

April 28, 2026
Ritchie Murray
Registrar
Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Toronto, Ontario
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Dear Mr. Murray:

EB-2025-0156 – Ontario Energy Board Consultation – Regulatory Treatment of Local Electricity Demand-Side Management (Stream 2) Programs - Submissions of the Consumers Council of Canada

Introduction:

On July 23, 2025, the Ontario Energy Board (OEB) initiated a consultation on the regulatory treatment of electricity demand side management (eDSM) programs delivered by local distribution companies (LDCs) that provide local and system wide benefits. This is in response to the 2023 and 2024 Ministerial Letters of Direction which sought input on an appropriate cost sharing mechanism from the Global Adjustment Mechanism (GA) and distribution rates that is grounded on the principle of beneficiary pays in order to advance the development of a funding stream for “Stream 2” conservation and demand management (CDM) activities.

In August 2023 the Independent Electricity System Operator (IESO) – LDC CDM Working Group (the Working Group) submitted a report to the Minister on an approach to joint delivery of energy efficiency programming. On June 11, 2025 the IESO-LDC DSM Regulatory Working Group filed with the OEB its *Proposed Framework for Implementation of Local eDSM Report* (eDSM Stream 2 Report or Working Group Report) with the OEB. That report proposes a framework for funding local eDSM programs that provide both system and local distribution benefits. The Stream 2 Programs would be funded from distribution rates and the Global Adjustment based on the beneficiary pays principle.

OEB Staff prepared initial questions for the Working Group and the Working Group filed its responses to the OEB on September 25, 2025. On October 8 and 9 the OEB held a transcribed stakeholder session. In addition, the OEB made provision for stakeholders to file written comments on the Working Group proposal as set out in its report and presentation. Those submissions were filed on November 17, 2025.

On March 31, 2026 the OEB released three documents for comment:

- Non-Wires Solutions Guidelines for Electricity Distributors (Draft)
- Appendix to Non-Wires Solutions Guidelines: Stream 2 Local eDSM Programs (Draft)
- Next Steps on The Regulatory Treatment of Local Electricity Demand-Side Management Stream 2) Programs – Additional Details

These are the Submissions of the Consumers Council of Canada (CCC).

Submissions:

In its submissions filed on November 17, 2025, CCC acknowledged that it was not taking issue with many of the regulatory steps proposed by the Working Group. However, CCC was not supportive of the streamlined regulatory approach proposed. CCC's concerns with that approach are as follows:

- It appears that the Working Group wants to exclude intervenor/ratepayer input throughout the process until final “project closeout” when the LDCs seek final recovery/true up in future cost of service proceedings;
- The Working Group wants a relatively mechanistic approach to regulatory approval through Delegated Authority (OEB Staff) which would effectively preclude a review of the proposals by OEB Commissioners;
- Utilities should be required to demonstrate that a system need can be addressed through eDSM on the basis of evidence considered in the overall assessment of an LDC’s Distribution System Plan. This should be done in cost of service rebasing proceedings. Considering eDSM proposals on a one-off basis, through a separate process would not be appropriate;
- Ontario LDCs have little to no experience designing and delivering DSM programs. This has, in recent years, been primarily done by the IESO. CCC is still of the view that for residential programs a centralized model, through the IESO, should be maintained.¹ LDCs should not be designing and delivering residential programs and measures.

Delegated Authority:

In the current proposals the OEB has determined that review by Delegated Authority (DA) will not be the default approach for Stream 2 eDSM applications; instead, the OEB will consider delegation of applications on a case-by case basis, with a determination made by the Chief Commissioner, informed by a list of considerations that the Chief Commissioner will take into account in making this determination. After a period of time the Chief Commissioner may revise the approach in the interest of maximum adjudicative efficacy and efficiency².

CCC supports this proposal. It ensures that the OEB will give the necessary scrutiny required to eDSM applications. For applications that are more complex in nature the Chief Commissioner can appoint a

¹ Submissions of the Consumers Council of Canada dated November 17, 2025, EB-2025-0156

² Next Steps on the Regulatory Treatment of Local Demand -Side Management (Stream 2) Program – Additional Details, March 31, 2026, p. 4

panel of OEB Commissioners to consider the application. For simpler and more mechanistic applications the Chief Commissioner can rely on a review by DA.

Considerations/Evidence in Support of Applications:

With respect to this process an updated list of considerations for the Chief Commissioner has been included in the Stream 2 Appendix which will be non-exhaustive.³

CCC is supportive of the information requests that will dictate the evidence in support of an eDSM application. CCC is particularly supportive of the addition proposed by the OEB – which is to indicate the size of the eDSM funding request relative to the size of an LDC’s overall revenue requirement. This is clearly important as the rate impacts arising from the eDSM applications should be an important consideration for the OEB in assessing those applications.

Timelines/Performance Standards for Applications:

The Working Group proposed that in terms of timelines for approval the OEB should establish a two-month total cycle. In effect, the performance standard would mean the time between filing and the issuance of a decision regarding an eDSM application would be two months. The OEB has determined that its existing Complex IRM performance standard (165 days) will apply to Stream 2 local eDSM program funding requests. CCC supports this proposal by the OEB as most applications will form part of a larger rate application⁴. Over time the OEB may consider a shorter, more expedited process.

Shareholder Incentives:

With respect Shared Savings Mechanisms the OEB has determined that it would not be establishing a standardized approach for a Shared Savings Mechanism at this time. The OEB will consider this suggestion as part of its broader work on utility remuneration⁵ CCC is of the view that this approach is appropriate.

Yours truly.

Julie E. Girvan

³ Next Steps on the Regulatory Treatment of Local Demand -Side Management (Stream 2) Program – Additional Details, March 31, 2026, p. 4

⁴ Ibid, pp. 4-5

⁵ Ibid, p. 7