

Distribution System Operator Capabilities

EB-2025-0060

LIEN's Comments in Response to OEB Staff's Questions posed to Stakeholders at the October 14, 2025, Stakeholder Meeting

The questions OEB staff posed to stakeholders for written comments are:

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

The Low-Income Energy Network ("LIEN") has prepared responses to these questions in the order in which they appear above.

1. Are the proposed roadmap elements appropriate?

The OEB has established a roadmap with the following key elements: Roadmap overall vision, Roadmap objectives and Roadmap approach which is comprised of four workstreams. The workstreams include:

- Workstream 1 involves defining the spectrum of DSO capabilities for all activation mechanisms and providing guidance to distributors on the conditions under which these capabilities should be developed,
- Workstream 2 involves defining flexibility services and developing standardized approaches to delivering them, including associated regulatory instruments to specify the market and conduct rules and requirements,
- Workstream 3 involves mandatory assessment which includes a mandatory requirement for distributors to assess and demonstrate planning for investments to develop their DSO capabilities, and
- Workstream 4 involves enduring policy which includes establishing DSO regulatory policy expectations for distributors that pursue DSO capabilities based on Workstream 3 assessment and defining the role of distributors regarding wholesale market participation and any functional/legal separation of DSO functions from the LDC.

Throughout the implementation of the first three Workstreams, there is expected to be pilots, demonstrations, and small-scale deployments with ongoing projects informing Workstreams 1 and 2, and new projects testing standardized approaches developed, and informing detailed criteria development and assessment in Workstream 3 and regulatory policy expectations in Workstream 4.

LIEN supports the Roadmap being comprised of the elements contained in the OEB Roadmap as being appropriate. The Roadmap should also include a schedule for the implementation of each of the Workstreams with start and end dates for work completion and deliverables of the Roadmap.

In addition, as part of the Roadmap objectives, the OEB should pull together principles discussed in the stakeholder session and add any additional ones that should be used to guide the implementation of the Workstreams, including but not limited to the following principles:

- The Workstream process will be collaborative, timely, and transparent, and will be iterative as needed
- There will be effective coordination of all the DER-related and other related initiatives carried out by the OEB to ensure efficiency and effectiveness in the implementation of the DSO Roadmap
- The Workstreams will be implemented through stakeholder working groups
- There will be specific timetable and deliverables for work in each of the Workstreams that are consistent with the overall schedule for the Roadmap implementation to achieve the Roadmap objectives
- The Roadmap deliverables will include regular review and check-in points within the Workstream working groups as well as broader stakeholder group review and check-in points at key touchpoints of the Roadmap process

2. Do the roadmap elements adequately reflect the sector's current state and Ontario's needs and priorities? If not, how should elements be changed?

The OEB proposes to launch the work of Workstream 1 and 2 at the same time. The work will build on the work already carried out in defining DSO capabilities and flexibility services by the IESO T&D Working Group and DSO related work carried out by the OEB (DNV Final Report, Considerations for Establishing DSO Capabilities in Ontario, May 12, 2025; OEB Discussion Paper, Distribution System Operator Capabilities, May 2025).

Since the work of the Workstreams is intended to use and build on the work already carried out by the sector and will leverage stakeholders in a working group setting as well as continue to engage the broader stakeholder group (as proposed by LIEN above) to carry out the Workstreams work, this approach should ensure that the Roadmap elements and Workstreams will adequately reflect the sector's current state and Ontario's needs and priorities. This presupposes that the Roadmap will contain a schedule which will ensure the timely delivery of the deliverables of the Roadmap such that Ontario's needs and priorities are met.

3. How could roadmap elements be modified or clarified to improve the strategy for developing and implementing DSO capabilities in Ontario?

In addition to the recommendations above to include principles as part of the objectives for the Roadmap and to include a schedule for the implementation of each of the Workstreams and start and end dates for work completion, and clear deliverables of the entire Roadmap, LIEN suggests that deliverables from Workstream 1 and Workstream 2 include recommended projects (pilots, demonstrations and small-scale deployments) to fill priority information/experience gaps based on an analysis of the expected deliverables in the existing pilots, demonstrations and small-scale deployments and the needs of Workstreams 1 and 2. It may be appropriate as a deliverable to develop a process to expedite projects to fill these gaps in a timely manner (e.g., how the Innovation Sandbox could be effectively leveraged for approvals and funding).

Further to the OEB's request at the DSO stakeholder meeting of October 14th, 2025, for input on scheduling, LIEN suggests the following schedule as a starting point for discussion:

- OEB Submission of DSO Roadmap (required by Minister) – by December 31, 2025
- Ministerial Direction on DSO Roadmap – March 2026
- Creation of Workstream Working Groups – April 2026
- Initiation of Workstreams 1 and 2 – May 2026
- Completion of Workstreams 1 and 2 – November 2026
- Start of Workstream 3 – November 2026
- Completion of Workstream 3 - May 2027
- Start of Workstream 4 – May 2027
- Completion of Workstream 4 – March 2028