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February 10, 2022

Ontario Energy Board  
2300 Yonge Street  
Suite 2700  
Toronto, Ontario M4P 1E4

Attention: Nancy Marconi, Acting Registrar

Dear Ms. Marconi:

**Re: Hydro One Networks Inc.'s Custom IR Application (2023-2027)  
Board File No. EB-2021-0110**

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We are writing with respect to Hydro One Network Inc.'s letter dated February 7, 2022 requesting postponement of the Settlement Conference scheduled for this week.

In its letter, Hydro One indicates that there has been a “material change” in the forecasted inflation rate used throughout Hydro One’s application and evidence, and that Hydro One must now amend its application and evidence to update its inflation assumptions.

OSEA has reviewed and agrees with the letters filed by the other intervenors identifying concerns with Hydro One’s request.

OSEA has been approved as an intervenor in this proceeding in relation to supporting energy efficiency and other Conservation and Demand Management (“CDM”) initiatives,<sup>1</sup> and wishes to add the following comments relevant to this specific area of interest:

- ◆ Hydro One has selected 78 project for system upgrades driven by load growth (D-SS-01). None of these projects include local CDM activities or Non-Wires Solutions (“NWS”).<sup>2</sup>
- ◆ A “material change” to forecasted inflation and associated inflation assumptions will affect Hydro One’s assessment of the cost-effectiveness of projects and system upgrades. CDM activities or NWS may now be more cost-effective than long-life assets that must be supported by debt at a higher rate.

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<sup>1</sup> Letter from C. Long (OEB) to J. Vince re Request for Intervenor Status and Cost Eligibility dated October 25, 2021.

<sup>2</sup> EB-2021-0110, ISD D-SS-01, Page 17 of 24 – Appendix A – Description of Investments.



- ◆ Hydro One is proposing to update inflation assumptions throughout its application and evidence by March 14, 2022. In OSEA's view, it is unlikely that Hydro One will be able to update assumptions and appropriately re-assess the cost-effectiveness of dozens of projects in approximately four weeks.

Yours truly,

Raeya Jackiw

cc: Dan Goldberger, OSEA  
Travis Lusney, Power Advisory LLC

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