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**BY EMAIL**

November 03, 2025

Ritchie Murray  
Acting Registrar  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4  
[Registrar@oeb.ca](mailto:Registrar@oeb.ca)

Dear Ritchie Murray:

**Re: Ontario Energy Board (OEB) Staff Submission  
Enova Power Corporation  
Application for 2026 Electricity Distribution Rates  
OEB File Number: EB-2025-0045**

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Please find attached OEB staff's submission in the above referenced proceeding, pursuant to Procedural Order No. 1.

Yours truly,

Mariana Svistun  
Analyst, Electricity Distribution II, Major Applications

Encl.

cc: All parties in EB-2025-0045



# **ONTARIO ENERGY BOARD**

## **OEB Staff Submission**

**Enova Power Corporation**

**2026 Electricity Distribution Rate Application**

**EB-2025-0045**

**November 03, 2025**

## Introduction

Enova Power Corporation (Enova Power) filed an incentive rate-setting mechanism (IRM) application with the Ontario Energy Board (OEB) on August 14, 2025, under section 78 of the *Ontario Energy Board Act, 1998* seeking approval for changes to its electricity distribution rates to be effective January 1, 2026. In addition, Enova Power is requesting to finalize interim standby rates in the Kitchener-Wilmont Rate Zone.

On June 28, 2022, the OEB granted approval for the former Kitchener-Wilmot Hydro Inc. (KWH) and former Waterloo North Hydro Inc. (WNH) to amalgamate and continue as Enova Power.<sup>1</sup> As part of its decision, the OEB determined that Enova Power would maintain two separate rate zones: Kitchener-Wilmont Rate Zone (KWRZ) and Waterloo North Hydro Rate Zone (WNRZ) for a ten-year deferral period until 2033, at which point Enova Power's rates are expected to be rebased.

## Application Summary

Consistent with Chapter 3 of the Filing Requirements for Electricity Distribution Rate Applications,<sup>2</sup> Enova Power applied the Price Cap Incentive Rate-setting adjustment factor to adjust the monthly service charge and distribution volumetric rate during the incentive rate-setting years. An inflation factor of 3.70% applies to all IRM applications for the 2026 rate year.<sup>3</sup> The stretch factor assigned to Enova Power is 0.30%,<sup>4</sup> resulting in a rate adjustment of 3.40% based on the Price Cap adjustment formula. OEB staff has no concerns with Enova Power's proposed Price Cap adjustment.

Enova Power has also requested an adjustment to its Retail Transmission Service Rates (RTSRs) in both rate zones. The portion of Enova's distribution system that serves the KWRZ is directly connected to the provincial transmission system. The portion of Enova's distribution system that serves the WNRZ is partially embedded within the distribution systems of Hydro One Networks Inc. (Hydro One), the former KWH (now Enova's KWRZ), and GrandBridge Energy Inc (GrandBridge). OEB staff has no issue with Enova Power's requested adjustments to its RTSRs.

Enova Power has updated its 2026 Rate Generator Model to reflect the preliminary Uniform Transmission Rate (UTRs) and proposed Hydro One Sub-Transmission Rates, as communicated by the OEB on October 9, 2025.<sup>5</sup>

Further, OEB staff has updated the Time-of-Use pricing (TOU) and Ontario Electricity

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<sup>1</sup> EB-2022-0006, Decision an Order, June 28, 2022

<sup>2</sup> Filing Requirements for Electricity Distribution Rate Applications - 2025 Edition for 2026 Rate Applications - Chapter Incentive Rate-Setting Applications, June 19, 2025

<sup>3</sup> OEB Letter, 2026 Inflation Parameters, issued June 11, 2025

<sup>4</sup> Empirical Research in Support of Incentive Rate-Setting: 2024 Benchmarking Update, Report to the Ontario Energy Board, August 2025 p. 25, Table 5

<sup>5</sup> EB-2025-0232, 2026 Preliminary Uniform Transmission Rates and Hydro One Sub-Transmission Rates, October 9, 2025

Rebate (OER) in the 2026 Rate Generator Model to reflect the updated values set on October 17, 2025. OEB staff requests Enova Power to review and validate these updates in its reply submission.

## OEB Staff Submission

OEB staff makes submissions on the following:

- Revenue-to-Cost Ratio Adjustments in the WNRZ
- Disposition of Group 1 Deferral and Variance Account (DVA) balances for both rate zones (WNRZ and KWRZ)
- Adjustment of the Low Voltage Service Rates in the WNRZ
- Continuation of RTSR Network and RTSR Connection rate for Large User rate class within KWRZ
- Finalization of the Interim Standby Rate in KWRZ

### Revenue-to-Cost Ratio Adjustments in the WNRZ

#### Background

The Revenue-to-Cost Ratio applied for KWH's last filed Cost of Service Application<sup>6</sup> are within the OEB's specified target ranges.

As per WNH's 2021 Cost of Service Rate Application,<sup>7</sup> "WNH agrees to adjust its rate design proposal for all classes, except the residential class, such that the 2020 fixed rate will be maintained in 2021 if it is otherwise above the Minimum System plus PLCC level...WNH further agrees to not adjust any fixed charge that is above the Minimum System plus PLCC level for all classes except the residential class during the subsequent IRM period, and shall for those classes instead propose to the OEB to collect all IRM rate increases through the variable portion of the charges applicable to each affected class. For clarity, WNH is still eligible to obtain one hundred percent (100%) of the value of all IRM rate increases through the variable portion of the charges applicable to each affected class."

Enova Power has detailed in Table 1 below how it estimated the rate increase from 2025 rates to 2026 rates. The customer/connections and kWh and kW are based on 2024 actual values.

#### Submission

OEB staff has checked Enova Power's calculations and does not object to the estimated

<sup>6</sup> EB-2019-0049, Decision and Order, October 17, 2019

<sup>7</sup> EB-2020-0059, Decision and Rate Order, December 10, 2019, Settlement Proposal page 31 of 43

rate increase reflected in Table 1 below.

**Table 1 - Waterloo North Rate Zone (WNRZ) Rate Increase from 2025 to 2026**

2024 Actual											
	2025 Fixed	2025 Variable	2021 Min. System with PLCC Adj.	Customers / Connections	kWh	kW	IRM Increase	2025 Fixed Revenue Increase	2025 Variable Rate Increase for Fixed Portion	2026 - Fixed	2026-Variable
	A	B	C	D	E	F	G	H=A*D*12*G	I=H/E or F		
Residential	\$37.63		22.47	53,149	441,851,402	-	3.4%	n/a <sup>1</sup>		\$38.91	\$0.0000
GS<	\$33.71	\$0.0217	25.82	6,220	218,315,583	-	3.4%	\$85,547.89	\$0.0004	\$33.71	\$0.0228
GS>	\$125.96	\$6.3460	77.28	664	663,908,912	1,738,275	3.4%	\$34,124.08	\$0.0190	\$125.96	\$6.5814
Large User	\$7,359.96	\$5.0494	402.08	1	94,627,238	167,513	3.4%	\$3,002.86	\$0.0173	\$7,359.96	\$5.2390
USL	\$11.20	\$0.0202	11.18	566	3,527,316	-	3.4%	\$2,586.39	\$0.0007	\$11.20	\$0.0216
Street Lighting	\$0.41	\$11.6145	6.57	15,464	3,553,408	9,947	3.4%	n/a <sup>1</sup>		\$0.42	\$12.0094
Embedded Distributor		\$0.0247	113.79	1	48,071,937	99,097	3.4%	n/a <sup>1</sup>		\$0.00	\$0.0255
<b>Total</b>				<b>76,065</b>	<b>1,473,855,796</b>	<b>2,014,832</b>					

NOTE: 1: these rate classes are not subject to the Minimum System plus PLCC Level Adjustment

**Disposition of Group 1 DVA balances for both rate zones (WNRZ and KWRZ)**

Background

Enova Power is requesting disposition of its Group 1 Deferral and Variance account balances in both rate zones by means of a rate rider of one year. Total claims are reflected in the tables below:

**Table 2 – Kitchener-Wilmont Rate Zone (KWRZ) total Group 1 DVA claim**

	Account Number	Principal	Interest	Claim
<b>KWRZ</b>				
Smart Metering Entity Charge Variance Account	1551	(86,832)	(4,407)	(91,239)
RSVA - Wholesale Market Service Charge	1580	(654,034)	(30,000)	(684,034)
Variance WMS – Sub-account CBR Class B	1580	737,213	27,083	764,296
RSVA - Retail Transmission Network Charge *	1584	780,297	41,871	822,167
RSVA - Retail Transmission Connection Charge	1586	(30,595)	87	(30,508)
RSVA - Power	1588	648,673	89,888	738,561
RSVA - Global Adjustment	1589	2,406,641	128,003	2,534,644
Recovery/Refund of Regulatory Balances (2021)	1595	(171,193)	57,477	(113,716)
		<b>3,630,170</b>	<b>310,003</b>	<b>3,940,173</b>

**Table 3 – Waterloo North Rate Zone (WNRZ) total Group 1 DVA claim**

	Account Number	Principal	Interest	Claim
<b>WNRZ</b>				
Low Voltage Services	1550	(70,202)	(6,178)	(76,380)
Smart Metering Entity Charge Variance Account	1551	(47,522)	(2,495)	(50,016)
RSVA - Wholesale Market Service Charge	1580	(553,727)	(25,537)	(579,264)
Variance WMS – Sub-account CBR Class B	1580	537,018	20,044	557,062
RSVA - Retail Transmission Network Charge *	1584	840,224	43,081	883,305
RSVA - Retail Transmission Connection Charge	1586	123,542	7,604	131,146
RSVA - Power	1588	(699,911)	2,634	(697,277)
RSVA - Global Adjustment	1589	2,108,153	84,115	2,192,268
Recovery/Refund of Regulatory Balances (2021)	1595	(2,651)	7,238	4,587
		<b>2,234,924</b>	<b>130,507</b>	<b>2,365,430</b>

An adjustment in the DVA continuity schedule was made in this application to reflect an

issue of an immaterial nature identified in the year end Enova Power financial statements. For Enova Power as a whole, there is no impact because only rate zones were impacted. A network charge (\$10,008) from Hydro One for WNRZ was entered into the KWRZ general ledger. This adjustment was recorded in the cost account (4714) in this rate application, but it was not captured in the Revenue Smoothing Variance Account (RSVA) – Retail Transmission Network Charge account at year end, leading to a small variance versus what had been reported as part of Enova Power’s year-end filings with the OEB. The adjustment is entered as a principal adjustment to distinguish it from the other transactions. The projected interest is calculated on the audited financial statement balance revised for this adjustment so that the rate rider is correct for each rate zone.

Projected carrying charges for 2025 have been calculated using the prescribed interest rates as released by the OEB using December 31, 2024, audited balances, plus \$10,008 adjustment mentioned above.

Ending balances of Group 1 accounts agree with the amounts reported to the OEB through Enova’s RRR with following exceptions:

In the KWRZ Rate Generator:

- Account 1588 – RSVA - Power, Column BF shows the adjustment as per May 23, 2017, letter Guidance on Disposition of Accounts 1588 and 1589. Column BF includes the reversal of prior year principal adjustments of \$505,861 and current year principal adjustments of (\$2,287,432).
- Account 1589 – RSVA Global Adjustment (GA) Column BF shows the adjustment as per the May 23, 2017, letter Guidance on Disposition of Accounts 1588 and 1589. Column BF includes the reversal prior year principal adjustments of (\$60,795) and current year adjustments of (\$133,941).

In the WNRZ Rate Generator:

- Account 1588 – RSVA - Power, Column BF shows the adjustment as per the May 23rd, 2017, letter Guidance on Disposition of Accounts 1588 and 1589. Column BF includes the reversal of prior year principal adjustments of (\$491,038) and current year adjustments of (\$350,495).
- Account 1589 – RSVA Global Adjustment (GA) Column BF shows the adjustment as per the May 23rd, 2017, letter Guidance on Disposition of Accounts 1588 and 1589. Column BF includes the reversal of prior year principal adjustments of \$464,058 and current year adjustments of (\$357,466).

Submission

OEB staff does not object to the rationale provided by Enova Power for its adjustments. Further, OEB staff has no concerns with Enova Power’s disposition of Group 1 DVA

balances for both rate zones as account balances exceed the OEB's \$0.001/kWh threshold for disposition.

OEB policy states that Group 1 account balances should be disposed of if they exceed, on a net basis (as a debit or credit), a pre-set disposition threshold of \$0.001 per kWh, unless a distributor can justify why balances should not be disposed of.<sup>8</sup> If the net balance does not exceed the threshold, a distributor may still request disposition.<sup>9</sup>

## Adjustment of the Low Voltage Service Rates in the WNRZ

### Background

WNRZ is partially embedded within the distribution system of Hydro One, Enova's KWRZ, and GrandBridge.

Customers in the WNRZ are charged Low Voltage (LV) Service Rates. The IRM Rate Generator Model for the WNRZ includes actual volumes and rates for 2024 for each host distributor. Allocation of the Low Voltage charges to the rate classes is as per the Rate Generator Model and allocated based on the proportion of transmission connection rate revenues. Table 4 below presents the 2025 LV rates and the proposed LV rates for 2026.

**Table 4 - Waterloo North Rate Zone (WNRZ) LV Rates**

			Current 2025	Proposed 2026
			Low Voltage Service Rates	Low Voltage Service Rates
<b>WNRZ</b>				
	Residential	kWh	0.0004	0.0004
	General Service Less Than 50 kW	kWh	0.0004	0.0004
	General Service 50 To 4,999 kW	kW	0.1956	0.1851
	Large User	kW	0.1963	0.1858
	Unmetered Scattered Load	kWh	0.0004	0.0004
	Street Lighting	kW	0.1211	0.1146

### Submission

OEB staff does not take issue with Enova Power's proposed adjustment to its LV Service Rates for the WNRZ. The LV Services Rates have been updated based on the current OEB approved sub-transmission rates by Hydro One and applicable embedded

<sup>8</sup> Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative" (EDDVAR), EB-2008-0046, July 31, 2009

<sup>9</sup> OEB letter, "Update to the Electricity Distributors' Deferral and Variance Account Review ("EDDVAR Report")", released July 2009 (EB-2008-0046)", issued July 25, 2014

distributor rates by Enova and GrandBridge. In the event that, during Enova's 2026 rate year, the OEB updates the rates upon which Enova's Low Voltage Service Rates are based, any resulting differences are to be captured in Account 1550 (LV Variance Account).

### **Continuation of RTSR Network and RTSR Connection rate for Large User rate class within KWRZ**

#### Background

Enova Power is seeking approval to continue the RTSR Network and RTSR Connection rates for the Large User rate class within the KWRZ. In 2023, the sole Large User in the KWRZ rate class transitioned to the GS>50 class, resulting in no consumption or demand being allocated to the Large User class in 2024. Consequently, no Network and Connection rates were calculated by the 2026 IRM Rate Generator Model. Without a rate being on the 2026 Tariff, Enova KWRZ would be unable to charge any future Large User Network and Connection rates.

To prepare for the potential return of a Large User customer, Enova Power is proposing an updated rate for Network and Connection for 2026 using a calculation outside of the IRM Rate Generator Model. This rate would be based on 2025 values, plus the percentage increase or decrease in Network and Connection rates for the GS>50 class.

#### Submission

OEB staff supports Enova Power's proposal to continue the RTSR Network and RTSR Connection Rates for the Large User rate class within KWRZ. OEB staff submits that Enova Power should update the IRM Rate Generator Model accordingly to ensure the rate is reflected in the Tariff.

### **Finalization of the Interim Standby Rate in KWRZ**

#### Background

On September 28, 2023, the OEB announced that it will have a consultation on Standby Rates. This letter was specifically addressed to distributors who previously applied for Standby Rates – which includes Enova Power (specifically in KWRZ). On March 28, 2024, the OEB issued a letter on the standby consultation.<sup>10</sup>

Enova Power has identified two customers in the KWRZ who are currently subject to interim standby charges and is seeking OEB approval to finalize the interim standby rates in the KWRZ, effective January 1, 2026. These customers were notified that Enova Power

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<sup>10</sup> EB-2023-0278, OEB Standby Rates Finalization Letter, March 28, 2024

intends to seek approval from the OEB in its 2026 rate application to finalize the interim standby charges. As part of this communication, Enova Power invited the customers to provide any feedback or concerns regarding the proposed finalization of the charges. To date, Enova Power has not received any comments or objections from these customers.

#### Submissions

OEB staff has no concerns with Enova Power's proposal to finalize the Interim Standby Rate in KWRZ. Following OEB staff's request during interrogatories, Enova Power clarified that the two customers were provided with written notifications, and Enova Power did not receive any comments or objections from the two customers.

~All of which is respectfully submitted~