance of that program -- how that program has performed over the last year. Participation levels, actuals versus forecast. Cost spent on the program, actuals versus forecast. Targets or updated targets for completion. Any -- and comment boxes included for subsequent -- you know, for details that would provide context to where the program is -- how the program is operating.

The -- the forms would also allow for an LDC to put in information around potential remediation. If it is -- if the program is underperforming and the utility and the IESO work together to put a -- some type of a remediation -- I will call it remediation or adjustments that are going to be required, it would be noted in that same form.

If the program is overperforming, similarly, the LDC would put in information that would then allow it to describe the overperformance, maybe seek that funding increase. But all of it would be in a work form similar to what the IRM models are these days and allow for that transparency.

Once that's submitted at the -- in that -- LDC's IRM application for the next year, so I think January filers -- January effective dates are August filers and May effective dates, LDCs, are October filers. Once that application is put in, then OEB Staff would conduct its reviews, like it does with IRM applications. They have the opportunity to ask questions, clarification questions, and, ultimately, responses come about from the LDC.

In the eDSM review of the annual update, it may be that the OEB Staff requires the LDC to provide information from the IESO. So the LDC would go get that information and put that on the record with clarification questions.

Assuming that the OEB Staff is satisfied with that review of the annual update or report, then the process continues, and the project continues.

J. GIRVAN: So it's like part of the completeness review that Staff does?

A. MANDYAM: Well, I think annually, Staff, you know, they delegate -- they have approve -- they approve IRM and rate increases for utilities on a delegated authority basis, and they do a -- they perform a review. We would expect this review to be no different in the level of scrutiny or the quality of checks that they perform in that process.

J. GIRVAN: To me -- okay. To me, it's just a little bit unclear about whether this is evidence, whether it's a report, whether you're seeking relief.

A. MANDYAM: Oh.

J. GIRVAN: It's not clear in terms of how you're characterizing these reports.

A. MANDYAM: I would characterize it as, I guess, it's the same as -- it's -- so it is part, a subset of the IRM application. So how do you -- how the stakeholder community treats the IRM application, whether it's evidence or report, that's how we would characterize it. It is part of --

J. GIRVAN: Okay. So part of an IRM application, for example, could be a request for an ICM, and that's got to be supported by evidence. And I guess I am just thinking -- and I am, of course, not a lawyer, but I am thinking that if you want some relief granted in this particular application, I think you will have to characterize that as evidence. But, anyway, something to think about.

A. MANDYAM: Thank you.

J. GIRVAN: Okay. And the last question I have is why would utilities require a shareholder incentive mechanism or saving mechanism in the context of these programs?

M. LISTER: Well, for a couple of reasons. Number one, it could be that the -- that the program itself mitigates something down the road that would otherwise cause -- that would put the utility in a different -- difficult spot. But by and large, it -- well, generally, my experience is that it's a fairly well established principle in Ontario in a variety of frameworks, whether it's gas DSM or some of the old CDM frameworks. It's generally recognized that incentives work well to drive the right kind of behaviour, and that's no less true here in the regulatory realm.

And just as a final point, you'll note or you'll recall that the OEB itself undertook, through the framework for energy innovation, a review and evaluation of different kinds of incentive structures, and specifically to consider the application of those when a utility doesn't own the infrastructure that it's obligated to go out and look at in respect the Non-Wires Solutions policy.

J. GIRVAN: I have one more question.

Do LDCs have access to LRAM, lost revenue adjustment mechanism, currently? I can't remember.

M. LISTER: The LRAM remains a feature of the Non-Wires Solutions Guidelines, so to our understanding, it's available, but it's not a feature of this current report that we have raised or considered or further discussed. But it does reside in the Non-Wires Solutions Guidelines.

J. GIRVAN: Okay.

A. MANDYAM: Just for clarity -- and I think Mike said it, but I will say it a different way, if you're okay with that, Mike -- LDC can apply for an LRAMVA. It would be an application for the Board to decide.

M. LISTER: Yeah. We made no change.

A. MANDYAM: We made no change.

J. GIRVAN: Okay. That's helpful. Okay. Thank you very much. Those are my questions.

M. MILLAR: Thank you, Julie.

We will take our afternoon break. But before we do, we are a little ahead of schedule, so just next on the list, we have Power Advisory. Are you there and ready to go?

K. ASHRAF: Yeah, I am ready to go.

M. MILLAR: Okay. Great. So let's come back at -- how about 25 after 3.

M. LISTER: Very good.

--- Upon recess at 3:07 p.m.

--- Upon resuming at 3:21 p.m.

M. MILLAR: Good afternoon, everyone. Ms. Ashraf, over to you.

SESSION - POWER ADVISORY

K. ASHRAF: All right. Everyone can hear me okay? Great.

So thanks for hosting today's session. My name is Kausar Ashraf, director here at Power Advisory. Full disclosure, I used to work at the IESO for over ten years, both in DSM and in power system planning team. Now working along with LDCs to support their non-wires work and looking at their cost of service application. So thanks in advance for maybe answering some of my specific questions.

I found this morning's presentation very helpful, so I am glad that is going to be circulated. I may refer back to it at various points.

I may or may not need my full time. Some of my questions have been answered in previous discussion, but I might restate some of my questions just to confirm that I understand appropriately.

So I wanted to start, actually, with just some clarifications around LDCs submitting applications when measures are not on the MAL. And I think I saw earlier today that the MAL is being looking at constantly being updated. But I guess my question is should an LDC submit an application with a measure that is not currently on the MAL? What I heard is that that application would likely go to a panel decision, but it's also contingent upon the evidence it supports -- it submits to the IESO in order to get the confirmation letter.

So an LDC can submit an application for a measure that's not on the MAL but may be required for some substantiation to be submitted, so maybe a J-scan or some field studies, and then it's the IESO's discretion to approve that application with that incremental measure to then get the confirmation letter, and then it would go to the OEB and likely go to panel review versus delegated authority.

E. LUNDHILD: Yes, I would agree with that assessment, although I don't think it's necessarily that it would go to panel review. I think that would be at the discretion of the OEB. If the IESO was comfortable with the substantiation that was provided, they may choose to accept that.

K. ASHRAF: Okay. So that's good to know.

And then I guess should that program eventually get approved, would that -- would that be a mechanism for allowing that measure then on the MAL? And I am not sure, Evelyn, if -- like, I don't think we have spoken around the process around how the MAL would get updated, but maybe if you can speak to that and then if that -- this isn't a mechanism to get measures on the MAL, should the program be approved?

E. LUNDHILD: Yes. We have been for the last few years updating the MAL on an annual basis based on the outcome of our evaluation results for measures that are in our current program.

So I would envision that going forward, if a measure was in a program that was evaluated, then it would be added to the MAL.

K. ASHRAF: And what's the IESO contemplating for measures that are currently not in the -- in a program but may be effective in other jurisdictions or where there is substantiation where it could offer energy or demand savings?

