



February 6, 2026

To: **Registered Participants in the Consultation for Benefit-Cost Analysis Framework for Addressing Electricity System Needs – Phase Two**

Re: **Stakeholder Feedback | Draft Phase Two Benefit-Cost Analysis Framework, Ontario Energy Board File Number: EB-2023-0125**

What You Need to Know

- **The OEB is releasing draft revisions proposed for Phase Two of the Benefit-Cost Analysis Framework for Addressing Electricity System Needs (BCA Framework).**
- **Phase Two seeks to refine the Energy System Test from Phase One, makes the Energy System Test mandatory, and considers extending the Framework to include societal impacts.**
- **Registered participants are invited to submit written feedback on the Phase Two draft revisions by March 6, 2026.**

Background

To support the delivery of affordable, secure, reliable and clean energy that enables economic growth across the province, Ontario's Integrated Energy Plan, [Energy for Generations](#), sets out several key objectives. One of these objectives is to unlock the value of Distributed Energy Resources (DERs). The Ontario Energy Board's (OEB) BCA Framework provides a foundational, standardized methodology for assessing the economic feasibility of non-wires solutions (NWS), including DERs, relative to traditional wires investments, supporting the use of these non-traditional approaches to meet distribution system needs. It is also aligned with the [Non-Wires Solutions Guidelines for Electricity Distributors](#), which requires consideration of DERs and other NWS options as part of distribution system planning.

On October 20, 2025, the OEB issued a [letter](#) launching its consultation on Phase Two of the Framework. Phase Two builds on Phase One by refining the Energy System Test

and considers extending the Framework to include societal impacts associated with NWS investments; these changes are intended to improve the accuracy of BCA results. The proposed Phase Two changes also make the EST mandatory. Making the EST mandatory will enable consistent and accurate assessment of each of distribution and broader energy system benefits and costs. This change better supports investment selection that is informed by the beneficiary pays principle.

This letter confirms release of the draft revisions and provides instructions for submitting comments and feedback on draft Phase Two revisions to the Framework. A summary of proposed revisions, clean and tracked change versions, and focus questions to guide participants in their review are included.

Guidance for Registered Participants

Registered participants are invited to submit written feedback on the draft Phase Two revisions by **March 6, 2026**. All submissions will be made publicly available.

While feedback on the full document is welcome, participants are encouraged to focus on revisions introduced to meet Phase Two objectives, including:

- Consideration of societal impacts when assessing NWS
- Refinement of the Energy System Test (EST), as well as requirements as to when it is to be employed.

Key Proposed Revisions

- **Updated Executive Summary** to reflect Phase Two refinements
- **Updated Purpose (Section 2.1)** to reference the IEP and related OEB initiatives
- **New Section 2.3** providing guidance on completing a BCA
- Revised the Framework to **make the EST mandatory**
- **New Section 2.5 (Third-Party Funding)** added to clarify that a BCA should not be interpreted as determining cost allocation
- **New Section 4.2** providing guidance for consideration of societal impacts
- **Refined Section 4.3** to clarify distributor expectations for engaging with the IESO when completing the EST, and for the IESO to confirm NEB applicability to the EST for the NWS being assessed

- **Refined Section 5.2** providing guidance for engaging the IESO when completing the EST and requiring an IESO letter of comment
- **Updated Section 6.1** to include the letter of comment as part of filing requirements

Focus Questions

The following questions are provided for participant consideration when providing comments. They are not intended to limit the scope of stakeholder comments:

Non-Energy Benefit (NEB) Adder

- Do you support the proposed approach to incorporating societal impacts through the application of an NEB adder for electricity conservation and electricity demand-side management (eDSM) NWS? Do you support the proposed NEB value of 15%? Please provide your rationale.

Energy System Test (EST)

- Do you support the proposed requirement for collaboration between electricity distributors and the IESO to ensure more accurate and consistent completion of the EST? Please provide your rationale.
- Do you support the proposed revision to make the EST mandatory? Please provide your rationale or explanation for your position.

Other Considerations

- Do you believe the BCA Framework (in whole or in part) would benefit from further clarification or usability improvements? If so, please identify the applicable sections and briefly describe how they could be improved.

Cost Awards Matters

Cost awards will be available to eligible participants, as per the engagement initiation letter, to a maximum of ten (10) hours for review and comment on the draft revisions.

When determining the amount of the cost awards, the OEB will apply the principles set out in Section 5 of its [Practice Direction on Cost Awards](#). Maximum hourly rates set out in the Cost Awards Tariff will also be applied.

The OEB expects that groups representing the same interests or class of persons will make every effort to communicate and coordinate their participation in this process. In accordance with Section 12 of its [Practice Direction on Cost Awards](#), the OEB will act as a clearing house for all payments of cost awards in this process. For more information on this process, please see the OEB's [Practice Direction on Cost Awards](#).

Stay Informed

Interested stakeholders are encouraged to visit the OEB's [Engage with Us page](#).

Any questions relating to this letter should be directed to James Smith at james.smith@oeb.ca or at 416-440-7699. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Ritchie Murray
Acting Registrar

Attachment(s):

- Draft Phase Two BCA Framework (Clean Version)
- Draft Phase Two BCA Framework (Tracked Changes Version)

Appendices:

- Appendix A - How to File Materials

Appendix A – How to File Materials

All written materials sent to the OEB in response to this letter will be placed on the public record and posted on the OEB's website.

If the written materials are from a private citizen (i.e., not a lawyer representing a client, not a consultant representing a client or organization, not an individual in an organization that represents the interests of consumers or other groups, and not an individual from a regulated entity), the OEB will remove any personal (i.e., not business) contact information (e.g., address, phone number and e-mail address) before placing the materials on the public record and posting the materials on the OEB's website. However, your name and the entire content of your materials will be placed on the public record and posted on the OEB's website. If the written materials are from a person acting in a professional or business capacity, all information in the written materials will be publicly available.

Stakeholders are responsible for ensuring that any documents they file with the OEB **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's [Rules of Practice and Procedure](#).

Please quote file number, **EB-2023-0125** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found on the [File documents online page](#) on the OEB's website.
- Stakeholders are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact registrar@oeb.ca for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the [File documents online page](#) of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the [Practice Direction on Cost Awards](#).

All communications should be directed to the attention of the Registrar and be received by end of business, 4:45 p.m., on the required date.

Email: registrar@oeb.ca

Tel: 1-877-632-2727 (Toll-free)