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NOTICE OF AMENDMENTS TO THE DISTRIBUTION SYSTEM CODE

BOARD FILE NO.: EB-2019-0207

**To: All Licensed Electricity Distributors
All Licensed Electricity Generators
All Licensed Electricity Storage Companies
All Participants in Consultation Process EB-2019-0207
All Other Interested Parties**

What You Need to Know

- **The OEB is issuing a Notice of Final Amendments to the Distribution System Code that are intended to lower barriers to the connection of Distributed Energy Resources, by reducing costs and improving timelines, fairness, and consistency in connection processes.**
- **Key changes include increasing the maximum capacity limit for micro-embedded generation, revising insurance requirements, removing a capacity allocation exemption, ensuring consistency in the connection impact assessment timeline, and broadening technical standard requirements.**
- **These amendments come into force on May 1, 2026.**

The Ontario Energy Board (OEB) is giving notice, under section 70.2 of the *Ontario Energy Board Act, 1998* (Act), of final amendments to the *Distribution System Code* (DSC). These amendments are intended to lower barriers to the connection of Distributed Energy Resources (DER) as they aim to reduce costs and improve timelines, fairness, and consistency in connection processes. The amendments are expected to support the delivery of affordable, secure, reliable and clean energy, further enabling economic growth across the province and supporting smarter planning and investment – consistent with the objectives outlined in Ontario's [Integrated Energy Plan](#) (IEP).

A. Background

On October 28, 2025, the OEB issued a [Notice of Proposed Amendments to the DSC](#) (October Notice) in which it proposed the amendments described below.

Interested parties are encouraged to review the October Notice for more detail regarding the proposed amendments and the rationale for them.

1. **Increase the maximum nameplate capacity for a micro-embedded generation facility to 12kW.** This amendment supports customer choice in meeting energy needs while maintaining the expedited and simple connection process associated with micro-embedded generation facilities. It removes the need for customers to derate their facilities, better reflects market trends and accommodates residential DER technologies with nameplate capacities between 10kW and 12kW. This amendment is expected to reduce costs, support fairness, support government priorities, and align with industry best practices.
2. **Revise the insurance requirements in the form of connection agreement for small and mid-sized embedded generation facilities.** The amendments exempt residential customers from the commercial insurance requirement. The amendments also address concerns about changes to a customer's insurance after connecting a DER facility and clarify the proof of insurance requirement for scenarios involving a third-party. These changes align with broader policy objectives to support electrification, customer choice, and the transition to a more distributed and decarbonized energy system.
3. **Remove the capacity allocation process exemption for an embedded generation facility that is not an embedded retail generation facility.** This amendment reinforces consistency in the connection process and aligns with amendments made in 2022 and 2023. It promotes greater equity among projects, improves certainty for both proponents and distributors, and enables distributors to assess system capacity and technical requirements more effectively.
4. **Allow distributors an additional 15 days to complete connection impact assessment (CIA) studies where a host distributor assessment is required.** This amendment applies to small embedded generation facilities and ensures a consistent approach across all project sizes when a host distributor assessment is required and aims to ensure timely and consistent processing of CIA studies involving host distributors.
5. **Broaden technical standard requirements to any applicable industry standard determined by the distributor.** This amendment provides customers with greater flexibility to select equipment that is readily available and suited to their needs, potentially reducing procurement time and cost.

The OEB also proposed a housekeeping amendment to the DSC to remove the definition of load displacement from section 1.2.

The OEB received six written comments: three from distributors individually, one from a distributors' association, one from the Electrical Safety Authority (ESA) and one from a regional climate agency. All comments submitted in response to the October Notice are posted on the OEB's [Engage With Us](#) website. All stakeholders supported the proposed revisions to the DSC.

Adoption of Proposed Amendments

The OEB has considered the stakeholder comments received and has decided that it will adopt amendments to the DSC as proposed in the October Notice with one non-material change and with the effective date extended to May 1, 2026. The final amendments are set out in Appendices A (comparison version) and B (final text) of this Notice.

The October Notice also indicated that the proposed amendments will also require corresponding updates to the Distributed Energy Resources Connection Procedures (DERCP). The OEB has today also issued version 3 of the [DERCP](#) which includes the necessary changes to reflect these final DSC amendments.

In implementing these amendments, the OEB is guided by its objectives as set out in section 1 of the Act. The OEB believes that these amendments will provide customers with greater opportunity to take advantage of DERs by supporting broader adoption of DERs while maintaining fairness and consistency in the connection process.

B. Stakeholder Comments

Stakeholders were generally supportive of the proposed DSC amendments. Highlights of stakeholder comments are outlined below.

Micro-embedded generation facility definition

In its October Notice, the OEB proposed to increase the maximum capacity threshold for a micro-embedded generation facility from 10kW to 12 kW. Stakeholders were generally supportive of this increase.

