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BY EMAIL

February 18, 2026

Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Registrar@oeb.ca

Dear Ritchie Murray:

**Re: Ontario Energy Board (OEB) Staff Submission
Hydro Ottawa Limited (Hydro Ottawa)
Application for electricity distribution rates and other charges beginning
January 1, 2026
OEB File Number: EB-2024-0115**

Please find attached OEB staff's submission in the above referenced proceeding, pursuant to Procedural Order No. 7.

Yours truly,

Original Signed By

Margaret DeFazio, P.Eng.
Electricity Distribution

Encl.

cc: All parties in EB-2024-0115



ONTARIO ENERGY BOARD

OEB Staff Submission

Hydro Ottawa Limited

**Application for electricity distribution rates and other charges
beginning January 1, 2026**

EB-2024-0115

February 18, 2026

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1. Application Summary

Hydro Ottawa Limited (Hydro Ottawa) filed a custom incentive rate-setting application (the Application) with the Ontario Energy Board (OEB) on April 15, 2025, under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the rates that Hydro Ottawa charges for electricity distribution, beginning January 1, 2026.

Hydro Ottawa responded to interrogatories from intervenors¹ and OEB staff by August 18, 2025. A technical conference took place from September 22 to September 25, 2025. Hydro Ottawa filed a majority of undertakings from the technical conference on October 6, 2025.

A settlement conference was convened between Hydro Ottawa and intervenors November 4, 2025 to November 13, 2025. Hydro Ottawa filed a settlement proposal on December 19, 2025 (the Settlement Proposal), which is an agreement between Hydro Ottawa and the intervenors in this proceeding, (collectively, the Parties). OEB staff filed a submission on the Settlement Proposal on January 7, 2026, which supported the settlement proposal.

The Parties did not settle Issue 4.1 or Issue 4.2 with respect to 2026 operating, maintenance and expense (OM&A) expenses. There are a number of partially settled issues, which are settled except for the need to recalculate certain values resulting from the OEB's decision on issues 4.1 and 4.2.²

The Parties have settled issue 7.2 except for the Net Metering Charge.

The Parties have also settled issue 5.3 regarding Other Revenue, except for the Shared Savings Mechanism incentive for the Non-Wires Customer Solutions Programs and the revenue from the Net Metering Charge in Issue 7.2.

In accordance with Procedural Order No. 6, a presentation of the settlement proposal by Hydro Ottawa commenced on January 14, 2026, followed by an oral hearing for the Application. The OEB approved the settlement proposal prior to the commencement of the oral hearing. Hydro Ottawa, the intervenors³ and OEB staff participated in the oral hearing. Hydro Ottawa filed undertakings from the oral hearing on January 27, 2026

¹ The intervenors were: Building Owners and Managers Association of Ottawa, Coalition of Concerned Manufacturers and Businesses of Canada, Community Action for Environmental Sustainability, Consumers Council of Canada, Distributed Resource Coalition, Energy Probe Research Foundation, Environmental Defence, Pollution Probe, School Energy Coalition and Vulnerable Energy Consumers Coalition. Enbridge Gas Inc. was an approved intervenor in the proceeding but did not participate in discovery or the Settlement Conference.

² Settlement Proposal, p. 9

³ All approved intervenors except for Enbridge Gas Inc. participated in the Oral Hearing.

Hydro Ottawa filed its argument-in-chief on all unsettled issues on February 3, 2026.

Pursuant to Procedural Order No. 7, these are OEB staff's submissions on the unsettled items.

2. OM&A

Hydro Ottawa proposes 2026 OM&A expenses of \$140.0 million.⁴

2.1. Historic OM&A Expenses

Table 1: Historic OM&A⁵

(\$000)	2021 OEB-Approved	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Forecast
OM&A	90,600	84,737	100,536	112,778	115,090	120,592

Hydro Ottawa’s 2021 OEB-approved OM&A amount of \$90,600 was part of a settlement during the previous cost of service application. Actual OM&A expenses for 2021 were lower than the OEB-approved, largely due to the impact of the COVID pandemic.⁶

2.2. 2026 OM&A Expenses

Hydro Ottawa proposes a 2026 test year OM&A expenses of \$140.0 million, which is a \$19.4 million (16%) increase from the 2025 forecast of \$120.6 million and a \$49.4 million (55%) increase from the 2021 OEB-approved amount of \$90.6 million. The compound annual growth rate from 2021 is 9.1%.

Hydro Ottawa states that the “2021 actual expenditures are not an appropriate baseline against which to compare Hydro Ottawa’s expenditures and workforce levels.”⁷ Hydro Ottawa further states that when considering 2026 OM&A, that “2024 and 2025 are the appropriate baselines for this proceeding as they reflect a return to normal operations” which focus on: “(i) stabilizing the workforce and addressing the investment needs that had accumulated over the historical period as the customer base experienced one of the highest growth rates in the province, and (ii) contending with a wide range of new and evolving regulatory, policy and customer-driven requirements.”⁸

If one were to accept Hydro Ottawa’s baseline for OM&A then from the 2024 actual of \$115.1 million to the proposed 2026 \$140.0 million, is an increase of \$24.9 million (22%), with a compound annual growth rate of 10.3%.

It is typical to use the prior cost-based application test year actuals as the starting point for OM&A analysis. It is also typical for any analysis to be informed by the OEB approved amounts as these reflect the utility’s prior forecast and can assist in

⁴ Technical Conference Undertaking attachment JT2.16(A)

⁵ Ibid.

⁶ Exhibit 4, Tab 1, Schedule 2, pp. 3-4.

⁷ Argument-in-Chief, p. 9

⁸ Ibid., p. 12

understanding the quality of the utility's forecasting.

Whether using the 2021 actuals or 2024 actuals for the baseline, the overall picture is somewhat similar. Hydro Ottawa has a compound annual growth rate of OM&A of either 9.1% or 10.3%. OEB staff submits that the OEB should consider this in the context of setting an appropriate 2026 OM&A budget.

OEB staff agrees that the increases in capital work for the forecast period, as agreed to in the settlement proposal, will result in the need for additional employees and therefore increased OM&A expenses from 2025 to 2026. OEB staff's submissions, outlined below, will focus on how many additional staff are required, and the appropriate vacancy rate for budgeting purposes.

OEB staff recommends reducing Hydro Ottawa's 2026 OM&A from \$140.0 million to \$133.0 million. Should the OEB approve an OM&A budget of \$133.0 million for 2026, this amount would represent a 7.8% increase from the 2025 forecast amount of \$120.6 million, and a 7.5% compound annual growth rate from the 2021 OEB-approved amount of \$90.6 million. Details for the recommended reduction follow.

