

GRANDBRIDGE ENERGY INC.

REPLY SUBMISSION

1. On December 1, 2025, GrandBridge Energy Inc. (“**GBE**”) filed an application before the OEB pursuant to section 78(3) of the *Ontario Energy Board Act, 1998*, as amended (“**OEB Act**”) for orders approving funding for its Non-Wires Solutions Program (“**NWS Program**”) for the GBE Energy+ (E+) Rate Zone through distribution rate riders effective May 1, 2026 through December 31, 2028 (“**Application**”).
2. Between March 10 and 18, 2026, OEB Staff, the Coalition of Concerned Manufacturers and Businesses of Canada (“**CCMBC**”), School Energy Coalition (“**SEC**”), Environmental Defence Canada (“**ED**”), and Vulnerable Energy Consumers Coalition (“**VECC**”) filed written submissions on the Application in accordance with Procedural Order No. 2.
3. The Application is the first standalone application submitted under the OEB’s *Non-Wires Solutions Guidelines for Electricity Distributors* issued March 28, 2024 (the “**NWS Guidelines**”) and the associated *Benefit-Cost Analysis Framework for Addressing Electricity System Needs* issued May 16, 2024 (the “**BCA Framework**”).
4. Not only will GBE’s insights from its NWS Program be of assistance to future NWS programs and applications filed with the OEB,¹ but the OEB commissioner’s approach to this Application will itself send a signal to the industry on the NWS Guidelines and the BCA Framework. GBE encourages the OEB commissioners to support a predictable application evaluation process that encourages (and does not punish) utilities to take up policies supportive of non-wires solutions.
5. In this context, each of OEB Staff, SEC, ED and VECC support GBE’s proposed NWS Program on the grounds that it represents a prudent solution to a present electricity distribution system need. All of the parties, with the sole exception of CCMBC, support some level of rate funding for the NWS Program.
6. This level of support is illustrative of the significant effort GBE has put into designing a prudent and cost-effective capacity auction program to procure dispatchable capacity from local resources to manage system reliability risk and mitigate planned and unplanned outages over the 2026-2028 period.
7. The area of disagreement between the parties is on the exact level of rate funding the OEB should approve. Each of OEB Staff, CCMBC, SEC and VECC take issue with aspects of the Application. GBE will address the concerns raised by these intervenors on an issue-by-issue basis. Specifically, GBE will address the following issues in reply:
 - a. GBE’s NWS Program is compliant with the OEB’s BCA Framework requirements;
 - b. GBE’s NWS Program qualifies for a margin-on-payment incentive;

¹ OEB Staff Submissions at pg. 14.

- c. GBE has calculated reliability benefits appropriately and in compliance with OEB policy;
- d. Approval of GBE’s proposed NWS variance account is reasonable and supported;
- e. GBE’s proposed NWS Program costs are appropriate for approval and cost recovery;
- f. GBE’s average rate rider approach is optimal; and,
- g. Other matters in reply to submissions.

GBE’S NWS PROGRAM IS COMPLIANT WITH BCA FRAMEWORK REQUIREMENTS

- 8. GBE submits that its BCA analysis, which includes a DST ratio of 1.3 based on quantified reliability benefits from avoided planned and unplanned outages and financial benefits from avoided transmission charges, and a distribution capacity benefit of \$0, generates a passing score on the DST and thus complies with the test for a valid BCA demonstrating cost-effectiveness as clearly set out in the OEB’s BCA Framework.² This test requires electricity distributors to include the distribution capacity benefit of their proposed non-wires solution as part of a complete DST.³ To gain a passing score on the DST and qualify for rate funding, this test further requires a proposed NWS to generate a positive net present value of greater than or equal to 1, based on the sum of its quantified benefits and costs.⁴
- 9. On the basis that distribution capacity (deferral or avoidance benefit) is the sole mandatory quantitative DST benefit stream, OEB Staff in their submission assert “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.”⁵ CCMBC, SEC and VECC all support OEB Staff’s assertion in this regard.
- 10. A detailed review of the NWS Guidelines, the BCA Framework, the Distribution System Code (“DSC”), and any other NWS Guidance issued by the OEB, will result in the conclusion that nowhere does it stipulate that the Distribution Capacity value must be **positive**. Rather, OEB Staff have created a newly invented test that would, if true, be a fundamental threshold question for all NWS applications.
- 11. Specifically, Table 1 of the BCA Framework states that the Distribution Capacity (Deferral or Avoidance Benefit) is a “mandatory” component of the DST, and that this component must be “quantitative”. The word “quantitative” is defined in the Oxford English Dictionary as “*relating to, measuring, or measured by the quantity of something rather than its quality.*” The zero (0) value Distribution Capacity benefit filed in response to OEB Staff-4(a) is a quantitative result and is responsive to the mandatory requirement in Table 1.

² EB-2025-12-01, pre-filed evidence, page 25.

³ BCA Framework, section 5.1.1.1, page 24.

⁴ BCA Framework, section 2.3, page 7.

⁵ OEB Staff Submissions at page 16.

