



Ontario  
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**BY EMAIL**

December 5, 2024

Ms. Nancy Marconi  
Registrar  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4  
[Registrar@oeb.ca](mailto:Registrar@oeb.ca)

Dear Ms. Marconi:

**Re: Ontario Energy Board (OEB) Staff Submission on Draft Revenue Requirement and Charge Determinant Order and supporting schedules Niagara Reinforcement Limited Partnership (NRLP) 2025-2029 Electricity Transmission Revenue Requirement Application OEB File Number: EB-2024-0117**

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In accordance with the OEB's Decision and Order in the above referenced proceeding, please find attached OEB staff's comments on NRLP's Draft Revenue Requirement and Charge Determinant Order and supporting schedules filed on November 28, 2024.

NRLP and all registered intervenors have been copied on this filing.

Yours truly,

Muhammad Yunus  
Advisor, Generation & Transmission

Encl.

cc: All parties in EB-2024-0117



# **ONTARIO ENERGY BOARD**

## **OEB STAFF SUBMISSION ON DRAFT REVENUE REQUIREMENT AND CHARGE DETERMINANT ORDER AND SUPPORTING SCHEDULES**

**NIAGARA REINFORCEMENT LIMITED PARTNERSHIP (NRLP)**

**2025-2029 ELECTRICITY TRANSMISSION REVENUE REQUIREMENT  
APPLICATION**

**EB-2024-0117**

**DECEMBER 5, 2024**

## INTRODUCTION

Hydro One Networks Inc. (HONI) filed an application on May 24, 2024, on behalf of Niagara Reinforcement Limited Partnership (NRLP), requesting approval of its 2025-2029 electricity transmission revenue requirement, pursuant to section 78 of the *Ontario Energy Board Act, 1998* (Act), with an effective date of January 1, 2025. The application also requested the continuation of NRLP's current regulatory accounts, and disposition of the Earnings Sharing Mechanism (ESM) account balance as part of its offsetting revenue requirement over a one-year period commencing January 1, 2025.

A Settlement Proposal representing a complete settlement of all issues was filed with the OEB on October 21, 2024. The OEB issued its Decision and Order on November 21, 2024 accepting the Settlement Proposal as filed.

In accordance with the process set out in the Settlement Proposal, NRLP was required to file a draft Revenue Requirement and Charge Determinant Order (Draft Order) by November 28, 2024 complete with detailed calculations and supporting material, including:

- An effective date of January 1, 2025
- 2025 cost of capital parameters<sup>1</sup> issued by the OEB on October 31, 2024
- Revised 2025 electricity transmission revenue requirement
- Total bill impacts to customers on average and for a typical residential customer consuming 750 kWh per month and a typical General Service (GS < 50 kW) customer consuming 2,000 kWh per month.

NRLP filed its Draft Order on November 28, 2024, pursuant to the Decision and Order.

In summary, OEB staff does not have concerns with the detailed calculations and supporting material provided by NRLP in the Draft Order. OEB staff's specific comments on the Draft Order follow.

### **1. Revised 2025 Electricity Transmission Revenue Requirement**

In accordance with the OEB's Decision and Order, the Draft Order reflects the OEB's 2025 cost of capital parameters issued on October 31, 2024 as follows:

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<sup>1</sup> [2025 Cost of Capital Parameters](#)

**Table 1 - Settled 2025-2029 Rates Revenue Requirement (\$M)<sup>2</sup>**

	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
<b>Proposed Revenue Requirement</b>	<b>8.99</b>	<b>8.94</b>	<b>8.82</b>	<b>8.81</b>	<b>9.49</b>
Settlement Reduction	(0.03)	(0.03)	(0.03)	(0.04)	(0.06)
<b>Settled Revenue Requirement</b>	<b>8.96</b>	<b>8.91</b>	<b>8.79</b>	<b>8.77</b>	<b>9.43</b>
<b>Settled Revenue Requirement – Updated with OEB’s 2025 cost of capital parameters</b>	<b>8.90</b>	<b>8.85</b>	<b>8.73</b>	<b>8.71</b>	<b>9.37</b>
Add: DVA Disposition	(0.58)				
<b>Settled Rates Revenue Requirement</b>	<b>8.31</b>	<b>8.85</b>	<b>8.73</b>	<b>8.71</b>	<b>9.37</b>

### **Cost of Capital**

The deemed short-term debt and return on equity included in the cost of capital in the Draft Order are based on the OEB’s 2025 cost of capital parameters. NRLP’s forecasted 2025 cost of long-term debt reflects the September 2024 Consensus Forecast as to follow the method set out in the approved Settlement Proposal.

Under the agreed-upon revenue requirement framework, there is no longer a requirement to file annual update applications with the OEB throughout the term; however, there will be a one-time update application in 2025 to update the cost of long-term debt based on actual issuances in 2025. This will update and set the revenue requirements, effective on January 1 each year, for the remaining term from 2026 through 2029.

OEB staff submits that NRLP’s 2025 cost of capital has been updated as required by the approved Settlement Proposal in this proceeding.

### **Cost Allocation**

The updated cost of capital in the Draft Order for NRLP’s 2025-2029 revenue requirement is allocated to the Uniform Transmission Rates (UTR) network pool based on the same methodology as in the approved Settlement Proposal.

OEB staff submits that NRLP’s 2025-2029 revenue requirement and allocation to the UTR network pool as shown in the Draft Order and supporting material filed on

<sup>2</sup> [Settlement Proposal](#), pg. 8

November 28, 2024 are consistent with the approved Settlement Proposal and with the OEB's Decision and Order in this proceeding.

## **2. Bill Impacts**

The Draft Order presents updated bill impacts on residential, general service and transmission-connected customers.

OEB staff has no concerns with the updated bill impact calculations provided NRLP.

~All of which is respectfully submitted~