Feedback Form

eDSM Commercial HVAC DR Program - June 24, 2025

Feedback Provided by:

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Date: July 17, 2025

To promote transparency, feedback submitted will be posted on the Electricity Demand Side Management (eDSM) Framework webpage unless otherwise requested by the sender.

Following the June 24, 2025, engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the new Commercial HVAC DR Program. The webinar presentation and recording can be accessed from the engagement webpage.

Please submit feedback to engagement@ieso.ca by **July 17, 2025**. If you wish to provide confidential feedback, please submit as a separate document, marked "Confidential." Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

General Comments/Feedback

Hydro One agrees that electricity demand side management (eDSM) offers one of the lowest-cost resources available to meet bulk and distribution system needs and represents a significant opportunity to manage load growth across these systems. Hydro One was pleased to see Ontario's ongoing commitment to leveraging eDSM both in the launch of the new 12-year framework, and in the Minister's new Integrated Energy Plan (IEP), *Energy for Generations: Ontario's Integrated Plan to Power the Strongest Economy in the G7.*

Hydro One is pleased to provide comments on program design as related to the utility's mandate in three sections, first, the safe, reliable operation of the distribution system, second, enabling value stacking opportunities DER proponents, and third, on the need to align with the evolving policy landscape.

Safe, Reliable Operation of the Distribution System

The distribution system, unlike the transmission system, is highly dynamic, frequently requiring reconfiguration to respond to evolving load growth and distribution system planning needs. To ensure the ongoing safe, reliable operation of the distribution system, Local Distribution Companies (LDCs) must have visibility into the location of dispatchable Distributed Energy Resources (DERs) that are under contract to the IESO, as well as have notice of when demand response events plan to be and are called. Layering this coordination into the program design and operation will help to mitigate unintended consequences and risks to the distribution system, especially where the local and provincial peaks do not overlap.

Recommendation: To ensure that LDCs can locate the resources on our grids, the IESO should work with LDCs to ensure sufficient data is collected (e.g. the meter number) from participants. To address these communication requirements, the IESO and LDCs should leverage the work of the TDWG that identified established lines of communication between the control rooms of the IESO and LDCs, to provide LDCs with advanced notification of planned DR events (time and duration) and real-time operational updates.

Enabling Resources to Provide Local and Bulk Grid Services

The Ontario Energy Board (OEB) policies require LDCs to consider and implement cost-effective non wire solutions (NWS) to defer or avoid capital investments (including, NWS guidelines, Benefit Cost Analysis Framework, Framework for Energy Innovation). The IEP underscores the ongoing importance of this work for LDCs "as part of its grid modernization strategy, the government is encouraging LDCs to evaluate NWAs where they offer a cost-effective solution to enable new development and improve service delivery."

The IEP seeks to unlock the full value chain for DERs at both the distribution and bulk system level. The OEB is also expected to launch a consultation on LDC-led Stream 2 eDSM programs in the near term. To ensure that resources contracted through this program can capture and reward the services provided to the bulk system and also to the local distribution system, the program design should ensure participant agreements are not exclusive. As a result, resources under contract with the IESO for this program would be able to participate in local programs with LDCs to address local system needs and ensure that resources can access the full value chain.

Recommendation: In the near-term the IESO should work with LDCs to design the C&I HVAC DR program to ensure that these customers can also participate in any local programs brought forward by LDCs. The IESO and LDCs should build on the successes of recent collaborations across all new programs that interact with distribution connected resources to maximize value for customers and the entire electricity system.

The Policy Landscape is Continuing to Evolve

There are many initiatives and projects ongoing at the IESO and the OEB that impact the evolving role of the LDCs and the integration of DERs in the distribution grid. The OEB, supported by the IEP, is also consulting on the future role of the LDCs through their DSO Capabilities consultation. Through this consultation, the OEB is expected to assign utilities roles as Distribution System Operators (DSO) which better aligns with customer expectations and the needs of our distribution systems. The details of the DSO role will determine how distribution connected assets are dispatched and the expectations of LDCs in terms of planning and operation of these resources.

Recommendation: To ensure that the outcomes of this program and the eDSM framework are aligned with and complementary to the roles and responsibilities assigned through the OEB's consultation, Hydro One encourages the IESO to build in a review of this program aligned with the term of the current eDSM Plan. This review would provide an opportunity to assess and realign the program design as required with the role of the LDC determined through the OEB's consultation, while continuing to maximize value to customers and both the bulk and distribution systems.