2.2.1. Impact of Reduced Capital Budget on OM&A

Through the settlement proposal, Hydro Ottawa agreed to reduce capital expenditures over the forecast period from \$1,233 million by \$214 million (17%) to \$1,019 million.⁹ Hydro Ottawa has not completed revising the capital plan to address the \$214 million reduction and therefore, fairly, cannot specify at this time what projects/programs may be revised. In the absence of detailed information however, OEB staff refers to the Application where Hydro Ottawa states that internal labour costs "represent 11% of the average capital expenditures for the forecast period."¹⁰ Using the 11% value, the reduction in capital of \$214 million would translate to a reduction of approximately \$23.5 million in capital related labour costs. Staff whose labour is primarily assigned to capital projects do result in OM&A costs as well, due to the accounting of their non-productive time (e.g. vacation, training, statutory holidays) as OM&A expenses.

Hydro Ottawa has stated "the 2026-2030 Distribution System Plan will necessitate the addition of 110 positions."¹¹ OEB staff expects that a significant reduction in the capital budget would result in a reduction to the number of additional positions required. OEB staff acknowledges that Hydro Ottawa may elect to reduce the use of contractors to limit the reduction to the internal workforce but still believes some reduction to increased employee headcount is appropriate considering the additional 56 headcount already achieved in the historic period.

⁹ Settlement Proposal, p. 11

¹⁰ Exhibit 1, Tab 2, Schedule 5, p. 36

¹¹ Exhibit 4, Tab 1, Schedule 3, Attachment C, p. 6

2.2.2. 2026 Vacancy Rate

Hydro Ottawa proposes to increase headcount by 81 employees who are budgeted to start on January 1, 2026, resulting in a total headcount of 748 employees with a forecast vacancy rate for the year of 8%.^{12,13} While Hydro Ottawa achieved a vacancy rate below 8% by the end of 2025, the utility's vacancy rate in the other years of the historic period was above 10%. This includes in 2024, where Hydro Ottawa added an additional 50 positions and experienced a vacancy rate of 11%.^{14,15} While Hydro Ottawa has provided rationale for why the vacancy rate in the historic period was higher than anticipated in their last cost of service application, OEB staff is not convinced that Hydro Ottawa will achieve an average 8% vacancy rate throughout 2026 due to the number of additional positions to be hired in the year (81¹⁶) and Hydro Ottawa's historic vacancy rates. OEB staff submits that the forecast OM&A should be reduced due to the probability of a higher vacancy rate.

2.3. Impact of Settled Rate Framework on Rate Period

As part of its custom rate framework, Hydro Ottawa proposed a growth (g) factor of 3.23% as a proxy for the increase in OM&A expenses over the forecast period and an X factor of 0.15%.¹⁷ Hydro Ottawa has stated that as a result of the Settlement Proposal it has reduced OM&A by \$40 million over the forecast period by settling on an X factor of 0.45% and g factor of 0.95%, and that any "further reductions to the 2026 Test year will have reverberative effect and may significantly compromise customer and grid outcomes."¹⁸

The mathematical impact of the change in the X and g factors does result in a reduction of \$39 million in OM&A expenses over the forecast period based on a 2026 OM&A of \$140 million as shown in Table 2. The revised X factor results in reduction of \$4.2 million over the 2027-2030 period and the change to the g factor results in a reduction of \$34 million over the 2027-2030 period.

¹² Oral Hearing Transcript, Day 1, pp. 108-111

¹³ The total number of positions is calculated as 748 headcount divided by (1-0.08) to account for 8% vacancy rate = 813 positions

¹⁴ Oral Hearing Undertaking JT3.1

¹⁵ Interrogatory Response 4-CCC-52 d)

¹⁶ Interrogatory Response 4-Staff-159

¹⁷ Technical Conference Transcript, Day 4, pp. 10-12

¹⁸ Argument-in-Chief, p. 4

Table 2: Impact of Settled Rate Framework - Part 1

	Proposed (\$000) (I=2.1%, X=0.15%, g=3.23%)					Settled (\$000) (I=2.1%, X=0.45%, g=0.95%)				
	2027	2028	2029	2030	Total	2027	2028	2029	2030	Total
I	2,940	3,093	3,253	3,421	12,707	2,940	3,017	3,095	3,176	12,228
X	210	221	232	244	908	630	646	663	680	2,620
g	4,522	4,757	5,003	5,262	19,544	1,330	1,365	1,400	1,437	5,532
I-X+g	7,253	7,628	8,023	8,439	31,343	3,640	3,735	3,832	3,932	15,139
Total OM&A	147,263	154,891	162,914	171,353	636,422	143,651	147,386	151,218	155,149	597,403
Period Total OM&A¹⁹	776,432					737,413				

Table 2: Impact of Settled Rate Framework - Part 2

	Difference Settled vs. Proposed (\$000)				Total Difference (\$000)
	2027	2028	2029	2030	2027-2030
I	0	-76	-158	-246	-788
X	420	426	431	436	-4,255
g	-3,192	-3,392	-3,603	-3,826	-33,976
I-X+g	-3,612	-3,893	-4,191	-4,507	-39,019
Total OM&A	-3,612	-7,506	-11,697	-16,204	
Period Total OM&A²⁰					-39,019

X-Factor

The OEB's *Handbook for Utility Applications* (OEB's Rate Handbook) contains a section titled *Specific Considerations for Custom Incentive Rate setting*.²¹ The OEB's Rate Handbook clearly states that "[g]iven a utility's ability to customize the approach to rate-setting to meet its specific circumstances, the OEB would generally expect the custom index to be higher, and certainly no lower, than the OEB-approved X factor for Price Cap IR (productivity and stretch factors) that is used for electricity distributors."²²

Hydro Ottawa proposed an X factor of 0.15% in the application, which is lower than the X factor of 0.45% that would have been assigned to Hydro Ottawa as a Group IV distributor through the Price Cap IR process. The settlement proposal changes the X factor that was proposed in Hydro Ottawa's original application from 0.15% to 0.45%, resulting in an OM&A decrease of \$4.2 million over the forecast period as shown in Table 2. OEB staff submits that the reduction on OM&A expenses due to the change in

¹⁹ Includes placeholder for 2026 of \$140M

²⁰ Ibid.

