



PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DÉFENSE DE L'INTÉRÊT PUBLIC

Hydro Ottawa Limited (HOL)

EB-2024-0115

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

Submission of the
Vulnerable Energy Consumers Coalition
(VECC)

February 25, 2026

Vulnerable Energy Consumers Coalition

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Overview

1. This argument is with respect to Hydro Ottawa Limited (Hydro Ottawa or HOL) proposal for cost of service rates beginning January 1, 2026 and for rates to be adjusted for the four years following on the basis of a customized incentive plan/formula. All the issues identified in the Board's approved issue list of June 24, 2025 have been settled by the Parties with the exception of the following:

- 4.1. Are the proposed OM&A expenditures appropriate?
- 4.2. Is the proposed shared services cost allocation methodology and the quantum appropriate?

These issues are with regard to determining OM&A expenditures to be included for calculating rates for the test year – 2026.

- 5.3. Is the proposed Other Revenue forecast appropriate?

This issue is limited to the matter of the inclusion and calculation of shared saving mechanism (SSM) related to the Non-Wires Solutions.

- 7.2. Is the proposed rate design, including fixed/variable splits, appropriate?

This issue is limited to the matter of the setting of a Net Metering Charge.

2. All other issues identified as partially settled in the filed settlement arise because they are ancillary to these unsettled issues. Said otherwise, the issues identified above are the only remaining issues to be settled by the Board.
3. With respect to the issue of OM&A VECC's submits there should be a reduction of \$24 million.
4. With respect to the SSM incentive, VECC is not making an independent submission. We rely on, and endorse, the submission of Board staff with respect to this issue.
5. With respect to the issue of net metering VECC submits that, for 2026, the Board should approve a Net Metering Service monthly fixed charge of \$8 applicable to all customers in the class.

Issue 4 OM&A

6. With respect to our arguments on OM&A we have had an opportunity to review and consider the submissions of the Consumer Council of Canada (CCC) and the School Energy Coalition (SEC). In the spirit of the Board's desire that parties coordinate and attempt to be more efficient we will try not to be repetitive of those arguments. VECC is in agreement with these parties, if not the final OM&A amounts to be reduced. We have tried to show an alternative approach to the issue of the

- inordinate proposed spending and by how much it might be reduced. CCC argues for a \$17.3 million reduction in OM&A. SEC makes the case for a larger reduction of \$20.6 Million reduction. The take a rigorous “line by line” analytical approach to the problem. We approach the issue a little more akin to Board staff on a broader less specific basis. That whichever approach is taken the results are largely similar says something about the Utility’s proposal.
7. Board staff’s argument with respect to OM&A is a bit mystifying to us. Staff recommend a paltry \$7 million reduction to OM&A which, although some specific issues are mentioned appears to be based on the reasonability (or not) of a 7.8% increase from HOL’s 2025 OM&A forecast. Why 2025 is a reasonable starting point is not clear to us since the 2025 annualized inflation rate was 2.1%¹ and the Bank of Canada is forecasting the 2026 inflation rate to be around 2.0%.² A 4% increase - assumes almost nothing in productivity gain and would still only add about \$4.8 million. We calculate this as a reduction closer to \$15 million. Also, somewhat puzzling is that after stating in places that the Settlement Proposal agreed to adjustments to the rate formula should not be considered when determining an appropriate amount for 2026 OM&A ³ the argument then goes on to talk in some detail about exactly that.
 8. The issue to be decided by the Board in this phase of the Application is 2026 OM&A. It is not, as suggested by the Applicant to consider the OM&A component of rates in subsequent years. That was addressed as part of the rate adjustment formula of the Settlement Agreement that was approved by the Board. The Board is now tasked with making a completely different decision - what is an appropriate and reasonable level of OM&A to recover in 2026.
 9. In our submission the band of reasonableness to make a reduction to OM&A is no less than \$15 million and no more than \$40 million. Our suggestion is a \$24 million reduction.

Details of OM&A

10. As shown below Hydro Ottawa wants a large increase in OM&A. Whether measured by the last Board approved amount for 2021 (\$90.6 million⁴) or the amount actually spent in 2021 (\$84.7 million) the increase sought for 2026 is beyond inflation by either 55% or 65% over the last rate period. If HOL were to simply get the same

¹ <https://www150.statcan.gc.ca/n1/daily-quotidien/260119/dq260119b-eng.htm>

² <https://www.bankofcanada.ca/publications/mpr/mpr-2026-01-28/projections/>

³ See for example OEB Staff Submission page 8

⁴ Exhibit 4, Tab 1, Schedule 1, page 4 Table 1

in real dollars in 2026 as was the case in 2021 there would be a reduction in OM&A of over \$38 million⁵.

Appendix 2-JA
Summary of
Recoverable OM&A
Expenses

	2021 Last Rebasing Year Actuals	2022 Actuals	2023 Actuals	2024 Bridge Year	2024 Actuals	2025 Bridge Year	2025 Forecast	2025 Variance	2026 Test Year
<i>Reporting Basis</i>	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Operations	22,289,609	25,958,200	26,739,431	33,934,538	31,047,451	33,750,401	32,745,121	(1,005,279)	44,892,545
Maintenance	9,508,222	17,821,203	21,342,846	14,684,628	15,584,835	15,113,631	16,932,980	1,819,349	18,897,055
SubTotal	31,797,832	43,779,403	48,082,277	48,619,167	46,632,286	48,864,032	49,678,102	814,070	63,789,599
Billing and Collecting	9,686,378	10,825,140	10,938,831	12,410,616	12,734,179	12,876,189	13,040,324	164,134	13,556,552
Community Relations	6,392,815	6,840,722	7,357,653	8,531,804	7,568,463	8,536,246	8,439,265	(96,981)	10,021,881
Administrative and General	36,860,234	39,090,480	46,398,985	45,758,786	48,155,182	48,645,429	49,433,876	788,447	52,642,346
SubTotal	52,939,427	56,756,341	64,695,469	66,701,205	68,457,823	70,057,864	70,913,464	855,600	76,220,779
Total	84,737,259	100,535,744	112,777,746	115,320,372	115,090,109	118,921,895	120,591,565	1,669,670	140,010,378

11. In fact, if the customer incentive rate plan approved by the Board in the last proceeding were actually effective then one might expect OM&A costs to be actually lower than that implied by a simple application of an inflation rate. This would argue for an even greater decrease in the range of \$40 million. However, our view is that some activities, especially as they relate to cyber security and an increasing regulatory burden as the regulator and governments continually overlay energy policy objectives onto Ontario distribution utilities needs to be acknowledged. On the whole however, we think the two – expected efficiency gains and increasing responsibilities - roughly cancel each other. Therefore, the expectation that OM&A costs should increase by no more than the rate of CPI inflation is a reasonable one.

12. Of course, HOL argues that there are other extenuating circumstances. The Pandemic, the severe storm in 2022 (2022 Derecho), and a major labour strike. Of course, with the exception of the strike Ottawa customers faced similar challenges, unemployment due to the Pandemic and costs due to severe weather, inflation, tariff impacts – same sort of things as this Utility – after all they live in the same place. How much some of these past events influence the future is debatable.

