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

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November 25, 2025

NOTICE OF AMENDMENTS TO THE DISTRIBUTION SYSTEM CODE

AMENDMENTS REGARDING A MARGIN ON PAYMENT INCENTIVE MECHANISM FOR THE USE OF THIRD-PARTY DISTRIBUTED ENERGY RESOURCES AS NON-WIRES SOLUTIONS

ONTARIO ENERGY BOARD FILE NO. EB-2025-0083

To: All Rate-regulated Electricity Distributors
All Participants in Consultation EB-2021-0118 and EB-2025-0083
All Other Interested Parties

What You Need to Know

- The Ontario Energy Board is issuing final amendments to the Distribution System Code in relation to a margin on payments incentive mechanism.
- The amendments, effective today, establish a default value of 25%, eligibility criteria and other requirements for distributors to receive a margin on payments incentive to use third-party DERs to meet a distribution system need.
- The amendments support Ontario's economic growth by capitalizing on the value of distributed energy resources and incentivizing the use of innovative approaches to providing cost-effective service.

The Ontario Energy Board (OEB) is giving notice under section 70.2 of the *Ontario Energy Board Act, 1998* (Act) of final amendments to the Distribution System Code

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(DSC). The amendments build on existing guidance[1] to establish a methodology for the setting of rates upon application by a distributor to include a margin on payments (MoP) incentive related to the use of third-party distributed energy resources (DERs) as non-wires solutions (NWSs) to meet a distribution system need.

For DER NWSs approved by the OEB, where the MoP eligibility and other requirements set out in these DSC amendments are met, a distributor's rates will be set through a rate order to include the MoP incentive it applied for, provided the incentive does not exceed the default value set out in the amendments. Additionally, the amendments allow distributors to seek OEB approval for an MoP incentive that does not meet one of the eligibility requirements, provided the proposed incentive does not exceed the default value.

The DSC amendments come into force today.

A. Background

On May 16, 2025, the OEB issued a Notice of Proposal to Amend the Distribution System Code (May Notice) in which it proposed to add a new section 11 to the DSC to establish a methodology for the setting of rates to include an MoP incentive related to the use of third-party DERs as NWSs to meet a distribution system need. Stakeholders are encouraged to review the May Notice for a description of the OEB's rationale for the proposed amendments.

The OEB received nine written comments in response to the May Notice from interested stakeholders, including electricity distributors, consumer groups and environmental organizations, all of which are available for public viewing on the Framework for Energy Innovation 2.0: Non-Wires Solution Incentives (Margin on Payments) page. The OEB has been assisted by the stakeholder comments that it has received through this process.

Having considered the comments, the OEB has determined that it will adopt the amendments to the DSC as set out in the May Notice, with minor revisions. The final amendments as issued are set out in Appendix A to this Notice. The minor revisions are shown in Appendix B, which for information purposes compares the final changes as issued relative to the amendments as proposed in the May Notice.

[1] Filing Guidelines for Incentives for Electricity Distributors to Use Third-Party DERs as Non-Wires Alternatives, March 28, 2023

B. Stakeholder Comments and Revisions to the Amendments

The summary below organizes stakeholder feedback into key themes related to the proposed amendments. While all comments have been considered, only the most substantive are discussed below. Please note that changes were made to the numbering of some sections of the amendments to render the formatting consistent with the rest of the DSC.

Comments on rationale, policy alignment and process

While stakeholder comments were generally supportive of providing greater regulatory clarity on incentives available for the use of NWSs, they also raised the following:

- concerns that the business case for using DERs as NWSs is unproven, and the MoP could result in uptake of more costly solutions;
- the extent to which the use of the MoP is consistent with the OEB's approach to performance-based rate regulation;
- the extent to which the proposed amendments are aligned with the Government of Ontario's broader strategic policy direction on the use of DERs to meet system needs, particularly the Ministry of Energy and Mines' Integrated Energy Plan (IEP), *Energy for Generations*, released in June 2025; and,
- concerns regarding the absence of stakeholder consultation prior to issuing the May Notice.

