

Elissar El-Hage
Senior Manager, Rate Applications
Toronto Hydro-Electric System Limited
14 Carlton Street
Toronto, ON M5B 1K5
regulatoryaffairs@torontohydro.com



August 6, 2026

via RESS

Mr. Ritchie Murray
Registrar
Ontario Energy Board
PO Box 2319
2300 Yonge Street, 27th floor
Toronto, ON M4P 1E4

Dear Mr. Murray:

**Re: Toronto Hydro-Electric System Limited ("Toronto Hydro")
Non-Wires Solution Incentive Mechanism Application
OEB File No. EB-2026-0129, Responses to Interrogatories**

Please find enclosed Toronto Hydro's responses to 94 interrogatories (including subparts) received on July 14 from OEB Staff and on July 15 and 17 from five intervenors in this proceeding (BOMA, CCC, Energy Probe, Pollution Probe, and PWU).

Please find enclosed the officer's certification confirming the evidence does not include any personal information.

Please contact us if you have any questions.

Sincerely,

Elissar El-
hage

Digitally signed by Elissar El-hage
DN: cn=Elissar El-hage,
email=EEI-
hage@TorontoHydro.com
Date: 2026.08.06 15:19:50 -04'00'

Elissar El-Hage
Senior Manager, Rate Applications
Toronto Hydro-Electric System Limited

Cc: Andrew Sasso and Jody McEachran, Toronto Hydro; all intervenors

OFFICER'S CERTIFICATE – PERSONAL INFORMATION

As the Executive Vice President, Chief Strategy and Regulatory Officer of Toronto Hydro-Electric System Limited ("Toronto Hydro"), I hereby certify that the interrogatory responses submitted in support of Toronto Hydro's 2026 Non-Wires Solution Incentive Mechanism Application (EB-2026-0129) do not include any personal information unless filed in accordance with Rule 9A of the OEB's Rules and the Practice Direction to the best of my knowledge.

This certificate is given pursuant to Chapter 1 of the Ontario Energy Board's *Filing Requirements for Electricity Distribution Rate Applications* (revised December 16, 2025).

DATED this 6th day of August, 2026.



Janene Taylor
Executive Vice President,
Chief Strategy and
Regulatory Officer

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY OEB STAFF-1

Reference(s): EB-2023-0195, Exhibit 1B Tab 3, Schedule 1, p.46-54

EB-2023-0195 Partial Decision and Order, Settlement Proposal, p.35-36

THESL Response to Preliminary Questions

EB-2023-0195 Benefit Cost Analysis

Preamble:

As part of its Custom Incentive Rate-Setting (CIR) application under EB-2023-0195, Toronto Hydro requested funding and approval of a Local Demand Response (LDR) program including a Performance Incentive Mechanism (PIM) to achieving 30 MW capacity target by 2029. This was a part of broader 2025-2029 performance incentive scorecard measures. Toronto Hydro documented consideration of other incentive mechanisms (shared savings mechanism (SSM) and margin-on-payment (MoP)) noting they were “not sufficient to level the playing field between the non-wires solution (LDR) and the conventional option (load transfers)”. Although the LDR program was approved, the settlement agreement among parties eliminated the PIM.

In response to Preliminary Question No. 2 from Procedural Order No. 1, Toronto Hydro stated that the PIM and the current incentive application are not “analogous,” describing the PIM as an incremental, risk-based mechanism. Toronto Hydro also notes that Section 11 of the Distribution System Code (DSC) which provides for a 25% MoP incentive, was adopted after the settlement and therefore could not have been considered in the CIR Application.

QUESTION (A) AND (B):

- a) Does Toronto Hydro believe it had the opportunity to propose/request a 25% MoP incentive as part of its CIR application under the OEB’s Incentive Guidelines? If no, please provide supporting rationale.

1 b) Please explain why Toronto Hydro did not request an MoP type incentive in its CIR
2 Application, given that this approach was identified in the OEB's Incentive Guidelines.

3

4 **RESPONSE (A) AND (B):**

5 In proposing the EB-2023-0195 Performance Incentive Mechanism ("PIM"), Toronto Hydro
6 assessed the three incentives options, including Margin-on-Payment ("MoP"), and established the
7 rationale as to why the scorecard option was the most appropriate in the context of its proposal
8 and the policy framework in place at the time. Toronto Hydro proposed the PIM as an
9 accountability and rate mitigation mechanism as part of the integrated proposal with a number of
10 metrics. The *Non-Wires Solutions Guidelines for Electricity Distributors* ("Filing Guidelines")¹
11 provided the most guidance on scorecard target.

12

13 Toronto Hydro's application and subsequent settlement couldn't have contemplated changes to
14 the *Distribution System Code* ("DSC") that provided greater clarity on the incentive amount and
15 eligibility requirements over the information in the Filing Guidelines. Please see Toronto Hydro's
16 Response to Preliminary Questions for further information on the distinction between the PIM and
17 MoP incentive.

18

19 Although the Filing Guidelines came out in March 2023, the evidence in 2025 CIR application was
20 actively being developed at that time and Toronto Hydro's Custom IR Framework had already been
21 developed based on existing policies and OEB requirements. When Toronto Hydro filed its 2025-
22 2029 CIR application on November 17, 2023, neither the *Non-Wires Solutions Guidelines*² nor the
23 *Benefit Cost Analysis ("BCA") Framework for Addressing Electricity System Needs*³ were released.
24 They were subsequently issued in March and May 2024 respectively, while the application was
25 being adjudicated. Toronto Hydro filed its settlement proposal in the CIR Application in August

¹ Ontario Energy Board, *Filing Guidelines for Incentives for Electricity Distributors to Use Third-Party DERs as Non-Wires Alternatives* (March 28, 2023)

² Ontario Energy Board, *Non-Wires Solutions Guidelines for Electricity Distributors* (March 28, 2024)

³ Ontario Energy Board, *Benefit Cost Analysis (BCA) Framework for Addressing Electricity System Needs* (May 16, 2024)

2024. The final DSC amendments, codifying the MoP incentive and prescribed eligibility requirements, were not released until November 2025, more than a year later.

At the time Toronto Hydro filed its application, the BCA, which provides a methodology to assess the economic feasibility of using Distributed Energy Resources (“DERs”) as Non-Wires Solutions (“NWS”), had not been released. Toronto Hydro created its own BCA to demonstrate that its Local Demand Response (“LDR”) Program was cost effective.

Both the DSC and the Filing Guidelines permit a stand-alone application for an incentive, without a request for rate funding.⁴ Toronto Hydro’s application for the MoP incentive is in alignment with the OEB’s current policy framework and advances the policy objectives set out in the FEI and section 11 of the DSC.

QUESTION (C) – (E):

- c) Had the proposed PIM scorecard been agreed upon by all parties to the settlement, and assuming all associated targets were met, please:
 - i. Quantify the incremental cost to customers attributable to the system capacity component of the PIM scorecard related to the LDR Program.
 - ii. Provide the LDR Program net benefits as per the Benefit-Cost Analysis (BCA) Toronto Hydro filed as part of EB-2023-0195 including incentive payments for each of the incentive types as considered as part of its CIR Application (PIM, SSM, MoP).
- d) Please explain what Toronto Hydro considers to be “sufficient to level the playing field” for a non-wires solution (NWS) incentive.
- e) Had the PIM scorecard been agreed upon by all parties to the settlement as proposed by Toronto Hydro:

⁴ DSC section 11.2; Filing Guidelines for Incentives for Electricity Distributors to Use Third-Party DERs as Non-Wires Alternatives, at p. 3.

- Please confirm whether Toronto Hydro would have applied for a MoP incentive following the adoption of Section 11 of the DSC, and provide rationale for the response.

RESPONSE (C) – (E):

Toronto Hydro cannot speculate about what would have occurred under a different settlement and how a hypothetical settlement would have been implemented. The PIM incentive as proposed in EB-2023-0195 was based on certain assumptions around the productivity, efficiency and performance factors proposed as part of the rate framework. Toronto Hydro cannot speculate about what performance factor would have been agreed to as part of a hypothetical settlement, and thus is unable to calculate the incremental cost of the system capacity component.

Toronto Hydro is also unable to provide an updated BCA as it does not know what costs and other assumptions would have been approved regarding its capital program.

QUESTION (F):

- f) Should the 25% MoP incentive be approved as part of this application, does Toronto Hydro's intend to submit any further NWS incentive applications during the rate period?

RESPONSE (F):

Toronto Hydro does not intend to submit a further incentive application for its approved LDR program during the 2025-2029 rate period, if the OEB approves the proposed MoP incentive.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY OEB STAFF-2

Reference(s): THESL Response to Preliminary Questions

EB-2026-0129 Benefit Cost Analysis

EB-2023-0195 Benefit Cost Analysis

Preamble:

Under EB-2026-0129, Toronto Hydro requested approval for an MoP incentive applicable to its LDR Program (which was approved as part of Toronto Hydro's CIR Application under EB-2023-0195).

Toronto Hydro confirmed that the program continues to target the procurement of up to 30 MW of capacity by 2029.

In its response to Preliminary Question No. 3 issued under Procedural Order No. 1, Toronto Hydro indicated that it is not seeking approval for any changes to the existing LDR Program.

In support of its MoP incentive request, Toronto Hydro filed an updated BCA with updated costs as well as benefits of the LDR Program. Toronto Hydro previously filed a BCA in support of the LDR Program as part of its CIR Application.

QUESTION (A):

a) If the proposed incentive is approved, will it provide any incremental value to Toronto Hydro's customers, beyond the benefits delivered by the LDR Program?

i. If yes, please describe and quantify that incremental value.

ii. If no, please confirm if the only effect of the incentive would be to increase total program costs by the amount of the incentive without a corresponding increase in customer value. As part of the response, please explain the rationale for the incentive.

1 **RESPONSE (A):**

2 Please refer to Toronto Hydro's response to interrogatory CCC-1 (c) for the rationale for the
3 incentive.

4

5 **QUESTION (B):**

6 b) Please explain why there is a difference between the two BCAs with respect to the initial
7 year of the four-year deferral period. Specifically, please clarify why the deferral period
8 begins in 2025 in EB-2023-0195, whereas it begins in 2030 in the current application (EB-
9 2026-0129).

