



By RESS

April 24, 2026

Mr. Richard Murray  
Acting Registrar  
Ontario Energy Board  
PO Box 2319  
2300 Yonge St., Suite 2700  
Toronto, ON, M4P 1E4

**Subject: EB-2025-0156 - Non-Wires Solution (NWS) Guidelines Review including eDSM Stream 2**

---

Dear Mr. Murray:

Hydro Ottawa appreciates the opportunity to provide its comments regarding the OEB's draft updates to the Non-Wires Solutions (NWS) Guidelines, including new guidance for Stream 2 local electricity demand-side management (eDSM) programs.

Enclosed in Appendix A is Hydro Ottawa's written feedback on the draft guidelines released by OEB Staff on March 31, 2026.

Sincerely,

Signed by:

*April Barrie*

1E403775748B4CB...

**April Barrie**

**Director, Regulatory Affairs**  
**Directeur, Affaires réglementaires**

[AprilBarrie@hydroottawa.com](mailto:AprilBarrie@hydroottawa.com)

Tel./tél.: 613 738-5499 | ext./poste 2106

Cell.: 613 808-3261

## APPENDIX A

Hydro Ottawa commends the Local Electricity Demand Side Management (eDSM) Stream 2 Working Group and the Ontario Energy Board's (OEB) efforts to provide distributors with greater opportunities for delivering eDSM programs. Local eDSM programs empower distributors by expanding incentives for non-wires solutions and providing guidance to address system needs, including increased efficiency and demand-reduction strategies, and enabling greater customer participation.

Hydro Ottawa is overall supportive of the proposed structure of the OEB's Non-Wires Solutions Guidelines and Appendix A. An eDSM rate rider, as well as a variance account that embeds distributor incentives, introduces appropriate mechanisms and certainty for distributors to pursue local eDSM programs. Hydro Ottawa also views the delegated authority (DA) option as a step in the right direction. The DA approach has the potential to improve regulatory efficiency and promote further local eDSM uptake by distributors.

Hydro Ottawa is submitting its comments to highlight where it seeks to improve the OEB's proposal. Below, the utility summarizes its recommendations. The body of the comments provides further rationale supporting those recommendations.

Hydro Ottawa recommends:

- The OEB continues to refine the delegated authority approach for local eDSM programs, including establishing threshold terms where projects would automatically qualify for DA.
- Incrementality of costs should be identified per NWS Guidelines, but exclude revenue adjustments to approved Distribution System Plan funding unless directly linked.
- Clarification of the direction of the proposed changes for Chapter 9 of the NWS Guidelines.
- Confirm that in scenarios where a NWS is the only option, the optional BCA is required to support an incentive.

### ISSUE #1 - DELEGATED AUTHORITY

Hydro Ottawa supports the use of DA and the OEB's further expansion of the approach for local eDSM projects. The utility views regulatory applications, specifically their complexity and administrative burdens, as a significant barrier to achieving full adoption of these programs in line with their market potential. However, the OEB has determined to limit the scope of their DA to a "case-by-case" basis as decided by the Chief Commissioner.

*The OEB has determined that review by DA will not be the default approach for Stream 2 eDSM applications; instead, the OEB will consider delegation of applications containing Stream 2 eDSM program funding requests on a case-by-case basis.*

Although Hydro Ottawa welcomes the DA approach, the OEB's determination and the draft Appendix A do not provide the needed process certainty because it depends on the Chief Commissioner's discretionary review, with no predefined threshold.

Hydro Ottawa acknowledges that Appendix A, Section 1.3, provides guidance to support the Chief Commissioner and that the utility could use this to assess the likelihood of delegated authority. However, Hydro Ottawa contends that predefined criteria that defaulted eDSM projects into delegated authority, would have been a suitable option. Delegated authority is intended to be less administratively burdensome for distributors by reducing procedural steps, with a streamlined approach leading to shorter approval timelines that can benefit the industry, particularly in an environment where unexpected growth may require a distributor to take quick action.

