



DECISION AND ORDER

EB-2025-0081

CANADIAN NIAGARA POWER INC.

**Application for Amendment to Electricity Distribution Licence
ED-2023-0265 and an Accounting Order**

BEFORE: **Patrick Moran**
 Presiding Commissioner

Fred Cass
Commissioner

June 17, 2025

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1 OVERVIEW

This is the Ontario Energy Board's Decision and Order on an application filed by Canadian Niagara Power Inc. (CNPI) CNPI requested an amendment to its distribution licence which would allow it to purchase power from National Grid through the New York Independent System Operator (NYISO) during periods when it is supplied by the International Power Line and the approval of an Accounting Order to facilitate those purchases.

For the reasons described in this Decision and Order, the OEB finds that it is in the public interest to approve the requested distribution licence amendment and accounting order. The ability to utilize the International Power Line to supply power to CNPI's Fort Erie distribution customers during those periods when supply from the IESO-administered grid is unavailable will contribute to the ability of CNPI to maintain reliable service to its customers.

2 CONTEXT AND PROCESS

Canadian Niagara Power Inc. (CNPI) is a licensed electricity distributor (CNPI Distribution) serving approximately 31,000 customers in the areas of Port Colborne, Fort Erie, Gananoque and surrounding areas.¹

On January 30, 2025, CNPI filed an application with the Ontario Energy Board (OEB) under section 74 (1) of the *Ontario Energy Board Act, 1998*.

CNPI is also a licensed electricity transmitter (CNPI Transmission)² that operates a 115 kV transmission system in the Niagara Falls and Fort Erie area which normally supplies CNPI Distribution's Fort Erie service area from the IESO-controlled grid through an interconnection with the transmission system of Hydro One Networks Inc. (Hydro One) in Niagara Falls. CNPI Transmission has a second interconnection with the transmission system of National Grid (formerly Niagara Mohawk Power Corporation) in Buffalo, New York (the International Power Line) which provides an alternative electricity supply source for CNPI Distribution customers in Fort Erie, for periods when the Hydro One interconnection is unavailable due to maintenance or another outage cause.

CNPI has requested an amendment to its distribution licence which would allow it to purchase power from National Grid through the New York Independent System Operator (NYISO) during periods when it is supplied by the International Power Line and the approval of an Accounting Order to facilitate those purchases.

The International Power Line was originally constructed in 1916. In 2015, the OEB approved CNPI Transmission's request to recover the cost of rebuilding the International Power Line, which the OEB found improved the reliability and security of supply for CNPI Transmission's customers.³

In its application, CNPI stated that from August 20, 2023, to October 1, 2023, the International Power Line was used to supply CNPI Distribution customers in Fort Erie while CNPI Transmission conducted planned repair work that prevented access to supply from Hydro One. CNPI Transmission is planning to conduct similar repair work in 2025 which will also require CNPI Distribution to be supplied by National Grid through

¹ ED-2002-0575, Electricity Distribution Licence, Sch 1, pp. 7-9.

² EB-2023-0305 and ED-2002-0572.

³ EB-2014-0204, CNPI Transmission Revenue Requirement for 2015 and 2016, Decision and Order, May 14, 2015, Section 1.0.

the International Power Line. CNPI Transmission anticipates further such circumstances may occur in the future.

The application was accepted by the OEB as complete on February 10, 2025. The OEB issued a Combined Notice of Hearing and Procedural Order No. 1 (Combined Notice and PO) on March 17, 2025.

The Combined Notice and PO established, among other things, the timetable for a written interrogatory discovery process. There were no requests for intervenor status in this proceeding.

OEB staff filed its written submission on May 1, 2025.

CNPI filed its reply submission on May 15, 2025.

3 DECISION OUTLINE

Each of the following issues is addressed in this Decision and Order, together with the OEB's findings.

- Licence Amendment
- Accounting Order

4 DECISION

4.1 Licence Amendment

CNPI has applied to the OEB for an amendment to its electricity distribution licence to include exemptions from the following regulatory provisions:

- Section 3.2 of the [Retail Settlement Code](#) (RSC), which requires a distributor to adjust measured consumption at a consumer's meter to account for total losses i.e., the difference between wholesale energy delivered to a distributor and total energy measured at all consumers' meters connected to the distribution system.⁴
- Section 2.2.2 of the [Standard Supply Service Code](#) (SSSC), which mandates that electricity for standard supply service be procured through the IESO-administered markets, from an embedded retail generator, or from an embedded distributor's host distributor.

In response to an interrogatory from OEB staff, CNPI submitted that the exemption from section 3.2 of the RSC is necessary to enable accurate loss calculations during periods when electricity is procured from National Grid via the NYISO-administered grid. In CNPI's view, formula 3.2(a) of the RSC does not accommodate electricity sourced from international suppliers, as it defines total electricity supplied based on "registered wholesale meters" recognized by the IESO.

CNPI stated that electricity purchased from National Grid should be included in the calculation of wholesale energy supplied, as it is essential for accurate determination of losses. CNPI referenced a decision from 2009, in which the OEB granted a similar exemption to Ottawa River Power Corporation for energy purchased from a Quebec-based generation facility.⁵

CNPI noted that electricity procured from National Grid does not originate from any of the three sources specified in section 2.2.2 of the SSSC. The exemption would therefore allow CNPI Distribution to maintain supply reliability in its Fort Erie service area during periods when the IESO-controlled grid is unavailable.

OEB staff submitted that the OEB should approve the requested amendment to CNPI's distribution licence for exemptions from section 3.2 of the RSC and section 2.2.2 of the SSSC. OEB staff stated that CNPI's use of an alternative supply via CNPI

⁴ Retail Settlement Code, p.18.

⁵ [EB-2008-0289](#), Decision and Order, July 22, 2009.

Transmission's interconnection with National Grid during periods when CNPI Transmission's normal connection to the IESO-controlled grid is unavailable is reasonable and enhances reliability for its customers in Fort Erie.

In its reply submission, CNPI submitted that it agreed with OEB staff's submission regarding the licence amendments.