E. LUNDHILD: Then we would review the evidence that was provided to understand whether or not we would be comfortable adding it to the MAL. We have a standard form of substantiation sheet that we can make available.

K. ASHRAF: So that process could be available even sooner than the application for Stream 2; is that fair to say? Before the window opens?

E. LUNDHILD: I think that might be a bit optimistic.

K. ASHRAF: Okay.

Would it be -- could I encourage that the substantiation form maybe be released with the Stream 2 documentation, so if needed, then proponents or LDCs can provide the appropriate evidence in advance? Is that --

E. LUNDHILD: Yes. Yes, I think that makes a good suggestion that you can put forward.

K. ASHRAF: Okay. So then my next question is around -- maybe this is just maybe my understanding, so I apologize, but the -- in the -- some of the tools that are going to be used to evaluate the effectiveness, the cost effectiveness of the program.

So we start with an LDC constraint. And I imagine that can be identified when the utility is maybe doing a capacity assessment or, you know, developing the work for their cost of service application. Should they have a need that is greater than 2 million, they are required to go through a non-wires screening process. If they identify that non-wires is appropriate, they do the BCA test. And we know that now we have the distribution system test, and the energy system test is still forthcoming. That part, I think I understand.

But where, if at all, is the IESO's cost effectiveness -- current cost effectiveness tool required to be used? Or is that reserved for just the bulk -- the province-wide programs?

E. LUNDHILD: What we were proposing was that we would update our cost effectiveness tool to align with the BCA and be capable of calculating --

K. ASHRAF: Okay.

E. LUNDHILD: -- the EST with the expectation that it would be our avoided costs that would be used to calculate the bulk system benefit.

K. ASHRAF: Okay. And I guess -- and, again, apologies, Evelyn. This might just be my confusion. But earlier, we were having conversations about highlighting the need for the distribution system benefit, and the Stream 2 was targeted at distribution system programs. But if we are able to show a bulk system benefit, is that an additive -- like, a pass/fail, or does that enhance or strengthen a utility's application, then, if the CE tool is going to then highlight the bulk system benefits?

E. LUNDHILD: Well, what we were proposing is that the costs of the program would be shared based on the ratio of the bulk system benefit to the distribution benefit. So you would calculate both.

K. ASHRAF: Okay.

E. LUNDHILD: And then you would apportion the program total costs based on, you know, if half of the benefits are coming from the bulk benefits and half are coming from the -- the distribution benefits, then the costs will be shared half and half as well. That's the meat of the proposal --

K. ASHRAF: Okay. Okay.

E. LUNDHILD: -- to use that BCA framework to determine what the cost split would be.

K. ASHRAF: So then for clarity, if there is only a bulk system benefit, then it's not necessarily appropriate for a Stream 2 program?

E. LUNDHILD: Not at all appropriate.

K. ASHRAF: No, not at all.

E. LUNDHILD: The directive is, as I said earlier, quite clear that the program has to demonstrate a distribution system benefit.

K. ASHRAF: And does that -- is there a prescribed value for that ratio? Is there -- like, does the -- could you have a 30/70, 10/90 ratio? Like, is there an appropriate target that LDCs should be looking at to say, okay, this is now an appropriate program to put forward?

M. LISTER: No, there is not a target per se. And the ratio, it is -- or the proportion between bulk and distribution benefits may change for any number of reason -- reasons. And it would be a function purely of what the opportunity or constraint is, what the measures are, and how the benefits stack up.

K. ASHRAF: Okay. That's excellent. So thank you.

A few questions just around Stream 2 versus the local initiative program. I think I may have heard Evelyn suggest earlier that the local initiatives program, which is a function that kind of comes off of the regional planning process, is still active, but an LDC could still issue a Stream 2 program because not all regional plans are active.

E. LUNDHILD: Well, but the benefits that we are considering when we consider cost effective for a local initiatives program are the transmission level benefits, the network benefits plus the bulk system benefits. We are not considering distribution benefits. So this is a different --

K. ASHRAF: Okay.

E. LUNDHILD: So you could conceivably have a local initiative and an LDC Stream 2 program. I think we would probably coordinate together to try to minimize that.

K. ASHRAF: Okay.

E. LUNDHILD: And this is, you know, a subject of active conversation with the LDCs about how these things will work together in future.

K. ASHRAF: So it's permitted, but how and from a process perspective is still being contemplated.

Some questions around the -- I know in terms of -- and maybe this is jumping ahead, so feel free to tell me to move on to another question. But just around the time -- I know the timelines for what the approval process would be. So we have in that -- I think it was Slide 15, or maybe earlier, the flowchart, where there is a submission to the IESO, and then there is a submission to the OEB.

Do we have an idea of how long it would take for just, say, a completed robust application to go through an approval process? Or what are we targeting?

A. MANDYAM: We don't have a timeline.

K. ASHRAF: Okay.

A. MANDYAM: Yeah. We would like it to be as quick as possible. In the Working Group's deliberation on this, I think we can say that the majority of the effort will be in the up front design and development by the LDC of the eDSM program.

K. ASHRAF: Fair enough.

I had a question around, then, to encourage an expedited timeline as reasonable as possible to make sure the applications are robust, I think it was in our previous CFF framework where the IESO would hold preconsultation meetings to kind of understand and allow the LDC to ask questions. Will that be available to utilities this time around? Or, if not, can I encourage, maybe, to think about it if there is an opportunity to.

E. LUNDHILD: We have not started to build that detailed process. But, yes, I would expect that we would encourage LDCs to talk to us about what they are contemplating sooner rather than later. I think that benefits both parties.

K. ASHRAF: Okay.

I am reviewing some of my notes. Just give me one moment.

I think this might be more of a question to the OEB, but there was a comment made earlier this morning around the cost to the LDCs to develop the program, and if the LDCs could show incremental cost for a program design or application submission, that they can then file those costs when they file their cost of service application, or something to that effect? Can maybe I get some clarity around that comment.

A. MANDYAM: Mike, go ahead.

M. MILLAR: Is that a question for the -- that's a question for the Working Group?

K. ASHRAF: It came up this -- yes, it's a question -- I think it came up this morning as an answer to one of the questions, and I don't know if I was clear on the response. I think Jay Shepherd might have brought up some of the points about how incrementality might be a challenging -- challenging evidence to prove.

A. MANDYAM: You're right, Kausar. The context of that discussion was incremental costs being to -- what's already in rates being applied for at the cost of service for producing and designing eDSM applications. But you're right on the second point, which is that's a complicated and difficult item to quantify and identify and then scrutinize through an OEB review process.

K. ASHRAF: Okay. Just reviewing my questions because I feel, again, much of it was answered earlier today.

Maybe two remaining questions.

One is just maybe more of a kind of a clarification around time -- like, targeted timelines when we are hoping to have the window for applications start or active programs being able to be in market.

