Ontario Energy Board | Commission de l'énergie de l'Ontario

BY EMAIL

March 10, 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
GrandBridge Energy Inc.
Application for Non-Wires Solutions Program
OEB File Number: EB-2025-0265

Please find attached OEB staff's submission in the above referenced proceeding, pursuant to Procedural Order No. 1.

Yours truly,

Michael Bell
Digitally signed by Michael Bell
Date: 2026.03.10 16:47:16 -04'00'

Michael Bell
Sr. Advisor, Application Policy & Conservation

Encl.

cc: All parties in EB-2025-0265

ONTARIO ENERGY BOARD

OEB Staff Submission

GrandBridge Energy Inc.

Application for Non-Wires Solutions Program

EB-2025-0265

March 10, 2026

Background

GrandBridge Energy Inc. (GrandBridge Energy) filed an application with the Ontario Energy Board (OEB) on December 1, 2025 under section 78(3) of the *Ontario Energy Board Act*, *1998*, S.O. 1998, c. 15, (Schedule B) seeking approval for funding its Non-Wires Solutions Program (NWS Program or NWS) beginning May 1, 2026.

A Notice of Hearing was issued on December 19, 2025. Procedural Order No. 1 was issued on January 21, 2026. The OEB indicated that OEB staff and Intervenors may file submissions on the application by March 3, 2026 and GrandBridge Energy may file a reply submission on March 17, 2026. The deadlines to file submissions were extended through Procedural Order No. 2 to March 10, 2026, for OEB staff, March 17, 2026, for intervenors, and March 31, 2026, for GrandBridge Energy's reply.

These are the submissions of OEB staff.

Application Summary

GrandBridge Energy applied to the OEB for multi-year rate riders and a deferral and variance account (DVA) to enable the implementation of an NWS Program in 2026. GrandBridge Energy stated that the NWS is required to address urgent local capacity needs between 2026 and 2028, until a new transformer station (TS), Municipal TS (MTS) #2, is placed in service, forecast for the Spring of 2028.[1] GrandBridge Energy will reassess the need for the NWS beyond 2028, drawing on experience from the NWS Program's first years.

Growing Capacity Shortfalls and the High Load Forecast

GrandBridge Energy indicated that it is currently facing urgent capacity constraints across its service area as identified through the Independent Electricity System Operator's (IESO) Integrated Regional Resource Planning (IRRP) process for the Kitchener-Waterloo-Cambridge-Guelph (KWCG) region.[2] GrandBridge Energy stated that it is an active participant in this planning effort, and the most recent updates from the IESO - in the July 2024 KWCG IRRP Scoping Report, the May and September 2025 IESO KWCG stakeholder engagement webinars, and the September 30, 2025 Urgent Letter - have escalated the urgency of addressing station capacity issues at three TSs (Preston TS, Galt TS and MTS#1) serving the City of Cambridge and recommended immediate action to address these priority needs.

Need for MTS#2 and Timing Gap

GrandBridge Energy proposed that to address the identified capacity shortfall in the KWCG region, the IESO, in coordination with the KWCG Working Group (which includes Hydro One Networks Inc. (HONI) and GrandBridge Energy), has determined that the development of a new 115 kV transformer station in Cambridge (MTS#2) is required as part of an integrated regional solution.[3] GrandBridge Energy also stated that the distribution system serving the City of Cambridge faces significant capacity constraints, primarily due to the thermal limitations of HONI's M20D and M21D transmission lines, which are restricted to a combined capacity of 400 MW.[4]

The IESO's urgent directive, as outlined in its September 30, 2025, letter[5], identifies this

[1] Application, p. 8
[2] Ibid
[3] Application, p. 9
[4] Application, p. 11
[5] Letter from the IESO to GrandBridge Energy dated September 30, 2025, Re: "Urgent letter re: Transmission projects to supply near-term electricity demand growth in Cambridge, Kitchener, Brant, and Brantford".

project as a near-term priority to enable additional supply capacity and maintain reliability across Cambridge, Kitchener, Brant, and Brantford. GrandBridge Energy stated that it has taken a leadership role in advancing the MTS#2 project and is progressing rapidly toward an in-service date of Q2 2028, in alignment with Hydro One's planned 115 kV transmission upgrades.[6] GrandBridge Energy stated that this is the earliest opportunity to invest in traditional capital solutions to meet the needs faced by its customers and systems. GrandBridge Energy requires the NWS Program as a means to both create immediate benefits for customers and to mitigate risk until MTS#2 is placed into service.[7]

Asset Solution

GrandBridge Energy stated that to facilitate sustained and timely customer connections, facilitate economic growth, and maintain a safe and reliable system, it required a traditional capital solution in the affected portion of its service territory. The core feature of the planned capital solution is a new 75 MVA station (i.e., MTS#2) to alleviate current and future capacity constraints affecting Preston TS, Galt TS and MTS#1.[8] In addition, MTS#2 is expected to require distribution investments to facilitate connection and integration with GrandBridge Energy's local grid.

