



October 30, 2025

By E-Mail

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

Dear Mr. Murray:

**RE: Responses to Undertakings for Consultation on the Regulatory Treatment of
Local Electricity Demand-side Management (Stream 2) Programs
OEB File Number: EB-2025-0156**

The DSM Regulatory Working Group, co-chaired by the undersigned, is pleased to submit its responses to the Undertakings requested by stakeholders on October 8-9, 2025.

Sincerely,

Evelyn Lundhild Senior Manager, Demand Side Management, IESO DSM Regulatory Working Group Co-Chair	Michael Lister Director, Policy & Strategy, Alectra Utilities DSM Regulatory Working Group Co-Chair
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CC: Tam Wagner, Director, Demand Side Management, IESO
Teresa Sarkesian, President & CEO, Electricity Distributors Association (EDA)
Vince Brescia, President & CEO, Ontario Energy Association (OEA)
Rob Brewer, President & CEO, PUC Services
Scott Mudie, EVP & Chief Operations and Energy Officer, Oakville Hydro
Donna Kinapen, Manager, Regulatory Policy & Compliance, Elexicon
Paul Gleason, Chief Risk Officer, ENWIN
Tyler Moore, VP Energy & General Counsel, EARTH
Melanie Bhandari, Manager of Regulatory Strategy, Hydro One
April Barrie, Director, Regulatory Affairs, Hydro Ottawa
Mike Packer, Director of Regulatory Affairs, London Hydro
Mike Pathak, Manager, Climate Action, Toronto Hydro

All registered parties to EB-2025-0156

The Independent Electricity System Operator (IESO) works at the heart of Ontario's power system. The IESO delivers key services across the electricity sector including: managing the power system in real-time, planning for the province's future energy needs, enabling conservation and designing a more efficient electricity marketplace to support sector evolution.

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, deliver electricity to residential, commercial, industrial, and institutional customers—powering every community in the province. The sector owns more than \$30 billion in electricity system infrastructure and invests more than \$2.5 billion annually in the electricity grid—that is the Power of Local Hydro.

The Ontario Energy Association (OEA) is the credible and trusted voice of the energy sector. We earn our reputation by being an integral and influential part of energy policy development and decision making in Ontario. We represent Ontario's energy leaders that span the full diversity of the energy industry.

RESPONSES TO UNDERTAKINGS

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Undertaking J1.1:

For the Working Group to provide more detail on what information it believes would be included in the base eDSM model and to include not just the eDSM model, but also including the Benefit Cost Analysis test expected to be employed.

Additionally respond to stakeholders Day 2 question J2.1:

To provide written example of one or two examples of eDSM programs that would be eligible or appropriate for Delegated Authority and one or two that would not be, and to advise whether the working group has any other views as to other characteristics of an eDSM application that the OEB could use in determining whether an application is suited for Delegated Authority versus Commissioner panel approval, and to advise whether are there any other parameters the Working Group feels would be useful or the Board could or should establish boundaries such that the application could proceed through a Delegated Authority.

RESPONSE:

The Working Group’s proposal for the development of a base eDSM model (“eDSM Model”) is to enable consistency across all eDSM Stream 2 applications (“Stream 2”), provide the necessary information to support Delegated Authority approval of Stream 2 applications by the OEB, and allow applicants the flexibility to include additional information in its application that it believes relevant to support its approval.

The Working Group was requested at the October 8, and 9 Stakeholder Day (“Stakeholder Day”) to:

1. elaborate on what information should be included in the Base eDSM Model, and

Item	Information	Description
		<ul style="list-style-type: none"> ○ Number of participants and/or measures ○ Program delivery model ○ Participant incentive payment amounts ○ Administration & Delivery costs (LDC and third party costs) ○ Marketing and customer outreach Costs ○ Evaluation Costs ○ LDC performance incentive amounts ● <u>Program parameter details</u> (i.e. show the buildup of program parameters summary above. The assumptions that the LDC is proposing to support its program execution) ● High-Level OEB’s Benefit-Cost-Assessment Framework (“BCA Framework”) information that supports the Stream 2 application that could include: <ul style="list-style-type: none"> ● Forward-Looking Uncertainty ● Difficult to Quantify and Qualitative Impacts ● Symmetrical Treatment ● Incremental Analysis ● Sensitivity analysis
3	Benefit Details Information	<p>Benefit details data should include the details that support the calculations of the OEB’s Benefit-Cost-Assessment Framework (“BCA Framework”) Distribution System Test (“DST”), Energy System Test (“EST”) and listing of any qualitative benefits.</p> <p>The following list of DST information includes impact categories identified in the OEB’s BCA Framework¹:</p> <ul style="list-style-type: none"> ● Benefit Impact Categories <ul style="list-style-type: none"> ○ Distribution Capacity ○ Reliability ○ Resilience ○ Innovation & Market Transformation ○ Planning Value ○ Additional LDC Specified Benefit(s) <p>The following list of EST information includes impact categories identified in the OEB’s BCA Framework²:</p> <ul style="list-style-type: none"> ● Benefit Impact Categories <ul style="list-style-type: none"> ○ DST Benefits ○ Avoided Transmission Capacity ○ Avoided Energy Costs

¹ OEB’s Benefit-Cost Analysis Framework for Addressing Electricity System Needs, MAY 16, 2024, page 19

² OEB’s Benefit-Cost Analysis Framework for Addressing Electricity System Needs, MAY 16, 2024, page 21

Item	Information	Description
		<ul style="list-style-type: none"> ○ Avoided Generation Capacity Costs ○ Additional LDC Specified Benefit(s) • It is expected that the most common categories of benefit at the bulk system level will be avoided energy and avoided generation capacity³. • Listing of Qualitative Benefits (if any) that are achieved by the Stream 2 application. These could include: <ul style="list-style-type: none"> ○ Social and economic benefits ○ Environmental benefits ○ Outputs from scan of other jurisdictions ○ Non-energy benefits to participants
4	Rate Making Information	Information that produces the LDC’s Stream 2 program Rate Riders
5	List of Attachments	It is expected that the LDC will include attachments that supplement the Stream 2 program application or annual reporting update. These attachments could include: <ul style="list-style-type: none"> • Stream 2 Program Application: <ul style="list-style-type: none"> ○ IESO Letter of Confirmation ○ Supplemental financial calculations that support cost, and benefit calculations (i.e. DST & EST) ○ Supplemental exhibits that support the Stream 2 application (i.e. other jurisdictional information, similar program execution results, letters of support or commitments, etc.)
6	Additional Information	1. Supplemental information that the LDC identifies that could benefit the OEB’s Delegated Authority review and approval of the Stream 2 application

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Annual reporting and project close-out information will be filed for each approved eDSM Stream 2 program as part of the LDC’s IRM application.

Examples of Stream 2 applications that follow an OEB approval path that is Delegated Authority or a panel of Commissioners

³ Transmission benefits are not to be included.

1 Delegated Authority (“DA”) approval examples could include:

2 1. Example DA1 Proposal for a Stream 2 program that offers:

3 ○ **System Need:** *Electricity distributor identifies a reliability improvement such*
4 *as:*

5 a. *net avoided interruption costs,*

6 b. *improvements to an LDC’s response to disturbances and faults in the*
7 *distribution system*

8 ○ **Program Information:**

9 a. LDC provides exhibit(s) demonstrating system need and reliability
10 improvement

11 b. A program incorporating an IESO MAL registered measure, with

12 c. customer incentive payouts that are supported by a jurisdictional
13 scan or other exhibits

14 d. that has program participation forecasts that are similar to a
15 previously executed program, and

16 e. has an LDC incentive falling within the OEB’s Margin on Payments
17 (“MOP”) guidelines or other incentive structure consistent with
18 further potential and forthcoming guidelines.