12. The fact is that at no time, until OEB Staff filed their submissions on March 10, 2026, has any person suggested that a positive Distribution Capacity benefit is a mandatory component of the BCA Framework, and thus is required to obtain a Margin-on-Benefits.
13. GBE is owed a degree of procedural fairness, including the right to know the case must be met before incurring the time and expense of preparing, filing and defending an Application.
14. Section 2.3 of the BCA Framework is clear on the requirement that must be met:

“The DST is the mandatory test to be employed by electricity distributors as part of this BCA Framework. The costs and benefits used for the calculation of the DST will be the primary consideration for assessing rate funding of an NWS. Proposed NWS that result in a positive net present value (i.e., present value of benefits minus present value of costs) or, equivalently, have a benefit-cost ratio (present value of benefits divided by present value of costs) greater than or equal to 1, will be considered to have a passing score on the DST.”
15. Section 4.1 of the BCA Framework is clear that the scope of the DST is much broader than just the Distribution Capacity component. Rather:

“The mandatory DST evaluates the impacts associated with providing distribution service, favouring the solution that delivers the **highest net benefits** to the distribution service enjoyed by the electricity distributor’s customers. It does so by comparing the costs of distribution service to the benefit of the distribution service.”
16. Table 1 of the BCA Framework clarifies that numerous benefits can be included in the DST, including without limitation Distribution Capacity, Reliability, Resilience, Innovation & Market Transformation and Planning Value.
17. Had any of the BCA Framework, NWS Guidelines, Filing Guidelines, DSC, or Filing Guidelines for Incentives for Electricity Distributors to Use Third-Party DERs as Non-Wires Alternatives (“Incentive Guidelines”) said explicitly “a positive Distribution Capacity value” is required – then GBE would have constructed its evidence to meet this clear mandatory requirement. Specifically, during the process of preparing its application, GBE considered a temporary generation solution as one alternative to its proposed NWS Program but felt that the high costs of this option (up to \$10 million over 3 years before fuel costs) meant it would be difficult to justify, despite the benefits. Conceptually GBE could have quantified this as an avoided distribution capacity investment. However, neither the BCA Framework nor the NWS Guidelines stipulated this as a requirement, and GBE was able to meet the BCA threshold without the need to quantify a positive Distribution Capacity value – so why waste time and effort on evidence that isn’t needed?
18. OEB staff explicitly acknowledged that one alternative to GBE’s NWS Program was the installation of a Remedial Action Scheme (“RAS”) to shed load at an incremental cost of

\$2.3 million.⁶ GBE again chose not to include this option as an avoided or deferred capital solution under the distribution capacity benefit portion of its DST because it took a conservative approach in evaluating alternatives to include in its BCA Analysis and felt that the RAS was not a prudent capital alternative to its proposed NWS Program.

19. GBE should not be penalised for its efforts to consider only prudent and realistic options for inclusion in its BCA Analysis, particularly where the DST results prepared are compliant with the BCA Framework as written and communicated, as GBE's DST is.
20. Read sympathetically, OEB Staff's submissions could be taken as a policy that should have been included in the BCA Framework, but was inadvertently omitted. If this is the case, then the proper forum to introduce these types of policy changes is as part of a broader public consultation and not during a discrete application. As it happens, on February 6, 2026, the OEB launched phase two of its BCA Framework consultation (EB-2023-0125). GBE submits that this active phase two consultation is the proper forum to make this type of fundamental change to the BCA Framework, not as part of this discrete Application. All interested parties should have an opportunity to make submissions on this type of policy evolution. Those parties would have their voices ignored if a change of this magnitude was made as part of this discrete Application.
21. In the alternative, should the Commissioners instead determine that it is appropriate to fundamentally change the BCA Framework as part of this Application, then GBE submits that recognition must be given to the fact that this Application is the very first standalone application filed under the NWS Guidelines and the BCA Framework, and for this reason the Application should be exempted from the application of this net new requirement – although the Commissioners can make it clear that this rule would apply on a going forward basis.
22. Read unsympathetically, OEB Staff's submissions could be read as the invention of net new requirements in the middle of a particular application that is expressly designed to prevent an LDC from earning a margin-on-payments on an otherwise prudent and cost-effective NWS Program. Discussion among regulated utilities may reasonably evolve toward the conclusion that pursuing such applications is not worthwhile. This reflects a concern that a margin-on-payments will not be awarded in practice, even where a positive Distribution Capacity value is demonstrated, and that otherwise well-supported requests may nonetheless be denied on grounds that are not clearly established at the outset. OEB Staff's February 18, 2026, submissions in EB-2024-0115 on Hydro Ottawa's proposed Shared Savings Mechanism ("SSM") for its Non-Wires Customer Solutions Program only lends fuel to this fear.
23. Contrary to the submissions put forward by OEB Staff, CCMBC, SEC and VECC, the test for a valid BCA does not require a proposed NWS solution to generate a positive value specifically on the distribution capacity portion of its benefits alone.⁷ OEB Staff submit, and CCMBC and VECC concur, that "both a positive Distribution Capacity value and a

⁶ OEB Staff submission, page 12.

⁷ Staff Submission page 16,

positive DST ratio are required for a DST to demonstrate that an NWS is cost-effective.”⁸ OEB Staff’s submissions outline two requirements of a valid BCA and DST, but falsely conflate the two in order to conclude that GBE’s BCA and DST are non-compliant. The OEB’s BCA Framework includes the requirement for distribution capacity to be included as a mandatory quantified benefit in a completed DST. The OEB’s BCA Framework also requires that a DST result must be equal to or greater than 1.0 in order to be deemed cost-effective. OEB Staff have taken it upon themselves to assert that the sum of these two separate requirements gives rise to a new, unwritten requirement: that the distribution capacity benefit quantified must be positive. At best, this assertion is an incorrect reading of the OEB’s BCA Framework, which invents new requirements not contemplated by the OEB. At worst, this conflation is a disingenuous attempt to represent GBE’s DST as non-compliant, despite an accurate read of the BCA Framework demonstrating it clearly is.

