Ontario Energy Board | Commission de l'énergie de l'Ontario

BY EMAIL AND WEB POSTING

October 28, 2025

NOTICE OF PROPOSAL TO AMEND A CODE

PROPOSED AMENDMENTS TO THE DISTRIBUTION SYSTEM CODE

BOARD FILE NO.: EB-2019-0207

To: All Licensed Electricity Distributors
All Licensed Electricity Generators
All Licensed Electricity Storage Companies
All Participants in Consultation Process EB-2019-0207
All Other Interested Parties

What You Need to Know

- **The OEB is issuing a Notice of Proposal to amend the Distribution System Code related to the streamlining connection of Distributed Energy Resources.**
- **Key changes include increasing the maximum capacity limit for micro-embedded generation, revising insurance requirements, removing a capacity allocation exemption, consistency in the connection impact assessment timeline, and broadening technical standard requirements.**
- **Comments from stakeholders regarding the proposed amendments are due by November 19, 2025.**

The Ontario Energy Board (OEB) is giving notice, under section 70.2 of the *Ontario Energy Board Act, 1998* (Act), of proposed amendments to the *Distribution System Code* (DSC). These proposed amendments are intended to lower barriers to Distributed Energy Resource (DER) connections, reduce costs, and improve timelines, fairness, and consistency in connection processes in support of goals articulated in the Ontario's Integrated Energy Plan (IEP). Key changes in this proposal include increasing the maximum capacity limit for

micro-embedded generation, revising insurance requirements, removing a capacity allocation exemption, consistency in the impact assessment timeline, and broadening technical standard requirements.

Comments from stakeholders regarding the proposed amendments are due by November 19, 2025.

A. Background

On August 13, 2019, the OEB issued a letter initiating a policy consultation to review its requirements regarding the connection of DERs (DER Connections Review). The objective of the ongoing DER Connections Review is to identify barriers to the connection of DERs and address them through, where appropriate, standardization and improvement of the connection process.

As part of the DER Connections Review, the OEB established a Working Group comprised of various stakeholders.[1] Recommendations from the Working Group contributed to several DSC amendments that have increased the standardization and consistency of the DER connection process used by licensed electricity distributors across the province. For more information on the project, please visit the OEB's Engage with Us project website.

In 2025, the Working Group continued to explore ways to improve connection processes, focusing on enhancing transparency, improving timelines, reducing costs and providing further guidance on DER hosting capacity constraints. These objectives align with the Minister of Energy and Mines' IEP Directive to the OEB.

As part of this work, the Working Group developed several recommendations, five of which are reflected in the following proposed amendments to the DSC:

1. Increase the maximum nameplate capacity for a micro-embedded generation facility by 20%.
2. Revise the insurance requirements in the connection agreement form for small and mid-sized embedded generation facilities.
3. Remove the capacity allocation process exemption for 'an embedded generation facility that is not an embedded retail generation facility'.
4. Allow distributors an additional 15 days to complete connection impact assessment (CIA) studies for small, embedded generation facilities in cases where a host distributor assessment is required.
5. Broaden technical standard requirements.

[1] DER Connections Review Working Group members include DER providers, electricity distributors, electric vehicle charging providers, government agencies, industry associations and non-for-profit groups.

B. Proposed amendments to the DSC

This section details the five proposed DSC amendments, including the OEB's rationale for the changes. The OEB is also proposing a housekeeping update to the DSC.

In proposing these amendments, the OEB is guided by its objectives as set out in section 1 of the Act. Appendix A for this Notice contains the proposed amendments showing additions in underlined text and omissions in strikethrough text. Appendix B contains a clean version of the subject portions of the DSC as they would appear if the proposed amendments were adopted.

Micro-embedded generation facility definition

The OEB proposes to amend the DSC as follows:

- Update the definition of a micro-embedded generation facility to reflect a new limit of 12kW, increased from the previous limit of 10kW.
- Revise Appendix E of the DSC to include 12kW in the Micro-Embedded Generation Facility Connection Agreement section, replacing the current 10kW reference.
- Revise Appendix E of the DSC to include 12kW in the Connection Agreement Form for Small and Mid-sized embedded generation facilities section, replacing the current 10kW reference.

