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Energy
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DECISION AND ORDER

EB-2025-0299

**In the matter of regulatory charges effective January 1,
2026, for the Wholesale Market Services rate and the Rural
or Remote Electricity Rate Protection charge**

BY DELEGATION, BEFORE: Darryl Seal
Manager
Electricity Distribution I

December 11, 2025

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1 OVERVIEW

Every year, the Ontario Energy Board (OEB) sets the Wholesale Market Services (WMS) rate and Rural or Remote Electricity Rate Protection (RRRP) charge that all rate-regulated Ontario electricity distributors (distributors) charge their customers. These rates recover the costs of the day-to-day operations of the electricity market, support system planning and administration, and fund provincial rate assistance programs.

This Decision and Order establishes, effective January 1, 2026, that the WMS rate, including Capacity Based Recovery (CBR), will increase to \$0.0047 per kilowatt-hour (from the current \$0.0045 per kilowatt-hour), and that the RRRP charge will decrease to \$0.0006 per kilowatt-hour (from the current \$0.0015 per kilowatt-hour). As a result, there will be a monthly total bill decrease of approximately (\$0.55) for a residential customer consuming 750 kWh.

The WMS rate and the RRRP charge appear on the tariffs of rates and charges of all distributors and are reflected under the heading “Regulatory charges” on customers’ bills.

2 CONTEXT AND PROCESS

The OEB's calculations of the WMS rate and the RRRP charge are largely mechanistic exercises. The IESO provides the OEB with forecasts of energy consumption for the upcoming year to calculate certain rates as required by regulations. Information on costs comes from prior OEB decisions and the IESO.

Accordingly, this Decision and Order is being issued by Delegated Authority without a hearing, pursuant to section 6(4) of the *Ontario Energy Board Act, 1998* (OEB Act).

The WMS rate and RRRP charge established by this Decision and Order each take effect January 1, 2026.

3 WHOLESALE MARKET SERVICES

WMS charges are paid by all customers of the wholesale electricity market, including electricity distributors, to the IESO. WMS charges recover the cost of services required to operate the electricity system and administer the wholesale market. These charges include the costs of items such as operating reserve, certain market costs related to system congestion and imports, as well as other costs, such as losses on the IESO controlled grid. Individual electricity distributors recover the WMS charges from their customers through the WMS rate, which is authorized by the OEB under section 78 of the OEB Act.

WMS Rate Methodology

The WMS rate is intended to compensate distributors for the charge they receive from and pay to the IESO for the cost to operate the electricity system and administer the wholesale market. The difference between the charges distributors pay to the IESO and revenue distributors receive from customer WMS payments is recorded in Account 1580 of the Uniform System of Accounts in the distributor's general ledger. Any audited balances within Account 1580 are typically considered for disposition in the distributor's next rate proceeding.

Determining the WMS Rate

In its last decision regarding the WMS rate,¹ the OEB maintained the WMS rate unchanged at \$0.0045 per kilowatt-hour effective January 1, 2025 for Class B consumers, including a CBR component of \$0.0004 per kilowatt-hour (for Class A consumers, distributors bill their share of the actual CBR charge based on their contribution to peak).²

The WMS charge billed by the IESO over the 10-month period from January 1, 2025 to October 31, 2025 has fluctuated from month-to-month. The weighted average WMS charge, including CBR,³ for the 10-month period in 2025 is \$0.0052 per kilowatt-hour. In

¹ Decision and Order, EB-2024-0282, December 10, 2024

² Electricity consumers in Ontario pay Global Adjustment as either a Class A or Class B consumer, as prescribed by O. Reg. 429/04, Adjustments Under Section 25.33 of the Act, made under the *Electricity Act, 1998*.

³ The weighted average WMS charge including CBR is calculated by summing up the weighted monthly WMS charge net of RRRP charge, including the CBR. The weighted monthly WMS charge is derived from the monthly WMS charge net of RRRP charge posted by the IESO multiplied by the weight of the monthly Ontario demand for the specific month.

comparison, the WMS charge, including CBR, in the same 10-month period in 2024 was \$0.0047 per kilowatt-hour. For the entirety of 2024, the weighted average WMS charge, including CBR, was \$0.0046 per kilowatt-hour.

Table 1 details the under- and over-collection of WMS related revenue by distributors for the period 2019-2025:

Table 1: Collection of WMS-related Revenue by Distributors (2019-2025)

In million (\$)	2019	2020	2021	2022	2023	2024	2025 (January to October)
Under/(Over) Collection⁴	(\$39)	(\$66)	\$63	\$267	(\$102) ⁵	\$19	\$79

Table 2 sets out the year-end accumulated balance in Account 1580 for all distributors for the period 2019 to 2024.

