



December 19, 2025

Ontario Energy Board  
2300 Yonge Street, Suite 2700  
Toronto, Ontario M4P 1E4

Attn. Registrar

VIA EMAIL

Dear OEB Registrar,

**Re: Markham District Energy Feedback on Alectra Utilities' Proposed Changes to Standby Power Billing (8080 Warden Ave) - OEB Filing EB-2025-0252**

Markham District Energy (MDE) is writing to formally express its concerns and opposition regarding the proposed changes to Alectra's Standby Power billing. We are an Alectra Utilities' customer and will be directly impacted by any changes given we have existing cogeneration equipment at this location. We also wish to address the broader policy implications of standby charges being considered by the Board as part of your review of the valuation of DER's.

As a leader in community energy and a long-standing partner in Ontario's energy transition, MDE believes the current proposal is in opposition to the province's stated goals for a resilient, efficient, and innovative grid, and a grid that embraces DER participation.

## **1. Inadequate Consultation and Lack of Advance Notice**

Up until we received their letter on October 9, 2025, we had no idea that Alectra was considering changes to their rate structure and specifically to standby charges. These changes will directly impact the economics of the longstanding (25+ years) installed cogeneration equipment we own and operate. There was no advance consultation or discussion whatsoever with Alectra on this matter and how it might impact us as one of their large customers.

In Alectra's letter, a 2027 rate application was referenced, but no timeline on the need to quickly enter the OEB's process to intervene or comment. As such, this letter may be late, but we would request to still be part of the process and provide our comments for consideration.

## **2. Lack of Detail and Clarity**

The proposal provided by Alectra does not include enough detail for customers to perform a meaningful impact analysis. The information provided is high-level and fails to offer the granular data necessary to understand the long-term financial implications. Specifically, the proposed changes to

the standby rate are not clear, relying on simplified hypothetical examples rather than firm, transparent rate structures with all the detail on how this would be actually billed in practice (such as is contract capacity set or reset yearly or monthly, what happens if amounts are above or below the expected contract, does the standby capacity automatically ratchet up on actual values, is it all hours of the day, or peak hours, or coincident peak hours, etc). This lack of clarity creates significant financial uncertainty and risk for Distributed Energy Resource (DER) operators.

### **3. Penalizing Flexible Dispatch, Routine Maintenance and Off-Peak Efficiency**

Under the simple charge structure Alecta is proposing, there does not appear to be any connection to Alectra's actual peak demand times each month which drives their investment in distribution equipment and corresponding charges. The issue is that under the current proposal, there are no opportunities for customers to manage their load displacement equipment and use distribution capacity on off-hours when it does not increase the LDC's costs. For example:

- Turning-off load displacement DER equipment during overnight, low price, low demand periods will presumably under this simple standby rate structure attract additional charges with no actual cost to the utility. This could incent DER customers to be displacing grid power at times where there is surplus renewable baseload power and/or be active under uneconomic conditions. This is counter intuitive to what should be happening.
- If a facility performs essential maintenance during an off-peak time when there is surplus distribution capacity, the proposed billing method would trigger standby power charges, or perhaps ratchet-up the standby charge
- This simplified rate structure does not incentivise DER owners to truly manage their peak and more importantly the overall LDC and Ontario system peaks. Responsible grid-management practices should be encouraged, not taxed.

### **4. Discouraging DER Investment in Ontario**

Perhaps most critically, this proposal discourages DER investment at the very moment the OEB is attempting to encourage it and create system value.

- While the OEB has stated an objective to facilitate technology adoption, these punitive and unclear charges create a financial barrier.
- Implementing simplistic and high-fixed standby rates forces DER proponents to pay for theoretical capacity that may or may not be used.
- There is no acknowledgement or calculation in the proposed standby charges for the value DERs can bring in avoided upstream costs, no allowance for diversity and contingency amongst DERs (i.e. most of the time, the DER equipment will be functional during the LDCs system peaks, but yet they are charged full standby all the time).

## Conclusion

We understand there can be real costs to LDCs to reserve system capacity for load displacement equipment. However, this broad-brush, essentially full gross load billing approach will likely over-recover actual costs. The OEB should certainly protect the interests of consumers by promoting economic efficiency and facilitating the adoption of technology, not by creating barriers to new, clean energy solutions. We strongly recommend that the Board reject the current Standby Power proposal and direct Alectra to develop a rate design that accurately reflects the actual costs a customer imposes on the system and a complete rate design that allows for flexible dispatch, off-peak maintenance and coincident peak reduction.

We look forward to participating further in this proceeding to ensure Ontario remains a viable environment for energy innovation.

Sincerely,

### Markham District Energy



Peter Ronson, P.Eng.  
Chief Operating Officer