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Ritchie Murray
Acting Registrar
Ontario Energy Board (OEB)
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ATTN: EB-2025-0268 – Review of Valuation of Distributed Energy Resources

Dear Ritchie,

This submission responds to the presentation and materials provided by the OEB on the Review of Valuation of Distributed Energy Resources (DERs) (EB-2025-0268). Power Advisory has coordinated this submission on behalf of a consortium of energy storage providers under contract with the IESO through multiple procurement initiatives (the “Consortium”).

We would like to thank the OEB for its continued outreach to stakeholders related to DERs. The Consortium generally supports the direction of the Valuation of DERs presented by the OEB. Appropriate treatment of DERs for costs and rates is critical to achieve a cost-effective, efficient and beneficial electricity system for Ontario's ratepayers.

Based on the information presented in the webinar we have the following feedback focused on part 2: DER Delivery Rates.

Support Exemption of Front of Meter (FTM) Storage from Retail Transmission Service Rates (RTSR) Immediately

The OEB has asked as a discussion question

“Should the OEB consider exempting front of meter electricity storage from paying Retail Transmission Service Rates in the more immediate term? This would facilitate the

¹The members of the Consortium are Alectra Energy Solutions, Atura Power, Compass Energy, Capital Power, Convergent Energy+Power, EDP Renewables, AYP, Brookfield Renewables, Neoen, Northland Power, Boralex, and Potentia.

integration of the distribution-connected front of meter electricity storage procured recently by the IESO.”.

The Consortium's firmly supports the RTSR exemption for FTM storage that are market participants in the Independent Electricity System Operator (IESO) Administered Market (IAM). The Decision and Order from the OEB Board issued on March 27, 2025, for the Generic Hearing on Uniform Transmission Rates – Phase 2 (EB-2022-0325)² establishes the requirement for Transmission-Connected Energy Storage that responds to IESO dispatch signals to be exempt from Uniform Transmission Rates (UTRs). The Consortium believes that the decision did not recognize that some of the energy storage resources contracted by the IESO through their various recent procurements (e.g., Expedited Long-Term and Long-Term 1) included distribution connected energy storage resources. These market participants will be IAM Market Participants and will be responding to the same IESO dispatch instructions as outlined in the OEB's Decision and Order. Without an exemption for RTSR, these distribution-connected energy storage resources are disadvantaged and more costly to Ontario energy consumers. Extending the exemption of RTSR for distribution-connected energy storage appropriately completes the treatment of all market participating energy storage resources.

The Consortium recognizes that auxiliary or parasitic load for the energy storage resources may still have RTSR rates applied similar to the treatment of transmission-connected IAM participating energy storage resources.

Support Exemption of Front of Meter (FTM) Storage from Distribution Rates

The OEB has asked as a discussion question

“Should the OEB exempt front of meter electricity storage (i.e., storage that is directly connected to a distribution system) from base distribution rates? This would be consistent with how front of meter generation is treated on Ontario's distribution and transmission systems and how transmission connected storage will be treated beginning in 2026. Should the OEB leverage lessons from the work that OEB and the IESO are doing to co-ordinate and implement the exemption to transmission connected storage?”

The Consortium supports further exemption of FTM storage from base distribution rates similar to the exemptions underway for transmission rates. The Consortium supports the requirement that the distribution energy storage must be market participants in the IAM and be responding to IESO dispatch instructions for consumption from the grid.

² <https://www.rds.oeb.ca/CMWebDrawer/Record/893635/File/document> - Section 4.2

The Consortium recognizes that currently there is a visibility challenge for the IESO dispatch instructions as it related to distribution system constraints in day-ahead, pre-dispatch and real-time actions. Through work in the Transmission-Distribution Working Group (TDWG) and other forums, the Consortium understands that generally Local Distribution Companies (LDC) do not have monitoring, recording and communication capabilities for their distribution system conditions to support the IESO's day-ahead scheduling and real-time dispatch instructions. For example, to support scheduling and dispatch instructions from the IESO a LDC would need to be capable of monitoring the capacity of distribution system assets to support energy consumption of an energy storage resource at their Point of Interconnection (POI) to the IESO Controlled Grid (ICG). Any change in distribution system asset capacity must be communicated to the IESO so that scheduling and dispatch instructions can be adjusted to reflect the constraint in the distribution system. Without that information and communication, the IESO may issue schedule and dispatch instructions that are not viable for the energy storage resource to perform without violating distribution system constraints.

To address this challenge, the Consortium recommends that the OEB consider a two part implementation plan for base distribution rate exemptions for energy storage resources that are IAM market participants. First, LDCs should be required to make the system expansions and upgrades for any distribution-connected energy storage resource in their service territory that are contracted with the IESO to allow appropriate visibility for IESO scheduling and dispatch instructions. This will limit immediate actions only to resources that the IESO has procured for critical provincial system capacity needs. Next, LDCs across the province should prepare an action plan to incorporate visibility for IESO scheduling and dispatch for any future distribution-connected energy storage contracted by the IESO or for energy storage resources that intend to be IESO market participants. The action plan can describe how the LDC will assess whether investments in system expansion or upgrades are required and what commitments from the energy storage resource will be required to support the LDC actions.

Ensuring consistent treatment for energy storage resources participating in the IAM, regardless of connection point, is critical for efficient and cost-effective IESO market operation.

The Consortium is available to discuss our feedback with the OEB at anytime that is convenient in the future.

Sincerely,



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cc:

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