GrandBridge Energy stated that both the IESO and HONI have confirmed the need for this new station, and GrandBridge Energy is moving rapidly toward the completion of MTS#2 to meet this need by 2028. GrandBridge Energy specified that it is not seeking approval of the MTS#2 assets or costs at this time.[9] Under planned timelines, MTS#2 assets are planned to be placed into service as early as the Spring of 2028.

GrandBridge Energy indicated that the needs outlined in this NWS application are aligned with and confirmed by the IESO, including in the IESO's July 2024 KWCG Scoping Assessment Outcome Report[10], and the May and September 2025 IESO KWCG stakeholder engagement webinars.

Alternatives Considered

GrandBridge Energy stated that to address the existing capacity constraint, there are no

[6] Ibid
[7] Ibid
[8] Application, p. 19
[9] Ibid
[10] Independent Electricity System Operator, Kitchener/Waterloo/Cambridge/ Guelph Scoping Assessment Outcome Report, July 2024, https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/kwcg/KWCG-20240708-scoping-assessment-outcome-report.pdf.

immediate traditional "poles-and-wires" infrastructure solutions, as the final solution to the system need is the traditional solution (i.e., MTS#2) planned to be put in-service in 2028. GrandBridge Energy has identified an NWS Program as a viable and cost-effective means to meet immediate needs and create benefits for customers until MTS#2 is placed into service.[11]

GrandBridge Energy indicated that the proposed NWS Program leverages demand response and behind-the-meter distributed energy resources to reduce peak demand, reduce planned and unplanned outages, and reduce transmission charges paid by GrandBridge Energy's customers.[12] GrandBridge Energy states that in doing so, the proposed NWS Program will enable it to maintain reliability, support new customer connections, and preserve system resiliency while the utility plans and executes an enduring capital solution.

Proposed Non-Wires Solutions Program

GrandBridge Energy proposed that to bridge the immediate gap and generate customer benefits, it will procure 20 MW of capacity through an NWS capacity auction for 2026 to 2028, during which time the required traditional infrastructure investment can be planned and constructed.[13] GrandBridge Energy indicated that this approach allows for immediate capacity relief while providing sufficient time for traditional assets to be delivered without compromising reliability, customer connections, or economic growth.

GrandBridge Energy indicated that the NWS Program is designed to provide incremental capacity relief to address near-term distribution constraints affecting Preston TS, Galt TS, and MTS#1, until MTS#2 is placed into service. Based on the load forecasts and system constraints described in the Application, the NWS Program is designed to provide annual capacity of:[14]

- 2026: up to 5 MW
- 2027: up to 10 MW (cumulative)[15]
- 2028: up to 20 MW (cumulative)

GrandBridge Energy stated that these capacity targets reflect its assessment of the

[11] Application, p. 34
[12] Ibid
[13] Application, pp. 19-20
[14] Interrogatory Response OEB Staff-9 part a)
[15] Application p. 20. The combined target auction capacity for 2026 is up to 5 MW. The program is expected to expand in subsequent years, with a combined target of up to 10 MW by 2027 and reaching a total of 20 MW by 2028 across the three transformer stations.

incremental capacity required to manage system reliability risk over the relevant period. The NWS Program is intended to alleviate, but not fully offset, the underlying capacity shortfall, with remaining risk managed through existing operational measures.

The GrandBridge Energy NWS Program, known as the GridShare Program, aims to alleviate capacity constraints and enhance grid resiliency by leveraging local resources. This includes incentivizing Demand Response (DR) participants to reduce load during peak hours, promoting behind-the-meter Distributed Energy Resources (DERs) such as solar, battery storage, and smart energy solutions to displace load. This will be procured through capacity auctions to ensure cost-effective procurement of capacity, benefiting customers through competitive pricing.[16] To accomplish the required results, GrandBridge Energy stated that it will leverage the foundation of behind-the-meter distributed generation (DG) totaling approximately 34 MW across the three critical transformer stations.[17] The table below summarizes the connected DG associated with GrandBridge Energy's affected transformers:

Known Connected Distributed Generation assets[18]

	Total Connected DG Capacity (kW)	% that are Dispatchable	Dispatchable Connected DG Capacity (kW)
MTS#1	12,597	38%	4,787
Preston	16,045	74%	11,873
Galt	5,505	34%	1,872
TOTAL	**34,147**	**54%**	**18,532**

In addition to behind-the-meter DG, GrandBridge Energy expects results will be augmented by non-generating sources of DR, such as load curtailing and shifting time-of-use.