In response, the OEB notes that by limiting the MoP incentive to 50% of net benefits, it is designed to support the adoption of cost-effective alternatives to traditional solutions and result in net benefits for customers. The OEB believes that the default MoP value and associated eligibility criteria complement the OEB's approach to performance-based rate regulation, as it is a tool designed to achieve outcomes that provide customer value.

The DSC amendments also support the IEP's strategy to unlock the value of DERs, reduce participation barriers for DER providers, and support smarter planning and investment across all levels of the system. Specifically, the amendments respond to Item #18 in the IEP Implementation Directive, which directs the OEB to explore and, where appropriate, provide enhanced guidance on incentives available to distributors for the use of third-party DERs as NWSs.

As noted earlier, the default MoP mechanism builds on existing guidance. The OEB is satisfied that stakeholders were provided an adequate opportunity to comment through the statutory notice and comment process applicable to the code amendment process.

Comments on establishing a default MoP value through the DSC

Some stakeholders supported the establishment of a default MoP value through the DSC, recognizing that it will enhance regulatory predictability and support the adoption of cost-effective solutions to meet system needs. However, others raised questions or concerns regarding the approach from different perspectives, including the legal basis for the approach, whether it removes an OEB hearing panel's discretion to assess the appropriateness of the MoP incentive, and the potential for less than optimal outcomes since the default value does not consider the scale of a solution, contractual arrangements with a third-party and associated risk to ratepayers.

The OEB notes that the amendments to the DSC – which is already a condition of a licence – are being made under section 70(2)(e) of the Act, which states that a condition of a licence may include provisions "specifying methods or techniques to be applied in determining the licensee's rates."

Furthermore, as now clarified in the DSC amendments (see below), the default MoP mechanism will only be available to distributors that have received OEB approval for the third-party DER NWS to which the MoP relates. As set out in the OEB's Non-Wires Solutions Guidelines For Electricity Distributors (NWS Guidelines), the OEB will review the need for the proposed NWS project, including the benefit-cost analysis for the proposed project.

Regarding consideration of the risk to ratepayers, the incentive is limited to 50% of the net benefit of the DER solution, thereby helping ensure it is proportionate to the scale of benefits provided to customers. The costs of contractual arrangements with the third-party DER provider are also considered in determining net benefits. This approach helps ensure optimal outcomes and mitigates ratepayer risk.

The OEB acknowledges that the establishment of an incentive recovered through rates pursuant to a code is a new approach. It is responsive to the Minister of Energy and Electrification's 2024 Letter of Direction to the OEB, which encourages the OEB to explore non-adjudicative tools (including codes) to implement government policy objectives and give regulated entities and other stakeholders greater certainty and predictability. The Letter of Direction also sets out the expectation that the OEB will "provide incentives to utilities to implement non-wire solutions that benefit customers." The OEB believes that the DSC amendments are an appropriate mechanism by which to establish such an incentive and is satisfied that the pre-defined eligibility criteria provide both benefits to customers and additional certainty for distributors.

Comments on MoP incentive definition (new section 11.1)

One stakeholder commented that the proposed definition left unclear the intended recipient of the MoP incentive, and recommended revisions to clarify that it is available to distributors. The OEB recognizes the benefit of providing added clarity and has revised the DSC definition of “Margin on Payments incentive” to clearly state the incentive is available to a distributor.

