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Via Electronic Filing

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Ontario Energy Board  
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**RE: Review of the Valuation of Distributed Energy Resources, EB-2025-0268**

Dear Mr. Murray,

I am writing to you on behalf of Peak Power Energy to provide you with comments relating to the above-mentioned proceeding.

Peak Power is an Ontario-based behind-the-meter energy storage company with operations across Ontario, Canada and the United States. The company delivers end-to-end solutions, including origination, project development, construction management, financing, and asset operations. Peak Power's core strength lies in its industry-leading coincidence-peak forecasting, achieving accuracy above 90%. The firm currently manages approximately 185 MWh of operating assets.

Peak Power strongly supports the OEB's direction on enabling DER value stacking (Recommendations 9 and 10) and recommends that the final DER Valuation Framework explicitly recognize that distributed battery storage requires a diversified, multi-layered compensation structure to be financeable and to deliver the full system value identified in the OEB analysis.

Ontario's current storage market remains overwhelmingly dependent on Global Adjustment (GA) peak management, which accounts for the vast majority of behind-the-meter storage revenue today. This creates under-utilized storage assets that operate almost exclusively around a few summer peaks and prevents batteries from contributing to broader provincial needs such as year-round reliability, distribution deferral, DR performance, flexibility services, and wholesale market optimization.

The ambition of the DER Valuation Framework should be to shift Ontario from a GA-dominated storage model to a balanced, financeable, multi-service value stack, where storage is compensated for every distinct system benefit it provides.

**A. Explicitly Identify the Core Value Streams That Storage Should Be Permitted to Stack**

Distributed storage delivers multiple system services, each representing a distinct component of the OEB's value stack. The DER Valuation Framework should ensure that compensation pathways exist—and can be combined—for the following six foundational revenue streams:

1. Global Adjustment (GA) Peak Management

GA currently represents 80–90% of BTM storage revenue. It should remain available, but the objective of DER valuation should be to reduce GA's dominance so that it becomes one component of a diversified revenue stack ( $\leq 50\%$  over time), not the sole driver of investment.

2. Bulk System Capacity Value

Multi-year capacity payments or equivalent structures that recognize storage's dependable contribution to Ontario's reliability needs.

3. Local Transmission & Distribution Capacity (NWA Value)

Compensation for storage that defers feeder upgrades, avoids station expansions, or addresses regional planning needs.

4. Demand Response (DR) Value

Recognizing the precision and reliability of automated, storage-backed DR with appropriate compensation.

5. Energy & Ancillary Services Value

Arbitrage under dynamic pricing, plus wholesale energy and ancillary service participation as the IESO's Enabling Resources Program expands eligibility to aggregated DERs.

6. Net Billing Export Value

Export compensation—particularly for stand-alone storage, which should be made eligible—is critical to reflecting peak-period system benefits and aligning dispatch with grid value.

These six parallel value streams form the foundation of a modern, financeable value stack for distributed storage and bring Ontario in line with leading jurisdictions such as NYISO, ISO-NE, PJM, and California.

**B. Adopt a Principle-Based Rule Allowing Storage to Earn Multiple Revenues in Parallel**

A storage resource should be eligible to receive compensation for each service it provides, provided dispatch obligations do not conflict and the resource is not being paid twice for the same value.

This principle prevents storage from being forced into single-service programs, enables full system optimization, and is directly aligned with North American DER integration best practices.

### **C. Ensure Consistent Stacking Pathways Across IESO and LDC Programs**

- LDC NWA procurements should explicitly allow coexistence with IESO capacity, DR, and market participation.
- IESO procurements should not restrict batteries from earning compatible value streams.
- Any participation restrictions should be transparent and standardized across LDCs.

This ensures that DER valuation at both the distribution and bulk levels works coherently.

### **D. Align Dynamic Pricing and Net Billing with Storage Value Stacking**

Two OEB recommendations directly influence stacking potential:

#### Dynamic Pricing (Rec. 5)

Should create meaningful price spreads that support storage-based arbitrage and load shifting as a recurring value stream.

#### Net Billing (Rec. 1)

Should allow stand-alone storage to export energy and be compensated for peak-period injections that provide system value.

Together, these reforms unlock the energy and export legs of the storage value stack.

### **E. Summary Recommendation**

Peak Power recommends that the OEB DER Valuation Framework explicitly support a multi-service, financeable value stack for battery storage, enabling compensation for GA peak reduction, bulk capacity, local capacity/NWA deferrals, DR performance, energy and ancillary services, and net billing export. A principle-based approach should allow storage to stack any combination of non-conflicting services. This diversified revenue framework will increase battery utilization and allow distributed storage to deliver its full reliability and flexibility value to Ontario's electricity system.

We look forward to continuing this discussion, and we would be happy to discuss any of the above points with you and your team.



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