TECHNICAL CONFERENCE UNDERTAKING RESPONSES TO CONSUMERS COUNCIL OF CANADA

JT1.31

EVIDENCE REFERENCE:

N/A

UNDERTAKING(S):

To provide the analysis behind the economic evaluation on the two projects.

RESPONSE(S):

Hydro Ottawa would like to correct the testimony of Ms. Heuff on Day 1 of the Technical Conference at page 172, lines 2 and 3 of the transcript, by noting that the capital contributions identified in Table 2 of Schedule 2-5-8 - System Service Investments are solely related to the large load customer forecasted to be connected to Greenbank MTS, and do not include the contributed capital related to Cyrville MTS.

At the time of Hydro Ottawa's rate application budget finalization, the Cyrville MTS project was forecasted to go into service in 2032; and only gross capital expenditures associated with the project were included in the rate application submission. These gross costs, included under System Service, Capacity Upgrades, were associated specifically with the substation development required. Since then, Hydro Ottawa had identified the need to advance the energization of the Cyrville station to 2028 in order to serve a large load customer seeking to connect in this area. As a result, a portion of the costs associated with Cyrville MTS, which is a system service enhancement investment as explained in the response to JT1.30, are now forecasted to be apportioned to the large load customer who seeks to connect to this station in 2028. As a result, the capital additions

associated with the Cyrville MTS project are now expected to go in-service in 2028, rather than 2032, in order to serve this large customer. Furthermore, with the updated timeline, a Distribution System Expansion project (under the System Access Investment Category) will be also required to expand the distribution system to facilitate connection at the customer site. The capital expenditures, customer contributions and capital additions related to the Distribution System Expansion were not included in the original budget submission.

Table A provides an updated summary of how the Cyrville MTS project costs are currently forecast for allocation between ratepayers and the large load customer who will be connecting to this station, including a summary of the preliminary economic evaluation - updating both the timing of the station in service date and the customer contribution. For the reasons noted above, this analysis and the resulting cost responsibility of [redacted] toward the station capacity upgrade costs and [redacted] toward the system expansion costs were not included in Table 2 of Schedule 2-5-8 - System Service Investments at page 49 and Table 11 of Schedule 2-5-6 - System Access Investments at page 52. The stated cost responsibilities are subjected to the methodology dictated by Section 3.2 of the DSC, and run through an economic evaluation as per Appendix B of the DSC, resulting in a total customer cash contribution of [redacted].

Table B provides an updated summary of how the Greenbank MTS project costs are currently forecasted for allocation between ratepayers and the large load customer who will be connecting to this station, including a summary of the preliminary economic evaluation. This analysis provides an update to the originally forecasted [redacted] of contributed capital to be paid by the customer toward the station cost identified in Table 2 of Schedule 2-5-8 - System Service Investments on page 49. Through further scope revisions, as required by the customer, the currently forecasted cost responsibility is now [redacted] toward the station and distribution capacity upgrade costs. Furthermore, at the time of budget development, the discrete system expansion project (see Table 11 in Schedule 2-5-6 - System Access Investments, page 52) required to expand the distribution system to connect the customer was missed. As a result, the capital expenditures, customer contributions and capital additions related to the distribution system expansion were not included in the original budget submission. The distribution system expansion costs, including the currently forecasted cost responsibility of [redacted], have been included in Table B. The stated cost responsibilities are

subjected to the methodology dictated by Section 3.2 of the DSC, and run through an economic evaluation as per Appendix B of the DSC, resulting in a total customer contribution of [redacted]. Given that the updates within Table A and B were not contemplated at the time of budget development, these updates are also not included in the responses to undertaking JT1.24 or undertaking JT1.26.

In addition to Tables A and B below, please see Excel Attachments JT1.31(A) - Cyrville MTS Economic Evaluation and JT1.31(B) - Greenbank MTS Economic Evaluation, which have been filed confidentially.[1] When reviewing the attached files, note that the load forecast in Row 23 of the "Data Input" tab is inputted as 50% of the planning load forecast. This 50% figure represents the average annual demand, which Hydro Ottawa uses as a more appropriate approximation for future revenue forecasting because it accounts for seasonality. Hydro Ottawa determined 50% to be the appropriate approximation based on a review of historical connection data.

It is also important to note that large load customers have a more significant impact on the Compound Annual Growth Rate (CAGR) of the planning forecast than the revenue forecast; the planning forecast is based on the summation of each peak load forecast, while the revenue forecast is based on the summation of each average annual demand. For additional information on other factors driving the variance between the load forecast CAGR and the revenue forecast CAGR, please refer to JT 3.28.

In providing the information outlined in Tables A and B below, Hydro Ottawa would like to emphasize that the Offers to Connect for these two customer projects have not yet been signed. As such, the forecasts provided in this table are subject to change based on the customers' load and timing requirements, which are key factors outside of Hydro Ottawa's control. The updates provided within Table A and Table B provide material changes to the capital expenditures within the System Access System Expansion capital program and the System Service Capacity Upgrades capital program, as well as the capital additions associated with these programs. As noted throughout the application record, the uncertainty and complexity associated with managing and responding to an

[1] Please see Letter submitted on October 10, 2025 for details of the Request for Confidentiality relating to these two files.

increasing number of large load requests represents a unique challenge for Hydro Ottawa in the 2026-2030 rate term. To address this challenge, Hydro Ottawa has proposed two mechanisms, a Large Load Revenue Variance account and modification of the existing Capital Variance Accounts. These accounts serve to reconcile actual versus forecast revenues and costs associated with these unique and economically significant projects. For more information about these accounts please refer to Section 3.5.6 of Schedule 1-3-1 - Rate Setting Framework. Furthermore, it should be noted that as the scope has evolved with these projects, so has the scoping and costing associated with the Connection Cost Recovery Agreements (CCRAs). Preliminary conversations with Hydro One indicate a material change to the submitted CCRA costs. Hydro Ottawa has also proposed to maintain the CCRA variance account.

Table A - Cyrville MTS Economic Evaluation ($'000 000s)

	Gross Cost	Customer Portion	Comments
System Service			
Station Capacity Upgrades[2]	[redacted]	[redacted]	Cost sharing is based on the customer's allocated share of the total capacity of the station
Distribution Capacity Upgrades	N/A	N/A	
Capacity Upgrades Subtotal	[redacted]	[redacted]	
System Access			
Distribution System Expansion	[redacted]	[redacted]	Distribution expansion solely for customer
Distribution System Expansion Subtotal	[redacted]	[redacted]	
Totals & Contributions			
Total	[redacted]	[redacted]	Station Capacity Upgrades + Distribution System Expansion
Less Economic Evaluation Offset (Load Realization)		[redacted]	Expansion Deposit
Customer Contribution		[redacted]	Per preliminary economic evaluation

[2] Please note that the Cyrville MTS capacity upgrade costs of $35.3M identified in Schedule 2-5-8 at page 50 was the gross spend out to 2030 assuming a 2032 energization timeline. The [redacted] provided here is assuming a 2028 energization timeline.

Table B - Greenbank MTS Economic Evaluation ($'000 000s)

	Gross Cost	Customer Portion	Comments
System Service			
Station Capacity Upgrades[3]	[redacted]	[redacted]	Cost sharing is based on the customer's allocated share of the total capacity of the station
Distribution Capacity Upgrades	$ 20.0	N/A	Capacity Upgrade for Greenbank MTS, no customer contribution, and no connection to the customer site.
System Service - Capacity Upgrades Subtotal	[redacted]	[redacted]	
System Access			
Distribution System Expansion	[redacted]	[redacted]	Customer was allocated the cost to expand the system by building a new line to serve their load connection. The incremental cost to further expand/enhance the capacity of that line was considered as a system enhancement as it was necessary to address general distribution system needs in this area of the grid.
System Access - Distribution System Expansion Subtotal	[redacted]	[redacted]	
Totals & Contributions			
Total	[redacted]	[redacted]	Station Capacity Upgrades + Distribution System Expansion
Less Economic Evaluation offset		[redacted]	Expansion Deposit
Customer Contribution		[redacted]	Per preliminary economic evaluation

[3] Please note that the Greenbank MTS Station capacity upgrade costs of $38.5M identified in Schedule 2-5-8 at page 50 was shown net of customer contributions, whereas the costs shown here are gross.