Non-Wires Solutions Program Funding Request[19]

The costs of GrandBridge Energy's proposed NWS Program include those associated with software licensing and maintenance, professional consulting fees, allocated staff, participant payments, a margin-on-payment incentive for GrandBridge Energy, and the capital cost of implementing required software and of developing the NWS Program materials, as summarized below:[20]

[16] Application, p. 20
[17] Ibid
[18] The table values are as May 9, 2025.
[19] Application, p. 22
[20] Interrogatory Response OEB Staff-7 part a)

Table 9 Update Feb 17, 2026: GBE NWS Program Budget				
Cost ($000's)	**2026**	**2027**	**2028**	**Total**
Software Licensing & Maintenance	$50	$50	$50	$150
Professional Consulting	$230	$0	$0	$230
Allocated Staffing Costs	$109	$77	$77	$263
Participant Payments	$326	$592	$1,064	$1,982
Margin on Payment	$50	$90	$162	$302
Total Operating Costs	**$765**	**$809**	**$1,353**	**$2,927**
IT Software Implementation	$475	$0	$0	$475
Capitalized Professional Services	$111	$0	$0	$111
Total Capital Costs	**$586**	**$0**	**$0**	**$586**
Total NWS Program Cost	**$1,351**	**$809**	**$1,353**	**$3,513**
SREP Contribution	**$96**	**$58**	**$96**	**$250**
Total NWS Program Cost	**$1,255**	**$751**	**$1,257**	**$3,263**

The NWS Program funding request is summarized below[21]: In response to an interrogatory, GrandBridge Energy indicated that the updated Table 1 (below) and Table 9 (above) have been constructed to demonstrate the financial conversion of the upfront OM&A and Capital Costs (i.e. Table 9) to the requested Revenue Requirement (i.e. Table 1). The differences are related to the full capital costs compared to the revenue requirement impact of the capital costs.[22]

Table 1 Update Feb 17, 2026: NWS Program Funding Request				
Item ($000's)	**2026**	**2027**	**2028**	**Total**
OM&A Program Costs	$765	$809	$1,353	$2,927
Capital-Related Revenue Requirement	$36	$150	$155	$341
SREP Contribution	(96)	(58)	(96)	(250)
Total NWS Revenue Requirement	**$705**	**$902**	**$1,411**	**$3,018**

GrandBridge Energy applied to Natural Resources Canada's (NRCan) Smart Renewables and Electrification Pathways (SREP) program in Q2 2025 for a funding contribution of approximately $1.34 million. The SREP contribution will be used to offset a portion of the total NWS program costs. During the due diligence assessment, GrandBridge Energy was advised by NRCan that certain costs, including payments to participants in the NWS Program, are not eligible expenditures under SREP. Based on NRCan's current position on eligible expenditures and following the successful completion of the due diligence process, GrandBridge Energy estimates that it may receive up to approximately $249,929 in SREP funding for the NWS program.[23]

[21] Ibid
[22] Ibid
[23] Ibid

Bill Impacts

GrandBridge Energy proposed implementing an Average Rate Rider approach to calculate rate riders for GrandBridge Energy's Energy+ Rate Zone. With the reduced SREP contribution of $249,929, the bill impact for a typical residential customer is $0.83/month, representing a 0.64% total bill increase.[24]

The total bill impact, for a typical residential customer, with no SREP funding, is an increase of $0.90/month, representing a 0.70% total bill increase.[25]

Proposed Effective Date

GrandBridge Energy requested that the OEB make its Final Rate Order effective May 1, 2026. GrandBridge Energy indicated that if the OEB does not expect that the Final Rate Order will be issued by such date, that the OEB approve the recovery of any differences in NWS Program revenue between the effective date and the implementation date of the OEB's Decision and Order establishing final rates and charges.[26]

Benefit-Cost Analysis

In support of its NWS Program request, GrandBridge Energy included a Distribution Service Test (DST) benefit-cost analysis (BCA) as evidence to demonstrate the cost-effectiveness of the proposed program. Over the course of the proceeding, GrandBridge Energy updated its BCA in response to interrogatories. GrandBridge Energy's updated DST indicated that the proposed NWS Program has a DST ratio of 1.30 and total net present value of $837k.[27] GrandBridge Energy's updated DST indicated that the proposed NWS Program has a DST ratio of 1.30 and total net present value of $836,624.[28] In addition to the impacts that were quantifiable in the BCA, GrandBridge Energy also indicated that its proposed NWS Program would provide other qualitative benefits including outage avoidance on a 230 kV transmission line, avoided customer connection delays, contributions to economic growth, alignment with regulatory requirements, mitigation of reputation risks, and customer empowerment.

GrandBridge Energy stated that its NWS Program represents a non-discretionary reliability investment and that there is no practical poles-and-wires alternative to addressing the distribution system need. As such, GrandBridge Energy noted that the

[24] Ibid
[25] Interrogatory Response OEB Staff-7 part d)
[26] Application, p. 5
[27] Interrogatory Responses OEB Staff-4 and OEB Staff-6
[28] Interrogatory Responses OEB Staff-4 and OEB Staff-6

DST has not been applied as a comparative test between an NWS and a traditional poles-and-wires solution, but instead as a reasonableness test to confirm that the proposed NWS Program delivers net system benefits and is cost effective.[29] In this way, GrandBridge indicated that the DST filed with the OEB compares the costs incurred to implement the NWS Program against the associated quantifiable benefits.