10

11 **RESPONSE (B):**

12 While there is a difference in the presentation of the BCA spreadsheet between the current
13 application and the version filed in Appendix A of JTC 5.15, EB-2023-0195, both BCAs deferral
14 periods begin in 2030.

15

16 Appendix A of JTC5.15 cell C55 in tab "5 yr Deferral BCA" shows the NPV of status quo capital
17 investment in 2025 if the capital investments were not deferred through the deployment of LDR.
18 The associated undiscounted annual costs are presented in row 43 of the same tab. These are
19 comparable to cell C48 and row 43 respectively in tab "BCA – Reference" of the BCA filed as
20 Schedule 4 in the current application. It should be noted that in Schedule 4, the capital investment
21 year is 2026 to reflect the incentive term period sought in this application.

22

23 In JTC5.15, the NPV of the deferral scenario net of the effects of the LDR program is presented in
24 cell C56 of tab "5yr Deferral BCA", with the undiscounted annual costs presented in row 45,
25 showing a scenario where the costs are deferred to 2030. These are comparable to cell C58 and
26 row 43 of the BCA in the current application, where the capital investment is deferred to 2030.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY OEB STAFF-3

**Reference(s): EB-2023-0195, Exhibit 2B, Section E7.2, p.561-576 of PDF
Benefit-Cost Analysis for Addressing Electricity System Needs, May 16, 2024,
Section 5.1.1.1, p. 24**

Preamble:

Toronto Hydro's NWS Incentive Mechanism Application identifies six transformer stations targeted by the LDR Program: Finch TS, Leslie TS, Manby TS, Horner TS, Strachan TS, and Dufferin TS. This appears to differ from Toronto Hydro's CIR Application (EB-2023-0195), where the approved LDR Program targeted Bathurst TS, Fairbank TS, and Finch TS.

The OEB's Non-Wires Solutions Guidelines for Electricity Distributors allows electricity distributors to file applications outside of rebasing but requires a targeted update to the Distribution System Plan (DSP) and identification of whether funding for the relevant system needs is already included in existing rates.

Per Ref. (ii), electricity distributors are to quantify, as part of the DST cost-effectiveness test, the estimated benefit of NWS adoption due to traditional distribution capacity need deferral or avoidance. The primary distribution system use-case and the primary driver of value for the DST test is the benefit that comes from deferring or avoiding the costs of deploying traditional poles and wires solutions. Toronto Hydro has filed an updated BCA demonstrating a DST value greater than 1.0.

QUESTION (A) – (D):

- a) Please provide a targeted update to the Distribution System Plan, specifically addressing:
 - i. The rationale for removing previously identified stations from the LDR Program; and

- 1 ii. The basis for including newly identified stations, including updated load forecasts,
2 identified constraints, and needs assessments.
- 3 b) For each newly included station, identify and discuss whether any funding to address the
4 underlying system need(s) are already reflected in existing rates, including any capital
5 investments approved as part of Toronto Hydro's CIR Application (EB-2023-0195).
- 6 c) For each station identified as part of this application, clarify whether the LDR Program is
7 expected to defer or avoid the need for traditional infrastructure. As part of the response,
8 please provide:
- 9 iii. The original planned timing (initiation and in-service date) of the relevant traditional
10 (wires) investment absent the LDR Program including connection timing for new loads
11 driving capacity constraints;
- 12 iv. The revised timing of that investment with the LDR Program in place;
- 13 v. The following for each station:
- 14 • the deferred and/or avoided distribution capacity benefits;
- 15 • reconcile these capacity benefit values with the BCA filed with this application,
16 and
- 17 • a summary of the specific capital spending being deferred and/or avoided.
- 18 d) If the LDR Program does not result in the deferral or avoidance of traditional infrastructure
19 for any of the targeted stations, please outline the intent and purpose of the LDR Program
20 at the applicable station(s).
- 21

22 **RESPONSE (A) – (D):**

23 Toronto Hydro's NWS Incentive Mechanism application does not seek to change the approved
24 Local Demand Response ("LDR") Program and does not result in a change to its Distribution System
25 Plan.

26

27 As noted in its response to the Preliminary Questions, Toronto Hydro is not seeking any requests
28 for rate-funding, nor approval of any changes to its LDR Program. In this application, Toronto
29 Hydro is only seeking the approval of a Margin-on-Payment incentive in alignment with the policy

objectives set out in the *Framework for Energy Innovation* (“FEI”)¹ and that is expressly authorized by Section 11 of the DSC,² along with the associated deferral account.

The LDR Program funded through the 2025-2029 OEB approved rates is designed to be flexible and responsive to current system capacity needs.

Toronto Hydro’s LDR Program targets the deferral or avoidance of bus-level load transfers. As stated in EB-2023-0195 and in Schedule 3 at page 2 of this application, load transfers address short-term to medium-term capacity issues at the bus-level while Stations Expansion addresses long-term capacity needs. The LDR Program provides temporary relief, giving planners flexibility to determine whether load transfer investments will become necessary.

Adjustments to the respective stations and planned capacity targets under the approved LDR Program are to be expected given the dynamic nature of customer load growth and system operations. They are also within the scope of the approved LDR Program and the underlying principles of CIR framework.

As part of the program and established in EB-2023-0195,³ the need for station bus load forecasts is re-evaluated annually and informed by up-to-date system conditions, new connections, and updated weather corrected load forecasts. As conditions change, plans must evolve to accommodate connections and meet changing demand. This ensures the program is focused on maximizing efficiency and value.

Based on the outcome of this evaluation, the need for specific load transfers can either be escalated in priority or deferred. This provides Toronto Hydro with the opportunity to explicitly consider and use NWS to help avoid a portion of these load transfers when possible and informs

¹ Ontario Energy Board, *Framework for Innovation: Setting a Path Forward for DER Integration* (January 2023), at page 4 & 5.

² Ontario Energy Board, Distribution System Code, Section 11 (Updated: May 1, 2026).

³ EB-2023-0195, Exhibit 2B, Section E7.2 (Updated: January 29, 2024), at page 9, lines 7-17.

1 where to focus NWS procurement efforts on an annual basis utilizing the appropriate, competitive
2 process.⁴

3
4 The CIR framework recognizes that utilities need flexibility to respond to changing circumstances,
5 evolving system needs, and new information that emerges over the course of the rate period. To
6 reflect the CIR methodology and align with the OEB's policy guidance, an updated DSP will be
7 brought forward for review in Toronto Hydro's next rebasing application.

8
9 ***Toronto Hydro's LDR Program is complimentary to its capital investment plan and does not defer***
10 ***or replace planned capital investments included in the 2025-2029 application***

11 Toronto Hydro's LDR Program is incremental in nature and is not deferring or replacing *existing*
12 capital investments or funding that was included in EB-2023-0195. Where LDR Program is not
13 pursued, the alternative would necessitate incremental activities beyond the scope of work
14 reflected in EB-2023-0195 and funded in rates. It is also important to note that the stations
15 expansion investments are informed and established through the regional planning process.
16 In other words, the relevant comparison is not between the LDR Program and the stations
17 expansion work proposed in the EB-2023-0195 (referenced in OEB Staff-4, 5, and 6), but between
18 two incremental approaches to addressing a change in short-term system need and capacity load
19 profiles within the normal course of the CIR.

20
21 ***Current LDR Target Stations for the 2025-2029 Period***

22 Based on current information, for the 2025-2029 period, the LDR Program will target six stations in
23 Toronto Hydro's service territory: Finch TS, Leslie TS, Manby TS, Horner TS, Strachan TS, and
24 Dufferin TS.

25
26 This list of stations has been updated since the 2025-2029 CIR in response to changing load
27 conditions driven by customer connections, and to ensure that the program is targeting areas with
28 the highest needs. The revisions do not alter the fundamental purpose of the LDR Program. They

⁴ Ibid.

highlight that the program needs to be implemented in a manner that reflects actual system conditions and adapts in tandem with evolving grid needs. Please see Table 1 below which provides an updated summary to what was requested in part (c).

Table 1: Summary of Estimated Load Transfers Anticipated at Target Stations and Estimated Avoidance/Deferrals in 2025-2029 Period*

Station	Load to Transfer (MWs)	Estimated Year	Revised Year	Deferral or Avoidance	Avoided/Deferred Capital Expenditures
Finch TS	17	2027	No longer in plan	Avoided	\$15M
Leslie TS	12	2026-2028	Post 2030	Deferred	\$5.5M
Manby/Horner TS	44	2026-2029	Post 2030	Deferred	\$20.2M
Strachan TS	11	2026-2027	Post 2030	Deferred	\$3.0M
Dufferin TS	28	2025-2027	Post 2030	Deferred	\$10M

* Please note that the load and capital expenditures depicted in Table 2 are based on high-level estimates as described in Schedule 3.

Cecil TS and Copeland TS have been replaced with Horner TS and Dufferin TS to better reflect current system needs. While Copeland TS was previously identified due to system constraints back in 2023, current conditions indicate those constraints are no longer expected to materialize. In contrast, the proximity of Horner TS to Manby TS, which is highly constrained, enables additional flexibility in the Etobicoke south region, especially in light of upcoming large-scale customer connections in the area. Dufferin TS has distribution level capacity restrictions resulting from upstream bulk-system constraints, as identified in the IESO's Toronto Integrated Regional Plan Report issued on October 31, 2025.⁵

Updated Benefit-Cost Analysis

Since the time of filing this application, new information has become available regarding the needs at Dufferin TS. This new information increases the amount of capital work being deferred, from \$28.7 million⁶ to \$38.7 million. LDR operational costs are proportionately split between the

⁵ <https://www.ieso.ca/-/media/Files/IESO/Document-Library/regional-planning/Toronto/toronto-IRRP-Report-20251031.pdf>

⁶ EB-2026-0129, Schedule 4, tabs "BCA- Reference" and "Avoidance BCA".

1 avoided and deferred capital based on the capital costs. This results in a change to the allocation of
2 the total operational costs. Toronto Hydro estimates that the net present value (“NPV”) of these
3 customer benefits over the rate term has increased from \$14.0 million to \$15.4 million. An
4 updated Schedule 4 – Benefit-Cost Analysis Model is provided with this response. Table 2 below
5 provides the revised summary of the LDR Program BCA.