⁵ VECC relies upon the Bank of Canada's (BoC) CPI related inflation calculator to make this calculation <https://www.bankofcanada.ca/rates/related/inflation-calculator/>

13. HOL would have you begin your examination starting in 2024.⁶ Yet even if one conveniently ignores the past an application of inflation to 2024 actual OM&A of \$115 Million would still result in a reduction of \$20 Million if one only considers only an inflation to be reasonable.⁷
14. Furthermore, HOL makes no adjustment in its FTE costs due to the agreed upon reduction of 17% to its rate plan capital program and notwithstanding that it argues that the capital program is a driving force to the increase in employees. The Utility tells us: *“In the 2026 Test Year and beyond, Hydro Ottawa must make further prudent and necessary incremental OM&A investments to meet its operational obligations. These investments in its workforce, technology and distribution system maintenance will enable Hydro Ottawa to execute a capital program that is significantly growing in size compared to the 2021-2025 rate term..”*⁸
15. Compensation is allocated as between OM&A and Capital in the order of approximately 75/25%.⁹ Hydro Ottawa’s refusal to acknowledge the OM&A implication of a reduction in capital spending means one of two things. Either there will be less work that was done by employees under the original plan but they will allocate the same costs, i.e., they will be less productive or they will be reassigned to do, as yet to be conceived, non-capitalized OM&A projects, i.e. things that are not proposed or argued for by HOL in this application.
16. Another way to see the relationship between the number of FTEs and the work allocated (capital or OM&A) is by looking at HOL’s own estimate of the net result of the allocation of positions as shown in the table below.¹⁰

Table B - 2026 New Positions by Capital and OM&A

2026	
OM&A ¹	44
Capital	37
Total	81

¹ Please note that positions that are allocated to Other Revenue (i.e. Services to Third Parties) are included in OM&A.

⁶ HOL AIC, pages 2-3

⁷ Op. cit., BoC CPI

⁸ HOL AIC page 3, par.5

⁹ HOL_Attachment4-1-3-OEB Appendix 2-K Employee Costs_20250415

¹⁰ IR Responses 4-SEC-78

17. Since we doubt Hydro Ottawa is proposing to purposely become less productive than a \$4 million reduction in OM&A (17% of \$25.7 million in capitalized compensation) would be in order. Therefore, even if one accepts HOL's proposal to use 2024 as a reference starting point this would still result in the reduction of \$24 million in OM&A costs for 2026.

18. This is an important point. Ultimately the reason for the ginormous increase in OM&A is an equally ginormous increase in employees. It is worth reminding oneself of just how large an increase is proposed when comparing 2021 to 2026 and beyond.¹¹

Table C - FTEs by Appendix 2-JC OM&A Programs

	Historical Years				Bridge Years	Test Years				
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Collections	9	7	5	8	8	8	8	8	8	8
Customer Billing	30	28	25	33	27	28	29	37	29	29
Corporate Costs	3	3	3	3	3	3	3	3	3	3
Customer & Community Relations	40	44	32	36	41	42	43	43	43	43
Distribution Operations	265	266	204	272	269	310	336	337	337	337
Engineering & Design	83	87	82	103	121	142	158	162	158	160
Facilities	6	7	7	8	6	6	7	7	7	7
Finance	31	29	29	29	29	29	31	32	33	33
Human Resources	26	29	26	26	25	28	28	28	28	28
Information Management & Technology	35	37	35	42	40	45	46	46	46	46
Metering	20	18	14	24	23	26	28	28	28	28
Regulatory Affairs	8	9	7	10	14	9	10	10	10	10
Safety, Environment & Business Continuity	12	12	11	15	16	20	21	22	22	22
Supply Chain	20	18	13	16	17	18	18	18	18	18
Total	585	595	494	624	641	716	766	780	769	771

¹¹ IR Response 4-CCC-50

19. Both CCC and SEC have developed their proposed reductions from a bottom up analysis which examines such things as vacancy rates, market compensation comparisons, overtime and other details. These arguments are compelling. SEC has laid out a detailed analysis showing the above market compensation offered by this Utility. CCC has provided a succinct list of areas which one might reasonably consider in reducing costs for ratepayers.
20. We do not think we can add more to those concise arguments. They represent a very precise and logical approach and clearly show the deficiencies in the Applicant's OM&A proposal. Let us suggest an entirely different way of considering the issue.
21. Affordability. Almost nothing has been said in this Application or the proceeding as a whole about affordability. Instead, the HOL has supplied the usual "customer engagement" material seen in most rate applications. It is composed of two parts. First is a general survey, almost always carried out by "UtilityPulse"¹². This invariably shows the "client du jour" as scoring positively above, or at least no worse, than all other Ontario distributors. The solution how this might be mathematically possible is presumably that those utilities that might score below average have declined UtilityPulse's services. The second is a much more intricate pseudo scientific exercise carried out by Innovative Research Group. Depending on the exercise needed (supporting the utility's capital program or general UtilityPulse style survey) customers sentiments revealed are invariably the same – the utility under review is as good as or better than all other utilities; customer care most about costs and reliability (no surprise there), but are relatively disengaged from all other aspects of the utility's business. Nonetheless, newly invented terms, "Net Promoter Scores" and "Social Permission" are declared and then bandied about at every occasion, especially if the Panel is in audience. And voilà – customer engagement is now done!
22. "Next to useless" is only a couple of words too many to accurately describe this form of understanding one's customers. But even such light insight doesn't come cheap. This is what Hydro Ottawa spent trying to convince you that customers have no issues with its extraordinary increase in OM&A:

