February 27, 2026

Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Re: Next Generation Rate Framework (NGRF) — EB-2026-0002

Dear Registrar,

I am a residential electricity customer residing in Brighton, Ontario. I am writing to submit comments in response to the Ontario Energy Board's consultation on the Next Generation Rate Framework (NGRF), proceeding EB-2026-0002.

My submission is titled:

> ***A Province-Wide Uniform Distribution Rate for Fairness and Long-Term Affordability***

My core recommendation is that NGRF should establish a province-wide Uniform Distribution Rate (UDR) structure for core distribution service. The attached submission sets out the policy rationale, international precedents, a practical Ontario implementation model, and quantitative illustrations using the OEB's own 2024 Distribution Rates Database.

I respectfully request that the OEB consider this submission in its deliberations and include a province-wide Uniform Distribution Rate as a formal option in NGRF's next stage of consultation.

Respectfully submitted,

Martin Benum
Residential Electricity Customer
Brighton, Ontario
February 27, 2026

Enclosure: Submission on the Next Generation Rate Framework — A Province-Wide Uniform Distribution Rate for Fairness and Long-Term Affordability

SUBMISSION TO THE ONTARIO ENERGY BOARD

Next Generation Rate Framework | EB-2026-0002

A Province-Wide Uniform Distribution Rate for Fairness and Long-Term Affordability

Date	February 26, 2026
Submitted by	Martin Benum, Residential Electricity Customer
Location	Brighton, Ontario
Proceeding	EB-2026-0002 — Next Generation Rate Framework
Filed with	Ontario Energy Board

Executive Summary

This submission is written from the perspective of a residential customer focused on two values: fairness and long-term affordability.

Ontario is entering an era where electrification — electric vehicles, heat pumps, industrial growth, and data centres — will increase pressure on distribution networks and on the "delivery" portion of customer bills. The IESO projects annual electricity consumption rising from 151 TWh (2025) to 263 TWh (2050), a 75% increase. At the same time, Ontario's distribution sector remains structurally fragmented across dozens of local distributors, and the province already uses patchwork mechanisms — Rural or Remote Rate Protection (RRRP) and Distribution Rate Protection (DRP) — to manage fairness consequences of that fragmentation.

The OEB's Next Generation Rate Framework (NGRF, EB-2026-0002) integrates and modernizes distributor remuneration tools: PBR, benchmarking, spending analysis, and capital module policy. NGRF is exactly the right place to ask a bigger question:

> *Should Ontario keep pricing distribution as a patchwork of local tariffs — or move to a province-wide distribution rate platform?*

My core recommendation is bold and simple:

> *NGRF should establish a province-wide Uniform Distribution Rate (UDR) structure for core distribution service.*

A UDR is not a theoretical concept. Multiple jurisdictions already operate national or territory-wide uniform distribution tariffs — with inter-utility settlement mechanisms to keep each operator financially whole. Spain's framework states network access tolls are "unique throughout the national territory". Slovenia's regulator applies a postage-stamp method: a uniform tariff throughout Slovenia within each consumer group. Italy, France, and Portugal have each implemented national tariff structures with equalization mechanisms.

The value proposition of a UDR for Ontario is fourfold:

- Fairness: your distribution price should not depend mainly on which municipal boundary you happen to live inside.
- Affordability: reducing duplicated administrative and regulatory overhead is one of the few cost levers that does not require service cuts.

- MF-DSO readiness: Ontario is actively defining Distribution System Operator capabilities for DER-based non-wires solutions; a common provincial rate platform is the cleanest way to scale those capabilities consistently.
- Stability through electrification: UDR smooths local rate shocks and creates a predictable "wires platform" during decades of load growth.

Using the OEB's 2024 Distribution Rates Database, the base distribution charge for a typical residential customer at 750 kWh/month varies by approximately 3× across Ontario distributors — from roughly $20 to $61 per month. That dispersion is the core fairness problem in one number.

1 Why a UDR Belongs in NGRF Right Now

NGRF is already about structural modernization

NGRF explicitly integrates several consultations focused on distributor performance regulation and cost discipline — PBR, total cost benchmarking, spending pattern analysis, and capital modules. If Ontario is revisiting the fundamentals of how we pay distributors, it is incomplete to refine incentive parameters while leaving the pricing architecture (fragmented, utility-by-utility distribution tariffs) untouched.

Electrification turns distribution fairness into a bill stability issue

Ontario's growth outlook is no longer incremental. The IESO's updated forecast names electrification and data centres as primary demand drivers, projecting 75% demand growth to 2050. Distribution networks are where much of that demand will physically connect. The OEB reports electricity distribution system assets of roughly $33 billion (2023-2024). Distribution reinforcement cost pressure is likely to rise regardless of how well individual utilities are individually managed.

Ontario already uses "UDR-like" fairness patches — just inconsistently

Ontario already treats distribution cost disparities as a fairness problem:

- RRRP is a charge collected through the IESO settlement process to offset the higher cost of serving rural and remote areas.
- DRP caps base distribution charges by regulation, with a province-wide cap for eligible customers.
- The Auditor General notes DRP is taxpayer-funded and that eligibility criteria have become outdated — some non-eligible areas now have higher distribution charges than eligible ones.
- The Financial Accountability Office identifies DRP and RRRP as significant subsidy programs.

These programs are evidence that Ontario has already accepted the underlying principle:

> *Distribution price equalization is legitimate policy in Ontario.*

A UDR would replace a patchwork of caps and credits with one transparent, universal provincial structure.

DSO and DER initiatives need a scalable platform

Ontario is actively developing expectations for DSO capabilities and pursuing non-wires/DER incentives. The OEB's DSO capabilities consultation aims to enable reliable and cost-effective distribution services while enhancing opportunities for DERs. The OEB has revised Non-Wires Solutions (NWS) Guidelines (2024) and released a mandatory benefit-cost analysis framework.

The practical concern as a residential customer: if Ontario wants DSO-type outcomes, it needs a rate platform that can support them consistently across all 50+ distribution territories. A UDR does not solve DSO design — but it makes it implementable at scale.

2 What a UDR Is, Realistic Variants, and International Precedents

Definition

> *A Uniform Distribution Rate (UDR) means customers pay the same distribution prices for the same class of service (e.g., residential), regardless of which local distributor serves them, while each distributor still receives its own allowed revenue through a settlement/compensation mechanism.*

UDR is uniform customer pricing plus non-uniform utility entitlements. Operators remain individually regulated — with allowed revenue, performance incentives, and quality standards — and a settlement process reconciles uniform collections with operator-specific revenue needs.

Realistic UDR variants for Ontario

A UDR does not need to be all-or-nothing. NGRF could define a pathway with increasing scope.

UDR Overlay (equalization rider)

Keep existing distribution tariffs; add a UDR adjustment credit/charge so the net distribution amount aligns with a provincial schedule. Lowest disruption; a sensible pilot bridge to full UDR.

Core UDR (base distribution only)

Make only base distribution charges uniform (fixed + standard volumetric). Keep local, temporary riders (legacy deferral/variance, special-purpose riders) local during a transition period. Aligns with the concept of "base distribution rate" used in Ontario's DRP regulation.

Core UDR + standardized performance/entitlement model

A province-wide UDR schedule paired with distributor-specific entitlements using benchmarking and performance scorecards under NGRF. The rate to customers is uniform; cost discipline remains sharp.

Functional UDR (platform costs first)

A narrower UDR applied only to platform cost categories Ontario wants standardized: foundational grid modernization, DSO-readiness systems, and flexibility procurement enablement tools. A viable entry point if full UDR faces near-term political resistance.

Recommendation: start with UDR overlay and move toward core UDR as the primary end-state.

International jurisdiction comparison

The following table summarizes jurisdictions with clear evidence of uniform network/distribution tariffs, based on primary regulator and government sources.

Jurisdiction	Implementing Body	Scope of Uniformity	Status	Key Design Features	Lessons for Ontario
Spain	CNMC	Access tolls for transport + distribution are	Implemented	National methodology; uniform toll design with	UDR is legally and administratively

Jurisdiction	Implementing Body	Scope of Uniformity	Status	Key Design Features	Lessons for Ontario
		"unique throughout the national territory"		time periods; updated on regular cycle	feasible with multiple networks when tariffs are defined nationally
Italy	ARERA + CSEA (equalization)	National "tariffa unica" concept with equalization (perequazione) between distributors	Implemented	Reference tariffs for allowed revenue; equalization timing via dedicated settlement process	Customers see uniform tariff while each distributor is made whole through an equalization mechanism
France	CRE	National distribution tariff (TURPE) applied broadly; DSOs compensated via equalization fund	Implemented	National tariff period; explicit "péréquation des charges de distribution" via a fund	Uniform customer pricing is compatible with multiple DSOs if there is an explicit compensation mechanism
Slovenia	Agencija za energijo	Postage-stamp method: uniform tariff throughout Slovenia within each consumer group	Implemented	Regulator explicitly states uniform tariff; incentives for cost control and quality; deviations/true-ups within regulatory framework	A regulator can run uniform tariffs AND maintain strong efficiency incentives and true-ups — very close to the Ontario design problem
Portugal	ERSE	Uniformity principle across the territory; special handling for island systems	Implemented	Convergence mechanism limits differences for island systems; cost spread through a system tariff	A "UDR with exceptions" can be coherent if exceptions are explicit and transparently financed
United Kingdom (contrast)	Ofgem	Network charges differ regionally; methodologies standardized but not prices	Non-UDR	Regional differences reflect legacy structures; regulator explains regional variation	UDR is a conscious policy choice, not an inevitability; Ontario should choose it for fairness, then design incentives to