The Working Group reviewed the 10kW micro-embedded generation facility capacity limit and observed a growing trend in the deployment of residential and small business DERs, including solar PVs combined with battery energy storage, and bi-directional EVs. The findings showed that these technologies often result in total site capacities exceeding the 10kW limit, leading to longer connection timelines, higher costs, or customers opting to derate their facilities to qualify for the micro-embedded generation connection process. Feedback from the Working Group indicated that derating – particularly for battery systems – can be unnecessary, costly, increase connection timelines, and may reduce overall system benefits.

To support customer choice in meeting energy needs while maintaining the expedited and simple connection process and cost associated with micro-embedded generation facilities, the OEB is proposing to increase the maximum nameplate capacity for a micro-embedded generation facility by 20%. This change would remove the need for customers to derate their facilities, better reflect market trends and accommodate residential DER technologies with nameplate capacities between 10kW and 12kW. This proposed amendment is

expected to reduce costs, support fairness, enhance grid benefits, support government priorities, and align with industry best practices.

Commercial general liability insurance requirements

The OEB proposes to add a new section 9.2 to the DSC to provide residential customers with an exemption to the commercial general liability insurance requirement.

In addition, the OEB proposes to amend section 9.1 in Appendix E to:

- Address concerns about changes to a customer's insurance after the connection process is complete, by requiring the customer to notify the distributor if the insurance policy no longer meets section 9.1 requirements, and
- Clarify that a customer entering into an agreement with a third party must confirm and provide proof of a valid insurance certificate from that third party.

Residential customers are typically subjected to liability terms as written in the micro-embedded generation facility connection agreement. However, if a residential customer installs a DER with a nameplate capacity exceeding the micro-embedded generation facility limit, the customer will need to enter into a connection agreement with a distributor using the connection agreement form for small and mid-sized embedded generation facilities. This connection agreement form, as set out in Appendix E of the DSC, requires commercial general liability insurance of at least $1,000,000 per occurrence and in the annual aggregate. This insurance requirement increases the complexity of the connection process, as the insurance industry has specific rules governing when a residential customer can obtain commercial insurance. Moreover, residential customers may face high principal amounts.

Recognizing these barriers, the Working Group recommended that the OEB provide an exemption for residential customers from the commercial insurance requirement. Additionally, the Working Group proposed clarifying the insurance provisions in the connection agreement.

The OEB agrees with these recommendations. It is anticipated that granting this exemption will enable broader DER adoption for residential customers, particularly those seeking to install systems slightly above the current maximum threshold for micro-embedded generation facilities. This change aligns with broader policy objectives to support electrification, customer choice, and the transition to a more distributed and decarbonized energy system. The additional

changes regarding insurance requirements are expected to provide clarity for customers and distributors.

DSC section 6.2.4.2 capacity allocation process exemption

The OEB is proposing to amend section 6.2.4.2 of the DSC to remove the exemption from the capacity allocation process requirements for embedded generation facilities that are not embedded retail generation facilities.

Section 6.2.4.1 outlines requirements related to the capacity allocation process, including those related to the CIA, capacity allocation and the connection cost agreement. Section 6.2.4.2 then indicates that section 6.2.4.1 does not apply to an application to connect a micro-embedded generation facility or an embedded generation facility that is not an embedded retail generation facility.

The Working Group discussed the applicability of the exemption provided to these facilities, which could be a net metering DER or a non-exporting DER, within the evolving DER connection landscape. Under this exemption, a distributor may interpret the rules as having the flexibility to implement distributor-specific processes for these DERs, potentially leading to inconsistencies across distributors.

The OEB has reviewed its decision from September 2009 (EB-2009-0088), which introduced the exemption, and notes that the DER connection landscape has evolved significantly since then. At the time the decision was made, most connections that involved generation projects participated in one of the programs offered by the Independent Electricity System Operator. In recent years, the majority of DER connections have been net metering or non-exporting connection projects. The existing exemption could now apply to a broader range of projects, leading to a departure from standard connection practices and reducing transparency and predictability for proponents.