Table A - 2021-2024 Third Party Customer Engagement Costs¹

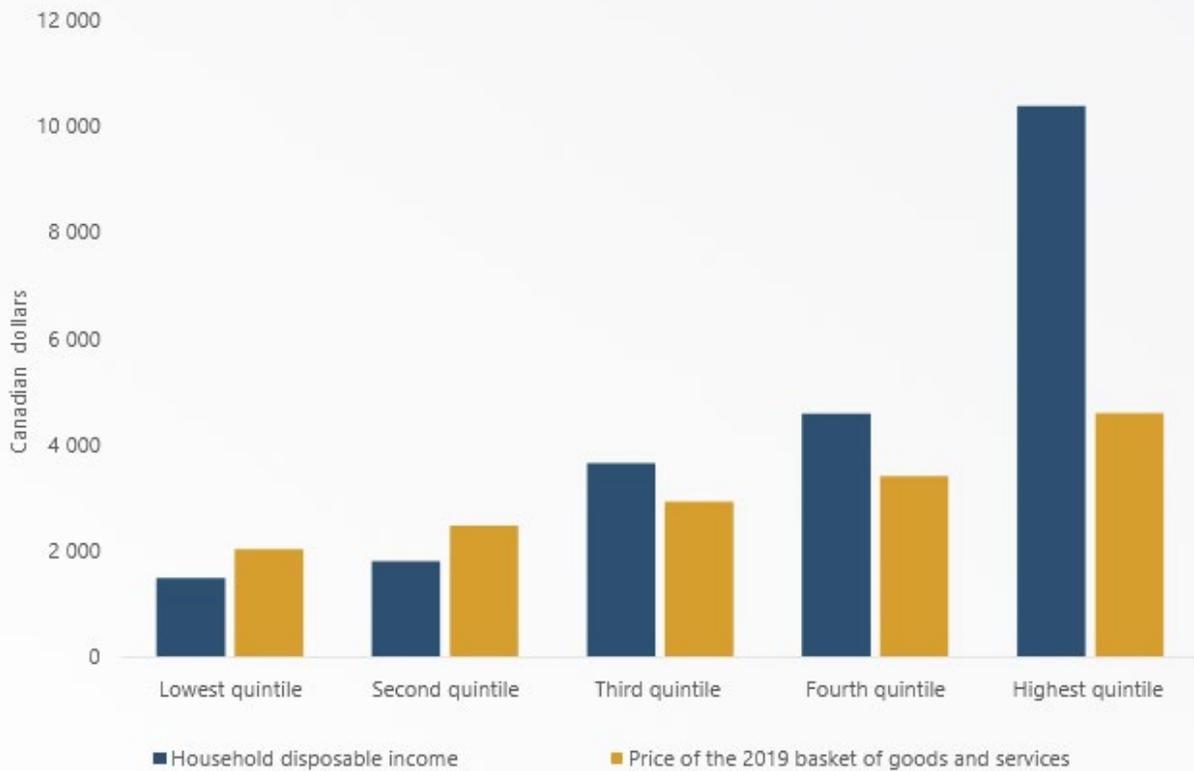
	2021	2022	2023	2024
Third Party Customer Engagement Survey Costs	\$ 38,100	\$ 51,000	\$ 42,900	\$ 302,300

¹² Exhibit 1, Tab 4, Schedule 1, Attachment C

23. HOL's annual allocation to LEAP was less than \$300,000 per year for this period¹³
 We think that giving to that cause a better use for the \$434,000 that was spent on trying to find ways to convince us that customer think its utility is super great.

24. In fact, understanding customer affordability might be one way to understand better the impact of such a large financial ask. Below is a distributional analysis of the purchasing power of Canadian households since 2019. It is not evidence. It simply shows that low income households, the customers VECC is particularly interested in, are being challenged by rising costs and incomes that are not keeping up with middle and upper income Canadians. We think this important to consider.

Figure 2 – Increase in disposable income and the price of the 2019 basket of goods and services from 2019Q4 to 2024Q1, by income quintile



Source: Office of the Parliamentary Budget Officer and Statistics Canada.¹⁴

¹³ Exhibit 4, Tab 2, Schedule 5

¹⁴ <https://www.pbo-dpb.ca/en/publications/RP-2425-016-S--distributional-analysis-purchasing-power-canadian-households-since-2019--analyse-distributive-pouvoir-achat-menages-canadiens-depuis-2019>

Issued of Share Services and Corporate Allocations

25. In our submission the Board should make a specific finding with respect to the issue of shared services and corporate cost allocations. This is for two reasons – the increase in their costs and the inherent bias in how allocations are currently calculated.

26. With respect to costs the following tables are informative¹⁵:

Table 3 – Summary of Shared Services Provided by Hydro Ottawa 2021-2026 (\$'000s)

Provided By	Provided To	OEB Approved	Historical Years			Bridge Years		Test Year
		2021	2021	2022	2023	2024	2025	2026
Hydro Ottawa	Hydro Ottawa Holding Inc.	\$1,487	\$1,161	\$1,386	\$1,335	\$1,421	\$1,480	\$1,583
Hydro Ottawa	Hydro Ottawa Capital Corporation	\$1,602	\$1,352	\$1,662	\$2,021	\$1,801	\$1,740	\$1,421
Hydro Ottawa	Hydro Ottawa Energy Services Inc.	\$1,712	\$1,261	\$1,298	\$1,528	\$1,676	\$1,709	\$1,777
Subtotal of Shared Services to Hydro Ottawa Affiliates		\$4,800	\$3,775	\$4,346	\$4,884	\$4,898	\$4,929	\$4,780
Hydro Ottawa	Conservation First Framework Wind Down	\$35	\$64	\$6	\$3	\$0	\$0	\$0
Total		\$4,835	\$3,839	\$4,352	\$4,887	\$4,898	\$4,929	\$4,780

¹⁵ IR responses 4.0-VECC-40

Table 4 – Summary of Shared Corporate Services Received by Hydro Ottawa 2021-2026 (\$'000s)

Provided By	Provided To	OEB	Historical Years			Bridge Years		Test Year
		Approved ¹	2021	2022	2023	2024	2025	2026
Hydro Ottawa Holding Inc.	Hydro Ottawa	\$3,816	\$4,017	\$5,018	\$6,433	\$6,893	\$7,436	\$7,712
Hydro Ottawa Holding Inc.	Conservation First Framework	\$11	\$14	\$5	\$7	\$0	\$0	\$0
TOTAL		\$3,827	\$4,031	\$5,023	\$6,439	\$6,893	\$7,436	\$7,712

Table A - 2021-2026 FTEs Working for Hydro Ottawa

Provided By	Provided To	Historical Years			Bridge Years		Test Year
		2021	2022	2023	2024	2025	2026
Hydro Ottawa Holding Inc.	Hydro Ottawa	17	20	22	22	23	23
Total number of FTEs in HOHI		31	32	34	36	38	38
% allocated to HOL		54%	61%	65%	61%	60%	61%

27. The story told by these tables is this. Notwithstanding an increase in OM&A costs of over 65% from 2021 to 2026 the costs of service provided by the regulated Utility to its unregulated affiliates have stayed virtually the same at around \$4.8 million. When asked about this HOL responded:¹⁶

“The cost of shared services provided by Hydro Ottawa to Hydro Ottawa Holding Inc. and Hydro Ottawa Energy Services Inc. has risen at a slower pace than the increase in Hydro Ottawa’s own OM&A. This is due to a reduction in the level of services provided. While the pricing methodology has remained the same, the level of services provided has changed.”

It is a little difficult to argue for or against such a non-specific response. To be fair HOL provides a much longer answer to the question of why its costs have risen so

¹⁶ IR responses 4-SEC-78

much more than the cost of services it provides affiliates but nothing that really shines any light on the matter.