19 ○ **Customer Outcome:**

20 a. DST and EST generate value greater than 1.0

21 b. total bill impacts are less than the 10% OEB threshold for rate
22 mitigation

23 c. Reliability is measured and improved

24 2. Example DA2 Proposal for a Stream 2 program that offers:

25 ○ **System Need:** *Electricity distributor identifies an eDSM program that*
26 *supports it deferring or avoiding the costs of deploying traditional wires*
27 *solutions.*

28 ○ **Program Information:**

29 a. LDC provides exhibits demonstrating system need and cost
30 avoidance relating to wires solution:

- 1 d. LDC provides exhibits that support the forecasted load growth,
2 current and future capacity constraint on its asset, and
3 e. proposes a MOP LDC incentive amount that is within the acceptable
4 percentage range set out by the OEB in its eDSM guidelines
- 5 ○ **Customer Outcome:**
- 6 a. DST and EST generate value greater than 1.0
7 b. total bill impacts are less than the 10% OEB threshold for rate
8 mitigation
9 c. asset investments to mitigate capacity constraint are not made
10 d. LDC assets operate within its margin of safety for capacity
11 constraints
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13 In response to stakeholder questions, the Working Group provides the following list of
14 potential program parameters where the OEB may determine that a Panel of
15 Commissioners (“PoC”) would review and approve the Stream 2 programs. The Working
16 Group’s proposal asserts the OEB’s right to assign a PoC for any eDSM Stream 2
17 application. The following are non-exhaustive criteria is not intended to act as a checklist:
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- 19 1. **LDC Incentive Proposal:** LDC Incentive amount is outside of the ranges set out in
20 the OEB’s eDSM Stream 2 guidelines
- 21 2. **LDC System Need:** LDC eDSM program application system need is identified by
22 OEB as requiring PoC review. Specifically, the evidence proposed by the LDC is
23 identified by the OEB as benefitting from additional procedural validation.
- 24 3. **LDC Close-Out:** LDC application for disposition of eDSMVA balances, including
25 trued-up LDC Incentive are reviewed by PoC
- 26 4. **LDC Proposed Bill Impact:** OEB identifies that the total bill impact for local
27 ratepayers requires PoC review.
- 28 5. **LDC Cost Allocation Proposal:** OEB determines that LDC proposed Cost
29 Allocation methodology for eDSMVA rate riders requires PoC review.

Consultation on the Regulatory Treatment of Local Electricity Demand-side Management (Stream 2) Programs

- 1 **LDC Proposed Use of Qualitative Benefits:** OEB identifies that PoC review is required to
- 2 evaluate the qualitative benefits being proposed by an LDC in their eDSM Stream 2
- 3 application.

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RESPONSES TO UNDERTAKINGS

Undertaking J1.2:

To advise how IESO distributes the \$12.3 million to the specific LDC. How the monthly statement will reflect that funding, and whether that path will be absorbed in the Global Adjustment (“GA”) pool or GA rates on the provincial level.

RESPONSE:

Please note the \$12.3 million refers to the example in the Working Group 2025 Report (Appendix A).

The IESO is expecting to distribute funds to the LDC that are set out in its Stream 2 Contribution Agreement on a periodic basis (i.e. Monthly basis or Quarterly basis) through its Monthly Statement with the utility. The Monthly Statement may incorporate a single line item for eDSM Stream 2 activity.

RESPONSES TO UNDERTAKINGS

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Undertaking J1.3:

To advise what happens to both the GA and the rate rider if there is a Cost of Service in the middle of a program.

RESPONSE:

The Working Group notes that this Undertaking was in response to questions seeking an understanding about the processing of an approved Stream 2 program at the LDC’s next Cost of Service application. There are two paths for the Stream 2 program that the Working Group will highlight in its response.

