

BY EMAIL AND RESS

October 24, 2025

Mr. Richie Murray

Acting Registrar
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Mr. Murray,

EB-2025-0060 – Hydro One Networks Inc. – Distribution System Operator Capabilities

On October 1, 2025, the OEB issued a letter inviting stakeholders to a meeting on October 14, 2025 to advance the development of a DSO Roadmap as part of its Distribution System Operator (DSO) Capabilities consultation. Following the session, the OEB invited stakeholders to provide written comments on the key elements of the DSO Roadmap by October 24, 2025.

The OEB initially engaged Local Distribution Companies (LDCs) on DSOs in August 2024 to address the Minister's November 2023 Letter of Direction, aimed at "developing and assessing local and market opportunities for Distributed Energy Resources (DERs), including through alternative energy business models". The 2024 Letter of Direction by the Minister encouraged the OEB to continue this work through Distribution System Operator capabilities. The June 2025 release of the Minister's new Integrated Energy Plan (IEP), *Energy for Generations: Ontario's Integrated Plan to Power the Strongest Economy in the G7*, further underscored the importance of grid modernization to unlock value for the system, customers and DERs. The accompanying Directive to the OEB emphasized the importance of this consultation by requiring the OEB to deliver a DSO Roadmap by December 31, 2025.

Hydro One was pleased to participate in the DSO Stakeholder Symposium on June 23 and 24, 2025, where participants provided presentations on the objectives, scope and next steps for the OEB's DSO consultation. Hydro One also appreciated the opportunity to review the OEB staff Discussion Paper and consultant study on DSO Capabilities and provided comments on July 21, 2025. Hydro One strongly agrees with the Minister and the OEB on the importance of this work. Hydro One, along with other LDCs, will play a critical role in supporting the industry to achieve the province's goals.

Hydro One is pleased to provide comments on the OEB's draft DSO Roadmap, building on Hydro One's presentation and feedback from the summer. We look forward to the opportunity to engage with and support OEB staff through the implementation of the roadmap.

GENERAL COMMENTS

Hydro One is pleased to see the OEB continuing its work to advance the development of a DSO roadmap in alignment with the government's request. Over the last decade, the government and the OEB have moved the distribution sector towards enhanced capabilities, ranging from implementing smart meters to requiring consideration of Non-Wires Solutions (NWS) to meet distribution system needs. The government's IEP builds on this momentum, calling for the sector to modernize the distribution system to create more opportunities for customers to actively participate in the sector. Hydro One has already taken steps to modernize our systems and create opportunities for customers and stands ready to continue this work in partnership with the government and the OEB.

Hydro One was pleased to see the evolution of the OEB staff's thinking, including the opportunity to provide feedback in advance of the OEB's submission to government. Hydro One supports the OEB's approach to providing guidance on the continued evolution of utility DSO capabilities to enable utilities to evolve in the near term, while phasing in mandatory regulatory requirements. It is also valuable for the OEB to continue to leverage the foundational work done in the sector to date through pilots, demonstration projects and small-scale deployments, as well as the work of stakeholder groups, including the Transmission-Distribution Coordination Working Group (TDWG). In addition, a more holistic approach to considering how utilities can procure DERs to meet system needs along with developing market and conduct rules and requirements earlier can help achieve the government's objectives and meet the expectations of our customers sooner.

Recommendation: Integrate foundational grid modernization investments in the Workstreams as they are key to unlocking anticipated outcomes and enabling DSO capabilities

Hydro One is largely comfortable with the high-level workstreams and looks forward to working with the OEB to deliver on the plan. As noted in Hydro One's July 21 comments, foundational grid modernization investments are central to unlocking the value of DERs and enabling utilities to deliver DSO capabilities for our customers. Hydro One encourages the OEB to clearly identify how grid modernization will be considered in its Vision and across all four Workstreams, or if it will be addressed under a parallel track of work.

The IEP provides not only a definition of grid modernization but delineates many of the benefits that grid modernization can deliver, including those related to DSO capabilities. The EDA's Solving Grid Lock report¹ explores grid modernization in detail, describing how it is vital for LDCs to meet the needs of its customers through the energy transition and facilitate greater partnerships with the towns and regions they service. Modernizing the distribution system is a prerequisite not only for the development of DSO capabilities but also for many other outcomes not directly related to the DSO. Local markets enabled by the DSO cannot evolve at scale without grid modernization.

In the DSO Roadmap, Hydro One encourages the OEB to emphasize the broader suite of anticipated outcomes that can be unlocked with foundational investments in grid modernization. These investments not only allow utilities to fully integrating, managing and optimizing DERs across the distribution system, but also provide other benefits such as enhancing grid optimization and increasing opportunities for customers

¹ [EDA Solving Grid-Lock Report](#)

to provide distribution system services. These outcomes help ensure that utilities have all of the tools required to optimize the system even as it expanded to meet economic and housing growth.