28. On the other hand, Table 4 shows the services and the costs thereof from the holding company to the regulated utility have about doubled. Moreover, there has been an increase in the number of FTEs allocated toward Utility work of over 20% (38 from 31 FTEs).
29. Economic theory cautions regulators to guard against intercorporate transfers as it is a means to surreptitiously transfer value to corporate owners¹⁷. And there are a number of means to protect against this. For example, the Board has affiliate code requirements and often requires utilities to show third party verification of cost allocations amounts and their methodology.
30. In this matter there is a yawning gap in due diligence. This is because HOL has not recently completed a review of either its cost allocation methodologies or if the services for which that its allocation might be applied are of actual value or even needed by the regulated utility.
31. But matters are far worse than that. Critically because all the Utility's executive leadership is employed by the affiliate holding company there is an inherent conflict of interest. After establishing that the entire executive team of the regulated Utility is actually employed by the affiliate holding company VECC had this exchange with HOL¹⁸:

M. GARNER:.....So every person that's on the executive team is from the holding company. And, Ms. Barrie, who do you report to? Do you report to any of these executives?

A. BARRIE: Yes. I report to Ms. Collier.

M. GARNER: Okay.

So there was an earlier conversation about how you do the allocations between these utilities for costs, and, Ms. Collier, the -- not to put words in your mouth, paraphrase -- we have our calendars, we do some timesheets, we do some stuff like this. We don't have a formalized process, so we don't have a person -- your EA, let's say, does not have a book to go to say, this is how I must allocate my time in this office; that's not how it's done?

A. COLLIER: Every EA for each executive, their allocation of time mirrors the allocation of their executive.

M. GARNER: I see.

¹⁷ See for example, Kovvali & Macey, Hidden Value Transfers in Public Utilities, University of Pennsylvania Law Review, 2023.

¹⁸ TC Vol2 pages 202-

And you don't have, then, a set of rules that you must apply, and if you don't apply them, you're subject to some sort of sanction or whatever, do you know what I mean. You are told to correct your -- the way you are doing this. You don't have a guideline. And so --

A. COLLIER: I am not -- that's not -- I am not clear on what you mean by that, rules --

M. GARNER: Well, what I mean is that you allocate your time by your calendar, let's say, and let's say Ms. Barrie gets it and she says to herself, this doesn't look right, you're spending too much time that we don't think you should spending it with us, how does she go, like, the rule says -- Rule 6 says you are only supposed to do this? How does she do that?

A. BARRIE: So we do provide education to those who are supposed to be allocating their time so they do understand, you know, that they should only be allocating their time from -- for each affiliate based on the work that they do. Certainly, year over year, if we see swings, regulatory affairs is part of that process, and we do ask questions, and we ask for support in terms of understanding of why any allocation would change, or if we're aware of something that we thought would have impacted that, we would also ask those questions.

M. GARNER: So you're in the position of questioning your superior as to how their costs should be allocated to the utility you work for?

A. BARRIE: Well, we -- they are aware of the ARC, which is a very important --

M. GARNER: But I didn't ask that. You are in that position.

A. BARRIE: So, yes, I am in the position --

32. What this shows is Utility staff, those the OEB relies on to report the veracity of the allocation of costs, are the underlings of those whom both determine the charge and benefit from its payments. There are not even clear rules to be applied in the allocation. In such circumstances it is hard to imagine Ms. Barrie challenging Ms. Collier, her superior, as to the need to allocate costs to regulated utility customers.
33. We have seen this type of corporate structure at some other regulated utilities and make similar points. An executive which is employed by another entity are inherently in conflict with their duties, including their fiduciary duties as executives to the regulated utility. Exactly who is Ms. Collier seeking to maximize benefits to – the holding company or the utility? They are not the same and one cannot maximize benefits to one thing without not seeking to exploit the maximum amount from the other. It is oxymoronic to think otherwise.
34. Clearly the Utility needs to employ a third party too review its cost allocations. But then who will be charged with finding that third party – the party that benefits from the allocations? Until the Board or Hydro Ottawa can resolve this inherent conflict there is no basis upon which to determine the reasonability of the corporate cost payments to the holding company. The Applicant has not only failed to make its case of just and reasonableness it has made the case for the opposite. Until otherwise shown

one can only assume that the executive of this Utility – employees of an affiliate which does other things are, as the law requires, are executing their fiduciary duties to the holding company and not to Hydro Ottawa. In our submission this finding requires the Board eliminate all or a significant portion of these costs and until such time as the issue is addressed and remedied.

35. In our submission the Board might reduce the OM&A by between \$7.7 and \$ million for the failure to demonstrate the reasonableness of the payments made to the corporate parent.

OM&A FTEs

36. Ultimately, the issue of establishing a reasonable OM&A cost for rates comes down to two things. As discussed above the reasonableness of corporate costs is one. The reasonableness of the FTE increase being proposed is the other. In their words: *“In order to meet its strategic and operational goals, Hydro Ottawa plans to expand its workforce by 177 full time positions between 2024 and 2030. This represents an increase of 29% from the 2021 OEB-Approved headcount. Of these new positions, 131 are slated to be filled by the end of 2026, with the remaining 46 to follow by 2030.”*

37. The issue comes down to how much one believes or not that Hydro Ottawa is facing an existential change in its operations. There are lots of forecasts, plenty of talk about “electrification” and “energy transition”. Those mean whatever one wants them to mean. The actual evidence to date belies dramatic predictions. Below are the actual monthly residential customer counts for 2024 and 2025:¹⁹

Table A - 2024 Monthly Residential Customer Count

	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	June 2024	Jul 2024	Aug 2024	Sept 2024	Oct 2024	Nov 2024	Dec 2024
Residential	336,052	336,757	337,445	338,052	338,260	338,813	339,391	339,939	340,722	341,075	341,702	342,808

Table B - 2025 Monthly Residential Customer Count²

	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	June 2025
Residential	343,066	343,347	343,662	344,232	344,640	344,954

¹⁹ IR Response 3-Staff-125

38. If a storm is brewing it is certainly not evident in the actual data. At this time, it is all speculation dressed up in dramatic terms.
39. To put HOL's FTE plans in perspective, Oshawa Power has roughly 87 FTEs, Greater Sudbury Hydro about 105. Hydro Ottawa is telling us it will or does have the incremental needs of two mid-size Ontario utilities. Is that a reasonable projection? We think not.
40. The Board can find a number of ways to replace the extraordinary OM&A request with something more reasonable. Our approach is akin to that taken by Board staff. On the presumption that the world of Ottawa is not changing as much as hype would have you believe then one would start, as HOL suggests, in 2024 - \$115 Million. That is \$120 million today. That implies a reduction of \$20 million. To this one has to add all or at a minimum a portion corporate costs which have not been shown to be reasonable. In our submission the entire amount should be disallowed. However, we accept that some level of compensation should be provided in the interim and until such time as HOL corrects its corporate cost deficiencies. A reduction of \$4 million would, in our submission be reasonable. An overall reduction of \$24 million is therefore warranted.