Findings

The OEB finds that CNPI's proposal to use the International Power Line to supply electricity during those periods when supply from the IESO-administered grid is unavailable will contribute to the ability of CNPI to maintain reliable service to its customers. The OEB approves an amendment to CNPI's distribution licence to establish the requested exemptions since they are necessary to implement CNPI's proposed use of the International Power Line. The exemptions only apply when CNPI's connection to the IESO-administered grid is unavailable. CNPI shall provide a report in its annual distribution rate filing, setting out:

- When the International Power Line was utilized
- The reason the connection to the IESO-controlled grid was unavailable and the duration of the interruption of the connection
- the pertinent financial details relating to each occasion on which it purchased power from National Grid

4.2 Accounting Order

CNPI proposed an Accounting Order in Appendix A of its application, which was refined as part of its interrogatory responses and reply submission. In its pre-filed evidence, CNPI's proposed approach was to add the cost of the power purchased supplied by the International Power Line into the Regulated Price Plan (RPP) settlement calculations, as well as calculating the Global Adjustment (GA) costs avoided for each kWh purchased from National Grid. Also in its pre-filed evidence, CNPI proposed that GA costs avoided be recorded as a credit entry to Account 1588, to be returned to CNPI Distribution customers when the 2023 balances for Accounts 1588 and 1589 are disposed. In addition, future purchases from National Grid may be required when CNPI Transmission's regular transmission connection is unavailable due to work (planned and unplanned) on the related transmission assets.

In its application, CNPI noted that, as a result of [O.Reg. 429/04, Adjustments Under Section 25.33 of the Act](#), made under the *Electricity Act*, 1998 the GA does not apply to

power purchases from out of province suppliers, as is the case for the power purchased from National Grid.

OEB staff submitted that CNPI's proposed Accounting Order⁶ related to periods during which CNPI purchases electricity from National Grid should be approved with the proposed modifications and requirements set out below:

Disposition to all Customers

In its pre-filed evidence, CNPI suggested that there were GA costs avoided as well as other RSVA accounts savings (i.e., transmission, wholesale market service, and other charges on CNPI's IESO invoice), by purchasing power from National Grid. In a response to an interrogatory, CNPI recommended applying consistent rates across all service areas, as opposed to crediting only to its Fort Erie customers. CNPI stated that this approach was consistent with the rate harmonization in place across all service areas and with the approach taken on other pass-through charges.⁷

Although the reliability benefits of the use of the International Power Line only accrued to customers in CNPI's Fort Erie service area, in its submission, OEB staff agreed with CNPI's proposal that any GA costs avoided (as well as other RSVA accounts savings) from the use of the International Power Line should flow through to all of CNPI Distribution's customers.

In its reply submission, CNPI agreed with OEB staff's submission on this issue and continues to believe that a harmonized disposition is most appropriate.

Findings

CNPI's proposal for harmonized disposition is acceptable on a preliminary basis but will be subject to review when CNPI seeks actual disposition of its Account 1588 and 1589 balances in its next rate application. This proceeding is limited to determining CNPI's application for a distribution licence amendment and approval for a proposed Accounting Order. The OEB notes that the need for electricity supply from the International Power Line, as the driver for the distribution licence amendment and Accounting Order, is expected to be limited and occasional. The OEB also notes that CNPI's distribution service territory is comprised of geographically distinct and unconnected areas and only one of those areas would receive the power purchased from National Grid. The evidence shows that when power was purchased from National

⁶ As updated in interrogatory responses, Staff Question-3.

⁷ Staff Question-4.

Grid in 2023, the cost was lower than it would have been if the power had been purchased from the IESO-administered grid during the same period. Under the harmonized disposition approach, all of CNPI's distribution customers would share those savings. However, depending on the actual cost of power purchased from National Grid in the future, there may not be savings and under the harmonized disposition approach, all of CNPI's distribution customers would share that additional cost. The OEB is of the view that the final decision on any disposition of balances resulting from the Accounting Order should be made at the time that CNPI applies for disposition of those balances.

Effective Date of the Accounting Order

In its pre-filed evidence, CNPI did not state the effective date of its proposed Accounting Order. In response to an interrogatory, CNPI confirmed that it was requesting an effective date for its Accounting Order of July 1, 2023.⁸

CNPI confirmed that it was requesting an effective date for its Accounting Order of July 1, 2023, because:

- This date aligns with the effective date of the most recent amendment to O.Reg. 429/04
- The power purchased from National Grid took place from August 20, 2023, to October 1, 2023
- Its 2023 Accounts 1588 and 1589 balances have not yet been disposed, either on an interim or final basis.

In its submission, OEB staff stated that it did not take issue with the July 1, 2023, effective date of the proposed Accounting Order.

In its reply submission, CNPI agreed with OEB staff's submission on the appropriate effective date of the Accounting Order.

Findings

The OEB approves an effective date of July 1, 2023. The OEB notes that the treatment of costs associated with the purchase of power from National Grid in 2023 has not yet been determined by the OEB. The approved effective date will allow for the recording of those costs on a basis consistent with the requirements of the Accounting Order being approved in this proceeding.

⁸ Staff Question-3.

GA Savings to be Recorded in Both Accounts 1588 and 1589

In its pre-filed evidence, CNPI proposed to record 100% of GA costs avoided with power purchased from National Grid into Account 1588. In response to an interrogatory, CNPI stated that it would be open to an approach similar to what was approved by the OEB for Ottawa River Power Corporation.⁹ This approach would require an additional set of accounting journal entries to be recorded to move any GA savings to a new account, specifically Account 1508, Other Regulatory Assets, Sub-account Power Purchased True-Up, as well as a separate rate rider.

OEB staff submitted that since electricity is only expected to be purchased from National Grid on an ad-hoc basis, as opposed to on an on-going basis, such GA impacts should be recorded in Accounts 1588 and 1589, rather than a new sub-account of Account 1508, in order to mitigate regulatory burden. That said, OEB staff submitted that these amounts should be separately recorded in both Accounts 1588 and 1589, and not solely in Account 1588, as requested by CNPI. OEB staff was of the view that these amounts should be split using the same percentages of RPP and non-RPP used to separate IESO Charge Type (CT) 148.

OEB staff submitted that its proposed modification was reasonable because this approach was in accordance with the approach used in the OEB's Accounting Guidance,¹⁰ also noting further issues with CNPI's proposed approach. OEB staff noted that there may be cross-subsidy issues related to these GA impacts, given that the non-RPP portion of the GA costs should be recorded in Account 1589 and the RPP portion of the GA costs should be recorded in Account 1588. Furthermore, recording 100% of the avoided GA costs in Account 1588 may significantly reduce the share of the GA savings to CNPI's non-RPP customers because Account 1588 is combined with the other Group 1 accounts to generate a general DVA rate rider to all customers.

In its reply submission, CNPI agreed with the approach proposed by OEB staff and included an updated draft Accounting Order and Excel Illustrative Commodity Model as its Reply Submission Attachment A and Reply Submission Attachment B, respectively.

Findings

The OEB notes CNPI's agreement with OEB staff's proposed approach to prorate the GA costs avoided to Accounts 1588 and 1589 and agrees that this is a reasonable

⁹ Staff Question-6.