Hydro Ottawa recommends that the OEB continue to assess expanded DA opportunities for local eDSM projects, and to use the DA experience gained from this iteration of Appendix A to inform future regulatory changes. The utility views efficient approval processes as essential to promoting NWS and meeting the Ministry of Energy's priorities of regulatory efficiency to enable growth laid out in its 2024 letter of direction to the OEB.<sup>1</sup>

## **ISSUE #2 - INCREMENTALITY OF COSTS**

Hydro Ottawa does not fully agree with the OEB's proposed wording that distributors should identify overlap between local eDSM funding applications and their existing rates. While the utility agrees that identifying an overlap is good practice, the OEB's approach could have consequences on NWS uptake if not appropriately framed.

As most utilities have funding approved on an envelope basis, in many cases, it will be difficult to determine the specific costs related to funded projects. As written, Hydro Ottawa views this approach as incompatible with the Ministry's direction to adapt regulatory frameworks to "better support customer choice, address barriers to adoption, and optimize the use of these resources to meet provincial and local energy demands."<sup>2</sup> The eDSM Appendix A adds a barrier to adoption as the requirement introduces the possibility of unrelated current funding being allocated as existing funding, while the distributor balances the uncertainty of the application outcome with the risks of impacting project completion timelines. Hydro Ottawa believes that a pro-NWS business environment is important to realize the potential of these technologies, and that the OEB should go further in facilitating NWS.

Hydro Ottawa recommends that the draft Appendix A be revised to require that distributors identify funding overlap between local eDSM projects and rates, when direct funding exists. Without this clarification, significant time could be disproportionately spent on arguments related to non-direct rate funding assumptions.

---

<sup>1</sup>Ministry of Energy and Electrification, *Renewed Letter of Direction*, (December 19, 2024).

<sup>2</sup>Ibid.

Lastly, it is unclear what process occurs when determining if an application can move to delegated authority related to Distribution System Plan considerations.

### **ISSUE # 3 - IESO COSTS - Co-ordination with Natural Gas Demand-Side Management Programs**

The Non-Wires Solutions Guidelines, as titled is directed to Electricity Distributors, it would appear the proposed changes in Chapter 9 are directed to the IESO and it is unclear that any guidance is being provided to distributors.

Hydro Ottawa suggests clarification is required as to the intent of these proposed changes and clarification if the OEB is providing direction to the IESO through the proposed updated guidelines.

### **ISSUE # 4 - SYSTEM PLANNING**

In response to the following section as suggested:

*It is also possible that a pre-assessment may identify that the NWS is the only viable solution to meet the identified system need. In this case, a BCA is not required but the pre-assessment documentation should be provided when requesting funding for the NWS. A distributor may complete an optional BCA to demonstrate the benefits that will result from the NWS.*

Hydro Ottawa understands that a BCA will be a required component to receive GA funding in support of a Stream 2 program, even if NWS is the only viable solution to meet the system need. Further, for any scenario where a distributor is not applying for Stream 2 funding and NWS is the only viable solution to meet the need, Hydro Ottawa suggests the OEB clarify that an optional BCA would be completed in order to quantify the value of the distributor incentive associated with the NWS, specifically when the distributor selects to use the Shared Savings Mechanism or a Performance Target or Scorecard-Based Incentive Mechanism.

### **CONCLUSION**

In conclusion, Hydro Ottawa supports the OEB's revised NWS Guidelines and the opportunities presented by eDSM Stream 2. To maximize the effectiveness of this framework, Hydro Ottawa recommends refining the delegated authority approach by establishing predefined criteria for automatic qualification, revising the treatment of incremental costs to address funding overlaps and clarify the NWS incentive process as it relates to an option BCA.

In addition, while Hydro Ottawa appreciated NWS are in their infancy, the proposed additional requirements related to NWS, including annual reporting, should be intended to evolve to align



with the mechanistic nature of annual IR application processes of reducing burden and costs as the integration and NWS becoming normal business practice.

These changes will provide better regulatory certainty necessary to accelerate the adoption of innovative non-wires solutions.