The ESA noted that it plans to review safety data for certain DER installations with an output rating of more than 10 kW and consider aligning it with the revised nameplate capacity threshold in the DSC.

A stakeholder recommended that the OEB review consider further increasing the micro-embedded generation nameplate capacity threshold whether now or in the near future. The change to the definition along with the current streamlined process

for the connection of micro-embedded generation facilities is designed to support customer adoption of technologies while respecting system and operational issues. The OEB will continue to look for opportunities to further streamline processes as the connection of DERs becomes more prevalent.

Insurance requirements for small and mid-sized embedded generation facilities

The OEB proposed the addition of a new section 9.2 in the form of connection agreement for small and mid-sized embedded generation facilities that would exempt residential customers from the commercial insurance requirement in section 9.1.

One distributor and a distributors' association requested that section 9.2 explicitly require residential customers to provide a certificate of residential general liability insurance for their proposed DER facility. This, they noted, would help limit a distributor's exposure to financial risk in the event that a residential customer is liable for damages but does not have insurance to cover that liability.

The OEB remains of the view that requiring residential customers to obtain a specific type of liability insurance could potentially impose additional costs and administrative burdens. Distributors already have mechanisms to mitigate risks through the liability provisions under section 2.2 of the DSC.

However, in response to the issue raised in the comments, the OEB expects distributors to advise their residential customers to consult their insurance providers regarding coverage for DER installations and to understand their responsibilities under section 2.2 of the DSC. This approach should ensure customers are aware of their responsibilities, while avoiding costs that could discourage DER adoption.

A distributor requested confirmation that the reference to a "residential customer" in section 9.2 should be read as meaning a customer that falls within a residential rate classification as specified in the distributor's rate order. The OEB confirms that both terms have the same meaning.

After considering the comments of these stakeholders, the OEB has further considered the second part of the proposed addition to new section 9.2 – relating to customer and distributor liability – and has determined that it is redundant and may create confusion when read in conjunction with section 10 of the Agreement, which addresses in detail the liability of the customer and distributor. The OEB is therefore not including the second sentence as part of the final amendments. The OEB considers this is a non-material change given that the existing provision in section 10 addresses the same issue.

Broaden technical standard requirements

While the ESA is generally supportive of the OEB expanding the technical requirements, it emphasized the importance of safety in installations and ensuring

that this change not create confusion regarding the continued applicability and significance of the existing requirements under Ontario Regulation 22/04 and the Ontario Electrical Safety Code as they relate to DER installations and products. The OEB agrees that safety is paramount for all electrical installations and therefore expects distributors to proactively work with ESA to ensure the appropriate standards are applied to any DER connection.

C. Anticipated Costs and Benefits

The anticipated costs and benefits associated with the final DSC amendments are set out in the October Notice. Interested parties should refer to that Notice for further information in that regard.

D. Coming into Force

In the October Notice, the OEB proposed that the amendments would come into force on February 1, 2026. Two distributors requested that the effective date be deferred to April 1, 2026, and May 31, 2026, while a distributors' association recommended May 1, 2026. These stakeholders noted that additional time is required to update customer interfaces, related IT and digital support systems, and technical connection requirements and processes, as well as resources to address any increase in micro-embedded generation requests.

In light of these comments, the OEB has revised the coming into force date of the DSC amendments to May 1, 2026. This extension provides distributors with additional time to adapt to the new requirements while managing other regulatory changes scheduled to take effect in the same period.

E. Cost Awards

Cost awards related to this consultation will be addressed in separate correspondence.

If you have any questions regarding this Notice or the final amendments to the DSC, please contact IndustryRelations@oeb.ca. The OEB's toll-free number is 1-888-632-6273.

DATED at Toronto, December 18, 2025

ONTARIO ENERGY BOARD

Ritchie Murray
Acting Registrar

Attachments:

Appendix A - Final Amendments to the Distribution System Code – Comparison
Version to the Current Code

Appendix B - Final Amendments to the Distribution System Code – Clean
Version

Appendix A
to
Notice of Final Amendments to the Distribution System Code
December 18, 2025
EB-2019-0207

Final Amendments to the Distribution System Code -
Comparison Version to the Current Code

Note: Black underlined text indicates additions to the Code and strikethrough text indicates deletions from the Code.

1.2 Definitions

~~“load displacement” means, in relation to a generation facility that is connected on the customer side of a connection point, that the output of the generation facility is used or intended to be used exclusively for the customer’s own consumption;~~

“micro-embedded generation facility” means an embedded generation facility with a name-plate rated capacity of ~~40~~ 12 kW or less;

6.2 Responsibilities to Generators

6.2.4.2 Section 6.2.4.1 does not apply to an application to connect a micro-embedded generation facility ~~or an embedded generation facility that is not an embedded retail generation facility~~. Applications to connect to which the capacity allocation process does not apply, including by virtue of section 6.2.1, shall be processed by a distributor in accordance with this Code as and when received.