¹⁰ [Accounting Procedures Handbook](#) Update, Accounting Guidance Update – Commodity Pass-Through Accounts, Re-Issued: May 23, 2023, Effective: May 1, 2023, p. 29.

approach that recognizes the occasional need to purchase power from National Grid, while avoiding potential cross-subsidy issues.

Exclusion of Power Purchased from National Grid from RPP Settlements

In its pre-filed evidence, CNPI stated that it had proposed to include the cost of the electricity purchased from National Grid into its RPP settlement calculations. In its response to interrogatories, CNPI stated it was proposing to include all RPP sales volumes in its CT 142 settlements calculations for several reasons.¹¹ OEB staff submitted that contrary to CNPI's Accounting Order, RPP sales volumes related to power purchased from National Grid should not be reflected in its IESO CT 142 settlement calculations with the IESO. OEB staff noted that the impact is likely material. OEB staff explained that CNPI was not reporting its power purchased from National Grid to the IESO for the purposes of the GA and subsequently was not invoiced by the IESO for certain charges including the GA charge.¹² OEB staff further noted that there were cross-subsidization issues related to these GA impacts.¹³ OEB staff did not view pro-rata as a significant exercise, given that there was a need for CNPI to pro-rate the GA costs by the IESO into RPP and non-RPP portions and reflect them in Accounts 1588 and 1589 on a monthly basis.

OEB staff recommended that the OEB should direct CNPI to disclose in its annual IRM rate applications (or any cost-based rate application) whenever it purchases electricity from National Grid, as well as the costs and implications.

¹¹ These reasons included:

- This represents the total load sold to RPP customers
- This is reflective of CNPI Distribution's interpretation of the OEB issued guidance around the settlement process
- Based on CNPI Distribution's overall system design combined with the intermittent nature of electricity being purchased from National Grid, there would not be a direct method that could be reasonably or efficiently taken to segregate electricity sold to customers that were supplied by National Grid versus other sources
- An attempt to segregate both customer load and then also IESO billing information at this level of granularity would require a high degree of estimation and assumptions, as well as additional administrative burden.
- It had previously achieved harmonization of its rates across its three service areas (i.e., Fort Erie, Port Colborne, and Gananoque).

¹² OEB staff noted that it was important to exclude the load supplied by purchases from National Grid for purposes of RPP settlements, given that CNPI Distribution did not pay any GA on this load (as noted in its pre-filed evidence's reference to O.Reg. 429/04).

¹³ OEB staff noted that cross-subsidization was given that based on the OEB's Accounting Guidance, the non-RPP portion of the GA costs should be recorded in Account 1589 and the RPP portion of the GA costs should be recorded in Account 1588. The pro-rata of the GA costs into RPP and non-RPP portions aligns with the OEB's Accounting Guidance and it can be achieved by using the percentages of RPP and non-RPP sales volumes in CNPI Distribution's service area.

In its reply submission, CNPI agreed with the approach proposed by OEB staff. However, CNPI limited its proration calculations to RPP and non-RPP Class B customers. CNPI did not prorate either the embedded generation or Class A kWhs that were to both be submitted to the IESO and also incorporated into the Excel Illustrative Commodity Model. CNPI stated that prorating these values would further complicate CNPI's monthly submissions to the IESO and also the underlying calculations made by the IESO in determining GA allocation and other values at the provincial level, along with billings back to CNPI.

CNPI agreed with OEB staff that the underlying assumptions and values being contemplated within this proceeding were material in nature. CNPI agreed with OEB staff's submission that a separate sub-account of Account 1508 was not required given the expected ad-hoc frequency of purchases from National Grid.

CNPI committed to disclosing to the OEB in its annual IRM applications (or any cost-based rate applications) whenever it purchases power from National Grid.

Findings

The OEB has addressed reporting requirements in section 4.1 above. The OEB also notes that CNPI has agreed with the OEB staff submission that the cost of power purchased from National Grid should be prorated to RPP and non-RPP Class B customers and that the power purchased from National Grid should be excluded from IESO CT 142 RPP settlement calculations. As with the previous issue regarding proration of the GA costs avoided, proration of the cost of power is also appropriate, given the occasional nature of the need to purchase power from National Grid, and the need to avoid cross-subsidy problems.

Clarification and Confirmation of the RPP Settlement Process and Associated Journal Entries

In its pre-filed evidence, CNPI provided journal entries in its proposed Accounting Order and an abbreviated version of the Excel Illustrative Commodity Model related to Accounts 1588 and 1589. In its response to interrogatories, CNPI provided two Excel Illustrative Commodity Models – one model limited to Accounts 1588 and 1589 (Attachment A) and another model incorporating balances in Accounts 1588 and 1589, and Account 1508, Other Regulatory Assets, Sub-account Power Purchased True-Up (Attachment B).

In its submission, OEB staff requested further clarification from CNPI regarding its RPP settlement process and associated journal entries. OEB staff asked CNPI to confirm

whether it agreed with OEB staff's characterization of the RPP settlement process and associated journal entries and in Schedule 1 of OEB staff's submission, as well as whether they should be inserted into the Accounting Order. OEB staff also requested that CNPI carefully review its Excel Attachment A and Attachment B and submit any revisions as part of its reply submission.

OEB staff explained that, at a high level, it was its understanding that CNPI was not reporting power purchased from National Grid to the IESO for the purposes of the GA and subsequently was not invoiced by the IESO for certain charges. However, OEB staff noted that the kWh used in the initial RPP settlement and subsequent true-ups are based on including the power purchased from National Grid. Therefore, CNPI was not using a consistent basis when referencing the power purchased from National Grid in its RPP settlement process with the IESO.

In its reply submission, CNPI agreed with the approach proposed by OEB staff. CNPI agreed with what OEB staff documented in its submission including Schedule 1, with minor suggested modifications. In its reply submission, CNPI also provided an updated Draft Accounting Order and an updated version of the Excel Illustrative Commodity Model related to Accounts 1588 and 1589.

Findings

The OEB has reviewed the changes made to the proposed Accounting Order and the Excel Illustrative Commodity Model by CNPI in response to the OEB staff submissions and finds them acceptable.

5 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. CNPI's request to amend its distribution licence is approved, as set out in Schedule A.
2. CNPI's request for an Accounting Order is approved, as set out in Schedule B.
3. CNPI is directed to provide a report in its annual distribution rate filing, setting out:
 - a) When the International Power Line was utilized
 - b) The reason the connection to the IESO-controlled grid was unavailable and the duration of the interruption of the connection
 - c) The pertinent financial details relating to each occasion on which it purchased power from National Grid
4. CNPI Distribution shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

Please quote file number, **EB-2025-0081**, 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 at the address below and be received by the 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 Manager, Michael Bell at michael.bell@oeb.ca.