Issue 7.2 Net Metering

Background

41. Hydro Ottawa Limited's ("HOL") monthly Net Metering Service Charge applies to an eligible electricity generation facility (as defined in O. Reg. 541/05) that has entered into a Net Metering Service Agreement with the utility. HOL's Net Metering Service Charge was first introduced in 2016 and was designed to recover the incremental billing costs associated with providing the service²⁰. These costs arose primarily as a result of having to bill the Net Metering Service customers manually²¹. The approved 2016 rate was set at \$18 / month and escalated over the years 2017 to 2020 based on HOL's 2016-2020 CIR by formulaic inflationary increases, reaching \$19 / month in 2020²².
42. For its 2021-2025 CIR Application (EB-2019-0261), HOL reassessed the incremental costs of managing these accounts on a monthly basis and proposed a 2021 monthly service charge of \$14 / month for Net Metering Service customers²³. The reduction in the monthly charge arose as a result of efficiencies created in the manual billing

²⁰ EB-2015-0004, Exhibit H-7-1, pages 3 & 9 and 3-Staff-21

²¹ EB-2024-0115, 8-VECC-69 (b)

²² EB-2015-0004, H-7-1, pages 2-3

²³ EB-2019-0261, Exhibit H, Tab 7, Schedule1, page 8 and Attachment A, page 16

process and an increase in the number of Net Metering customers²⁴. The CIR Application also proposed that the monthly charge for Net Metering Service be adjusted for the years 2022-2025 by an escalation rate consistent with the escalation rate applied to Hydro Ottawa's 2022-2025 OM&A expenses²⁵. HOL's proposals regarding the Net Metering Service Charge were agreed to as part of the subsequent Settlement Agreement and approved by the OEB²⁶. The forecast revenues from the Net Metering Service monthly charge were included in HOL's forecast other revenue for the CIR period '21 to '25 and thereby served to reduce the base revenue requirement that was needed to be collected through customers' distribution rates.²⁷

43. VECC submits that in both the EB-2015-0004 and EB-2019-0261 CIR Applications HOL's Net Metering Service Charges were set (and approved) based on the incremental costs to provide Net Metering Service and, thereby, were consistent with the rate design principle of fairness identified by the OEB²⁸. More specifically, VECC notes, and HOL agrees,²⁹ that the approved Net Metering Service charge is consistent with the Board's "user pay" principle.

November 2021 Decision To Stop Charging

44. As of November 1, 2021 Hydro Ottawa stopped charging the monthly service charge to Net Metering Service customers. At the time HOL also advised customers that the decision to stop charging was temporary and would be revisited in the future³⁰. The rationale for stopping the charge provided in the Application was summarized as follows³¹:

"Net metering customers, unlike other generation customers, also incur a monthly fixed service charge based on the distribution rate class they are assigned. The net metering charge was removed to encourage residents to generate their own energy, and support the City of Ottawa's Energy & Emissions Plan."

Further details from the Application are also set out below³²:

*"As part of 2021-2025 Approved Settlement Agreement, the Parties agreed that in respect to the City of Ottawa's Energy & Emissions Plan (Energy Evolution):
"Hydro Ottawa agrees to meaningfully consider the goals of the plan with a view to pursuing cost efficiencies, reduced emissions, and enhanced energy*

²⁴ Oral Hearing Transcript, Day 2, pages 147-148

²⁵ EB-2019-0261, Exhibit H, Tab 7, Schedule 1, page 1

²⁶ Oral Hearing Transcript, Day 2, page 39

²⁷ Oral Hearing Transcript, Day 2, page 148

²⁸ EB-2007-0031, Staff Discussion Paper, June 2008, page 15. See Exhibit K2.3, Tab 8

²⁹ Oral Hearing Transcript, Day 2, page 148

³⁰ Oral Hearing Transcript, Day 2, page 41

³¹ Exhibit 8, Tab 4, Schedule 2, page 3

³² Exhibit 6, Tab 3, Schedule 4, pages 3-4

outcomes for consumers in the City of Ottawa. The utility will consider these elements in its next Distribution System Plan and Business Plan. Hydro Ottawa will report on realized areas of cost-efficiency and coordination related to Energy Evolution in its next rebasing application.” As a result of this agreement and to promote self-generation in support of the grid, Hydro Ottawa stopped charging net metered customers the monthly net metering service charge effective November 1, 2021.

Net metering customers, unlike other generation customers, also incur a monthly fixed service charge based on the rate class they are assigned. During the 2021-2025 rate period Hydro Ottawa automated the residential and small commercial net metering billing activities. In addition, per Ontario Regulation 393/07, Hydro Ottawa’s residential and small commercial net meter customer bi-directional smart meter data is now collected through the Meter Data Management/Repository (MDM/R). While automation of the commercial class net metering customers was planned for 2022-2023, it was ultimately put on hold in order to achieve the OEB deadlines to connect residential and small commercial net metered customers to the MDM/R, and thus commercial net metering account billing remains a manual process.”

45. However, during the oral hearing it became clear that the primary impetus for stopping charge was the feedback/complaints HOL was receiving from Net Metering Service customers³³, as confirmed in the following statement by Ms. Barrie³⁴:

“And so I would have put the focus on I know we were having also a lot of customer complaints, and that was a reason we temporary removed the charge, and we were reassessing it.”

46. The other points raised by HOL in its Application and oral testimony appear to be reasons that HOL identified for needing to re-assess the rate and, thereby, justifying temporarily stopping the charge³⁵.

47. With respect to the specific reasons cited by HOL in its Application, VECC submits that the 2021-2025 Settlement Agreement commitments with respect to the City of Ottawa’s Energy & Emissions Plan do not provide justification for stopping the charge for the following reasons:

- The Settlement Agreement also provided for the Net Metering Service monthly charge and, in VECC’s view, it is inappropriate to use one part of the Settlement Agreement to resile from another part of the Settlement Agreement.
- In the Settlement Agreement Hydro Ottawa agreed “to meaningfully consider the goals of the plan with a view to pursuing cost efficiencies, reduced

³³ Oral Hearing Transcript, Day 2, pages 42, 151 and 208

³⁴ Oral Hearing Transcript, Day 2, pages 208-209

³⁵ Oral Hearing Transcript, Day 2, page 56

emissions, and enhanced energy outcomes for consumers in the City of Ottawa”. While one might consider removing the Net Metering Service monthly charge as a means of pursuing enhanced energy outcome for consumers, the link is by no means obvious. Furthermore, the removal of the charge would not support enhanced energy outcome for the majority of HOL’s customers (i.e., customers with no Net Metering Service agreement) if removal ultimately led to an increase in their rates.

- As outlined in the response to 1-PP-7 (e) there are other ways that Hydro Ottawa can and is supporting self-generation.

48. With respect to the fact that Net Metering Service customers also incur a monthly fixed service charge based on the distribution rate class they are assigned, VECC submits there is no duplication in terms of cost recovery. The basic service charge is meant to cover a portion (or in the case of Residential customers all) of the costs required to provide distribution service to a typical “load” customer in the respective customer class. The Net Metering Service Charge is meant to cover the incremental costs associated with the manual billing required for Net Metering Service customers³⁶. Hydro Ottawa has also suggested that applying a separate service charge for Net Metering Service is inconsistent with how load customers opting for other rate options are treated and needing to give this consideration was a factor in stopping the application of the charge³⁷. VECC disagrees and its submissions on this point are set out below as part of our submissions regarding the removal of the charge for 2026.