Comments on codifying the requirement for a prudence review

Some stakeholders commented that the DSC amendments should stipulate that a distributor is only eligible to receive an MoP incentive if the OEB has assessed the prudence of the underlying NWS application to which the MoP incentive relates. The May Notice stated that the proposed DSC amendments only address the MoP incentive and confirmed that evidence of the prudence of the proposed NWS itself would be needed in alignment with s. 3 of the NWS Guidelines. That section sets out requirements for receiving approval to use a DER as an NWS, and the MoP incentive is only one component of those requirements. Distributors must submit a business case that demonstrates the system need and alternatives considered. Distributors must then obtain OEB approval that the costs of the preferred solution are prudent, as well as submit a rate proposal for allocating and collecting costs from their rate classes. For greater clarity, the OEB has revised the opening paragraph of the amendments to the DSC to confirm the incentive is limited to OEB-approved DER NWS projects.

Comments on the default MoP value (new section 11.3.1)

Some stakeholders commented that the default MoP value of 25% should be reduced because it risks increasing uptake of NWSs that are more costly than a traditional solution, particularly if realized net benefits are lower than forecast. It was also noted that the consultant report discussed in the May Notice, which supported the OEB’s development of the amendments, determined an incentive of 15% was successful in supporting the use of third-party DERs in Michigan. A stakeholder also requested flexibility to apply for an MoP value greater than 25%, since it may be needed in some cases to support distributors’ consideration of third-party DERs.

The OEB remains of the view that 25% is an appropriate default MoP value. As noted in the May Notice, a higher MoP value than 15% was considered appropriate given the objectives pursued in Ontario. The OEB aims to support overall consideration of cost-effective NWSs in Ontario, rather than use a smaller incentive complemented with demand response targets. Further, limiting the incentive to 50% of the forecast net benefit of the proposed solution establishes a reasonable limit to ensure customer value even where realized benefits are lower than forecast.

Regarding flexibility to apply for an MoP value greater than 25%, the OEB believes that setting a maximum value enhances regulatory predictability and supports the development of a business case for NWSs by providing clarity on the maximum potential incentive, while also mitigating risks to ratepayers. Distributors continue to have flexibility to apply for one of the other available incentive mechanisms for projects where a different incentive amount is desired.

Comments on the 50% net benefit eligibility criterion (new section 11.3.3)

Some stakeholders commented that the requirement that an MoP incentive cannot exceed 50% of the net present value of forecast net benefits of the proposed DER solution should be reduced to 30%, since it would provide greater assurance that the solution would continue to provide customer value in cases where the benefits from a third-party DER are lower than forecast.

The OEB believes that a 50% threshold provides an appropriate distribution of savings to customers while establishing a reasonable limit to ensure customer value is realized where benefits are lower than forecast. While reducing this threshold could increase the benefit to customers from an individual solution (assuming that solution can meet the lower eligibility threshold), it could reduce the number of NWS projects that meet minimum eligibility for the MoP incentive, leading to lower uptake of NWSs and ultimately lower savings for customers in the aggregate.

One stakeholder commented that a societal cost test should be used to assess the cost-effectiveness of DERs as NWSs. A societal cost test is not part of the cost-effectiveness tests established in the OEB's Benefit-Cost Analysis Framework for Addressing Electricity System Needs and updates to that Framework are not within the scope of this initiative.

Other comments

A stakeholder stated that the proposal to limit the incentive term to the length of a distributor's rate term is inconsistent with section 2.3.3 of the Filing Guidelines for Incentives for Electricity Distributors to Use Third-Party DERs as Non-Wires Alternatives (Filing Guidelines), which states distributors may seek approval for an incentive term longer than its current rate term. The stakeholder also commented that such term limits may create uncertainty since the underlying economics of the project and associated MoP incentive could change over its operational life.

The OEB believes it is appropriate to limit the initial incentive term to a distributor's rate term. Virtually all distributors' costs are reviewed for prudence during rebasing and excluding a review of the underlying NWS project to which the MoP incentive is applied would be inconsistent with this practice. The OEB is not persuaded that this requirement would create significant uncertainty for distributors, as the approach used for the initial incentive would continue to be applicable for the next rebasing period (absent any new amendments to the DSC). This approach adequately balances the OEB's goal of providing regulatory predictability while ensuring continued value to customers. The OEB also intends to update the Filing Guidelines to reflect the DSC amendments.

One stakeholder commented that the proposal to exclude non-rate funded payments (e.g., government grants, private contributions) from the amount used to calculate the MoP incentive is inconsistent with an OEB letter issued in March 2025 that encourages distributors to explore funding from other sources for innovation-related projects. The stakeholder also said this approach may discourage distributors from seeking external funding. The OEB notes that non-rate funded payments would improve the business case for a proposed NWS by decreasing rate-funded costs (i.e., the cost inputs for the BCA). This would increase the net benefit of an NWS and increase the maximum incentive a distributor is eligible to receive for a project, up to 25%. As such, the OEB continues to encourage distributors to seek external funding where possible; however, it will not allow non-rate funded payments to be used to calculate the MoP.

Some stakeholders stated that an MoP incentive for using an affiliate-owned NWS could result in the structuring of an NWS contract that is not in customers' interest. The OEB notes that the eligibility criteria requiring that a DER be a cost-effective alternative to a traditional solution apply equally to a DER that is owned by an affiliate of the distributor, thereby delivering customer value. Furthermore, transactions between distributors and affiliates are governed by the OEB's Affiliate Relationship Code for Electricity Distributors and Transmitters (ARC), which has as two of its objectives to protect ratepayers from harm that may arise from dealings between a utility and its affiliate, and to prevent utilities from acting in a manner that provides an unfair business advantage to an affiliate that is an energy service provider. Among other things, the ARC addresses transfer pricing in relation to the acquisition of services, products or use of assets from an affiliate. The OEB believes that the ARC, in conjunction with the eligibility criteria in the DSC amendments, provides adequate protection for customers.

A stakeholder commented that total bill impacts from the MoP incentive should not be permitted to exceed 0.25% in order to protect customers from the unlikely event that a distributor proposes multiple NWSs that do not see realized benefits. The OEB does not believe such a limit should be established as each individual MoP incentive is only available to NWSs that pass the OEB's cost-effectiveness test. The OEB has already mitigated the risk to customers from actual benefits being lower than forecast by limiting the incentive to 50% of the net benefit.

One stakeholder stated that considering qualitative evidence under the flexibility provision (new section 11.4) could risk increasing ratepayer costs. An MoP application that is relying on the flexibility provision set out in section 11.4 will require OEB consideration of the justification for the MoP incentive.

A stakeholder commented that an MoP incentive should not be considered as “earnings” for the purpose of calculating any Earning Sharing Mechanism (ESM), since including the MoP incentive in the calculation of any ESM introduces uncertainty and less transparency into the value of the MoP incentive as it would be combined with a distributor’s total earnings. The OEB is not convinced that inclusion of the MoP incentive in any ESM calculation introduces significant uncertainty into the value of the MoP incentive: most distributors do not have an ESM and even where they exist, they are not necessarily triggered in every year. However, the OEB believes that the OEB decision-maker considering any such ESM applications will be best placed to determine the appropriate treatment of any MoP incentives earned by the distributor. Distributors will therefore be expected to propose an approach to the treatment of an incentive for an ESM clearance application. For any new ESM, this issue may be considered by the OEB when the plan is proposed.

One stakeholder stated that distributors should be required to submit an annual “variance report” on actual and forecast costs and benefits for the third-party DER. The OEB notes that section 11.5.1 of the DSC amendments requires distributors to record payments made to third-party DER providers for DERs to which an MoP applies. Section 11.5.2 makes provision for reporting. While the specifics of reporting are yet to be established, the May Notice referred interested parties to section 6 of the Filing Guidelines and noted that the reported information will be used to support the OEB’s assessment of outcomes and implications of the use of incentives for third-party DER solutions. The OEB considers these provisions to be sufficient.

A stakeholder proposed revisions to section 11.5.2 to confirm that the OEB will provide reasonable notice to distributors of information requests. The OEB will provide distributors with sufficient notice for any information that may be required under section 11.5.2 and is not persuaded that any revisions to this section are necessary.

