

1 **RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES**

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INTERROGATORY 1-EP-1

Reference: Exhibit 1, Tab 3, Schedule 1A, Page 9

Preamble: “EC wholly owns two subsidiaries (see Figure 1 below): Elexicon Energy, which distributes electricity and carries on certain solar generation activities; and Elexicon Group, an unregulated affiliate which no longer carries on business (but which previously carried on unregulated energy services businesses relating to rate switch, energy management, energy efficiency consulting, and other miscellaneous services). In 2024 and 2025 EC wound-up Elexicon Group refocusing on its regulated business. Elexicon Group will continue to exist (but not carry on business) until all outstanding wind-up matters have been finalized.”

Questions:

a) Please describe the solar generation activities mentioned in the quoted text and explain how the OEB can be assured that Elexicon’s ratepayers are not subsidizing unregulated solar generation activities.

b) How much MWh was generated in 2025, and will be generated in 2026 and 2027?

c) Is the energy generated sold to IESO or is it for Elexicon’s own use?

d) Were any employees transferred from the unregulated Elexicon Group to the regulated Elexicon Energy when Elexicon Group was wound up?

1 **RESPONSE:**

2 a) There are 4 active solar generation projects under Elexicon Energy

3

4 1. Ajax office Rooftop solar - generated energy flows through a meter to Elexicon grid.

5 2. Whitby office Rooftop solar – generated energy flows through a meter to Elexicon grid.

6 3. Claremont community centre Rooftop solar – a joint operation - generated energy
7 flows through a meter to Elexicon grid.

8 4. Cobourg Venture 13 Rooftop solar – a joint operation as a power purchase agreement
9 with the buyer being the Town of Cobourg for the Venture 13 Innovation Centre
10 (“Venture 13”) - generated energy flows through a meter to Venture 13.

11

12 There are two aspects that ensure ratepayers are not subsidizing unregulated solar
13 generation activities.

14 1. Technical aspect:

15 The solar projects (1), (2), and (3) follow FIT program (Feed-In-Tarriff) and are treated
16 like any other customer and have their own meter. The solar project (4) is a power
17 purchase agreement between the joint operators, including Elexicon, and the Town of
18 Cobourg.

19 2. Finance:

20 a. All assets were marked as non-regulated property plant & equipment and
21 therefore were not part of rate base.

22 b. All activities (revenue/expense) were booked under Other Income, but as they
23 are profitable ventures, they decrease (offset) the revenue requirement.

24

25 b) MWh generated by the 3 solar projects in the Elexicon grid, are captured in Table 1.

26

Table 1: MWh Generated by Solar Projects

| 2025 Actual | 2026 Forecast | 2027 Forecast |
|----------------|------------------|------------------|
| 354.13 | 371.28 | 371.28 |

1 The MWh generated by the Venture 13 project for 2025 is 104.60 MWh. This project is on
2 track to achieve 106.8 MWh in 2026 which is lower than average due to poor generation in
3 the first quarter of the year. A return to the average of 111 MWh in 2027 is forecast.

4

5 c) For the solar projects (1), (2), and (3), electricity generated is metered and flows into the
6 electricity grid for use by electricity customers, but the contracts for the generation are
7 between IESO and the generator/joint venture participants. Payments for the generation
8 flow from the IESO through the LDC to the generator, regardless of where the generated
9 electricity is consumed. For the solar project (4), electricity generated is metered and flows
10 into Venture 13 and contract between the buyer, Town of Cobourg, and the generator/joint
11 venture participants. Payments flow from the Town of Cobourg to Lakefront Utility Services
12 Inc. and the other joint operators, including Elexicon.

13

14 d) No employees were transferred from the unregulated Elexicon Group to the regulated
15 Elexicon Energy when Elexicon Group was wound up, but some applied for positions in
16 Elexicon Energy and were hired.

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3 **INTERROGATORY 1-EP-2**

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5 Reference: Exhibit 1-3-1A, Page 11, Use of AI in Preparation of Application

6

7 Preamble: “Generative artificial intelligence was used to support editing, refining, and proofreading
8 of content within this filing.”

9

10 Question: Were there any incremental cost savings due to use of AI? Please discuss.

11

12

13

14 **RESPONSE:**

15 Generative artificial intelligence is a productivity and workplace tool, like Microsoft Word and
16 Excel, that is utilized by staff in the course of their work, where helpful. Elexicon does not believe
17 use of the tool materially impacted the costs of the application.

1 **RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES**

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3 **INTERROGATORY 1-EP-3**

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5 Reference: Exhibit 1, Tab 5, Schedule 1, Page 5

6 Preamble: By 2031 the funding gap of \$36M would represent about 18% of the total revenue
7 requirement for that. Left unmitigated, the funding gap between Price Cap IR and Ellexicon’s
8 investment plan would result in tens of millions of dollars of underinvestment in Ellexicon’s grid and
9 operations.

