



BY EMAIL and WEB POSTING

October 9, 2025

To: All Rate-regulated Electricity Distributors and Transmitters
Independent Electricity System Operator (IESO)
All Intervenors in 2026 Electricity Distribution and Transmission Rate Applications

Re: **2026 Preliminary Uniform Transmission Rates and Hydro One Sub-Transmission Rates - OEB File Number: EB-2025-0232**

What You Need to Know

- **The OEB has released preliminary 2026 Uniform Transmission Rates to support electricity distributors in preparing rate applications effective January 1, 2026.**
- **These preliminary rates allow distributors to include the most current transmission costs in their customer billing, helping reduce balances in their retail transmission variance accounts.**
- **These rates are based on the most recent approved revenue requirements for each transmitter, with some using 2025 data due to ongoing applications.**

This letter provides the calculations for 2026 preliminary Uniform Transmission Rates (UTRs) and facilitates their implementation in applicable 2026 electricity distributor rate applications for distributors with an effective date of January 1, 2026.

The OEB began issuing preliminary UTRs in 2023¹ to improve regulatory efficiency, allowing for this data to incorporate into distribution rate applications, including annual updates for electricity distributors, on a timelier basis. The earlier availability of these transmission rates allows electricity distributors to capture the most up to date costs in the Retail Transmission Service Rates (RTSRs) billed to their customers. The RTSRs will be determined as part of their rate

¹ [EB-2023-0222](#)

applications including annual rate adjustment applications. This approach decreases amounts accumulated in the retail transmission variance accounts.

Distributors with an effective date of January 1, 2026, should update their 2026 rate applications to reflect these preliminary UTRs.

The calculation of the 2026 preliminary UTRs uses the most recent OEB-approved revenue requirement for individual electricity transmitters. Specifically:

- For Hydro One Networks Inc. (Hydro One), B2M Limited Partnership (B2M LP), Niagara Reinforcement Limited Partnership (NRLP), Hydro One Sault Ste. Marie LP (HOSSM), and Upper Canada Transmission 2, Inc. (UCT 2), the recently OEB-approved individual 2026 transmission revenue requirements were used.²
- Canadian Niagara Power Inc. (CNPI) confirmed they are not requesting changes in 2026 to their previously OEB-approved revenue requirements.³
- For Five Nations Energy Inc. (FNEI) and Chatham x Lakeshore Limited Partnership (CLLP), the OEB-approved 2025 revenue requirements were used since these transmitters have ongoing active applications for proposed 2026 transmission revenue requirements.⁴
- Wataynikanepap Power LP (WPLP) has an ongoing active application for its proposed 2026 transmission revenue requirement.⁵ The OEB-approved 2025 revenue requirement was used, subtracted by the deferral and variance account balances approved for disposition which will expire at the end of 2025.⁶

The OEB has calculated 2026 preliminary UTRs effective January 1, 2026, as follows:

- \$6.42/kW/Month Network Service Rate (a \$0.05/kW increase)
- \$1.02/kW/Month Line Connection Service Rate (a \$0.02/kW increase)
- \$3.47/kW/Month Transformation Connection Service Rate (a \$0.08/kW increase).

On August 28, 2025, Hydro One filed its 2026 Distribution Custom IR update application⁷ with proposed new Sub-Transmission (ST) rates. Distributors with January 1, 2026, rates affected by Hydro One's ST RTSRs should update their 2026 rate applications with the proposed RTSRs.

² Hydro One EB-2025-0159 Decision Issued October 7, 2025, B2M LP EB-2025-0147 Decision Issued October 2, 2025, NRLP EB-2025-0148 Decision Issued October 2, 2025, HOSSM EB-2025-0158 Decision Issued September 18, 2025, and UCT 2 EB-2025-0243 Decision Issued September 23, 2025.

³ CNPI Letter EB-2025-0232 dated July 28th, 2025.

⁴ FNEI EB-2025-0129 filed July 9, 2025, CLLP EB-2025-0157 filed August 21, 2025.

⁵ WPLP EB-2025-0192 filed July 28, 2025.

⁶ WPLP EB-2024-0176, Decision and Order, December 10, 2024.

⁷ EB-2025-0030, Hydro One's 2026 Custom IR Annual Update Application.

Tables showing the derivation of the 2026 preliminary UTRs according to the approved methodologies, as well as Hydro One's currently proposed ST RTSRs for 2026,⁸ are provided in the attached Appendices.

If the OEB issues decisions approving the 2026 revenue requirements for FNEI, CLLP and WPLP by the end of 2025, the OEB anticipates issuing a final 2026 UTR decision in December 2025 or January 2026 that the IESO will use for settlement purposes effective January 1, 2026. If the OEB does not issue all these decisions by the end of 2025, the OEB anticipates issuing a 2026 UTR decision reflecting any available final transmitter revenue requirement decisions that the IESO will use for settlement purposes effective January 1, 2026. A subsequent 2026 UTR decision may follow later in 2026 reflecting all final transmitter revenue requirement decisions.

In the event the OEB approves final ST rates for Hydro One Distribution in advance of other electricity distributor rate decisions, and if the final rates differ from the rates proposed by Hydro One, OEB staff will inform distributors who may then update their 2026 rate applications accordingly if time permits. Affected distributors should note that with the issuance of this preliminary 2026 UTR letter, Hydro One Distribution intends to update its proposed 2026 ST RTSRs to reflect the preliminary 2026 UTRs.

For both the preliminary UTRs and proposed Hydro One ST RTSRs, distributors will continue to capture any differences from actuals in the retail transmission variance accounts.