6

7 The updated analysis does not affect Toronto Hydro’s requests before the OEB or the magnitude of
8 the incentive being requested.

9

10 **Table 2: Revised Summary of Toronto Hydro’s LDR Program Benefit-Cost Analysis (2026-2029)⁷**

	Deferred Capital	Avoided Capital
Parameters	\$38.73 million in load transfer capital investment deferred for 4 years at an operational cost of \$4.15 million	\$15 million in load transfer capital investment avoided over the life of the assets (65 years overall) at an operational cost of \$1.49 million
Costs	Net present value (“NPV”) of the operational costs of the non-wires solution (2026-2029): \$3.53 million + NPV of the revenue requirement associated with the load transfer capital investment to be made in 2030: \$33.14 million = \$36.67 million NPV Costs	NPV of the operational costs of the non-wires solution (2026-2029): \$1.26 million
Benefits	NPV of revenue requirement associated with capital investment deferred from 2026-29: \$38.43 million <i>Less (-)</i> NPV Costs: \$36.67 million <i>Equals (=)</i> \$1.76 million NPV Benefits	NPV of revenue requirement associated with capital investment avoided in 2026 over the 65-year overall Expected Useful Life (“EUL”): \$14.88 million <i>Less (-)</i> NPV Costs: \$1.26 million <i>Equals (=)</i> \$13.62 million NPV Benefits
Total NPV Benefits = \$15.38 million		

⁷ Initial table summarizing Toronto Hydro’s LDR Program Benefit-Cost Analysis for 2026-2029 can be found in Schedule 3, at page 6.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY OEB STAFF-4

Reference(s): EB-2023-0195, Exhibit 2B (Part 3 of 3), Section E7.2, p.560 of PDF
EB-2026-0129, Application and Evidence, p.10-11 of PDF

Preamble:

In its 2025 CIR application, Toronto Hydro notes capital work is underway to expand capacity at Horner TS which would provide relief of load at Manby TS and Horner TS.

In its current application, Toronto Hydro notes load transfers from the LDR program are also anticipated at Manby/Horner stations during 2026-2029. This appears to differ from Toronto Hydro's CIR Application where the approved LDR Program only targeted relief at Bathurst TS, Fairbank TS, and Finch TS.

QUESTION (A) – (C):

- a) Please confirm if the Horner TS expansion has been completed.
- b) If so, when was the Horner TS expansion completed?
 - i. What is the planning limit, the current load and committed load at the Horner station?
 - ii. Please clarify how much load was transferred to the Horner station and from what station(s). Was Toronto Hydro able to avoid the planned transfers to the Horner station as outlined in the CIR application, or has load increased beyond what was provided by the station expansion?
 - iii. Please confirm whether the capital load demand program (associated with the Horner TS expansion) is being eliminated? If so, what is being done with the capital funds? Will it be reallocated or will total capital expenditures decrease?
 - iv. Please clarify why there is still a need for load transfers in the area via the LDR program.
- c) If not, when is the Horner station expansion forecasted to be online?

- 1 i. Please confirm if the LDR program is expected to be deployed in this region during
2 2025-2029 as a bridging solution until the Horner station expansion is complete.
3 ii. Please provide an up to date annual forecast of load to be transferred to the station.
4

5 **RESPONSE (A) – (C):**

6 Please refer to Toronto Hydro's response to interrogatory OEB Staff-3. Had the LDR Program not
7 been pursued, the alternative approach would have necessitated incremental activities beyond the
8 scope of work reflected in EB-2023-0195. Toronto Hydro declines to provide information on its
9 Stations Expansion program as its not relevant to the issues in this application. An updated DSP will
10 be brought forward for review in Toronto Hydro's next rebasing application.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY OEB STAFF-5

Reference(s): EB-2023-0195, Exhibit 2B (Part 3 of 3), Section E7.2, p.155 of PDF
EB-2026-0129, Application and Evidence, p.10-11 of PDF

Preamble:

In its 2025 CIR application, Toronto Hydro notes the completion of Copeland TS Phase 2 under the Stations Expansion program will have the potential to enable load relief at various stations including Strachan TS. More specifically, a transformer upgrade was intended to address the projected needs at the Strachan TS from 2030-2035.

In its current application, Toronto Hydro updated the list of stations targeted for LDR in response to evolving system condition and needs driven by customer connections. This includes Strachan TS with estimated load transfer of 11 MWs in 2025-2029.

QUESTION (A) – (C):

- a) Please explain what has occurred to accelerate the need for capacity relief at Strachan TS versus Toronto Hydro's 2025 CIR application.
- b) Please provide and explain the current planning limit, the current load, and the committed load at Strachan TS.
- c) Please confirm if the Copeland TS Phase 2 expansion was completed as intended. If so:
 - i. Please clarify why there is still a need for load transfers at Strachan TS via the LDR program?
 - ii. What is the planning limit, the current load, and the committed load at Copeland TS?

RESPONSE (A) – (C):

Please refer to Toronto Hydro's response to interrogatory OEB Staff-3. Had the LDR program not been pursued, the alternative approach would have necessitated incremental activities beyond the

- 1 scope of work reflected in EB-2023-0195. Toronto Hydro declines to provide information on its
- 2 Stations Expansion program as its not relevant to the issues in this application. An updated DSP will
- 3 be brought forward for review in Toronto Hydro's next rebasing application.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY OEB STAFF-6

Reference(s): EB-2023-0195, Exhibit 2B (Part 3 of 3), Section E7.2, p.567-568 of PDF
EB-2026-0129, Application and Evidence, p.10-11 of PDF

Preamble:

In its 2025 CIR application, Toronto Hydro noted that based on its 10-year station load forecast, three Horseshoe North West stations will require capacity relief in 2025-2029, including Finch TS with anticipated load transfer of 25-55 MVA.

In its current application, Toronto Hydro anticipates and is targeting load transfers at Finch TS of 17 MWs in 2025-2029.

QUESTION (A) – (C):

- a) Please clarify if the Finch station referenced in Toronto Hydro's 2025 CIR application is the same as the Finch station referenced in the current application. Please also explain any differences between the two applications associated with the Finch TS, including differences in loading levels and loading projections.
- b) Please provide and explain the current loading and planning limits used by Toronto Hydro to determine the need at Finch TS.
- c) Please provide information on any additional load committed and connection timing.

RESPONSE (A) – (C):

The Finch TS referenced in Toronto Hydro's 2025 CIR Application (EB-2023-0195) is the same Finch TS referenced in Toronto Hydro's current application.

Please refer to Toronto Hydro's response to interrogatory OEB Staff-3. Had the LDR Program not been pursued, the alternative approach would have necessitated incremental activities beyond the

- 1 scope of work reflected in EB-2023-0195. Toronto Hydro declines to provide information on its
- 2 Stations Expansion program as its not relevant to the issues in this application. An updated DSP will
- 3 be brought forward for review in Toronto Hydro's next rebasing application.

RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES

INTERROGATORY OEB STAFF-7

**Reference(s): EB-2026-0129 Application and Evidence, Schedule 5: Draft Accounting Order, p.22
EB-2023-0195 Partial Decision and Order, Table 8: New Deferral and
Variance Accounts, p.12 and 14**

Preamble:

Per the Partial Decision and Order to Toronto Hydro's CIR Application, Account 1508 Non-Wires Solutions Operational Expenditures Variance Account was approved to record variances between the 2025-2029 revenue requirement funded in rates for the non-wires LDR program and the actual revenue requirement associated with the non-wires operational expenditures over the 2025-2029 period.

In Toronto Hydro's current NWS Incentive application, Toronto Hydro is requesting a new deferral account (account 1508 Margin-on-Payment Incentive Deferral Account "MoPIDA") to record incentive amounts by applying a 25% rate to actual payments made to LDR participants, with disposition of balances to take place at its next rebasing application.

QUESTION (A) AND (B):

- a) Please explain if and how the previously OEB approved Non-Wires Solutions Operational Expenditures Variance Account will interact and/or be leveraged to determine the balances in the proposed MoPIDA.
- b) Please explain how actual payments made to LDR participants will be tracked and used by Toronto Hydro to determine the 25% MoP incentive amounts to be recorded in the proposed MoPIDA account for future disposition.

1 **RESPONSE (A) AND (B):**

2 Toronto Hydro's Non-Wires Solutions Operational Expenditures Variance Account ("NWSOVA")
3 records the variances between the amount recovered in rates and actual operational expenditures
4 associated with non-wires solutions over the 2025-2029 rate period. The actual operational
5 expenditures include both annual overhead costs to deploy the LDR Program and capacity
6 payments made to customers.

7
8 Toronto Hydro proposes to use the MoPIDA to record the 25 percent MoP incentive amounts that
9 the utility would derive from the actual payments made to customers participating in the LDR
10 Program, as recorded in the NWSOVA.

1 **RESPONSES TO ONTARIO ENERGY BOARD STAFF INTERROGATORIES**

2

3 **INTERROGATORY OEB STAFF-8**

4 **Reference(s):** EB-2026-0129 Letters of Comment

5

6 Preamble:

7 Following the issuance of the Notice of Rate Hearing, a number of Letters of Comment
8 were filed with the OEB.

9

10 **QUESTION (A):**

11 a) Please provide a comprehensive response addressing the topics raised in the Letters of
12 Comment.

13

14 **RESPONSE (A):**

15 Please see Appendix A to this response.

Re: Toronto Hydro Non-Wires Solutions Incentive Application Letters of Comment

Dear Valued Customer,

Thank you for your letter of comment regarding Toronto Hydro's Non-Wires Solution Incentive Application. Customer letters are an important part of the application process, and we appreciate you taking the time to provide your feedback and comments.

This is a stand-alone and narrow application where Toronto Hydro is seeking OEB approval to earn a 25 percent incentive on payments made to third-party providers, customers, or aggregators that deliver local grid benefits through Toronto Hydro's flagship non-wires solution: its Local Demand Response ("LDR") Program. Toronto Hydro's requests in this application, including the form of incentive and the amount, are based on the Ontario Energy Board's ("OEB") recent amendments to Section 11 of the Distribution System Code. They are also in alignment with the OEB's *Framework for Energy Innovation*, a set of policies designed to clarify the regulatory treatment of innovative and cost-effective solutions, including distributed energy resources (DERs), and facilitate their adoption in ways that enhance value for consumers.

