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January 16, 2026

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ATTN: EB-2022-0325 – Generic Hearing on Uniform Transmission Rates Phase 2 Issue 5

Dear Thomas,

This submission responds to the proposed amendments to the Uniform Transmission Rates (UTRs) schedule based on the OEB Order to OEB Staff on Phase 2 Issue 5 of the Generic Hearing on UTRs (EB-2022-0325). Power Advisory has coordinated this submission on behalf of a consortium of energy storage providers under contract with the IESO through multiple procurement initiatives (the “Consortium”).

We would like to thank the OEB for its continued outreach to stakeholders related to treatment of energy storage resources. The Consortium supports the proposed changes to the UTR schedule for transmission connected energy storage resources, specifically the exemption of UTRs for energy storage resources that are responding to Independent Electricity System Operator (IESO) schedule and dispatch instructions. The Consortium believes that further analysis and action is required for embedded energy storage resources that were not considered during the Phase 2 proceeding for distribution-connected energy storage that is an IESO Market Participant with respect to gross load billing. The Consortium feedback on the proposed amendments and other issues is provided below.

[Support for changes to UTR schedule for transmission-connected energy storage resource exemptions](#)

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<sup>1</sup>The members of the Consortium are Alectra Energy Solutions, Atura Power, Compass Energy, Capital Power, Convergent Energy+Power, EDP Renewables, AYP, Brookfield Renewables, Neoen, Northland Power, Boralex, and Potentia.

The Consortium supports the proposed changes to the UTR schedule that establishes the UTR exemption of cycling energy<sup>2</sup> for energy storage resources. Further, the Consortium supports the transitional provision for Connection Cost Recovery Agreements (CCRAs). The two options (i.e., one-time capital contribution true-up payment and continued payment of UTRs until CCRA costs have past) are reasonable and allow energy storage resources to work with Transmitters to resolve the transitional issue.

#### Clarity required on how station service end-use load will be measured and charged

One area where the Consortium does believe further clarity is required is how auxiliary or station service load will be charged Provincial Transmission Service (PTS) rates. A majority of energy storage resources will have a single revenue meter for both cycling energy and end-use auxiliary loads. A process is required to differentiate what is cycling energy and what is auxiliary load. One suggestion is to use the average consumption on a monthly basis less dispatch instructions from the IESO for consumption related to the provision of grid services.<sup>3</sup>

#### Issue with Gross Load Billing for Distribution-Connected Energy Storage Resources

During the proceeding on Phase 2 of the UTR, the Consortium believes that the treatment of distribution-connected energy storage that is directly connected to a distribution (dx) system (i.e., not located behind the meter of a load customer) was not adequately considered or understood. In particular, some members of the Consortium have been informed that dx-connected energy storage will have gross load billing applied to them for PTS rates. Gross load billing is meant for end-use customers that require capacity in the distribution and transmission systems to be maintained for them under the situations where their behind the meter resources are not available. The Consortium firmly believes that gross load billing is not applicable to directly connected energy storage resources. There is no capacity that must be retained for the energy storage resource to consume.<sup>4</sup> Instead, the energy storage resource will only consume when there is spare or underutilized capacity in the power system. By applying gross load billing to energy storage resources, there is a potential for both double billing (i.e.,

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<sup>2</sup> Cycling energy is the energy withdrawn to later inject into the power system

<sup>3</sup> Provision of grid services is defined by the OEB as

(1) For the purpose of providing operating reserve, reactive support, or regulation service to the IESO;

(2) In response to a real-time market energy dispatch to withdraw energy; or

(3) In response to a manual dispatch from the IESO for reliability of the transmission system.

<sup>4</sup> End-use consumption for auxiliary load will require firm capacity and is different from the cycling energy being discussed.

charging PTS rates for combination of non-coincident consumption and injection of energy) and unfair treatment of dx-connected energy storage compared to transmission-connected energy storage resources that will be exempt from UTRs in the future. Further, the gross load billing costs must be input into the IESO's reference levels for market power mitigation which impacts the participation and energy offer levels for those distribution-connection energy storage resources. The changes would significantly reduce the value of the resources to the IESO-administered markets (IAM) and ultimately Ontario rate payers.

The Consortium requests that the OEB immediately address the gross load billing issue. The Consortium suggest starting with an exemption from gross load billing for a specific subset of distribution-connected energy storage resources that have been retained by the IESO to meet provincial resource adequacy needs. Specifically, the exemption be based on the following three criteria:

- Be directly connected to the distribution system (i.e., not behind a load customer facility)
- Be an IESO market participant
- Have an IESO contract or contract with an LDC

The Consortium believes these exemptions would resolve the immediate financial issue of gross load billing for distribution connected energy storage facilities and remove the challenges with market participation as well.

The Consortium is available to discuss our feedback with the OEB at anytime that is convenient in the future.

Sincerely,



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Power Advisory

cc:

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