Together, foundational investments in grid modernization and improved planning and operations, particularly through optimized use of distributed energy resources (DERs), play a vital role in advancing the government's goals of affordability, reliability and resiliency.

Recommendation: Provide transparency into how related consultations and initiatives interact to ensure efficiency

Hydro One is pleased to see that the OEB is considering the DSO consultation within the broader policy context and has provided a mapping of the various related OEB consultations. Hydro One encourages the OEB to continue to provide the sector with insights into how these workstreams are coordinated and integrated including with the DSO Capabilities consultation. The IESO also has a variety of initiatives beyond the wholesale markets, including their capacity procurements, such as the medium and long-term procurements, Local Generation Program and Enabling Resources Program, which will increase the opportunities for distribution connected resources and interact with the OEB's suit of policy consultations.

Hydro One encourages the OEB and IESO to work together to map out the dependencies and relationships between the various consultations and initiatives so that these efforts can work in tandem to a common goal. This level of transparency is especially important in the current high-volume policy environment, as it will help guide the sector on how best to engage with and support the OEB's various files that result in meaningful outcomes.

Recommendations: Provide clarity on how the work of the sector will feed into the proposed Workstreams. Build on the work of sector to date and the OEB's existing regulatory framework to identify and fill gaps and changes required

Hydro One is encouraged to see the OEB's commitment to incorporate the work done to date by the sector within the Workstreams. Hydro One recommends that the OEB leverage the expertise of utilities and DER aggregators to ensure the Workstreams in the DSO Roadmap encapsulate the necessary elements to develop a regulatory framework that is fit-for-purpose for Ontario's unique governance structure and drives the behaviors and outcomes that will unlock the value of DERs to customers and the grid.

Further, some of the workstreams of the TDWG, developed over two years, would provide a valuable starting point for Workstreams 1 and 2 as contemplated in the OEB's October 14th presentation. Hydro One recommends that the OEB clarify how the TDWG work will be leveraged and integrated in these Workstreams.

Hydro One also recommends that the OEB provide clarity on how learnings from pilots, demonstrations and small-scale deployments will be incorporated into the Workstreams, and the feedback loop that will be established. The sector is increasingly active, leveraging a wide variety of funding sources, to test out and deploy DSO-like capabilities. It would be beneficial for the OEB to clarify what learnings would be of greatest

value to establish an enduring DSO policy, so that the sector can share the highest value learnings from pilots, demonstrations and small-scale deployments.

Lastly, Hydro One recommends that as a first step of Workstream 4, the OEB provide a summary document of the existing policies and requirements related to DSO capabilities and/or grid modernization to help guide the identification of gaps and how those gaps can be addressed. As noted in Hydro One's July 21st submission, the OEB has already established policies and requirements that enable utilities to move towards DSO capabilities, such as the Framework for Energy Innovation, NWS Guidelines, Benefit Cost Analysis Framework, expectations of 'grid optimization' in the Filing Requirements²³, the proposed local energy efficiency programs (Stream 2 eDSM), and tools such as the Innovation Sandbox. As part of the analysis of the summary document, the OEB should consider how distributors have addressed these requirements in applications to help inform the gap analysis of the regulatory framework.

Recommendation: Pace the DSO Roadmap work and allow utilities to continue investments in grid modernization during this period

Hydro One believes that the OEB and sector will require a few years to develop the Workstreams outlined in the proposed DSO Roadmap, with proposed amendments, and additional guidance that may be required. As noted in the July 21 submission, Hydro One recommends that the OEB provide near-term clarify on roles and responsibilities to ensure that all sector players, including utilities, continue to build towards a common objective while the details of the enduring policy framework are developed.

During the implementation of the Roadmap, utilities can and should rely on the current regulatory framework to bring forward applications that include grid modernization investments, in alignment with each utility's rate terms. These investments, grounded in system needs and customer expectations, can and should continue to be brought forward as the OEB establishes an enduring DSO policy framework.

CONCLUSION

Hydro One thanks the OEB for the opportunity to comment on the proposed DSO Roadmap. Hydro One looks forward to supporting the OEB's implementation of the DSO Roadmap.

Hydro One looks forward to collaborating with the OEB in the various initiatives to achieve the Ontario government's economic development and electrification goals in a manner that aligns with the expectations of our customers.

This filing has been submitted electronically using the Regulatory Electronic Submission System (RESS).

Sincerely,



Melanie Bhandari

² [Filing Requirements for Electricity Distribution Applications](#) For 2025 or prior, Chapter 5, Section 5.3
³ [Filing Requirements for Electricity Distribution Applications](#) For 2026, Chapter 5, Section 5.3.1.1