First is the continuation of the Stream 2 program into the LDC’s next Incentive Rate (“IR”) term. In this scenario, the LDC’s Cost of Service application would request a continuation of the Stream 2 program for a specific number of years in its next IR term. The LDC request would include the continuation of the usage of the previously approved eDSMVA sub-accounts and rate riders for a set number of years in its next IR term. The Working Group’s proposed approach continues a similar approach used in Cost of Service applications filed today, where the LDC requests the continuation of Deferral or Variance Accounts in Exhibit 9 of their Cost of Service application¹.

The second circumstance is where the LDC files for the close-out of a previously approved Stream 2 program. In its Cost of Service application, the LDC will provide

¹ LDC Group 2, Account 1508, Pole Attachment Revenue Variance Account

- 1 all the information set out in the OEB's eDSM Stream 2 guidelines, and propose that
- 2 it will discontinue the use of the Stream 2 program's eDSMVA sub-accounts and
- 3 rate riders for that program.
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RESPONSES TO UNDERTAKINGS

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Undertaking J1.4:

To advise how the Working Group's proposal deals with the problem of identifying constraints early enough for eDSM to avoid or to solve those constraints, in comparison to gas DSM where that has been the primary problem.

RESPONSE:

The Working Group's proposal should enable LDCs to respond earlier to identified system constraints because it establishes a streamlined process for LDCs to access and implement programs that can address system constraints (i.e. eDSM Stream 2 programs). As the usage of eDSM Stream 2 programs becomes more prevalent over the next few years, it is expected that the number of alternative eDSM measures available in the IESO MAL will increase, and the LDC business processes will become more and more comfortable with their prioritizing of eDSM Stream 2 programs as alternative investments.

RESPONSES TO UNDERTAKINGS

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Undertaking J1.6:

To list the categories of things that the LDC is going to have to decide without IESO approval that the OEB will then see in their application

Additional Question from Discussion on Day 2:

Indicate for each of them what support the Working Group considers the LDC should be providing to substantiate the value they are providing and whether the IESO is going to be expected to be able to confirm that value or not.

RESPONSE:

Please see J1.1 for the Working Group's non-exhaustive list of information it believes could be included in a base eDSM Model.

With respect to Stream 2 program application categories that the LDC is going to consider independently of IESO review, the following is a non-exhaustive list of the Working Group's observations:

1. System need and supporting information
 - a. This information will set out the LDC's Stream 2 need or opportunity and the background information that supports the execution of the Stream 2 program.
2. Categories of distribution benefits that build up the Stream 2 program DST and details of how those benefits were determined

- 1 a. As noted in J1.1 the LDC will submit previously OEB reviewed
- 2 information to the OEB for its review as part of its application
- 3 b. LDC Performance Incentive type and amounts
- 4 c. Market, customer details and planned participation rates

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6 With respect to Stream 2 program application categories that the IESO is going to
7 review as part of it providing the LDC its Letter of Confirmation, the following is a
8 non-exhaustive list of the Working Group's observations:

- 9 1. LDC proposed measures and their application to meet its proposed Stream 2
10 outcome
- 11 2. LDC proposed Stream 2 program details including and not limited to:
 - 12 a. Program participation forecasts,
 - 13 b. Customer incentive amounts,
 - 14 c. Time horizon of program,
 - 15 d. Delivery or execution approach proposed by the LDC, program
16 administration and marketing costs
 - 17 e. Data being recorded by the LDC to support annual EM&V,
 - 18 f. Proposed risk management plan for identified challenges and risks to
19 LDC achieving stated outcomes
 - 20 g. Total program budget including LDC performance incentive
 - 21 h. Proposed bulk system benefits and calculation of EST ratio
 - 22 i. Calculation of cost sharing model between LDC rates and global
23 adjustment
 - 24 j. Assessment of duplication with province wide programs

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26 **Response to Additional Stakeholder Question (Day 2)**

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Consultation on the Regulatory Treatment of Local Electricity Demand-side Management (Stream 2) Programs

1 With respect to stakeholders request that the Working Group provide a non-
2 exhaustive list of information that the IESO would review in order to provide its
3 Letter of Confirmation where the LDC provides exhibits that substantiate its use of a
4 Stream 2 measure that is not on the IESO's MAL¹, the Working Group provides the
5 following observations.