²¹ [Handbook for Utility Rate Applications \(Rate Handbook\)](#), p. 25-28

²² Ibid, p. 26

the X factor should not be considered as a reduction to Hydro Ottawa's forecast budget, but an expected incentive for productivity measures.

Hydro Ottawa presents \$26.3 million in OM&A productivity benefits in the forecast period.²³ OEB staff acknowledges that Hydro Ottawa has presented evidence that it has taken measures to more efficiently serve its customers in the forecast period. However, OEB staff also notes that the savings presented in the forecast period largely result from continuation of historic initiatives. Only \$2.0 million of the \$26.3 million in savings in the forecast period are due to initiatives that take effect in the forecast period.²⁴ The OEB's rate framework, i.e. the X factor, incentivizes LDCs to continue to identify and implement measures to streamline operations. Based on Hydro Ottawa's presented historic initiatives, OEB staff submits that Hydro Ottawa will be able to implement and identify cost savings that exceed the value incentivized through the rate structure.

g Factor

By agreeing to change the g factor from the proposed 3.23% to the settled 0.95%, the OM&A expenses for the forecast period are reduced by \$34 million (5.3% of proposed \$636 million OM&A over 2027-2030).

The g factor is presented as a proxy for OM&A increases over the forecast period to account for the impact of growth related to such items as maintaining additional assets and serving additional customers. A population growth of 1.2%²⁵ has been used in the load forecast, which may result in approximately 1.2% additional bills to be printed and 1.2% additional customer inquiries. This additional work would result in relatively small cost increases when compared to the results of applying the growth factor to the 2026 OM&A expenses of \$140 million. Also, the inspection and maintenance requirements of the assets to be added to rate base are minor in the scope of the overall number of assets Hydro Ottawa currently owns.

For example, Hydro Ottawa plans to construct five new stations during the forecast period. Feeders from the new stations will be constructed during, and beyond the forecast period, to connect existing and new customers. The addition of five stations to an existing fleet of 90 stations over five years would result in an increase of 5.6% to the stations maintenance expenses at the end of the forecast period, translating to a compound annual growth rate of 1.1%. This simple analysis assumes that new stations require the same inspection and maintenance costs of an aged station, and that all stations contain the same size and complexity of equipment, both of which are not true.

Hydro Ottawa also cites cloud computing and pursuing sustainable efficiencies as

²³ Argument-in-Chief, p. 51

²⁴ Ibid.

²⁵ Settlement Proposal, p. 27

drivers for 2026 OM&A increases.²⁶ OEB staff does agree that cloud computing will increase OM&A costs, but notes that in principle pursuing efficiencies should not result in increased costs.

OEB staff submits that the initial g factor of 3.23% was likely inappropriately high and the growth factor of 0.95% contained in the Settlement Proposal is more appropriate for Hydro Ottawa's needs. OEB staff further submits the reduction to OM&A over the 2027-2030 period due to the reduction to the growth factor should not be considered when determining an appropriate amount for 2026 OM&A.

2.4. Benchmarking

Hydro Ottawa's application and argument in chief present benchmarking measures related to capital expenditures. Hydro Ottawa states that "benchmarking supports the reasonableness of the 2026 test year budget."²⁷

OEB staff notes that increased capital expenditures in many programs do not proportionately translate to increased headcount requirements and provides some examples below.

- a. Costs for the asset renewal programs in 2026 have been impacted by equipment cost increases that significantly exceed labour increases over the historic period.²⁸
- b. \$74 million in CCRA²⁹ payments to Hydro One will have no impact on workforce requirements.
- c. The Capacity Upgrades program is forecast at \$285 million³⁰. In the application, prior to capital reductions, the Station Capacity accounted for 56% (\$192.2 million / \$342.6 million) of all Capacity Upgrade expenditures. It is not known if the Station Capacity program will be reduced from the original application to address the capital budget reductions agreed to through settlement. Stations Capacity projects do require labour, however, there are costs for land purchases and significant equipment costs that do not have an impact on labour requirements.
- d. Increased Fleet purchases of approximately \$20 million, for replacements and/or new units, do not proportionately increase fleet staffing requirements.

OEB staff has concerns with the presentation of the following benchmarks.

- i. OM&A Expenditures as a share of Capital Additions: As described above, different types of capital additions have varying proportions of labour and OM&A

²⁶ Argument-in-Chief, p. 3

²⁷ Argument-in-Chief, p. 46

²⁸ Exhibit 1, Tab 2, Schedule 5

²⁹ Connection and Cost Recovery Agreement (CCRA)

³⁰ Settlement Proposal, Attachment 6, tab App.2-AA

requirements. Other items, such as the amount of third party or affiliate labour, may impact proportions of OM&A and capital. Without more thorough analysis OEB staff is hesitant to afford this benchmark much weight.

- ii. FTE per \$1 million of Capital Additions: As described above, various capital programs have varying proportions of labour requirements, for example, CCRA payments to Hydro One. The make-up of capital additions between items such as general plant, stations, overhead distribution and underground distribution can greatly impact the ratios in this measure. Distributor practices regarding use of contracted labour, construction techniques and the like can also significantly impact this measure. OEB staff is hesitant to rely on this benchmark either.

OEB staff does agree that insight can be gained into Hydro Ottawa's operations through review of these benchmarks. OEB staff does not agree that these benchmarks, as presented, fully support any distributor's OM&A proposal for a given year.

2.5. Impact of Reductions to 2026 OM&A on Rate Period

To assist the OEB in considering changes to 2026 OM&A amount, OEB staff has calculated the impact reductions to the 2026 OM&A have on the total OM&A amounts over the forecast period. As shown in Table 3, for each reduction to 2026 OM&A of \$1 million, the total OM&A for the forecast period is reduced by \$5.27 million.

Table 3: Impact of Reducing 2026 OM&A on Forecast Period OM&A

OM&A Reduction in 2026	Total Reduction over Forecast Period (\$M)				
	Due to I	Due to -X	Due to g	Due to I-X+g	Total
\$1 million	0.22	-0.046	0.10	0.27	5.27 ³¹

³¹ Total = (total I – total X + total g) over 2027-2030 + (\$1M x 5) for over 2026-2030

3. Shared Services Cost Allocation

Shared Corporate Services received by Hydro Ottawa have risen from \$3.8 million in 2021 to a forecast of \$7.7 million in 2026,³² a \$3.9 million (102%) increase. The increase represents a 15.0% compound annual growth rate.

