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October 24, 2025

Registrar
Ontario Energy Board
2300 Yonge Street, 27th floor
Toronto, ON M4P 1E4

Re: Distribution System Operator Capabilities (EB-2025-0060) — OEB Roadmap Submission

Toronto Hydro-Electric System Limited (“Toronto Hydro”) is the local electricity distribution company for the City of Toronto. We serve about three million people and businesses every day and distribute approximately 18 per cent of the electricity consumed in Ontario. Toronto Hydro’s customers range from single family dwellings and neighbourhood shops to multi-use skyscrapers, and some of the province’s largest commercial, institutional, and industrial facilities.

On October 14, 2025, the Ontario Energy Board (“OEB”) held a stakeholder meeting to advance its Distribution System Operator (“DSO”) roadmap, in response to the June 2025 Ministerial Directive supporting Ontario’s *Integrated Energy Plan*. The directive tasks the OEB with defining a DSO roadmap by December 31, 2025, to guide potential development and implementation of DSO capabilities based on need, value, and adaptability. The OEB is seeking input on its proposed DSO roadmap approach, objectives, and overall vision, along with its proposed DSO roadmap workstreams of:

- 1) Defining DSO Capabilities
- 2) Defining Flexibility Services
- 3) Mandatory Assessment
- 4) Enduring Policy

Toronto Hydro supports the OEB’s ongoing commitment to develop a regulatory policy framework that enables the implementation of DSO capabilities in a manner that maximizes opportunities for unlocking distributed energy resources (“DER”) value while ensuring that the pace and scope remains aligned with consumer interests and system requirements. Echoing our July 2025 submission,¹ Toronto Hydro offers the following additional comments for consideration.

¹ [Link](#) to Toronto Hydro’s July 2025 DSO Capabilities Submission

The OEB's proposed approach and elements of the DSO roadmap is a logical and welcome extension of the work the OEB has already initiated through prior consultations, pilots, policy directions, and rate application approvals. Toronto Hydro views this as a natural evolution of the OEB's commitment to enabling innovation, improving system efficiency, and supporting customer choice. Over the past decade, Toronto Hydro has led foundational DSO-like activities (e.g. local demand response programs, non-wires alternatives benefit stacking pilots, and early-stage coordination with aggregators) and actively participated in the IESO's Transmission-Distribution Working Group. These have delivered measurable benefits to customers and market participants. Advancing to the next stage, as envisioned by the roadmap, will enable Toronto Hydro to deepen these efforts and scale them in a manner that is prudent and delivers valued outcomes. With timely, coordinated action from the OEB and the Government of Ontario, 2026 can be a pivotal year for the distribution sector — delivering customer-focused outcomes and providing opportunities to showcase the progress possible through strong collaboration in the electricity sector. This progress would reaffirm Ontario's leadership in grid modernization and underscore the value of clear, utility-informed policy direction supported by a value-driven, fit-for-purpose regulatory framework.

While there are outstanding technical, operational, and regulatory details yet to be determined, the high-level DSO vision set out in the OEB's proposed roadmap provides a strong foundation for resolving these complexities in a timely and coordinated manner. As the Minister of Energy and Mines emphasized in his October 17th announcement of *"One Project, One Process"*, Ontario's energy system must also evolve by streamlining processes, removing red tape, and eliminating outdated regulatory barriers that limit innovation and efficient service delivery. This is especially important for enabling greater participation by DERs and aggregators, and for ensuring that local distribution companies ("LDCs") can respond flexibly to the needs of their customers and communities. Toronto Hydro is encouraged that the OEB's roadmap reflects this direction. It articulates a clear end-state vision for DSO capabilities, establishing timelines, and committing to ongoing engagement. It positions the sector so that plans, projects, and results can proceed. Toronto Hydro supports this approach: it is an opportunity to align regulatory evolution with system innovation, creating tangible benefits for customers, market actors, and the broader energy transition.

