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Sent by RESS

December 11, 2025

Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Mr. Murray:

Re: LIEN's Written Comments re Review of the Valuation of Distributed Energy Resources (EB-2025-0268)

Willms & Shier Environmental Lawyers LLP is counsel for the Low-Income Energy Network ("LIEN") for the above referenced proceeding.

We enclose LIEN's written comments below, in response to the questions by the Ontario Energy Board ("OEB"), posed to stakeholders in the OEB Stakeholder Consultation presentation of November 24, 2025 for the above referenced proceeding.

Yours truly,



Ali Naraghi
Associate Lawyer

cc: LIEN Legal Subcommittee
Judy Simon – Consultant for LIEN

1415-9980-4442, v. 1

Review of the Valuation of Distributed Energy Resources

Ontario Energy Board File No.: EB-2025-0268

LIEN's Comments in Response to OEB Staff's Questions posed to Stakeholders in the OEB Stakeholder Consultation slide deck (slides 34 and 47) of November 24, 2025

As a joint program of the Advocacy Center for Tenants Ontario and the Canadian Environmental Law Association, The Low-Income Energy Network ("LIEN") occupies a unique intersection of anti-poverty and public interest environmental advocacy and represents over 75 member groups across Ontario. As a network representing the intersection of interests related to low-income consumers and energy sustainability, LIEN's focus is on reducing the energy bills of all low-income consumers and providing low-income consumers with the opportunity to better manage their electricity bills. LIEN also advocates for low-income communities to be part of future approaches to energy generation and consumption, and for sustainable solutions to societal challenges such as climate change.

LIEN has prepared responses to questions posed by the Ontario Energy Board ("OEB") Staff contained in the OEB Staff slide deck of November 24, 2025 (slides 34 and 47) in the order in which they appear in this slide deck.

Analysis of DER Compensation Mechanisms

- 1. Please elaborate on any feedback you may have on the assessment of the system value of DERs, specifically with regards to:**
 - **Whether the value stack is an appropriate methodology for assessing system value of DERs**
 - **Are the components of the value stack sufficient to assess the system value of DERs?**

LIEN supports the value stack method as an appropriate methodology for assessing the system value of DERs. This methodology is used in New York and elsewhere and includes benefits that are dynamically calculated based on location and market conditions, including energy, capacity, and environmental value, and these benefits are summed up and applied as bill credits to customers. The value stack methodology can stimulate the development and implementation of DERs which can contribute to grid modernization and decarbonization by categorizing and considering a broad benefits stream.

OEB Staff have proposed a value stack methodology which includes generation capacity, transmission capacity, distribution capacity, energy, and emissions (ancillary services were excluded as they were considered a relatively small component) as stack components. The

proposed value stack methodology attributes value based on whether the components are in regions with constraints but does not go down a level of aggregation to attributing a value to particular types of communities or sectors within those constrained areas. For example, a DER serving a constrained area primarily populated by low-income customers may be providing resiliency/reliability and other benefits to these customers that are not being valued in the value stack. Similarly, a DER may be serving a constrained area containing a vulnerable industry which may also be obtaining resiliency/reliability benefits and other benefits from the DER that are not being valued. LIEN suggests adding a social/socio-economic component to the stack to capture these types of DER benefits.

2. Are the identified compensation mechanisms for which each DER type is eligible exhaustive? If no, please elaborate.

LIEN is not aware of any Ontario compensation mechanisms that have not been identified by the OEB.

3. Are the identified misalignments of DER compensation relative to system value comprehensive? Please describe any gaps in DER compensation where DERs can provide value that were not identified.

LIEN has suggested the inclusion of a social/socio-economic component to the value stack to recognize that certain locations for DERs in constrained areas should be attributed a higher value (e.g. serve low-income communities, vulnerable industry) than others, due to providing this additional social/socio-economic value.

Proposed Recommendations

4. For each proposed recommendation, please discuss:

- **Whether the recommendation is appropriate for the misalignment for which it is proposed.**
- **The recommendation sufficiently addresses the identified misalignment.**
- **Any unforeseen impacts of the recommendation on DER providers, ratepayers, or Ontarians in general.**
- **Whether the assessment of recommendation for system value, accessibility to DER providers and implementation considerations are appropriate.**

OEB Staff have made 11 recommendations. LIEN discusses each one below:

1. **Consider transitioning to net billing.** LIEN agrees that the recommendation is appropriate for the misalignment. Currently, there is net metering in which electricity (e.g. from solar PV) is injected onto the distribution system and is paid for based on the retail rate. This tends to overcompensate customers on net metering as the retail rate does not account for costs beyond energy supply; other ratepayers must cover these costs. Transitioning to an approach that is more cost-reflective will send improved price signals to customers and minimize the cross-subsidization of non-participants which are now covering these costs.

