By RESS

December 12, 2025

Mr. Ritchie Murray
Acting Registrar
Ontario Energy Board
PO Box 2319
2300 Yonge St., Suite 2700
Toronto, ON, M4P 1E4

Dear Mr. Murray:

Subject: DER Valuation Review - OEB File No. EB-2025-0268

Hydro Ottawa Limited ("Hydro Ottawa") appreciates the opportunity to submit feedback on the Ontario Energy Board's ("OEB") DER Valuation Review.

Please see Appendix A attached, which provides Hydro Ottawa's comments on the OEB's stakeholder meeting on DER Valuations held on November 24, 2025.

Hydro Ottawa appreciates this opportunity to provide comments and looks forward to continued dialogue with the OEB on this important initiative.

Sincerely,

Signed by:
April Barrie
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APPENDIX A

On November 24, 2025, the OEB presented its findings and recommendations on Distributed Energy Resources (DER) valuations within Ontario's electricity system. The OEB's review of DER valuations was prompted by a Ministerial directive, and is made up of two parts: (i) DER compensation and (ii) DER Demand/Delivery Charges. Part One, DER Compensation, is assessed using a Value Stack Approach, which infers a DER value based on its contribution to five system components: generation capacity value, transmission capacity value, distribution capacity value, energy value, and emissions value. Part Two, DER Demand/Delivery Charges, provides observations and seeks feedback.

The comments below by Hydro Ottawa respond to the OEB's findings and recommendations on DER valuations. These comments are in addition to the EDA's submission, which Hydro Ottawa supports. While Hydro Ottawa regards the OEB's Value Stack Approach as suitable for identifying gaps in existing compensation, the utility recommends a reevaluation of two key areas and suggests that in ensuring appropriate DER compensation, that considerations to determine lowest cost alternatives is not lost by losing sight of actual costs by removing them and or not properly ensuring all customers who benefit share in those costs. First, the distribution capacity value component must recognize that a DER's value is dynamic and derived from the network it serves. Second, the OEB should narrow the scope of its Part One recommendations to focus on unaddressed gaps in DER value, favouring an incremental implementation approach.

DER Capacity Constraints

The OEB identified distribution capacity as a part of the value stack that DERs offer. Specifically, DERs can provide high value in sections of the distributor's network where capacity constraints exist by injecting excess power into the system. Alternatively, DERs have a lower value in sections where there are no distributor capacity constraints.

Generally, Hydro Ottawa agrees with this description. However, the utility does not see the value of a DER as either high or low for the life of the asset. Instead, a DERs value for addressing distributor capacity constraints should be thought of as evolving in response to market conditions. A highly constrained system may require wired solution upgrades that, once built, negate the high value of any existing DER. In this context, a DERs true value is optimized when they are incorporated into the host distributor's system planning to avoid the risk of redundant assets or stranded DERs providing low value.

Therefore, Hydro Ottawa recommends that the OEB reevaluate its distribution capacity value component and applicable recommendations to recognize the evolving value of DERs. This reevaluation is necessary because a DERs value is dynamic and is best used in coordination with the distributor's system planning.

Scope of the Part One Recommendations

The OEB's Part One recommendations reference several developing programs, such as Distributor System Operator capabilities and eDSM Stream 2, that already address some of the suggested actions. In this context, Hydro Ottawa finds the intent unclear for recommendations that appear to have existing programs addressing value gaps. Specifically, whether the OEB is requesting the status quo fulfillment of these existing programs or entirely new streams.

Hydro Ottawa recommends that the OEB narrow the scope of its recommendations to gaps in DER valuations that are not already being fulfilled to some degree by other OEB programs. This would narrow the recommendation focus for the Ministry on the highest value-added next steps.

The uncoordinated OEB approach to DER compensation and implementation, with many overlapping DER mechanisms in different proceedings, is concerning. It adds unnecessary complexity and confusion. Therefore, Hydro Ottawa respectfully recommends that the OEB and the Ministry use a piecemeal and incremental approach to DER Valuations, with one step leading into the next. This incremental approach should be addressed in the recommendations by identifying actions that need to be placed first to facilitate further advancements. The framework for DERs, and the purpose of this review paper, should be to create a clear, coordinated, compensatory approach that fits DERs into the system in a socially beneficial manner. Hydro Ottawa does not believe that this review achieves this outcome in its current form without proper consideration given to simplifying DER valuations.

Base Distribution Rates for FTM Storage - Should FTM electricity storage be exempt from base distribution rates, similar to FTM generation and transmission-connected storage?

In Hydro Ottawa's most recent 2026-2030 custom application, it was proposed that costs and remuneration should not be mixed for DERs. By removing costs, the market loses the visibility of the costs related to a resource and loses the ability to properly remunerate and ensure the lowest cost alternative is selected.

Hydro Ottawa believes there is merit to looking at any customers' flexible electricity use and the benefit/value to the grid. However, it should be acknowledged that any load to the distribution grid resulting from storage, regardless of charging during non-peak times, results in baseload lost to other customer connections.

Secondly, the OEB should ensure that at a feeder level, distribution customers are not being charged additional transmission costs as a result of the connection of storage load to the grid. Locationally, storage will only result in no additional transmission charge as long as the charging occurs and it does not contribute to a shifting peak on a feeder.