Margin-on-Payment Incentive Mechanism

As part of its application, GrandBridge Energy requested approval of a Margin on Payment (MoP) incentive totalling $302,000 over the 2026-2028 period, in accordance with section 11 of the Distribution System Code (DSC). The proposed incentive represents approximately 15% of GrandBridge Energy's planned payments to third-party DERs, and corresponds to 33% of the net present value of the net benefits calculated by GrandBridge Energy in its submitted BCA.[30]

The MoP is one of three incentive mechanisms available to electricity distributors for the use of third-party distributed energy resources (DERs) as NWSs to meet distribution system needs.[31] On November 25, 2025, the OEB issued an amendment to the DSC establishing a default MoP value of up to 25% for distributors using third-party DERs as NWSs. Under section 11 of the DSC, a distributor may apply for a MoP incentive as part of a stand-alone or broader rate application.[32] Applications must include a completed BCA, including the quantitative net benefit result of the DST as set out in the OEB's Benefit-Cost Analysis Framework for Addressing Electricity System Needs (BCA Framework).[33, 34]

The DSC also sets out eligibility requirements for distributors applying for the MoP incentive, including that:

- the net present value of the forecast net benefit of the third-party DER must be greater than zero, as set out in section 11.3.3(a)
- the net present value of the forecast MoP incentive must not exceed 50% of the

[29] Application, p. 34
[30] In Interrogatory Responses OEB Staff-7, Table 10B, GrandBridge Energy provided Table 10B specifying a MoP value of $302,000 over the 2026-2028 term, indicating that this represented 37% of the calculated net benefits value of $738,000 as shown in Table 10B. However, Grandbridge's submitted BCA (Interrogatory Response OEB Staff-4 attachment, GBE_2026_NWS_BCA_IRR_20260217.xls) shows a net benefits value of $836,624, of which a $302,000 incentive value would represent 33%.
[31] OEB, Filing Guidelines for Incentives for Electricity Distributors to Use Third-Party DERs as Non-Wires Alternatives, March 28, 2023
[32] OEB, Distribution System Code: Section 11 Margin on Payments Incentive Mechanism, s.11.2, p.144.
[33] OEB, Distribution System Code: Section 11 Margin on Payments Incentive Mechanism, s.11.1, "BCA" and "DST", p.143
[34] OEB, Distribution System Code: Section 11 Margin on Payments Incentive Mechanism, s.11.3.4(f), p.145

forecast net benefit of the third-party NWS program, as set out in section 11.3.3(b)[35]

Section 11.4 provides an additional allowance for distributors to apply for a MoP incentive even when condition in 11.3.3(b) is not met, provided the distributor can demonstrate with certainty that the MoP value will not exceed 25%.[36]

Deferral and Variance Accounts

GrandBridge Energy proposes a new DVA - NWS Program Cost Variance Account (NWS-PCVA) to support its proposed NWS program. This new DVA is to capture variances (symmetrical) between: (1) the OEB approved NWS Program revenue requirement, recovered through the NWS rate rider and consisting of both OM&A and capital related costs, and (2) the actual NWS program OM&A and capital revenue requirement incurred during the 2026-2028 period, net of any third-party funding or recoveries. As explained further in response to an OEB staff interrogatory[37], GrandBridge Energy submits that this variance account is a symmetrical variance account with a cap of 30% provision because both NWS program costs and revenues collected through rate riders may vary above or below forecast, and symmetrical treatment helps ensure that variances from forecast do not create unintended financial gains or losses for either customers or the utility. GrandBridge responded to SEC's interrogatory[38] that the 30% provision is also subject to prudence review at the time of the disposition of balances in the NWS-PCVA.

GrandBridge Energy confirmed in response to an OEB staff interrogatory[39] that all amounts recorded in the NWS-PCVA will be net of any third-party funding, including funding received from the federal SREP Program. GrandBridge Energy also clarified that the NWS-PCVA is intended to capture OM&A (including administrative costs) rather than O&M, and that the OM&A and capital cost entries will mirror the cost groupings set out in Table 9 of its budget evidence; GrandBridge Energy has added the words "Table 9" directly into the Draft Accounting Order. GrandBridge Energy has inserted the sample entry for actual capital related revenue requirement amounts as Entry B in the draft accounting order.

One component of OM&A is the cost associated with GrandBridge Energy's Grid

[35] OEB, Distribution System Code: Section 11 Margin on Payments Incentive Mechanism, s.11.3.3, p.144
[36] OEB, Distribution System Code: Section 11 Margin on Payments Incentive Mechanism, s.11.4, pp.145-146
[37] Interrogatory Responses OEB Staff-16
[38] SEC-6
[39] Interrogatory Responses OEB Staff-21

Innovation Specialist. GrandBridge Energy stated in the response to an OEB staff interrogatory[40] that this Specialist will dedicate 50% of their time to the NWS Program across all three years. GrandBridge Energy's evidence shows costs of $109,000 in 2026 and $77,000 in each of 2027 and 2028. GrandBridge Energy has not provided an explanation for the reduction in cost despite the asserted constant 50% allocation.

