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March 6, 2026

**EB-2023-0125 – OEB Benefit-Cost Analysis Framework for Addressing Electricity System Needs
– Phase Two Benefit-Cost Analysis Framework
Pollution Probe Comments**

Dear Mr. Murray:

In accordance with Ontario Energy Board (OEB) direction, below are the comments from Pollution Probe for the OEB Benefit-Cost Analysis (BCA) Framework for Addressing Electricity System Needs – Phase Two Benefit-Cost Analysis Framework.

On February 6, 2026, the OEB issued the Draft BCA Framework for review and comment. The BCA Framework is a foundational Framework intended to help guide electricity distributors in assessing the economic feasibility of leveraging non-wires solutions (NWSs) to meet distribution system needs, supporting the adoption of cost-effective and innovative solutions that can support economic growth. The Phase 2 Framework enhancement are intended to refine the Energy System Test from Phase One, makes the Energy System Test mandatory, and considers extending the Framework to include societal impacts.

Pollution Probe previously¹ recommended a more robust BCA Framework which recognizes the full social and system benefits that can occur from NWSs. Pollution Probe's previous submissions on the BCA Framework also highlighted some of the risks associated with applying a more restrictive framework to NWSs, particularly when it is easier and more profitable for utilities to continue with traditional solutions instead of NWSs. The Phase 1 BCA Framework did not sufficiently lay the foundation to advance NWSs in alignment with current policy objectives and system needs. There have been limited real results and more is needed to achieve the policy objectives intended by the BCA Framework. Status quo still favours and incents traditional wire solutions over more cost-effective NWSs.

The OEB established an initial Framework under Phase 1 and then planned to enhance it during this Phase 2 update. There does not appear to be a Phase 3 planned, but it is reasonable to assume that the OEB would review and update the BCA Framework on a regular basis to align

¹ PollutionProbe_Comments_BCA_20240201 and PollutionProbe_Comments_BCA_20231109.

with best practices, bridge gaps (e.g. if the intended results are not occurring) and avoid the Framework from becoming stale and outdated. Most of the issues and risks previously noted remain in the Draft Phase 2 Framework and it is recommended that the OEB take the time now to fix these problems, to avoid issuing a Phase 2 BCA Framework that does not achieve the intended outcomes.

Pollution Probe recognizes and supports the OEB's efforts to enhance the BCA Framework so that it becomes more aligned with industry best practice. It is recommended that the OEB consider how it can adjust the BCA Framework to become more aligned with the best practices, such as those outlined in the National Standard Practice Manual for DERs (NSPM)². Ongoing support for the NSPM is also provided (e.g. case studies) which can help Ontario leverage broader resource collaboration to advance DERs. The NSPM also reinforces that it is important to estimate and include societal and other benefits rather than discounting them to zero because they are difficult to measure. It appears that the OEB has tried to apply this approach through its qualitative considerations in the Framework updates, but stopped short of applying the full Societal Cost Test. This means that the proposed approach will continue to underestimate the actual net benefits associated with NWSs.

There has also been some confusion across stakeholders (e.g. electric distributors) on the practical implementation of the BCA Framework and also in applying the related Shared Savings Mechanism (SSM) incentive. The Framework needs to be judged by the results it generate and to-date the result have been less than hoped for. A restrictive framework, uncertainty and confusion results in more status quo planning and lack of NWSs being adequately considered. It is recommended that once the Phase 2 BCA Framework reworked, finalized and released, that the OEB (in cooperation with the IESO, as appropriate) develop and apply industry training for electric distributed and industry stakeholders (likely through this policy initiative). The training should include examples and to the extent that real NWSs have already been submitted, approved and implemented, these can be used to show how the full business case can result in real project implementation. This will also help set a new foundation going forward and it could also enable past NWSs that were rejected to be reassessed under the enhanced Framework. The OEB (or IESO) should also host a public directory of NWSs and related BCAs submitted and approved to help advance broader adoption and efficiency.