The OEB's Chapter 2 Filing Requirements state "The distributor must ensure that its transfer pricing and allocation of cost methods do not result in cross-subsidization between regulated and non-regulated lines of business, products or services."³³ A time study was performed in 2018 by internal Hydro Ottawa staff in preparation for the last rebasing application.³⁴

Hydro Ottawa has explained drivers for the increased costs such as the Chief Operating Officer moving from Hydro Ottawa to the holding company in 2025³⁵, increased need for executive management time, changing regulatory landscape and digital transformation of the industry.

OEB staff does not object to the amounts in the application. However, based on the vintage of the internal time study done by Hydro Ottawa, and the changes Hydro Ottawa has experienced in its corporate allocations, OEB staff recommends that a third-party review of the cost allocation methodology and adherence to the OEB's Affiliate Relationship Code is submitted in the next application.

³² Exhibit 4, Tab 2, Schedule 1, p. 6

³³ [Filing Requirements for Electricity Distribution Rate Applications – 2025 Edition for 2026 Rate Applications, Chapter 2 Cost of Service, May 7, 2025](#), p. 44

³⁴ Technical Conference Transcript, Day 3, p. 77

³⁵ Ibid., p. 79

4. Net Metering

Hydro Ottawa proposes to eliminate the existing net metering charge for all customer classes.

OEB staff notes that there is no legislative requirement or OEB policy that requires distributors to incrementally charge net metered customers.

Hydro Ottawa's forecast revenue requirement for 2026 is greater than \$200 million per year, resulting in a materiality threshold of \$1 million³⁶ for the purposes of this application. OEB staff notes that the estimated revenue from the net metering charge is in the order of \$0.1 million per year.³⁷

Based on the immaterial nature of the revenue from the net metering charge per year, OEB staff does not object to Hydro Ottawa's proposal to eliminate the net metering charge.

³⁶ Filing Requirements for Electricity Distribution Rate Applications – 2025 Edition for 2026 Rate Applications, [Chapter 2 Cost of Service](#), May 7, 2025, p. 6

³⁷ [HOL TC Undertaking Responses Day3 20251007](#), JT3.8, Table C, p. 2

5. Shared Savings Mechanism Incentive Proposal

As a component of its Application, Hydro Ottawa applied for a shared savings mechanism (SSM) incentive related to its proposed Non-Wires Customer Solutions Program (NWCSP) in West 28kV North (“Kanata North”) over the 2026 to 2030 rate term.³⁸ Approval of the NWCSP as well as a Non-Wires Solutions (NWS) Variance Account was included as part of the Settlement Proposal, except insofar as it relates to the proposed SSM incentive. OEB staff supported Hydro Ottawa’s proposal to deploy the NWCSP in Kanata North in its submission on the settlement proposal. However, OEB staff does not support the proposed SSM incentive request of \$492,000 over the 2026 to 2030 rate term.

5.1. Summary of the Shared Savings Mechanism Proposal

Background: The NWCSP

Hydro Ottawa plans to implement the NWCSP in two regions, Kanata North, and Core and West 13kV, to address near-term capacity constraints faced by its existing stations and planning overloads expected by 2030 (even after the implementation of proposed wire solutions).³⁹

Though Hydro Ottawa expects to deploy the NWCSP in two regions⁴⁰, the submitted SSM incentive proposal only applies to the NWCSP in Kanata North.⁴¹ The Kanata North region is served by the Kanata Municipal Transformer Station (MTS) and Marchwood MTS, which are strained and reaching or have reached their operational limits due to rapid growth in the region (e.g., large load requests).⁴² To address this issue, Hydro Ottawa is constructing a new station (Kanata North MTS), but it is not projected to be completed until 2028, leaving an unaddressed capacity shortfall from 2026 to 2028.⁴³

To address interim capacity constraints and improve reliability, Hydro Ottawa expects to deploy the NWCSP in Kanata North from 2026 through 2028, with the possibility of the

³⁸ [Attachment SC-Staff-4\(A\) – Updated Attachment 2-Staff-67\(A\), Non-Wires Customer Solutions Program: Benefit-Cost Analysis Approach & Summary Report – West 28kV \(North\) November 11, 2025](#), Section 6.2, pp. 25-26

³⁹ Exhibit 2, Tab 5, Schedule 4, pp. 285-287

⁴⁰ Interrogatory Response 2-Staff-67, part a), sub-part ii), p. 6

⁴¹ [Attachment SC-Staff-4\(A\) – Updated Attachment 2-Staff-67\(A\), Non-Wires Customer Solutions Program: Benefit-Cost Analysis Approach & Summary Report – West 28kV \(North\) November 11, 2025](#), Section 6.2, pp. 25-26

⁴² Exhibit 2, Tab 5, Schedule 8, p. 20. Kanata MTS and Marchwood MTS are currently operating at 95% and 140%, respectively, of its planning capacity.

⁴³ [Attachment SC-Staff-4\(A\) – Updated Attachment 2-Staff-67\(A\), Non-Wires Customer Solutions Program: Benefit-Cost Analysis Approach & Summary Report – West 28kV \(North\) November 11, 2025](#), p. 10

programs continuing until 2030⁴⁴ to achieve 10 to 15MW of added capacity⁴⁵. The NWCSPP portfolio consists of six individual, demand side management programs⁴⁶:

1. Commercial Retrofit Incentive Adder Program
2. Residential Demand Response Program
3. Commercial Demand Response (HVAC) Program
4. Residential Solar and Battery Storage Adder Program
5. Commercial Solar Adder Program
6. Commercial Battery Storage Program.

For the NWCSPP in both regions, Hydro Ottawa has requested an annual budget of \$2 million for NWCSPP program costs, comprised of participant incentives.⁴⁷ It has also requested an annual NWS OM&A budget of \$2.6 million to \$2.8 million⁴⁸, a portion of which is related to the NWCSPP. Specific to the program in Kanata North, Hydro Ottawa estimates \$6,660,000 in costs over the 2026 to 2030 rate term, including \$5,925,000 for customer incentives and \$735,000 for NWCSPP OM&A costs.⁴⁹

Background: SSM Incentive Proposal

For the NWCSPP in Kanata North, Hydro Ottawa is requesting \$492,000 over the 2026 to 2030 rate term as an SSM incentive.⁵⁰ The SSM incentive is one of three incentive mechanisms available to electricity distributors under the OEB's *Filing Guidelines for Electricity Distributors to Use Third-Party DERs as Non-Wires Alternatives* ("Incentive Guidelines").⁵¹

According to OEB's Incentive Guidelines, utility applications for any of the incentive mechanisms must include information about the system needs being addressed, the wires solution being deferred or displaced, and the corresponding benefits to customers.⁵² An SSM incentive proposal, in particular, should include a detailed benefit-cost calculation comparing the third-party NWS and the wires alternative in order to

⁴⁴ Interrogatory Response 2-Staff-67, part a), sub-part iv) Table A. Table A shows major activities for one program, Commercial Battery Storage Program, continuing through 2030, while the other five programs are shown as "ongoing, if necessary" between 2029-2030.