Finally, GrandBridge Energy confirmed in response to an OEB staff interrogatory[41] that because the NWS Program does not defer or avoid the construction of MTS#2, no avoided-capital offsets will be recorded. In response to an OEB staff interrogatory[42], GrandBridge Energy indicated its intention to seek disposition of the NWS-PCVA balances through its 2029 IRM application.

Recovery of Costs - 30% Provision

GrandBridge Energy proposed recovery of costs that are as much as 30% in excess of the OEB approved NWS Program Costs in the NWS-PCVA (30% Provision). The 30% Provision is aligned with the OEB's Advanced Capital Module (ACM) policy which balances program execution and customer protection from excessive NWS Program costs. Specifically, the 30% Provision allows for payments to program participants that are greater than the amount included in the OEB approved NWS Program costs, while protecting customers by limiting the program payments.[43]

OEB Staff Submissions

OEB staff makes the following submissions on these issues:

- Need for Non-Wires Solutions Program
- Asset Solution
- Proposed Non-Wires Solutions Program
- Proposed Effective Date
- Bill Impact
- Benefit-Cost Analysis
- Margin-on-Payment Incentive Mechanism
- Variance and Deferral Accounts
- Recovery of Costs - 30% Provision

[40] Interrogatory Responses OEB Staff-17 part a
[41] Interrogatory Responses OEB Staff-22
[42] Interrogatory Responses OEB Staff-19
[43] Application, p. 31

Need for Non-Wires Solutions Program

OEB staff supports the NWS Program, as it adequately satisfies a present electricity distribution need.

OEB staff notes that GrandBridge Energy indicated that the NWS is required to address urgent local capacity needs between 2026 and 2028, until a new TS (i.e., MTS#2), is placed in service, forecast for the Spring of 2028. In an interrogatory response[44], GrandBridge Energy stated that, in addition to addressing urgent local capacity constraints, the NWS Program provides enduring grid and consumer benefits, including improved system reliability and resilience by avoiding both planned and unplanned outages, and reduced transmission peak system demand charges. OEB staff is supportive of NWS programs that can demonstrate benefits in addition to addressing urgent local capacity constraints.

OEB staff notes that GrandBridge Energy identified the potential for load growth in the affected area to materialize in 2019, and only recently has experienced an acceleration of growth, which drives the urgency of the NWS Program and, subsequently, a long-term technical solution.[45] Between 2019 and 2023, GrandBridge Energy stated that there was very little load growth on the stations (Galt TS, MTS#1 and Preston TS) supplied from the 230kV circuits M20D and M21D.

The table below summarizes the demand experienced at the facilities noted above.[46]

Demand Experienced by the Relevant GrandBridge Energy Facilities

Year	Demand (MW)[47]
2019	284.5
2020	293.2
2021	292.4
2022	284.9
2023	288.4

[44] Interrogatory Response OEB Staff-24 part a)
[45] Application, p. 14
[46] Interrogatory Response CCMBC-7 part a)
[47] Values corresponding to 2019 to 2021 are from SCADA information. Values corresponding to 2022 to 2024 are from revenue metering.

In 2024, the load increased to 300.9 MW.

OEB staff notes that GrandBridge Energy indicated that as a result of relatively flat actual and expected load growth, there were no significant investments made between 2019 and 2023 in new or expanded supply facilities.[48] GrandBridge Energy stated that there was not any justification for such investments given the amount of available existing capacity. OEB staff notes that GrandBridge Energy also knew that Hydro One was going to be replacing the existing transformers at Preston TS, providing further transformer station capacity. In 2024, GrandBridge Energy did contract with Hydro One to obtain four additional 27.6kV feeder breaks at Preston TS to be able to utilize the additional capacity of the new transformers. GrandBridge Energy started work to construct the new 27.6kV feeders in 2024. OEB staff is of the view that the need for MTS#2 did not materialize until there was unexpectedly rapid load growth.

GrandBridge Energy states that "Without immediate action, GrandBridge Energy faces capacity constraints that could delay customer connections, hinder economic growth, erode community trust, and heighten reliability risks from grid congestion and outages."[49] In response to an interrogatory,[50] GrandBridge Energy provided further details and specific examples of how these impacts have already occurred or are likely to occur. OEB staff agrees with GrandBridge Energy that the capacity constraints would have negative impacts. In particular, having sufficient capacity available to allow the connection of new customers and the forecasted high utilization of existing capacity could put reliability at risk.

OEB staff notes that there are some options, other than the proposed NWS Program, to address the immediate capacity constraint.[51] They are as follows:

1. Stop new customer connections.
2. Delay new customer connections until a date when additional capacity is expected to be available.
3. Install a Remedial Action Scheme to shed load in the event of a contingency to prevent overloading at an estimated incremental cost of $2.3 million.
4. Open the tie breaker at MTS#1 to shed load in the event of a contingency to prevent overloading.
5. Purchase, own, operate and install local generation or batteries.

