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Comments of the Building Industry and Land Development Association on the Proposed Objectives, Scope and Topics for the Next Generation Rate Framework

The Building Industry and Land Development Association (BILD) appreciates the opportunity to provide comments on the proposed objectives and topics for the consultation on the *Next Generation Rate Framework* as set out in the OEB's letter dated January 8, 2026.

Our comments reflect BILD's unique perspective as the voice of the home building, residential and non-residential land development, and professional renovation industries in the Greater Toronto Area, representing more than 1,000 member companies. Our members have a keen interest in ensuring that Ontario's local electricity distribution companies (LDCs) are equipped to invest proactively in the infrastructure needed to meet key provincial policy goals such as the construction of new homes and businesses (see *Energy for Generations*, June 2025, pp.85-86).

Such investment is important not only for BILD's members but also for their customers. Prospective new home buyers, along with investors in new commercial and industrial facilities, are themselves future consumers whose interests should be addressed and protected.

Our comments also build on the important initiatives that the OEB has taken over the past year to update and enhance the rules governing housing connections and related cost recovery mechanisms. BILD actively participated to these initiatives, including:

- *Housing horizons reforms* (December 23, 2024): *Distribution System Code* amendments intended to facilitate housing connections by extending the connection horizon up to 15 years for qualifying housing developments and extending the revenue horizon to 40 years for residential customers.
- *Development of the new Capacity Allocation Model* (in force September 16, 2025): DSC amendments introduced the CAM to allocate capacity and costs for housing-related system expansions in qualifying development areas.

- *Distribution Customer Connections Review* (Report submitted December 2025): Recommendations to the Minister regarding ways to streamline and improve LDC procedures and requirements for the connection of load customers.

These initiatives represent meaningful progress and provide a stronger foundation for fairer and more workable connection procedures and cost outcomes. However, as explained further below, there is still work that can be and should be done, through the *Next Generation Rate Framework*, to support the timely, transparent and cost-effective delivery models.

Our comments below respond to the OEB’s questions on the proposed objectives and topics in Appendix A, with particular focus on the treatment of system build-out for new housing and on the scope of potential performance incentive mechanisms.

1. Comments on Proposed Objectives

BILD agrees that the overall objective and specific goals for the *Next Generation Rate Framework* are generally clear and appropriate. We support the focus on strengthening incentives for outcomes that consumers value, levelling the playing field between capital and non-capital solutions, and supporting timely system build-out while ensuring that risk is appropriately shared between utilities and consumers.

However, BILD recommends that the third bullet under “*The specific goals for developing an updated rate-setting framework*” be refined to make explicit that “system buildout” should include building out the distribution system to accommodate new housing as well as new commercial/industrial development.

Accordingly, we suggest that this goal be revised to read as follows (additional language highlighted):

*“Support timely system buildout for electrification, **new housing and** economic growth and ensure that risk remains appropriately shared between utilities and consumers in the context of a changing energy landscape.”*

This clarification would recognize that accommodating new housing is a provincial priority and a key driver of system buildout, alongside electrification and broader economic growth and development. It would also recognize that, as noted in our introductory remarks, prospective new home buyers are themselves future consumers whose interests should be addressed and protected.

Making this perspective explicit in the project “goals” at the outset would help ensure that housing-related considerations are appropriately integrated throughout the *Next Generation Rate Framework* project (for example, in the

design of incentives and the treatment of growth-related investments).

2. Comments on Proposed Topics – Performance Incentive Mechanisms

BILD’s comments on the Proposed Topics relate specifically to Topic 2: *“Incorporate performance incentive mechanisms for electricity distributors.”*

BILD suggests that the OEB confirm that PIMs should not be restricted to more traditional cost and reliability measures. PIMs should also be considered as an important tool for directing LDC management attention and resources towards service excellence in growth-related activities, including the connection of new housing, that have been identified as key provincial priorities.

The question during the *Next Generation Rate Framework* project should not be whether to include such housing and growth-related PIMs but, rather, how best to design and align such PIMs to promote the desired outcomes. The final outputs from the *Distribution Customer Connections Review* process will be helpful in setting several metrics that could serve as “lagging” indicators of LDC performance. However, the OEB should also consider PIMs based on “leading” indicators that focus on activities that should be occurring before the more formal engagement between a developer and an LDC under a connection offer or agreement. Such activities could include, by way of example: a) effective engagement by distributors in municipal planning processes, so that distribution planning keeps pace with designated growth areas and major housing initiatives, b) building and maintaining the internal capability (planning, engineering, project management and customer service) needed to process development-related connections efficiently and communicate clearly with connection customers. PIMs based on such “leading” indicators would provide a valuable signal to stakeholders and the OEB - either a confirmation that the LDC is meeting its commitments in respect of growth and new housing or an early warning that it is falling behind.

Accordingly, BILD recommends that Topic 2 be described in the consultation materials (and any subsequent issues list or scoping documents) in a way that signals that:

- a) The scope of potential PIMs includes service-quality and timeliness measures linked to connection performance and growth-related planning and delivery, including for new housing; and
- b) The OEB will consider how PIM design can, with both “leading” and “lagging” indicators, support and promote the timely and coordinated build-out of distribution systems to serve economic growth, including new housing, consistent with the project objectives (revised as suggested above).

With this clarification, BILD considers the proposed topics to be appropriate and supportive of the OEB’s stated objectives for the *Next Generation Rate Framework*.

We appreciate the OEB's efforts to take an integrated approach to the *Next Generation Rate Framework* project and we look forward to continued participation in this project. We would be pleased to discuss these comments further or to provide additional information from the housing and land development perspective.

Yours truly,



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