⁴⁵ Exhibit 2, Tab 5, Schedule 8, p. 33

⁴⁶ Interrogatory Response 2-Staff-67, part a), p. 4

⁴⁷ Referred to as "Other Revenue Expense" category in Exhibit 2, Tab 5, Schedule 8, Table 2, p. 49, and "Other Income and Deductions – Services to Third Parties" category in Exhibit 2, Tab 5, Schedule 8, pp. 52-53

⁴⁸ Referred to as "Non-Wires Maintenance" in Exhibit 2, Tab 5, Schedule 8, Table 2, p. 49; Referred to as "Non-Wires Programming & System Integration" in Exhibit 4, Tab 1, Schedule 2, Section 3.1.2, p. 19.

⁴⁹ [Attachment SC-Staff-4\(A\) – Updated Attachment 2-Staff-67\(A\), Non-Wires Customer Solutions Program: Benefit-Cost Analysis Approach & Summary Report – West 28kV \(North\) November 11, 2025](#), pp. 19-20.

⁵⁰ Ibid, Section 6.2, pp. 25-26

⁵¹ OEB, [Filing Guidelines for Incentives for Electricity Distributors to Use Third-Party DERs as Non-Wires Alternatives](#), March 2023

⁵² Ibid, Section 2.2., p. 4

determine the net savings associated with the proposed NWS, and should identify and provide a rationale for the portion of savings the applicant wants to allocate to shareholders.⁵³ Electricity distributors are advised to use the OEB’s *Benefit-Cost Analysis (BCA) Framework for Addressing Electricity System Needs* (BCA Framework) to complete the detailed benefit-cost calculation.⁵⁴

In an effort to align with the OEB’s Incentive Guidelines, Hydro Ottawa completed a benefit-cost calculation for the NWCSP in Kanata North, including Distribution System Test (DST) results as outlined in the OEB’s BCA Framework. Hydro Ottawa’s DST calculates system benefits through “comparisons of peak kilowatt demand before and after NWCSP deployment using an estimated marginal distribution cost of avoiding and deferring future investment in station and distribution capacity”.⁵⁵ These DST results calculate the net benefits of the NWCSP relative to a hypothetical reference scenario using hourly historical data from 2023 and 2024 from the existing Kanata MTS and Marchwood MTS.⁵⁶

Hydro Ottawa uses a hypothetical scenario for the benefits calculation in its submitted BCA, but also suggests it could temporarily supply approximately 30 MVA of incremental capacity through two new dedicated feeders from the Terry Fox MTS to the Kanata North region for an estimated cost of \$68.5 million.⁵⁷ This feeder option was not used as the reference case in the BCA. Instead, Hydro Ottawa adopted the existing Kanata MTS and Marchwood MTS calculations to represent the “business as usual” reference scenario and “mitigate the risk of overstating the benefits of the non-wires solution”.⁵⁸

Hydro Ottawa’s proposed SSM incentive payment is a 50/50 split of the calculated net DST benefits. Where the DST cost for a specific year is less than the corresponding net DST benefits value, Hydro Ottawa uses the DST cost value before applying the 50% shared saving allocation.⁵⁹ Hydro Ottawa proposed to reconcile the final incentive through the approved NWS Variance Account.⁶⁰

In its Argument-in-Chief, Hydro Ottawa cites four policies in support of its position on the

⁵³ OEB, [Filing Guidelines for Incentives for Electricity Distributors to Use Third-Party DERs as Non-Wires Alternatives, March 2023](#), p. 7

⁵⁴ Ibid.

⁵⁵ [Attachment SC-Staff-4\(A\) – Updated Attachment 2-Staff-67\(A\), Non-Wires Customer Solutions Program: Benefit-Cost Analysis Approach & Summary Report – West 28kV \(North\) November 11, 2025](#), p. 6

⁵⁶ Ibid, p.14.

⁵⁷ Response to SC-Staff-7, pp. 2-3

⁵⁸ Ibid.

⁵⁹ [Attachment SC-Staff-4\(A\) – Updated Attachment 2-Staff-67\(A\), Non-Wires Customer Solutions Program: Benefit-Cost Analysis Approach & Summary Report – West 28kV \(North\) November 11, 2025](#), p. 26

⁶⁰ Ibid.

SSM incentive proposal – the OEB’s *Framework for Energy Innovation: Setting a Path Forward for DER Integration* (“FEI Report”), the OEB’s Non-Wires Guidelines for Electricity Distributors (“NWS Guidelines”), the OEB’s BCA Framework for Addressing Electricity System Needs (“BCA Framework”), and the Ontario government’s *Energy for Generations: Ontario’s Integrated Plan to Power the Strongest Economy in the G7* (“Integrated Energy Plan” or “IEP”).⁶¹ In particular, Hydro Ottawa submits that the proposed SSM incentive “incorporates customer protections while enabling the advancement of NWSs and learning objectives, consistent with the FEI”.⁶²

5.2. OEB Staff Submission

OEB staff is only opining on the specifics of the SSM incentive proposed by Hydro Ottawa in the context of the NWCSP in Kanata North. Other than the proposed incentive, OEB staff has no concerns regarding the NWCSP, and supported the project in its submission on the settlement proposal.

Hydro Ottawa’s SSM proposal is inconsistent with OEB and government policy direction. In the absence of a feasible wires alternative, no net benefits or “shared savings” as conceived of for the SSM can be realized through the NWCSP in Kanata North. This is why the SSM incentive mechanism is not appropriate for the scenario in Kanata North. In addition, OEB staff has concerns about the completeness and reasonability of the benefit and cost inputs used in Hydro Ottawa’s submitted BCA.

OEB staff does not support Hydro Ottawa’s proposed SSM incentive of \$492,000 for the NWCSP in Kanata North as the proposed NWS program is not eligible for an SSM. While OEB staff recognizes the merits of deploying the NWCSP in Kanata North, the currently proposed incentive does not align with the structure or purpose of the SSM.

