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Ontario Energy Board
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October 24, 2025

EB-2025-0060– Distribution System Operator Roadmap – Stakeholder Consultation
Pollution Probe Comments

Dear Mr. Murray:

The Minister of Energy and Electrification’s 2024 Letter of Direction to the Ontario Energy Board (OEB) requested that the OEB “develop and assess local and market opportunities for Distributed Energy Resources (DERs), including through alternative energy business models (e.g., Distribution System Operator capabilities).” In response to this direction, the OEB initiated a consultation to consider and define a policy framework to set expectations for electricity distributors regarding the development of Distribution System Operator (DSO) capabilities, which can provide new means for ensuring reliable and cost-effective distribution services at the same time as enhancing opportunities for DERs. A summary of the OEB consultation purpose is noted below¹.

Objectives – Developing a DSO capabilities regulatory policy framework that can:

- Maximize value and opportunities of DERs.
- Align implementation with consumer interests and system needs.

Outputs – Providing policy guidance on:

- Any legislative and regulatory changes that may be required or beneficial.
- Expectations of distributor with regards to different activities.
- Criteria for reviewing distributors’ investment proposals.
- Updates to participants’ rules of conduct and requirements.
- Implications of introducing DSOs for existing processes and requirements (e.g., regional planning).

Outcomes – Advancing priorities related to:

- Cost-effective grid modernization.
- Increased confidence in DERs as Non-Wires Solutions (NWSs).
- Encourage DER investment where it provides greatest value.
- Reduction of duplication and inefficiency through a consistent design approach.
- Greater customer choice.

¹ Presentation DSO Capabilities Stakeholder Meeting_20251007, Slide 7.

The OEB published the DNV report '*Considerations for Establishing DSO Capabilities in Ontario*' on May 20, 2025. An OEB Staff Discussion Paper was also released on May 20, 2025 to set out objectives for the consultation and establish the key issues to be addressed. Pollution Probe and other stakeholders submitted comments on the initial materials and approach outlined. Pollution Probe suggests that its previous feedback (and that of other stakeholders) remains relevant and the OEB should keep those comments in mind when progressing the DSO Roadmap. Where relevant and appropriate to the focus of the October 14, 2025 consultation, Pollution Probe has highlighted a few previous areas of comments that are specifically relevant to the incremental feedback the OEB requested. Pollution Probe's July 14, 2025 comments included references where DSO issues have already been considered and it is important and efficient to leverage best practices and lessons learned when possible.

On October 14, 2025 the Ontario Energy Board (OEB) held a stakeholder session with the purpose of focusing on the following areas:

- Stakeholder feedback on the DSO Discussion Paper and Consultant Report
- The evolution of the OEB's thinking from the initial 3-step proposal to the DSO roadmap.
- The OEB's proposed approach to key elements of the roadmap: the approach, objectives, overall vision and workstreams.

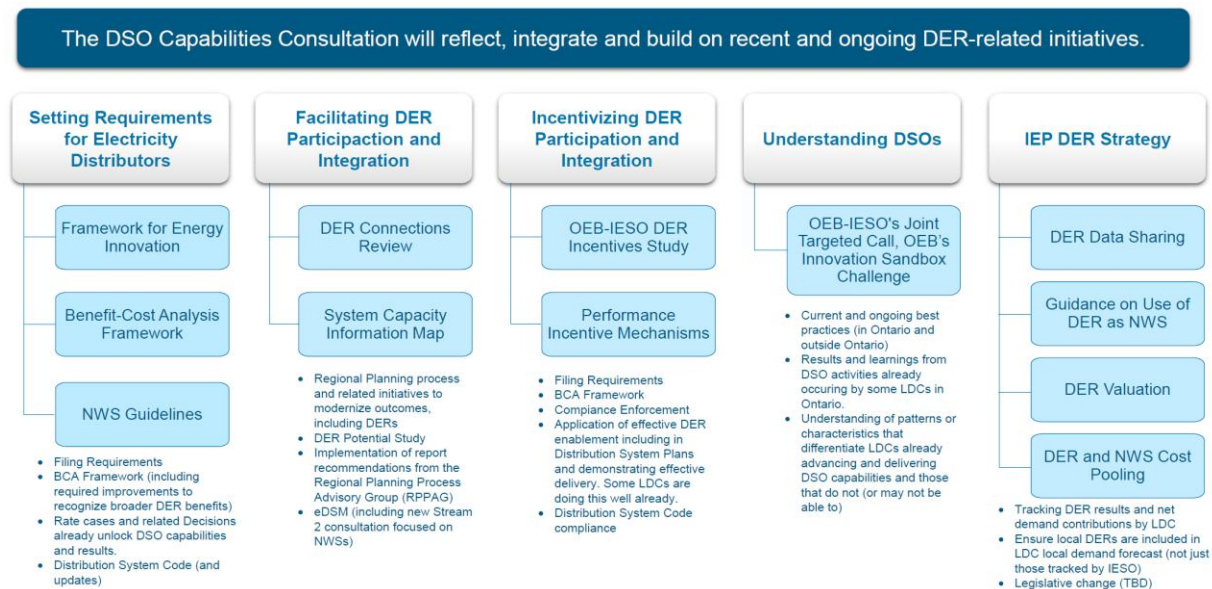
During the October 14, 2025 stakeholder session, the OEB noted that the purpose of the session was focused on the following areas:

- Stakeholder feedback on the DSO Discussion Paper and Consultant Report
- The evolution of the OEB's thinking from the initial 3-step proposal to the DSO roadmap.
- The OEB's proposed approach to key elements of the roadmap: the approach, objectives, overall vision and workstreams.

Also, during the October 14, 2025 stakeholder session, the OEB noted that stakeholder written comments on the DSO Discussion Paper, Consultant Report and inputs shared in the stakeholder symposium played a key role in shaping the DSO roadmap approach and clarifying its scope, highlighting the importance of flexibility, capability-building, whole-system outcomes and alignment with existing sector efforts. The OEB also provided a table outlining what they heard and how the OEB's thinking has evolved based on that input. This is a best practice transparent and constructive approach, particularly on such a difficult and complex topic. Pollution Probe commends the OEB for using this transparent iterative approach to fine-tune

the roadmap and ensure that it will achieve the intended outcomes while avoiding creating barriers that could restrict leading LDC progress.

The OEB recognised that the DSO consultation must not occur in a silo and is required to be coordinated with a series of other initiatives. The OEB noted that the DSO Capabilities Consultation will reflect, integrate and build on recent and ongoing DER-related initiatives. This transparent and coordinated approach is essential to success and to avoid unanticipated impacts to related DER initiatives. Although the initial list developed by the OEB was a good starting point, it is clear that there is a need to recognize a broader range of activities that will impact successful implementation of DERs and DSO Capabilities. One example is the utility rates case which is a fundamental process to assess a utility's progress, plan and related budgets. The following diagram represents the interactions with DER related initiatives that the OEB identified². Pollution Probe has included some additional bullets at the bottom of the diagram to illustrate some of the other important initiatives that also need to be considered.



As previously noted, the recent integrated energy policy document 'Ontario's Energy for Generations'³ and the related Directives to the OEB⁴ and Independent Electricity System Operator (IESO)⁵ included requirements for enhanced coordination related to integrated

² Presentation DSO Capabilities Stakeholder Meeting_20251007, Slide 8.

³ <https://www.ontario.ca/page/energy-generations>

⁴ [OC-802-2025.pdf](https://www.ontario.ca/page/energy-generations)

⁵ <https://www.ieso.ca/-/media/Files/IESO/Document-Library/corporate/ministerial-directives/Directive-from-the-Minister-of-Energy-and-Mines-20250612-IEP.pdf>

planning and advancing DERs. OEB Staff have highlighted some of the activities being conducted through the IESO's Transmission & Distribution Coordination Working Group (IESO TDWG). There is an opportunity to align the focus and use of the work of the TDWG (and other IESO DER related initiatives) more successfully with the OEB initiatives related to DERs. While noting that there are differences between the wholesale market and local DSO focus, perhaps this would include more regular sharing of information and initiative scoping between IESO initiatives and OEB initiatives, plus sharing of information across working groups. It is important for the IESO and OEB to more effectively and transparently interlink ongoing activities and consolidate their initiatives and outcomes in a common project plan to mitigate the gaps that are restricting Ontario from achieving the modern and effective integration of DERs into the local and regional grids. There appears to be a consensus of interest to make this occurs, but implementation and achievement of actual change and tangible results is lagging. Although DER opportunities are expanding at a local level, these have not impacted the outcomes of the Regional Planning outcomes in any material manner.

In addition to the updates to the Distribution System Operator (DSO) Roadmap provided at the October 14, 2025 stakeholder session, the OEB focused on the following questions for discussion.

- 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?
- Given the broad scope of Workstream 1 and 2, which specific areas should the working group prioritize first to ensure early progress and meaningful impact?