This proposed amendment reinforces consistency in the connection process and aligns with amendments made in 2022 and 2023. At that time, the OEB removed several exemptions provided to “capacity allocation exempt” small embedded generation facilities under section 6.2.4.2 and non-exporting embedded generation facilities under section 6.2.1. The aim was to promote greater equity among projects, improve certainty for both proponents and distributors, and support distributors assess system capacity and technical requirements more effectively. Collectively, these changes aim to ensure timely connection of DERs.

DSC section 6.2.12 CIA timelines for small embedded generation facilities

The OEB proposes the following amendments to section 6.2.12 of the DSC to improve connection timelines:

- Revise subsection 6.2.12 b) to allow an additional 15 days for completion of CIA studies for small DER projects in cases where there is no reinforcement or expansion and where host distributor coordination is required.
- Clarify subsection 6.2.12 c) to confirm that the existing 90-day timeline for small DER projects with reinforcement or expansion already accommodates the additional time needed for host distributor coordination.

Currently, DSC section 6.2.12 requires a distributor to provide an applicant with its impact assessment of the proposed facility, a detailed cost estimate and an offer to connect within 60 days of the receipt of the application where no distribution system reinforcement or expansion is required, or 90 days if distribution system reinforcement or expansion is required.

In March 2022, the OEB revised the DSC to provide electricity distributors an additional 15 days for completion of CIA studies for mid-sized and large generation facilities in cases where a host distributor assessment is required. This change allowed an embedded distributor to complete any necessary up-front activities before initiating a host distributor assessment application. Using this rationale, the Working Group has made a similar recommendation to amend the timelines in relation to small DER projects.

The OEB agrees that this recommendation is warranted and will lead to a consistent approach across all project sizes when a host distributor assessment is required. These changes aim to ensure timely and consistent processing of CIA studies involving host distributors.

6.2.25 Technical requirements

The OEB proposes to amend section 6.2.25 of the DSC to replace the Canadian Standards Association (CSA) standard C22.3 No. 9 requirement with a general provision that DERs must meet the applicable industry standards identified by the distributor.

In 2021, the Working Group recommended that the OEB discontinue Appendix F (Process and Technical Requirements for Connecting Embedded Generation Facilities) and instead reference CSA C22.3. No. 9 (Interconnection of distributed energy resources and electricity supply systems) as the technical

standard for DER connections in the DSC, to ensure alignment with the CSA standard for the safe and efficient operation of DERs. In the March 22, 2022 Notice of Amendments to the DSC, the OEB amended section 6.2.25 to replace the reference to Appendix F.2 with CSA C22.3 No. 9.

The Working Group recently reviewed this requirement and proposed to broaden the technical standard requirement to any applicable industry standard determined by the distributor.

The OEB agrees with this recommendation, recognizing that it offers customers with greater flexibility to select equipment that is readily available and suited to their needs, potentially reducing procurement time and cost. In addition to CSA standards, other well-established industry standards – such as those from the IEEE and UL standards – may also be adopted for DER applications in Canada. By removing the exclusive reference to CSA C22.3 No. 9 and allowing distributors to identify applicable standards, the OEB aims to eliminate unnecessary barriers and encourage wider adoption of DERs across the province.

Housekeeping amendment

The OEB is proposing to remove the definition of load displacement from section 1.2 of the DSC.

On March 22, 2022, the OEB introduced new definitions in the DSC to support a revised paradigm to categorizing facilities as either exporting or non-exporting, based on power flow at the connection point. As part of this change, the OEB removed an exemption from connection requirements for load displacement generation as it was no longer appropriate under this revised paradigm. Those amendments came into force on October 1, 2022.

The OEB believes that distributors have had sufficient time to implement this new approach and is therefore proposing to remove the definition of load displacement from section 1.2 of the DSC.

Please note that most of the proposed amendments to the DSC will also require corresponding updates to the DERCP. The OEB plans to issue a revised DERCP to reflect these changes on the date that the final Code amendments come into force.