As of August 6, 2026, the OEB received a total of 36 letters. Many of the letters focused on the following themes:

- Rate increase concerns
- Justification of the incentive
- Fairness for residential customers
- Benefits demonstrated for customers
- Deferral Account

This letter represents Toronto Hydro's response to the comments raised and is divided into the following sections:

1. What are Non-Wires Solutions?
2. Overview of Toronto Hydro's Local Demand Response Program
3. Overview of Toronto Hydro's Margin-on-Payment Incentive Application
4. Overview of Margin-on-Payment Incentive Deferral Account
5. Customer Benefits and Rate Impacts

1. What are Non-Wires Solutions?

Non-Wires Solutions are system planning and operational approaches that electricity distribution utilities can use as alternatives to traditional infrastructure (i.e., poles and wires) to address growing system needs. This is done by using different types of flexible solutions, such as temporarily reducing or shifting customer electricity use to help meet local electricity needs without building new power lines or substations.

These approaches complement Toronto Hydro's traditional infrastructure planning. Where and when they can be used, Non-Wires Solutions can be a lower-cost way to manage growing electricity demand in specific areas of the city. However, they are not a substitute for critical long-term grid investments.

2. Overview of Toronto Hydro's Local Demand Response Program

Launched in 2018, the Local Demand Response Program is Toronto Hydro's flagship Non-Wires Solutions initiative and is the first of its kind among electric utilities in Ontario. Local Demand Response is designed to help address short- to medium-term capacity constraints at specific transformer stations by using demand response ("DR"), including behind-the-meter and customer-owned Distributed Energy Resources ("DERs"), to reduce strain on the grid.

On an annual basis, Toronto Hydro determines where Local Demand Response has the potential to be the most effective and goes to market to procure capacity for those stations. When Local Demand Response is not available, practical, or cost-effective, Toronto Hydro continues to rely on traditional infrastructure solutions.

Customer Eligibility, Participation & Obligations

Participation is available to all interested parties, provided they meet the eligibility criteria and follow the established process. Successful applicants enter into a contractual agreement with Toronto Hydro, indicating the committed capacity and its attributes, the maximum number of demand response events, measurement and verification expectations, and all other program requirements including their obligations.

Typical participants include large commercial or institutional customers, distributed energy resource providers, storage operators, aggregators (service providers that bring several participants together to act in coordination), or any other customers capable of reducing or shifting load in targeted areas.

The Local Demand Response obligation period is from June-September. During this window, participants are considered "on-call" for Toronto Hydro to use as necessary to manage peak demand. For the 2026 period, the reference price for this capacity is \$700/MW-day. This represents the maximum price Toronto Hydro will pay as a capacity payment, factoring in the capacity value to the distribution system (i.e., avoided costs of traditional infrastructure solutions).

For more information about the Local Demand Response Program, please refer to Toronto Hydro's website: <https://www.torontohydro.com/local-demand-response-program>.

3. Overview of Toronto Hydro's Margin-on-Payment Incentive Application

Why incentivize Non-Wires Solutions?

The Margin-on-Payment incentive is part of the OEB's framework to encourage utilities to enable, manage, and rely on eligible third-party DER solutions as non-wires solutions. The purpose is to ensure utilities are not financially disadvantaged when it chooses a cost-effective service-based solution that relies on operating costs instead of a traditional capital investment. Where utilities earn a return on capital investments in the grid, they do not earn a return on operating costs (such as payments to participants in the Local Demand Response Program).

The incentive is intended to make sure utilities like Toronto Hydro are encouraged to consider these tools when they are a good option for customers. It helps support balanced decision-making between building traditional infrastructure and using lower-cost or more flexible alternatives where appropriate.

Toronto Hydro's Margin-on-Payment Request

In this application, Toronto Hydro has applied for a 25 percent Margin-on-Payment incentive and a Margin-on-Payment incentive deferral account. The OEB established a default 25 percent Margin-on-Payment incentive if certain requirements are met. This incentive cannot exceed half of the net benefit of the Non-Wires Solutions, ensuring that customers and utilities share the cost savings that result from deferred capital investments in the grid. While the cost of operating the Local Demand Response Program is already funded through electricity rates approved by the OEB in Toronto Hydro's 2025-2029 rate application, existing rates do not compensate Toronto Hydro for the program, as it would be for traditional capital investments in the grid. That compensation is what the proposed incentive would provide.

Toronto Hydro will earn the incentive only on eligible payments it makes to the participants of the Local Demand Response Program. It will not be applied on operating expenses related to the program, vendor contracts, or normal utility spending. Toronto Hydro will only receive the incentive where the applicable OEB requirements are met, and when the Non-Wires Solutions deliver net benefits for customers. Moreover, the utility will report the performance and outcomes of the program to the OEB and will be subject to strict regulatory oversight on the prudence of program expenditures and the recovery of any incentives.

Toronto Hydro acknowledges concerns that these programs may appear to benefit only larger customers or third-party providers. The purpose of the program, however, is not to provide a general subsidy to participants. It is to procure targeted capacity in constrained areas of the grid where doing so reduces system costs for all Toronto Hydro customers.

Where the program is successful, Toronto Hydro is able to avoid or defer more costly infrastructure that would otherwise be recovered through rates from all customers.

4. Overview of Margin-on-Payment Incentive Deferral Account

Toronto Hydro recognizes the importance of transparency and accountability. The requested deferral account is a common regulatory tool used to track specific costs or amounts separately until they are reviewed by the OEB. In this case, the account would separately record any approved incentive amounts Toronto Hydro would earn on payments made to Local Demand Response Program participants.

The account does not guarantee Toronto Hydro's recovery of the incentive. Any future recovery from customers would be subject to regulatory review by the OEB in Toronto Hydro's 2030 rate application, at which time Toronto Hydro will be required to justify recovery of the amounts tracked in the account.

To learn more about this application and the regulatory process, please refer to Toronto Hydro's website: <https://www.torontohydro.com/regulatory-information>

5. Customer Benefits and Rate Impacts

Toronto Hydro's Local Demand Response program is highly-cost effective compared to addressing capacity needs through traditional wires-based infrastructure. Through Toronto Hydro's Local Demand Response program, the utility will be able to defer approximately \$38.7 million of capital investment into a future rate period and avoid approximately \$15 million of capital investment. It is estimated that there

will be \$15.4 million of customer benefits over the 2025-2029 rate period, or a ratio of costs to benefits of 93% for customers, even with the incentive.

Toronto Hydro estimates that the incentive amount will be approximately \$1.2 million over the 2026-2029 period and as such, the rate impact would be negligible with an estimated bill impact of approximately 6 cents per 30 days for residential customers.

Toronto Hydro recognizes concerns with respect to customer affordability and increasing consumer costs. Affordability is exactly why mechanisms like this are being considered. Additional information regarding assistance programs that are available to Toronto Hydro customers can be found at www.torontohydro.com/help or through the Customer Care team at 416-542-8000.

**RESPONSES TO BUILDING OWNERS AND MANAGERS ASSOCIATION
INTERROGATORIES**

INTERROGATORY BOMA-1

Reference(s): Schedule 3, Section 2.2, pages 10–11

OEB Distribution System Code, Section 11.3.1

Preamble:

Toronto Hydro proposes a 25% MoP incentive rate, resulting in a forecast incentive of approximately CA\$1.2 million nominal (CA\$1.0 million NPV) over 2026–2029, representing approximately 7% of the NPV of net program benefits.

“Where the Board is satisfied that an application for a Margin on Payments incentive meets the requirements of sections 11.3.3 to 11.4, a distributor’s rates shall be set by including a Margin on Payments incentive of 25%, or such lesser amount as may be requested by the distributor to meet the criteria in section 11.3.3 or for some other reason.”

QUESTION (A) – (C):

- a) The OEB’s DSC Section 11.3.1 states that a MoP of 25% is the maximum default, and distributors can request less. Please confirm whether Toronto Hydro considered requesting a MoP rate lower than the 25% default ceiling, as DSC section 11.3.1 permits.
- b) If Toronto Hydro did not consider a lower rate(s), please explain why not and how Toronto Hydro determined that 25% is the appropriate MoP rate in this proceeding.
- c) If Toronto Hydro did consider a lower rate(s), please provide any quantitative or qualitative analysis performed to support the proposed 25% figure.

RESPONSE (A-C):

The OEB is clear that the 25% MoP is the default value. As noted in section 11.3.1 of the Distribution System Code (“DSC”), where the criteria in Section 11.3.3 are met, a distributor’s rates

1 shall be set to include a Margin on Payment incentive of 25%. The distributor is allowed to request
2 a lesser amount to meet the criteria in Section 11.3.3 or for some other reason.

3
4 This reading is also clarified in the *Notice of Proposal* where the OEB states:¹

5 *“The OEB proposes to establish a **default MoP value of 25%** of the total payments to the*
6 *third-party DER provider as recommended in the Consultant Report. A distributor may seek*
7 *a lower MoP value if needed to meet one of the eligibility criteria described in (b) below or*
8 *for some other reason, such as a lower rate impact on the distributor’s customers.”*
9 *[emphasis added]*

10
11 Under Section 11.3.3 of the DSC, two criteria must be met as a condition of obtaining a MoP
12 incentive:

- 13 (a) The net present value of the forecast net benefit of the third-party DER must be greater
14 than zero; and
15 (b) The net present value of the forecast MoP incentive amount cannot exceed 50 percent of
16 the net present value of the forecast net benefit.

17
18 Toronto Hydro meets both these criteria. Specifically:

- 19 (a) The net present value of the total net benefit is greater than zero; and
20 (b) The net present value of the MoP incentive requested by the utility represents about 7% of
21 the total net benefits, which is below the 50% threshold set by the OEB in the DSC. Please
22 see Table 1 for this calculation.