49. At the same time, VECC does not consider HOL’s decision to stop applying the Net Metering Service Charge in late 2021 as unreasonable, but for different reasons than set out by HOL. HOL’s plans in late 2021 included fully automating the billing processes for Net Metering Service customers³⁸. This automation would have eliminated the incremental costs associated with manually billing Net Metering Service customers and, therefore, eliminated the cost-based justification for the monthly charge. Based on this expectation and the fact HOL’s shareholders were the ones who absorbed the revenue loss (i.e., there were no adjustments made to HOL’s distribution rates to recover the lost revenue), stopping the charge in November 2021 could be viewed as appropriate.

50. HOL notes that it has the discretion to not apply a charge approved by the Board³⁹. However, HOL has also agreed that there is a distinction between not applying a charge to specific customers under unique circumstances (e.g. interest on late payments during COVID) and ceasing entirely to apply a charge⁴⁰. VECC notes that

³⁶ Oral Hearing Transcript, Day 2, pages 50-51

³⁷ Oral Hearing Transcript, Day 2, page 42

³⁸ Oral Hearing Transcript, Day 2, page 159. See also Day 3, page 10

³⁹ Oral Hearing Transcript, Day 2, page 40

⁴⁰ Oral Hearing Transcript, Day 2, pages 153-154

HOL has no issues with informing intervenors (and presumably also the Board) in future if it decides to “holistically” drop a charge⁴¹. In VECC’s view not only should customers (and the Board) be informed of such decisions but, in instances where the approved charge is part of a Settlement Agreement, approval from parties to the Settlement Agreement is required. VECC submits that the Board should make this expectation clear in its decision regarding the current Application.

Proposal for 2026

51. In the current Application HOL is requesting approval from the OEB to remove the Net Metering Service monthly charge from its tariff sheets effective January 1, 2026⁴². The following extract from HOL’s Argument-In-Chief⁴³ summarizes the reasons put forward by HOL:

“Hydro Ottawa proposes to remove the net metering charge from its OEB-approved tariff to promote fairness among load customers with respect to accessing rate optionality plans, and encourages self-generation in Hydro Ottawa’s service territory. This proposal is further enabled and justified by the efficiencies that Hydro Ottawa realized through the automation of residential and small commercial net metered customers billing processes.”

Further explanation of these reasons is also set out the Argument-In-Chief⁴⁴ as follows:

“Net metering customers, unlike other generation customers, also incur a monthly fixed service charge based on the rate class they are assigned. From a load customer perspective, net metering is another rate optionality for customers to select from, and Hydro Ottawa does not charge a separate fee for customers to access other rate optionality choices related to consumption. During the 2021-2025 rate period, Hydro Ottawa automated the residential and small commercial net metering billing activities. While automation of the commercial class net metering customers was planned for 2022-2023, it was ultimately put on hold in order to achieve the OEB deadlines to connect residential and small commercial net metered customers to the MDM/R pursuant to Ontario regulation 393/07. In addition, it was further delayed to support the implementation of electric vehicle transmission rates. As a result of these other emerging regulatory compliance priorities, commercial net metering account billing remains a manual process. However, commercial net metering accounts are a small percentage of overall net metering customers.”

⁴¹ Oral Hearing Transcript, Day 2, page 47

⁴² Exhibit 8, Tab 4, Schedule 4, page 3 and Appendix 2-A

⁴³ Page 5

⁴⁴ Page 59

52. While the Argument-In-Chief cites a number of reasons, testimony during the oral proceeding indicates that fair treatment of load customers with respect to accessing rate optionality plans (i.e., cost causality) was the rationale being put forward for the Board's consideration:

"B. HARPER: Okay. Fine.

Now, in your response to both the Community Action for Environmental Sustainability and Pollution Probe, and I included those -- these in Tabs 3 and 4 of the VECC compendium -- you state that you're -- one of the reasons for implementing the -- for stopping the charge is to support local distributed generation and to reduce the cost to customers who are interested in pursuing behind the net metering -- behind-the-meter generation, excuse me; is that correct?

A. BARRIE: That was part of the reason the charge was stopped, yes.

B. HARPER: Right --

A. BARRIE: And not the reason for the proposal. (emphasis added)

B. HARPER: Okay. No, because when I looked at those responses for both the -- you know, the Community Action for Environmental Sustainability and Pollution Probe -- this is at Tab 3 and Tab 4 of the VECC compendium respectively -- it read like that was one of the rationales you were using for stopping entirely right now, not -- you know, for asking it to be removed from your tariff sheet as -- you know, you have already said it was one of the rationales back in 2021. It sounded like it was a continuing rational for asking it to be removed from your tariff sheet. Have I got that right, or is that maybe a wrong interpretation of those responses?

A. BARRIE: I think the -- it also enables that, and that was a message we were trying to also purvey, that, you know, from a cost-causality perspective, there is a way of looking at this, but it also does enable.

So we don't want it to -- I guess we wanted to note both things.

B. HARPER: So it's part of the rationale for you coming before the Board right now and asking for it to be removed from your tariff sheet from '26 to 2030, then?

A. BARRIE: I think it would -- it -- I think the rationale for the Board is about cost causality. Why internal stakeholders also believed it was a good idea is because it encourages behind-the-meter generation, which is a policy objective that is also out there, and it did seem reasonable."⁴⁵ (emphasis added)

"I think it's important to note also that Hydro Ottawa's proposal is not because the customer is a DER and more relates to the fact of -- the fact that -- where they have different price plans.

So if -- with -- in this document, ourselves, I feel like -- if I can take a moment. If we went to page 14. Oh, I think you passed it, sorry. 14 of the document, maybe not the page -- it's, sorry, of the compendium.

⁴⁵ Oral Hearing Transcript, Day 2, pages 164-165

So how we look at the proposal is aligning more with empowering customer choice and with the options of providing different rate structures to customers who are load customers.”⁴⁶

“And that’s why I am attaching our proposal instead with load customers and how we approach that cost, and the fact that we aren’t charging a charge for, like, the class A and the class B for the global adjustment, and we haven’t been that precise in terms of the different rate optionalities that are otherwise out there for customers.”⁴⁷

53. With respect to cost causality and the treatment of load customers’ rate options HOL’s rationale is as follows:

“So the distinction we are making here is that net metering is a rate optionality in which some customers choose. And for rate optionalities as a whole, there is not separate charges, and we are not proposing separate charges for each one, and as a result, we are proposing to remove the net metering charge.”⁴⁸

And

“And the second reason relates to the fact of the optionality and customers having optionality within the way they choose to pay for their electricity costs. And this would be unique that only one group of customers would be paying for that optionality now. And it’s specifically one rate class of that group”.⁴⁹

54. As examples, HOL cites the treatment of other rate options such as tiered rates, time-of-use rates, ULO rate and Class A (global adjustment) rates where there are no extra service charges and reasons that Net Metering Service customers should be treated similarly⁵⁰.