Table 2: Account 1580 Balance (2019-2024)

In millions (\$)	2019	2020	2021	2022	2023	2024
Accumulated debit/(credit) balance at Dec. 31 each year	(131)	(188)	(18)	254	125	(147)

A review of all distributors' deferral and variance account (DVA) continuity schedules for 2022 to 2024 indicates that the credit balance accumulated may not represent an accurate picture of the over-collection of the WMS revenue collected by all distributors.

⁴ The under- and over-collection of the WMS revenue for the year is calculated as sum of monthly under/over-collection of the WMS revenue. The monthly under- or over-collection of the WMS revenue is calculated as the Ontario monthly demand multiplied by the variance between monthly WMS charge posted by the IESO and the WMS rate posted by the OEB.

⁵ There is a variance between the over-collection of \$102 million in 2023 as stated above in Table 1 and the over-collection of \$24 million for the period January to October 2023 in the previous Decision and Order (EB-2023-0268) due to several corrections made by the IESO for two components of WMS charges being the monthly uplifts and monthly class B capacity-based DR recovery charges.

Table 3 shows the approximate net transactions in Account 1580 from the review for the years of 2022 to 2024.⁶

Table 3: Account 1580 Net Transactions (2022 to 2024)

In millions (\$)	2022	2023	2024
Net Transactions in Account 1580 (Per DVA continuity schedules)	240	(123)	(21)

There are two principal reasons for the large differences between the accumulated balance as of December 31 of each year (as shown in Table 2) and the Account 1580 net transactions (as shown in Table 3). First, some distributors may not have transferred out the disposed balances in Account 1580 to another DVA by the time they report Account 1580 balance to the OEB. Second, some distributors may not have disposed the prior years' balances in Account 1580 either because their net DVA balances did not meet the disposition threshold set by the OEB or there was a need for further review (or audit) of the balances.

Variances between the WMS rate and the IESO's WMS charge result in an under- or over-collection of the WMS revenue collected by all distributors. Since 2013, the WMS rate has been reduced three times, primarily in response to over-collection, and has increased once. The rate changed from \$0.0052 per kilowatt-hour in 2013 to \$0.0044 per kilowatt-hour effective January 1, 2014,⁷ reduced to \$0.0036 per kilowatt-hour effective January 1, 2016,⁸ and then further reduced to \$0.0034 per kilowatt-hour effective January 1, 2019.⁹ Then, with Account 1580 having accumulated a large debit balance in 2022, the OEB increased the WMS rate to \$0.0045 per kilowatt-hour, effective January 1, 2023 (and it remained unchanged in 2024 and 2025).¹⁰

⁶ The net transactions in the year of Account 1580 are summarized based on the review of the continuity schedules filed in the distributors' DVAs continuity schedules in the 2026 applications, if available, and the DVAs continuity schedules in the 2025 applications. The amounts are approximate because certain assumptions must be made regarding the transfer of the disposed amounts in Account 1580.

⁷ Decision and Order, EB-2013-0067, March 21, 2013

⁸ Decision and Order, EB-2015-0294, November 19, 2015

⁹ Decision and Order, EB-2018-0294, December 20, 2018

¹⁰ Decision and Order, EB-2022-0269, December 8, 2022, Decision and Order, EB-2023-0268, December 7, 2023, and Decision and Order, EB-2024-0282, December 10, 2024

Impact of Market Renewal Program on the Wholesale Electricity Market

The implementation phase of the IESO's Market Renewal Program (MRP) began in May 2025. The MRP redesigned Ontario's wholesale electricity market to improve how electricity is supplied, scheduled, and priced, leading to system efficiencies and supporting the grid of the future.

The MRP replaced a two-schedule market with a single-schedule market that is intended to address misalignments between price and dispatch, and eliminate the need for unnecessary out-of-market payments.¹¹

Findings

The OEB has considered the under-collection by distributors in 2024, historical trends and the impact of the MRP on the wholesale market costs in 2026. With uncertainty on the impact of the MRP, the OEB finds that the current WMS rate (excluding CBR) of \$0.0041/kWh should remain unchanged in 2026 until any impact can be assessed next year. The OEB notes that the monthly WMS charges from January to April 2025 were higher than the same period in 2024. However, the monthly WMS charges followed historical trends from May to October 2025 following the implementation of the MRP.