Could we see programs as early as 2026, or is that wishful thinking?

M. LISTER: Unlikely. Our best guess is -- we are in this consultation now. Hopefully, the OEB will approve a framework either by the end of this year or early in 2026. That could set -- depending on the outcome of that decision, could set the LDCs to begin planning in 2026, which likely means the earliest we would start to see programs progress in field would be in 2027.

A. MANDYAM: I will just add that --

K. ASHRAF: Please.

A. MANDYAM: -- for everybody on the call here, after the end of Mike's portion of the process, which he described as process approval, there is also an infrastructure build that has to happen between the IESO and the OEB. So January 2027 would be an enviable target.

M. LISTER: Yeah.

K. ASHRAF: Okay.

So if an LDC is currently undergoing or have a cost of service application that's either due in '26 or '27, and they are contemplating a non-wires program through the DSM initiatives, they can still submit that as a part of their cost of service even if the window hasn't opened, or would they have to do an amendment afterwards?

A. MANDYAM: Yeah, I would say -- well, it will all depend on the wording in the policy that the OEB sets out; however, I would expect that their policy would probably say effective a certain date, and it would be the LDCs' opportunity to file after that date whatever mechanism of the three that we talked about is the first available, whether it's an IRM for a price cap filer, whether it's an annual update for a custom IR filer, or that LDC's cost of service.

K. ASHRAF: Okay.

A. MANDYAM: That's the -- that flexibility and that approach is part of our -- our -- of the proposal, a feature, as Mike called it.

K. ASHRAF: Maybe just to confirm, Andrew, that -- so then an LDC -- like, the window for Stream 2 programs will kind of be open windows for LDCs to apply at their discretion, whether they are in the midst of a cycle or between cycles to some degree?

A. MANDYAM: Yes. Well, let me say it this way. There will be a starting gun fired when -- in my analogy, when the OEB sets out an effective date for the policy to be -- to allow the LDCs to start using the policy. From that starting gun, yes, it's open, and the LDC can file at its next application to the OEB in any one of the three that I just described.

K. ASHRAF: Okay.

And I guess the last question is -- because it seems like there is still a bit of runway before LDCs will be able to submit an application, and I know Evelyn had mentioned that the IESO is still actively working on either enhancing province-wide programs or looking at new programs, i.e., residential programs.

Would there be any effort to be transparent around what's being developed so that there isn't duplicative effort by an LDC while the province might be thinking of a new program?

E. LUNDHILD: Anything that we are intending to have in market in the next three years is in our plan.

K. ASHRAF: Okay.

E. LUNDHILD: So we've -- we've put that forward. The next opportunity that we have to produce a new plan is for 2028 to 2030, so we have not started working on that yet. Enhancements to current programs are ongoing.

K. ASHRAF: So I guess I would maybe just flag there seem -- there will be a bit of an overlap period. Just say the launch of new programs isn't as soon as 2027. An LDC will likely want to offer a program for multiple years, and then the IESO may be looking at the new province-wide CDM plan, that that might create a bit of a sticking point, or it might open an opportunity where maybe a local program could be a province-wide program.

So just -- I am just going to try to play this out where because there is an overlap there, when one of the window will open and programs will be live, it might create some challenges.

A. MANDYAM: I think in our proposal, we have a step which is the LDC, after it's designing the program, goes -- and, frankly, it won't be a binary, "I have designed the program, and now I am going to the IESO". It will be, "I am contemplating this program off the MAL, and I am going to --" or not on the MAL and found in another jurisdiction, I entertain a conversation with the IESO, the LDC will.

So I think at that point, the IESO will have -- the team will have the knowledge, well, if they are doing some other activities that are overlapping, they would raise awareness at that moment.

So I am not --

K. ASHRAF: Okay.

A. MANDYAM: I am hoping that that -- well, "hoping" is wrong. I believe that that should minimize the amount of conflict or overlap or cracks in the process.

K. ASHRAF: Yeah, I think this is where maybe a premeeting would be helpful because it would prevent the utility to go all the way towards, you know, designing a program and then submitting it and hearing it then when it's with the IESO. But just -- yeah, it's just something to flag if those are the overlapping dates, and we won't see programs sooner than that.

I think that actually addresses most of my questions, so thank you. I am not sure if I can reserve the right to ask a question later, but if I can, I might if something comes up. But I don't think I have taken the entirety of my time, so thank you very much.

M. MILLAR: Thank you. And if you stick around, we have had people kind of jumping in when necessary, so I won't promise that, but there may be some further opportunity if you stick around.

M. MILLAR: Okay. It's 20 to 4.

Next up, we have DRC. Are they there?

L. DeMARCO: I am here, Michael.

M. MILLAR: Lisa, okay. Over to you. Yeah, we're going to go till about 5 today. I would like to finish, you know, a little bit before 5, if we can. And I see you are up for Minogi and TFG next, so why don't you just take us another hour, a little bit more, Lisa, and whenever there is a convenient spot, we can break.

SESSION - DRC/SESSION - MINOGI/TFG

L. DeMARCO: Thanks, Michael. I hope to be rapid, as I have jumped in many times to --

M. MILLAR: Even better.

L. DeMARCO: Yeah, thanks.

In general, I would say that questions would be neatly organized vis-à-vis DRC and Minogi and TFG, but I will say several of the initial questions are common to both, so I won't ask them twice.

Generally, Panel, what we would like to do is just get a sense of the ultimate scope and magnitude, make sure I have clarified some of the things that have been said on the record today, look at what is and potentially is not within the scope of what we are talking about with eDSM, and then, thirdly, who can be involved in program administration, and, finally, clarification on how the process works. So all the questions are largely by way of clarification.

So, Ms. Lundhild, you had answered a number of questions regarding the overall program magnitude posed by Ms. Girvan, and as I understand it, the annual cap is 3.2 billion -- 3.2 billion per period with four periods during the term; is that right?

E. LUNDHILD: That's a cap. That's not -- like, if it's not spent in one period, it can flow forward to the next.

L. DeMARCO: So it's not rigid in each period?

E. LUNDHILD: That's right.

L. DeMARCO: It's over the course of the 12 years. That's helpful. Thank you.

And in relation to low income customers, the -- there is actually a floor instead of a cap. It's 200 million per period, low income residential customers; is that right? Do I have that right?

E. LUNDHILD: That's correct.

L. DeMARCO: And on the First Nations customers, it's 27 million per period; is that right?

E. LUNDHILD: That's correct.

L. DeMARCO: Okay.

So overall magnitude for low income customers, we are looking at a minimum of 200 times four periods, which is 800 million over the course? I think Mr. Shepherd said 600 million, and I just wanted to be clear on that number.

E. LUNDHILD: I believe his 600 was in reference to the LDC amount.

L. DeMARCO: Okay. That's helpful.

And in relation to the First Nations amounts, we are talking about 27 million times 4?