55. VECC notes that with the exception of the Class A (global adjustment) rates there are no incremental billing costs associated with HOL providing the various options cited⁵¹ and therefore no justification for a separate monthly charge. Furthermore, there are other rate options offered by HOL for which there are separate monthly charges to cover incremental costs:

- Customers choosing Standard Supply Service from a distributor as opposed to being supplied by a retailer are charged a separate monthly SSS Admin fee to cover incremental costs incurred by the distributor⁵².

⁴⁶ Oral Hearing Transcript, Day 1, page 194

⁴⁷ Oral Hearing Transcript, Day 1, page 195

⁴⁸ Oral Hearing Transcript, Day 2, page 63

⁴⁹ Oral Hearing Transcript, Day 3, page 11

⁵⁰ Oral Hearing Transcript, Day 1, pages 184-185

⁵¹ Oral Hearing Transcript, Day 2, page 161

⁵² Oral Hearing Transcript, Day 2, pages 149-150

- Hydro Ottawa’s 2025 Standby Power Service Rate⁵³, which was previously approved on an interim basis and, with the Board’s approval⁵⁴ of the EB-2024-0115 Settlement Agreement is now approved on a final basis, includes a separate monthly service charge. Similarly, the 2026 Standby Power Service rates⁵⁵ that the Board has approved per the same Settlement Agreement also include a fixed monthly service charge. Furthermore, VECC notes that the 2026 fixed monthly service charge “is designed to recover the incremental cost of monitoring, billing and administration related to providing standby services”⁵⁶, similar to the Net Metering Service monthly fixed charge.

56. As a result, VECC submits that, contrary to HOL’s claims, there are other instances where separate charges are applied to customers when the rate options they have chosen result in HOL incurring incremental costs. Furthermore, in the case of Net Metering Service, requiring the Net Metering Service customer to pay a separate charge to cover incremental manual billing cost is consistent with:

- The requirement that Net Metering Service customers pay the incremental costs associated with the bi-directional meter that is required to facilitate net metering⁵⁷, and
- The requirement that customers installing self-generation are required to pay for additional protection and monitoring control.⁵⁸

57. As result, VECC submits that there is no justification for removing the Net Metering Service monthly service charge on the grounds that it will promote fairness in terms of the treatment of Net Metering Service customers as compared to customers on other rate options.

58. HOL also appears to suggest that the fact the Net Metering Service billing for Residential and GS<50 customers has been automated and only a small portion of the Net Metering Service customers are now billed manually justifies removing the monthly charge⁵⁹. However, as noted in JT3.8 there are still incremental billing costs associated with providing Net Metering Service which amount to roughly \$8/month/customer based on the total Net Metering Service customer count⁶⁰. Furthermore, HOL has confirmed⁶¹ that this cost was established by looking at 2025 costs and applying the same methodology as used in previous rate applications. It is VECC’s submission that the same principles of fairness and user pay which led to

⁵³ Attachment 8-5-1, Tab 2

⁵⁴ Oral Hearing Transcript, Day 1, page 60

⁵⁵ Attachment 8-5-1, Tab 5

⁵⁶ Exhibit 7, Tab 1, Schedule 3, page 2

⁵⁷ JT2.14

⁵⁸ Technical Conference, Volume 1, pages 86-87

⁵⁹ Oral Hearing Transcript, Day 3, pages 10-11

⁶⁰ Oral Hearing Transcript, Day 1, page 182

⁶¹ Oral Hearing Transcript, Day 1, pages 180-181

the HOL proposing and the Board approving a monthly charge for Net Metering Service in EB-2015-004 and EB- 2019-0261 support the Board approving a monthly charge for Net Metering Service for 2026.

59. During the oral proceeding other parties raised a number of other issues in relation to the monthly charge for Net Metering Service, including the materiality of the revenues involved, provincial policy, postage stamp rates and the practices of other Ontario distributors. The relevancy of each of these issues to the matter of removing or retaining the Net Metering Service's monthly charge is addressed in the following submissions.
60. Some parties have pointed out that the revenues involved are relatively small in comparison to HOL's overall revenue requirement⁶². This may lead some parties to suggest that the charge can be removed as the impact on other customers rates will not be material. While VECC does not dispute the size of the revenues involved, VECC notes that if materiality was the criterion then the Board might question the appropriateness of other charges. For example, the charges for Special Billing Service⁶³ and Duplicate Invoices⁶⁴ are expected to each yield annual revenue of roughly the same order as the Net Metering Service's monthly fixed charge. Materiality of the revenue associated with a given charge is not generally considered in the determination of the justness of that charge. If it were then a number of charges might be eliminated even if, in the aggregate, they have a material impact.
61. As well as referencing the immateriality of the potential revenues from a monthly charge for Net Metering Service Board Staff's argument also notes that "there is no legislative requirement or OEB policy that requires distributors to incrementally charge net metered customers". This has led Board Staff to indicate⁶⁵ that it "*does not object to Hydro Ottawa's proposal to eliminate the net metering charge*".
62. VECC agrees that there is no specific legislative requirement or OEB policy specifically requiring distributors to charge Net Metering Service customers for incremental billing costs. Again, there are other charges (e.g. some specific service charges) which are not recognized explicitly in the legislation or Board policy that might under this reasoning also be dispensed with. However, there are OEB policies that support and/or are consistent with applying a Net Metering Service Charge including:

⁶² Oral Hearing Transcript, Day 1, page 183 and Day 3, page 12

⁶³ The approved 2026 Special Billing Service Charge is \$154/hour (8-1-1, page 3) and the forecast level of activity for 2026 is 141 hours (8-SEC-85) which yields an annual revenue of roughly \$22,000.

⁶⁴ The approved 2026 Duplicate Invoice Charge is \$7 and the level of forecast level of activity for 2026 is 416 occurrences which yields an annual revenue of roughly \$2,900.

⁶⁵ Board Staff Argument, page 11

- The rate design principles the OEB has adopted which includes the principle of fairness and user pay⁶⁶;
- The Distribution System Code which requires⁶⁷ a distributor to charge a customer with micro-generation any additional connection costs (including incremental metering costs).

63. The fundamental objective behind such policies is to ensure that the customers using a service pay the cost of providing the service such that their rates are not subsidized by other customers. Furthermore, it is VECC's submission that ensuring such cross subsidization is minimized to the extent feasible is consistent with the OEB's following statutory objectives with respect to electricity⁶⁸:

1. *To inform consumers and protect their interests with respect to prices and the adequacy, reliability and quality of electricity service.*
2. *To promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry.*

64. VECC submits that, even if the revenues involved are small, removing the Net Metering Service's monthly charge would undermine the intent of such policies and the Board's statutory objectives and potentially serve as a precedent.

