



BY E-MAIL AND WEB POSTING

March 28, 2024

**To: All Rate-Regulated Electricity Distributors
All Participants in EB-2021-0106, EB-2021-0118, EB-2023-0125**

Re: Non-Wires Solutions Guidelines for Electricity Distributors

Today, the OEB issued the *Non-Wires Solutions Guidelines for Electricity Distributors* (NWS Guidelines). The NWS Guidelines provide Ontario Energy Board (OEB) guidance on the role of non-wires solutions (NWSs)¹ for rate-regulated electricity distributors, taking into account current and previous provincial conservation and demand management (CDM) frameworks and addressing the treatment of NWSs in distribution rate applications.

The NWS Guidelines replace the [Conservation and Demand Management Guidelines for Electricity Distributors](#) (CDM Guidelines). The change in name reflects the fact that non-wires solutions to address system needs can encompass a broader range of solutions than traditional conservation and demand management, including, but not limited to, third-party distributed energy resources such as energy storage and distributed generation.

Additions to NWS Guidelines: The NWS Guidelines do not introduce new requirements for distributors (with one exception discussed below), but consolidate developments relevant to distributor consideration of NWSs that have occurred since the 2021 CDM Guidelines were issued, including:

- The outcomes of the OEB's Framework for Energy Innovation consultation, including guidance on incentive mechanisms for distributors using third-party distributed energy resources as NWSs.
- The OEB's Regional Planning Process Review and related guidance documents from the Regional Planning Process Advisory Group and the IESO on the role of NWSs in regional planning.

¹ Also known as non-wires alternatives (NWAs).

- Updates made to date to the IESO's 2021-2024 Conservation and Demand Management Framework.

In addition, managed electric vehicle (EV) charging has been added to the list of examples of NWS activities that distributors may consider to address system needs.

Benefit-Cost Analysis Framework: The NWS Guidelines (Chapter 3) include references to use of the OEB's *Benefit-Cost Analysis Framework for Addressing Electricity System Needs* (BCA Framework) by distributors when assessing the economic feasibility of NWSs to address defined electricity system needs. The first phase of the BCA Framework is expected to be finalized and issued in spring 2024.² For the purpose of finalizing the NWS Guidelines, the OEB has made a determination on several issues considered in the BCA Framework consultation:

- Chapter 3 of the NWS Guidelines establishes a new requirement for distributors to document their consideration of NWSs when making investment decisions on electricity system needs with an expected capital cost of \$2 million or more as part of distribution system planning, excluding general plant investments.³
- The NWS Guidelines are effective immediately. Once the first phase of the BCA Framework is finalized and issued, distributors should use the BCA Framework for all project planning activities going forward, this includes new projects and projects in early stages. Recognizing that distribution system planning may be at a relatively advanced stage for applications scheduled to be filed in 2024 or 2025, the OEB's expectation is that all rate applications filed in 2026 should be fully consistent with the BCA Framework. Distributors filing rate applications in 2024 or 2025 are strongly encouraged to use the BCA Framework, particularly for applications requesting funding for an NWS.

Filing Requirements: Elements of the previous CDM Guidelines relevant to distribution rate applications are currently incorporated into Chapters 2, 3, and 5 of the OEB's *Filing Requirements for Electricity Distribution Rate Applications* (the Filing Requirements). The OEB will update these sections in a future update to the Filing Requirements. Cost of service applications filed this year have discretion in whether to align their applications with the 2021 CDM Guidelines or the new NWS Guidelines. Other types of rate applications (including any stand-alone applications requesting funding for an NWS) should align with the NWS Guidelines.

² EB-2023-0125.

³ The OEB's draft BCA Framework proposed applying this requirement to investments with a cost exceeding a distributor's materiality threshold. Based on stakeholder feedback as part of the BCA Framework consultation, the OEB has determined to initially apply the requirement to investments with a minimum cost of \$2 million for all distributors, and to reconsider this threshold based on experience.

Provincial CDM Framework: The NWS Guidelines are consistent with the 2021-2024 provincial CDM Framework. The OEB recognizes that the Ministry of Energy is in the process of developing a proposed path forward for electricity conservation programming, as noted in the Minister of Energy's [2023 Letter of Direction to the OEB](#). Also under review per the Letter of Direction is whether further changes to the NWS Guidelines are needed to reduce barriers to distributor conservation activities. The NWS Guidelines will be updated in the future as needed to account for relevant developments arising from these activities.

Any questions relating to the NWS Guidelines should be directed to the OEB's Industry Relations Enquiry e-mail at IndustryRelations@oeb.ca. Please include "NWS Guidelines" in the subject line.

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DATED at Toronto, March 28, 2024

ONTARIO ENERGY BOARD

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Registrar