24. SEC submits that GBE has not met the BCA Framework’s test because a compliant BCA is required to “quantify the benefit of NWS adoption arising from the deferral or avoidance of traditional infrastructure”, on the basis that distribution capacity is “the sole mandatory qualitative benefit in the DST” and that distribution capacity is “the primary driver of value for the DST.”⁹ VECC similarly asserts that the primary purpose of the DST, and the BCA Framework, is to compare between non-wires and traditional wires investments and determine which option is “more economically feasible.”¹⁰
25. GBE submits that the BCA Framework is clearly intended to be flexible and applicable to a wide range of circumstances, programs and technologies that merit a NWS solution. This includes situations where a NWS may defer or avoid traditional poles-and-wires infrastructure but also includes GBE’s own situation, where its NWS Program does not defer this need but still provides sufficient quantified benefits to result in a positive DST. Even if a positive distribution capacity benefit may be expected in many or the majority of BCA submissions, the BCA Framework does not require this to produce a valid BCA. GBE submits that it has met the BCA Framework’s requirement to quantify the distribution capacity benefit of its proposed NWS, which it has estimated at \$0, and has quantified other benefits sufficient to result in a positive DST and thus demonstrate savings for customers.
26. ED’s submission agrees with GBE’s position, and correctly describes the actual requirements written into the OEB’s BCA Framework, rejecting the creation of new and unanticipated requirements laid out by OEB Staff. ED submits that the BCA Framework’s EST demonstrates how OEB Staff’s interpretation of the DST is incorrect and runs contrary to the words and spirit of the BCA Framework.¹¹ ED argues that, just like the DST includes a mandatory requirement for applicants to quantify the distribution capacity benefit of their proposed NWS, the EST, which is now proposed to be mandatory under Phase Two of the OEB’s consultation on the BCA Framework, similarly includes a

⁸ Staff Submission page 16; CCMBC Submission page 2; VECC Submission page 5.

⁹ SEC Submission page 3.

¹⁰ VECC Submission page 5.

¹¹ ED submission page 3.

requirement for applicants to quantify the avoided energy and avoided generation capacity costs of their proposed NWS.¹² However, this requirement must be merely a procedural exercise for applicants to quantify these benefits, rather than a requirement that the identified avoided energy and generation capacity benefits themselves result in a positive value, on the basis that a proposed NWS could shift peak demand and generate overall energy system benefits without avoiding energy or generation capacity costs. Requiring a positive value for these benefits to pass the EST would be inconsistent with the purpose of the EST, which is to capture net energy system benefits, not solely benefits from avoided energy and generation capacity.¹³ GBE agrees with ED's interpretation on this point and takes the position that the DST operates in an analogous manner, with its purpose being to quantify all distribution benefits, not only distribution capacity benefits, and compare those with a proposed NWS' costs to generate a valid result under the BCA Framework.

27. Finally, as described above, GBE wishes to highlight the certain chilling effect acceptance of OEB Staff's submissions would have on the willingness of other distributors to put forward NWS programs for the OEB's consideration. Ontario's regulated entities rely on OEB policies, which are subject to purposeful consultation and development processes, to be clear in their guidance and consistent in their application. The acceptance of new and unwritten requirements pertaining to a policy which is hardly a year old calls into question how distributors are to meaningfully apply the OEB's BCA Framework, and whether active pursuit of NWS is worth the regulatory and business risk. GBE believes that this result would be contrary to the work being advanced by the OEB, under direction from the Ontario Ministry of Energy, to encourage the use of NWS as alternatives to traditional wires investment, as articulated in the Minister's 2025 Letter of Direction directing the OEB to "deliver on the requirements of the [Integrated Energy Plan] directive... [to] ensure planning processes adequately consider cost-effective DER deployment."¹⁴

GBE'S NWS PROGRAM QUALIFIES FOR A MARGIN-ON-PAYMENT INCENTIVE

28. GBE submits that its NWS Program described in this Application is supported by a complete and valid BCA Analysis and is thus eligible for the Margin-on-Payments incentive established under section 11 of the DSC.
29. Section 11.3 of the DSC states that a distributor's rates shall be set by including a Margin-on-Payment incentive where the distributor has forecast a net benefit of the third-party DER, in this case the NWS Program, of greater than zero.¹⁵ GBE has submitted a complete and valid BCA Analysis and meets the criteria required to establish its eligibility for its requested Margin-on-Payment of 15% per the DSC.

¹² BCA Framework, section 4.2, pages 19-20; OEB letter "Re: Stakeholder Feedback, Draft Phase Two Benefit-Cost Analysis Framework, OEB File Number EB-2023-0125", page 2.

¹³ BCA Framework, section 4.2, page 19.

¹⁴ Ministry of Energy and Mines Letter of Direction, December 18, 2025, page 4.

¹⁵ Distribution System Code, section 11.3, page 44.

30. OEB Staff, SEC and VECC all support the implementation of GBE's NWS Program as a prudent and necessary investment while asserting that GBE is ineligible for its requested Margin-on-Payment incentive. GBE submits that this position is incoherent and contrary to the BCA Framework's stated purpose of allowing "electricity distributors to demonstrate the economic feasibility of any NWS or traditional infrastructure solution with material costs for which customer funding is being sought through the OEB."¹⁶ The purpose of the BCA Framework is to evaluate whether a given NWS is economic and generates savings for customers, and should thus be funded by customers. GBE's Application has demonstrated the prudence and necessity of its NWS Program and has further demonstrated the cost-effectiveness of its NWS Program through preparation and submission of a compliant DST with positive net benefits for customers. GBE should accordingly be permitted a Margin-on-Payment incentive.
31. CCMBC asserts that GBE's requested Margin-on-Payment of 15% is a too-high return on what it inaccurately characterises as a risk-free investment that will reduce the returns of manufacturers and businesses operating in GBE's service territory.¹⁷ GBE disagrees with this characterisation, as GBE has taken on substantial business risk in designing its NWS Program, preparing the Application, and executing the Program, for which it is entitled to receive compensation in line with section 11 of the DSC governing rules for Margin-on-Payment eligibility.
32. Designing the NWS Program, seeking regulatory approval and executing it have required GBE to expend substantial time and effort to defend investments that do not contribute to its net income. Again, GBE submits that utilities may be disincentivised to pursue meritorious and economic NWS solutions that generate savings for customers if the process of receiving compensation through a Margin-on-Payment incentive is uncertain and arbitrary in practice.