65. During the oral proceeding the counsel for Environmental Defense cited⁶⁹ a number of references from Ontario's Integrated Energy Plan regarding the role that the government expected DERs to play in meeting the province's energy needs and suggested⁷⁰ to the HOL witnesses that removing the monthly charge for Net Metering Service would be consistent with the government's strategy. With respect to this argument, VECC agrees with the following responses provided by Ms. Barrie that:

i.) There a lot of pieces to Ontario's Integrated Energy Plan apart from just DERs and affordability is another key component:

"So I think it's a subset of belief that I have a lot more encompassing thoughts. Like, this document also talks about affordability. So I think, you know, an important element that's not highlighted in here is affordability and cost need to be a consideration. Specifically in other areas of this document, it's referenced that we don't want, from their 16 perspective, overpriced microFIT contracts either.

So I think cost is an important element and affordability is an important element. So as a portion of my belief, I believe it is important, and DERs are

⁶⁶ Exhibit K2.3, Tab 8 and Oral Hearing Transcript, Day 2, page 148

⁶⁷ Sections 3.1.3A and 5.2

⁶⁸ Ontario Energy Board Act (as of December 11, 2025), Section 1(1)

⁶⁹ Oral Hearing Transcript, Day 1, pages 189-193

⁷⁰ Oral Hearing Transcript, Day 1, page 193

a way of the future, but I think we need to look at balancing costs and ensuring that costs and remuneration are tied together.” ⁷¹.

Indeed, VECC notes that the terms affordable and affordability appear in the Integrated Energy Plan⁷² over 50 times. Furthermore, VECC submits that requiring other customers to subsidize the costs incurred to provide Net Metering Service would be inconsistent with a Plan that states it “puts affordability first”⁷³.

ii.) There are other and better ways to support DERs than by removing the monthly charge for Net Metering Service:

*“I think this is a policy initiative that has to be, you know, taken for what it is, and then it needs to be implemented through other mechanisms. I think just looking at it that narrowly is -- I wouldn't want to say yes to that question. Sure, it aligns, but giving, you know, free things away also align”*⁷⁴.

66. With respect to there being “other mechanisms” to promote DERs and, more specifically self-generation, VECC would point to the IESO’s recently introduced Home Renovations Savings Plan (“HRSP”) which enables homeowners to receive rebates for solar panels installed. However; we note that under the terms of the HRSO the solar must be used for load displacement purposes only and participants are not eligible for the Net-Metering program⁷⁵. This suggests to VECC that the IESO, which is responsible for long-term electricity planning in Ontario, does not see net metering as a key component of the government’s strategy to promote DERs.

67. Furthermore, VECC submits that it is not the role of the OEB to favour one technology or approach to energy supply over another. Rather, in accordance with the statutory objectives reference above, it is the role of the OEB to protect consumers with respect to price and promote economic efficiency and cost-effectiveness, neither of which is achieved if the rates for specific classes of service (particularly those tied to specific technologies) are explicitly priced at less than cost thereby subsidized by other customers. Indeed, the OEB’ Report: “FRAMEWORK FOR ENERGY INNOVATION: Setting a Path Forward for DER Integration” explicitly recognizes⁷⁶ this aspect of its role:

“Establishing a common BCA Framework is intended to support consistent evaluation of DER solutions across distributors and reduce uncertainty about how DER proposals will be assessed by the OEB in rate applications. The OEB’s goal in developing a BCA Framework is not to promote adoption of DERs or

⁷¹ Oral Hearing Transcript, Day 1, page 191

⁷² K1.4, Tab 1

⁷³ K1.4, Tab 1, page 6

⁷⁴ Oral Hearing Transcript, Day 1, pages 193 - 194

⁷⁵ JT3.8

⁷⁶ Page 18

advantage them over other solutions; it is intended to assist distributors in making use of DERs where that is the most appropriate solution". (emphasis added)

68. There was also discussion, during the oral proceeding, regarding the principle of postage stamp rates⁷⁷. However, VECC notes that the principle of postage stamp rates applies to situations where customers are receiving similar service. As a result, since Net Metering Service is a separate rate classification, the principle of postage stamp rates is not relevant when determining whether the Net Metering Service customers should or should not be charged for the incremental billing costs they incur. However, as discussed below, it is relevant in determining how costs attributed to the Net Metering Service class customers should be recovered.
69. Finally, it was noted during the oral proceeding⁷⁸ that some of the major electricity distributors in the province do not have a separate Net Metering Service classification or a separate monthly charge for Net Metering Service. In response, HOL noted⁷⁹ that the Board's Filing Requirements allow utilities to come in and have different proposals for different rates based on evidence and rationale and confirmed⁸⁰ that, in developing its service charges, HOL looked at its own circumstances and Hydro Ottawa's costs and not at the practices of other utilities. This has led to HOL having other unique charges besides its current monthly charge for Net Metering Service⁸¹.
70. Based on the foregoing and the fact that HOL has no plans to automate the Net Metering Service billing for larger commercial customers during the 2026-2030 CIR period⁸², VECC submits that the OEB should not remove but retain the Net Metering Service monthly charge to cover the incremental costs of manual billing. However, the rate should be reduced to reflect the efficiencies and cost-reductions that have been achieved through the automation of the billing process for most of HOL's Net Metering Service customers.
71. During the oral proceeding HOL was asked⁸³ whether any consideration was given to instituting a cost-based charge for just for large general service Net Metering Service customers (i.e. those that continue to be billed manually). HOL's response was as follows:

⁷⁷ Oral Hearing Transcript, Day 1, pages 184-185

⁷⁸ Oral Hearing Transcript, Day 1, pages 187-189

⁷⁹ Oral Hearing Transcript, Day 1, page 189

⁸⁰ Oral Hearing Transcript, Day 2, page 168.

⁸¹ Oral Hearing Transcript, Day 1, pages 187-188. See also Oral Hearing Transcript, Day 2, pages 168-169

⁸² Oral Hearing Transcript, Day 2, pages 159-160

⁸³ Oral Hearing Transcript, Day 2, page 159

“We had focused on automating the residential and the small commercial because they were the larger volume of customers, and so we could have spent the time instead to do the lower volume of customers and just removed it from the commercial classes. It wouldn't have been the more efficient approach, but it seems inappropriate for net metering to just charge the group you chose not to automate the process for. We did actually plan to automate the process, but when EV rates came in, the same experts are required to do the -- kind of the two items, and we needed to switch focus and have our attention on the EV rates.”

72. VECC agrees that it would be inappropriate to charge just a sub-set of the Net Metering Service customers a monthly service charge to cover the incremental costs of manual billing. As well as the point raised by HOL, VECC notes that such an approach would be inconsistent with the principle of postage stamp rates whereby all customers receiving the same service are charged the same rate even though there may be difference in the actual cost to serve. As result, VECC submits that, for 2026, the Board should approve a Net Metering Service monthly fixed charge of \$8 applicable to all customers in the class. For the years 2027-2030 the monthly service charge would then be adjusted based on the inflationary rate adopted per the approved Settlement Agreement for Specific Service Charges.

These are our submissions

VECC submits that it has acted responsibly and efficiently during this proceeding and requests that it be allowed to recover 100% of its reasonably incurred costs.

ALL OF WHICH IS RESPECTFULLY SUBMITTED