

Feedback Form

Local Generation Program – June 5, 2025

Feedback Provided by:

Name: Melanie Bhandari

Title: Manager of Regulatory Strategy

Organization: Hydro One Networks Inc.

Existing contract number (if applicable): N/A

Email: [REDACTED]

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Following the June 5, 2025, webinar to provide an update on the Local Generation Program (LGP), the IESO is seeking feedback on the high-level design of the recontracting stream of the LGP

The referenced presentation and supporting materials can be found under the June 5, 2025 entry on the [Local Generation Program webpage](#).

To promote transparency, feedback submitted will be posted on the Updates to IESO Monitoring Requirements: Phasor Data engagement page unless otherwise requested by the sender. If you wish to provide confidential feedback, please mark “Yes” below:

- ☐ Yes – there is confidential information, do not post
- ☒ No – comfortable to publish to the IESO web page

Please provide feedback by 2025, to engagement@ieso.ca. Please use subject: *Feedback: Local Generation Program*.

General Comments/Feedback

On June 12, the Minister of Energy released his new integrated energy plan *Energy for Generations*, which outlines the government's priorities and vision for the energy sector. The energy sector is poised for unprecedented growth and change, requiring an "all of the above" approach for both the IESO and Local Distribution Companies (LDCs). Chapter 4 of the report, "Ontario's Future Electricity Grid," identifies the central role of LDCs in unlocking the full value stack for Distributed Energy Resources (DERs) where they help meet distribution system needs, in alignment with the Ontario Energy Board's (OEB) Non-Wires Solutions mandate for LDCs and the anticipated work in the Distributor System Operator (DSO) Capabilities consultation. The IESO and LDCs are called upon to work together to ensure that all resources, including DERs, are procured efficiently and are strategically leveraged to meet local and system-wide needs.

Hydro One supports the Minister's integrated energy plan and welcomes the opportunity to work with the IESO on the Local Generation Program (LGP). This program presents a unique opportunity to improve upon past processes and unlock greater system value by enabling resources to participate in programs that benefit both the bulk system and the local distribution system. Hydro One emphasizes the importance of ensuring that contract development under the LGP is done in coordination with LDCs. This would provide the necessary flexibility to enable benefit stacking, including models where LDCs may capture additional value (e.g., through local program top-ups). We encourage the IESO to formally recognize the strategic role of LDCs in identifying local benefits derived from continued generation and to support meaningful collaboration in those cases. Hydro One also supports a phased program approach, beginning with recontracting to provide continuity for existing resources, followed by a second phase focused on new distribution-connected procurement efforts that are aligned with the forthcoming outcomes of the OEB's DSO Capabilities consultation.

Hydro One welcomes the opportunity for continued coordination between the IESO, the OEB, and LDCs across the full range of related engagements. As noted, the integrated energy plan and previous directives to the OEB and IESO have initiated a number of inter-related policy files including, but not limited to the OEB's work on DSO Capabilities, electricity Demand Side Management (eDSM) Stream 2, Non-Wires Solutions (NWS) Guidelines, and Benefit-Cost Analysis (BCA); as well as IESO-led initiatives such as the Local Generation Program (LGP), other procurements, and eDSM Stream 1.

While these projects are moving on different timelines, it will be critical for all programs to align with the outcomes of the OEB DSO Capabilities consultation. Where program design is completed in advance of those outcomes, Hydro One encourages the IESO to ensure sufficient flexibility in the program design to allow both the LDCs and IESO to fulfil their mandates as they change overtime.

Other Comments/Feedback

Topic: High Level Program Design	Feedback
<p>Contract Duration</p> <p>IESO has proposed the following:</p> <p>Re-contracting 5-year terms, new build longer contracts (e.g. 10+ years), refurbished/redeveloped resources under consideration</p> <p>Slide 17</p>	<p>Hydro One supports the proposed approach to contract duration, including five-year terms for re-contracting and longer terms for new build resources.</p> <p>Hydro One recommends that any refurbishment or redevelopment of DERs be coordinated with the relevant LDCs to optimize system benefits and minimize operational impacts. As noted in our general comments, ensuring that resources procured through the LGP are able to participate in LDC-led programs will maximize value and align with the goals outlined in <i>Energy for Generations</i>.</p>
<p>Metering and Behind-the-Meter Facilities</p> <p>IESO has indicated it will work with existing BTM facility owners to understand the options and constraints of metering energy generation.</p> <p>Stakeholders had noted concerns about costs to upgrade to meet the proposed new program requirement (i.e. to be in front of the meter/separately metered)</p> <p>Slide 28</p>	<p>Hydro One generally supports the IESO's intention to engage with behind-the-meter (BTM) facility owners to better understand the constraints and costs associated with proposed metering requirements. Hydro One encourages the IESO to also engage LDCs, who maintain direct relationships with these customers and can provide insight into site-specific considerations.</p> <p>Stakeholders have noted a concern about the potential financial burden on existing resources if they are required to transition to front-of-the-meter (FTM) or separately metered configurations. Hydro One encourages the IESO, in collaboration with LDCs, to consider transitional options/exemptions for legacy facilities to ensure continued participation. Imposing metering changes without appropriate flexibility may risk driving valuable DERs out of the program.</p>