In facilitating this transition, the OEB should consider whether some form of grandfathering or implementation and staging is necessary for existing net metering customers as they based their investment decisions for their DERs on net metering compensation. Grandfathering and staging should be designed to incent net metering customers to continue to inject renewable energy into the grid.

LIEN agrees that the assessment of recommendation for system value is appropriate. System value improves with net billing as it provides compensation that is more cost reflective. With the consideration of grandfathering and staging to protect existing investment in renewable energy injection into the grid, net billing may maintain the current levels of accessibility to DER providers but may discourage new entrants due to less compensation being made available as more costs will be included in net billing.

In addition to investigating the need for legislative amendments to implement net billing, the OEB should also consult with existing subscribers of net metering to understand the impact to their future participation with the transition to net billing and to identify any mitigation measures the OEB should put in place to continue to encourage renewable generation through net billing. In addition, the OEB should consult with the broader DER community, consumer groups, and LDCs to determine the most effective and fair way to transition to net billing.

2. **Review restrictions on net metering within Distribution System Code (“DSC”).** Reviewing the need for amendments to the DSC to facilitate net billing is appropriate to address the misalignment of value of electricity injected onto the distribution system and paid for through net metering. The electricity that is injected costs more than the retail rate the DER provider receives for the injection, as there are additional costs beyond energy supply that are not considered. The implementation of net billing will likely require DSC amendments and adjustments to LDC billing practices. In addition, the OEB should consult with the broader DER community, consumer groups, and LDCs to determine the most effective and fair way to transition to net billing.
3. **Amend community net metering regulation.** The amendments proposed by OEB Staff, which include removing the requirement that each community net metering project be listed in the regulation, and the regulation should reflect any changes made to net metering to facilitate net billing, are appropriate. LIEN concurs with OEB Staff that regulatory changes should be made which facilitate community net metering. In addition, the OEB should consult with the broader DER community, consumer groups, and LDCs to determine the most effective and fair way to transition to net billing.
4. **Explore ways to make more efficient use of ICI resources outside of bulk system peak periods.** LIEN agrees that better use of ICI resources is appropriate and would result if there were compensation provided for transmission capacity value of DERs in transmission and distribution constrained areas. Providing this compensation improves system value by allowing DERs to value stack where local constraints exist. It maintains current levels of

accessibility for DER providers to participate and encourages DERs to be located where system constraints exist that are not coincident with bulk system peak periods.

To avoid market confusion of ICI participants, it will be important for the IESO and for the OEB to collaborate to ensure that eligibility and methodology rules for ICI participants regarding stacking of DER benefits are clear. A tool to help ICI participants determine their value stack will likely be helpful.

- 5. Encourage efficient use of DERs by implementing dynamic pricing for Non-RPP Class B electricity customers.** The Class B global adjustment (“GA”) rate does not compensate DERs for the value they provide. The rate is high during months when electricity is abundant and less expensive and low when electricity supply is tight and prices rise. Dynamic pricing will provide more appropriate price signals which will be better aligned with availability of electricity supply, will be more cost reflective, and will lead to more efficient use of DERs.

In determining the appropriate dynamic pricing rate plan for Non-RPP Class B customers, the OEB should identify and consider any potential rate impacts to RPP customers and residential customers on other rates (e.g. ultra-low overnight, tiered), and in particular, any impacts to low-income customers. The OEB may need to increase the rate subsidy of the Ontario Electricity Support Program to include any increase in costs attributed to low-income customers from implementing a dynamic rate for Non-RPP Class B consumers. In addition to considering any regulatory amendments needed, the OEB should continue to consult with Non-RPP Class B customers and LDCs as well as consult with the broader stakeholder community on the selection of appropriate dynamic pricing plans for Non-RPP Class B customers.

- 6. Establish a cost allocation and delivery framework for front-of-meter and market participating DERs that have both distribution and bulk value.** LIEN concurs that this is an appropriate gap to fill as providing compensation for DERs in constrained bulk system and distribution system areas will encourage DERs to address these needs. LIEN agrees that the approach should build on the work being done through the eDSM Stream 2 valuation and attribution of bulk and distribution benefits and costs (e.g. Distribution Service Test, Energy System Test, IESO Confirmation Letter). This will improve system value as it enables DERs to value stack and will improve accessibility by providing a new mechanism for DERs to participate and receive compensation. Collaboration between IESO, OEB and LDCs is needed to design the framework. It is important also to involve DER providers and other stakeholders in the development of this framework in a meaningful and timely manner.
- 7. Where appropriate, leverage procurements and/or programs within the IESO’s resource adequacy framework to secure transmission non-wires solutions when they are identified as preferred solutions through the Regional Planning Process.**

Leveraging procurements and/or programs within the IESO's adequacy framework to secure appropriate non-wires solutions ("NWS") when they are identified as preferred solutions through the IESO's Regional Planning Process contributes to providing increased compensation opportunities for DERs that address transmission constraints. This will contribute to improving the system value of DERs by including costs for previously unvalued components, while maintaining access to DER compensation mechanisms.