It appears to OEB staff that these options to address the immediate capacity constraint are not ideal. For example, stopping or delaying new customer connections. Hence

[48] Ibid
[49] Application, p. 9
[50] Interrogatory Response SEC-2 part a)
[51] Interrogatory Response SEC-2 part b)

OEB staff submits that addressing the short-term capacity constraint (i.e., until MTS#2 is energized) with an NWS is a prudent distribution system investment.

Asset Solution

The core feature of the planned capital solution is a new 75 MVA station (i.e., MTS#2) to alleviate current and future capacity constraints affecting Preston TS, Galt TS and MTS#1.[52] OEB staff notes that GrandBridge Energy stated that both the IESO and HONI have confirmed the need for this new station.[53]

OEB staff notes that GrandBridge Energy is not seeking approval of the MTS#2 assets or costs in this application. GrandBridge Energy plans to own 100 percent of MTS#2 and the expected capital spend as of December 31, 2025 on MTS#2 is anticipated to be $3,532,831.[54] GrandBridge Energy plans to file an ICM application in 2027, for the 2028 test year, to seek recovery of MTS#2 capital costs.[55]

OEB staff supports GrandBridge Energy's plans to request recovery of costs associated with MTS#2 in a future application.

Non-Wires Solutions Program

OEB staff supports GrandBridge Energy's request for approval of the costs associated with its proposed NWS Program, with an effective date of May 1, 2026. OEB staff also submits that the NWS Program is consistent with Non-Wires Solutions Guidelines for Electricity Distributors (NWS Guidelines).[56]

OEB staff notes that GrandBridge Energy applied in Q2 2025 to NRCan's SREP program for $1.34 million to help fund the NWS Program. During the due diligence assessment, NRCan advised that certain costs, including payments to participants in the NWS Program, are not eligible expenditures under SREP. GrandBridge Energy now estimates that it may receive up to approximately $249,929 in SREP funding for the NWS program.[57]

OEB staff notes that the level of potential funding from NRCan has dramatically decreased to 19% of the funds originally requested by GrandBridge Energy; discussion on the bill impacts can be found later in this submission.

[52] Application, p. 19
[53] Ibid
[54] Interrogatory Response CCMBC-4 parts a) and b)
[55] Interrogatory Response CCMBC-4 parts a) and b)
[56] OEB, Non-Wires Solutions Guidelines for Electricity Distributors (EB-2024-0118)
[57] Interrogatory Response OEB Staff-7 part a)

In response to an interrogatory[58], GrandBridge Energy indicated that it will reassess the need for the NWS Program beyond 2028 through its ongoing distribution system planning processes and in coordination with the IESO's IRRP. This reassessment will consider actual load growth, system performance, the in-service timing, the performance of MTS#2 and related infrastructure, and the demonstrated performance and cost-effectiveness of the NWS Program relative to traditional solutions.

GrandBridge Energy states that any continuation or modification of the NWS Program beyond 2028 would be subject to demonstrated system need and, where applicable, OEB review and approval. GrandBridge Energy noted that the technology platform and program design developed for the NWS Program are scalable and could support future deployment beyond 2028.[59] OEB staff is encouraged that GrandBridge Energy sees merit in reassessing the need for the NWS program beyond 2028. If the NWS Program is required post-2028, there could be cost efficiencies from leveraging the existing program, technology platform, and program design.

The NWS Guidelines require that any proposed NWS not duplicate IESO programs. In particular, the NWS Guidelines state that distributors are expected to take into account the IESO's conservation and demand management programs and ensure that any distribution rate-funded NWS is not duplicative, in order to avoid marketplace confusion and ensure the prudent use of customer funds.[60] OEB staff notes that GrandBridge Energy met with the IESO to discuss potential duplication of its NWS Program with an IESO program and was advised that there is no such duplication.[61]

GrandBridge Energy intends to share insights from its NWS Program, which may benefit other regulated entities in the Province contemplating or engaging in NWS programs. GrandBridge Energy listed a number of methods for sharing these insights.[62] OEB staff is of the view that GrandBridge Energy's insights will be of assistance to future NWS programs and applications filed with the OEB.[63]

Proposed Effective Date

OEB staff does not have any concerns with a May 1, 2026, implementation date as proposed by GrandBridge Energy.

[58] Interrogatory Response OEB Staff-24 part b)
[59] Ibid
[60] NWS Guidelines, p. 7
[61] Application, p.28
[62] Interrogatory Response OEB Staff-12
[63] A potential forum through which GrandBridge Energy may choose to share insights and lessons learned arising from its proposed NWS Program, if approved, is the OEB's on-going Distribution System Operator Capabilities consultation (EB-2025-0060).

OEB staff notes that GrandBridge Energy stated that if OEB approval is not granted in time to align with the planned May 1, 2026, implementation, the fundamental design of the NWS Program would not be affected. However, the implementation timeline for initial procurement may be adjusted with the timing of approval.[64]

Bill Impacts

Staff notes that if GrandBridge Energy received the full SREP funding request, the estimated bill impact for a typical residential customer would have been $0.60/month, representing a 0.47% total bill increase in the GrandBridge Energy Energy+ Rate Zone.