The OEB notes that CBR charges have trended higher than the OEB rate of \$0.0004 per kilowatt-hour for the 2023-2025 period. Based on a three-year average of CBR charges (2023-2025), the OEB will increase the OEB-regulated CBR charge to \$0.0006/kWh in 2026 and continue to monitor the trend.

The OEB will therefore set the WMS rate at \$0.0047 per kilowatt-hour, including a CBR component of \$0.0006 per kilowatt-hour, effective January 1, 2026.

Account 1580 records the difference between the actual WMS charge paid by a distributor to the IESO and the amounts collected by a distributor from its customers through the WMS rate. Distributors shall file the December 31, 2025 balances in this account with the OEB by April 30, 2026 as part of Electricity Reporting and Recording Keeping Requirements (RRR).¹² The OEB will monitor the balances and net transactions in Account 1580, and the impact of the MRP on the IESO's WMS charge to evaluate if an adjustment to the WMS rate is warranted in future.

¹¹ <https://www.ieso.ca/Market-Renewal/Background/Overview-of-Market-Renewal>

¹² [Electricity Reporting and Recording Keeping Requirements](#), March 27, 2024

4 RURAL OR REMOTE ELECTRICITY RATE PROTECTION

Currently, all customers in Ontario pay the OEB-approved RRRP charge based on how much electricity they consume. The total amount collected through the RRRP is a source of revenue for identified rural or remote electricity distributors whose costs are higher because they serve small numbers of customers over large geographic areas or in remote regions. The RRRP revenue allows them to reduce the amount they would otherwise have to charge eligible customers for distribution service.

The OEB approves each of the RRRP requirement amounts, as set out in Table 4 below, to be collected from distributors by the IESO each year. Distributors in turn levy an OEB-approved retail RRRP charge to their customers to recover the RRRP amount paid to the IESO. The OEB last approved a RRRP charge of \$0.0015 per kilowatt-hour,¹³ effective January 1, 2025 to December 31, 2025.

The RRRP requirement for 2026 is shown in the table below.

Table 4: Calculation of RRRP Requirement for 2026

RRRP Requirement for 2025	\$ Millions
IESO Estimated Under/(Over) Collection as of December 31, 2024	(\$124.5251)
First Nations (O. Reg. 442/01, Schedule 1)	\$1.6000
Algoma Power	\$18.5456 ¹⁴
Hydro One Remote Communities Inc.	\$51.8730 ¹⁵
Hydro One Remote Communities Inc. – Wataynikaneyap Power LP (WPLP)	\$132.7312 ¹⁶
Total RRRP Requirement for 2026	\$80.2247

Determining the January 1, 2026 RRRP charge

The RRRP-related amount required to be collected by distributors from their customers for 2026 is \$80.22 million. In 2025, this amount was \$208.8 million.¹⁷

¹³ Decision and Order, EB-2024-0282, December 10, 2024.

¹⁴ Algoma Power's current approved RRRP required amount (as established in EB-2024-0007) is being used as a proxy in this Decision and Order to set the 2026 required amount.

¹⁵ Hydro One Remote Communities' current approved RRRP required amount (as established in EB-2024-0034) is being used as a proxy in this Decision and Order to set the 2026 required amount.

¹⁶ WPLP's current approved RRRP required amount (as established in EB-2024-0176) is being used as a proxy in this Decision and Order to set the 2026 required amount.

¹⁷ Decision and Order, EB-2024-0282, December 10, 2024.

The biggest driver contributing to the decrease in the RRRP funding in 2026 is the IESO's estimated over-collection of \$124.5 million which includes a funding from the Federal Funding Framework for cost associated with the WPLP's Remote Connection lines project (resulting from the March 12, 2018 Memorandum of Understanding between WPLP, Canada and Ontario).¹⁸

The IESO provided a full-year 2026 energy forecast excluding the transmission line losses of 144 terawatt-hours. The resulting RRRP charge based on the RRRP requirement and the load forecast is \$0.0006 per kilowatt-hour.

Findings

The OEB finds that, for electricity consumed on or after January 1, 2026, the RRRP charge shall be decreased to \$0.0006 per kilowatt-hour.

A scenario analysis showed that leaving the RRRP charge unchanged at \$0.0015 per kilowatt-hour, would result in a forecasted surplus balance in the IESO variance account of \$135.8 million at the end of 2026. If the RRRP charge decreases to \$0.0006, the forecasted surplus balance in the IESO variance account would be \$6.2 million. The OEB finds that the charge should be decreased at this time to reduce the variance between the annual payout to the RRRP-eligible distributors and the IESO RRRP-related annual revenues.