E. LUNDHILD: That's correct.

L. DeMARCO: Okay. Perfect. Those are my questions on magnitude.

In relation to what is and isn't included, I struggled a little bit after 30-odd years in the sector of figuring out what falls within the definition of the DSM -- DSM as defined in the directive and what doesn't. So I thought we would just walk through a couple examples, and you can clarify for me if that would validly be in or not.

Very specifically, LDC programs around property-assessed clean energy or energy efficiency, not necessarily precluded, it's potentially in; is that right?

E. LUNDHILD: I am not sure what you're scoping there. Can you redefine that or...

L. DeMARCO: Yeah. Programs whereby the company can basically finance energy efficiency equipment, and it gets reflected on a municipal tax bill and paid for through taxes. So if a house gets sold, there is a payment process through the municipal tax bill, so residential customer activity, but certainly behind the meter, but part of another program at the municipal level.

E. LUNDHILD: So potentially that -- I'm -- that's a program design, not a -- it's not something that we currently contemplate, so we wouldn't necessarily endorse up front. It sounds like the utility would be somehow paying down the interest rate that -- that's -- like, I think we would need a lot more detail about what the role of the utility and what the funding would be used for to be able to determine whether that was something we would endorse.

L. DeMARCO: So endorse versus preclude, not necessary -- necessarily precluded?

E. LUNDHILD: Yeah, we haven't got into specifics around design of program mechanisms.

L. DeMARCO: Perfect.

And very specific to electric vehicles, bidirectional flow initiatives, energy efficiency, and demand management initiatives related to bidirectional flow or electric vehicle chargers, similarly not precluded?

E. LUNDHILD: That's right.

L. DeMARCO: And behind-the-meter energy storage, you confirmed that that's definitely well within scope and not precluded when you were speaking with Mr. Shepherd; is that correct?

E. LUNDHILD: That's correct. We currently have an incentive in the home -- home renovation savings programs for behind-the-meter storage paired with solar --

L. DeMARCO: And, similarly, heat pumps associated with encouraged activity procurement related to residential heat pumps undertaken by the utility, not precluded?

E. LUNDHILD: Not precluded, but we -- nothing is -- specific measures are not ruled out. It's more about the parameters around can you demonstrate that it delivers electricity savings, either peak demand or energy, and that it is offsetting a customer's load.

L. DeMARCO: So I am going to come to that a little bit when we talk about process because I am a little bit confused about what precisely needs to be demonstrated in relation to low income customers and First Nations customers. So I will ask you some clarification questions about that.

In terms of specific elements of the program, we talked very briefly about who could potentially be a program administrator, and my understanding is that it doesn't necessarily have to be the LDC, although the LDC has to be ultimately accountable for it; do I have that right?

E. LUNDHILD: That's correct. They could choose to hire a program delivery service provider through a procurement mechanism that meets their internal goals.

We do that today for the province-wide programs. We employ delivery service agents that undertake a lot of the elements of program delivery on our behalf.

L. DeMARCO: And I will get to the specifics in the First Nations context when I switch a hat onto speaking on behalf of Three Fires Group and Minogi.

So no absolute precluding an affiliate from undertaking the function of being the program administrator as long as the LDC is ultimately accountable for the program?

M. LISTER: That's correct. I would like to just jump in here too because we did say to Jay this morning that we would caucus on this question, and we did at lunchtime, and come back.

And the way you have characterized it and summarized it is exactly our response to that question. So to be clear, how -- specific administrator or delivery is not pertinent, or said differently, in a better way, it's a utility-sponsored program, and it's a utility application that garners the OEB approval. How it's specifically delivered is a judgment of the utility as long as it complies with -- for example, if it's an affiliate, then, of course, it has to comply with our --

M. DEFAZIO: Excellent. That's very helpful.

And in relation to, very specifically, efficiencies associated with electric vehicles and bidirectional flow, could you foresee expanded initiatives and/or MAL list measures to address electric vehicle charging efficiencies?

E. LUNDHILD: Potentially in the future if there was sufficient data to be able to characterize what the expected grid impacts of the measure would be. I think the challenge we have today is having sufficient validated data that would lead you to be able to develop a savings assumption.

L. DeMARCO: And just following up very briefly on some of the last questions that were asked, the frequency of the updating of the MAL list, I understood the MAL list to be more in the nature of evidence as opposed to the precise measures; do I have that right?

E. LUNDHILD: The current list actually describes what is the efficient measure, what is the baseline measure that it's replacing, and then what are the assumptions about energy and demand savings that are associated with that measure in our current programs for measures that are where we used deemed savings.

L. DeMARCO: So let me ask you a question about that, Ms. Lundhild, because particularly in relation to the portion of the directive that requires bi-energy modal delivery, specifically natural gas and electricity coordination, how does that MAL list reflect both forms of energy, or in particular, fuel switching or anything of that nature that reflects energy transition?

E. LUNDHILD: It's a good question. How -- we generally would consider what are the electricity savings associated with the measure. We may look at are there also increases in other fuel use? Like, for example, replacing lights with -- from incandescent to LEDs, there was associated increased gas use that was considered in the electricity modeling. The gas utility has its own measures and assumptions list for gas measures and what assumed gas savings are associated with them.

L. DeMARCO: So would you now --

E. LUNDHILD: So what -- there are interactive effects sometimes.

L. DeMARCO: So would you now be administering the gas list and looking at the gas-related savings from many of these initiatives as well?

E. LUNDHILD: No. The OEB still administers the evaluation of the gas savings under gas DSM.

L. DeMARCO: Okay. So if an electricity applicant comes forward to you, you are looking at only the electricity-related savings before writing that confirmation letter?

E. LUNDHILD: That's correct.

L. DeMARCO: Even if the application includes gas-related savings?

E. LUNDHILD: Electricity ratepayers would not be funding the gas savings.

A. MANDYAM: The application, eDSM application, is not contemplated to include anything about natural gas.

L. DeMARCO: Understood.

And given your role as a program coordinator and that bimodal focus, it would fall to the OEB to evaluate any gas-related savings stipulated in the eDSM application that might include not just electricity-related savings, but gas-related coordinated savings.

A. MANDYAM: Just a point of clarification, Ms. DeMarco. There would -- no, I don't -- we didn't contemplate -- the Working Group does not anticipate or expect to put -- include any gas DSM savings in its eDSM application. So the OEB Staff or OEB when it reviews the eDSM application would not see any gas DSM savings amounts in that application.

L. DeMARCO: Okay. So the evaluation of benefits would strictly be on not the coordinated function that the directive requires you to have, but strictly on the electricity-related savings?

E. LUNDHILD: The "e" in "eDSM" refers to "electricity", and the directive requires us to consider the electricity savings. It -- there is a limited -- the amendment -- the December amendment to the directive speaks to beneficial electrification measures in a very limited scope at this time.

The only measures that we're currently contemplating are for oil -- oil, propane, and wood-heated homes where there isn't current programming available.