C. Anticipated Costs and Benefits

The OEB believes that the proposed amendments to the DSC will support broader adoption of DERs while maintaining fairness and consistency in the connection process. Increasing the micro-embedded generation facility capacity limit will help residential and small business customers avoid unnecessary

system derating and associated costs, while preserving the streamlined connection process. Exempting residential customers from commercial general liability insurance requirements will remove a significant barrier to DER adoption and reduce financial and administrative burdens. Revising the technical standard requirement provides customers with greater flexibility and can potentially reduce procurement time and cost. The proposed changes to CIA timelines and capacity allocation exemptions will improve transparency, consistency, and predictability across DER connection processes. These changes are expected to enhance customer choice, lower barriers to DER and support smarter investment, in alignment with provincial objectives outlined in the IEP.

The OEB acknowledges that distributors may incur incremental administrative costs to implement these amendments, including updates to connection agreements and coordination with host distributors. However, these costs are expected to be minimal. The OEB believes that the benefits of these amendments will outweigh the anticipated implementation costs.

D. Coming into Force

The OEB proposes that the amendments to the DSC, as set out in Appendix A, will come into force on February 1, 2026.

E. Invitation to Comment

The OEB invites comments from any interested stakeholder on the proposed amendments. Anyone interested in providing written comments on the proposed DSC amendments in Appendix A are invited to submit them to the Registrar by 4:45 p.m. on **November 19, 2025**.

Instructions for Submitting Comments

Stakeholders are responsible for ensuring that any documents they file with the OEB **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's Rules of Practice and Procedure.

Please quote file number, **EB-2019-0207** for all materials filed and submit them in a searchable/unrestricted PDF format with a digital signature through the OEB's online filing portal.

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.
- Please use the document naming convention and documentation submission standards outlined in the Regulatory Electronic Submission

System (RESS) Document Guidelines found on the Filing Systems page of the OEB's website.
- Stakeholders are encouraged to use RESS. Those who have not yet setup an account or require assistance using the online filing portal should contact registrar@oeb.ca for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the OEB's website for more information on how to File documents online. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the Practice Direction on Cost Awards.

This Notice, including the proposed DSC amendments in Appendix A, and all related written comments received by the OEB will be available for public viewing on the OEB's DER Connections Review Engage with Us website.

F. Cost Awards

Cost awards will be available under section 30 of the Act to those who are eligible to receive them in relation to written comments provided on the proposed DSC amendments in this Notice. Any participant previously found eligible for an award of costs in either **EB-2019-0207** (the DER Connections Review) or **EB-2021-0117** (Amendments to the DSC to facilitate DER connections) is determined to be eligible for an award of costs in relation to comments on these proposed DSC amendments.

Costs will be recovered from all rate-regulated licensed electricity distributors apportioned based on respective customer numbers.

Appendix C contains important information regarding cost awards for this Notice and comment process, including in relation to eligibility requests and objections. The deadlines for filing cost eligibility requests and objections will be strictly enforced to facilitate a timely decision on cost eligibility.

If you have any questions regarding the proposed amendments to the Code described in this Notice, please contact IndustryRelations@oeb.ca. The OEB's toll-free number is 1-888-632-6273.

DATED at Toronto, October 28, 2025

ONTARIO ENERGY BOARD

Ritchie Murray

Digitally signed by Ritchie Murray
Date: 2025.10.28 14:24:17 -04'00'

Ritchie Murray
Acting Registrar

Attachments:

Appendix A - Proposed Amendments to the Distribution System Code – Comparison Version to the Current Code

Appendix B - Proposed Amendments to the Distribution System Code – Clean Version

Appendix C - Cost Awards

Appendix A

Notice of Proposed Amendments to the Distribution System Code

October 28, 2025

EB-2019-0207

Proposed Amendments to the Distribution System Code - Comparison Version to the Current Code

Note: Black underlined text indicates additions to the Code and strikethrough text indicates deletions from the Code. Numbered titles are for convenience of reference only.