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1. Identification of similar measures that are on the IESO's MAL if applicable
2. Sufficient testing results or EM&V that substantiates the performance of the measure (i.e. savings, persistence, spillover and free-ridership rates, etc.)
3. Results of a pilot program offered by the LDC or another LDC in Ontario
4. Sufficient results from other execution or delivery of the program in another jurisdiction that have been independently evaluated

¹ Measure substantiated with Information that is from a third-party report or ex-Ontario jurisdictional scan

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RESPONSES TO UNDERTAKINGS

Undertaking J1.7:

To provide any evaluation reports available that can be shared

RESPONSE:

Please see the link to the IESO's evaluation reports for Save on Energy programs for each of years 2018 to 2023:

<https://www.ieso.ca/en/Sector-Participants/Energy-Efficiency/Evaluation-Measurement-and-Verification>.

Evaluation reports for years prior to 2018 are available from the IESO upon request.

RESPONSES TO UNDERTAKINGS

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Undertaking J1.8:

To provide a clarification on the proposed OEB process and whether there is a proposed panel or delegated review process pertaining to low income and first nations programs that are within the MAL

RESPONSE:

The Working Group proposes that Low Income and First Nations Stream 2 program applications should follow the same path as all other Stream 2 applications.

For clarity, Stream 2 programs aimed at benefiting First Nations or Low Income customers should be permitted to proceed through the Delegated Authority process. Please see the last part of the response to J1.1 for proposed criteria where Stream 2 programs can be adjudicated by a PoC.

Consultation on the Regulatory Treatment of Local Electricity Demand-side Management (Stream 2) Programs

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RESPONSES TO UNDERTAKINGS

Undertaking J1.9:

To put into the record the Stream 1 branding requirements and to identify the extent to which they may be indicative of the Stream 2 branding requirements.

RESPONSE:

The Minister's eDSM directive to the IESO of November 7, 2024, that authorizes it to fund Stream 1 and Stream 2 programming by LDCs, requires the IESO to ensure that programs are marketed with consistent messaging under a common province-wide brand, while permitting co-branding by distributors. The appropriate co-branding guidelines will be developed and included in the contribution agreement that distributors will enter into with the IESO to receive Stream 2 funding.

For Stream 1 funding, the IESO will provide marketing materials to LDCs with clearly marked space available for addition of the LDC logo.

RESPONSES TO UNDERTAKINGS

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Undertaking J1.10:

To provide additional detail on how the Working Group intends to implement or actualize the no cross subsidization requirement on page 12 of the Framework

RESPONSE:

The Working Group provides the narrative from page 12 of its report regarding No Cross-Subsidy as reference for its response:

“No Cross-Subsidy: Where the LDC is substantially relying on qualitative benefits at the local level, the LDC may assign a notional benefit to the distribution level. By assigning these benefits in the BCA, commensurate costs will also be allocated to distribution funding; thereby preventing bulk system customers from unduly subsidizing local ratepayers. Exception for Low-Income and First Nations Programs: In line with IESO’s eDSM program principles, Stream 2 initiatives primarily targeting low-income and First Nations, may proceed based on a lower EST and DST threshold.”¹

The Working Group’s proposal is that where the Stream 2 application relies on qualitative benefits² for the OEB’s review and approval, the LDC may assign a notional benefit to the distribution level for the purposes of calculating its DST and EST³. The relative proportion of upstream Energy System and Distribution Service

¹EB-2025-0156 – Proposed Framework for Implementation of Local eDSM, June 11, 2025, Page 12
² The BCR for the Stream 2 program is between 0.7 and 1.0
³ The notional benefit should increase the Distribution System Test result to 1.0 or greater.

Consultation on the Regulatory Treatment of Local Electricity Demand-side Management (Stream 2) Programs

1 benefits would be used to determine cost allocations for the GA and distribution rate
2 portions of funding. In this manner, Stream 2 eDSM maintains the beneficiary pays
3 principle.