L. DeMARCO: And --

E. LUNDHILD: And that's sort of a separate stream of activity with a prescribed budget, and the -- the directive also says that although we are coordinating the delivery with Enbridge of the gas program and the electric program through a one-window approach, we are managing behind the scenes the specific savings associated with the measures and the funding from the different ratepayers. And it does say that we should not be funding measures that involve fuel switching where the OEB has approved Enbridge to provide an incentive for that measure.

L. DeMARCO: Understood from the funding perspective.

But from the evaluation of benefits perspective, I am curious as to how that would work, specifically for oil, propane, wood-heated homes, and potentially natural gas-heated homes.

E. LUNDHILD: I am not an evaluation expert. Our evaluation team has not started down that path yet because that's a next-year thing once we finish this year's cycle. I believe the approach will be to look at the total energy savings, but it's still to be determined.

L. DeMARCO: I wonder if --

E. LUNDHILD: But there is a coordination activity going on between the IESO and the OEB right now to consider how we are going to evaluate that one-window program because the OEB retains responsibility for evaluating the gas side, and we retain responsibility for evaluating the electric side.

L. DeMARCO: I wonder if there is any --

A. MANDYAM: I am not -- I am not seeing the intersection with eDSM in any of that wood-fired -- wood, coal, whatever -- sorry -- not coal, but oil, propane. I am not seeing the intersection, Ms. DeMarco.

L. DeMARCO: It's certainly in relation to particularly First Nations when you are looking at the benefits, Mr. Mandyam, and doing so not necessarily on the basis of quantified effectiveness test or the BCA framework, but on some attributed other values, I am quite curious particularly as a directed coordinated entity how the IESO and OEB intend to achieve that function.

And if there is any preliminary thinking, Ms. Lundhild, I wonder if you can undertake to provide that or just seek any related thinking that there might be on how that might occur. Certainly it will shape applications going forward.

E. LUNDHILD: I guess I am not -- not sure that it's in scope of this particular activity because this is about work that the distributors will do for programs in their territory that will address distribution constraints.

We do have First Nations programs that the IESO administers. It just might be more appropriate to take that conversation there.

L. DeMARCO: I am sorry. Take it where?

E. LUNDHILD: Happy for your feedback.

To -- well, we've -- as we consult on our First Nation programs at the IESO, that might be a more fruitful place to pursue that.

L. DeMARCO: Why don't I move on very specifically to my First Nations-related questions on behalf of Minogi and Three Fires Group and very specifically try and understand how precisely the evaluation will be made in relation to First Nations programs by the IESO, specifically given that they do not have to meet the threshold test. I wonder if you could describe that process for me.

E. LUNDHILD: We still evaluate the electricity and peak demand savings achieved from the program, but we also consider other metrics like non-energy benefits. I am not -- I am not sure -- there's likely some evaluation reports available on our website of past programming that might be helpful to you.

L. DeMARCO: I wonder if I could ask you to undertake to provide what you think might be helpful to guide the process for First Nation and --

E. LUNDHILD: I can see whether there are any evaluation reports available that we can share.

L. DeMARCO: That would be very helpful. Thank you.

Do you want to mark that?

M. MILLAR: Yes. It's J1.7.

L. DeMARCO: Thank you.

UNDERTAKING J1.7: TO PROVIDE ANY EVALUATION REPORTS AVAILABLE THAT CAN BE SHARED

L. DeMARCO: And just so I am clear, First Nations and low income programs don't have to meet the 0.7 threshold; is that correct?

E. LUNDHILD: They don't have to meet the cost effectiveness thresholds. The directive calls that out. But for the --

--- Reporter appeals

E. LUNDHILD: Sorry. I just got a message that -- the directive does not require First Nation programs to be cost effective.

L. DeMARCO: I am sorry. I missed your answer as well.

E. LUNDHILD: The directive does not require First Nation or low-income programs to pass cost-effectiveness thresholds.

L. DeMARCO: Thank you.

And so in relation to the initial calculation of distribution need, what are some of the things that, in a First Nations context, would be relevant to bring forward to the IESO in seeking the confirmation letter?

M. LISTER: So, broadly speaking, we haven't necessarily drawn a distinction between -- we've only -- the only distinction we've drawn is that around distribution need, and there we have highlighted that that could relate to, for example, capacity constraints; it could relate to reliability; it could relate to vulnerability.

And that -- that pertains to any distribution system, anywhere really. And we discussed this morning a little bit further with Mr. Shepherd the idea that it doesn't necessarily have to just be a constraint. It could be a go-forward opportunity, an opportunity that looks to the future to mitigate a future need.

And the example we talked about there was potentially -- could be -- could involve deploying something to mitigate the need to build something in the future.

So I hope that addresses the question. But in the scope of eDSM Stream 2, we have defined the distribution needs as generally referring to those elements.

L. DeMARCO: That's very helpful. Thank you, both.

Let me ask, in the event where the LDC has identified a need that is general, pertaining to the distribution system in any of the areas that you have just spoken to, Mr. Lister, and there is First Nations vulnerability or need, is there any system of prioritizing that measure for approval?

M. LISTER: Could you describe what you mean by "prioritizing"? Prioritizing for the utility or prioritizing for the OEB? I am not sure what you mean.

L. DeMARCO: Prioritizing for the IESO confirmation and the OEB review and/or hearing of the related application, much like the IESO's priority in relation to procurements with First Nations participation.

A. MANDYAM: The Working Group's proposal is for a first-in, first-out to get access -- approach to get access to IESO funding. So -- so there is no one -- there is no prioritization of any LDC, nor any group being proposed, at least in what we issued as -- or submitted as the report.

L. DeMARCO: And we've confirmed that there has been no First Nations' input on the framework to date; that's correct?

A. MANDYAM: I believe we answered yes to that.

L. DeMARCO: Thank you.

In relation to the related delivery agent, there is nothing to stop First Nation or a group of First Nations from acting as the program delivery agent should they be accountable to the LDC that is applying; correct?

A. MANDYAM: That's correct. Just proper business terms, contractual agreements have to be set up and good to go.

L. DeMARCO: And, Ms. Lundhild, you'd agree that often having First Nations-administered First Nations programs is most effective; fair?

E. LUNDHILD: I don't know if I would say most effective, but it certainly has a benefit in gaining community acceptance.

L. DeMARCO: That's helpful.

And in relation to access to the two pools of funding, I wanted to clarify something that Mr. Shepherd said. In situations where there are First Nations measures or low income measures, it does not necessitate a panel review; do I have that right?

A. MANDYAM: As long as it's -- the application is within the boundaries. I call the boundaries, the framework and the guidance that ultimately forms the OEB policy. Yes, that's correct.

L. DeMARCO: So, in fact, you could have a related First Nations measure that does proceed by way of delegated authority and doesn't have to go through necessarily panel review just by virtue of the fact that it's a First Nations' measure?

