Feedback Form

Grid Innovation Fund (GIF) Engagement

Roundtables – December 2025

Feedback Provided by:

Name: *Roger Peters*

Title: Co-operative Member and past President

Organization: *Ottawa Renewable Energy Co-operative (OREC) / Community Energy Co-operatives Canada (CECC)*

Email: [redacted]

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To promote transparency, feedback submitted will be posted on the Grid Innovation Fund engagement page unless otherwise requested by the sender.

☐ **Yes – there is confidential information, do not post**

⇨ **No – comfortable to publish to the IESO web page**

Following the Grid Innovation Fund roundtable discussions, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed. The presentation can be accessed from the Grid Innovation Fund engagement page.

Note: The IESO will accept additional materials where it may be required to support your rationale provided below. When sending additional materials please indicate if they are confidential.

Please submit feedback to engagement@ieso.ca **by December 24, 2025.**

Innovation Ecosystem in Ontario's Electricity System

Topic 1: Significance of Innovation (slide 15 of presentation)

Why does innovation matter in the electricity system and how can it support the energy transition and evolution of the system?

Ontario's new Long Term Energy Resources Plan emphasizes the significant role that distributed energy resources (DERs) – efficiency, demand response, local generation, load shift and storage – will play to meet the province's demand and transition goals. DERs can be located either "behind the meter" on customer sites or "in-front of the meter" within the LDC service area. With the introduction of smarter grids, these resources can be linked physically and electronically, requiring innovative business models to finance and deploy these resources as well as new billing protocols and measures to ensure equity and inclusion.

Introduction of these business models will reduce customers costs and provide more flexibility to LDCs. They will also significantly reduce demand on the system as a whole.

Using innovative business models can also leverage untapped local and community investment and ownership through renewable energy co-operatives. Support of these innovative models will be crucial to the energy transition.

Topic 2: Strengths (slide 16 of presentation)

What are the strengths of the current state of innovation in the electricity sector? What is working well?

Topic 3: Evolution of Innovation (slide 17 of presentation)

Recognizing the electricity system of tomorrow will look different than today's, what support do you feel the innovation sector needs to support the energy transition?

As above, the distribution grid of tomorrow will include a wide variety of distributed energy resources – efficiency, demand response, generation and storage - both behind the meter and in front of the meter within the distribution systems.

The financing and deployment of these resources will require the use of innovative business models to leverage local and community investment and ownership and provide many other community benefits.

Looking at Europe and the United States illustrates the rapidly increasing use of community financing and ownership. EU Directives give rights of customers to generate, store and share renewable energy

- both individually and collectively in "Energy Communities". US State distributed energy legislation has led to many innovative community ownership deployment models, such as Community Solar.

With Community Solar customers can subscribe to an offsite renewable generation and/or storage facility that is owned and financed by a community enterprise like a renewable energy co-operative. Subscribers receive credit on their bill for power generated by the facility. This has multiple benefits - providing all customers (including low-income and tenants) with the bill savings from an at-scale local generation facility, allowing new capacity to be located in a demand constrained area, generating local economic benefits, providing inclusion and equity, and reducing regional demand and emissions.

Nova Scotia is one year into a Community Solar program after piloting it for a couple of years.

Support by the GIF to help pilot these types of innovative models in Ontario would lead to increased savings, a more resilient grid, leverage community investment, and multiple community benefits.

What are the biggest gaps or challenges to advancing innovation in the electricity sector in Ontario?

One of the biggest gaps is the lack of support for innovative business models to deploy DERs and the infrastructure to enable these models – billing and connection protocols, valuation of community ownership and financing, and measures for equity and inclusion.

Another barrier to innovation in the electricity sector is the inflexibility of the regulatory system. Many innovative business models are not allowed under current regulations.

Grid Innovation Fund Governance Framework

Topic 4: Existing Framework (slide 20 of presentation)

From your experience, what would you say has worked well to date with GIF?

What do you see as potential limitations/risks with the current GIF framework?

Topic 5: Current Mandate (slide 21 of presentation)

Do you feel the current mandate is appropriately broad? Too narrow?

We recommend that the mandate of the GIF be broadened to include all distributed energy resources within LDCs distribution system that involve customer participation or financing (including subscription) – in front of and behind the meter up to 2 MW. The current mandate is too narrow. The distribution grid of tomorrow will need to integrate distributed energy resources throughout the distribution systems.