With the reduced SREP contribution of $249,929, the bill impact for a typical residential customer is $0.83/month, representing a 0.64% total bill increase.[65] The total bill impact, for a typical residential customer, with no SREP funding, is an increase of $0.90/month, representing a 0.70% total bill increase.[66] The table below shows the different SREP scenarios and bill impacts:

Bill Impacts Arising from Different SREP Funding Scenarios

SREP Funding Scenario	Monthly Bill Impact	Total Bill Increase (%)
Full SREP Funding	$0.60/month	0.47%
Reduced SREP Contribution ($249,929)	$0.83/month	0.64%
No SREP Funding	$0.90/month	0.70%

Staff note that the bill impact difference from the filed application to the updated estimated SREP funding of $249,929 is an increase of 38%. On a monthly bill, the increase is $0.23/month. Even without receiving the full SREP funding, GrandBridge Energy customers still receive an NRCan contribution that translates into estimated savings of $0.07 per month, when compared to receiving no SREP funding.

[64] Interrogatory Response OEB Staff-2 part b)
[65] Interrogatory Response OEB Staff-7 part a)
[66] Interrogatory Response OEB Staff-7 part d)

Benefit-Cost Analysis

OEB staff commend GrandBridge Energy's efforts in preparing a BCA in support of its NWS Program. Further, OEB staff appreciate GrandBridge Energy's initiative in quantifying the avoided planned and unplanned outage reliability benefits.[67] OEB staff submits that GrandBridge Energy has provided sufficient evidence (i.e., increased distribution system reliability shown through the avoided unplanned outages and avoided planned outages calculations) to demonstrate that its proposed NWS Program is a prudent investment and addresses a distribution system need.[68]

Notwithstanding the above, the BCA Framework denotes Distribution Capacity (Deferral or Avoidance Benefit) as the sole mandatory quantitative DST benefit stream.[69] GrandBridge Energy provided a zero value for this impact stream. Though GrandBridge Energy provided sufficient qualitative evidence in support of the GridShare program, its submitted BCA does not include a positive value for the mandatory Distribution Capacity impact stream.[70] OEB staff submits that both a positive Distribution Capacity value and a positive DST ratio are required for a DST to demonstrate that an NWS is cost-effective and delivers value to ratepayers, including savings. As such, the submitted DST does not align with the methodological requirements of OEB's BCA Framework and does not demonstrate savings to ratepayers.[71]

[67] The OEB's Benefit-Cost Analysis Framework for Addressing Electricity System Needs expects reliability benefits to be qualitatively considered. However, the BCA Framework does permit electricity distributors to quantify reliability benefits should they have the means to.
[68] Compliance with the BCA Framework is effective starting with rate applications filed in 2026. Since the current NWS application was filed in December of 2025, compliance is encouraged but not required.
[69] OEB, *Benefit-Cost Analysis Framework for Addressing Electricity System Needs*, May 16, 2024, p. 19
[70] Interrogatory Response OEB Staff-4 part a)
[71] GrandBridge Energy noted on p. 34 of its application that "the DST has been applied not as a comparative test between multiple options". This does not align with the methodological requirements of the BCA Framework, as it is a comparative methodology to determine whether an NWS or a traditional poles and wires solution is the more economically feasible option to meet a distribution system need.

Margin-on-Payment Incentive Mechanism

OEB staff acknowledges the importance of GrandBridge Energy's first-of-its-kind NWS program to address unexpected and urgent local capacity constraints. GrandBridge Energy demonstrated a novel approach in identifying options to meet emerging system needs and also sought external funding to reduce bill impacts.[72] Even though the final NRCan grant has been reduced significantly from an initial $1.34 million to a maximum potential contribution of $249,929,[73] these efforts align with OEB's March 2025 guidance to distributors bringing forward innovation-related proposals.[74]

Despite this, OEB staff is of the view that the MoP incentive request does not meet the requirements established under section 11 of the DSC. Section 11 of the DSC requires that any MoP application be supported by a completed BCA and DST consistent with the OEB's BCA Framework.[75] As noted in the preceding section, GrandBridge Energy's BCA does not demonstrate value to customers via a positive Distribution Capacity value. As a result, the submitted BCA does not meet the methodological requirements of the BCA Framework. A DST with a positive Distribution Capacity value is a condition of obtaining a MoP incentive.[76]

Because the submitted DST does not align with the OEB's BCA Framework nor demonstrate savings to ratepayers, it cannot be used to establish eligibility for a MoP incentive under the DSC. While GrandBridge Energy's application and BCA identify certain distribution system-level benefits, such as avoiding unplanned outages, the filed DST does not show net benefits (savings) as required by the OEB's BCA Framework and DSC MoP incentive requirements.