A. MANDYAM: That's correct.

L. DeMARCO: And --

J. SHEPHERD: Can I just ask a follow-up there, Lisa?

L. DeMARCO: Sure.

J. SHEPHERD: Are you saying that -- I thought I heard either you, Andrew, or Mike say earlier that if a program was not cost effective on the numbers, that it would probably not go through delegated authority. Are you now saying that a First Nations program would be an exception to that? It could still go through delegated authority even though it's not cost effective; is that what you are saying?

L. DeMARCO: You are off -- you are on mute.

M. LISTER: Sorry. We are just caucusing here at the table. It's a little awkward being in a different -- if we could just have a moment.

Thanks for that indulgence.

Yeah, our -- just to clarify, I think, Jay, you have it right. For programs -- it's expected that there would be few programs brought forward that were less than the 1.0 benefit cost ratio. And for any that were proposed to the IESO in that realm, you know, the first -- the first barrier or the first obstacle to overcome would be working with the IESO to -- to even produce or prepare that confirmation letter. Now, for Indigenous or First Nations programs, that may be substantiation to go forward.

Then -- but as an OEB process, our recommendation was that the Stream 2 delegated authority would apply when programs explicitly refer to the MAL or IESO-approved measures. Anything otherwise would likely not be a suitable candidate for delegated authority, but the OEB always has the discretion to determine whether it could be heard by delegated authority or decided by delegated authority or be moved to a panel.

J. SHEPHERD: Sorry. I am not sure that responded to my question.

A. MANDYAM: Yeah, I -- can I --

J. SHEPHERD: My question was not -- was not whether the measures were in the MAL. It was whether the program is cost-effective. The measures can be in the MAL and the program is still not cost-effective.

A. MANDYAM: So -- so the -- yes. I think the point be -- the question is -- that we are going to answer is if the program is not cost-effective and it's a First Nation program, does that bypass the panel review, or does it -- and does it go to delegated authority?

In fact, we -- that's why we were caucusing, because we never had that scenario in our -- in our report. And so our proposal is that that would be up to the discretion of the OEB whether they chose to hear it at a panel basis, or they chose to apply delegated authority to that First Nation program that is not -- has a cost-effectiveness less than one.

J. SHEPHERD: So you're not making -- the Working Group is not making a proposal on the approval process for First Nations, not cost-effective programs?

L. DeMARCO: Let me add to that. Or low income. There is no restriction or stipulation in --

A. MANDYAM: Yeah.

L. DeMARCO: -- the OEB process --

A. MANDYAM: We'd freeze the --

L. DeMARCO: -- for low income or First Nations programs.

M. LISTER: Yeah, we want to -- we want to ensure that we are clear on this, so if we could take that one away, we will have an opportunity to circle the wagons on that.

L. DeMARCO: Can I just get an undertaking on that one, Mr. Millar, and the undertaking is to provide a clarification on the proposed OEB process, very specifically, whether there is a proposed panel or delegated review process pertaining to low income and First Nations programs that are within the MAL, I think is what we need to say.

Jay, does that work for you?

J. SHEPHERD: That's perfect.

L. DeMARCO: Okay.

M. MILLAR: Okay. Assuming the panel is okay with that, we will call that J1.8.

A. MANDYAM: Yeah, we are good.

L. DeMARCO: Thank you very much.

UNDERTAKING J1.8: TO PROVIDE A CLARIFICATION ON THE PROPOSED OEB PROCESS AND WHETHER THERE IS A PROPOSED PANEL OR DELEGATED REVIEW PROCESS PERTAINING TO LOW INCOME AND FIRST NATIONS PROGRAMS THAT ARE WITHIN THE MAL

L. DeMARCO: In terms of cost allocation, nothing precluding or requiring First Nations program to be allocated to either the GA pool or the LDC pool, and it may be eligible for both; is that fair?

I didn't think that one was a tough question.

A. MANDYAM: Yeah, I don't see any -- we are looking at it as -- yes, correct, Ms. DeMarco, there is no preclusion.

L. DeMARCO: Thank you very much.

And we have been talking about First Nations programs, and the assumption is that they are on reserve; is that correct?

A. MANDYAM: I don't think we have stipulated what qualifies as a First Nation particularly.

L. DeMARCO: That's helpful.

And in relation to low income customers, it's therefore possible that individuals who are customers could be covered by both a low income and a First Nations program; is that fair?

E. LUNDHILD: That's correct.

L. DeMARCO: That's helpful.

Last, but not least, there is an element in the directive around branding, and I didn't see anything in and around the eDSM framework around branding.

Was that contemplated by the Working Group at all?

E. LUNDHILD: I don't think we have explicitly discussed it at the Working Group. I think, generally, the Save on Energy brand is the brand that we use across the province for energy efficiency programs.

L. DeMARCO: I wonder if -- if there is any preliminary requirements or thinking, if you could disclose what they are.

A. MANDYAM: I am at a loss here. What would be the -- I am at a loss with the question here, Ms. DeMarco, or -- how does branding -- how do you see branding fitting in here?

L. DeMARCO: I believe it's a portion of the directive. I think it's at -- at or around page 13, but let me check my notes, that requires you to go through a branding exercise, and I am not sure how that works into this process, and specifically, the approval processes that you're contemplating both at the IESO and before the OEB. It seems to be a checkmark that you have got to achieve.

E. LUNDHILD: I think the IESO's interpretation is that we would expect the utilities to use the Save on Energy brand in association with their local programs and that that would be included in the contribution agreement, the licensing of the brand for that purpose.

J. SHEPHERD: Sorry. Can I just follow up on this. This is the first time we have heard anything about this. Is this -- do the utilities know that you're going to require them to use your brand to deliver their programs? I mean, maybe Mike can answer that question since he represents the utility.

A. MANDYAM: Yeah, I think we need to take this away.

M. LISTER: Maybe before we take it away --

A. MANDYAM: Let's understand it a bit more.

M. LISTER: Yeah, let me -- let me try.

Yeah, you are absolutely right, Jay. I fully expect utilities want their branding on delivery of programs that help customers. But in the past, I -- somebody can check me on this, I am going off memory, we have co-branded things. And so I would expect that a Stream 2 program that accesses funding both from the GA and from local distribution rates could or should be co-branded. I don't know if that's specifically -- yeah, go ahead.

J. SHEPHERD: Sorry. Co-branding and branding using "Save on Energy" are different. I understand that Alectra might well have a program that it delivers that says this program is supported by the Save on Energy program.

M. LISTER: Yeah.

J. SHEPHERD: I get that.

But that's different than Alectra delivering Save on Energy as if it wasn't their program.

E. LUNDHILD: Which is the branding guidelines that will need to be developed in future that the Working Group has not discussed. Yes. But the intent would be that somehow, the Save on Energy brand is going to be recognized there. That's very important to the government.