Specific Comments on Framework Wording Changes

Overall, some of the proposed enhancements made to the Framework are helpful and appropriate. However, the Draft Phase 2 Framework released for review and comment appear to remain inadequate to deliver on Ontario's objectives for advancing cost-effective DER solutions or leveling the playing field between NWS and traditional poles-and-wires infrastructure solutions. There is urgency to resolve the Framework issues to avoid further delay to cost-effective NWSs. Below are details on remaining issues and specific comments

²[National Standard Practice Manual - NESP \(nationalenergyscreeningproject.org\)](http://nationalenergyscreeningproject.org)

related to wording adjustments in the Draft Phase 2 BCA Framework. Detailed wording on the details of the Societal Cost Test was not included, but if the OEB makes those changes, it will be easy to quickly insert those details from existing best practice industry documents. Please note that any wording and page number references below are from the tracked changes version³ which was useful in assessing what is proposed to be changed. Some of the comments below apply to wording that was included in multiple sections, but the page number referenced is the first section when it appears. Hence, changes will need to be applied to all relevant sections.

- It is recommended that the OEB use the Societal Costs Test in lieu of the Energy System Test. A comparison of the benefits is included in the NSPM and provides a more realistic assessment of full benefits and costs related to NWSs.
- Page 3 – This is the first reference to DERs and the term is used continuously through the document. This term does not appear to be defined and could be more narrowly applied to NWSs than intended. A best practice inclusive definition of DERs is included in the National Standard Practice Manual for DERs (NSPM)⁴:

Distributed Energy Resources (DERs) are resources located on the distribution system that are generally sited close to or at customers' facilities. DERs include EE, DR, DG, DS, EVs, and increased electrification of buildings. DERs can either be on the host customer side of the utility interconnection point (i.e., behind the meter) or on the utility side (i.e., in front of the meter). DERs are mostly associated with the electricity system and can provide all or some of host and/or support the utility system by reducing demand and/or providing supply to meet energy, capacity, or ancillary services (time and locational) needs of the electric grid.

- Page 3 – The BCA Framework is intended to be a long-term framework and not only relevant to the most recent policy documents issued by the Province. It is recommended that the reference to “Ontario’s Integrated Energy Plan (IEP) - *Energy for Generations: Ontario’s Integrated Plan to Power the Strongest Economy in the G7*” either be removed, or just noted as an example. It is important that stakeholders do not assume that the Framework sunsets when a future updated policy document is released to replace the IEP. NWSs take time to identify and implement. If utilities think the Framework is a short-term exercise, they will not allocation the attention needed to make it successful.
- Page 3 - The IEP (principles) and NWSs are intended to enable non-emitting resources that will help decreased grid emissions. This is implied, but there is value in making it an explicit statement.

³ Draft Phase Two BCA Framework_Tracked Changes Version_20260206.

⁴[National Standard Practice Manual - NESP \(nationalenergyscreeningproject.org\)](http://nationalenergyscreeningproject.org)