Jurisdiction	Implementing Body	Scope of Uniformity	Status	Key Design Features	Lessons for Ontario
					preserve efficiency
Ontario (partial today)	OEB + provincial instruments	RRRP charge + DRP cap create partial equalization	Partial / patchwork	RRRP offsets rural/remote delivery costs; DRP caps base charges for eligible customers; Auditor General notes outdated criteria	Ontario already accepts equalization in principle; UDR is a cleaner, less arbitrary framework

3 Ontario UDR Implementation Model

Governance split: local operations vs. provincial rate platform

A practical Ontario UDR design preserves what works (local operational responsibility) and fixes what doesn't (fragmented customer pricing and duplicated rate-setting overhead).

Local distributors retain	Province shifts to a platform for
• Outage response and restoration • Vegetation management and storm response • Local asset management and safety • Local connection work and field operations	• Customer-facing base distribution schedule (UDR) • Settlement pool allocating allowed revenue to each distributor • Province-wide rate proceeding for distribution pricing parameters

In plain terms: local service stays local; distribution pricing becomes provincial.

Settlement and revenue entitlements

UDR requires a settlement mechanism so each distributor is financially whole and still has incentives to improve. The basic mechanics:

- The OEB approves a sector-wide UDR price schedule (by customer class) for a rate period.
- Each distributor bills customers using that same UDR schedule for core distribution service.
- UDR revenues flow into a Distribution Revenue Pool (province-wide settlement account).
- The pool pays each distributor a regulated revenue entitlement (its allowed revenue), adjusted for: performance incentives/penalties (NGRF outcomes), true-ups for forecast vs. actual volumes, and approved pass-throughs.

This "uniform price + non-uniform entitlement" structure is the common thread in France, Slovenia, and Italy's frameworks. It is how uniform customer pricing coexists with individual utility accountability.

Interaction with MF-DSO evolution and DER integration

A UDR supports DSO/DER development in three concrete ways:

- It provides a stable cost recovery platform for DSO-readiness investments without requiring each distributor to separately justify the same tools.
- It supports DER-as-non-wires incentives consistently. Ontario's NWS Guidelines and BCA Framework require distributors to evaluate NWS vs. wires symmetrically; uniform distribution pricing reduces "territory luck" where some customers pay more because their distributor is earlier in the investment cycle.
- It facilitates consistent provincial guardrails for flexibility programs — making it easier to avoid inconsistent program design and inconsistent customer impacts across territories.

4 Quantitative Illustration Using OEB Rate Data

Method

Analysis is based on the OEB's 2024 Distribution Rates Database (published as rates reflected in OEB rate orders for distributors' annual rate applications).

For residential customers, I computed an illustrative monthly base distribution amount as: service charge (fixed monthly $) plus low voltage service rate ($/kWh) × 750 kWh/month. Pass-through transmission components, provincial riders, taxes, and utility-specific deferral/variance riders are excluded. The analysis isolates core distribution pricing dispersion.

Current dispersion (2024 rate database)

Metric (2024 rate database)	Base distribution at 750 kWh/month
Minimum	$20.46 / month
10th percentile	$28.58 / month
Median	$34.02 / month
90th percentile	$44.86 / month
Maximum	$61.08 / month
Spread (max / min ratio)	**~3×**

Two households using the same electricity can face dramatically different distribution pricing solely because of service territory boundaries.

Modelled impacts of an illustrative province-wide UDR

An illustrative UDR set at the unweighted average of the 2024 database (service charge: $34.35/month; volumetric component: $0.001816/kWh; total at 750 kWh: $35.71/month) produces the following distribution of customer impacts:

Metric	Value
Largest decrease	–$25.37 / month
Largest increase	+$15.25 / month
Median absolute change	$4.04 / month
Mean absolute change	$5.49 / month

Metric	Value
Rate zones with decreases	26 of 64
Rate zones with increases	38 of 64

Under one plausible UDR level, most customers would see modest changes of a few dollars per month, while a smaller group in high-cost areas would see larger decreases. That is what equalization means.

What transition caps would do

With a transition cap of $3/month per year on UDR-driven bill changes:

- Median convergence time: approximately 2 years.
- Largest modeled changes: converge within approximately 9 years ($25 ÷ $3 ≈ 9).

UDR can be phased in smoothly with predictable caps — while still achieving the long-term structural goal.

5 Transition Pathways, Guardrails, and Timeline

Phasing

Phase A — UDR Overlay Pilot

Implement a visible "UDR adjustment" mechanism in a subset of distributors while keeping underlying tariffs intact. Test settlement, remittance flows, billing system mapping, and customer communications before rewriting tariffs.