Email: registrar@oeb.ca

Tel: 1-877-632-2727 (Toll free)

DATED at Toronto June 17, 2025

ONTARIO ENERGY BOARD

Ritchie Murray
Acting Registrar

SCHEDULE A
AMENDMENTS TO LICENCE
DECISION AND ORDER
CANADIAN NIAGARA POWER INC.
EB-2025-0081
JUNE 17, 2025

The following sections 3 and 4 are added to the list of code exemptions in Schedule 3 of CNPI's distribution licence (see amended licence attached as Schedule C):

3. The Licensee is exempt from section 3.2 of the Retail Settlement Code when purchasing electricity from National Grid through the New York Independent System Operator-administered grid, during periods when its regular connection to the IESO-controlled grid is unavailable due to planned or unplanned outages.

4. The Licensee is exempt from section 2.2.2 of the Standard Supply Service Code when purchasing electricity from National Grid through the New York Independent System Operator-administered grid, during periods when its regular transmission connection to the IESO-controlled grid is unavailable due to planned or unplanned outages.

SCHEDULE B
ACCOUNTING ORDER
DECISION AND ORDER
CANADIAN NIAGARA POWER INC.

EB-2025-0081

JUNE 16, 2025

ACCOUNTING ORDER – Cross Border Power Purchases

This accounting order is to address how Canadian Niagara Power Inc. ("CNPI") cross-border power purchases from National Grid ("NG") are to be incorporated into the Regulated Price Plan settlement process, as well as recorded in CNPI's OEB Accounts 1588 and 1589.

Commodity Pass-Through Accounts Background

The OEB issued a letter on July 20, 2018¹, advising electricity distributors of the OEB's initiative to standardize the accounting processes used by distributors related to Regulated Price Plan (RPP) wholesale settlements and procedures to improve the accuracy of the commodity pass-through accounts: Account 1588 – RSVA_{Power}, and Account 1589 – RSVA_{GA}. Accordingly, on February 21, 2019 the OEB provided an initial set of standardized requirements for regulatory accounting and RPP settlements ("Accounting Guidance"). All Distributors are expected to follow this Accounting Guidance. Since the 2018 letter and February 2019 guidance, the OEB has issued updates to the Accounting Guidance in May 2023² and in June 2024³.

The above guidance references do not explicitly consider the treatment of cross-border power purchase arrangements.

RPP Settlements Calculation Impact of Cross-Border Purchases

For purposes of RPP Settlement calculations, CNPI will incorporate the cross-border purchases from NG as follows:

- kWhs purchased from NG shall not be included in the GA and Energy Volume totals.
- total dollars charged by NG to CNPI for kWhs purchased shall be included in the Total 4705 costs similar to Charge Type 101/1115 or any subsequent equivalent charge type from the IESO.
- a quantification of Global Adjustment costs avoided will be calculated by multiplying kWhs purchased from NG by the actual Global Adjustment Class B price as posted by the IESO, for that settlement period, and will be set up as a payable back to all CNPI customers, pro-rated into OEB Accounts 1588 and 1589 based on RPP vs non-RPP Class B relative percentages.

Sample Journal Entries Related to Cross-Border Purchases

An illustrative example in Excel, using the OEB issued illustrative commodity model as a basis⁴, has also been provided as part of this order. This includes showing which OEB accounts are impacted by the cross-border purchase costs and the associated RPP Settlement calculations.

CNPI will incorporate the cost of cross-border purchases into OEB issued 1588/1589 guidance as it relates to journal entries, similar to the illustrative example provided and noted above. Although not an exhaustive list, below are examples of the 1588/1589 journal entries outlined in the OEB 1588/1589

¹ OEB's Plan to Standardize Processes to Improve Accuracy of Commodity Pass-Through Variance Accounts, July 20, 2018

² Accounting Guidance Update related to Accounts 1588 RSVA Power and 1589 RSVA Global Adjustment: Implementing the Ultra-Low Overnight (ULO) Regulated Price Plan Option Ontario Energy Board File No. EB-2022-0160, May 23, 2023

³ Draft Accounting Guidance related to Accounts 1588 RSVA Power and 1589 RSVA Global Adjustment resulting from the IESO's Market Renewal Program, June 12, 2024

⁴ Updated Illustrative Commodity Model, May 23, 2023

guidance that are most directly related to or impacted by the cross-border power purchased. The values presented below are for illustrative purposes only and are sourced from the Reply Submission Attachment B provided in CNPI's reply submission in EB-2025-0081.

Dr. OEB 4705 – Power Purchased National Grid	\$ 350,000	
Cr. OEB 2205 – Accounts Payable		\$ 350,000

To record National Grid purchased power costs.

Dr. OEB 2205 – Accounts Payable	\$ 426,629	
Cr. OEB 4705 – Power Purchased		\$ 426,629

To record RPP settlement true-up (assuming a calculated receivable from the IESO based on the illustrative example provided). Underlying calculation does not incorporate National Grid power purchased costs.

Dr. Account 4705 - RPP GA Charges (CT 148)	\$ 1,809,052	
Dr. Account 4707 - GA Charges - Class B non-RPP (CT 148)	\$ 702,248	
Cr. Account 4705 - Power Purchased - RPP GA Avoided		\$ 411,148
Cr. Account 4707 - GA Charges - Class B non-RPP GA Avoided		\$ 159,602
Cr. Account 2256 - IESO Accounts Payable		\$ 1,940,550

To record actual Global Adjustment charges from IESO invoice along with Global Adjustment savings as a result of power purchased from National Grid, with a proration of the savings based on estimated RPP/Non-RPP proportions.

Note: Carrying charges will be recorded on all outstanding principal balances consistent with OEB guidance (see below). Similarly, disposition of balances in Accounts 1588/1589 to occur in accordance with OEB guidance.

Dr. OEB 6035 - Other Interest Expense	\$XX	
Cr. OEB 1588 - RSVA Power, Sub-Account Carrying Charges		\$XX

Assumes net credit balance in OEB 1588 – RSVA Power. To record the carrying charges on the net monthly opening balance in Account 1588 - RSVA Power, Sub-Account Carrying Charges.

Dr. OEB 1589 - RSVA Global Adjustment, Sub-Account Carrying Charges	\$XX	
Cr. OEB 4405 - Interest and Dividend Income		\$XX

Accounting Order
EB-2025-0081

Assumes net debit balance in OEB Account 1589 – RSVA Global Adjustment. To record the carrying charges on the net monthly opening balance in Account 1588 - RSVA Power, Sub-Account Carrying Charges.

SCHEDULE C
DECISION AND ORDER
AMENDED LICENCE
CANADIAN NIAGARA POWER INC.
EB-2025-0081
JUNE 17, 2025



Electricity Distribution Licence

ED-2002-0572

Canadian Niagara Power Inc.

