



Hydro One Networks Inc.

**Application for electricity transmission and distribution
rates and other charges for the period from January 1,
2023 to December 31, 2027**

**DECISION ON CONFIDENTIALITY – UNDERTAKING RESPONSES
June 21, 2022**

Hydro One Networks Inc. (Hydro One) filed an application dated August 5, 2021, with the Ontario Energy Board (OEB) under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the rates that it charges for electricity transmission and distribution, beginning January 1, 2023 and for each following year through to December 31, 2027.

June 17, 2022 Confidentiality Request Letter

On June 16, 2022, Hydro One filed responses to undertakings arising from the May 31 to June 1, 2022 Technical Conference on the application updates. Under separate letter, dated June 17, 2022, Hydro One requested the confidential treatment of certain portions of, or the entirety of, the undertaking responses identified below.

Undertaking JTU 1.02, Attachment 1

Hydro One requested that certain portions of Attachment 1 to Undertaking JTU 1.02 be treated as confidential due to these portions containing commercially sensitive third-party rates and pricing information agreed upon by Hydro One and Scotia Capital Inc. Hydro One submitted that the public disclosure of such information could prejudice the economic interest and competitive position of Scotia Capital Inc. in future commercial negotiations for providing similar services to other potential clients.

Findings

The OEB finds that the redacted portions of the retainer letter agreement between Hydro One and Scotia Capital Inc. contain commercially sensitive third-party rates and pricing information, the disclosure of which could prejudice the economic interest and competitive position of Scotia Capital Inc.

Undertaking JTU 1.13, Attachment 1

Hydro One requested that the IHS Global Insight Economic Forecast from April 2022 (IHS Report) be maintained in confidence in its entirety. Hydro One submitted that the information in the IHS Report is proprietary in nature and contains intellectual property and trade secrets of IHS Markit. Further, Hydro One noted that the IHS Report is treated in confidence by IHS Markit and Hydro One, and is of commercial value because it contains the underlying historical and forecast data that has been processed and calculated with significant investment, expertise, and time. Hydro One stated that public disclosure of the IHS Report could prejudice IHS Markit's economic interests and competitive position and provide an unfair advantage to its competitors.

Findings

The OEB finds that the entire IHS Report is proprietary in nature and contains intellectual property, the disclosure of which could prejudice IHS Markit's economic interest and competitive position.

Undertaking JTU 1.14, Attachment 1

Hydro One requested that the inflationary cost model, provided as Attachment 1 to Undertaking JTU 1.14, be treated as confidential in its entirety as the information is commercially sensitive and proprietary. Hydro One noted that the inflationary cost model contains the analysis and modelling it performed to estimate the impacts of inflationary increases on its business in 2022 for materials and third-party services. As a result, if such information were to be disclosed publicly, Hydro One submitted that it could prejudice its economic interests and competitive position in future commercial negotiations with suppliers and third-party service providers identified in the inflationary cost model.

Findings

The OEB finds that Hydro One's inflationary cost model, in its entirety, contains information that is commercially sensitive and proprietary to Hydro One, the disclosure of which could prejudice Hydro One's economic interests and competitive position in future negotiations.

Undertakings JTU 1.16 and JTU 1.19

Hydro One requested that most of the response provided in Undertaking JTU 1.16 be maintained in confidence. The redacted information, as characterized by Hydro One, contains detailed descriptions of price adjustment mechanisms that form part of certain major equipment contracts Hydro One has negotiated with key suppliers. As such, Hydro One stated that the suppliers in the noted contracts only consented to the disclosure of such information in the undertaking response on a confidential basis.

Hydro One submitted that the public disclosure of the redacted information could provide material undue benefits to competitors of its suppliers as the price adjustment mechanisms consist of formulas / methodologies for managing changes in cost inputs in contracts with customers, such as Hydro One. Thus, if disclosed, competitors could use such information in their own contracts and undermine the competitiveness of Hydro One's suppliers. Hydro One further submitted that if such information were publicly disclosed, it could impact Hydro One's future contract negotiations with suppliers and deter potential suppliers from doing business with Hydro One if they are concerned about the risk of their intellectual property being disclosed in regulatory proceedings.

Hydro One requested Undertaking JTU 1.19 be maintained in confidence in its entirety as it contains pricing and volume related terms negotiated by Hydro One with its counterparty in connection with the Advanced Meter Infrastructure 2.0 project. Hydro One stated that, similar to the nature of the redacted information provided in Undertaking JTU 1.16, the redacted information in Undertaking JTU 1.19 is derived from confidential contracts that Hydro One has negotiated, of which the counterparty only consented to disclosure on a confidential basis.

Hydro One submitted that public disclosure of the redacted information could be used by its supplier's competitors to gain a competitive advantage, while potential future customers could gain a strategic advantage in negotiations for the supply of such equipment. Further, Hydro One noted that public disclosure of the information could impact Hydro One's future contract negotiations with suppliers and deter potential suppliers from doing business with it due to concerns about the risk of their commercially sensitive pricing information being disclosed in regulatory proceedings.

Findings

The OEB finds that the redacted portions of Undertaking JTU 1.16 and the entirety of Undertaking JTU 1.19 contain descriptions of price adjustment mechanisms that Hydro One negotiated with key suppliers for certain major equipment contracts. These price

adjustment mechanisms are the intellectual property of these suppliers. Disclosure of such information could be detrimental to both Hydro One and its suppliers in future negotiations.

Undertaking JTU 1.18, Attachment 1

Hydro One requested that certain portions of the 2022 Team Scorecard, provided as Attachment 1 to Undertaking JTU 1.18, be treated as confidential due to these portions containing the net income performance level targets of Hydro One Limited (HOL)¹. Hydro One also stated that the redacted information is non-public, forward-looking financial information of HOL where, public disclosure of such information, could give rise to liability under Ontario securities law.

In its request, Hydro One proposed conditions for how the 2022 Team Scorecard would be treated as confidential in this proceeding. Hydro One stated that after the 2022 Team Scorecard performance achievements are determined and disclosed publicly by HOL, it would file an unredacted copy of the 2022 Team Scorecard on the public record of this proceeding.

Findings

The OEB finds the redacted portions of the 2022 Team Scorecard contains net income performance level targets of HOL, the parent company of Hydro One. This information is non-public, forward-looking financial information of HOL, which is a publicly traded entity. Once the 2022 Team Scorecard performance achievements have been determined and disclosed publicly by HOL, Hydro One shall file an unredacted copy of the 2022 Team Scorecard on the public record of this proceeding.

THE ONTARIO ENERGY BOARD THEREFORE ORDERS THAT:

1. Hydro One's request for confidential treatment of the undertaking responses, as outlined in its letter dated June 17, 2022, is granted.
2. Hydro One shall file forthwith an unredacted version of the 2022 Team Scorecard once the performance achievements have been determined and disclosed publicly by Hydro One Limited.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or

¹ The parent company of Hydro One.

any other type of document, **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's [Rules of Practice and Procedure](#).

Please quote file number, **EB-2021-0110** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [File documents online page](#) on the OEB's website.
- Parties are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact registrar@oeb.ca for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the [File documents online page](#) of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the [Practice Direction on Cost Awards](#).

All communications should be directed to the attention of the Registrar and be received by end of business, 4:45 p.m., on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Managers, Martin Davies at Martin.Davies@oeb.ca and Tracy Garner at Tracy.Garner@oeb.ca and OEB Counsel, James Sidlofsky at James.Sidlofsky@oeb.ca.

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DATED at Toronto, June 21, 2022

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar