Community Energy Cooperative Canada – Ontario Hub (CECC-OH)
https://www.cecooperative.ca/
February 13, 2026

Ontario Energy Board
P.O. Box 2319,
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Attention: Acting Registrar, Performance Analytics & Reporting Team

Re: Spending Pattern Analysis
Board File No.: (EB-2025-0108)

Dear Ritchie Murray and the Performance Reporting team,

Community Energy Cooperative Canada – Ontario Hub (CECC-OH) would like to provide comments on the Spending Pattern Analysis (SPA) Report (EB-2025-0108).

About CECC-OH

Community Energy Co-operative Canada (CECC) represents the renewable energy co-operative sector in Canada including renewable energy co-operatives (RECs) or other democratically structured, community-based organizations producing clean renewable energy sources in communities. The Ontario Hub (CECC-OH) is a sub-group specifically concerned about co-operatives and community energy in Ontario.

As a cooperative of cooperatives CECC advocates for broad societal support for the development and growth of community energy, provides knowledge sharing, training and networking tools, undertakes and supports research and development of technical, financial and organizational innovation and generally supports RECs to grow into sustainable organizations.

Members include RECs and other community organizations supplying or supporting renewable energy projects in communities. Ontario Hub members are:

- SolarShare - Toronto
- Community Energy Development Co-operative Ltd. - Kitchener
- OREC (Ottawa Renewable Energy Co-operative) - Ottawa
- Oxford Community Energy Cooperative - Woodstock
- Toronto Renewable Energy Co-operative Inc. - Toronto
- London District Renewable Energy Co-operative Inc. (LDREC) – London

Comments on Spending Pattern Analysis report

CECC appreciates the work and effort that went into the Report on Spending Patterns and Capitalization Policy. The report presents a very rich collection of data and analysis.

The evidence presented in the report shows a **clear bias toward capital spending (CapEx)** in Ontario's electricity distributors, especially among the smaller and medium-sized utilities. This is especially relevant to the CECC and its members. This bias means that there is less incentive for electricity distributors to work with communities and co-operatives in establishing distributed energy resources (DER) that would benefit communities and substitute the need for direct capital expenditures.

We therefore agree with many of the policy changes suggested in the report with an emphasis on stronger Opex incentives, efficiency-carry-over mechanisms (ECMs) that reward early-year efficiency, or yardstick benchmarking that penalizes unnecessary CapEx. We also fully agree with the recommendation for longer plan terms (e.g., 7-year plans) which give utilities more runway to develop community projects, which often have longer permitting and financing horizons.

Whatever changes are made, a strong push for transparency is also necessary. For example rebasing submissions should include a breakdown of CapEx vs. Opex timing so the CapEx bias can be monitored and corrected over time.

We do recommend going further, however, and adapting adjustments to support communities and co-operatives establishing distributed energy resources. This will achieve better cost containment for ratepayers and a clear pathway for utilities to partner with the very communities they serve. There are also many benefits to supporting community ownership of energy resources (see below table 1).

There may be separate initiatives that could encourage utilities to partner with co-operatives and communities but the following suggestions fit with the MRP framework and existing menu/benchmarking structures that are discussed in the report. The percentages and numbers given below are illustrative but they are grounded in the data the report presents, the OEB's existing incentive architecture, and the broader literature on utility regulation referred to in the report.

1. Introduce a "Community Distributed Energy (CDE) Option" in the OEB's ratemaking menu.
    a. Eligibility: Utilities must demonstrate that at least 10 % of their Opex budget (or a dollar amount tied to a peer-average) is contracted to cooperatives, community solar, micro-grids, or demand-side management schemes.
    b. Reward: Reduced X-factor (e.g., 0.4 % vs. the standard 0.6 %) plus a modest revenue credit (0.1 % of the Opex share) each year.

2. Add a “Community Opex Share” KPI to the statistical benchmarking framework.
    a. Utilities beating the peer average by 5 % receive a 0.2 % revenue uplift; those lagging are penalized by the same amount.
3. Expand ECMs to capture Opex savings from verified community contracts.
    a. Set the carry-over fraction at 30 % for these savings, with a cap of 1 % of the utility’s total revenue to keep the incentive proportional.
4. Tighten capitalization rules so that repair/field-work expenses cannot be hidden as CapEx unless they truly meet IFRS criteria.
    a. Require quarterly disclosure of Opex sourced from community partners.
5. Adjust the ARM formula to give Opex a heavier weighting and embed the community-energy quota as a baseline.
    a. Failure to meet the quota triggers a small surcharge; compliance unlocks a bonus.

The details here could be adjusted and the OEB could choose to pilot this package in a multi-year plan for a subset of distributors. These are provided for discussion and we are looking forward to continuing the discussion at the CECC Ontario Hub Workshop to which OEB colleagues have been invited.

Thank you.

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Encl.: TABLE 1. Benefits of Community Ownership of Energy

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UNTAPPED INVESTMENT CAPITAL	Enabling community energy financing and investment by local citizens adds significant new low-cost capital to the energy transition.
NEW SOURCES OF LOCAL ECONOMIC BENEFIT	Community energy contributes to economic development by generating new sources of local income, creating jobs, and fostering skill and capacity development. Local funds are retained in the community.
INCREASED PUBLIC ACCEPTANCE AND TRUST OF RENEWABLE ENERGY	Community ownership increases public acceptance of renewable energy projects, leading to higher levels of local support, trust, pride, and legitimacy in the community.
POPULAR EDUCATION AND CAPACITY-BUILDING	Community energy initiatives help to educate and promote pro-environmental attitudes and behavior among participants and the wider community.
FOSTERING SOCIAL INNOVATION AND CHANGE	Community energy initiatives have the potential to promote social innovation and transformative change.
ENHANCED GRID INNOVATION AND RESILIENCE	Community energy ownership highlights the contribution of distributed energy resources to grid innovation and resilience.
INCREASED SOCIAL CAPITAL AND COHESION	Co-operative energy projects help bring people together, increasing social capital, and potentially repairing old divisions within the community, providing avenues for practicing and participating in democracy and contributing to the public good.
EQUITABLE ACCESS TO BENEFITS	Community energy deployment models can provide the opportunity for low-income residents and tenants, and those who cannot install their own renewable energy systems to still subscribe to and benefit from their lower cost.
GREATER ENERGY SECURITY AND AUTONOMY	CE initiatives contribute to enhanced energy security and resilience. They also signal greater energy autonomy, sovereignty, or independence for the involved communities

Adapted from: Julie MacArthur, Khaoula Bengezi, Dan Curwin, Niels Vilstrup, Karl Janelle, Derya Tarhan, Karen Miner, Chad Walker. 2026. *Regulatory innovation for co-operative ownership and governance in Canadian energy grids: A Roadmap for Resilience.* Community Energy Co-operative Canada & Royal Roads University. https://www.cecooperative.ca/.