**Valid Until
November 1, 2043**

Ritchie Murray
Acting Registrar
Ontario Energy Board

Date of Issuance: November 2, 2023

Ontario Energy Board
P.O. Box 2319
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27th Floor
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Commission de l'énergie de l'Ontario
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LIST OF AMENDMENTS

OEB File No.	Date of Amendment
EB-2002-0572	November 6, 2003 – original licence issue date
EB-2003-0318	August 31, 2004
EB-2004-0443	November 23, 2004
EB-2006-0131	November 20, 2006
EB-2008-0143	September 10, 2008
EB-2010-0215	November 12, 2010
EB-2010-0307	March 29, 2011
EB-2011-0401	April 25, 2012 (corrected December 21, 2012)
EB-2014-0324	December 18, 2014
EB-2016-0015	January 28, 2016
EB-2015-0365	February 11, 2016
EB-2016-0163	May 19, 2016
EB-2016-0292	November 3, 2016
EB-2017-0101	March 31, 2017
EB-2017-0170, EB-2017-0186 and EB-2017-0201	June 29, 2017
EB-2017-0318	February 8, 2018
EB-2019-0167	September 12, 2019
EB-2020-0085	March 2, 2020
EB-2020-0185	September 11, 2020
EB-2023-0265	November 2, 2023 – licence renewal date
EB-2025-0081	June 17, 2025

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1 Definitions

In this Licence:

“Accounting Procedures Handbook” means the handbook, approved by the Ontario Energy Board which specifies the accounting records, accounting principles and accounting separation standards to be followed by the Licensee;

“Act” means the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

“distribution services” means services related to the distribution of electricity and the services the Ontario Energy Board has required distributors to carry out, including the sales of electricity to consumers under section 29 of the Act, for which a charge or rate has been established in the Rate Order;

“Electricity Act” means the *Electricity Act, 1998*, S.O. 1998, c. 15, Schedule A;

“IESO” means the Independent Electricity System Operator;

“Licensee” means Canadian Niagara Power Inc.;

“Market Rules” means the rules made under section 32 of the Electricity Act;

“Rate Order” means an Order or Orders of the Ontario Energy Board establishing rates the Licensee is permitted to charge;

“regulation” means a regulation made under the Act or the Electricity Act;

“service area” means the area in which the distributor is authorized by its licence to distribute electricity;

2 Interpretation

- 2.1 In this Licence, words and phrases shall have the meaning ascribed to them in the Act or the Electricity Act. Words or phrases importing the singular shall include the plural and vice versa. Headings are for convenience only and shall not affect the interpretation of the Licence. Any reference to a document or a provision of a document includes an amendment or supplement to, or a replacement of, that document or that provision of that document. In the computation of time under this Licence, where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens and where the time for doing an act expires on a holiday, the act may be done on the next day that is not a holiday.

3 Authorization

- 3.1 The Licensee is authorized, under Part V of the Act and subject to the terms and conditions set out in this Licence:
- a) to own and operate a distribution system in the service area described in Schedule 1 of this Licence;

- b) to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act in the manner specified in Schedule 2 of this Licence; and
- c) to act as a wholesaler for the purposes of fulfilling its obligations under the Retail Settlement Code or under section 29 of the Electricity Act.

4 Obligation to Comply with Legislation, Regulations and Market Rules

- 4.1 The Licensee shall comply with all applicable provisions of the Act and the Electricity Act and regulations under these Acts, except where the Licensee has been exempted from such compliance by regulation.
- 4.2 The Licensee shall comply with all applicable Market Rules.

5 Obligation to Comply with Codes

- 5.1 The Licensee shall at all times comply with the following Codes (collectively the "Codes") approved by the Ontario Energy Board, except where the Licensee has been specifically exempted from such compliance. Any exemptions granted to the licensee are set out in Schedule 3 of this Licence. The following Codes apply to this Licence:
 - a) the Affiliate Relationships Code for Electricity Distributors and Transmitters;
 - b) the Distribution System Code;
 - c) the Retail Settlement Code; and
 - d) the Standard Supply Service Code.
- 5.2 The Licensee shall:
 - a) make a copy of the Codes available for inspection by members of the public at its head office and regional offices during normal business hours; and
 - b) provide a copy of the Codes to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

6 Obligation to Provide Non-discriminatory Access

- 6.1 The Licensee shall, upon the request of a consumer, generator or retailer, provide such consumer, generator or retailer with access to the Licensee's distribution system and shall convey electricity on behalf of such consumer, generator or retailer in accordance with the terms of this Licence.

7 Obligation to Connect

- 7.1 The Licensee shall connect a building to its distribution system if:
 - a) the building lies along any of the lines of the distributor's distribution system; and

- b) the owner, occupant or other person in charge of the building requests the connection in writing.

7.2 The Licensee shall make an offer to connect a building to its distribution system if:

- a) the building is within the Licensee's service area as described in Schedule 1; and
- b) the owner, occupant or other person in charge of the building requests the connection in writing.

7.3 The terms of such connection or offer to connect shall be fair and reasonable and made in accordance with the Distribution System Code, and the Licensee's Rate Order.

7.4 The Licensee shall not refuse to connect or refuse to make an offer to connect unless it is permitted to do so by the Act or a regulation or any Codes to which the Licensee is obligated to comply with as a condition of this Licence.

8 Obligation to Sell Electricity

8.1 The Licensee shall fulfill its obligation under section 29 of the Electricity Act to sell electricity in accordance with the requirements established in the Standard Supply Service Code, the Retail Settlement Code and the Licensee's Rate Order.

9 Obligation to Maintain System Integrity

9.1 The Licensee shall maintain its distribution system in accordance with the standards established in the Distribution System Code and Market Rules, and have regard to any other recognized industry operating or planning standards adopted by the Ontario Energy Board.

10 Market Power Mitigation Rebates

10.1 The Licensee shall comply with the pass through of Ontario Power Generation rebate conditions set out in Appendix A of this Licence.

11 Distribution Rates

11.1 The Licensee shall not charge for connection to the distribution system, the distribution of electricity or the retailing of electricity to meet its obligation under section 29 of the Electricity Act except in accordance with a Rate Order.

12 Separation of Business Activities

12.1 The Licensee shall keep financial records associated with distributing electricity separate from its financial records associated with transmitting electricity or other activities in accordance with the Accounting Procedures Handbook and as otherwise required by the Ontario Energy Board.

