

October 24, 2025

VIA RESS

Mr. Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge St., Suite 2700
Toronto, ON M4P 1E4

Dear Mr. Murray:

RE: Distribution System Operator Capabilities (EB-2025-0060)

On October 14, 2025, the OEB hosted a stakeholder session in respect of its DSO Capabilities consultation. The topic area for the session was meant to advance the development of a DSO Roadmap, inclusive of the approach, objectives, overall vision, and detailed workstreams necessary to carry out its implementation. Following the session, the OEB has invited stakeholder feedback on these key elements to help shape the DSO Roadmap.

Alectra Utilities acknowledges the Ontario Energy Board's (OEB) continued leadership in advancing the Distribution System Operator (DSO) Capabilities consultation. Alectra also commends the OEB for its thoughtful engagement and the evolution of its thinking, as presented at the October 14, 2025 stakeholder meeting. Alectra is pleased to take this opportunity to offer further support for the OEB's phased DSO Roadmap approach and overall vision and offers the following comments to help refine and strengthen the framework.

Please see Alectra's comments below. If you require additional information, please feel free to contact the undersigned.

Sincerely,



Michael Lister
Director, Regulatory Affairs, Policy & Strategy
Alectra Utilities Corporation

Introduction

Following a Ministerial Directive arising from Ontario's Integrated Energy Plan (IEP), the Ontario Energy Board (OEB) has been tasked with delivering a comprehensive Distribution System Operator (DSO) Roadmap to the Minister of Energy and Mines by December 31, 2025. The directive highlights the need for grid modernization and the development of advanced DSO capabilities to improve system efficiency, reliability, and customer value.

With more households and businesses generating their own energy through DERs (and able to provide load flexibility), two way power flows will necessitate that LDCs have an active role in managing these flows to ensure grid stability and reliability. Importantly, greater use of DER assets also presents an opportunity to drive further system benefits. However, both to manage these opportunities smoothly and to mitigate unintended negative consequences will require effective planning and integration of these local energy sources. Successful implementation will enable the following outcomes:

- Prepare for the future energy market: The Independent Electricity System Operator (IESO) is implementing new market rules that will allow small DERs to participate in wholesale energy markets by 2027/2028. LDCs need to be ready to facilitate this participation efficiently.
- Accommodate a growing number of DERs: As more DERs are deployed, LDCs need to ensure that these new resources can be connected to the grid in a way that doesn't disrupt the electricity system.
- Optimize grid operations: Effective use of DERs has the potential to reduce congestion, enhance grid resilience, lower operational costs, and improve reliability and system hardening as Ontario experiences more extreme weather conditions.

The goal of the Distribution System Operator (DSO) is to advance the distribution network from a passive delivery channel into an actively managed, orchestrated grid platform that enables efficient, reliable, and optimized grid operations and planning to enable participation of Distributed Energy Resources (DERs).

Advancing DSO capabilities will deliver tangible benefits for ratepayers. Enhanced system visibility and control will enable more efficient use of DERs, lower-cost solutions to system needs, and the creation of new markets. Consistent with the Ministerial Directive, these outcomes will help to reduce overall system costs, improve reliability, and expand opportunities for customer choice, all while supporting the energy transition in alignment with the OEB's consumer protection mandate.

The OEB's leadership is central and fundamental to this cause. A formal roadmap will allow the OEB to provide sector-wide certainty, and guide Ontario's electricity system toward a modern, resilient, and responsive system for the benefit of ratepayers and all Ontarians.

The OEB has assessed feedback from Stakeholders and has developed materials to help advance DSO Capabilities in Ontario. The OEB has invited Stakeholder feedback in response to the following guiding questions:

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

The OEB Proposed Roadmap

In proposing the foundations for its development of a DSO Roadmap, the OEB first recounted some of the important feedback it heard from Stakeholders. In particular, the following were key points that helped to evolve the OEB's planning:

- There was broad support for a phased approach. This approach would include a clearly defined vision and focus on enabling DSO functions and capabilities, rather than prescribing particular models.
- The path to implementation should allow flexibility to allow distributors to progress at their own pace, based on system needs and DSO readiness.
- There has been much work done already, for example the TDWG work with the IESO, which have defined requirements and clear roadmap, will help fill key knowledge gaps, validate solutions, and inform the design of a scalable framework.
- Consumer protection principles should reside throughout the development of a roadmap, and structural changes should be phased in and adaptive.