C. Minor Revisions to the Amendments Unrelated to Stakeholder Comments

Section 11.1 of the proposed amendments set out in the May Notice included a definition of Distribution System Plan (“DSP”); however, DSP is not referenced in the amendments. The OEB has revised section of 11.1 of the amendments to the DSC to remove the superfluous definition of DSP.

D. Anticipated Costs and Benefits

The anticipated costs and benefits associated with the final DSC amendments are set out in the May Notice. Interested parties should refer to that Notice for further information in that regard.

E. Coming into Force

As set out in the May Notice, the amendments to the DSC come into force today, the date on which the OEB has published the final amendments on the OEB's website**.**

F. Cost Awards

Cost awards related to this consultation will be addressed in separate correspondence.

If you have any questions regarding the final amendments to the DSC described in this Notice and set out in Appendix A, please contact IndustryRelations@oeb.ca. The OEB's toll-free number is 1-888- 632-6273.

Yours truly

Ritchie Murray
Digitally signed by Ritchie Murray
Date: 2025.11.25 13:03:03 -05'00'

Ritchie Murray
Acting Registrar

Appendix A

Notice of Amendments to the Distribution System Code

November 25, 2025

EB-2025-0083

Final Amendments to the Distribution System Code

1. The Distribution System Code is amended by adding a new section 11 as follows:

This section sets out the method for determining a rate-regulated distributor's rates in respect of an incentive for the use of certain distributed energy resources as a non-wires solution to meet a distribution system need in circumstances where the distributor's use of the distributed energy resource as a non-wires solution has been approved by the Board.

11.1 Definitions

For the purposes of this section 11:

"BCA" means the benefit-cost analysis methodology that electricity distributors are to employ when assessing the economic feasibility of using DERs as an NWS to address defined electricity system needs, as set out in the Board's *Benefit-Cost Analysis Framework for Addressing Electricity System Needs;*

"DER" includes any resource or program, whether in-front or behind-the-meter, which could provide an alternative to traditional electricity distributor solutions to meet distribution system needs;

"DST" means the Distribution Service Test to be employed by a distributor in conducting a BCA as set out in section 4.1 the Board's *Benefit-Cost Analysis Framework for Addressing Electricity System Needs;*

"Margin on Payments incentive" means a financial incentive to a distributor for the use of a third-party DER as an NWS, expressed as a percentage of the payments made to the third-party DER provider other than payments funded through a source other than rates;

"Net benefit" means the net present value of the quantitative benefits minus the net present value of all quantitative costs associated with a third-party DER solution to meet a distribution system need, as evaluated using the DST;

"NWS" means a non-wires solution;

"Third-party DER" means a DER that is not owned by the distributor to whose distribution system the DER is or will be connected; and

"Third-party DER provider" means a person who has connected, or requests to connect, a third-party DER to a distribution system.

11.2 Timing of Margin on Payments Incentive Applications

A distributor may apply for a Margin on Payments incentive in relation to the use of a third-party DER as an NWS to meet a distribution system need, either as a stand-alone rate application or as part of a broader rate application.

11.3 Margin on Payments Incentive where all Requirements are met

11.3.1 Where the Board is satisfied that an application for a Margin on Payments incentive meets the requirements of sections 11.3.3 to 11.4, a distributor's rates shall be set by including a Margin on Payments incentive of 25%, or such lesser amount as may be requested by the distributor to meet the criteria in section 11.3.3 or for some other reason.

11.3.2 The incentive term for the Margin on Payments incentive, being the effective date and duration of the Margin on Payments incentive, shall be determined as follows:

a. where the Margin on Payments incentive application is part of a distributor's rebasing application, the incentive term is the duration of the ensuing rate term or such shorter period as the distributor may specify; and,

b. in any other case, the incentive term is the remainder of the current rate term or such shorter period as the distributor may specify.

