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November 13, 2025

Registrar  
Ontario Energy Board  
2300 Yonge Street, 27th floor  
Toronto, ON M4P 1E4

**Re: Electricity Demand-Side Management (eDSM) Stream 2 Consultation (EB-2025-0156)**

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Toronto Hydro-Electric System Limited (“Toronto Hydro”) is the local electricity distribution company for the City of Toronto. It serves over 790,000 customers and delivers about 18% of the electricity used in Ontario.

On July 23, 2025, the Ontario Energy Board (OEB) initiated a consultation on the regulatory treatment of Electricity Demand-Side Management (eDSM) programs that provide both local and system-wide benefits (“Stream 2”). This consultation aligned with ministerial direction provided to the OEB, which called for the enablement of local, LDC-led programs that contribute to system value and support Ontario’s broader energy transition objectives. The eDSM Regulatory Working Group (“Working Group”), led by the Electricity Distributors Association (EDA) and the Independent Electricity System Operator (IESO), developed a proposed framework for local eDSM Stream 2 programs through a comprehensive, collaborative, and evidence-based approach reflecting the collective input of distributors and sector partners (“Framework”). The OEB is seeking input from stakeholders on the proposed Framework.

Toronto Hydro has played a leading role in the Working Group and is proud to champion the Framework developed through the collaborative efforts of the EDA and the IESO. The Framework provides a credible and timely foundation for enabling LDC-led demand-side resources that enhance reliability, defer system investments, and deliver value to ratepayers. Toronto Hydro encourages the OEB to proceed with its implementation as presented, as it represents a balanced, efficient, and pragmatic model for advancing local demand-side management initiatives.

Toronto Hydro specifically supports the Working Group's recommendation that the significant majority of local eDSM programs be approved under delegated authority, rather than by an OEB Panel of Commissioners. This approach mirrors the OEB's established handling of annual IRM rate applications and will allow LDCs to focus resources on program delivery rather than duplicative administrative processes. This approach will reduce unnecessary process delays and ensure that LDCs can bring forward solutions quickly to meet local reliability and capacity needs. This streamlined approach aligns with the OEB's modernization priorities, including regulatory simplification, timely decision-making, and removal of process barriers that slow innovation. The Framework effectively balances regulatory oversight and efficiency by leveraging the IESO as a trusted third-party to provide the Measures and Assumptions List (MAL) and Letters of Confirmation. As such, the Panel of Commissioners should be reserved for exceptional cases, with clear, pre-defined thresholds outlining when its review would apply. Predictable and transparent approval pathways will provide LDCs with regulatory certainty and minimize unnecessary delays.

Toronto Hydro underscores that LDCs are uniquely positioned to design and deliver programs tailored to local needs, leveraging their deep understanding of system requirements, customer segments, and emerging demand-side opportunities. The OEB should therefore preserve strong local autonomy in program development and rely on LDC expertise in assessing distribution-level need, cost-effectiveness, and customer benefit. Furthermore, program design flexibility must remain a core principle. Local conditions, customer profiles, and system characteristics vary significantly across Ontario. Allowing LDCs to tailor program measures and delivery models will ensure that eDSM programs produce measurable value for the systems and communities they serve.

Toronto Hydro supports clear and reliable cost recovery mechanisms to encourage LDC participation in eDSM initiatives. Funding structures should be designed to fairly apportion costs, ensuring that an LDC's ratepayers are not subsidizing benefits that accrue primarily to the bulk electricity system. This principle of fairness will help maintain customer confidence and support long-term participation in local eDSM initiatives. Toronto Hydro further supports the Working Group's proposal to establish an eDSM Variance Account (eDSMVA) with no materiality threshold, which will facilitate full cost recovery for programs that deliver net benefits and incentivize active LDC participation, while maintaining accountability to customers.

Toronto Hydro commends the OEB for its leadership in advancing a collaborative, future-focused framework that empowers LDCs to contribute to Ontario's energy transition through local, customer-driven solutions. Toronto Hydro looks forward to continued collaboration with the OEB, the IESO, and sector stakeholders to ensure the successful implementation of Stream 2 programs in a manner that is efficient, equitable, and aligned with Ontario's broader system objectives.

Respectfully,

A handwritten signature in blue ink that reads "Andrew J. Sasso". The signature is written in a cursive, flowing style.

**Andrew J. Sasso**  
Vice President, Regulatory & Municipal Relations  
Toronto Hydro-Electric System Limited