Small Embedded Generation Facility

6.2.12 Subject to sections 6.2.4.1(b), 6.2.4.1(c) and 6.2.4.2, a distributor shall follow the process as set out in the *Distributed Energy Resources Connection Procedures* to process a request for connection of a small embedded generation facility. The distributor shall provide an applicant proposing to connect a small embedded generation facility with its assessment of the impact of the proposed generation facility, a detailed cost estimate of the proposed connection and an offer to connect within:

(a) 60 days of the receipt of the application where no distribution system reinforcement or expansion is required; ~~and~~

(b) 75 days of the receipt of the application where no distribution system reinforcement or expansion is required, and where a host distributor connection impact assessment is needed; and

(c) 90 days of the receipt of the application where a distribution system reinforcement or expansion is required, regardless of the need for a host distributor connection impact assessment.

6.2.25 A distributor shall ensure that the safety, reliability and efficiency of the distribution system is not materially adversely affected by the connection of a generation facility to the distribution system. A distributor shall require that new or significantly modified generation facilities meet the technical requirements specified in ~~GSA C22.3 No. 9.~~ applicable industry standards.

Appendix E to the DSC

Micro-Embedded Generation Facility Connection Agreement

In consideration of the Local Distribution Company (LDC) agreeing to allow you to connect your ~~40~~ 12 kW name-plate rated capacity or smaller generation facility to the LDC's distribution system, you hereby agree to the following terms and conditions.

Connection agreement form for small and mid-sized DERs

2.1 The Facility has a name-plate rated capacity of:

[Parties to check the applicable box below]

☐ more than ~~40~~ 12 kW

9.1 [...]

Prior to execution of this Agreement, the Customer shall provide the Distributor with a valid certificate of insurance, either under the Customer's name or the name of a third party that has a generation agreement with the Customer. The Customer shall provide the Distributor with prompt notice of any cancellation of the Customer's insurance by the insurer or any change that causes the insurance policy to no longer meet the requirements of section 9.1.

9.2 Section 9.1 shall not apply to residential customers.

Appendix B
to
Notice of Final Amendments to the Distribution System Code
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Final Amendments to the Distribution System Code – Clean Version

Note: The wording of this appendix presents the text of the sections of the DSC that have been amended, as they will appear once the amendments come into force.

1.2 Definitions

["load displacement" definition revoked by amendment, effective May 1, 2026];

"micro-embedded generation facility" means an embedded generation facility with a name-plate rated capacity of 12 kW or less;

6.2 Responsibilities to Generators

6.2.4.2 Section 6.2.4.1 does not apply to an application to connect a micro-embedded generation facility. Applications to connect to which the capacity allocation process does not apply, including by virtue of section 6.2.1, shall be processed by a distributor in accordance with this Code as and when received.

Small Embedded Generation Facility

6.2.12 Subject to sections 6.2.4.1(b), 6.2.4.1(c) and 6.2.4.2, a distributor shall follow the process as set out in the *Distributed Energy Resources Connection Procedures* to process a request for connection of a small embedded generation facility. The distributor shall provide an applicant proposing to connect a small embedded generation facility with its assessment of the impact of the proposed generation facility, a detailed cost estimate of the proposed connection and an offer to connect within:

(a) 60 days of the receipt of the application where no distribution system reinforcement or expansion is required;

(b) 75 days of the receipt of the application where no distribution system reinforcement or expansion is required, while a host distributor connection impact assessment is needed; and

(c) 90 days of the receipt of the application where a distribution system reinforcement or expansion is required, regardless of the need for a host distributor connection impact assessment.

6.2.25 A distributor shall ensure that the safety, reliability and efficiency of the distribution system is not materially adversely affected by the connection of a generation facility to the distribution system. A distributor shall require that new or significantly modified generation facilities meet the technical requirements specified in applicable industry standards.

Appendix E to the DSC:

Micro-Embedded Generation Facility Connection Agreement

In consideration of the Local Distribution Company (LDC) agreeing to allow you to connect your 12 kW name-plate rated capacity or smaller generation facility to the LDC's distribution system, you hereby agree to the following terms and conditions.

Connection agreement form for small and mid-sized DERs

2.1 The Facility has a name-plate rated capacity of:

[Parties to check the applicable box below]

☐ more than 12 kW

9.1 [...]

Prior to execution of this Agreement, the Customer shall provide the Distributor with a valid certificate of insurance, either under the Customer's name or the name of a third party that has a generation agreement with the Customer. The Customer shall provide the Distributor with prompt notice of any cancellation of the Customer's insurance by the insurer or any change that causes the insurance policy to no longer meet the requirements of section 9.1.

9.2 Section 9.1 shall not apply to residential customers.