GBE HAS CALCULATED RELIABILITY BENEFITS APPROPRIATELY AND IN COMPLIANCE WITH OEB POLICY

33. One of the core benefits relied upon by GBE in the preparation of the DST assessing its proposed NWS Program are reliability benefits. Specifically, GBE anticipates delivery of the NWS Program will result in Present Value ("PV") benefits of \$2.4 million due to avoided planned outages, and \$799k due to avoided unplanned outages on a probability-weighted basis.
34. OEB Staff do not contest GBE's calculation of reliability benefits based on avoidance of planned and unplanned outages. OEB Staff "appreciate GBE Energy's initiative in quantifying the avoided planned and unplanned outage reliability benefits" and note that "GrandBridge Energy has provided sufficient evidence (i.e. increased distribution system reliability shown through the avoided unplanned outages and avoided planned outages

¹⁶ BCA Framework page 6.

¹⁷ CCMBC Submission, page 2.

calculations) to demonstrate that its proposed NWS Program is a prudent investment and addresses a distribution system need.”¹⁸

35. ED did not make submissions specific to GBE’s calculated reliability benefits but disagrees with OEB Staff’s assertion that the DST filed is non-compliant with the OEB’s BCA Framework.¹⁹ Conversely, SEC, VECC, and CCMBC each make inaccurate submissions which claim to diminish or eliminate the value of GBE’s calculated reliability benefits.

36. SEC and VECC each take issue with the calculation of reliability benefits presented by GBE, both arguing that the total duration of outages forecast is overstated, and these analyses are in both cases based on false premises.

A. VECC’s “historical average outage duration” approach is not a meaningful proxy for future conditions

37. With respect to unplanned outages, VECC divides the total historical unplanned outage duration from 2010 to present, by the total number of customers over that period to derive average unplanned outage duration and suggests this value is the appropriate foundation for calculating reliability benefits.²⁰ This analysis entirely ignores GBE’s evidence on extraordinary capacity constraints that forms the basis for its NWS Program. The NWS Program is not intended to be utilized for the vast majority of unplanned outages; therefore, the use of overall averages is not meaningful. The NWS Program will be used to manage large, unplanned outages which happen less often.

38. GBE’s evidence explains why historical averages are not predictive. The assumption of 1 unplanned outage over the 3-year period through the NWS Program “is grounded in a review of historical unplanned outages at Galt TS, MTS#1, and Preston TS from 2010 to February 2026, combined with a forward-looking assessment of how future system conditions will differ materially from historical conditions. During the historical period, system capacity utilization at the transformer station and transmission levels was significantly lower than what is forecast beginning in the summer of 2026. Peak transformer station utilization during this period was approximately 72%. Under those conditions, most large outages could be mitigated through load transfers between feeders and stations, even when multiple elements were out of service.”²¹

39. These conditions are changing. By 2026 and 2027, respectively, GBE forecasts MTS#1 TS, Galt TS, and Preston TS will reach demand levels equal to 86.2% and 87.8% of their combined Limited Time Rating (“LTR”). These levels of load relative to capacity represent a change to the operating circumstances of GBE’s local system, which will impair the utility’s ability to restore service to its customers during unplanned outages. Further, VECC’s submissions ignore the rigour of GBE’s analysis, which specifically focused on the 13 unplanned outages during the 15 year historical period which had high levels of Customer-Hours lost, as these specific events are representative of instances in which

¹⁸ OEB Staff Submission, page 16

¹⁹ ED Submission, page 2

²⁰ VECC Submission, page 6

²¹ IRR SEC-7 a)

available capacity and load transfers were the means relied upon to avoid longer outages.²² These same restoration efforts would not be possible under GBE's current and future capacity constraints, and as such a generic review of past events as completed by VECC does not appropriately capture the impact of unplanned outages in the future.

B. SEC's "4-hour cap" argument misinterprets the program documents and modelling assumption

40. SEC asserts that avoided unplanned outage benefits should be limited to 4 hours because the program rules purportedly limit activations to a single 4-hour period over a single day.²³
41. This is not a correct interpretation of the Program Rulebook or Participant Agreement. Section 10 of the Program Rulebook and Article 3 of the Participant Agreement authorize GBE to issue emergency activations to call on participant capacity obligations "at any time during an Availability Window for the purpose of management of emergency grid constraints."²⁴ Managing unplanned outages is the precise circumstance under which this provision would be expected to be used, and as such GBE is not constrained to a maximum period of 4 hours in using the NWS Program to mitigate a major unplanned outage.
42. SEC's position is also incomplete on the facts and modelling. The avoided unplanned outage was modelled based on a single eight (8) hour event occurring at some point over three (3) years. But it could just as easily be two (2) four (4) hour events over that same period. This was explained in response to VECC-9 "GBE used a conservative assumption that two emergency activations of four hours each, representing a limited number of peak-load windows during which the NWS Program would be required to mitigate the capacity shortfall."

C. VECC's and SEC's planned-outage critiques advance the same flawed premise: the future will resemble the past

43. With respect to planned outages, VECC completes the same calculation of historical planned outages relative to historical customers to advance the same argument that this historical experience is reflective of future system conditions.²⁵ As GBE articulates in its evidence, "As with unplanned outages, the planned outage benefit reflects future system conditions that differ materially from historical experience. Under these forecasted conditions, the NWS Program provides a reasonable and practical means of avoiding planned customer outages by enabling necessary load transfers during high-load periods."²⁶ Stated differently, the NWS Program is required in order for future impacts of planned outages to be reflective of historical planned outages, and in its absence the impacts of planned outages would be substantially greater than historical experience, as demonstrated by GBE's DST calculations. Similar to unplanned outages, VECC's

²² Ibid.

²³ SEC Submission, page 5

²⁴ GBE Energy NWS Application, Attachment 6, page 63

²⁵ VECC Submission, page 6

²⁶ IRR SEC-8 b)

submissions on this subject ignore the evidence presented by GBE providing an accurate and reasonable forecast of avoided planned outages.

44. SEC advances a similar view in noting that customers served by MTS#1 TS, Galt TS and Preston TS have not historically experienced planned outages.²⁷ SEC does agree with GBE that “the NWS Program reduces the likelihood of potential outages as a result of the capacity constraint”, but goes on to assert that GBE’s forecast of avoided planned outages is “no more than guesswork”.²⁸ This characterization inaccurately belittles the analysis completed by GBE to inform its forecast and reliability benefits. GBE provided a list of 5 recent examples of necessary projects completed on its local system which, if completed in 2026 or beyond absent the NWS Program, could only be accomplished through reliance on planned customer outages.²⁹ GBE knows its system needs, and has diligently triaged those needs against its current capacity constraints, and the positive impact the NWS Program will have on operational capabilities. GBE’s forecast of avoided planned outages are based on real operational analysis, and as such the forecast benefits associated with avoided planned outages are reasonable.

D. SEC ’ s critique of VOLL is inconsistent with the BCA framework and OEB policy

45. SEC challenges GBE’s reliance on Value of Lost Load (“VOLL”) while acknowledging that using the VOLL calculation is “permissible” under the BCA Framework, and that GBE’s approach is “consistent with the OEB’s [Vulnerability Assessment and Storm Hardening] Report”. SEC nevertheless goes on to infer on the OEB’s behalf that “VOLL was never meant to be the linchpin of a BCA”.³⁰ Nothing in the OEB’s BCA Framework or associated policy documents establishes reliability as a benefit that is less valid than other benefits; to the contrary the BCA Framework explicitly provides distributors the opportunity to present calculated reliability benefits, and to claim those benefits in DST calculations where it can be reasonably shown that the NWS will improve the electricity distributor’s response to disturbances and faults in the distribution system.³¹ GBE’s use of VOLL and its calculation are both consistent with OEB policy, as acknowledged by SEC, and it would be inappropriate to dismiss these policies in lieu of inferred or assumed policies which are not stated or endorsed by the regulator.

E. CCMBC’s “non-normalized load forecast” point is based on a misunderstanding of the interrogatory response and the calculation

46. CCMBC provides a brief critique of GBE’s reliability benefit calculation, noting that the analysis relies on VOLL and the underpinning “load forecast” is not normalized.³² That is incorrect. CCMBC’s submission refers to an interrogatory which asks about historical and forecast loading on MTS#1 TS, Galt TS and Preston TS, to which GBE responded “No, the loads presented in the table are not weather normalized.”³³ The response provided was

²⁷ SEC Submission, page 5

²⁸ Ibid.

²⁹ IRR SEC-8 a)

³⁰ SEC Submission, page 5

³¹ BCA Framework, page 28

³² CCMBC Submission, page 3

³³ IRR CCMBC-6 a)

in reference to the historical loads presented which are based on actuals; the forecast loads are based on the IESO “Median Weather”, which is based on normal weather. Regardless, CCMBC’s assertion misses the nature of the calculation underpinning avoided planned and unplanned outages. The demand values relied upon to establish the load in VOLL are the loads offset through the NWS Program, and as such are unrelated to weather within a forecast context. Given CCMBC’s submission misunderstands the calculations presented, GBE submits they should be given no weight in the OEB’s determination.

APPROVAL OF GBE’S PROPOSED NWS-PCVA IS REASONABLE AND SUPPORTED

47. None of VECC, CCMBC, or ED make submissions regarding GBE’s requested NWS-PCVA, while OEB Staff³⁴ supports the account and SEC expresses no concerns.³⁵ Further discussion of the 30% provision proposed to apply to the NWS-PCVA is provided below.
48. Notwithstanding the above, OEB Staff requested two items related to the NWS-PCVA be addressed by GBE. First, OEB Staff notes that the existing Draft Accounting Order relies on an evidence reference in this proceeding, and that the Final Accounting Order should specifically list all OM&A costs. Second, OEB Staff requests GBE to expand Entry A to capture both OM&A and capital-related revenue requirement variances, rather than creating a separate Entry B. GBE agrees with both proposals, and the revised Draft Accounting Order included in this Reply Submission reflects these changes (see Attachment 1).
49. GBE notes that OEB staff and SEC support GBE’s recovery of costs as much as 30% in excess of OEB approved NWS program costs, subject to a prudence review of program expenditures in a future proceeding.³⁶ To the degree the NWS Program is more successful than anticipated, and incremental benefits can be realized for customers, the 30% provision in excess of OEB approved budgets is critical to provide GBE the confidence to pursue incremental benefits for customers. In a circumstance where the present load growth and system needs exceed GBE’s forecasts, and incremental activation of the NWS Program could alleviate these constraints with customer benefits, GBE would be required to incur incremental expenses to pursue such benefits. Similarly, in the event more planned and unplanned outages can be avoided than initially forecast, the same dynamic will be true. In order to pursue such incremental benefits, GBE is seeking guidance from the OEB in this proceeding as to the acceptability of incremental expenditures for NWS benefits, and the likelihood of cost recovery of such expenditures. This need for confidence and guidance is the purpose of the proposed 30% provision in this proceeding. As confirmed by GBE, the final amount in the NWS-PCVA will be subject to a prudence review prior to disposition.