How could it be refined to better capture the needs of supporting innovation within Ontario's electricity sector?

This broadened mandate should focus on piloting innovative business models to finance and deploy these DERs using community ownership and financing, including through renewable energy co-operatives.

Support for these models would include testing new approaches such as subscription-based community ownership, ways of providing equitable access to the benefits of DERs, developing and testing new billing and connection protocols, monitoring and evaluation of the savings and community benefits, and reporting in a way that builds capacity throughout the province.

Broadening and refining the mandate in this way would inform new programming such as the Local Generation Program as well as DSM programming.

A specific stream of support for this wider mandate could be managed through a strategic partnership with the renewable energy cooperatives umbrella group Community Energy Cooperatives Canada (CECC-Ontario Hub).

Topic 6: Eligible Project Categories (slide 22 of presentation)

Thinking about where innovation in the sector is headed, are there project categories you feel should be added or removed to ensure we're able to fund new innovations in the future?

Given the broadening of the mandate to include all community-based distribution system DERs, the following project categories should be added.

Innovative business models for:

- *Subscription based community financed and owned generation and storage*
- *Community owned and financed storage*
- *Multi-res building inclusive net metering*
- *Virtual Power Plants (generation, storage and load shift resource aggregation)*
- *Community (virtual) Net Metering – sharing credits among several customers*

Topic 7: Budget (slide 23 of presentation)

How is the funding amount limiting our ability to meet our broader objectives?

The broader objectives proposed to include DER community business models would not require significant funding because the facilities themselves would be self-financing. Funds would be needed for business model development and implementation, including project design, billing and contracting protocol development, monitoring and reporting.

For community-level projects, one option would be to set aside a rotating fund managed through a strategic partnership with the renewable energy cooperatives umbrella group Community Energy Cooperatives Canada (CECC-Ontario Hub).

What types/scale of projects is GIF unable to support?

What types of projects could a larger budget enable GIF to support and how could that allow projects to secure additional funding from other sources?

A larger budget would allow more of the proposed community business model innovations to be supported and allow leverage of funds from other sources. For example, Community Solar and multi res net metering would leverage additional funds from low income retrofit programs.

Topic 8: Intake Approach (slide 24 of presentation)

Do you think the current approach is best to identify and assess projects?

What do you perceive to be the benefits of open calls? Targeted calls?

Are there alternative approaches that could be considered?

Calls should be open and involve two stages to reduce the costs of proposal preparation. 1) An expression of interest/summary proposal, and 2) A full proposal if all criteria are met and there is a positive feedback from IESO.

The IESO should liaise and cooperate with the OEB so that proposals that go to stage 2 also have a commitment from the OEB Sandbox that regulations will be relaxed to allow implementation of the project.

General Comments/Feedback

Distributed Energy Resources (DERs) will play an important role in Ontario's future grid. To maximize their growth, savings and benefit to all stakeholders – consumers, communities, LDCs and the province - innovative business models are needed. Further, business models that leverage community financing and ownership of DERs (for example through renewable energy co-operatives) will untap new investment capital, provide the opportunity for customer equity and inclusion, reduce demand in constrained areas, and provide local employment and community wealth.

The IESO GIF can play a key role in piloting these innovative community business models and we recommend that the mandate and eligible projects of the GIF be broadened accordingly. The GIF could be used to fund the non-capital parts of a project, including business model design, billing protocols, participant enrollment, monitoring, evaluation of benefits (savings, emissions reductions, community benefits, LDC benefits, model effectiveness, equity and inclusiveness), and reporting/capacity building.

We recommend that the IESO work closely with others in the IESO to ensure that the GIF informs the Local Generation Program and other initiatives that affect DER deployment as well as the Regional Integrated Resource Planning processes. Finally, we recommend that the IESO GIF

coordinates with the OEB Sand Box so that regulations that might inhibit GIF supported projects are relaxed.

In closing we would like to draw your attention to a forthcoming report by Community Energy Co-operatives Canada and Royal Roads University on best practices and case studies on the deployment of community and co-op owned DERs in Europe, the United States and Australia. Many of these best practices could be piloted in Ontario using the IESO GIF.