13 Expansion of Distribution System

- 13.1 The Licensee shall not construct, expand or reinforce an electricity distribution system or make an interconnection except in accordance with the Act and regulations, the Distribution System Code and applicable provisions of the Market Rules.
- 13.2 In order to ensure and maintain system integrity or reliable and adequate capacity and supply of electricity, the Ontario Energy Board may order the Licensee to expand or reinforce its distribution system in accordance with Market Rules and the Distribution System Code, or in such a manner as the Ontario Energy Board may determine.

14 Provision of Information to the Ontario Energy Board

- 14.1 The Licensee shall maintain records of and provide, in the manner and form determined by the Ontario Energy Board, such information as the Ontario Energy Board may require from time to time.
- 14.2 Without limiting the generality of paragraph 14.1, the Licensee shall notify the Ontario Energy Board of any material change in circumstances that adversely affects or is likely to adversely affect the business, operations or assets of the Licensee as soon as practicable, but in any event no more than twenty (20) days past the date upon which such change occurs.

15 Restrictions on Provision of Information

- 15.1 The Licensee shall not use information regarding a consumer, retailer, wholesaler or generator obtained for one purpose for any other purpose without the written consent of the consumer, retailer, wholesaler or generator.
- 15.2 The Licensee shall not disclose information regarding a consumer, retailer, wholesaler or generator to any other party without the written consent of the consumer, retailer, wholesaler or generator, except where such information is required to be disclosed:
- a) to comply with any legislative or regulatory requirements, including the conditions of this Licence;
 - b) for billing, settlement or market operations purposes;
 - c) for law enforcement purposes; or
 - d) to a debt collection agency for the processing of past due accounts of the consumer, retailer, wholesaler or generator.
- 15.3 The Licensee may disclose information regarding consumers, retailers, wholesalers or generators where the information has been sufficiently aggregated such that their particular information cannot reasonably be identified.
- 15.4 The Licensee shall inform consumers, retailers, wholesalers and generators of the conditions under which their information may be released to a third party without their consent.

- 15.5 If the Licensee discloses information under this section, the Licensee shall ensure that the information provided will not be used for any other purpose except the purpose for which it was disclosed.

16 Customer Complaint and Dispute Resolution

- 16.1 The Licensee shall:

- a) have a process for resolving disputes with customers that deals with disputes in a fair, reasonable and timely manner;
- b) publish information which will make its customers aware of and help them to use its dispute resolution process;
- c) make a copy of the dispute resolution process available for inspection by members of the public at each of the Licensee's premises during normal business hours; and
- d) give or send free of charge a copy of the process to any person who reasonably requests it.

17 Term of Licence

- 17.1 This Licence shall take effect on November 2, 2023 and expire on November 1, 2043. The term of this Licence may be extended by the Ontario Energy Board.

18 Fees and Assessments

- 18.1 The Licensee shall pay all fees charged and amounts assessed by the Ontario Energy Board.

19 Communication

- 19.1 The Licensee shall designate a person that will act as a primary contact with the Ontario Energy Board on matters related to this Licence. The Licensee shall notify the Ontario Energy Board promptly should the contact details change.
- 19.2 All official communication relating to this Licence shall be in writing.
- 19.3 All written communication is to be regarded as having been given by the sender and received by the addressee:
- a) when delivered in person to the addressee by hand, by registered mail or by courier;
 - b) ten (10) business days after the date of posting if the communication is sent by regular mail; and
 - c) when received by facsimile transmission by the addressee, according to the sender's transmission report.

20 Copies of the Licence

20.1 The Licensee shall:

- a) make a copy of this Licence available for inspection by members of the public at its head office and regional offices during normal business hours; and
- b) provide a copy of this Licence to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

21 Pole Attachments

21.1 The Licensee shall provide access to its distribution poles to all Canadian carriers, as defined by the Telecommunications Act, and to all cable companies that operate in the Province of Ontario. For each attachment, with the exception of wireless attachments, the Licensee shall charge the rate approved by the Ontario Energy Board and included in the Licensee's tariff.

21.2 The Licensee shall:

- a) annually report the net revenue, and the calculations used to determine that net revenue, earned from allowing wireless attachments to its poles. Net revenues will be accumulated in a deferral account approved by the Ontario Energy Board;
- b) credit that net revenue against its revenue requirement subject to Ontario Energy Board approval in rate proceedings; and
- c) provide access for wireless attachments to its poles on commercial terms normally found in a competitive market.

SCHEDULE 1 DEFINITION OF DISTRIBUTION SERVICE AREA

This Schedule specifies the area in which the Licensee is authorized to distribute and sell electricity in accordance with paragraph 8.1 of this Licence.

1. The Town of Fort Erie as of December 31, 1990 as per *Regional Municipality of Niagara Act*, R.S.O. 1990,
 - Including the customers located at the following physical addresses:
 - i. 14761 Sodom Road, Niagara Falls
 - ii. 14785 Schauble Road, Welland
 - iii. 7378 Durliat Road, Welland
 - iv. 6625 Willow Road, Port Robinson
 - v. 6541 Willow Road, Port Robinson
 - vi. 6409 Willow Road, Port Robinson
 - vii. 6113 Willow Road, Port Robinson
 - viii. 5981 Willow Road, Port Robinson
 - ix. 3400 Newgate Road, Port Robinson
 - Excluding the customers located at the following physical addresses:
 - i. 3288 Montrose Road, Stevensville
 - ii. 3362 Montrose Road, Stevensville
 - iii. 3392 Montrose Road, Stevensville
2. The customer located at 7780 Stanley Avenue, Niagara Falls.
3. The Town of Gananoque as of the date of this Licence, except for three customers located at 795 King Street East, 797 King Street East and 799 King Street East.
4. The customers located in the Township of Leeds and the Thousand Islands, formerly in the Townships of the Front of Leeds and Lansdowne:
 - Concession 1 Broken Front lots 1-8 the portions of Concession 1 lots 9-11, the south of Hwy 401; the portion of Concession 1 Lot A south of County Rd. 2; and the islands of Pike Island, Sister Island, Cherry Island, Orniston Island (formerly known as Cunningham Island) and Red Horse Island.
5. The customers located in the Township of Frontenac Islands, formerly in the Township of Howe Islands:
 - Fuller Road: Lot 21, Concession NR.
6. The customers located at the following lots and concessions or with the following civic numbers and future customers that lie along the Licensee's distribution system in the City of Kingston, formerly the Township of Pittsburgh:
 - Concession 2 lots 7 – 18 excluding existing customers that front on Joyceville Road and future customers that lie along that Hydro One Networks Inc. (HONI) distribution system, but

including CNPI customers with civic numbers 1680,1682 and 1776 Joyceville Road, and including lots 25 to 38 excluding one HONI navigation light service in lot 27.

