



BY EMAIL and RESS

Mark Rubenstein
mark@shepherdrubenstein.com
Dir. 647-483-0113

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

February 27, 2026
Our File: EB20260002

Attn: Ritchie Murray, Acting Registrar

Dear Mr. Murray:

Re: EB-2026-0002 – Next Generation Rate Framework – Comments

We are counsel to the School Energy Coalition (“SEC”). Pursuant to the OEB’s letter dated January 8th, 2026, these are SEC’s comments regarding the proposed objectives and scope of the Next Generation Rate Framework (“NGRF”). SEC supports the OEB’s decision to consolidate several on-going consultations and reviews regarding rate-setting that are inherently interrelated. SEC also agrees with much of the objectives, goals, and topics included in Appendix A of the OEB’s letter. With that said, we offer the following suggestions for improvement.

First, SEC believes an explicit objective/goal must be to make changes to the rate framework to strengthen utility cost-effectiveness. While the OEB discusses this in the context of enhanced benchmarking and the Global Stretch Factor, the need to focus on this must be broader, especially in the context of a goal of a rate framework that is meant to “support timely system buildout for electrification and economic growth.”¹ If the OEB is going in with an expectation that electrification will result in the need for a significantly larger electricity system, at least compared to the past, then it should equally expect a greater focus on how to do so at the lowest reasonable cost, and this may require new tools to contain costs.

Second, the proposed topics discuss updating only the Incremental Capital Module, and not any other incremental funding mechanisms. Other such mechanisms include the Z-Factor, stand-alone NWS funding, and availability to seek accounting orders mid-term for new deferral and variance accounts. SEC submits that a review of these mechanisms is important, both on their own merits, as over time there has been confusion and inconsistency in decision-making, and in the context of refinements to the rate-setting frameworks, especially as they relate to risk sharing.

Finally, the OEB should remain open to more substantial changes to rate-setting options, especially Custom IR, than simple refinement. In SEC’s view, over time Custom IR has increasingly come to resemble multi-year cost of service, especially as it relates to capital. Moreover, the OEB now has had

¹ Letter, Appendix A, p.1



experience with a number of different types of Custom IR frameworks (i.e. revenue vs price cap based, capital factors, growth factors, etc.) and the result may be the need for more guidance and potentially less of an ability for utility's to undertake bespoke elements for some of its core components.

SEC looks forward to actively participating in the NGRF and we commend the OEB for undertaking this important initiative.

Yours very truly,
Shepherd Rubenstein P.C.

Mark Rubenstein

cc: Brian McKay, SEC (by email)