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<p>Grid Access and Hosting Capacity</p> <p>IESO indicated LGP would be informed by regional planning and local system needs, and pointed to the new OEB required capacity maps.</p> <p>Slide 31</p>	<p>Hydro One supports the IESO's commitment to align the LGP with regional planning and local system needs. We strongly encourage the IESO to work closely with LDCs throughout program development and delivery to ensure that contracted resources are sited where they deliver the most value. Local system conditions can vary significantly, and capacity maps alone do not provide sufficient granularity to guide optimal siting decisions.</p> <p>As noted in our general comments, all new IESO contracts should be structured to allow resource participation in both IESO and LDC-led programs. This flexibility is essential to support bulk and local system objectives, including through Non-Wires Solutions, where applicable.</p> <p>Recognizing the increased administrative burden that deeper coordination may place on LDCs, Hydro One encourages the IESO to work with LDCs in accordance with <i>Energy for Generations</i> to streamline information-sharing and engagement processes. Hydro One remains committed to working with DER proponents to identify feasible interconnection points and encourage participation where distribution system capacity exists.</p>
<p>Community Ownership</p> <p>Stakeholders were interested in community, co-op and Indigenous ownership models, IESO said it will work with government on how this could be considered in the new build stream.</p> <p>Slide 34, 35, 39</p>	<p>Hydro One supports further exploration of community, cooperative, and Indigenous ownership models under the new build stream of the LGP. These models may offer localized benefits and align with broader provincial goals related to inclusive economic development.</p> <p>To ensure accessibility and clarity, we recommend early engagement with affected communities during program development. As highlighted in <i>Energy for Generations</i> and Bill 40, we also encourage the IESO to integrate economic development considerations into future evaluation frameworks.</p>

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<p>Aggregation</p> <p>Stakeholders expressed interested in aggregating small facilities into one contract to reduce burden. IESO said it is seeking further information to ensure this would reduce administrative burden for all parties, and to understand how they might deliver value to the electricity system and ratepayers.</p> <p>Slide 18</p>	<p>Hydro One supports continued exploration of aggregated participation models, recognizing that aggregation may reduce administrative barriers for utilities and small resource proponents, improving accessibility. We encourage the IESO work with LDCs to assess potential implications for the distribution system, including how aggregation may affect system coordination, metering, and settlement processes. Any program that enables aggregation of resources on the distribution system should be designed to minimize complexity for all parties and maintain clear lines of operational accountability.</p> <p>As noted in our general comments, maintaining non-dispatchable participation is essential to allow LDCs to manage local system conditions effectively and build complementary programs and incentives around strategically valuable resources given how dynamic the distribution system is. LDCs are best positioned to dispatch resources on the distribution system to ensure continued safe and reliable operation, optimized customer and DER outcomes, and minimize potential harm. The outcomes of the OEB’s ongoing DSO Capabilities consultation are expected to clarify roles and responsibilities for procuring distribution connected resources going forward. The integrated energy plan, <i>Energy for Generations</i>, and associated Directives to the OEB and IESO request a DSO roadmap by the end of 2025. All new procurement programs should align with the outcomes of this work or be designed with flexibility in anticipation of the outcomes of this consultation.</p>
<p>Refurbishments, Expansions and Repowering</p> <p>IESO notes that for any changes to existing facilities, coordination with LDCs is essential for grid reliability</p> <p>Slide 32</p>	<p>Hydro One supports the IESO’s emphasis on early and coordinated engagement with LDCs when facilities are considering undergoing refurbishment, expansion, or repowering. Local system conditions must be fully understood to avoid unintended impacts and to identify opportunities to unlock new value streams for the resource and the grid.</p> <p>To strengthen operational planning, and in alignment with the DER strategy outlined in <i>Energy for Generations</i>, Hydro One encourages the IESO to provide LDCs with visibility into contract expiration timelines for distribution-connected resources. This information will support system planning.</p>

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<p>Timelines</p> <p>The IESO has indicated engagement and program design will continue in 2025, with program launch in 2026</p> <p>Slide 44</p>	<p>Hydro One supports the IESO's proposed timeline for continued engagement in 2025, and program launch in 2026. To maintain adaptability over time, Hydro One cautions against creating contractual path dependencies that could limit alignment with future policy decisions. Embedding flexibility into the design of new contracts, particularly by enabling participation in LDC-led programs, will help to ensure the LGP can respond to evolving distribution system and regulatory needs.</p> <p>Hydro One supports a phased approach in which the re-contracting of resources is launched first and in time to provide resources that are coming off contract with new opportunities. The second phase of procuring new distribution-connected resources would benefit from aligning with the outcomes of the OEB's DSO Capabilities consultation, specifically on the roles and responsibilities of the IESO and LDCs going forward.</p>