23

¹ EB-2025-0083, Ontario Energy Board, *Notice of Proposal to Amend a Code* (May 16, 2025), page 3

1 **Table 1: Summary of MoP Incentive on LDR Program (2026-2029) (\$ Millions)**

	Description	2026-2029 Total
A	Net Present Value of Total Net Benefits	\$15.4
	Total Amount of Capacity Payments to Program Participants	\$4.8
	Net Present Value of Capacity Payments to Program Participants	\$4.1
	Margin on Payment Incentive (\$)	\$1.2
B	Net Present Value of Margin on Payment Incentive	\$1.0
C = B/A	% of Total Margin on Payment Incentive Compared to NPV of Customer Benefits	~7%

2

3 The bill impact for the typical residential customer is negligible (\$0.06 per 30 days for residential

4 customers).² Therefore, Toronto Hydro applied for the 25% default incentive value as there is no

5 basis to propose a lesser value.

² For more information on the bill impacts, please see Toronto Hydro's response to interrogatory EP-10.

**RESPONSES TO BUILDING OWNERS AND MANAGERS ASSOCIATION
INTERROGATORIES**

INTERROGATORY BOMA-2

Reference(s): Schedule 3, Section 2.3, pages 12–13

Preamble:

Toronto Hydro acknowledges that recovery of the MoPIDA balance is likely to exceed its \$1 million materiality threshold but requests that the OEB confirm in advance that the threshold will not apply to disposition of this account, regardless of the balance at that time.

QUESTION (A):

- a) Please explain why Toronto Hydro considers it necessary for the OEB to waive the materiality threshold in advance of the disposition proceeding, rather than have that determination made by the OEB in the normal course at the time of disposition.

RESPONSE (A):

Toronto Hydro requests that the OEB exercise discretion to proactively waive the materiality requirement at disposition. This would be in alignment with the principles advanced in the *Framework for Energy Innovation* and the Distribution System Code.

The NWS incentive regime set out in section 11 of the DSC is intended to address the misalignment between utility remuneration for capital and non-capital costs that may serve as a barrier to the cost-effective deployment of NWS. Ensuring that a utility can recover these amounts, even if they are below materiality, creates an additional incentive for utilities to find and deliver customer value through DER solutions.

1 **QUESTION (B):**

2 b) Please confirm whether any other deferral or variance account held by Toronto Hydro has
3 received a similar advance materiality waiver and, if so, identify the proceeding.

4

5 **RESPONSE (B):**

6 Toronto Hydro is unaware of any other Toronto Hydro deferral or variance account that received a
7 similar advance materiality waiver.

**RESPONSES TO BUILDING OWNERS AND MANAGERS ASSOCIATION
INTERROGATORIES**

INTERROGATORY BOMA-3

Reference(s): Schedule 3, page 1, Toronto Hydro's letter, Response to Preliminary Questions,
June 15, 2026, response to Question 1
EB-2023-0195, Settlement Proposal, August 16, 2024, Table 19, page 27

Preamble:

Toronto Hydro states that this application is brought under section 11 of the Distribution System Code (DSC) and does not seek to review, vary, or otherwise alter the EB-2023-0195 Partial Decision and Order. In EB-2023-0195, the LDR program is already funded through base distribution rates and is subject to two approved true-up mechanisms: i) the Demand-Related Capital Variance Account, which trues up forecast versus actual revenue requirement for LDR capital spending, and ii) the Non-Wires Solutions Operational Expenditures Variance Account, which trues up forecast versus actual LDR operating expenditures funded in rates, with an offsetting credit for avoided capital costs already reflected in the 2025-2029 revenue requirement.

QUESTION (A):

- a) Please confirm whether the proposed MoP incentive would be calculated on the gross amount of actual capacity payments made to LDR program participants, or on a net amount after accounting for the offsetting credit for avoided capital costs recorded in the Non-Wires Solutions Operational Expenditures Variance Account.

RESPONSE (A):

The MoP incentive would be calculated on the gross amount of actual capacity payments in accordance with Section 11 of the Distribution System Code.

1 **QUESTION (B):**

2 b) If the MoP incentive is to be calculated on the gross payment amount, please explain why
3 this does not result in Toronto Hydro earning an incentive twice on avoided capital
4 achieved by the LDR program.

5
6 **RESPONSE (B):**

7 Neither the OEB-approved rates nor the approved variance accounts include incentives amounts
8 associated with the LDR Program or the benefits that it produces for customers. Accordingly, there
9 can be no double-recovery of previously approved amounts as a result of the approvals sought in
10 this application.

11
12 While the LDR Program is funded through 2025-2029 base rates, program costs including payments
13 to program participants, constitute operational expenditures and do not earn a rate of return. As
14 such, the LDR Program is only subject to the Non-Wires Solutions Operational Expenditures
15 Variance Account ("NWSOVA") and not the Demand-Related Capital Variance Account ("DRCVA").
16 As noted in its response to CCC-1(b), Toronto Hydro has not previously received a ratepayer funded
17 incentive related to its LDR program. The MoP incentive proposed in this application would be the
18 first.

19
20 Should this application be approved, Toronto Hydro would only record the incentive amount
21 associated with the LDR capacity payments in the Margin-on-Payment Deferral Account
22 ("MoPIDA"). These would not be recorded in the NWSOVA.

23
24 As a point of clarification: The question refers to an incentive "on avoided capital." Toronto Hydro
25 does not earn an incentive on avoided capital. Specifically in the context of the NWSOVA, the
26 account records the variances between the amount recovered in rates over the 2025-2029 term
27 period associated with Toronto Hydro's OM&A non-wires solutions initiative and actual non-wires
28 solutions operational expenditures over that period. The offsetting entries would capture the
29 capital-related revenue requirement impacts of avoided or deferred capital expenditures that were

1 explicitly included in the 2025-2029 capital expenditure plan as a result of non-wires OM&A
2 expenditures. This amount would include the Return on Equity that would have been attributed to
3 those capital investments.

4

5 As detailed in its response to OEB Staff-3, the short-term capacity constraints addressed by the LDR
6 Program over the 2025-2029 period are incremental to the capital expenditure plan. Therefore,
7 Toronto Hydro would not be earning an incentive.

RESPONSES TO CONSUMERS COUNCIL OF CANADA INTERROGATORIES

INTERROGATORY CCC-1

Reference(s): Schedule 3, pp. 2, 10-13

Preamble:

The Local Demand Response (LDR) program is Toronto Hydro's flagship NWS initiative. It was the first utility-driven NWS program in Ontario: funded and deployed successfully since the 2015-2019 rate period.

QUESTION (A):

a) Please provide the year that the LDR program was first in operation.

RESPONSE (A):

The LDR Program was first in operation in 2018.

QUESTION (B):

b) Please advise whether Toronto Hydro has, at any time in the past, received a ratepayer-funded incentive payment related to the LDR program.

RESPONSE (B):

Toronto Hydro has not previously received a ratepayer-funded incentive related to the LDR Program.

QUESTION (C):

c) Please explain why the company now requires an estimated \$1.2 million incentive payment to continue to offer the LDR program.

1 **RESPONSE (C):**

2 The OEB's non-wires solutions incentive framework supports electricity distributors' ability to
3 develop non-wires programs that provide value to ratepayers. This is an important and necessary
4 innovation to the rate framework that ensures non-wires alternatives are deployed by distributors
5 when there is demonstrated value. The availability of an incentive will be important as Toronto
6 Hydro and other utilities consider growing their non-wires programs.

7
8 Toronto Hydro has had a successful industry leading non-wires program since 2018. The benefit-
9 cost analysis ("BCA") filed with this margin on payments ("MoP") incentive application
10 demonstrates that the proposed approach is cost effective and meets the eligibility criteria set out
11 in the Distribution System Code. Toronto Hydro's proposed incentive is well below the 50%
12 threshold and represents approximately 7% of the value that this program creates for ratepayers in
13 terms of financial benefits. For more information, please see Toronto Hydro's response to OEB
14 Staff-1 (a) and (b).

15

16 Further, the ratepayer impact of the proposed incentive is negligible, with an estimated bill impact
17 of approximately \$0.06 per 30 days for residential customers. For further details on rate impacts,
18 please see Toronto Hydro's response to EP-10.

1 **RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES**

2

3 **INTERROGATORY EP-1**

4 **Reference(s):** Schedule 3, Page 1

5

6 **QUESTION (A):**

7 a) Please explain the meaning of the word *Local* in the *Local Demand Responses Program*.

8 What are the maximum and minimum sizes of the areas to be considered *Local*?

9

10 **RESPONSE (A):**

11 Toronto Hydro's Local Demand Response Program targets Toronto Hydro's service territory and
12 specifically targets transformer stations with capacity constraints.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY EP-2

Reference(s): Schedule 3, Page 2

Preamble:

“It is designed to help address short- to medium-term capacity constraints at specific transformer stations by leveraging demand response (“DR”), including behind-the-meter and customer-owned distributed energy resources (“DERs”), to manage loading and capacity on the grid.”

QUESTION (A):

- a) Please indicate if DERs include the following: rooftop solar, ground based solar, wind turbines, gas turbine generators, gas powered reciprocating generators, and battery energy storage systems.

RESPONSE (A):

In accordance with the Distribution System Code, a “DER” includes any resource or program, whether in-front or behind-the-meter, which could provide an alternative to traditional electricity distributor solutions to meet distribution system needs¹. The choice of DER is ultimately determined by the customer, depending on their needs and the technology they choose to install.

QUESTION (B):

- b) Do customer-owned DERs have to be dispatchable 24 hours a day, 7 days a week, 365 days of the year (24/7/365) to help address capacity constraints? If the answer is no, please explain how DERs that are not dispatchable on a 24/7/365 basis can be relied on to address.

¹ Distribution System Code, s.11 at page 143.

1 **RESPONSE (B):**

2 For clarity, the Local Demand Response (“LDR”) Program procures capacity in the form of load
3 displacement, not energy (i.e., electricity generation). Toronto Hydro is agnostic to the technology
4 (type of DER) or approach (load curtailment) utilized by aggregators or customers to deliver
5 dispatchable demand response capacity. As such, participants relying on dispatchable DERs are
6 welcome to offer capacity into Toronto Hydro’s LDR market if they are able to meet the required
7 service obligations.

