

**Stakeholder Consultation on the Review of the OEB's Filing Requirements for Electricity
Transmission Applications - Chapter 1 and Chapter 2**

AMPCO Comments July 17, 2025

Introduction

The Ontario Energy Board (OEB) is seeking stakeholder input on a proposed update to Chapter 1 and Chapter 2 of the OEB's Filing Requirements for Electricity Transmission Applications. Chapter 1 outlines generic procedural matters and the OEB's expectations for parties participating in transmission rate-setting and leave to construct processes. Chapter 2 details the filing requirements for a revenue requirement application. The updated Filing Requirements are proposed to apply to transmission rebasing applications for 2027 rates. The OEB intends to review these Filing Requirements every five years.

The objectives of the review are to:

- Account for the passage of time. The current version of the Filing Requirements was issued in 2016.
- Reflect insights from past proceedings and sector development: Ontario has seen growth in the number of single-asset transmitters.
- Include any further regulatory process efficiencies that have and can be achieved.

Chapter 1

AMPCO has no comments on Chapter 1.

Chapter 2

AMPCO is generally supportive of the OEB's proposed updates. AMPCO supports the proposed addition of a unique revenue-setting framework for electricity transmitters with who do not incur material capital expenditures once the transmission line is in-service.

OEB staff propose relevant changes in Chapter 2 with respect to six items and is seeking feedback on the first three items.¹

Below are AMPCO's comments on the three items.

¹ June 25, 2025 Meeting OEB Staff Presentation Slide 15

AMPCO's Comments

Item 1: Custom IR revenue requirement setting framework for single asset transmitters, and a longer rate term

The update to Chapter 2 clarifies the revenue requirement framework for Custom IR applications for single-asset transmitters with a combination of cost forecasting and mechanical adjustments. Eligibility reflects transmitters with a declining rate base.

Section 2.0.3 Custom IR for Transmitters with Minimal Capital Expenditures

AMPCO strongly supports the proposed Custom IR option for transmitters that do not expect to incur material capital expenditures over the rate term. The Custom IR approach reflects many positive aspects of recent settlement agreements in 2024 for three single-asset transmitter applications: Chatham x Lakeshore Limited Partnership (CLLP)², B2M Limited Partnership³ and Niagara Reinforcement Limited Partnership⁴. Each Transmitter had originally applied to set its revenue requirement using a forecast of Operations, Maintenance and Administration (OM&A) costs and capital (including tax) expenditures for each of the five-year period 2025-2029. Through settlement the proposed methodology was modified to incorporate a stretch factor on OM&A to encourage continuous improvement. AMPCO supports the OEB's proposed stretch factor component on OM&A.

Section 2.0.3.2 Handbook Principles Considered

The updated Filing Requirement propose that transmitters should propose the following financial incentives for continuous improvement and cost control targets.

- Productivity stretch factor to be proposed
- Performance monitoring and reporting to be proposed for the rate term
- Excess earnings threshold and sharing to be proposed

AMPCO strongly supports all three incentives. The stretch factor will encourage continuous improvement. The ESM and performance metrics are important customer protection mechanisms.

² EB-2024-0216

³ EB-2024-0116

⁴ EB-2024-0117

2.0.3.3 Revenue Requirement Formation

OEB Staff proposes that the OM&A be set based on a cost forecast for the rebasing year and then for the remaining rate term annual adjustments be made to OM&A expenses through an inflation factor offset by a productivity stretch factor to be proposed by the applicant. For the reasons below, AMPCO does not agree OM&A should be subject to annual inflationary updates.

Hydro One observes that annual OM&A has varied materially for partnerships (i.e., cyclical vegetation management).⁵ For example, B2M LP stated in its application that it expects an increase in forestry expense during certain test years with greater work volumes.⁶ In addition, B2M LP experienced increased maintenance expenses in certain years caused by the spacer damper repair program.⁷ Hydro One suggested there be flexibility to propose a custom OM&A recovery approach to meet service requirements including an annual forecast.

To account for a variation in OM&A in certain years due to unique maintenance activities and given the limited inputs to OM&A related to the operation and maintenance of the assets, AMPCO recommends that the Filing Guidelines require single-asset transmitters to forecast annual OM&A for the entire rate term.⁸ This approach provides transparency of costs and helps advance regulatory efficiency by eliminating the need for annual updates.

2.0.3.4 Rate Term

Transmitters may propose an extended rate term of up to 10 years in the application and should justify why an extended rate term is appropriate. AMPCO supports the extended rate term provided a number of protections for ratepayers are in place including an Earnings Sharing Mechanism (ESM), an off-ramp mechanism and performance metrics.

2.0.3.5 Earnings Sharing Mechanism (ESM)

The proposed Filing Requirements state “To enable the OEB to monitor the utility’s earnings over the rate term, a performance scorecard could report the realized return on equity (ROE) annually or a variance account could be proposed to track the cumulative ESM balance over the plan term.”

In AMPCO’s view, it should be a requirement that the performance scorecard for single-asset transmitters report the realized ROE. AMPCO suggests that could be revised to should.

⁵ June 25, 2025 Meeting Hydro One Presentation Slide 6

⁶ EB-2024-0116 Ex. A-3-2-1 p. 8

⁷ EB-2024-0116 F-2-1 p. 4

⁸ offset by productivity stretch factor

Other Comments

2.0.2 Revenue Requirement-Setting for Transmitters

The Handbook's description of Custom IR states that under this methodology, rates are set for five years.⁹ The table on page 7 shows an edit to the rate term for Custom IR from "5 years" to "5 to 10 years". It was AMPCO's understanding that the extended 10-year rate term applied to single-transmitter applications described under 2.0.3.4. If this edit was made in error, it should be removed.

Item 2: Review of materiality thresholds for provision of evidence OEB staff is proposing updating the materiality thresholds to address inflationary changes since 2016.

OEB staff is proposing updating the materiality thresholds to address inflationary changes since 2016. The transmitter-specific thresholds are as follows:

- **\$65,000** for a transmitter with a transmission revenue requirement less than or equal to \$10 million (increase from \$50,000)
- **0.65%** of transmission revenue requirement for a transmitter with a transmission revenue requirement greater than \$10 million and less than or equal to \$200 million (increase from 0.50%)
- **\$4 million** for a transmitter with a transmission revenue requirement of more than \$200 million (increase from \$3 Million)

AMPCO takes no issue with the proposed increase in materiality thresholds to address inflationary changes. At the Stakeholder Meeting on June 25, 2025, a participant suggested the revenue requirement amounts in the above thresholds could be increased to reflect the same inflationary impacts. The OEB may wish to implement this suggestion.

Item 3: Application filing deadline to coordinate annual UTRs update

To improve efficiency for transmission rate-setting (via the Uniform Transmission Rates), OEB staff is proposing a more coordinated application filing schedule.

- For rebasing/cost of service applications of an existing transmitter, the OEB asks that the application be filed by the last business day of April, for Jan 1 following year rate implementation.

⁹ Handbook for Utility Rate Applications, October 13, 2016, p. 24

- For annual update applications of an existing transmitter, the OEB asks that the application be filed by the last business day of May, for Jan 1 following year rate implementation

AMPCO supports OEB Staff's proposals with respect to filing deadlines.