GBE’S PROPOSED PROGRAM COSTS ARE APPROPRIATE FOR APPROVAL AND COST RECOVERY

50. SEC challenges three areas of the NWS Program budget. One of these areas is the proposed Margin-on-Payment incentive, which is addressed above in this Reply

³⁴ OEB Staff Submission, pages 18-19

³⁵ SEC Submission, page 6

³⁶ OEB Staff Submission, page 19.

Submission. The remaining concerns raised by SEC relate to the capitalization of legal costs associated with the development of the NWS Program, and 2026 OM&A costs, relying on Staffing costs as an example of its concerns.³⁷ OEB Staff³⁸ and VECC³⁹ make similar comments to SEC with respect to 2026 Staffing costs, while neither of CCMBC or ED make submissions on the specific elements of the NWS Program budget.

51. SEC's objections to cost recovery are unfounded. They rest on (a) an incorrect application of IFRS accounting standards and (b) a fundamental misunderstanding of retroactive ratemaking as applied in Ontario electricity distribution ratemaking.

F. Capitalized legal costs are appropriate under IFRS

52. SEC argues legal costs incurred to develop NWS Program rules and agreements prior to May 1, 2026, are not properly capitalized and should therefore not be included in the revenue requirement. SEC cites IAS 16 in support of this position.⁴⁰ SEC's IFRS argument references the wrong IAS standard and is a factually inaccurate understanding of relevant accounting standards.
53. The appropriate standard to reference in this context is IAS 38, as legal costs incurred in the development of the NWS Program rules and executing agreements have been capitalized as an intangible asset under IAS 38. These costs have not been attributed to the underlying software platform; rather, they are considered to give rise to a separate identifiable intangible asset representing the program's contractual framework. This framework provides GBE with economic benefits by enabling and governing customer and partner participation in the NWS Program, which is fundamental to the program's ability to generate value.
54. In accordance with IAS 38.12, an intangible asset is identifiable where it is separable or arises from contractual or other legal rights. The NWS Program rules and agreements establish enforceable participation arrangements, creating contractual rights that define access to and participation in the program. These rights exist independently of the underlying software and form the basis of the program's operation. Furthermore, these agreements provide GBE with control over the underlying contractual rights in accordance with IAS 38.13. Through enforceable legal arrangements, GBE has the ability to determine participation terms and restrict access to the program, thereby controlling access to and the economic benefits derived from participation in the NWS Program. Finally, in accordance with IAS 38.21, the asset is expected to generate probable future economic benefits, as the contractual framework enables ongoing participation, supports capacity management objectives, and facilitates continued utilization of the program.

³⁷ SEC Submission at pgs. 2-3.

³⁸ OEB Staff Submission at pg. 19.

³⁹ VECC Submission at pg. 4.

⁴⁰ SEC Submission, page 2

55. Furthermore, the legal costs in question have been recognized as an identifiable intangible asset arising from contractual rights under IAS 38. GBE confirms that its auditor KPMG has reviewed the capitalized legal costs in question and did not express concerns with the capitalization of these legal costs. Given SEC's arguments on this subject are not consistent with IFRS accounting standards, and that GBE's auditor has confirmed GBE's compliance with IFRS, SEC's arguments against cost recovery of capitalized legal costs should be disregarded.

G. SEC's retroactive ratemaking argument misunderstands Ontario ratemaking practice

56. SEC states that costs incurred before the proposed May 1, 2026 effective date of requested rate riders "are not recoverable, as to do so would be out-of-period and represent impermissible retroactive ratemaking."⁴¹ The assignment of relevance to the date of May 1, 2026 in the definition of out-of-period costs is in direct conflict with the annual ratemaking practices of numerous regulated electricity distributors in Ontario. While many distributors have annual rates effective January 1 of each year, as many as half of Ontario's distributors have rates effective May 1 of each year. While rate changes are implemented on May 1st for these distributors, this does not mean that the costs recovered in rates are costs incurred over the period of May 1 through April 30 of the following year. To the contrary, the costs recovered via rates effective May 1 are aligned with the costs of the utility's relevant fiscal year, which in most cases runs January 1 through December 31. It is common practice in Ontario for costs to be incurred by utilities prior to the effective date of their rates, and to nonetheless receive recovery of those costs on a timeline that is different than the utility's fiscal year. As such, SEC's argument that costs incurred prior to May 1, 2026 are "out-of-period" are disconnected from OEB regulatory policies and practices, and should be dismissed.

H. SEC's cited authorities do not support its retroactivity claim

57. The authorities provided by SEC serve only to demonstrate that the principle of retroactive ratemaking is not engaged here. The first relates to a clarifying statement by the OEB, noting that Group 1 and 2 deferral and variance account balances and rate riders approved on a final basis should not be altered retroactively; specifically noting that this applies when rates "have been determined to be final by the Board..."⁴² GBE has brought forward the costs of its NWS Program for approval explicitly because they are not included in rates, as they are incremental costs which are not subject to any prior OEB approval.

⁴¹ Ibid.

⁴² EB-2013-0122, Decision and Order, page 13. The full excerpt reads as follows: "The Board accepts the disposal of Group 1 and 2 balances over a one-year period, subject to its findings regarding 1508, 1556, 1576 and 1568. The Board wants to be clear that these amounts reflect account balances as of December 31, 2012 with interest forecast to December 31, 2013. This means that in future applications there should be no amounts related to costs incurred prior to December 31, 2012 booked to these accounts. Any such amounts would be considered retroactive ratemaking. It is a fundamental tenet of ratemaking that rates must be set to recover future costs and not to recover past costs in relation to a period for which the rates were already set on a final basis. Once the rates (including any associated rate riders from the clearance of deferral and variance account balances) have been determined to be final by the Board, it is implicit that such rates are just and reasonable and it is therefore improper for the Board to alter the rates retroactively."