OEB staff would like to highlight that the DSC's incentive eligibility requirements serve as a consumer protection measure. By relying on a standardized methodology and approach to calculating the incremental benefits and costs, the DSC ensures that only cost-effective NWSs that deliver customer value, specifically savings in the short- or long-term, qualify for an incentive. Where a MoP incentive request does not demonstrate that the proposed NWS program is cost-effective and generates savings to customers, there is a risk that the incentive increases cost burdens for ratepayers. Therefore, GrandBridge Energy's MoP incentive request is not supported by OEB staff.

[72] Application, p.25
[73] Interrogatory Response OEB Staff-7 part a)
[74] OEB, *Innovation-related Proposals in Rate Applications* (Guidance Letter), March 20, 2025
[75] OEB, Distribution System Code: Section 11 Margin on Payments Incentive Mechanism, s.11.1, "BCA" and "DST", p.143
[76] OEB, Distribution System Code: Section 11 Margin on Payments Incentive Mechanism, s.11.3.3(a) and s.11.3.4(f), pp.144-145

OEB staff note that some parties may contend that GrandBridge Energy's MoP incentive request should be reconsidered under the alternate eligibility pathway set out in section 11.4 of the DSC. This provision allows a MoP request that exceeds 50% of calculated net benefits to be supported if justified, provided the incentive shall not exceed a 25% MoP. However, section 11.4 still requires compliance with section 11.3.3(a), which calls for a valid, positive net-benefits calculation using an OEB-compliant BCA DST for the third-party DER solution.

Deferral and Variance Accounts

OEB staff submits that GrandBridge Energy's proposal to establish a symmetrical NWS-PCVA is appropriate. The record demonstrates that both NWS Program costs and revenues may reasonably vary in either direction. A symmetrical account fairly allocates these variances and is consistent with established regulatory practice for new and uncertain program expenditures.

OEB staff supports GrandBridge Energy's commitment that all entries recorded in the NWS-PCVA be net of third-party funding. This ensures that customers do not bear costs that have been offset by external contributions and is consistent with prudent regulatory accounting.

OEB staff agrees that OM&A costs, including administrative costs, are appropriately included in the NWS-PCVA.

OEB staff submits that GrandBridge Energy should revise the Draft Accounting Order in its reply submission to address the two following items:

First, although GrandBridge Energy confirmed that recorded costs will correspond to the cost groupings reflected in the application evidence, the Draft Accounting Order should not reference "Table 9" or any other specific evidence exhibit. Draft Accounting Orders should be principle-based documents that remain valid independently of an application's exhibit structure. OEB staff therefore submits that GrandBridge Energy should include all the OM&A costs listed in Table 9 in the accounting order instead of referring it to Table 9.

Second, OEB staff submits that GrandBridge Energy should expand Entry A to capture both OM&A and capital related revenue requirement variances, rather than creating a separate Entry B, as both entries rely on the same underlying accounts and can be consolidated for simplicity and clarity.

OEB staff notes an inconsistency in the response to staff interrogatory evidence concerning GrandBridge Energy's Allocated Staff cost. GrandBridge Energy states that the Grid Innovation Specialist will dedicate 50% of their time to the NWS Program in all three years of the program. Despite this unchanged 50% of time commitment, the forecast cost declines from $109,000 in 2026 to $77,000 in 2027 and 2028. GrandBridge Energy has not explained why the NWS Program cost would decline if the same 50% of the employee's time is being charged each year. OEB staff submits that a 50% staff allocation should result in a steady cost profile unless GrandBridge Energy can demonstrate an underlying change in salary, benefit load, or allocation methodology. OEB staff further submits that GrandBridge Energy clarifies and corrects this discrepancy in its reply submissions.

OEB staff accepts GrandBridge Energy's position that the NWS Program does not defer or avoid MTS#2, and therefore no avoided-capital adjustments are required in the NWS-PCVA.

OEB staff does not oppose GrandBridge Energy's plan to seek disposition of the NWS-PCVA in its 2029 IRM application if account balance is material. If the balance is not material, GrandBridge Energy has indicated that disposition would instead occur as part of its next rebasing application for 2032 rates. This timing aligns with the conclusion of the NWS Program and permits a timely prudence review.

Recovery of Costs - 30% Provision

OEB staff supports the ability of GrandBridge Energy to recover costs that are as much as 30% in excess of the OEB approved NWS Program costs (30% Provision).

GrandBridge stated that it will "evidence its rationale for activating the 30% Provision in its future application to the OEB to dispose of balances in the NWS-PCVA as part of the prudence review of amounts sought for disposition".[77] In an interrogatory response[78], GrandBridge Energy indicated that if the 30% Provision is not approved, it will be unable to pursue additional savings absent the proposed provision for incremental spending via the NWS-PCVA.
OEB staff submits that, if the OEB approves this request, the decision should be clear that approval of the 30% Provision is subject to a full prudence review of spending that will take place as part of a future proceeding.

~All of which is respectfully submitted~

[77] Interrogatory Response OEB Staff-15 part a)
[78] Interrogatory Response OEB Staff-15 part c)