11.3.3 The following criteria must be met as a condition of obtaining a Margin on Payments incentive:

a. the net present value of the forecast net benefit of the third-party DER, calculated in accordance with section 11.3.4 (f), must be a numerical value greater than zero; and

b. the net present value of the forecast Margin on Payment incentive amount calculated under section 11.3.4 (e) cannot exceed 50 percent of the net present value of the forecast net benefit referred to in paragraph (a).

11.3.4 An application for a Margin on Payments incentive shall include the following information:

a. an overview of the third-party DER proposal;

b. the incentive term determined in accordance with section 11.3.2;

c. the forecast of annual payments to the third-party DER provider over the incentive term as well as the net present value of total payments to the third-party DER provider over the incentive term, broken down where applicable by costs proposed to be funded through rates and costs proposed to be recovered from any sources of funding other than rates;

d. the requested percentage value of the Margin on Payments incentive, which cannot exceed 25%;

e. the forecast of the net present value of the total Margin on Payments incentive, calculated as the percentage set out in paragraph (d) multiplied by the forecast net present value of the payments to the third-party DER provider other than any payments funded through a source other than rates;

f. a completed BCA for the third-party DER that includes the quantitative net benefit result of the DST and that is completed for the same period as the incentive term referred to in paragraph (b); and

g. the distributor's proposed method for implementing and recovering the Margin on Payments incentive, having regard to section 2.4 of the Board's *Filing Guidelines for Incentives for Third-Party DERs as Non-Wires Alternatives;*

11.4 Margin on Payments Incentive where not all Requirements are met

A distributor may apply for a Margin on Payments incentive that otherwise meets the requirements of this section 11 other than the criterion set out in section 11.3.3(b). The Board may approve the inclusion of such an incentive in the distributor's rates if it is satisfied that the Margin on Payments is justified in the circumstances despite not meeting that criterion, provided for greater certainty that the Margin on Payments incentive shall not exceed 25%.

11.5 Accounting and Reporting

11.5.1 A distributor whose rates have been set to include a Margin on Payments incentive shall maintain a record of all payments made to the third-party DER provider for the third-party DER to which the Margin on Payments incentive relates.

11.5.2 A distributor whose rates have been set to include a Margin on Payments incentive shall provide such information as may be required by the Board from time to time, both during and after the incentive term.

Appendix B

Notice of Amendments to the Distribution System Code

November 25, 2025

EB-2025-0083

Final Amendments to the Distribution System Code – Comparison Version Against the Proposed Amendments in the May Notice

For Information Purposes Only

Note: Red text indicates additions to and strikethrough text indicates deletions from the amendments proposed in the May Notice.

1. The Distribution System Code is amended by adding a new section 11 as follows:

This section sets out the method for determining a rate-regulated distributor's rates in respect of an incentive for the use of certain distributed energy resources as a non-wires solution to meet a distribution system need in circumstances where the distributor's use of the distributed energy resource as a non-wires solution has been approved by the Board.

11.1 Definitions

For the purposes of this section 11:

"BCA" means the benefit-cost analysis methodology that electricity distributors are to employ when assessing the economic feasibility of using DERs as an NWS to address defined electricity system needs, as set out in the Board's *Benefit-Cost Analysis Framework for Addressing Electricity System Needs;*

"DER" includes any resource or program, whether in-front or behind-the-meter, which could provide an alternative to traditional electricity distributor solutions to meet distribution system needs;

~~"DSP" means a Distribution System Plan as described in the Board's *Handbook for Utility Rate Applications* that is filed with the Board by a distributor for the purpose of setting the distributor's rates and that supports the distributor's specific capital and operational plans and programs, and the associated budgets, which form the distributor's overall business plan;~~

"DST" means the Distribution Service Test to be employed by a distributor in conducting a BCA as set out in section 4.1 the Board's *Benefit-Cost Analysis Framework for Addressing Electricity System Needs;*