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5 The exception to the approach discussed above is for low income and First Nations
6 Stream 2 programs. In line with IESO's eDSM program principles, Stream 2
7 applications that target low-income and First Nations may proceed based on a lower
8 EST and DST threshold.

RESPONSES TO UNDERTAKINGS

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Undertaking J2.2:

To advise whether the utility should be required to demonstrate it can't be funded through base rates

RESPONSE:

The Working Group provides the following excerpt from Day 2 of the OEB Stakeholder session as context to its response:

*“J. GIRVAN: I think that as a -- as part of the current ICM process, utilities are required to demonstrate that the project that they are applying for funding for through the ICM can't be funded through base rates. And the question is why is it any different here in terms of asking for additional funding for an eDSM program? Why doesn't the utility -- shouldn't the utility be required to demonstrate it can't be funded through base rates?
M. MILLAR: So that will be J2.2.”¹*

The Working Group does not see any additional procedural or evidentiary requirements required to demonstrate prudence or substantiate the OEB's review and approval if a Stream 2 program application. The Working Group provides the following rationale for the OEB's consideration:

1. A primary aspect of the Working Group's Stream 2 proposal is that the benefits are greater than the costs. Therefore, wherever a Stream 2

¹ EB-2025-0156 OEB Stakeholder Session Day 2, Transcript Page 62

- 1 application to the OEB is based on a BCR value greater than 1.0, the
2 customer will receive benefits from the program greater than its costs. This
3 is a difference from an LDC ICM application where the application is being
4 proposed to meet a system planning or other business condition that
5 requires capital funding that is outside of base rates.
- 6 2. The Working Group observes that its proposed process for Stream 2
7 applications includes substantiation that is not included in an ICM application.
8 The Stream 2 program is based on a rigorous set of filed information, a Letter
9 of Confirmation from the province's expert in eDSM, the IESO, and
10 substantiation of information from previously OEB reviewed proceedings.
11 LDC ICM applications do not have the same level of third-party verification.
- 12 3. eDSM Stream 2 programs are not capital expenditures which attract a rate of
13 return over a long time period (i.e. most distribution asset investments have
14 useful lives greater than 25 years).
- 15 4. The OEB's and Provincial Government mandates require LDCs to pursue
16 NWS opportunities (i.e. eDSM Stream 2 programs) where an ICM application
17 is a discretionary request.
- 18 5. The Ministry of Energy and Electrification's November 2024 Letter of
19 Direction to the IESO has established GA funding for Stream 2 programs as a
20 recognition that there is a provincewide benefit from these initiatives. ICM
21 requests are to the benefit of the LDC ratepayers and therefore, for the most
22 part, do not have provincewide-based funding.

RESPONSES TO UNDERTAKINGS

Undertaking Energy Storage Canada Questions 20251015:

Question ESC-1

Please consider the example of battery storage installed behind-the-meter of a distribution-connected electricity customer that when discharged can reduce peak electricity demand from the electricity system, and address local electricity distribution needs.

- a. Please confirm that limiting the operation of such devices to load displacement (i.e., never exports to the grid) would reduce its capabilities to: a) reduce peak electricity demand from the electricity system; b) address local electricity distribution needs; c) be cost-effective; and to d) result in avoided costs.
- b. Please describe the conditions under which such battery storage that is enabled to discharge in excess of the customer's load (i.e., sometimes exports to the grid) would (and would not) be an eligible measure for participation in Local Energy Efficiency Programs.

Question ESC-2

Could the scope of eligible eDSM measures differ between Stream 1 and Stream 2 programs? If yes: please describe how and why they would differ; and if the Measures and Assumptions List (MAL) does (or will) accommodate such differences in scope.