8

9 Participants of the LDR Program have a commitment term of June-September each year. This is the
10 period of time during which the contracted capacity resources are expected to be available.

11

12 The availability window, 12 p.m. EST to 9 p.m. EST on business days (excluding statutory holidays),
13 is the timeframe of the commitment term during which a demand response activation could occur
14 and the contracted LDR resources are expected to be available for virtual dispatch. Participants are
15 required to respond to activations by reducing demand in accordance with the capacity obligation
16 outlined in their LDR contracts.

17

18 **QUESTION (C):**

19 c) Does Toronto Hydro have DER Management Systems (DERMS) in Place throughout its
20 service territory? If the answer is no, please list the areas that do not have DERMS in place.

21

22 **RESPONSE (C):**

23 Toronto Hydro confirms it has a DERMS. At this time, it is not applicable to the LDR Program as this
24 program does not rely on Toronto Hydro controlling or monitoring customer-owned DERs.

25

26 **QUESTION (D):**

27 d) Are DERMS required for DERs to export power into a distribution grid?

1 **RESPONSE (D):**

2 As noted in its response to part (b), the LDR Program procures load displacement, not electricity
3 generation. Therefore, power exports and the resulting interactions with the distribution grid fall
4 outside of the scope of the LDR Program and the issues in this proceeding.

5
6 **QUESTION (E):**

7 e) Does Toronto Hydro have a Distribution System Operator (DSO)?
8

9 **RESPONSE (E):**

10 A Distribution System Operator (DSO) is an entity with advanced capabilities to integrate, manage
11 and optimize Distributed Energy Resources for distribution and transmission services.²
12

13 While Toronto Hydro's LDR Program optimizes the distribution system by displacing load where
14 and when required, the utility does not operate as a traditional DSO at this time.
15

16 **QUESTION (F):**

17 f) Is a DSO required for distribution systems with numerous DERs such as Toronto Hydro?
18

19 **RESPONSE (F):**

20 Based on its own experience, Toronto Hydro believe that a DSO can maximize the value of DERs to
21 provide value across multiple applications, creating benefits for customers and the broader
22 electricity system.

² OEB, *Distribution System Operator Presentation (August 9, 2024)*, at page 3.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY EP-3

Reference(s): Schedule 3, Page 4, Figure 1, *Target Stations for 1 LDR During 2025-2029*

Table 1: Load Transfers Anticipated at Target Stations in 2025-2029 Period

QUESTION (A):

- a) Please provide a link to Toronto Hydro's Load Capacity Map and explain how the service areas of the 6 transformer stations relate to the load capacity information shown on the Load Capacity Map.

RESPONSE (A):

Toronto Hydro's Load Capacity map can be found here:

<https://www.torontohydro.com/contractors-and-developers/load-capacity-map>

The Load Capacity map provides a high-level overview of available electrical load capacity at the station and feeder level based on current annual peak loading figures. Toronto Hydro's Local Demand Response ("LDR") Program targets bus-level constraints that are set to materialize over the short-to-medium term. For a detailed map of the LDR station areas, please refer to Figure 1 in Schedule 3 at page 4.

QUESTION (B):

- b) Please confirm that the OEB requires Toronto Hydro to update the Load Capacity Map each quarter as load capacities change with customer attachments and electrification.

RESPONSE (B):

Toronto Hydro updates its load capacity map quarterly in accordance with the OEB's letter in EB-2019-0207 dated June 26, 2025.

1 **QUESTION (C):**

2 c) Are the entire service areas of the 6 transformer stations identified in Figure 1 currently
3 capable of two-way flow of electricity? If the answer is yes, what capital investments were
4 required to make them capable? If the answer is no, what capital investments will be
5 required to make them capable?
6

7 **RESPONSE (C):**

8 Demand response refers to the curtailment of load (i.e. reduced electricity usage) by a customer or
9 aggregator to provide capacity to the system. Toronto Hydro's LDR Program does not purchase
10 energy. Therefore, two-way electricity flow is not relevant to the LDR Program or the
11 determination of the issues in this application.
12

13 **QUESTION (D):**

14 d) How many customers are served by Toronto Hydro in the 6 transformer service areas?
15

16 **RESPONSE (D):**

17 Toronto Hydro serves over 175,000 customers within the targeted 6 transformer station service
18 areas. This number is subject to change based on system configurations.
19

20 **QUESTION (E):**

21 e) What equipment does a customer need, such as bi-directional meter and inverter to export
22 electricity into the Toronto Hydro distribution system?
23

24 **RESPONSE (E):**

25 Toronto Hydro's LDR Program does not purchase energy. Therefore, requirements to export
26 electricity into Toronto Hydro's distribution system are not relevant to the LDR Program or the
27 determination of the issues in this application.

1 **QUESTION (F):**

2 f) What percentage of customers in the 6 transformer service areas have the equipment
3 required to export electricity into the Toronto Hydro distribution system?
4

5 **RESPONSE (F):**

6 The LDR Program does not purchase electricity from customers. Therefore, the percentage of
7 customers who have equipment to export electricity into Toronto Hydro's distribution system is
8 not relevant to the LDR Program or the determination of the issues in this application.
9

10 **QUESTION (G):**

11 g) Are there currently any data centres in the service areas of the 6 transformer stations?
12

13 **RESPONSE (G)**

14 Toronto Hydro declines to answer this question as the presence of data centres are not relevant to
15 the issues in this application.
16

17 **QUESTION (H):**

18 h) Does Toronto Hydro have a moratorium on connections of data centres in the 6
19 transformer service areas?
20

21 **RESPONSE (H):**

22 Toronto Hydro connects customers, including data centres, to the grid in accordance with its
23 legislative obligations and its Conditions of Service.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY EP-4

Reference(s): Schedule 3, Page 6, Table 2, Summary of Toronto Hydro's LDR Program Benefit-Cost Analysis (2026-2029)
EB-2023-0195, Undertaking Response JT5.15, Appendix A (April 22, 2024)

Preamble:

Toronto Hydro estimates that \$15 million in load transfer capital investment will be avoided over the life of the assets (65 years overall) at an operational cost of \$1.84 million.

QUESTION (A):

- a) Please file EB-2023-0195, Undertaking Response JT5.15, Appendix A (April 22, 2024) so that it is on the record of this proceeding.

RESPONSE (A):

Please find it attached as Appendix A to this response.

QUESTION (B) – (D):

- b) Does the Benefit Cost analysis account for the life of NWS assets such as rooftop solar panels and batteries? If the answer is yes, please explain how. If the answer is no, please explain why not.
- c) Does the Benefit Cost analysis account for the capital cost of DERMS required for the NWS solution? If the answer is yes, please explain how. If the answer is no, please explain why not.
- d) Does the Benefit Cost Analysis account for the cost of the DSO? If the answer is yes, please explain how. If the answer is no, please explain why not.

1 **RESPONSE (B) – (D):**

2 In accordance with the OEB’s Benefit-Cost Analysis (“BCA”) Framework,¹ Toronto Hydro’s BCA
3 model accounts for distribution service benefits, capital-related revenue requirement of deferred
4 and avoided capital expenditures, as well as Local Demand Response (“LDR”) Program operating
5 costs. It does not include unrelated costs such as customer-owned DER assets, DERMS, or DSO.
6 Please also refer to Toronto Hydro’s response to interrogatory EP-2(c) – (f) for further details on
7 whether and how these concepts interact with the LDR Program.

8

9 **QUESTION (E) AND (F):**

10 e) Please provide a detailed estimate of the \$28.7 million in load transfer capital investment
11 deferred for 4 years at an and of the operational cost of \$3.8 million for each of the four
12 years and for each of the 6 transformer stations including all assumptions and sources of
13 data.

14 f) Please provide a detailed estimate of the \$15 million in load transfer capital investment
15 avoided over the life of the assets (65 years overall) at an operational cost of \$1.84 million
16 for each of the 6 transformer stations for each year of the 65 years including all
17 assumptions and sources of data.

18

19 **RESPONSE (E) AND (F):**

20 As noted in Toronto Hydro’s response to interrogatory OEB Staff-3, since the time of filing this
21 application, new information has become available regarding the needs at Dufferin TS. This
22 increases the total amount of capital work deferred from \$28.7 million to \$38.7 million for 4 years
23 at five stations. The \$15 million in load transfer capital investment avoided over the life of the
24 assets (65 years overall) at a single station is unchanged.

¹ Ontario Energy Board, *Benefit-Cost Analysis Framework for Addressing Electricity System Needs* (May 16, 2024).

1 A breakdown of capital investment deferred/avoided by station is provided in Table 1 of Toronto
2 Hydro's response to interrogatory OEB Staff-3, at page 5 and the assumptions underpinning these
3 amounts are provided in Schedule 3, page 5, lines 16-27.

4

5 LDR operational costs are proportionately split between the avoided and deferred capital based on
6 the capital costs. The operational costs include the capacity payments made to participants of the
7 LDR Program and the overhead costs required to administer the LDR Program. Please refer to the
8 updated Schedule 4 – Benefit-Cost Analysis Model dated August 6, 2026, at Tab '*Assumptions and*
9 *Summary*' for further information and relevant assumptions.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY EP-5

Reference(s): Schedule 3, Page 7, Table 3, Summary of Toronto Hydro's LDR Program Benefit-Cost Analysis (2026-2029)
EB-2023-0195, Undertaking Response JT5.15, Appendix A (April 22, 2024)

QUESTION (A):

- a) Please provide a detailed estimate of the \$2.50 million in load transfer capital investment deferred for 5 years at an operational cost of \$0.71 million for each of the 6 transformer stations for each of the 5 years including all assumptions and sources of data.
- b) Please provide a detailed estimate of the \$7.50 million in load transfer capital investment avoided over the life of the assets (48 years) at an operational cost of \$4.99 million for each of the 6 transformer stations for each of the 48 years including all assumptions and sources of data.

RESPONSE (A) AND (B):

Toronto Hydro is relying on an updated BCA for this application as described in Schedule 3. A brief overview of the assumptions underpinning the EB-2023-0195 BCA is provided in Schedule 3, page 5, lines 17-20. As such, Toronto Hydro declines to provide further information regarding the assumption underlying the BCA filed in EB-2023-0195 as it is outdated and irrelevant to the current proceeding.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY EP-6

Reference(s): Schedule 3, Page 7, Table 4: Forecasted Annual Payments to LDR Program
Participants (\$ Thousands)

QUESTION (A):

- a) Please explain how the capacity payment amounts were estimated including assumptions and all sources of data.