The vision offered by the OEB is as follows:

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

Broadly speaking, the objectives for the DSO Roadmap were articulated by the OEB as follows:

- Define standardized DSO capabilities and distribution flexibility services;
- Establish the regulatory outcomes needed to achieve the overall vision;

- Ensure the development of DSO capabilities is grounded in and guided by customer benefit, system need, cost effectiveness, flexibility, practicality and adaptability.

Finally, the DSO Roadmap itself is conceived of as being the product of four different workstreams further guided or informed by ongoing pilots, demonstrations and small scale deployments, as summarized below:

Workstream 1

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

Workstream 2

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

Pilots, Demonstrations, and Small Scale Deployments

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

Workstream 3

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

Workstream 4

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

Alectra's Feedback on the OEB Roadmap

Generally speaking, in Alectra's view the DSO Roadmap should lead towards outcomes that strengthen reliability, preserve affordability, and promote innovation. At the same time, it should expand customer choice, unlock new market opportunities, and improve system-wide efficiency. These outcomes will serve as the foundation for achieving success.

To realize the vision, governance structures must be clearly defined and supported by well-established roles for all key sector participants, including the OEB, the IESO, LDCs, Aggregators,

and Government. The roadmap should remain responsive to evolving needs, allowing for phased milestones that respond to the pace of DER growth, local distribution needs, and technological readiness. Affordability remains a key government priority and the DSO model can contribute directly to this objective by enabling cost-effective integration of DERs and improved system efficiency. Customers expect progress at the pace of their needs.

In soliciting feedback on the DSO Roadmap, the OEB has asked the following questions:

- Are the roadmap workstreams clearly defined, appropriately scoped, and logically sequenced to reflect sector readiness and priorities?
- Are there any key elements missing from the workstreams, or areas that should be refined to better support the roadmap objectives?
- What timeframe is appropriate for completing the proposed roadmap workstreams?

In Alectra's view, the explicit recognition of key principles by the OEB in how it has evolved its thinking and planning and preparation for this consultative work is commendable and truly appreciated.

A roadmap will allow sector players to understand the vision, direction, and key milestones along the journey to developing DSO capabilities and will assist in identifying the issues pertaining to establishing a robust regulatory framework. In short, the DSO Roadmap itself is a very positive move forward, however, it could be improved in a few specific ways. Generally, the workstreams are sequenced correctly and contain, at a high level, the right key elements. Further comments on expected timelines and details are discussed below.

As an overarching comment, it is important to recognize that the enablement of DSO Capabilities actually constitutes a journey towards grid modernization. The tools, processes, and skills necessary to enable DSO Capabilities should firmly entrench grid modernization outcomes in all workstreams. The ability to produce distribution services and grid optimization are also important defining characteristics for the enablement of DSO Capabilities. In other words, the DSO Roadmap should facilitate grid modernization.

While the workstreams correctly indicate the importance of driving towards outcomes that facilitate and integrate with the wholesale market, it is important that the workstreams also identify that in many cases the integration of DERs can also produce distribution level benefits through grid optimization. The desired end state is a fully coordinated framework for DER operations and investment across all system levels, guided by the principle that all DER activities must be led and managed through the Local Distribution Company (LDC). This ensures a consistent, accountable, and locally coordinated approach to DER integration. The framework should be anchored in clear, measurable, and discrete milestones that help to drive preparation activities and investment plans with a clear understanding for what defines success and how to measure success.

The ultimate framework must encompass the full range of DER and flexibility activities, including enhanced Demand Side Management (eDSM), local generation, local flexibility services, Non-Wires Solutions (NWS), and related customer programs. Positioning the LDC as the central coordinating entity provides the necessary visibility, operational control, and reliability oversight to ensure system efficiency and customer value across the distribution network.

As the OEB considers the DSO Roadmap, along with its constituent milestones and timelines, it will become increasingly important to clarify direction in respect to the target DSO model, as this has a direct bearing on planning and investment activity. Said differently, the absence of a defined target model would lead to uncertainties in how utilities will contract with customers, for what purposes and services, and how it will coordinate with the IESO. As a result, the form of target model should be addressed sooner in the Roadmap, rather than later.

