

**VIA RESS**

December 12, 2025

Ritchie Murray  
Registrar  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, Ontario M4P 1E4

Dear Ritchie Murray:

**Re: Ontario Energy Board  
Review and Evaluation of the Valuation of Distributed Energy Resources (DERs)  
Consumers Council of Canada (CCC) Comments  
OEB File No. EB-2025-0268**

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In accordance with the OEB's letter, dated October 27, 2025, please find attached CCC's comments on the Review of the Valuation of Distributed Energy Resources (DERs).

Yours truly,



Lawrie Gluck  
Consultant for the Consumers Council of Canada

## Background

The OEB issued a letter on October 27, 2025, launching its review of Distributed Energy Resources-related (DERs) compensation and delivery rates. The DER valuation review is in response to the Ministry of Energy and Mines' Integrated Energy Plan (IEP) Directive.

On November 7, 2025, the OEB issued a presentation (and supporting materials), which set out a detailed summary of the OEB's review and recommendations regarding DER-related compensation and delivery rates (i.e., DER valuation). The OEB also held a stakeholder meeting to explain its findings and receive initial feedback regarding its recommendations.

The Consumers Council of Canada (CCC) provides its brief comments on the OEB's review of DER valuation below.

## CCC Comments

It is clear from the presentation and supporting materials that the OEB has deeply considered the issue of DER valuation in its efforts to respond to the Minister's IEP Directive.

CCC has one overarching comment with respect to the work that the OEB has completed and plans to complete in the future with respect to the valuation of DERs. CCC submits that the foundational ratemaking principle that costs follow benefits must be adhered to across the design of both DER-related compensation and the distribution rate structure.

The OEB set out its "value stack" approach with respect to determining the value of DERs.<sup>1</sup> With respect to the compensation associated with the deemed DER value, CCC submits that it will be necessary for the funding for the compensation to be collected across the various components of the value stack. For example, to the extent that a DER is providing value to both transmission and distribution capacity, the funding for the compensation will need to be collected from the rates that are associated with those components of the value stack (i.e., transmission rates and distribution rates). In other words, the costs should be recovered from the same group of customers that benefits. To the extent that new mechanisms may need to be created to facilitate this type of cost recovery, that work should be completed as part of the DER valuation project.

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<sup>1</sup> [DER Valuation Presentation](#), November 7, 2025, p. 13.

With respect to the distribution rate structure, CCC submits that the same principle – costs follow benefits – should apply. The OEB appears to recognize the importance of this in its discussion of the four rate design principles that it plans to follow (i.e., cost recovery, fairness, efficiency and simplicity).<sup>2</sup>

The OEB also provides some commentary with respect to the harmonization of transmission and distribution rate frameworks with respect to certain types of DERs.<sup>3</sup> CCC submits that the OEB should be cautious in its harmonization efforts. We see the obvious attraction to harmonization (i.e., simplicity and the equal treatment of similar energy resources regardless of whether they are connected to transmission or distribution systems). However, to the extent that a distribution-connected resource is exempt from paying certain charges, or is otherwise provided a discount relative to its properly allocated costs, the result will be that the remainder of a distributors' customers will pick up the tab. This will result in a distribution-level subsidy to the connected DER when that DER will presumably be providing value to the generation and transmission components of the value stack. This issue is particularly important for smaller distributors, with smaller customer bases, where the potential distribution-level DER subsidy will give rise to disproportionate bill impacts.

We understand, to the extent that the OEB moves forward with changes to DER-related delivery rates, it will hold a generic hearing or some other format of hearing / consultation.<sup>4</sup> CCC supports this approach as the appropriate design of delivery rates for DERs is complicated and a significantly more granular review of any proposals (including the consideration of the costs that are appropriately allocated to DERs) will be necessary before implementation.

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<sup>2</sup> [DER Valuation Presentation](#), November 7, 2025, p. 36.

<sup>3</sup> Ibid.

<sup>4</sup> [DER Supporting Materials](#), November 7, 2025, p. 49.