1.2 Definition

~~"load displacement" means, in relation to a generation facility that is connected on the customer side of a connection point, that the output of the generation facility is used or intended to be used exclusively for the customer's own consumption;~~

"micro-embedded generation facility" means an embedded generation facility with a name-plate rated capacity of ~~10~~ 12 kW or less;

6.2 Responsibilities to Generators

6.2.4.2 Section 6.2.4.1 does not apply to an application to connect a micro-embedded generation facility ~~or an embedded generation facility that is not an embedded retail generation facility~~. Applications to connect to which the capacity allocation process does not apply, including by virtue of section 6.2.1, shall be processed by a distributor in accordance with this Code as and when received.

Small Embedded Generation Facility

6.2.12 Subject to sections 6.2.4.1(b), 6.2.4.1(c) and 6.2.4.2, a distributor shall follow the process as set out in the Distributed Energy Resources Connection Procedures to process a request for connection of a small embedded generation facility. The distributor shall provide an applicant proposing to connect a small embedded generation facility with its assessment of the impact of the proposed generation facility, a detailed cost estimate of the proposed connection and an offer to connect within:

(a) 60 days of the receipt of the application where no distribution system reinforcement or expansion is required; and

(b) 75 days of the receipt of the application where no distribution system reinforcement or expansion is required, and where a host distributor connection impact assessment is needed; and

(c) 90 days of the receipt of the application where a distribution system reinforcement or expansion is required, regardless of the need for a host distributor connection impact assessment.

6.2.25 A distributor shall ensure that the safety, reliability and efficiency of the distribution system is not materially adversely affected by the connection of a generation facility to the distribution system. A distributor shall require that new or significantly modified generation facilities meet the technical requirements specified in ~~CSA C22.3 No. 9.~~ applicable industry standards.

Appendix E: Micro-Embedded Generation Facility Connection Agreement

In consideration of the Local Distribution Company (LDC) agreeing to allow you to connect your ~~10~~ 12 kW name-plate rated capacity or smaller generation facility to the LDC' s distribution system, you hereby agree to the following terms and conditions.

Appendix E: Connection agreement form for small and mid-sized DERs

2.1 The Facility has a name-plate rated capacity of:

[Parties to check the applicable box below]

☐ more than ~~10~~ 12 kW

Appendix E: Connection agreement form for small and mid-sized DERs

9.1 […]

Prior to execution of this Agreement, the Customer shall provide the Distributor with a valid certificate of insurance, either under the Customer's name or the name of a third party that has a generation agreement with the Customer. The Customer shall provide the Distributor with prompt notice of any cancellation of the Customer's insurance by the insurer or any change that causes the insurance policy to no longer meet the requirements of section 9.1.

9.2 Section 9.1 shall not apply to residential customers. For residential customers, the Customer and the Distributor will indemnify and save each other harmless for all damages and/or adverse effects resulting from either party's negligence or willful misconduct in the connection and operation of the Customer's generation facility or the Distributor's distribution system.

Appendix B

Notice of Proposed Amendments to the Distribution System Code

October 28, 2025

EB-2019-0207

Proposed Amendments to the Distribution System Code – Clean Version

Note: The wording of this appendix presents the text of the sections of the DSC that have been amended, as they will appear once the amendments come into force. Numbered titles are for convenience of reference only.

1.2 Definition

["load displacement" definition revoked by amendment, effective DATE];

"micro-embedded generation facility" means an embedded generation facility with a name-plate rated capacity of 12 kW or less;

6.2 Responsibilities to Generators

6.2.4.2 Section 6.2.4.1 does not apply to an application to connect a micro-embedded generation facility. Applications to connect to which the capacity allocation process does not apply, including by virtue of section 6.2.1, shall be processed by a distributor in accordance with this Code as and when received.

Small Embedded Generation Facility

6.2.12 Subject to sections 6.2.4.1(b), 6.2.4.1(c) and 6.2.4.2, a distributor shall follow the process as set out in the Distributed Energy Resources Connection Procedures to process a request for connection of a small embedded generation facility. The distributor shall provide an applicant proposing to connect a small embedded generation facility with its assessment of the impact of the proposed generation facility, a detailed cost estimate of the proposed connection and an offer to connect within:

(a) 60 days of the receipt of the application where no distribution system reinforcement or expansion is required; and

(b) 75 days of the receipt of the application where no distribution system reinforcement or expansion is required, while a host distributor connection impact assessment is needed; and

(c) 90 days of the receipt of the application where a distribution system reinforcement or expansion is required, regardless of the need for a host distributor connection impact assessment.