The OEB also requested feedback on 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?

Below is some additional feedback related to the focus and questions noted by the OEB in the October 14, 2025 stakeholder session.

- Overall, it appears that the summary of what the OEB heard and the evolution of the OEB's thinking related to the DSO Roadmap appears correct.

- OEB staff proposes a graduated approach to facilitating the adoption of DSO capabilities in Ontario, beginning with DSO model design choices that reflect the existing regulatory framework, anticipated system conditions and foreseeable DER penetration levels. This approach will also allow for development of more advanced DSO models that become of greater value as the electricity sector attracts greater DER penetration and matures in its use of DER/As to meet needs at the wholesale, distribution and customer levels.
- Recognize low hanging fruit and actual current activities and results by some leading LDCs.
- Understand that there is a lot of international work on the value of DSOs and on all the services they can offer, for example flexibility markets for essential reliability requirements. Pollution Probe has worked on this the ability of DERs to provide reliability services,⁶ and it is important that all the value streams from DSO and DER enablement be captured in the workstreams. Information from other jurisdictions, particularly the UK, could expedite matters in the early days and interviews or workshops with them should be organized for the sector.
- Ensure that the DSO Roadmap and Workstreams do not slow real tangible progress being made by leading LDCs.
- Enabling progress while the workstreams are ongoing would be beneficial. Pilots, possibly supported through the Innovation Sandbox, can provide real-world iterative information to enhance discussions and would ensure that LDCs do not lose momentum. This can be for targeted calls for DSO-related initiatives, possibly assisted through Grid Innovation Funding from the IESO. For example, it has been over 3 years since the York Regions NWA Demonstration was conducted, which showed beneficial results and can result in lower costs. Given the cost pressure on LDCs, it would be wrong for projects to have to wait until the final consultation was completed as value can be captured before. Plus, the findings can be integrated into the parallel workstreams.
- Enabling flexibility (particularly for leading LDCs) should not be interpreted as providing no minimum expectations and requirements for lagging LDCs.
- Minimum requirements flowing from the DSO Roadmap must not undermine current requirements (e.g. filing requirements, Distribution System Code compliance, etc.).
- Phasing in minimum requirements makes sense and provides time for LDCs that have not yet advanced DERs in alignment with energy transition needs and Provincial policy direction. A firm timeline needs to be put in place to bridge gaps and ensure that minimum standards improve over time.
- Set firm scope, deliverables and timeline related to each Workstream.
- Do not start from scratch for each Workstream. The most effective approach has been for the OEB to develop a draft approach (could use experts if required) to jumpstart the process and product for each Workstream. This will avoid spinning of wheels by the working groups.

⁶ https://www.pollutionprobe.org/wp-content/uploads/2024/11/Pollution-Probe_Net-Zero_Nov2024.pdf

- Ensure that the Workstreams include an appropriately broad range of participation and checkpoints to ensure that it does not become myopic and regressive compared to the intended policy outcomes. For example, using the Workstreams to set minimum requirements based on feedback of LDCs that have not advanced DSO Capabilities could result in a less effective outcome for the industry as a whole.
- Ensure that enablement for leading LDCs is considered during Workstream development. If the Workstreams result in minimum requirements, there needs to be recognition that leading practices continue to be implemented which exceed minimum requirements.
- Provide broader stakeholder transparency as Workstreams progress and appropriate opportunities for feedback to the OEB.
- Ensure that other DER enablement continues while the Workstreams progress.
- The OEB should update the related DER initiatives in parallel and assess what specific outcomes will come from each, plus how they related to each other to achieve the intended outcomes.
- The OEB and IESO should produce a consolidated DER enablement plan that includes the scope, timing and intended outcomes of each DER related initiative and how information from each are being integrated to achieve the overall policy objectives.
- Consideration is needed on how to track actual tangible DER results flowing from each initiative and at an aggregated level for Ontario. Activity without tangible outcomes is not efficient. Setting clarity on tracking for DERs at a granular and aggregated level to provide long term system benefits would act as a compass and scorecard to align activity.

Pollution Probe remains a firm supporter and advocate for modern innovation and cost-effective energy solution that unlocks the benefits from the Energy Transition, including DERs that reduce overall grid emissions and provides a more flexible energy system for local customers. Pollution Probe looks forward to continuing to support the OEB and the Province in its pursuit to these goals as the DSO capabilities initiative advances. Please do not hesitate to reach out if there are any questions related to the comments above.

Respectfully submitted on behalf of Pollution Probe.



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