- Page 4 – Compounding the impact of two mandatory tests will create a more restricted outcome than what currently exists. If applying the DST did not get the results intended, adding a second mandatory administrative test will provide a further barrier to enabling NWSs. Enabling the application of either test as a mandatory requirement provides greater flexibility. If this was intended by the OEB, the wording should be adjusted to make this more clear. It is not recommended to make the screening more restrictive.
- Page 5 – Figure 1 is not clear on what is intended. More detail on what the OEB intended by Figure 1 is needed to help propose a diagram which is more clear.
- Pages 6-7 - Section 2.1 is an improvement in language, but it still includes a specific reference to Ontario’s IEP. It would be more appropriately to simply note that “the BCA Framework also aligns with Ontario’s IEP ...” which enables the list of IEP activities to still be listed, but removes potential confusion that the BCA Framework has a limited shelf life associated with the 2025 IEP.
- Page 10 – Do the edits to remove the DST as a mandatory test mean that it is an optional test and that the distributor can select either the DST or the EST to apply? Enabling selection of one of these tests provide flexibility, but it needs to be more clearly stated (perhaps up front near Figure 1). It is likely that the EST will enable greater NWSs given that it includes the more comprehensive set of related benefits. As noted above, is it recommended that the SCT be applied instead of the EST.
- Page 12 – There is still confusion and a lack of clarity on inclusion of NWSs in a Cost of Service application and also application of the SSM incentive. One recent example is highlighted in the Ottawa Hydro 2026 Cost of Service application⁵. Resolving confusion will require education and training sessions and public access to BCAs submitted that are approved by the OEB.
- Page 13 – The wording at the top of the page appears to over-rule previous OEB direction that distributors can make local investments, even if they are solving an upstream system problem. It is recommended that the OEB reference and reinforce that this previous direction still applies, so that it does not impair opportunities to deploy local solutions, as appropriate.

⁵ EB-2024-0115 HOL_Argument_In_Chief_20260202.

- Page 13 – The mandatory creation and filing of a BCA for a NWS is incremental to what is done for traditional wires solutions and this puts NWSs at an administrative disadvantage. In a Cost of Service application, each utility files their DSP in support of their application and capital envelope request. The DSP is not OEB approved, but forms part of the record when the OEB approves a five-year capital envelope. The utility then goes away and executes at their discretion and in alignment with commitments and the OEB Decision. There are no additional approvals, review or administrative requirements for those capital expenditures. However, the Framework proposes that NWSs require incremental administration, review and approval. It should be made clear that utilities are encouraged to execute prudent NWSs within the rate term, on par with traditional wires solutions. The only time that a utility should need to complete and file an incremental BCA is if there is a request for incremental ratepayer funding beyond the envelope already approved, or when there is an incremental proposal to include an SSM incentive.
- Page 14 - Pollution Probe recommends that the OEB add another criteria “Customer benefits and Impacts” to the list in Section 3.1. ‘What to Include’. This would ensure that the LDC consider net benefits and related impacts to customers. It would also ensure that there has been sufficient analysis to validate that the proposed option meets customer/societal needs. Doing a BCA without full consideration of benefits and impacts is limiting the role consumers have in making DERs successful/unsuccessful in achieving their goal.
- Page 28 – application of the non-energy benefit is supported and would help level the playing field for NWSs. As noted in the NSPM, it is best practice to estimate these benefits rather than discounting them to zero. It does not make sense to restrict this treatment to broader NWSs and it is recommended that the adder be applied consistently to all NWSs. It is also recommended that the societal cost of carbon be added as a benefit. Currently it has been ignored by the Framework.
- Page 46-47 – Coordination with IESO as noted can help bring value and consistency, but can also lead to increased administration and timelines. IESO does not currently have a service level commitment to the review and turn around for projects and related assumptions. If there is a way to make this process more prescriptive (e.g. post common default assumptions and BCAs publicly), it would help ensure that this process is more efficient. Perfection is the enemy of the good and using generic regional inputs can be more appropriate and avoid analysis paralysis that deters distributors from pursuing NWSs. Applying more burdensome requirements to NWSs than required for other utility investments, puts NWSs at a disadvantage. IESO has been struggling to effectively increase NWSs into the Regional Planning outputs and it is important to make sure that these

challenges do not become a barrier for local distributors. In fact, advancing NWSs at the local level will likely help IESO's enhance the Regional Planning processes.

Thank you for the ability to provide comments and Pollution Probe is committed to supporting the OEB as it continues to advance NWSs in Ontario. This is a challenging and relatively new area for the OEB and it is understandable that an iterative approach may be needed to close existing gaps and ensure that the Framework produces the outcomes intended. Please reach out should you have questions on anything included above.

Respectfully submitted on behalf of Pollution Probe.



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