As part of the need for increased coordination between LDCs, the IESO and DER providers in the procurement and programs for DER implementation, there should be increased consultation between the IESO, Hydro One, the affected LDCs, DER providers and eDSM providers in the development of implementation strategies for recommendations in the Integrated Regional Resources Plan ("IRRP") for the NWS components of the IRRP. This may necessitate changes to the approach to enhance eDSM and DER recommendations in the IRRP to include preliminary strategy considerations as well as changes to the IRRP and DER frameworks.

8. **Incorporate a transmission avoided cost framework in demand-side management ("DSM") cost-effectiveness tests when needs are identified in the Regional Planning Process.** This recommendation is appropriate for the misalignment it is addressing. It will provide more appropriate valuation of DERs and other NWSs when they are compared to wires and poles projects to address transmission capacity constraints. It also provides a mechanism for including previously excluded benefits for unvalued system components and will encourage the adoption of targeted eDSM and DERs to address transmission constraints. Incorporating a transmission cost framework is a necessary component of the Energy System Test which will value the avoided costs that eDSM and DERs provide for transmission and distribution.
9. **Enable value stacking.** This is proposed to be done by developing consistent and transparent approaches for distribution programs and/or procurements to support interoperability with the bulk system and compatibility with the IESO's resource adequacy framework. This is an appropriate way to address the misalignment of DER value stacking being challenging and will contribute to the effective application of the Distribution Service Test for NWSs, including for eDSM and DERs. It will encourage the adoption of DERs to address distribution constraints and will require standardization across LDCs for consistency and equity.
10. **Programs and procurements by the IESO and LDCs should explicitly allow for future stacking opportunities.** This is appropriate as a longer time commitment to stacking and increasing value stack components will encourage investment in DERs and enhance their adoption, thereby increasing accessibility to DERs. It will also improve the system value as it improves the ability of DERs to provide a value stack. It will require coordination between the IESO and LDCs.

11. Develop a simplified process or tool for DER providers. The proposed tool would enable DER providers to easily understand and assess available mechanisms for their resources and identify best available pathways to compensation for the services they provide. This is an appropriate way to address challenges faced by DER providers due to the complex interactions between different compensation mechanisms, making value stacking difficult to navigate. Such a tool will help to address these challenges so that DER providers are better able to effectively stack the value of their DERs. This should facilitate greater adoption of DERs. Moreover, the proposed tool should include written material containing plain language not only for the general public, but also for consumer groups, such as LIEN and the communities they serve.

OEB's Approach to Addressing DER Delivery Rates

LIEN is supportive of the OEB's approach to addressing DER delivery rates and agrees with the four rate design principles, namely, (i) cost recovery, (ii) fairness, (iii) efficiency and (iv) simplicity, which OEB Staff have proposed. LIEN suggests the OEB consider adding ease and timing of implementation as a rate design principle to help with making trade-offs regarding any urgency to implement certain rates and the cost and complexity LDCs will face to implement the rates (e.g. changes to billing systems, settlement systems, customer outreach and education).

Appropriateness of the OEB's Analysis and Observations and Draft Discussion Questions

The OEB's analysis, observations and draft discussion questions are a good basis to build on for further research and consultation on connection cost responsibility, base distribution rates for front-of-meter generation DERs, base distribution rates for front-of-meter electricity storage DERs, specialized DER distributor rates, and delivery rates for behind-the-meter DERs for standby rates, bypass compensation, and Retail Transmission Service Rates.

Any Other Matters that Stakeholders Feel are Relevant and Important to the OEB's Report Back to the Minister of Energy and Mines on IEP Implementation Directive item #11.

The OEB may wish to include in its report to the Minister of Energy how its approach, findings, and recommendations have addressed and will continue to address the electricity objectives of the OEB Act, in particular informing consumers and protecting their interests, promoting economic efficiency and cost effectiveness, facilitating innovation, and promoting conservation and demand management including having regard to consumer's economic circumstances. Including this analysis would contribute to providing a broader and enhanced inclusive context within which the focus of DER valuation takes place.