

December 12, 2025

**Ian A. Mondrow**  
Direct 416-369-4670  
ian.mondrow@gowlingwlg.com

**VIA RESS**

Mr. Ritchie Murray  
Acting Registrar  
**ONTARIO ENERGY BOARD**  
P.O. Box 2319, 27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto, Ontario  
M4P 1E4

Dear Mr. Murray:

**Re: EB-2025-0268: Review of the Valuation of Distributed Energy Resources  
IGUA Comments on October 2025 Staff Discussion Paper**

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We write as legal counsel to IGUA to provide brief comment for the OEB's consideration in the captioned review.

**IGUA's Interest**

In our November 8, 2025, registration of IGUA's interest in participating in this review, we indicated that while IGUA represents industrial gas consumers, and the instant review relates primarily to electricity, this review is one of a number of ongoing and potentially inter-related OEB processes, including:

- Enbridge Gas Inc.'s 2025 IRP Incentive Mechanism Application (EB-2025-0292)
- The OEB's review of the IRP Framework for Enbridge Gas Inc. (EGI) (EB-2025-0125)
- Phase 2 of the BCA Framework for Addressing Electricity System Needs (BCA Framework) (EB-2023-0125)

In relation to EGI's IRP Framework, the appropriate test for economic evaluation of IRP alternative solutions to traditional gas delivery infrastructure remains a "live" issue. Within Phase 2 of the development of the BCA Framework the economic analysis for evaluation of non-wires alternatives (the electricity counterpart to IRP alternatives for EGI) is a live issue. IGUA is engaged in these proceedings as well, with a particular interest in the principles for, and approach to, economic evaluation of alternative solutions to traditional utility infrastructure.

In the instant consultation, OEB Staff have asked for feedback on the assessment of the system value of DERs.<sup>1</sup> The November 24<sup>th</sup> Stakeholder Engagement Presentation Materials provided by OEB Staff include reference to “emissions” in respect of the “value stack components” of DERs.<sup>2</sup> In the Summary of Findings regarding value stack components, the materials address emissions as follows<sup>3</sup>:

*The current price on industrial emissions from fossil fuel generation above the emissions intensity threshold may be reflected in the bid prices of fossil fuel generators in the wholesale energy market and thereby increase the market price when these resources are on the margin.*

The materials further identify the IESO Stream 2 eDSM funding for behind the meter DSM programs that “consider generation capacity, distribution capacity and energy benefits and costs to determine the appropriate compensation level for DERs in locations with system constraints”.<sup>4</sup> Reference is then made to consideration of the value of these benefits through the use of the Distribution System Test and the Energy System Test. In proposed recommendation 6 the Stream 2 eDSM program and its distribution and system level tests are again referenced.<sup>5</sup> The proposed recommendation is:

*Establish a cost allocation and delivery framework for front-of-meter and market-participating DERs that have both distribution and bulk value, building on eDSM Stream 2.*

## **IGUA’s View**

Considering the foregoing, we understand OEB Staff’s proposals to be supportive of a focus on benefits to the electricity distribution, transmission, and energy and capacity supplying systems in evaluating, and compensating, DERs. IGUA endorses this focus.

As we understand the materials provided for consideration, no recommendations are offered in respect of ascribing value to “emissions reduction” from DERs, beyond the value already embedded within electricity prices as a result of legislated carbon pricing or emission limits and associated compliance costs. IGUA endorses this conclusion as well.

Value ascribed to DERs (or gas IRP alternatives), and associated compensation, should reflect energy system costs avoided through DERs deployment. If a DER solution is more cost effective in meeting customer energy needs than a traditional utility infrastructure solution, then the DER solution should be deployed, to the benefit of energy customers. Policy decisions regarding the costs and benefits of emissions reduction, and associated valuation of, and compensation for, emissions reduction, is the purview of government legislation, not, with respect, the OEB. In IGUA’s view the OEB’s role is to provide economic frameworks within which the lowest cost solutions to meeting the needs of energy customers as energy customers is deployed. General social welfare initiatives, like

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<sup>1</sup> November 24<sup>th</sup> Stakeholder Engagement Presentation Materials, page 34.

<sup>2</sup> Ibid, pages 14, 16 and 20.

<sup>3</sup> Ibid, page 20.

<sup>4</sup> Ibid, page 22.

<sup>5</sup> Ibid, page 29.

the reduction of emissions, should not be implemented by the OEB and funded through regulated energy rates. Such an approach would reduce the fidelity of pricing for regulated energy services, leading to economically inefficient choices by, and on behalf of, energy services customers. For IGUA's members, who are energy intensive trade exposed industrials, this would unnecessarily impair their competitiveness.

To the extent that energy costs include emissions reduction costs and benefits prescribed by regulation, these costs and benefits will already be captured in overall energy system costs.<sup>6</sup> The OEB should not of its own accord ascribe economic value to emissions reductions beyond that already determined by legislators to be appropriate. This should be a consistent determination across energy types, energy systems, and energy services innovation initiatives.

Yours truly,



Ian A. Mondrow

c. Nazim Sebaa, IGUA

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<sup>6</sup> Ibid, page 20.