

October 24, 2025

Mr. Ritchie Murray
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Mr. Murray:

RE: Submissions on Distribution System Operator Capabilities Roadmap, OEB File No. EB-2025-0060

The Electricity Distributors Association (EDA) represents Ontario's local hydro utilities, the part of our electricity system closest to customers. Publicly and privately owned utilities, otherwise known as local distribution companies (LDCs), deliver electricity to residential, commercial, industrial, and institutional customers, powering every community in the province. The sector owns over \$33 billion in electricity system infrastructure and invests more than \$3 billion annually in the grid.

Our members are directly impacted by the Ontario Energy Board's (OEB) consultation to consider and define a policy framework and roadmap to set expectations for electricity distributors regarding the development of Distribution System Operator (DSO) capabilities.

We continue to support this consultation as it will build on existing capabilities and further advance the current journey and evolution of LDCs. As noted in our previous submission, over the last two decades, Ontario's LDCs have consistently, continually and substantially modernized their systems, structures, and expertise in response to government policy initiatives, regulatory requirements, and evolving customer preferences. That is to say, many Ontario LDCs have been travelling along the path (although at different speeds) to adopt DSO functions, which, as described in the OEB's materials, "is an entity with advanced capabilities to integrate, manage and optimize DERs for distribution and wholesale market services. DSOs actively manage distribution systems, and the sophistication of their capabilities would evolve as system needs or DER penetration levels increase."

SUBMISSIONS

The EDA believes that, given the limited time available to the OEB, it has produced a reasonable and well-structured roadmap. The OEB has appropriately recognized the many overlapping workstreams, and we encourage continued transparency regarding the coordination of these efforts, both within the OEB and with related initiatives at the Independent Electricity System Operator (IESO). We offer the following suggestions to help the OEB further refine its roadmap. Our submission focuses on three questions posed in OEB staff's October 14, 2025, presentation:

1. Are the proposed roadmap elements appropriate?
2. 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?

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

We address these questions by roadmap element.

- a) Approach: The EDA believes that the proposed approach would benefit from more details regarding process and timing that would effectively support the development of DSO capabilities in a practical and scalable way.

During the October 14th meeting, OEB staff indicated that the initial two workstreams would likely be conducted using working groups, but that no final decision had been made. We note that many issues involving DSOs involve one or more issues common to all LDCs. As such, we suggest that the OEB carefully assess whether some issues and/or workstreams may be better settled through policy consultation or an adjudicative approach. In particular, some items, such as defining and enabling foundational DSO capabilities and the requisite investment needs by LDCs for these capabilities (e.g., grid modernization), suggest that an adjudicative process (e.g., a generic hearing) may be the best option to provide holistic, clear and binding regulatory expectations and requirements rather than dealing with the issues through individual applications on a case-by-case basis. An adjudicative process will provide more clarity in terms of providing guidance to LDCs that are already, or seeking to be, “early-movers” on DSO capabilities because of the specific conditions on their network. A generic adjudicative process would ensure regulatory consistency, procedural fairness, and a transparent record for key matters that affect all distributors. It would provide authoritative guidance on cost recovery principles, rate treatment, and prudential obligations associated with DSO capability investments—matters that, if left to individual applications, could result in inconsistent decisions and fragmented sector outcomes.

On the other hand, issues such as required code amendments would be better suited for policy consultation processes. Policy consultations are ideal for exploring conceptual and design matters that require broad stakeholder input, including code amendments, role definitions, and the standardization of flexibility services. These discussions benefit from an inclusive, iterative engagement rather than the adversarial nature of adjudicative proceedings.

Moreover, we believe that the overall roadmap should consider incorporating the policy direction in Ontario’s [Integrated Energy Plan](#) (IEP), which made clear that the government expects “**proactive investment in electricity infrastructure** to meet broader provincial policy goals such as the construction of new homes, businesses and other priorities”¹ and that “modernizing the distribution grid is essential to deliver power more efficiently and reliably, enable new forms of customer participation, and ensure Ontario is prepared to meet future system needs.”² In our view, the proposed roadmap should consider other expectations set out in the IEP, as well as the government’s proposed [Bill 40, Protect Ontario by Securing Affordable Energy for Generations Act, 2025](#) (Bill 40), which would add supporting economic growth to the OEB’s statutory objectives for regulating the electricity sector.

- b) Objectives: The EDA believes that the OEB’s proposal would benefit from articulating near-term, medium-term, and long-term action-oriented objectives that help progress the

¹ Energy for Generations: Ontario’s Integrated Energy Plan to Power the Strongest Economy in the G7, p. 86

² *Ibid.*, p 82

evolution of LDCs to DSOs at an appropriate pace, as well as being linked to the priorities and objectives of the IEP and *Bill 40*.

For example, we encourage the OEB to formally incorporate the IEP's definition and outcomes regarding grid modernization into its policies (e.g., LDC filing requirements) and decision-making. As noted in the [EDA's previous submission](#), we recommend that the OEB leverage existing work from other jurisdictions (e.g., United States Department of Energy) to inform objectives, workstreams, and all elements of the roadmap. More jurisdictional examples are examined in the EDA's 2024 signature policy paper, [Solving Grid-Lock: Our Vision for a Customer-Centric Energy Transition](#) (*Solving Grid-Lock*), which argued that investments in grid enhancements and modernization are necessary to empower LDCs to introduce new programs and services for their customers while effectively managing the increasing uptake of electricity connections from customers and DERs.