As such, there is no prior final OEB Order requested to be varied, and retroactive ratemaking is not relevant in this instance.

58. SEC's second reference relates to an Incremental Capital Module ("ICM") request in which incremental OM&A costs were sought; contrary to the OEB's stated ICM policies.⁴³ It is unclear whether this reference truly adjudicates a question of retroactive ratemaking as opposed to interpretation of the OEB's ICM policy, as references to the timing of expenditures are interwoven with accurate reminders that the ICM policy does not provide for modified OM&A funding levels.

I. Application legal, consulting and staffing costs are recoverable subject to an adjustment to 2026 Allocated Staffing Costs

59. In advancing the retroactivity argument, SEC highlights⁴⁴ two cost categories: (i) application consulting and legal costs incurred (totalling \$230k), and (ii) Allocated Staffing Costs in 2026 being \$32k higher than this same line item in 2027 and 2028.⁴⁵ OEB Staff,⁴⁶ and VECC⁴⁷ similarly question the higher Staffing Costs proposed for 2026. As articulated above, the question of whether these costs are incurred after May 1, 2026 is not relevant given this date is not determinative of the fiscal period relevant to ratemaking. However, GBE has responded to the two areas of concern raised.
60. With respect to application consulting and legal costs incurred, GBE submits these costs should be treated in a manner consistent with other cost-based applications. Specifically, the OEB's Chapter 2 Filing Requirements for Electricity Distribution Cost of Service Rate Applications – 2026 Edition for 2027 Rate Applications, section 2.4.3.4 articulates the OEB's expectation that distributors recover the one-time regulatory costs associated with legal and consulting services over the subsequent rate-setting term. GBE's proposal is entirely consistent with this direction, recovering the one-time cost of legal and consulting support over the proposed rate rider period from May 1, 2026 through December 31, 2028.
61. GBE submits that the Program expenditures are prudent costs and are reflective of the cost of preparing Ontario's first standalone NWS application supported by a completed DST and Margin-on-Payment incentive. GBE expects efficiencies over time as utilities and participating parties gain experience with NWS, the BCA Framework, and Margin-on-Payment incentives. However, GBE's first-of-its-kind application required triaging the requirements of the OEB's NWS Guidelines, BCA Framework, VASH Report, Incentive Guidelines, and amendments to the DSC to implement a Margin-on-Payment incentive. On understanding these requirements, GBE was the first Ontario utility to develop an application structure and evidentiary basis in support of a standalone NWS application in

⁴³ EB-2014-0073, Decision and Order, page 16

⁴⁴ SEC Submission, page 2

⁴⁵ IRR OEB Staff-7, Table 9

⁴⁶ OEB Staff, page 19

⁴⁷ VECC Submission, page 4

compliance with OEB policy, including participating in the subsequent discovery and adjudication of these various net new regulatory policies. Within this context, procurement of third-party support and expertise represents the most cost-effective approach to meeting regulatory requirements, and GBE's incurred costs are reasonable for cost recovery consistent with other cost-based applications.

62. With respect to 2026 Staffing costs, the incremental \$32k requested for 2026 relative to 2027 and 2028 includes 2025 budgeted incremental Staffing costs in direct support of the development of the NWS Program and application. On review of this item in preparation of this Reply Submission, no staffing costs were allocated to the NWS Program on an actual basis in 2025, with allocation beginning in 2026. GBE proposes to remove the budgeted \$32k in additional Staffing costs and true-up all actuals to date in the materials and rate riders included in the Final Rate Order in this proceeding. On completion of this adjustment, Allocated Staffing Costs will be \$77k in each of 2026, 2027 and 2028.

GBE'S PROPOSED AVERAGE RATE RIDER APPROACH IS OPTIMAL

63. GBE stands behind its proposal to implement cost recovery via an average rate rider established for the period of May 1, 2026 through December 31, 2028 and is seeking pre-approval of these riders in advance of the rate proceedings which will establish distribution rates for 2027 and 2028. None of OEB Staff, VECC, CCMBC or ED commented on GBE's proposal. SEC disagrees with the average rate rider approach, and advocates for the approval of three sets of rate riders for 2026, 2027 and 2028 in this proceeding. In the alternative, SEC suggests costs and revenues should be true-up on an annual basis, to mitigate the potential for intergenerational inequity.⁴⁸
64. As demonstrated in interrogatory response SEC 5 b) relative to the most recent proposed rate riders presented as Table 13 of Staff-7 c), the difference in rate riders between an annual and average approach over the 3 years is immaterial for customers. By way of example, the proposed monthly rate rider (based on the average method) for residential customers is \$0.0011/kWh,⁴⁹ while the annual method would implement rate riders of \$0.0010/kWh, \$0.0009/kWh, and \$0.0013/kWh in each of 2026, 2027 and 2028, respectively.⁵⁰ Given GBE has proposed that the NWS-PCVA true-up all costs and revenues on conclusion of the program, GBE submits the implementation of annual rate riders creates unjustified regulatory burden and changes in rates relative to their impact on customers.
65. GBE does not support SEC's alternative proposal which would require an annual true-up of costs and revenues if the OEB approves the average rate rider method. Practically speaking, GBE's financial audit of 2026 would not be completed until it applies for 2028 rates; representing the first opportunity to present this limited view of 2026 costs and revenues. GBE has proposed providing an evaluation of the NWS Program in its 2029 rate

⁴⁸ SEC Submission, page 6

⁴⁹ IRR OEB Staff 7 c) Table 13

⁵⁰ SEC 5 b)

application, alongside disposition of the NWS-PCVA.⁵¹ GBE sees limited value in the regulatory burden of clearing 2026 variances in 2028, as opposed to waiting until 2029 to complete a more complete regulatory process. For clarity, from GBE's perspective average rate riders with an annual true-up is the least desirable of the available approaches, with GBE's proposed average rate rider approach (with no annual true-up) being optimal, and SEC's requested annual rate rider approach being acceptable.

