From: Office of the Registrar
To: Spencer Patterson
Subject: FW: Review of the Valuation of Distributed Energy Resources (EB-2025-0268)
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Sent: Sunday, December 14, 2025 5:15 PM
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Subject: Review of the Valuation of Distributed Energy Resources (EB-2025-0268)

To the Ontario Energy Board (OEB) Registrar:

On behalf of OREC, please accept this submission in response to the OEB's Review of the Valuation of Distributed Energy Resources (EB-2025-0268). This feedback aims to ensure the proposed regulatory and compensation frameworks appropriately reflect the system value of Distributed Energy Resources (DERs), particularly those owned by communities and small investors.

1. Recognition and Quantification of System Value

The OEB's review must utilize quantifiable evidence of DER benefits to ensure accurate valuation.

- **Hydro One Battery Initiative as Empirical Evidence:** The review must explicitly reference and quantify the success of the **Hydro One Residential Reliability Improvement Program** (using batteries like Tesla Powerwall) in reducing LDC Operating & Maintenance (O&M) costs and improving system resiliency. The data shows that participants in this program are expected to see an improvement of **at least 60% fewer outage hours**. This quantified reliability improvement provides empirical evidence for valuing **resilience** and **availability**, two core DER attributes.
- **Fundamental Valuation Principle:** It should be a given that any DER deployment that demonstrably **reduces Local Distribution Company (LDC) costs** (a key component of the Distribution Service Test in the OEB's BCA Framework) is a *positive* outcome that supports the objective of maintaining low rates and high affordability.

2. Regulatory Alignment for Maximum Value Stacking

The framework must be modernized to enable DERs to be valued for all the services they provide, across both distribution and bulk systems.

- **Enabling Value Stacking:** We urge the OEB to facilitate clarity in how **value stacking** is enabled between IESO programs and LDC programs/procurements. This is critical to ensure that community-owned assets can maximize their revenue streams.
- **Standardizing Connection and Compensation:** The OEB should take action to **facilitate consistency in how specialized rates for DERs are developed and applied** by distributors, akin to how the OEB managed the monthly service charge for microFIT generators. This ensures that **several medium-sized DER assets** are equally rewarded and promoted as one large DER asset in a region, recognizing the enhanced resiliency of geographically dispersed resources.

3. Protecting Investor Rights and Financial Predictability

For communities and small businesses to invest, the financial framework must be predictable and fair.

- **Net Metering vs. Net Billing:** Any shift from a Net Metering to a Net Billing framework must maintain the **affordability and profitability** of the resident or business at the forefront.
- **Finalizing Standby Rates:** The continued existence of interim standby rates at several utilities causes significant uncertainty regarding billing. The OEB should accelerate the review of **standby rates best practices and apply lessons learned** to ensure fair and consistent application by all distributors, providing the regulatory certainty required for investment. Homeowners and businesses that invest should always have the right and expectation of a **reasonable return** on their time, effort, and capital investment in DERs.

4. Encouraging Community-Owned and Resilient Solutions

The valuation must recognize the strategic system benefits and societal value provided by locally embedded DERs.

- **Expediting Non-Wires Solutions (NWS):** Community-owned DERs are the ideal model for cost-effective **Non-Wires Alternatives (NWA)** deployment. We urge the OEB to **finalize and provide prescriptive guidance** for the next phases of the **Benefit-Cost Analysis (BCA) Framework**, specifically refining the Energy System Test (EST) and incorporating **societal impacts**. A clear BCA framework is essential for community DERs to successfully compete with traditional infrastructure (wires).

- **The Power of Community Ownership:** Community ownership should be actively encouraged for multiple reasons:
    - **Public Support:** Broad-based "ownership" of DERs fosters a level of **knowledge and understanding** that combats **NIMBYism** and builds public support for the energy transition.
    - **Resiliency Value:** Several systems spread over a region, dispersed in space and time, by definition provide **more resiliency and security of supply** than any single asset. This intrinsic value must be recognized and rewarded.

5. Valuing Critical Service Microgrids

Stacking of DER features and benefits must include explicit compensation for resilience services, especially in remote regions like Eastern, Northern, and Southwestern Ontario.

- **Community Energy Gardens:** Encourage community-owned solar/wind/battery gardens **'front of meter'** on land and rooftops wherever possible.
- **Disaster Recovery Microgrids: Disaster recovery sites** (arenas, schools, cooling centers) should be incentivized to install solar and battery systems. They must have the option to export for profit (net-billing) but also possess the ability to be **'islanded'** and operate independently as a microgrid for **crisis support**.
- **Critical Sector Microgrids:** Establish **community microgrids** in critical economic and hospital sectors for enhanced, demonstrable **resiliency purposes**.

This submission is intended to provide constructive input on advancing DER valuation and integration in Ontario. Please let me know if you have any questions.

Thanks for supporting local renewable energy!

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