1 **RESPONSE:**

- 2 1) The hypothetical scenario using battery storage in this question pertains to
3 eDSM Stream 2 program design. Program design is not the scope of this
4 consultation. To be responsive, the Working Group notes that battery
5 storage is not currently listed as a measure in the IESO's MAL. Battery
6 storage could be included in the IESO's MAL, subject to the measure having
7 the necessary Evaluation, Measurement and Verification justification to
8 support approval by the IESO. Additionally, please see response to ED-1 for
9 an understanding of the Working Group's response related to the scope of
10 the definition of eDSM in the government directive.
- 11 2) The scope of the MAL is not specific to Stream 1 or Stream 2 programs. That
12 is, there could be measures on the IESO's MAL that are used in only Stream
13 1 or Stream 2 programs.

RESPONSES TO UNDERTAKINGS

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Undertaking Environmental Defence Questions 20251015:

Question #ED-1

Ref: OEB Stakeholder Session, October 8, 2025 Transcript Vol. 1, pp. 41-42; OEB Stakeholder Session, October 9, 2025, Transcript Vol. 2, pp. 66-68

The Working Group was asked to define the scope of e-DSM technologies and programs that would be eligible for participation in the proposed Stream 2. In particular, the Working Group was asked whether front-of-metre systems would be eligible under the current proposal.

Ms. Lundhild responded that front-of-metre systems do not align with the Working Group's interpretation of e-DSM as defined in the relevant government directive. In particular, Ms. Lundhild explained that the Working Group interpreted the Minister's Directive to the IESO, dated November 7, 2024 as requiring Stream 2 programs to be directly associated with reducing customer load.

The Directive states:

1. The IESO shall consider eDSM to be inclusive of activities aimed at reducing peak electricity demand and/or electricity consumption from the electricity system. Examples of eDSM include demand response, energy efficiency upgrades and process modifications whereby similar output is achieved with less electricity, behind-the-meter consumer generation and DERs such as solar photovoltaic and battery storage.

2. For the purposes of the eDSM programs, the IESO shall consider eDSM to exclude:

- a. Those measures promoted through a different program or initiative undertaken by the Government of Ontario or the IESO; and

Consultation on the Regulatory Treatment of Local Electricity Demand-side Management (Stream 2) Programs

- 1 b. Behind-the-meter consumer generation that uses fossil fuels purchased from or
2 otherwise supplied by a third party as a primary fuel source.

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4 ED's reading of the above is that eDSM activities that address peak demand across an area
5 of the grid (such as front-of-metre solutions) could meet the above definition. While it's true
6 that behind-the-metre systems are named in the Directive, they are included in a list of
7 examples. This suggests that the list is non-exhaustive. Moreover, the government has
8 named explicit exclusions to the definition, none of which are front-of-metre technologies.

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- 10 a. Could the Working Group please confirm whether the above-quoted definition is the
11 one underlying their current proposal? Could the Working Group also please explain
12 why they do or do not agree with our interpretation?

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14 **Question #ED-2**

15 Ref: OEB Stakeholder Session, October 9, 2025, Transcript Vol. 2, pp. 65-66

16 The Working Group was asked whether LDCs could access the Global Adjustment (GA) for
17 eDSM activities without receiving OEB approval (for example, where no DVA is sought). Ms.
18 Lundhild stated that government direction to the IESO requires OEB approval for all GA
19 investments.

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- 21 a. Can the Working Group please provide a specific reference for the requirement that
22 all GA investments require OEB approval?

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24 **RESPONSE:**

- 25 1) The Working Group confirms that the quoted definition in the question is part
26 of the definition it interpreted to form its eDSM Stream 2 proposal. The
27 Working Group does not agree with Environmental Defence's interpretation
28 as described on day 2 of the Stakeholder Session. The directive requires the
29 IESO to deliver eDSM to consumers, as described in the full context of the
30 Minister's directive to the IESO.

- 1 2) Please see clause F.1.B.iii in the following Province of Ontario Schedule -
- 2 Order in Council 1448/2024:
- 3 <https://www.ontario.ca/page/schedule-order-council-14482024>
- 4