RESPONSE (A):

The \$700/MW was determined based on a competitive capacity auction held on October 7th, 2025. Details of the capacity auction can be found on page 7 of the Local Demand Response Program Rules: <http://torontohydro.com/documents/d/guest/local-demand-response-2026-program-rules>.

The program's annual capacity payments in Table 4 were estimated by multiplying the total capacity procured at a capacity payment rate of \$700/MW per day and the number of business days in the program period (June-September, inclusive). The LDR Program provides payments for capacity availability and does not provide any additional payments per activation.

For example, in 2026 there are 85 business days within the program period of June through September, therefore the capacity payment was calculated by multiplying 12 MW x \$700/MW per day x 85 days = \$714,000. This calculation assumes Toronto Hydro procures the target amount in each year and that participant's exhibit perfect performance.

QUESTION (B):

- b) Please add two lines to Table 4: "MWh" and "\$/MWh" showing the amounts.

1 **RESPONSE (B):**

2 The LDR Program relies on the reduction of power/demand (MW) during the activation window as
3 opposed to the reduction in total energy usage (MWh) throughout the program period, therefore
4 MWh and \$/MWh are not relevant to the capacity payments.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY EP-7

Reference(s): Schedule 3, Page 8

Preamble:

“For clarity, LDR capacity is procured annually, and the commitment term from the participants to Toronto Hydro is from June-September each year.”

QUESTION (A):

- a) Will the participants have to sign a contract with Toronto Hydro? If the answer is yes, please file the standard contract that participants will be required to sign. If the answer is no, please explain why not.

RESPONSE (A):

Participants who are accepted into the Program sign an annual contract with Toronto Hydro. Toronto Hydro respectfully declines to file a standard contract as the terms of the contract are not relevant to this application. The LDR Program rules outline all expectations laid out in the agreement.

QUESTION (B):

- b) Please explain what actions Toronto Hydro would take if prior year participants decided not to participate in a subsequent year.

RESPONSE (B):

Participation in the Program is governed by one-year contracts. Following the completion of each contract term, participants have the option to discontinue their participation without obligation to renew. Where participants elect not to renew their enrollment, the capacity associated with their participation is released and made available for new participants to enroll in the Program.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY EP-8

Reference(s): Schedule 3, Page 9

Preamble:

“Throughout the capacity procurement process for the LDR Program, Toronto Hydro engages with commercial and industrial customers and aggregators within the target station areas to educate them about the LDR program and measure their interest in participation.”

QUESTION (A) AND (B):

- a) Please explain what an aggregator is, and what its role in the energy market is.
- b) Are aggregators customers of Toronto Hydro or is Toronto Hydro a customer of aggregators?

RESPONSE (A) AND (B):

A demand response aggregator is a company or entity that combines the electricity load flexibility of many customers and offers that aggregated capacity into wholesale electricity markets or utility demand response programs. In the case of LDR, there is no energy market. Therefore, aggregators work with customers of Toronto Hydro and participate in the Program as described in detail in the program rules.¹

QUESTION (C) AND (D):

- c) How many aggregators are now operating in Toronto Hydro’s service area?
- d) Do aggregators only operate in the commercial and industrial markets, or do they also operate in the residential market?

¹ <https://www.torontohydro.com/documents/d/guest/local-demand-response-2026-program-rules>

1 **RESPONSE (C) AND (D):**

2 There are a number of aggregators operating in Ontario. Toronto Hydro cannot provide a
3 comprehensive assessment of the number, or details about their operations.
4

5 **QUESTION (E) AND (F):**

- 6 e) Are aggregators required to sign a contract with Toronto Hydro? If the answer is yes,
7 please file the standard form of contract that an aggregator must sign with Toronto Hydro.
- 8 f) Does Toronto Hydro review contracts that aggregators sign with their customers such as
9 the customers that have rooftop solar units that the aggregator is aggregating?
- 10 g) If customers have a dispute with an aggregator, should they approach Toronto Hydro or
11 the OEB for resolution?
12

13 **RESPONSE (E) AND (F):**

14 Aggregators accepted into the LDR Program enter into an agreement with Toronto Hydro. Toronto
15 Hydro declines to disclose the contents of this agreement as the terms on which Toronto Hydro
16 contracts with aggregators is not relevant to the narrow issues in this proceeding regarding the
17 approval of the incentive. The LDR Program rules outline all expectations laid out in the agreement.
18

19 Toronto Hydro does not involve itself in the private contracts that govern the relationship between
20 aggregators and customers. As noted in its response to EP-2(b), the LDR Program procures load
21 displacement and not electricity generation. Therefore, DERs that are not dispatchable (such as
22 rooftop solar) are not used by participants to provide demand response. If customers have a
23 dispute with an aggregator, the dispute would be settled with the aggregator, not Toronto Hydro
24 or the OEB.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY EP-9

Reference(s): Schedule 3, Page 10

Preamble:

“To support the delivery of this program in alignment with DER integration policy objectives, Toronto Hydro requests approval to implement a MoP incentive, whereby a 25% margin will be applied to the payments made to program participants providing services under the LDR Program.”

QUESTION (A):

- a) Will Toronto Hydro pass all the money collected to the program participants, or will it retain any for itself? Please explain your answer.

RESPONSE (A):

As described in Toronto Hydro’s Response to Preliminary Questions, the NWS incentive regime set out in Section 11 of the Distribution System Code (“DSC”) is intended to address the misalignment between utility remuneration for capital and non-capital costs that may serve as a barrier to the cost-effective deployment of NWS. Thus, this amount will be retained by the utility and will not be passed on to Program participants.

RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES

INTERROGATORY EP-10

Reference(s): Schedule 3, Page 11, *Table 5: 2026-2029 LDR Program MoP Incentive 1 Forecast*
(\$ Thousands)

QUESTION (A):

- a) Please add a row to Table 5 that shows the \$/KWh that Toronto Hydro expects to collect from ratepayers at next rebasing when the MoPIDA is cleared for disposition.

RESPONSE (A):

Should this application be approved, Toronto Hydro will seek OEB approval to clear, through a rate rider, the balance and carrying charges in the MoPIDA in the 2030 Rate Application.

Assuming a one-year disposition period and in alignment with its standard practice for calculating Group 2 rate riders, Toronto Hydro estimates a rate rider of approximately \$0.06 per 30 days (less than 0.1% of the total bill) for residential customers.

RESPONSES TO POLLUTION PROBE INTERROGATORIES

INTERROGATORY PP-1

QUESTION (A):

- a) Please confirm that the NWS Local Demand Response Program reviewed and approved in EB-2023-0195 is a distinct program over the current rate term, as compared to previous (similar or pilot) projects of a much smaller scale.

RESPONSE (A):

The NWS Local Demand Response Program¹ was launched in 2018 and has been funded through Toronto Hydro's approved distribution rates. Since its inception, the Program has expanded its target areas and capacity procurement targets.

QUESTION (B):

- b) Please explain how Toronto Hydro is allowed under OEB rules to make a two-stage approval request related to the NWS Local Demand Response Program, i.e. approval of the program in EB-2023-0195 and then approval of the related Incentive Mechanism now.

RESPONSE (B):

Both the Distribution System Code ("DSC") and the filing guidelines for NWS incentives permit a stand-alone application for an incentive, without a request for rate funding.²

QUESTION (C):

- c) Please explain why this approach was used instead of trying to advance an incentive mechanism request as part of the EB-2023-0195 application.

¹ EB-2023-0195, Exhibit 2B, Section E7.2, see Flexibility Services segment under the Non-Wires Solutions program.

² Distribution System Code ("DSC"), Section 11.2; OEB, *Filing Guidelines for Incentives for Electricity Distributors to Use Third-Party DERs as Non-Wires Alternatives* (March 28, 2023), at page 3.

1 **RESPONSE (C):**

2 Please see Toronto Hydro's response to the Preliminary Questions and OEB Staff-1(a) – (b).

3

4 **QUESTION (D):**

5 d) Please confirm that the information in this application represents the most current and
6 best available information related to the NWS Local Demand Response Program to which
7 the incentive mechanism request applies to.

8

9 **RESPONSE (D):**

10 The information in this application represents the most current and best available information
11 related to the LDR Program at the time of filing the application. Since the time of filing this
12 application, new information has become available regarding the needs at Dufferin TS, increasing
13 the amount of capital work being deferred from \$28.7 million to \$38.7 million.³ Please see Toronto
14 Hydro's response to interrogatory OEB Staff-3 Table 2, which provides a summary of the updated
15 Benefit-Cost Analysis.

³ Schedule 4, tabs "BCA- Reference" and "Avoidance BCA".

RESPONSES TO POLLUTION PROBE INTERROGATORIES

INTERROGATORY PP-2

QUESTION (A):

- a) Please confirm that the information in this application represents current, best available information related to the NWS Local Demand Response Program.

RESPONSE (A):

As noted in Toronto Hydro's response to interrogatory PP-1(d), new information has become available since the time of filing this application. Please see Toronto Hydro's response to OEB Staff-3 for more information including a breakdown of capital investments avoided/deferred by station and an updated Benefit-Cost Analysis.

QUESTION (B):

- b) Please confirm that the current information applied to the NWS Local Demand Response Program results in a greater cost effectiveness (BCA) than originally estimated for the NWS Local Demand Response Program approved by the OEB in EB-2023-0195. Please explain why that is.

RESPONSE (B):

The BCA filed as part of EB-2023-0195 exhibits a ratepayer benefit that is lower than the BCA filed as part of this application. In completing the new BCA, Toronto Hydro updated assumptions as compared to those used for the BCA filed in EB-2023-0195, which have resulted in higher customer benefits than those presented at the time. For further details on the specific updates to the assumptions, please refer to Schedule 3 at page 5, lines 16-27.

1 **QUESTION (C):**

2 c) Please explain the steps Toronto Hydro used to advance the NWS Local Demand Response
3 Program since it was approved in EB-2023-0195 and led to this application being filed.