"Margin on Payments incentive" means a financial incentive to a distributor for the use of a third-party DER as an NWS, expressed as a percentage of the payments made to the third-party DER provider other than payments funded through a source other than rates;

"Net benefit" means the net present value of the quantitative benefits minus the net present value of all quantitative costs associated with a third-party DER solution to meet a distribution system need, as evaluated using the DST;

"NWS" means a non-wires solution;

"Third-party DER" means a DER that is not owned by the distributor to whose distribution system the DER is or will be connected; and

"Third-party DER provider" means a person who has connected, or requests to connect, a third-party DER to a distribution system.

11.2 Timing of Margin on Payments Incentive Applications

A distributor may apply for a Margin on Payments incentive in relation to the use of a third-party DER as an NWS to meet a distribution system need, either as a stand-alone rate application or as part of a broader rate application.

11.3 Margin on Payments Incentive where all Requirements are met

11.3.1 Where the Board is satisfied that an application for a Margin on Payments incentive meets the requirements of sections 11.3.3 to 11.4, a distributor's rates shall be set by including a Margin on Payments incentive of 25%, or such lesser amount as may be requested by the distributor to meet the criteria in section 11.3.3 or for some other reason.

11.3.2 The incentive term for the Margin on Payments incentive, being the effective date and duration of the Margin on Payments incentive, shall be determined as follows:

a. where the Margin on Payments incentive application is part of a distributor's rebasing application, the incentive term is the duration of the ensuing rate term or such shorter period as the distributor may specify; and,

b. in any other case, the incentive term is the remainder of the current rate term or such shorter period as the distributor may specify.

11.3.3 The following criteria must be met as a condition of obtaining a Margin on Payments incentive:

a. the net present value of the forecast net benefit of the third-party DER, calculated in accordance with section 11.3.4 (f), must be a numerical value greater than zero; and

b. the net present value of the forecast Margin on Payment incentive amount calculated under section 11.3.4 (e) cannot exceed 50 percent of the net present value of the forecast net benefit referred to in paragraph (a).

11.3.4 An application for a Margin on Payments incentive shall include the following information:

a. an overview of the third-party DER proposal;

b. the incentive term determined in accordance with section 11.3.2;

c. the forecast of annual payments to the third-party DER provider over the incentive term as well as the net present value of total payments to the third-party DER provider over the incentive term, broken down where applicable by costs proposed to be funded through rates and costs proposed to be recovered from any sources of funding other than rates;

d. the requested percentage value of the Margin on Payments incentive, which cannot exceed 25%;

e. the forecast of the net present value of the total Margin on Payments incentive, calculated as the percentage set out in paragraph (d) multiplied by the forecast net present value of the payments to the third-party DER provider other than any payments funded through a source other than rates;

f. a completed BCA for the third-party DER that includes the quantitative net benefit result of the DST and that is completed for the same period as the incentive term referred to in paragraph (b); and

g. the distributor’s proposed method for implementing and recovering the Margin on Payments incentive, having regard to section 2.4 of the Board’s *Filing Guidelines for Incentives for Third-Party DERs as Non-Wires Alternatives;*

11.4 Margin on Payments Incentive where not all Requirements are met

A distributor may apply for a Margin on Payments incentive that otherwise meets the requirements of this section 11 other than the criterion set out in section 11.3.3(b). The Board may approve the inclusion of such an incentive in the distributor's rates if it is satisfied that the Margin on Payments is justified in the circumstances despite not meeting that criterion, provided for greater certainty that the Margin on Payments incentive shall not exceed 25%.

11.5 Accounting and Reporting

11.5.1 A distributor whose rates have been set to include a Margin on Payments incentive shall maintain a record of all payments made to the third-party DER provider for the third-party DER to which the Margin on Payments incentive relates.

11.5.2 A distributor whose rates have been set to include a Margin on Payments incentive shall provide such information as may be required by the Board from time to time, both during and after the incentive term.