- Concession 3 lots 2 to 38, south of Hwy 401 including the existing customers on John F Scott Rd and future customers that lie along that CNPI distribution system, excluding existing customers that front on Joyceville Road and future customers that lie along that HONI distribution system and excluding one customer lot 18 with address Highway 401 at Exit 632 and excluding lot 38 customers with civic numbers 2101,2931,2131 and 2173 Deer Ridge Road and excluding future customers that lie along that HONI distribution system.
 - Concession 7 one station service Washburn Generating Station.
 - Concession 8 one house with civic address 3012 Brewer's Mill Road and one station service Brewers Mills Generating Station.
 - Concession 9 one station service at Jones Falls Generating Station.
 - Kingston Mills Road: 563, 537, 531, 513, 509, 501,503, 500, 497, 493, 492, 490, 480,484, 473, 474, 464, 462, 460, 456, 452, 448, 445, 444, 440, 436, 432, 429, and 431.
 - Old Kingston Mills Road: 946 and 950.
 - County Road #15: 1967, 1986 and 1993.
 - Abbey Dawn Road: 1707,1671,1660,1655,1635,1619,1597,1570,1560 and 1569.
 - County Road #2: 3206, 3211, 3122 and 3275.
7. The customers located at the following civic numbers and future customers that lie along the Licensee's distribution system in the City of Kingston, formerly in the Township of Kingston:
- Italia Lane: 1174, 1110 and 1104.
 - Montreal Street: 401 Parking lot, 1648, 1620, 1684, 1670,1658 and 1702.
 - Thompson Crescent: 965, 949, 943, 937, 931, 927, 924, 921, 916, 905, 906, 903 and 893.
 - Kingston Mills Road: 892, 885, 876, 875, 799, 793, 787, 781, 775, 773, 765, 759, 753, 749, 743, 737, 733, 727, 723, 719, 715, 711,710 709, 707, 703, 697, 693, 689, 685, 681, 675, 669, 661 and 636.
 - Daylan Avenue: 1622,1628, 1633, 1632, 1672, 1668, 1646, 1650, 1654, 1656, 1655, 1658, 1660,1682, 1692, and 1686.
 - John F Scott Road: 991,1015,1021,1050, and the sign under the bridge by Hwy 401.

- Battersea Road: 1616, 1618, 1624, 1642, 1658, 1670, 1684, and 1702.
 - Station Road: 1699.
8. The Town of Port Colborne as of December 31, 1990 as per Regional Municipality of Niagara Act, R.S.O. 1990.
- Excluding the customers located at the following civic numbers and locations:
 - i. 3334 Nugent Road, Port Colborne
 - ii. 3386 Nugent Road, Port Colborne
 - iii. 3512 Nugent Road, Port Colborne
 - iv. 3562 Nugent Road, Port Colborne
 - v. 3770 West Side Road, Port Colborne
 - vi. Nugent Road at West Side Road (Streetlight), Port Colborne
 - vii. 3397 Townline Road, Port Colborne
 - viii. 3429 Townline Road, Port Colborne
9. The customers located at the following civic numbers in the Township of Wainfleet:
- 20116 Port Colborne Wainfleet Road S.
 - 20122 Port Colborne Wainfleet Road S.
 - 20136 Port Colborne Wainfleet Road S.
 - 20146 Port Colborne Wainfleet Road S.
 - 20154 Port Colborne Wainfleet Road S.

SCHEDULE 2 PROVISION OF STANDARD SUPPLY SERVICE

This Schedule specifies the manner in which the Licensee is authorized to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act.

The Licensee is authorized to retail electricity directly to consumers within its service area in accordance with paragraph 8.1 of this Licence, any applicable exemptions to this Licence, and at the rates set by the Ontario Energy Board.

SCHEDULE 3 LIST OF CODE EXEMPTIONS

This Schedule specifies any specific Code requirements from which the Licensee has been exempted.

1. The Licensee is exempt from the requirements of the following sections of the Affiliate Relationships Code for Electricity Distributors and Transmitters under the conditions specified in section 2 of this Schedule:

Section 2.2.2

Where a utility shares information services with an affiliate, all confidential information must be protected from access by the affiliate. Access to a utility's information services shall include appropriate computer data management and data access protocols as well as contractual provisions regarding the breach of any access protocols. A utility shall, if required to do so by the Board, conduct a review of the adequacy, implementation or operating effectiveness of the access protocols and associated contractual provisions which complies with the provision of section 5970 of the CICA Handbook. A utility shall also conduct such a review when the utility considers that there may have been a breach of the access protocols or associated contractual provisions and that such review is required to identify any corrective action that may be required to address the matter. The utility shall comply with such directions as may be given by the Board in relations to the terms of section 5970 review. The results of any such review shall be made available to the Board.

Section 2.2.3

A utility shall not share with an affiliate that is an energy service provider employees that are directly involved in collecting, or have access to, confidential information.

2. The Exemptions from the requirements of the Affiliate Relationship Code for Electricity Distributors and Transmitters referred to section 1 of this Schedule (the "Exemptions") are subject to the following conditions:
 - a) The exemptions only apply in respect of the relationship between the Licensee and the following affiliates and not with respect to any other affiliates of the Licensee:
 - FortisOntario Inc.;
 - Cornwall Street Railway Light and Power Company Limited; and
 - Algoma Power Inc.
 - b) The Licensee shall not share facilities, confidential information or employees with any affiliate identified in paragraph a) for any purpose other than the provision of services to, or the receipt of services from, the affiliate under the Services Agreements dated September 15, 2010 (the "Services Agreements") as filed with the Board as part of the materials filed in support of the application for the Exemptions, as such Services Agreements may be amended from time to time.

- c) The activities of the Licensee relative to the affiliates identified in paragraph a) shall be governed by, and the Licensee shall be bound by and comply with, the Services Agreements, as amended from time to time.
 - d) The Licensee shall notify the Board of any material change relative to the materials filed in support of the application for the Exemptions as soon as possible upon becoming aware of such change and in no event later than fifteen days following the date on which the change occurs. Without limiting the generality of the foregoing, this obligation includes notifying the Board in the event of a change in the market activities of FortisOntario Inc.
 - e) The Board may, on its own initiative or upon receipt of notice from the Licensee under paragraph d), by order revoke one or more of the Exemptions, vary one or more of the conditions set out above or impose additional conditions upon becoming aware of any material change relative to the materials filed in support of the application for Exemptions, or for such other reason as the Board considers appropriate.
3. The Licensee is exempt from section 3.2 of the Retail Settlement Code when purchasing electricity from National Grid through the New York Independent System Operator-administered grid, during periods when its regular connection to the IESO-controlled grid is unavailable due to planned or unplanned outages.
4. The Licensee is exempt from section 2.2.2 of the Standard Supply Service Code when purchasing electricity from National Grid through the New York Independent System Operator-administered grid, during periods when its regular connection to the IESO-controlled grid is unavailable due to planned or unplanned outages.