Any questions relating to this letter should be directed to Yaroslav Paliy at Yaroslav.Paliy@oeb.ca or at 437-880-4365. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Ritchie Murray
Acting Registrar

Attachment: Appendix A – 2026 Preliminary Uniform Transmission Rates and Revenue Disbursement Allocators
Appendix B – 2026 Hydro One Proposed Sub Transmission RTSRs

⁸ Ibid.

2026 Preliminary Uniform Transmission Rates and Revenue Disbursement Allocators

FORECAST JANUARY 1, 2026

Transmitter	Revenue Requirement			
	Network	Line Connection	Transformation Connection	
HONI (effective January 1, 2026)	\$1,290,039,076	\$ 225,996,046	\$ 644,952,057	\$ 2,160,987,179
B2M LP (effective January 1, 2026)	\$ 37,853,870	-	-	\$ 37,853,870
NRLP (effective January 1, 2026)	\$ 8,792,932	-	-	\$ 8,792,932
CNPI (effective January 1, 2026)	\$ 2,774,228	\$ 486,004	\$ 1,386,969	\$ 4,647,201
FNEI (effective January 1, 2025)	\$ 4,768,631	\$ 835,395	\$ 2,384,066	\$ 7,988,092
HOSSM (effective January 1, 2026)	\$ 26,511,396	\$ 4,644,410	\$ 13,254,311	\$ 44,410,118
WPLP (effective January 1, 2025)	\$ 34,462,264	-	-	\$ 34,462,264
UCT2 (effective January 1, 2026)	\$ 76,968,578	-	-	\$ 76,968,578
CLLP (effective January 1, 2025)	\$ 18,535,124	-	-	\$ 18,535,124
All Transmitters	\$1,500,706,099	\$ 231,961,855	\$ 661,977,403	\$ 2,394,645,358

Transmitter	Total Annual Charge Determinants (MW)*			
	Network	Line Connection	Transformation Connection	
HONI	229,484.965	222,778.972	189,508.755	
B2M LP	-	-	-	
NRLP	-	-	-	
CNPI	522.894	549.258	549.258	
FNEI	230.410	248.860	73.040	
HOSSM	3,498.236	2,734.624	635.252	
WPLP	193.876	-	-	
UCT2	-	-	-	
CLLP	-	-	-	
All Transmitters	233,930.381	226,311.714	190,766.305	

Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW/Month)	6.42	1.02	3.47	
HONI Allocation Factor	0.85962	0.97428	0.97428	
B2M LP Allocation Factor	0.02522	0.00000	0.00000	
NRLP Allocation Factor	0.00586	0.00000	0.00000	
CNPI Allocation Factor	0.00185	0.00210	0.00210	
FNEI Allocation Factor	0.00318	0.00360	0.00360	
HOSSM Allocation Factor	0.01767	0.02002	0.02002	
WPLP Allocation Factor	0.02296	0.00000	0.00000	
UCT2 Allocation Factor	0.05129	0.00000	0.00000	
CLLP Allocation Factor	0.01235	0.00000	0.00000	
Sum of Allocation Factors	1.00000	1.00000	1.00000	

* The sum of 12 monthly charge determinants for the year.

Note 1: Hydro One Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2025-0159 dated October 7, 2025.

Note 2: B2M LP Revenue Requirement per OEB Decision and Order EB-2025-0147 dated October 2, 2025.

Note 3: NRLP Revenue Requirement per OEB Decision and Order EB-2025-0148 dated October 2, 2025.

Note 4: CNPI Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2015-0354 dated January 14, 2016.

Note 5: FNEI Revenue Requirement and Charge Determinants per OEB Revenue Requirement and Charge Determinant Order EB-2016-0231 dated January 18, 2018.

Note 6: HOSSM Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2025-0158 dated September 18, 2025.

Note 7: WPLP Revenue Requirement subtracted by the deferral and variance account balances approved for disposition which will expire at the end of 2025, and Charge Determinants per OEB Decision and Order EB-2024-0176 dated December 10, 2024.

Note 8: UCT 2 Revenue Requirement per OEB Decision and Order EB-2025-0243, dated September 23, 2025.

Note 9: CLLP Revenue Requirement per OEB Decision and Order EB-2024-0216 dated December 17, 2024.

Note 10: The revenue requirements of CNPI, FNEI, and HOSSM are allocated to the three transmission rate pools on the same basis as is used for Hydro One. The revenue requirements of B2MLP, NRLP, UCT 2, WPLP, and CLLP are allocated entirely to the Network rate pool. The total revenue requirements for each of the three transmission rate pools are then divided by the total charge determinants for each rate pool to establish the UTRs to two decimal places. The IESO uses the revenue collected from the UTRs to settle on a monthly basis with all rate-regulated transmitters using the revenue allocation factors.

Note 11: The allocation factors for each transmitter other than Hydro One are calculated by dividing each transmitter's revenue requirement assigned to each transmission rate pool by the total transmitters' revenue requirement for each rate pool. The allocation factors are rounded to five decimal places for each transmitter. The sum of these individual transmitter allocation factors is then deducted from 1.0 to determine the allocation factor for Hydro One.

2026 Hydro One Proposed Sub Transmission RTSRs*

Retail Transmission Rate – Network Service Rate	\$/kW	5.4282
Retail Transmission Rate – Line Connection Service Rate	\$/kW	0.6896
Retail Transmission Rate – Transformation Connection Service Rate	\$/kW	3.4965

** Hydro One Distribution intends to update its proposed 2026 ST RTSRs to reflect the preliminary 2026 UTRs.*