And in the Stream 1, we've got branding guidelines. We are co-branding materials with both the distributors' logo and the IESO logo. How this will work for Stream 2 is still to be determined. But, yes, the expectation, I think, on both sides is that there will be both brands evident.

L. DeMARCO: I wonder if the Stream 1 branding requirements are indicative of what might happen in Stream 2. If we can get those into the record, I think it might be beneficial for a number of entities.

J. SHEPHERD: Yes.

M. LISTER: Why don't we take that as an undertaking.

M. MILLAR: So that's J1.9. And can someone repeat what the undertaking is.

L. DeMARCO: To undertake to put into the record the Stream 1 branding requirements and identify the extent to which they may be indicative of the Stream 2 branding requirements.

Jay, is that fine for you?

J. SHEPHERD: Perfect. Perfect.

UNDERTAKING J1.9: TO PUT INTO THE RECORD THE STREAM 1 BRANDING REQUIREMENTS AND TO IDENTIFY THE EXTENT TO WHICH THEY MAY BE INDICATIVE OF THE STREAM 2 BRANDING REQUIREMENTS

L. DeMARCO: Let me just go through my list here and make sure I'm not missing anything.

Oh, I am missing one thing.

In terms of, on page 12, the requirements for no cross subsidization, I wonder what tests, if any, have been developed or implemented, and the cross subsidization was in relation to bulk system, DX system cross subsidization.

A. MANDYAM: Which document page 12 are we referencing, Ms. DeMarco?

L. DeMARCO: I think it was the framework, but let me just make sure it's not the directive. Give me one second to pull open my framework.

Yes, page 12 of the draft framework. Your report dated June 11th, I believe. It's the last bullet under Section 2 of the distribution system test that says no cross subsidy, with an exception for low income and First Nations programs.

A. MANDYAM: Give us a second, Ms. DeMarco.

L. DeMARCO: If you want to do this by way of undertaking, I am also fine with that.

A. MANDYAM: Yes. Can we just capture the question. Ms. DeMarco, thank you. Again, yeah, we will take it by undertaking. We're --

L. DeMARCO: Any additional detail on how you -- please provide any additional detail on how you intend to implement or actualize the no cross subsidization requirement on page 12 of the framework.

A. MANDYAM: Thank you. Yes.

M. MILLAR: J1.10.

UNDERTAKING J1.10: TO PROVIDE ADDITIONAL DETAIL ON HOW THE WORKING GROUP INTENDS TO IMPLEMENT OR ACTUALIZE THE NO CROSS SUBSIDIZATION REQUIREMENT ON PAGE 12 OF THE FRAMEWORK

M. DEFAZIO: Thank you very much. I think that's the end of my questions, Michael. And I really appreciate your transparency and openness, Panel, and your indulgence, Jay and others, for getting in those questions.

A. MANDYAM: Thank you.

M. MILLAR: All right, thanks so much, Lisa.

We have -- next up, I have CCIC. Are they there?

R. McDOUGALL: Yes, we are here.

M. MILLAR: Okay. And I have got you down for about 15 minutes. Is that still about correct?

R. McDOUGALL: Yeah, that is perfect.

M. MILLAR: Okay, perfect. I think that will probably be our last question questioner for the day. So over to your, Robyn.

SESSION - CCIC

R. McDOUGALL: Okay. Thank you, Michael.

So my name is Robyn, and I am representing the Canadian Charging Infrastructure Council, or CCIC. Our members deploy over half of electric vehicle charging stations across Canada. I am going to dive right into our questions starting with the most important question for our members.

So right now, there is a window to incentivize Ontario drivers adopt to EVs in large numbers to, one, adopt charging stations capable of participating in demand response programs, and, two, charge at times when there is less demand on the local overall grid.

With the Working Group proposals, do Working Group members think that LDC wills be sufficiently incentivized to effectively -- or efficiently and aggressively launch Stream 2 programs to address connected charging and other new technologies and to take advantage of this window that I just described to influence consumer behaviour?

E. LUNDHILD: I -- I think that there is certainly a growing opportunity. What we will need is sufficient substantiation to be able to quantify the benefits to the electricity system associated with those managed charging measures.

R. McDOUGALL: Right. That makes sense. And when you say "substantiation", you mean bringing in programs from other jurisdictions that have been successful to then add to the MAL list; is that correct? Or is that an example?

E. LUNDHILD: That would be an example. Like, third party evaluations of programs in other jurisdictions would potentially provide data. I believe there are some programs in Ontario, pilot programs, being funded through the Grid Innovation Fund which could potentially lead to sufficient data as well.

R. McDOUGALL: Great. Thank you. That's very helpful.

And based on the possible start date of the eDSM programs, that would not be earlier than January 2027 as we discussed previously, are there any -- is there anything that could accelerate the timeline at all? Any supports or regulatory changes that could allow LDCs to start earlier or as soon as possible?

I believe it was mentioned briefly that LDCs can bring ideas to the IESO, but just wondering if there was anything else.

M. LISTER: Sorry. Just to clarify, does your question pertain to the application process or the process of evaluating the MAL?

R. McDOUGALL: It would be the application process.

M. LISTER: Yeah. It's unlikely much can be done to move that schedule up. The first -- the first milestone in this journey will be the establishment of this framework. And, of course, the OEB will do what it does to evaluate and ultimately, we hope, roll out this policy, but that's an assumption.

From there, as Andrew was mentioning earlier, that will give utilities the mandate to really start in earnest this work, and so that -- you know, and a part of the next milestone and that journey will be then working with IESO to -- to develop programs to assess opportunities, constraints, and that sort of thing.

So we are already probably like -- on an efficient calendar, we are already likely into the summer of 2026. The applications to begin 2027 rates, for which is the subject of this discussion, are typically -- not always, but typically -- done in the summertime for rates in January.

So that is why the calendar is the way that we described it. But, of course, that presumes that the framework be established and that there be opportunity to do that work before the application process.

R. McDOUGALL: That's great.

And to clarify, are you saying that the applications that are submitted will be processed in the summertime? I just want to clarify what you meant by that.

M. LISTER: Annual IR -- annual IRM adjustment applications are typically made in the late summer, August, or September time frame for rates that begin January the following year.

So -- so the process to begin the application at the OEB begins, say, in August or September.

R. McDOUGALL: Okay. Thank you so much. That's very helpful.

In our discussion earlier, we also briefly touched on third parties who could run or participate in programs. This is very important to our members to cost-effectively launch and run eDSM projects related to EV charging. How does the proposal that's been put out incentivize LDCs to work with the private sector to build and run eDSM programs on a cost-effective basis?

M. LISTER: I take -- again, it would all come down to what the opportunities and constraints are, what potential savings -- what the potential savings outcomes are, how deep or wide the measures could be promoted in the marketplace, what kind of participation rates we expect to achieve.

Definitely what we have sort of tried to communicate today is what we don't want to take off the table is that utilities could, in fact, either partner or RFP or deploy third party agencies that -- including affiliates, but, really, any third party service provider. Necessarily, though, what we have also said is however the program might be delivered, it has to meet the cost-effectiveness rules that we have put in place.