APPENDIX A MARKET POWER MITIGATION REBATES

1 Definitions and Interpretations

In this Licence

“embedded distributor” means a distributor who is not a market participant and to whom a host distributor distributes electricity;

“embedded generator” means a generator who is not a market participant and whose generation facility is connected to a distribution system of a distributor, but does not include a generator who consumes more electricity than it generates;

“host distributor” means a distributor who is a market participant and who distributes electricity to another distributor who is not a market participant.

In this Licence, a reference to the payment of a rebate amount by the IESO includes interim payments made by the IESO.

2 Information Given to IESO

- a Prior to the payment of a rebate amount by the IESO to a distributor, the distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with information in respect of the volumes of electricity withdrawn by the distributor from the IESO-controlled grid during the rebate period and distributed by the distributor in the distributor’s service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- b Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the embedded distributor shall provide the host distributor, in the form specified by the IESO and before the expiry of the period specified in the Retail Settlement Code, with the volumes of electricity distributed during the rebate period by the embedded distributor’s host distributor to the embedded distributor net of any electricity distributed to the embedded distributor which is attributable to embedded generation and distributed by the embedded distributor in the embedded distributor’s service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- c Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity

consumed in the service area of an embedded distributor, the host distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with the information provided to the host distributor by the embedded distributor in accordance with section 2.

The IESO may issue instructions or directions providing for any information to be given under this section. The IESO shall rely on the information provided to it by distributors and there shall be no opportunity to correct any such information or provide any additional information and all amounts paid shall be final and binding and not subject to any adjustment.

For the purposes of attributing electricity distributed to an embedded distributor to embedded generation, the volume of electricity distributed by a host distributor to an embedded distributor shall be deemed to consist of electricity withdrawn from the IESO-controlled grid or supplied to the host distributor by an embedded generator in the same proportion as the total volume of electricity withdrawn from the IESO-controlled grid by the distributor in the rebate period bears to the total volume of electricity supplied to the distributor by embedded generators during the rebate period.

3. Pass Through of Rebate

A distributor shall promptly pass through, with the next regular bill or settlement statement after the rebate amount is received, any rebate received from the IESO, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt, to:

- a retailers who serve one or more consumers in the distributor's service area where a service transaction request as defined in the Retail Settlement Code has been implemented;
- b consumers who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998* and who are not served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
- c embedded distributors to whom the distributor distributes electricity.

The amounts paid out to the recipients listed above shall be based on energy consumed and calculated in accordance with the rules set out in the Retail Settlement Code. These payments may be made by way of set off at the option of the distributor.

If requested in writing by OPGI, the distributor shall ensure that all rebates are identified as coming from OPGI in the following form on or with each applicable bill or settlement statement:

“ONTARIO POWER GENERATION INC. rebate”

Any rebate amount which cannot be distributed as provided above or which is returned by a retailer to the distributor in accordance with its licence shall be promptly returned to the host distributor or IESO as applicable, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt.

Nothing shall preclude an agreement whereby a consumer assigns the benefit of a rebate payment to a retailer or another party.

Pending pass-through or return to the IESO of any rebate received, the distributor shall hold the funds received in trust for the beneficiaries thereof in a segregated account.

ONTARIO POWER GENERATION INC. REBATES

For the payments that relate to the period from May 1, 2006 to April 30, 2009, the rules set out below shall apply.

1. Definitions and Interpretations

In this Licence

“embedded distributor” means a distributor who is not a market participant and to whom a host distributor distributes electricity;

“embedded generator” means a generator who is not a market participant and whose generation facility is connected to a distribution system of a distributor, but does not include a generator who consumes more electricity than it generates;

“host distributor” means a distributor who is a market participant and who distributes electricity to another distributor who is not a market participant.

In this Licence, a reference to the payment of a rebate amount by the IESO includes interim payments made by the IESO.

2. Information Given to IESO

- a Prior to the payment of a rebate amount by the IESO to a distributor, the distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with information in respect of the volumes of electricity withdrawn by the distributor from the IESO-controlled grid during the rebate period and distributed by the distributor in the distributor’s service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented and the consumer is not receiving the prices established under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.

- b Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the embedded distributor shall provide the host distributor, in the form specified by the IESO and before the expiry of the period specified in the Retail Settlement Code, with the volumes of electricity distributed during the rebate period by the embedded distributor's host distributor to the embedded distributor net of any electricity distributed to the embedded distributor which is attributable to embedded generation and distributed by the embedded distributor in the embedded distributor's service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- c Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the host distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with the information provided to the host distributor by the embedded distributor in accordance with section 2.

The IESO may issue instructions or directions providing for any information to be given under this section. The IESO shall rely on the information provided to it by distributors and there shall be no opportunity to correct any such information or provide any additional information and all amounts paid shall be final and binding and not subject to any adjustment.

For the purposes of attributing electricity distributed to an embedded distributor to embedded generation, the volume of electricity distributed by a host distributor to an embedded distributor shall be deemed to consist of electricity withdrawn from the IESO-controlled grid or supplied to the host distributor by an embedded generator in the same proportion as the total volume of electricity withdrawn from the IESO-controlled grid by the distributor in the rebate period bears to the total volume of electricity supplied to the distributor by embedded generators during the rebate period.

3. Pass Through of Rebate

A distributor shall promptly pass through, with the next regular bill or settlement statement after the rebate amount is received, any rebate received from the IESO, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt, to:

- a retailers who serve one or more consumers in the distributor's service area where a service transaction request as defined in the Retail Settlement Code has been implemented and the consumer is not receiving the prices established under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*;
- b consumers who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998* and who are not served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and

c embedded distributors to whom the distributor distributes electricity.

The amounts paid out to the recipients listed above shall be based on energy consumed and calculated in accordance with the rules set out in the Retail Settlement Code. These payments may be made by way of set off at the option of the distributor.

If requested in writing by OPGI, the distributor shall ensure that all rebates are identified as coming from OPGI in the following form on or with each applicable bill or settlement statement:

“ONTARIO POWER GENERATION INC. rebate”

Any rebate amount which cannot be distributed as provided above or which is returned by a retailer to the distributor in accordance with its licence shall be promptly returned to the host distributor or IESO as applicable, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt.

Nothing shall preclude an agreement whereby a consumer assigns the benefit of a rebate payment to a retailer or another party.

Pending pass-through or return to the IESO of any rebate received, the distributor shall hold the funds received in trust for the beneficiaries thereof in a segregated account.