Toronto Hydro affirms that the OEB's proposed roadmap and associated work streams adequately reflect the current priorities of Ontario's electricity sector and highlights the critical role that LDCs must play in enabling the province's DSO future. As the entities closest to customers and most directly

responsible for maintaining distribution system reliability and safety, LDCs are best positioned to house and execute DSO functionalities, including real-time visibility, local DER integration, and grid service coordination. We are encouraged that the OEB has taken a collaborative approach in shaping this roadmap, reflecting input from across the sector and demonstrating an openness to co-develop solutions that balance innovation with practicality. The roadmap is grounded in principles we strongly support: regulatory clarity, flexibility, customer and system value, operational effectiveness, and fair access to market opportunities. By anchoring the DSO vision within the operational and planning realities of LDCs, and by working in partnership with utilities, aggregators, and other stakeholders, the OEB should be able to create a credible, actionable path forward. Toronto Hydro looks forward to supporting this work and advancing a DSO framework that is responsive, inclusive, and grounded in Ontario's unique system context.

Regulatory certainty is essential for LDCs as we undertake the next generation of pilots and small-scale deployments envisioned under the DSO roadmap, while concurrently scaling up proven capabilities at an accelerated pace. While we support the OEB's decision to move forward with both small-scale deployments and work streams in parallel and recognize the urgency of advancing capabilities on multiple fronts, it is critical that the small-scale deployments not slow down inputs to scaling up funding, flexibility, and regulatory certainty. Further small-scale deployments require significant investment, cross-functional coordination, and in some cases, departures from current regulatory norms or cost recovery models. Without clear guidance on how insights from small-scale deployments will shape future frameworks or how interim deviations will be treated, LDCs face uncertainty that could limit ambition and scalability. Toronto Hydro urges the OEB to provide staged regulatory guidance, clarifying flexibility parameters, confirming cost recovery pathways, and outlining how learnings from pilots and small-scale deployments will inform rulemaking, to ensure certainty throughout the roadmap, not just at its conclusion. This will enable utilities to confidently invest in impactful, scalable DSO solutions.

Alongside regulatory certainty, flexibility is essential as LDCs advance small-scale deployments and continue operationalizing DSO capabilities. As the sector proceeds through the early implementation stage, rigid rules or overly prescriptive requirements could limit innovation, fail to reflect local needs, and slow down the ability to adapt based on real-time insights. Flexibility is critical to avoid disrupting the operations of LDCs with more advanced DSO capabilities, which are already delivering tangible benefits and demonstrating the sector's potential, even amid regulatory uncertainty. The roadmap should preserve room for iterative design, regionally tailored solutions, and alternative technical

approaches, especially where LDCs are working with aggregators or exploring new grid services in diverse system contexts. Innovation cannot be prescribed; it grows in the fertile ground of real-world collaborative projects.

Moreover, flexibility will be critical for ensuring that pilot and small-scale deployment outcomes can be appropriately scaled or adapted into the formal regulatory framework. A one-size-fits-all approach will not capture the operational complexity or customer diversity across Ontario's distribution systems. By embedding flexibility into both the regulatory instruments and the design of the broader DSO framework, the OEB can create the necessary space for innovation while maintaining alignment with overarching policy objectives, system reliability, and cost-effective evolution.

Finally, Toronto Hydro submits that the four workstreams can be completed within a practical and achievable horizon that balances robust stakeholder engagement, thoughtful regulatory design, and integration of learnings from pilots and small-scale deployments, while maintaining the momentum needed to support timely implementation.

Toronto Hydro appreciates the opportunity to continue to work with the OEB and stakeholders on policies to enhance LDC DSO capabilities in Ontario and supports the OEB's broader efforts to adapt to evolving energy needs, integrate DERs, and ensure that the distribution network is equipped to meet future challenges while maintaining reliability and affordability.

Respectfully,

A handwritten signature in blue ink, reading "Andrew J. Sasso".

Andrew J. Sasso

Vice President, Regulatory & Municipal Relations
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