The IESO RRRP variance account records the difference between the benefit amounts paid to RRRP-eligible distributors and the amount collected by distributors from their customers. The OEB reviews the RRRP charge at least once annually and will consider whether any further changes to the charge should be made at the next review.

Any under- or over-collection of RRRP by the IESO shall continue to be tracked in the variance account held by the IESO. As required under subsections 5(12) and (13) of the RRRP Regulation, the OEB will consider any future variance account balance and any further changes to the charge when it sets the RRRP charge for 2027.

¹⁸ EB-2025-0192, July 4, 2025, Exhibit I, Tab 4, Schedule 1, p. 5

5 ORDER

IT IS ORDERED THAT:

1. The WMS rate used by rate-regulated electricity distributors to bill their customers shall be \$0.0041 per kilowatt-hour for electricity consumed on or after January 1, 2026. For customers who are Class B consumers, a CBR component of \$0.0006 per kilowatt-hour shall be added to the WMS rate for a total of \$0.0047 per kilowatt-hour. This unit rate shall apply to a customer's metered energy consumption adjusted by the distributor's OEB-approved Total Loss Factor. For customers who are Class A consumers, distributors shall continue to bill the actual CBR costs to such customers in proportion to their contribution to peak.
2. The IESO's RRRP charge to rate-regulated electricity distributors shall be \$0.0006 per kilowatt-hour for electricity consumed on or after January 1, 2026.
3. The RRRP charge used by rate-regulated electricity distributors to bill their customers shall be \$0.0006 per kilowatt-hour for electricity consumed on or after January 1, 2026. This unit charge shall apply to a customer's metered energy consumption adjusted by the distributor's OEB-approved Total Loss Factor.

DATED at Toronto, December 11, 2025

ONTARIO ENERGY BOARD

Ritchie Murray
Acting Registrar

SCHEDULE A

EB-2025-0299

COMMUNICATION TO THE IESO

DECEMBER 11, 2025



Ontario
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BY EMAIL

December 11, 2025

Carrie Aloussis
Senior Manager, Regulatory Affairs
Independent Electricity System Operator
120 Adelaide Street West
Suite 1600
Toronto ON M5H 1T1
Carrie.Aloussis@ieso.ca

Dear Carrie Aloussis:

Re: Rural or Remote Electricity Rate Protection – OEB File No. EB-2025-0299

On December 11, 2025 the Ontario Energy Board (OEB) issued its Decision and Order in proceeding EB-2025-0299 which set the Wholesale Market Services (WMS) rate and the Rural or Remote Electricity Rate Protection (RRRP) charge effective January 1, 2026.

Amount to be charged by the IESO for RRRP

The OEB has determined that, effective January 1, 2026, the RRRP charge to be used by the IESO in order to collect the approved RRRP requirement amounts for eligible distributors shall decrease to \$0.0006 per kilowatt-hour.

Yours truly,

Ritchie Murray
Acting Registrar

SCHEDULE B

EB-2025-0299

COMMUNICATION TO DISTRIBUTORS AND RETAILERS

DECEMBER 11, 2025



Ontario
Energy
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de l'Ontario

BY EMAIL

December 11, 2025

To: Rate-Regulated Electricity Distributors
Electricity Retailers

**Re: Wholesale Market Services Rate and Rural or Remote Electricity Rate
Protection Charge – OEB File No. EB-2025-0299**

On December 11, 2025 the Ontario Energy Board (OEB) issued its Decision and Order in proceeding EB-2024-0282 which set the Wholesale Market Services (WMS) rate and the Rural or Remote Electricity Protection (RRRP) charge.

Amount to be Charged by Distributors, and Retailers with Retailer-Consolidated Billing, for WMS

Effective January 1, 2026, the amount to be charged by distributors, and retailers with retailer-consolidated billing, to their customers with respect to the WMS rate for customers who are Class A consumers shall be \$0.0041 per kilowatt-hour. For customers who are Class B consumers, a Capacity Based Recovery component of \$0.0006 per kilowatt-hour is added to the WMS rate for a total of \$0.0047 per kilowatt-hour.

These unit rates shall apply to a customer's metered energy consumption adjusted by the distributor's OEB-approved Total Loss Factor.

Amount to be Charged by Distributors, and Retailers with Retailer-Consolidated Billing, for RRRP

Effective January 1, 2026, the amount to be charged by distributors, and retailers with retailer-consolidated billing, to their customers with respect to the RRRP shall be \$0.0006 per kilowatt-hour.

The unit rate shall apply to a customer's metered energy consumption adjusted by the distributor's OEB-approved Total Loss Factor

Yours truly,

Ritchie Murray
Acting Registrar