R. McDOUGALL: Right. And we did have that discussion earlier today on cost-effectiveness, so I will turn to that.

M. LISTER: Yeah.

R. McDOUGALL: And then, finally, our members are very interested in the ability to scale programs effectively. Are there ways the Working Group can think of to, again, incentivize and facilitate multiple LDCs running programs collaboratively to increase efficiency? I believe this was brought up earlier as well that info will be available annually, that sort of thing, but in terms of LDCs, submitting a proposal together, could you just clarify how that would look or if it's possible?

A. MANDYAM: So the first part of your question, Robyn, I think an example of how multiple LDCs can take advantage of a particular eDSM program would be that some party or association facilitate that engagement or -- LDC engagement, I will call it, not customer engagement, the opposite, third party association or entity engaged in that multiple LDC facilitation process to promote the program and opportunity. That's -- I think that's available to everybody -- that's -- our proposal does not preclude any of that.

What was the second part of the question, sorry?

R. McDOUGALL: I guess -- yeah. I understand the ability for the third parties to work with LDCs, but in terms of LDCs working collaboratively together with other LDCs, I think that is what my clarification.

A. MANDYAM: You know, the Working Group has not contemplated or set out a mechanism at this point for how they would collaborate on, basically, fostering common programs and capturing economies of scale or opportunities where they could increase the savings and cost-effectiveness.

They did -- we did talk about that as a working group, and then we kind of parked that as an item of let's get the first step underway, and then we can start talking about the next steps. And that would be part of the next steps, how do LDCs -- what's the mechanism that they are going to seek to foster the collaboration amongst themselves.

R. McDOUGALL: Right. That's great. It's good to hear it's on the Working Group's mind, and that -- of course, efficiency is very important to our members, so that's great to hear. Thank you.

I am just going to check my notes to make sure I am not repeating anything.

Okay. I have one more question, if that's all right.

So in response to the OEB Staff's questions, it was noted that the IESO is interpreting a restriction on participation by technology funded through other government programs. Would this apply to charging stations funded through government programs focused on capital installation?

So for context, this could end up excluding valuable commercial charging deployments that could be very attractive from an eDSM perspective.

So I am just wondering if -- yeah, again, as the IESO is speaking about, would this apply to charging stations as well?

E. LUNDHILD: If they were funded by the Government of Ontario, then it would probably be precluded by the directive. The federal government is a different pool of funding, so it's not, I believe, subject to our directive.

R. McDOUGALL: Could you repeat that last part? I think I just missed -- I heard that if it's funded by the Government of Ontario, it's probably precluded, but I just missed that last little bit.

E. LUNDHILD: I just said the federal government funding is not specifically precluded by our directive.

R. McDOUGALL: Okay. Great. Thank you.

And I guess I do have one final question.

How does this program, this proposal, encourage utilities to run programs that are competitive, so that engage a range of competitive market players to seek a top value for ratepayers? And this may be something that is still to be considered, but just wanted to raise it.

M. LISTER: Yeah, for sure. I would say, yes, definitely would always be considered. First order of business is to have the mandate and the framework in place so that we can understand what the playing field looks like. But often, you know, there are a variety of ways and channels by which the sector communicates and shares understanding, and through that, those processes, competitive market players often will indicate their interest in delivering programs, and that's a good thing because it can spur innovation or it could spur competition among third party service providers. And that all goes to the utilities are looking for the most cost-effective results that they can garner so that they can be better or assured of approval.

So, yeah, I think the utilities that -- you know, once with the mandate and the framework in place and an understanding for how they are going to approach different opportunities, would look for third -- might look for third party service providers, and among those, the most competitive or cost effective. I hope that answered your question.

R. McDOUGALL: Yeah. Absolutely. That's perfect. I believe that's all my questions for now.

J. SHEPHERD: I just have a follow-up on your previous question because that sort of came out of left field to me. I didn't interpret it the way you did. And so this is a question for IESO.

Is it your interpretation that utility programs that are directed at the MUSH sector are disqualified because the MUSH sector is funded by the government? Like, schools, for example, they get all their money from --

E. LUNDHILD: No. No. Sorry. That's not what I meant. It's that the customer cannot be receiving funding from another Ontario government source for the same measure.

J. SHEPHERD: Oh, okay. It's on a measure basis --

E. LUNDHILD: For -- another program. And, really, the main one we are concerned about is net metering. So if a customer has solar panels that are incented through our program, they cannot then go and participate in net metering through their utility and also be funded by electricity repairs for the same measure.

J. SHEPHERD: Okay. Understood. Thank you.

T. ALLAN: And, sorry, Evelyn, I am the client for CCIC. I just wanted to have one follow up.

So the Ontario government has a program called ChargeON which covers capital -- up front capital costs for EV charging, but I don't believe it has any ongoing funding equivalent to, like, a net metering where there is an ongoing fund. Do you think there might be sort of a distinction there where it's really just capital up front, but then the real benefit is actually from ongoing operation of the charging station?

E. LUNDHILD: I think it could be interpreted that we are then paying for a different service if it's participating in the demand response program. So in that sense, it would probably be okay. But you couldn't have a utility providing an incentive for installing the charger that was already being paid for by another Ontario government program.

T. ALLAN: Understood. Thank you.

R. McDOUGALL: Thank you to the Panel and everyone who has intervened. We appreciate the time given, and I will give it back to the Panel to proceed.

M. MILLAR: Thank you very much, Robyn.

I don't know about the rest of you, but I have had enough for the day, and I haven't even done anything, so I imagine you are all pretty tired.

We only -- well, we have LIEN/VECC left in the schedule. I have heard Environmental Defence may wish to get in for ten minutes tomorrow, but even with that, we should comfortably finish tomorrow morning.

Bill, I take it you will be ready to join us at 9:30 tomorrow morning?

B. HARPER: Yes, I will. And I anticipate some of my questions have been answered already, and with the opportunity to go through my notes for ones that -- they were partially answered, I can probably tighten those up a little bit or make them more relevant to what we have heard, and, hopefully, I won't require all the time I put down either.

M. MILLAR: Okay. That's great. And thank you.

So if there's nothing further, I will see everyone at 9:30 tomorrow morning. And thank you all for your efforts today.

L. DeMARCO: Mr. Millar, if you could.

M. MILLAR: Yes.

L. DeMARCO: If DRC and Minogi and Three Fires Group could take their leave and refer to their -- the transcript on the remaining documents, I --

M. MILLAR: Of course. No one is required to come tomorrow except for Bill and the Panel, really, and whoever is going to be here for Environmental Defence. But thank you for that, Lisa.

L. DeMARCO: Thank you, Mr. Millar.

M. MILLAR: Okay. Thanks, everyone.

--- Whereupon the proceeding concluded at 4:41

p.m.