Phase B — Core UDR for Residential + Small General Service

Transition core base distribution charges to a uniform schedule for residential and small business customers first. Keep non-core local riders (deferral/variance and time-limited riders) as separate lines during transition.

Phase C — Consolidated UDR Proceeding

Move from many local tariff sheets to one provincial UDR schedule and one entitlements schedule. Maintain distributor-specific cost accountability through benchmarking and PBR.

Required guardrails

- Customer bill impact caps: limit UDR-driven increases to a fixed dollar range per year for residential customers (e.g., $2–$5/month/year), with a longer glide path for larger required changes.
- Distributor revenue floors: guarantee each distributor's entitlement during transition years to avoid destabilizing cash flow.
- UDR variance accounts: a transparent annual true-up mechanism for over/under recovery.
- Rural/northern no-harm test: UDR should not inadvertently raise rural/northern bills unless an explicit, transparent policy choice is made. RRRP interaction must be addressed — retain, fold into UDR, or replace — with one clear answer.
- Benchmarking data governance: define a disputes protocol with materiality thresholds, standard data audit rules, and default treatments for missing data.
- DRP transition: replace eligibility-based "patchwork luck" with a universal structure. The Auditor General's criticism of outdated DRP criteria shows why the current approach is not durable.

6 Barriers, Objections, and Rebuttals

Legal and administrative considerations

The OEB's statutory objectives include protecting consumers with respect to prices and promoting economic efficiency and cost-effectiveness in distribution. A province-wide distribution pricing methodology is consistent with those objectives if designed to improve fairness and reduce duplicated costs.

Ontario already implements province-wide distribution interventions via regulation (DRP) and program mechanisms (RRRP). That suggests the concept of province-wide distribution pricing policy is not structurally alien to Ontario's governance. The OEB should conduct the same kind of "what requires legislation vs. what does not" analysis for UDR early — to avoid implementation becoming stalled later.

Objections and responses

Objection	Response
"UDR creates unfair cross-subsidies; it violates cost causality."	Ontario already runs cross-subsidy mechanisms (RRRP, DRP) because distribution access is an essential service and geography is not a meaningful consumer choice. UDR is more transparent and less arbitrary than the current patchwork. Uniform pricing also does not preclude time-of-use or capacity-related signals within the UDR structure.
"UDR weakens efficiency incentives; utilities will overspend."	UDR must be paired with NGRF's efficiency tools — benchmarking, spending pattern analysis, PBR. That is the whole point of NGRF. Slovenia is an explicit example of uniform tariffs operating alongside quality-of-supply incentives and regulatory true-ups. Incentives belong in entitlements and performance scoring — not in making customers pay more because of where they live.
"Urban customers will pay more; politically impossible."	Some will see modest increases — unless Ontario designs class-specific UDRs, phases the transition, or uses policy offsets. But Ontario already funds distribution equalization through taxpayer-funded programs with the Auditor General flagging problems. UDR improves legitimacy because it is universal, transparent, and rule-based.
"This undermines municipal ownership and local accountability."	UDR does not require changing ownership. It changes pricing and settlement. Local accountability for reliability and service quality remains — and can be strengthened through standardized performance measures under NGRF.
"Implementation risk is too high."	That is why the pathway matters: start with a UDR overlay pilot and invest in data and settlement readiness. Ontario already recognizes regulatory burden as a structural problem for small utilities. UDR moves Ontario toward a system where complexity is handled once, with better transparency.

7 What I Am Asking the OEB to Do in NGRF

NGRF is a once-in-a-cycle opportunity. It is not enough to modernize benchmarking and incentives while leaving Ontario's distribution pricing architecture as a patchwork that already requires fairness patches and creates structural overhead.

As a residential customer, I am asking the OEB to:

- Include a province-wide Uniform Distribution Rate as a formal option in NGRF's scope for the next stage of consultation — with a clear definition and a settlement concept.
- Develop a UDR design paper (or commission one) that specifies: scope, settlement, entitlements, transition caps/floors, and how UDR interacts with RRRP and DRP.
- Run a UDR overlay pilot to prove settlement, billing, and communications mechanics before province-wide rollout.
- Align UDR with DSO and non-wires policy so Ontario builds one coherent modernization platform instead of 50+ separate ones.

The bottom-line fairness test is simple:

> *Residential customers should not be paying dramatically different distribution prices mainly because of service territory boundaries — especially as electrification increases household dependence on electricity for energy needs.*

A province-wide Uniform Distribution Rate is the cleanest structural reform available to address that problem. NGRF is the right framework to begin.

Respectfully submitted,

Martin Benum

Residential Electricity Customer | Brighton, Ontario | February 26, 2026