6.2.25 A distributor shall ensure that the safety, reliability and efficiency of the distribution system is not materially adversely affected by the connection of a generation facility to the distribution system. A distributor shall require that new or significantly modified generation facilities meet the technical requirements specified in applicable industry standards.

Appendix E: Micro-Embedded Generation Facility Connection Agreement

In consideration of the Local Distribution Company (LDC) agreeing to allow you to connect your 12 kW name-plate rated capacity or smaller generation facility to the LDC's distribution system, you hereby agree to the following terms and conditions.

Appendix E: Connection agreement form for small and mid-sized DERs

2.1 The Facility has a name-plate rated capacity of:

[Parties to check the applicable box below]

☐ more than 12 kW

Appendix E: Connection agreement form for small and mid-sized DERs

9.1 […]

Prior to execution of this Agreement, the Customer shall provide the Distributor with a valid certificate of insurance, either under the Customer's name or the name of a third party that has a generation agreement with the Customer. The Customer shall provide the Distributor with prompt notice of any cancellation of the Customer's insurance by the insurer or any change that causes the insurance policy to no longer meet the requirements of section 9.1.

9.2 Section 9.1 shall not apply to residential customers. For residential customers, the Customer and the Distributor will indemnify and save each other harmless for all damages and/or adverse effects resulting from either party's negligence or willful misconduct in the connection and operation of the Customer's generation facility or the Distributor's distribution system.

Appendix C

Notice of Proposed Amendments to the Distribution System Code

October 28, 2024

EB-2019-0207

Cost Awards

Cost Award Eligibility

The OEB will determine eligibility for cost awards in accordance with its *Practice Direction on Cost Awards*. Any participant in this process intending to request cost awards (and that has not already been determined eligible for cost awards in the OEB's EB-2019-0207 Decisions issued on September 10, 13, or 23, 2019, on January 13, 2020 or on July 16, 2025 or EB-2021-0117 Decision issued on September 3, 2021) must file a written submission with the OEB by **November 4, 2025**, identifying the nature of their interest in this process and the grounds on which they are eligible for cost awards (addressing the OEB's cost eligibility criteria in section 3 of the OEB's Practice Direction on Cost Awards). An explanation of any other funding to which the participant has access must also be provided, as should the name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known. All requests for cost eligibility will be posted on the OEB website.

Licensed electricity distributors will be provided with an opportunity to object to any of the requests for cost award eligibility. If an electricity distributor has any objections to any of the cost eligibility requests, those objections must be filed with the OEB by **November 10, 2025**. Any objections will be posted on the OEB website. The OEB will then make a final determination on the cost eligibility of the requesting participants.

Eligible Activities

Cost awards will be available in relation to providing comments on the proposed DSC amendment in Appendix A, to a maximum of 4 hours.

Cost Awards

The OEB will apply the principles in section 5 of its Practice Direction on Cost Awards, when determining the amount of the cost awards. The maximum hourly rates in the OEB's Cost Awards Tariff will also be applied. The OEB expects that groups representing the same interests or same type of participant will make every effort to communicate and co-ordinate their participation in this process. Cost awards are made available on a per eligible participant basis, regardless of the number of professional advisors that an eligible participant may wish to retain.

The OEB will use the process in section 12 of its *Practice Direction on Cost Awards* to implement the payment of the cost awards; i.e., the OEB will act as a clearing house for all cost award payments in this process. For more information on this process, please see the OEB's *Practice Direction on Cost Awards* and the October 27, 2005 letter regarding the rationale for the OEB acting as a clearing house for the cost award payments. These documents can be found on the OEB website at www.oeb.ca on the "Rules, Codes, Procedures & Forms" webpage.