5.2.1. SSM Incentive Ineligibility

An SSM incentive is predicated on a potential NWS yielding net benefits or savings relative to a traditional wires alternative to meet a distribution system need.⁶³ These net benefits, arising from deferring or avoiding traditional infrastructure, are then available to be shared between customers and shareholders. Accordingly, the Incentive Guidelines require an SSM incentive application to present a detailed benefit-cost calculation comparing the third-party DER solution to the traditional wires alternative using OEB’s BCA methodology.⁶⁴

⁶¹ Argument-in-Chief, pp. 62-63

⁶² Argument-in-Chief, p. 62

⁶³ OEB, [Filing Guidelines for Incentives for Electricity Distributors to Use Third-Party DERs as Non-Wires Alternatives, March 2023](#), p. 7

⁶⁴ Ibid.

Though Hydro Ottawa’s SSM proposal correctly relies on the BCA’s DST results to calculate net benefits, the fundamental prerequisites for an SSM are not met because no feasible wires alternative exists during the need window (2026 to 2028) in Kanata North. In its BCA, Hydro Ottawa states “there is no further feasible wire solution capable of addressing this region’s need prior to [the new Kanata North MTS] station energization”⁶⁵ in 2028.

Furthermore, OEB staff submits that the alternative wires option identified by Hydro Ottawa (i.e., the two new feeders from Terry Fox MTS) is financially imprudent given its cost and the temporary nature of the capacity constraint it would address. While this option may be viable from a technological and timing perspective, deploying a \$68.5 million solution to a short-term capacity constraint from 2026 to 2028 would not be a financially prudent investment. For comparison, Hydro Ottawa’s own application estimates a total capital cost of \$44.8 million⁶⁶ for the new Kanata North MTS which will resolve this capacity constraint and the region’s load growth, and is expected to serve the region for the next 45 years.⁶⁷ OEB staff submits that a \$68.5 million temporary solution to address (potentially occasional) periods of peak demand over three years cannot be reasonably expected to pass a prudence review, would not result in just and reasonable rates, and therefore is not a viable or valid wires alternative. Thus, the NWCSP in Kanata North appears to be the only (wires or non-wires) prudent and feasible solution to address capacity constraints in this region from 2026 to 2028.

Since no feasible wires reference scenario exists, the deployment of the NWCSP in Kanata North cannot generate real incremental savings for customers. Hydro Ottawa’s calculated DST results and associated net benefits are therefore invalid and cannot be used as the basis of the SSM incentive. Specifically, Hydro Ottawa’s DST benefit calculations assume the avoidance or deferral of traditional infrastructure from 2026 to 2028, despite the fact that no traditional infrastructure that could reasonably be expected to pass a prudence review is feasible during that period (e.g., additional capacity from the existing Kanata MTS and Marchwood MTS). As a result, the calculated net benefits are theoretical, arising from a comparison to an unrealistic and impractical wires alternative, resulting in (not real) unachievable savings. The absence of actual savings makes the project ineligible for an SSM as per the Incentive Guidelines.

5.2.2. Policy Misalignment

OEB staff does not agree that Hydro Ottawa’s proposed SSM incentive for the NWCSP

⁶⁵ [Attachment SC-Staff-4\(A\) – Updated Attachment 2-Staff-67\(A\), Non-Wires Customer Solutions Program: Benefit-Cost Analysis Approach & Summary Report – West 28kV \(North\) November 11, 2025](#), p. 9

⁶⁶ Exhibit 2, Tab 5, Schedule 8, p. 50

⁶⁷ HOL_Attachment 2-7-1(A) – Appendix 2-BB Service Life Comparison_20250428

in Kanata North is consistent with OEB or government policy direction. Hydro Ottawa's interpretation of the cited policy documents, including the FEI Report, NWS Guidelines, BCA Framework and the government's IEP, misconstrues both their content and underlying intent as it relates to the proposed SSM incentive for Kanata North.

Framework for Energy Innovation & Incentive Guidelines

OEB staff submits that, through the NWCSP, Hydro Ottawa has factored NWS into its planning.⁶⁸ OEB staff recognizes the role of the NWCSP in addressing capacity constraints and improving reliability for customers in the Kanata North region; for this reason, staff was supportive of the NWS program as part of the settlement agreement. OEB staff further acknowledges that implementation of the NWCSP advances the intent of the FEI Report with respect to learning and experience with NWS deployment.

Support for Hydro Ottawa's NWCSP does not, in OEB staff's view, give rise to an automatic entitlement to an SSM incentive. In its Argument in Chief, Hydro Ottawa asserted that its proposed SSM incentive compensates the utility for forgoing a traditional capital investment, thereby aligning utility and customer interests.⁶⁹ Yet, Hydro Ottawa is not forgoing a traditional investment opportunity in Kanata North. Instead, Hydro Ottawa is proceeding with the construction of the Kanata North MTS, resulting in an addition to its rate base. Further, as established previously, there is no feasible and prudent traditional wires alternative to the NWCSP, meaning that Hydro Ottawa is also not forgoing a capital investment by deploying the NWS program.

Hydro Ottawa stated that this SSM proposal represents the first opportunity for the OEB to adjudicate an incentive proposal developed under the FEI Report and Incentive Guidelines.⁷⁰ It submits that the proposed SSM incentive is a low-risk opportunity to advance the objectives of the FEI Report, test an incentive mechanism and inform tools to strengthen sector performance:

...Hydro Ottawa's SSM proposal presents a low risk initial opportunity that, if approved, will allow the OEB to begin to advance the objectives of the FEI Report. This initiative provides a practical environment to test an incentive, evaluate implications, outcomes and impacts, derive lessons learned from adjudicating a proposal - all of which will inform future potential modifications to incentives and support the development of broader tools to drive sector performance.⁷¹

OEB staff's interpretation varies from that of Hydro Ottawa. OEB staff submits there is value in ensuring SSM incentives are grounded in clear, demonstrated customer

⁶⁸ Argument-in-Chief, p. 63

⁶⁹ Argument-in-Chief, p. 64

⁷⁰ Argument-in-Chief, p. 65

⁷¹ Argument-in-Chief, p. 66

benefits relative to a prudent, traditional wires reference scenario. This approach helps establish a sound precedent that can guide the sector in future application of OEB policies. In this context, OEB staff's position aligns with the FEI Report's intent to clarify the regulatory treatment of innovative and cost-effective solutions by helping to establish a clear approach that benefits both current and future applicants.

OEB staff further submits that only proposals which have the possibility of achieving the desired outcome - in the case of the SSM: savings - can reasonably be expected to provide value, regardless of their novelty. This aligns with the FEI Report, which explicitly states its intention to balance the statutory objectives of promoting economic efficiency and cost effectiveness in distribution service with integrating DERs cost-effectively and without negative impacts to customers.⁷²

In its Argument-in-Chief, Hydro Ottawa refers to the OEB's intention in inviting distributors to propose incentive mechanisms as a way to support near-term progress on the use of third party DERs as non-wires alternatives, and to inform the broader evolution of the utility remuneration framework.⁷³ OEB staff affirms this objective and continues to support it. However, OEB staff maintains that the incentive proposal put forward for Kanata North does not align with how the SSM is intended to be applied.

NWS Guidelines & BCA Framework

Hydro Ottawa argues that its proposal for an SSM incentive for the NWCSP in Kanata North is consistent and responsive to the NWS Guidelines and the BCA Framework.⁷⁴ Though OEB staff acknowledges Hydro Ottawa's responsiveness to aspects of the NWS Guidelines and BCA Framework, staff does not fully agree with Hydro Ottawa's interpretation and execution of these two documents, and does not believe Hydro Ottawa's proposed SSM incentive is justified.

The BCA Framework expressly recognizes that where a system need is non-discretionary and no wires option exists (or is practical), the NWS becomes the reference scenario and a formal BCA may be "neither appropriate nor necessary".⁷⁵ Without a feasible wires reference scenario, a BCA that attempts to quantify "net benefits" will not reflect accurate or real incremental savings to customers from avoided or deferred infrastructure costs, and therefore will not provide an accurate basis for calculating an SSM incentive.

⁷² OEB, [Framework for Energy Innovation: Setting a Path Forward for DER Integration](#), January 30, 2023, p. 10

⁷³ Argument-in-Chief, p. 64

⁷⁴ Argument-in-Chief, p. 63

⁷⁵ OEB, [Benefit-Cost Analysis Framework for Addressing Electricity System Needs](#), May 2024, pp.15-16

In these situations, the BCA Framework contemplates the provision of an estimated traditional wires cost to facilitate regulatory review,⁷⁶ an approach with which Hydro Ottawa’s BCA submission is broadly aligned. On this basis, OEB staff supported the NWCSP in Kanata North, especially given its role in addressing reliability risks and mitigating service interruption. However, this support for the program does not extend to the proposed SSM incentive because, as noted previously, the calculated net benefits of the NWCSP will not result in actual savings to ratepayers. Given this, OEB staff submits that awarding an SSM incentive would not align with the intent of the NWS Guidelines and BCA Framework.

Integrated Energy Plan

Hydro Ottawa argues that its SSM proposal aligns with the Ontario government’s IEP. More specifically, the “Enabling Growth through Faster, Streamlined Connections” subsection of Chapter 4: Ontario’s Future Electricity Grid encourages the strategic use of non-wires alternatives to manage local electricity needs, reduce infrastructure costs and support grid modernization where such solutions are cost-effective.^{77,78} Hydro Ottawa further submits that this policy direction, reinforced by the government’s 2024 Letter of Direction to the OEB, supports the use of incentives for NWSs that benefit customers.⁷⁹ OEB staff does not fully agree with Hydro Ottawa’s interpretation.

As previously stated, OEB staff is supportive of the NWCSP, recognizing the strategic use of this NWS program in addressing the particular and imminent system needs in the Kanata North region. For this reason, the NWCSP was supported by OEB staff as part of the settlement agreement.

While OEB staff agrees with Hydro Ottawa that the NWCSP is aligned with the general principles of the IEP, OEB staff is of the view that the SSM incentive proposed for the NWCSP in Kanata North is inconsistent with the IEP’s principles of energy affordability and cost-effective use of NWS.⁸⁰ The IEP promotes the strategic use of NWS “to help meet local electricity needs without immediately expanding traditional infrastructure”.⁸¹ In this case, however, the NWCSP in Kanata North is being implemented in addition to, rather than as a substitute for or deferral of, the construction of the new Kanata North MTS, requiring customers to fund both an interim NWS and longer term traditional infrastructure at the same time.

⁷⁶ OEB, [Benefit-Cost Analysis Framework for Addressing Electricity System Needs](#), May 2024, p.15.

⁷⁷ Argument-in-Chief, p. 67;

⁷⁸ Government of Ontario, [Energy for Generations – Ontario’s Integrated Energy Plan to Power the Strongest Economy in the G7](#), June 2025, p. 86

⁷⁹ Argument-in-Chief, p. 67

⁸⁰ Government of Ontario, [Energy for Generations – Ontario’s Integrated Energy Plan to Power the Strongest Economy in the G7](#), June 2025, pp. 87-91

⁸¹ Ibid, p. 86

As a result, approving the proposed incentive would increase customer bills by layering an SSM incentive payment on top of NWS program expenses and traditional wires capital costs, despite the absence of any real savings to be shared. As previously noted, the NWCSP in Kanata North has not been shown to produce incremental net benefits, as it does not generate the customer savings (relative to a feasible and prudent traditional wires solution) that are fundamental to an SSM. Without such savings, there is nothing to share, meaning the proposed SSM incentive would merely result in an increase in customer costs. Such an outcome would be inconsistent with the principles of the IEP.

5.2.3. Reasonability and Completeness of BCA Inputs and Assumptions

Aside from the absence of a valid wires reference scenario for the NWCSP in Kanata North, OEB staff also observes several methodological inconsistencies in Hydro Ottawa's submitted BCA. These include the exclusion of incremental costs associated with deploying the NWCSP and unsubstantiated infrastructure benefit assumptions. These unsupported inputs and assumptions raise concerns about the completeness and accuracy/reasonability of the calculated savings, which form the basis of Hydro Ottawa's proposed SSM incentive. OEB staff submits that these methodological inconsistencies provide further grounds to reject Hydro Ottawa's SSM proposal.

Exclusion of Incremental OM&A Costs

Hydro Ottawa's BCA does not fully account for NWCSP-specific OM&A costs within its DST calculations, thereby understating the costs used to derive the SSM incentive.