- c) Vision: The EDA is concerned that the proposed vision statement is too narrowly focused on distributed energy resources (DERs). Enabling, integrating, and optimizing DERs across the distribution and bulk system are important aspects of DSOs, but they are not the only, or even the defining characteristic, of DSOs. There are many new functions and responsibilities that are associated with DSOs, which are better characterized as LDCs evolve to a more sophisticated utility model where they more actively (and proactively) plan, operate, forecast (including more granular forecasting), protect, coordinate, and manage their networks.

As noted in the IEP³, the government has launched a comprehensive DER strategy to better integrate DERs into the electricity system, built upon three core pillars. The first pillar guides DER deployment to enhance reliability, lower system costs, and defer infrastructure upgrades by promoting grid modernization and system resilience. Key actions supporting this include enhancing data sharing among all system stakeholders (OEB, IESO, LDC, and providers), actively considering DERs in all levels of system planning, defining a roadmap for potential DSO capabilities, and enhancing guidance for using DERs as cost-effective non-wires solutions.⁴ Therefore, the vision should encompass the integration of DERs to deliver distribution services and enable grid optimization focused on reliability, resilience, and enhanced planning and operations.

For example, Ofgem's [policy position paper on DSOs](#) stated that "we think of DSO as the effective delivery of multiple functions and processes in the distribution network to manage the system and network. Given the change in the energy system, this will require the delivery of new functions and better coordination and efficient provision of existing functions."

³ Energy for Generations: Ontario's Integrated Energy Plan to Power the Strongest Economy in the G7, p. 89

⁴ The other two pillars of the government's DER strategy include *Empowering Consumers* (by making it easier for families and businesses to adopt and benefit from DER, helping them manage energy use and reduce costs) and *Attracting Investment and Unlocking Innovation* (to enable market pathways that encourage private investment in cost-effective DER solutions.)

- d) Workstreams: The EDA suggests expanding Workstream 1⁵. Specifically, we suggest that this workstream go beyond simply defining DSO capabilities but set out to establish how to enable those capabilities.

For example, Ofgem’s paper on DSOs identified key enablers for DSO functions as follows (this is not to say Ontario should simply adopt the same objectives and functions, but a better articulation of desired outcomes that align with Ontario’s policy and market context is needed early in the process):

- Forecasting and planning enablers
- Network monitoring and visibility enablers
- Flexibility trading enablers
- Flexibility dispatch and control enablers
- Data exchange enablers

As noted in part (c), the functions listed above show that DSO functions reach far beyond facilitating DER investment and participation in electricity markets (and/or programs).

In addition, the EDA notes that the OEB’s workstreams and roadmap do not address the institutional roles and responsibilities of the OEB, IESO and LDCs. As noted in *Solving Grid-Lock*, a lack of coordination in the energy sector hinders the development of a cohesive approach to DER integration (and electrification more broadly), one which would recognize the value of DERs to the customer, distribution system, and bulk system. Further, there is a need for greater clarity on the division of responsibilities and coordination among stakeholders to advance toward new LDC roles effectively. This is vital, and the consultation should establish a roadmap showing how roles and responsibilities, particularly between LDCs and the IESO, need to change to empower LDCs to embrace their evolving roles.

The EDA submits that the OEB should add a workstream specifically addressing institutional roles and responsibilities between the IESO and LDCs.

FURTHER SUBMISSIONS

As noted at the beginning, we support the OEB’s work to date on DSOs. To enhance this work, we believe that the proposed roadmap would benefit from elaboration and clarification, especially incorporating the IEP, the associated implementation directive, and *Bill 40*, so that a clear process (e.g., policy consultation and/or adjudicative proceedings) is articulated, including timelines for next steps (and interim steps), for how the OEB intends to realize the transition of LDCs to DSOs.

We suggest that the OEB’s work include consideration of how the sector responds to filing requirements related to DSOs and identify any additional guidance needed to fully support their implementation. Flexibility should be built into the process to accommodate emerging opportunities and ensure that requirements are aligned with the capabilities of each participant along their respective implementation journeys.

⁵ The OEB defines Workstream 1 in its Stakeholder Presentation as involving the following activities: “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.”

Our members believe that grid modernization is foundational and should underpin all workstreams. That said, many aspects of DSO evolution could benefit from more focused attention and clearer articulation. For example, grid modernization to enable system visibility, management, and control extends beyond DER integration to include broader objectives such as reliability and resilience. Similarly, the objectives for establishing a DSO, e.g., achieving a more efficient and reliable distribution network through active network management, more sophisticated and proactive planning, enhanced forecasting, and greater coordination with the IESO, should be emphasized more clearly in the deck.

Our members support the use of pilots as a tool for learning and innovation, while also encouraging the OEB to establish formal feedback loops. The OEB should clearly define what it intends to learn from each pilot and explain how the insights gained will inform the broader workstreams and policy development.

While this may appear daunting, we wish to emphasize that there is an enormous amount of work on DSOs and grid modernization (see above) that has been done and/or is currently ongoing in other jurisdictions. For example, many utilities in the United Kingdom have developed and are implementing DSO visions, roadmaps, and plans (e.g., [SP Energy Networks](#), [National Grid](#), [Electricity Northwest](#)). Another relevant recent example is the New York State Public Service Commission's [proceeding on proactive planning](#) to prepare the electric grid for building and transportation electrification.

Thank you for the opportunity to comment on this important matter. We look forward to continued engagement with the OEB. If you have any questions, please contact Rudra Mukherji, Senior Regulatory Affairs Advisor, at rmukherji@eda-on.ca.

Sincerely,

A handwritten signature in black ink, appearing to read "Teresa Sarkesian".

Teresa Sarkesian
President & Chief Executive Officer