To ensure pilot programs and demonstration projects contribute meaningfully to policy development, the roadmap should clearly define how insights from these initiatives will be evaluated and incorporated. Establishing transparent objectives, evaluation criteria, and feedback mechanisms will help translate learnings into actionable regulatory outcomes and ensure that the DSO framework continues to serve all stakeholders.

It is difficult to comment on expected timelines without a detailed understanding for all of the component work that will be necessary to complete each of the workstreams. Broadly speaking, Alectra would expect that workstreams 1, 2, & 3 should be planned for completion within 12-18 months from their beginning, and that these workstreams could be accomplished concurrently, or at least nearly so. Workstream 4 could begin after the preceding workstreams are complete, and Alectra expects that it could be completed within 12 months.

To some stakeholders that may sound like an aggressive timeline. However, in Alectra's view, this pace is necessary in order to maintain focus, attention, and a certain level of urgency and is warranted for at least two reasons. First, this initiative and the need to modernize grid operations and enhance planning protocols allowing for greater customer participation through DER integration should form a cornerstone of the OEB's deliverables for the relative near term. This is directly responsive to various directives from the Government. Second, a longer timeframe would result in costs due to lost benefits, lost opportunities, and/or market increased market uncertainty and these would be lost and irretrievable. Finally, a longer timeframe could also exacerbate or put at risk the province's aspirations for resource adequacy in the medium to longer term.

Importantly, the roadmap should be an extension of the momentum already underway. It is a pathway to reinforcing and continuing to build upon existing progress, rather than a redirection or departure from practices already underway. The OEB and the distribution sector have already made significant strides, through initiatives such as Toronto Hydro's local demand response program, Alectra's York Region Non-Wires Alternatives project, Hydro One's Flexibility Initiatives, and Hydro Ottawa's EV Everywhere Project. Each initiative has demonstrated Ontario's ability to

test, learn, and scale new approaches to system management. It is time to move forward from the pilot phase into planning and preparation for wider scale enablement and readiness.

As Ontario moves forward with formalizing a DSO Roadmap, it is essential that the framework reflects the current state of sector development. A roadmap that fails to account for the substantial work already undertaken by LDCs and other stakeholders, risks disconnecting policy from operational reality and missing opportunities to build upon proven approaches.

Conclusion

The DSO Roadmap represents more than a technical plan. It is the vehicle through which Ontario can avoid stranded investments, ensure scalability, and deliver a reliable, affordable, and customer-focused electricity system. LDCs have the experience, the capabilities, and the customer relationships to lead Ontario's DSO journey; the OEB has the authority and the mandate to provide enabling regulation; the IESO will continue to ensure interoperability between transmission and distribution systems, including enrolment and settlement with participating DER aggregators; and the government has the responsibility to provide long-term policy clarity. Together, all of these sector players should work together to ensure that Ontario's DSO framework not only meets Ministerial Directives but also positions the province as a leader in modern, customer-centric electricity systems.

Ontario distributors have already demonstrated their ability to innovate, adapt, and scale. The DSO Roadmap introduces the structure and discipline needed to build upon that success, helping to shape an electricity system that delivers greater value for customers, improves system efficiency, and ensures reliable service for communities across the province.

Alectra welcomes the OEB's recognition of the numerous overlapping workstreams and recommends continued coordination with other initiatives underway at both the OEB and IESO, such as the work of the Transmission-Distribution Working Group (TD-WG), the Framework for Energy Innovation (FEI 2.0), the Benefit-Cost Analysis (BCA) Framework, to ensure alignment across the sector.

By embedding grid modernization as a core priority, the roadmap will demonstrate its responsiveness to government objectives and its commitment to long-term system resilience, reliability, and sustainability. The DSO vision should extend beyond Distributed Energy Resource (DER) participation in wholesale markets to include the integration of DERs for distribution-level services and grid optimization. DERs are able to enhance reliability, resiliency, planning, and operations at the local level, and the DSO Roadmap should reflect these important capabilities that help achieve Ontario's broader energy transition goals.

Alectra appreciates the OEB's collaborative approach and the progress to date in working to develop a DSO Roadmap and looks forward to continued engagement moving forward. Alectra will continue to work collaboratively with the OEB, IESO, and other sector partners to support Ontario's transition to a modern, resilient, and customer-focused electricity system.