Hydro Ottawa requested \$2.6 million to \$2.8 million annually for NWS OM&A related to the NWCSP and four utility-owned Battery Energy Storage System (BESS) initiatives.⁸² However, for 2026, the full \$2.8 million in NWS OM&A budget is allocated to a single category labelled "Third Party Non Wires Alternative Solutions," with no allocation to the BESS initiatives.⁸³ Hydro Ottawa clarifies that this category refers to "integration, operation and monitoring of third party non-wires alternative solutions as well as cost associated with the implementation of the NWCSP".⁸⁴ As the NWCSP in Kanata North is one of two major NWS activities specified for 2026, the OM&A amounts reflected in the BCA for the NWCSP (\$245,000 in 2026) appears to be understated.

⁸² Hydro Ottawa identifies five NWS-related initiatives: the NWCSP, utility-owned BESSs, EV Everywhere, ODERA and Alternative Energy Models (Exhibit 2, Tab 5, Schedule 4, pp. 279-290). Interrogatory response 2-Staff-70 confirms that no ratepayer funding is sought for EV Everywhere and Alternative Energy Models (e.g., DSOs). Although Hydro Ottawa seeks funding for ODERA, it does not treat it as an NWS (2-Staff-69, part a)). Hydro Ottawa confirmed that the NWS OM&A reflects expenses for the NWCSP and BESSs (Technical Conference, Day 2, p. 95)

⁸³ Interrogatory response to 4-Staff-134 (Table A), p. 3

⁸⁴ Interrogatory response to SC-Staff-5, p. 2

While some portion of the \$2.8 million in NWS OM&A may relate to higher-level planning and assessment of NWS opportunities generally (and can be excluded from BCA calculations),⁸⁵ OEB staff is concerned that a significant share of the annual OM&A budget still relates to implementation and delivery of the NWCSP and should therefore have been included in the BCA. Hydro Ottawa indicated that \$2.7 million of the \$2.8 million in NWS OM&A relates to labour costs,⁸⁶ yet the BCA only includes \$245,000 for marketing and third-party services with no mention of labour-related OM&A in 2026.

In fact, Hydro Ottawa confirms it does not include all incremental staffing costs in its submitted BCA. Hydro Ottawa explicitly states, “existing staff are not being treated as incremental OM&A. As such, these costs have not been included in the referenced Table 6 [Non-Wires Customer Solutions Program Costs (\$’000s)]...nor included in the BCA calculation”.⁸⁷ Hydro Ottawa further explains that it “only identif[ies] staffing costs related to NWCSP in the BCA if new personnel were required or backfilling of redeployed staff was required to preserve core functional operations”.⁸⁸ Taken together, these statements indicate that Hydro Ottawa has limited its BCA inputs to new or backfilled personnel costs and has excluded the costs associated with existing staff dedicated to NWCSP activities. This approach is inconsistent with the BCA Framework, which requires consideration of impacts incremental to a business-as-usual reference scenario.⁸⁹ Under that reference scenario, the NWCSP in Kanata North would not exist. As a result, all new personnel costs, as well as a portion of existing staff time that would not have been incurred absent the NWCSP, represent incremental costs that should have been captured in the BCA.

Appropriateness of Avoidance and Deferral Benefit Assumptions

OEB staff submits that Hydro Ottawa’s approach to delineating the NWCSP’s benefits inflates both the net benefits value of the DST as well as the SSM incentive on three fronts.

First, Hydro Ottawa’s BCA includes avoided infrastructure costs from 2026 through 2028 to calculate the incremental system benefits from the NWCSP. However, OEB staff does not believe that there are any avoided infrastructure benefits from 2026 to 2028, seeing as the new Kanata North MTS is still being constructed to be energized in 2028. The NWCSP is therefore intended solely to manage interim capacity constraints and reliability risk until the new station is energized, and functions as a bridging measure rather than a substitute for a required traditional infrastructure.

⁸⁵ OEB, [Non-Wires Solutions Guidelines for Electricity Distributors](#), March 2024, p. 24

⁸⁶ Interrogatory Response to 4-Staff-136, part b)

⁸⁷ Response to SC-Staff-4

⁸⁸ Ibid.

⁸⁹ OEB, [Benefit-Cost Analysis Framework for Addressing Electricity System Needs](#), May 2024, p. 12

Second, Hydro Ottawa also overstates the NWCSP's benefits – and therefore the value of the SSM incentive – by including benefits associated with the deferral of a second substation in the mid-2030s.⁹⁰ The submitted BCA indicates the need for this second substation materializes around 2037.⁹¹ Despite this, Hydro Ottawa assumes infrastructure deferral benefits beginning in 2029, which overstates the incremental benefits to be achieved from the NWCSP. As Hydro Ottawa indicates that a second substation is only required around 2037, this calls into question whether there is any deferral benefit from deploying the NWCSP between 2029 to 2037.

Similarly, Hydro Ottawa misrepresents the scale of the NWCSP's benefits by assuming consistent annual marginal capacity benefits across a 25-year study period. Marginal capacity benefits should only be included in years where capacity investment would otherwise be required (e.g., in the mid-2030s if a second station is deferred) in line with the BCA Framework and historical IESO practice, which often included zero marginal capacity values in years where no investment was needed.⁹² As such, this assumption, unsupported by evidence, likely inflates the value of the SSM incentive.

Thirdly, Hydro Ottawa's BCA cites program benefits from 2026 through 2050, despite the NWCSP primarily being in place from 2026 to 2028, with the program's continuation beyond 2028 being uncertain. Given the short deployment period of the proposed solution, the 25-year horizon likely inflates the benefits of the NWCSP in Kanata North.

In summary, the NWCSP in Kanata North is not eligible for an SSM incentive as there is no avoidance or deferral of a traditional wires alternative, meaning there are no savings to share from deploying the NWS program. Further, even if there were a feasible wires solution, Hydro Ottawa's submitted BCA may not provide a reliable assessment of the NWCSP's true costs and benefits, given the uncertainty around the reasonability and completeness of the submitted BCA's inputs and assumptions. Therefore, OEB staff does not support awarding an SSM incentive to Hydro Ottawa for the NWCSP in Kanata North.

~All of which is respectfully submitted~

⁹⁰ [Attachment SC-Staff-4\(A\) – Updated Attachment 2-Staff-67\(A\), Non-Wires Customer Solutions Program: Benefit-Cost Analysis Approach & Summary Report – West 28kV \(North\) November 11, 2025](#), p. 17

⁹¹ Response to SC-Staff-10, p. 3

⁹² See, for example, calculations of avoided summer and winter capacity costs in the 2019 Annual Planning Outlook, as reproduced in Figures 8 and 9 (pp. 20-21) of the IESO's [2021-2024 Conservation and Demand Management Framework Mid-Term Review](#).