4

5 **RESPONSE (C):**

6 The Program described in this application is the same as the Program that was brought forward in
7 EB-2023-0195 in terms of its scope and purpose. Please refer to Toronto Hydro's response to OEB
8 Staff-1 and the Response to Preliminary Questions for more information on the developments
9 since the conclusion of EB-2023-0195 that led to this application being filed.

RESPONSES TO POLLUTION PROBE INTERROGATORIES

INTERROGATORY PP-3

QUESTION (A):

- a) Given the early stage of Ontario utilities developing and implementing NWSs, does Toronto Hydro expect that there will be broader industry benefits (not included in the BCA) resulting from delivery of this program?

RESPONSE (A):

Beyond its direct system benefits, Toronto Hydro's Local Demand Response ("LDR") Program contributes to industry learning and knowledge sharing. Its successful implementation provides a practical example that can inform and support other utilities in the design and deployment of local demand response programs. Moreover, LDR provides an opportunity for customers and aggregators to receive payments for their grid-services, which creates a revenue stream and contributes to the business case for installing energy management equipment and distributed energy resources.

QUESTION (B):

- b) Please explain how Toronto Hydro intends to share best practices from this NWS program with other Ontario utilities in order to help them advance non-wire solutions and enhance their distribution system operator competencies.

RESPONSE (B):

Toronto Hydro has presented information at utility-wide forums such as the annual EDIST conference and participates in OEB- and IESO-led working groups that pertain to non-wires efforts and DER integration. Through these engagements, Toronto Hydro shares technical knowledge and operational experience with industry peers and contributes to advancing sector-wide initiatives.

RESPONSES TO POLLUTION PROBE INTERROGATORIES

INTERROGATORY PP-4

QUESTION (A):

- a) Does Toronto Hydro expect that the NWS Local Demand Response Program will enhance customer education on opportunities to manage energy use for the future and provide a foundation for other future NWS program opportunities (including, but not limited to more proactive use of IESO Save on Energy programs)?

RESPONSE (A):

Toronto Hydro's program website provides straightforward documentation and frequently asked questions to help customers understand how they can participate in providing grid services: <https://www.torontohydro.com/documents/d/guest/local-demand-response-2026-program-rules>.

Toronto Hydro is an active member of industry wide working groups with other utilities, as well as the IESO and the OEB, that focus on growing the opportunity to scale NWS and provide more ways for customers to participate. This includes pilots such as Toronto Hydro's Multiplex PowerPlay Pilot Program which proactively builds on the IESO Save on Energy framework and provides distribution system value. For more information, please see: <https://www.torontohydro.com/contractors-and-developers/multiplex-powerplay-pilot-program>.

QUESTION (B):

- b) Will the NWS Local Demand Response Program have benefits beyond those included in the BCA calculation provided in this application? If yes, please provide a summary.

1 **RESPONSE (B):**

2 In addition to the quantified benefits included in the BCA calculation, the LDR Program yields
3 substantial qualitative benefits to customers and the distribution system. These benefits are
4 described in Schedule 3 at pages 8-9.

RESPONSES TO POWER WORKERS' UNION INTERROGATORIES

INTERROGATORY PWU-1

Reference(s): Schedule 3, ORIGINAL, Page 3, Footnote 6

Preamble:

The reference states:

Since the 2025 CIR Application, Toronto Hydro updated the list of stations targeted for LDR in response to evolving system conditions and needs, driven by customer connections.

QUESTION (A):

- a) Please provide the list of stations that were (i) originally targeted for LDR in the 2025 CIR Application and (ii) list of stations targeted for LDR as updated afterwards.

RESPONSE (A):

- (i) Finch TS, Leslie TS, Manby TS, Strachan TS, Cecil TS, and Copeland TS.
(ii) Finch TS, Leslie TS, Manby TS, Strachan TS, Horner TS, and Dufferin TS.

QUESTION (B) AND (C):

- b) Which of the six transformer stations that are the subject of the current application were targeted for station expansion in the 2025 CIR Application?
c) Please explain why Toronto Hydro's DSP as presented in the 2025 CIR Application could not forecast the pressing system needs as related to the six transformer stations and presented in the current application?

RESPONSE (B) AND (C):

Toronto Hydro's Local Demand Response ("LDR") Program is designed to target the deferral or avoidance of bus-level load transfers. As stated in EB-2023-0195 and in Schedule 3 at page 2 of the NWS Incentive Mechanism application, load transfers address short-term to medium-term capacity

1 issues at the bus level while stations expansions address long-term capacity needs. The
2 assumptions incorporated into this incentive application represented the best information
3 available at the time of filing. However, as annual planning updates occur, system needs naturally
4 evolve. Accordingly, LDR complements traditional capital investments by deferring or avoiding the
5 need for incremental load transfers, while recognizing future stations expansions are still required
6 for long-term growth.

7

8 For further details about Toronto Hydro's LDR Program and the interplay between its capital
9 investments, please refer to Toronto Hydro's response to interrogatory OEB Staff-3.

RESPONSES TO POWER WORKERS' UNION INTERROGATORIES

INTERROGATORY PWU-2

Reference(s): Schedule 3, ORIGINAL, Page 5

Preamble:

The reference states:

Pursuing LDR at these target stations enables Toronto Hydro to defer approximately \$28.7 million of capital into a future rate period and avoid approximately \$15 million of capital investment.

QUESTION (A):

- a) Please list by station the capital projects that are deferred or avoided or both assuming this application is approved and the planned work is executed. Where applicable, please include project name, the revised expansion/construction year, original in-service date, revised in-service date, and estimated capital cost.

RESPONSE (A):

A breakdown of capital investments avoided/deferred by station is provided in Table 1 of Toronto Hydro's response to interrogatory OEB Staff-3.

Toronto Hydro notes a minor change to the deferred capital value resulting from new information since this application was filed increasing it from \$28.7 to \$38.7 million. The estimated capital costs deferred and avoided (\$38.7 million of capital deferred for four years until 2030 and \$15 million amount of capital avoided) are strictly a result of load transfers. Toronto Hydro's response to interrogatory OEB Staff-3, Table 2 provides a summary of the updated Benefit-Cost Analysis.

RESPONSES TO POWER WORKERS' UNION INTERROGATORIES

INTERROGATORY PWU-3

Reference(s): Schedule 3, ORIGINAL, Page 7

Preamble:

The reference indicates that Toronto Hydro is forecasting to procure 30MW of demand response capacity over the 2026-2029 period. The same reference presents the following information in Table 4:

Table 4: Forecasted Annual Payments to LDR Program Participants (\$ Thousands)

	2026	2027	2028	2029
Annual MWs Procured	12	15	25	30
Capacity Payments	\$714	\$892.5	\$1,470	\$1,743

QUESTION (A):

- a) Please provide any reports, studies and analyses used to forecast the annual procurements in the table.

RESPONSE (A):

The forecasted annual procurements represent Toronto Hydro's annual incremental capacity targets to reach 30 MW by 2029. These targets were determined based on the program's historical performance, customer interest in participation, the growing number of target stations, the capacity required to provide relief, and regional demographic factors. There are no further studies, reports or analyses that were used to prepare the amounts in the table.

QUESTION (B) AND (C):

- b) Has Toronto Hydro modeled the impact of customer withdrawal/attrition, communication failures, cyber incidents, simultaneous DER failure, etc. If the answer to any of (b) to (c) is yes to any extent, please produce the applicable models or plans.

1 c) What contingency plans does Toronto Hydro have if contracted demand response
2 resources fail to deliver during peak demand? If the answer to any of (b) to (c) is yes to any
3 extent, please produce the applicable models or plans.
4

5 **RESPONSE (B) AND (C):**

6 Toronto Hydro manages its feeder capacity on a continuous basis to enable optimized asset
7 performance and new connections. Grid capacity is assessed annually through a stations load
8 forecast. LDR addresses capacity issues projected at the bus-level in the short to medium-term and
9 complements Toronto Hydro's standard to work programs to maintain a safe and reliable grid.
10 Where LDR is unavailable, Toronto Hydro uses standard planning activities to address upcoming
11 load constraints. LDR is not a tool that is used to address load constraints on equipment with near-
12 term failure risks.
13

14 As noted in Toronto Hydro's response to interrogatory EP-2 (b), Toronto Hydro is agnostic to the
15 technology (type of DER) or approach (load curtailment) utilized by aggregators or customers to
16 deliver dispatchable demand response capacity. As such, participants that rely on DERs are
17 welcome to offer capacity into Toronto Hydro's LDR market if they can provide the required
18 service.
19

20 **QUESTION (D):**

21 d) Please discuss Toronto Hydro's experience with LDR so far in terms of MW requested and
22 MW delivered.
23

24 **RESPONSE (D):**

25 Annual performance in the LDR program has been above 80%. On average over the 2023-2025
26 period, 104% of the MW requested has been delivered.

1 **QUESTION (E):**

2 e) What is Toronto Hydro's view on whether reliance on annually contracted third-party
3 resources would provide a level of reliability and operational control comparable to utility-
4 owned infrastructure?

5

6 **RESPONSE (E):**

7 Please see response to part (c).

RESPONSES TO POWER WORKERS' UNION INTERROGATORIES

INTERROGATORY PWU-4

Reference(s): General questions

QUESTION (A) – (D):

- a) Has Toronto Hydro undertaken any assessment of the employment impacts associated with the implementation of the LDR program?
- b) In the current application, please describe any impacts and estimated change in unionized positions, management positions, and contractor positions.
- c) Will any work previously performed by Toronto Hydro employees now be performed by aggregators, DER providers, external consultants, private contractors? If yes, please describe each activity.
- d) Will there be any additional work or job positions created for internal employees arising from the LDR program? If yes, please describe the positions and activities.

RESPONSE (A) – (D):

The scope of this application is specifically with respect to the approval of the Margin-on-Payment incentive. Toronto Hydro is not requesting changes to its LDR Program or its staffing plan detailed in EB-2023-0195. Information regarding staffing and resourcing plans, is thus irrelevant to this application. An updated Workforce Staffing Plan will be brought forward for review in Toronto Hydro's next rebasing application, in accordance with the OEB filing requirements.