OTHER MATTERS

66. The following sub-sections provide brief, discrete responses to individual submissions made by various parties in submission. For clarity, while GBE has sought to be comprehensive in this Reply Submission, a lack of Reply to any particular submission should not be interpreted as explicit or implicit agreement by GBE with views advanced by OEB Staff or intervenors.

A. Program Design

67. GBE notes and appreciates ED's suggestions with regards to its NWS Program design, and will consider them for future applications. In response to one specific point, GBE notes that it specifically refrained from including efficiency measures for eligibility in its NWS Program so as to avoid duplicating IESO funding for energy efficiency under the rules of the OEB NWS Guidelines.⁵² The parameters of this NWS Program, as set forth in this Application, are now decided, given the program's planned start in Q2 2026. While GBE appreciates the spirit of ED's submissions, it is GBE's understanding that detailed program design is ultimately not at issue in this proceeding, and does not support ED's suggestion informing material OEB direction in its forthcoming Decision and Order.

B. "GBE Does Not Need the Money"

68. CCMBC makes the statement that "GBE does not need the money"⁵³, while in a different context SEC advances a similar argument that in light of GBE's most recent return on equity, the utility can absorb "additional costs".⁵⁴ These points of argument are not grounded in any OEB policy or requirement of relevance to GBE's NWS Program. GBE's NWS Program costs are clearly outside of the basis upon which rates have been established,⁵⁵ and as previously noted OEB Staff, SEC, VECC, and ED all support approval of funding for the NWS Program via rate riders.

C. Characterisation of NWS Program as a Pilot

69. GBE disagrees with ED's characterisation of its NWS Program as a pilot.⁵⁶ The size and scope of the program reflect GBE's service territory, customer base and system need. None of the program's characteristics are tailored to be a pilot, and importantly, the NWS Program has been prepared for the purpose of addressing a specific system need as

⁵¹ IRR OEB Staff-12 e)

⁵² EB-2024-01218, Non-Wires Solutions Guidelines for Electricity Distributors, page 7.

⁵³ CCMBC Submission, page 2.

⁵⁴ SEC Submission, page 3

⁵⁵ IRR CCMBC-17 b)

⁵⁶ ED Submission, page 3.

opposed to being prepared specifically for the purpose of developing and learning about new approaches. In GBE's submission, in light of the substantial policies developed and released by the OEB informing the execution of programs of exactly this nature, it is time to accept programs such as GBE's as active utility lines of business (including the opportunity for reasonable shareholder earnings) as opposed to pilot exercises. Regardless of whether or not GBE's NWS Program is termed a pilot or not, GBE does anticipate its NWS Program will provide learnings for the broader industry, and does not expect that the specifics of its NWS Program should necessarily form a definitive blueprint for other utilities and their specific circumstances.

CLOSING

70. GBE's proposed NWS Program is fully compliant with the requirements set out in the OEB's BCA Framework and other relevant policy guidance and should be approved as filed and updated at interrogatory responses inclusive of the proposed Margin-on-Payment incentive.

Attachment 1

GrandBridge Energy Inc.

Draft Accounting Order

Account 1508 – Other Regulatory Assets, NWS Program Cost Variance Account (NWS-PCVA)

GrandBridge Energy Inc. (GBE or GrandBridge Energy) shall establish the new deferral account, “NWS Program Cost Variance Account (NWS-PCVA)”, effective May 1, 2026, to capture variances (symmetrical) between:

1. The Ontario Energy Board (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.

The OM&A and capital costs recorded and included in the NWS-PCVA will include software licensing and maintenance, professional consulting services, labour, participant payments, margin-on-payments, capitalized software implementation, capitalized professional services, and other OM&A and capital costs directly attributable to the NWS Program (“NWS Program Costs”). Any amounts recorded will be net of any third-party funding or recoveries (e.g. federal grants). Actual NWS capital additions placed into service will be converted into an equivalent revenue requirement using the same parameters and methodology that the OEB used to establish the NWS Program revenue requirement.

Amounts entered in the account can be debit or credit entries and will be debited or credited to the account annually. Carrying charges will be applied to the account monthly at the Ontario Energy Board’s (OEB) prescribed rates.

GBE will be allowed to recover 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”) policy¹, which balances program execution and customer protection from excessive NWS Program Costs. Specifically, the 30% Provision allows for a modest amount of 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.

¹ Report of the OEB EB-2014-0219 New Policy Options for the Funding of Capital Investments: Supplemental Report, January 22, 2016, Appendix A

GrandBridge Energy will seek disposition of balances in the NWS-PCVA no later than its next Cost of Service application and will recommend either the continuance or discontinuance of the Sub-Account at that time.

GrandBridge Energy shall establish the following variance accounts effective May 1, 2026, to December 31, 2028, to record the amounts described above:

- Account 1508 -Other Regulatory Assets, Sub-Account NWS Program Cost Variance Account
- Account 1508 -Other Regulatory Assets, Sub-Account NWS Program Cost Variance Account Carrying Charges

The sample accounting entries for the variance accounts are provided below:

- A. To record annually the symmetrical difference between the actual costs associated with non-wires solutions operational and capital costs and the amounts recovered through non-wires solutions rate rider (on a revenue requirement basis) over the 2026-2028 period:
- DR/CR 4080 Distribution Services Revenue
 - CR/DR 1508 Other Regulatory Assets, Sub-Account NWS Program Cost Variance Account
- B. To record the carrying charges in sub-account NWS Program Cost Variance Account:
- DR/CR 6035 Other Interest Expense
 - CR/DR 1508 Other Regulatory Assets, Subaccount NWS Program Cost Variance Account Carrying Charges