

July 18, 2025  
Ritchie Murray  
Acting Registrar  
Ontario Energy Board  
2300 Yonge Street  
P.O. Box 2319  
Toronto, Ontario  
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Dear Mr. Murray:

**EB-2025-0149 –Stakeholder Consultation on the Review of the OEB’s Filing Requirements for Electricity Transmission Applications – Chapter 1 and 2 - Submissions of the Consumers Council of Canada**

Please find, attached, the Submissions of the Consumers Council of Canada pursuant to the above-referenced consultation process. We apologize for the delay.

Please feel free to contact me if you have questions.

Yours truly,

**Julie E. Girvan**

Julie E. Girvan

**CONSULTATION ON THE REVIEW OF THE OEB'S FILING REQUIREMENTS FOR ELECTRICITY TRANSMISSION APPLICATIONS**

**INTRODUCTION:**

On June 5, 2025, the Ontario Energy Board (OEB) initiated a stakeholder consultation on the Review of the OEB's Filing Requirements for Electricity Transmission Applications – Chapters 1 and 2. Chapter 1 outlines generic procedural matters and the OEB's expectations for parties participating in transmission rate-setting and leave to construct proceedings. Chapter 2 details the filing requirements for a revenue requirement application.

As set out by the OEB a key focus of the update is to provide guidance on the revenue requirement framework for the growing number of single asset transmitters now operating in Ontario. The intent is to clarify the expectations for Custom Incentive Rate-setting (Custom IR) applications.<sup>1</sup>

The OEB held a stakeholder engagement session on June 25, 2025 where OEB Staff presented an overview of the draft proposed Filing Requirements. The OEB has also made provisions for written comments. These are the submissions of the Consumers Council of Canada (CCC).

**SUBMISSIONS:**

CCC is generally supportive of the changes proposed by OEB Staff. CCC has no comments regarding the proposed changes to Chapter 1.

With respect to Chapter 2 OEB staff have proposed changes regarding six items and is seeking feedback on the first three. The last three are largely administrative:

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

Section 2.0.3 indicates that since the Handbook was released in 2016 there has been significant growth in the number of transmitters who operate a single-line transmission asset. These transmitters usually do not incur material capital expenditures once the transmission line has been constructed and is in service. CCC agrees that the revenue requirement-setting framework for these transmitters requires unique consideration and that the Revenue Cap IR option is inappropriate. For a transmitter with a declining rate base inflating the entire revenue requirement is not necessary.

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<sup>1</sup> June 5, 2025, letter establishing the Stakeholder Consultation/EB-2025-0149

CCC notes that a unique approach for those transmitters was adopted in three proceedings in the Fall of 2024. The proposals were the result of negotiated settlements between the transmitters and intervenors and were ultimately approved by the OEB.<sup>2</sup>

Section 2.0.3.1 proposes that transmitters anticipating annual capital expenditures below 2%, referred to as “single-asset transmitters” are eligible for the specific version of Custom IR set out in the Handbook (Sections 2.0.3.2-2.0.3.6). CCC agrees with this threshold.

Section 2.0.3.2 sets out a number of financial incentives for continuous cost control and targets:

- Productivity stretch factor to be proposed;
- Performance monitoring and reporting to be proposed for the rate term; and
- Excess earnings threshold and sharing to be proposed (Earnings Sharing mechanism).

CCC agrees that these elements should be requirements for the single-asset transmitters. They represent important ratepayer protection elements that should be required in the rate-setting framework.

Section 2.0.3.3 defines the three main revenue requirement components making up the transmission revenue requirement, for the rebasing year and throughout the rate term:

- Return on capital – costs forecast with no annual inflation over the rate term
- Depreciation – costs forecast with no annual inflation over the rate term
- OM&A expenses – costs forecast with annual inflation adjustments through an inflation factor, offset by a productivity stretch factor.

CCC agrees with the first two components. The capital should not be inflated for these transmitters. CCC is not necessarily opposed to OM&A expenses being forecast in year one with adjustments to account for annual inflation and a productivity stretch factor in subsequent years. However, given some of these transmitters may have unique needs regarding OM&A costs it may be more appropriate to forecast OM&A for the rate term period.

Section 2.0.3.4 sets out a minimum rate term of 5 years, but would allow transmitters to propose a term of up to 10 years. CCC is of the view that 5 years is appropriate, but there may be cases where a 10-year rate term would be allowed. Each transmitter proposing a 10-year term should be required to provide detailed evidence to justify a longer term. In addition, an Earnings Sharing Mechanism (ESM) along with performance monitoring and reporting would be required (which are proposed in Section 2.0.3.1).

2.0.3.5 states that if a utility proposes an ESM, it should be based on overall earnings at the end of the term, not an assessment of earnings in each year of the term. It also proposes that to

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<sup>2</sup> Chatham x Lakeshore Limited Partnership/EB-2024-0216, B2M Limited Partnership/EB2024-0116 and Niagara Reinforcement Limited Partnership/EB-2024-0117

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.

CCC proposes that an ESM should be required for all single-asset transmitters. A standard ESM with overearnings shared with ratepayers on a 50:50 basis should be established. There should also be a requirement to report on the realized returns annually and the establishment of a variance account to track the cumulative balance over the potentially 10-year rate plan. An annual 300 basis point deadband (as proposed in the Handbook) is not sufficient to protect the interests of ratepayers. If, for example, a transmitter consistently earns 250 basis points above the allowed return for 10 years, this would be unfair to customers. There should be a process that allows for excessive returns to be monitored and rates potentially adjusted to mitigate unfair impacts on ratepayers. This should be set out in the Handbook.

2.0.3.6 sets out Performance Reporting. CCC supports the requirement set out for Applicants to propose a performance scorecard and to report on it annually.

### **Item 2 – Review of materiality thresholds for provision of evidence**

In Section 2.1.5 OEB Staff is proposing updating the materiality thresholds to address inflationary changes since 2016. The thresholds proposed are as follows:

- \$65,000 for a transmitter with a revenue requirement less than or equal to \$10 million.
- .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
- \$4 million for a transmitter with a transmission revenue requirement of more than \$220 million.

CCC is supportive of these changes.

### **Item 3 – Application filing deadline to coordinate annual UTR updates**

In order to improve efficiency for transmission rate-setting (via 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 January 1 following rate year implementation;
- For annual update applications of an existing transmitter, the OEB asks that the application be filed by the last business day of May for January 1 following year rate implementation.

CCC is supportive of these changes.