10

11 Question: Please confirm that the objective of Price Cap IR is to provide the incentive to utilities
12 to find efficiencies that would reduce the revenue requirement so that there would be no gap
13 between rates under Price Cap IR and revenue requirement.

14

15

16 **RESPONSE:**

17 One objective of Price Cap IR is to incent cost efficiency. This is one of many objectives of incentive
18 regulation; including ensuring that rates are just and reasonable.

19

20 The OEB has also made available the Custom Incentive Regulation (“CIR”) rate-setting method
21 explicitly “...for distributors with significantly large multi-year or highly variable investment
22 commitments that exceed historical levels.”¹ Ellexicon’s circumstances are consistent with the
23 OEB’s expectations regarding the use of CIR, and per the reference noted in the footnote below
24 and the investment requirements outlined in Exhibits 2 and 4 of Ellexicon’s application, Price Cap IR
25 is not an appropriate rate-setting method for Ellexicon’s circumstances.

¹ Ontario Energy Board, Report of the Board: Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach, Page 19

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3 **INTERROGATORY 2B-EP-4**

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5 Reference: Exhibit 2B, Tab 3, Schedule 2, Appendix A, Page 3

6 Preamble: "Customer-owned generation and energy storage is already present across the service
7 territory, and connection activity continues to increase. These resources introduce operational
8 complexity that must be managed through enhanced visibility, voltage control, and protection
9 coordination."

10

11 Question:

12

13 a) Please confirm that customers who own generation and energy storage and who export
14 into the grid impose higher costs of additional activities such as billing function, data capture,
15 review time and settlement with the IESO.

16

17 b) Does Elexicon charge these customers for the complexity and higher costs they impose?
18 Please explain your answer.

19

20 **RESPONSE:**

21 a) Confirmed. Customers who export electricity to the grid from generation and energy storage
22 resources require additional billing, data management, review, and settlement activities, which
23 result in incremental costs.

24

25 b) Yes, Elexicon charges Customers who export electricity to the grid from generation and energy
26 storage resources for the complexity and higher costs they impose. Billing and settlement
27 activities for exporting DER customers are conducted in accordance with the Retail Settlement
28 Code, and any additional charges allowed under the Code are charged to the DER customer to
29 recover the associated costs.

1 **RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES**

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3 **INTERROGATORY 2B-EP-5**

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5 Reference: Exhibit 2B, Tab 3, Schedule 2, Appendix A, Page 3 and Exhibit 1-7.

6 Preamble: “Feedback from Elexicon’s customer engagement survey underscored strong support
7 for investments in Grid Modernization with 73% of residential, 81% of seasonal, 71% of small
8 business, and 88% of GS>50 kW customers indicating support for investment in this area.”

9

10 Questions: Were participants in the customer engagement survey informed how much they would
11 have to pay in rates for the cost of Grid Modernization? If the answer is yes, please file the
12 information provided to them. If the answer is no, please explain why not.

13

14

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17 **RESPONSE:**

18

19 Yes. Please refer to the Innovate Report on the Customer Engagement Survey for the 2027-2031
20 Rate Application, and specifically Exhibit 1, Tab 7, Schedule 1, Appendix A, Pages 10-13 for customer
21 preferences and support for grid modernization.

1 **RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES**

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3 **INTERROGATORY 2B-EP-6**

4

5 Reference: Exhibit 2B, Tab 3, Schedule 2, Appendix A, Page 7, Figure 1

6

7 Questions:

8

9 a) Does a Modern Grid require more conductors than a Traditional Grid? Please explain your
10 answer.

11

12 b) Can a wind farm be connected to a Traditional Grid?

13

14 c) Can an EV be charged by a Traditional Grid?

15

16

17

18 **RESPONSE:**

19

20 a) A modernized grid may require more conductors than a traditional grid, but it depends on the
21 drivers of a project. For example, the deployment of SCADA-enabled switches and
22 communicating fault circuit indicators are examples of modernization technologies that can be
23 integrated within the existing grid. However, modernization resulting in electrification and
24 load growth from customers may require additional grid capacity and traditional grid
25 investments, such as new conductors (if a non-wires alternative cannot solve the primary
26 need).

27

1 b) Yes, a wind farm can be connected to a traditional grid; however, interconnection feasibility
2 depends on site-specific technical and operational considerations that are assessed on a
3 case-by-case basis.

4

5 c) Yes, an EV can be charged by a traditional grid. This is a common practice today, as EV charging
6 is simply an electrical load, similar in principle to other household or commercial loads.

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INTERROGATORY 2B-EP-7

Reference: Exhibit 2B, Tab 3, Schedule 2, Appendix A, Page 9, Table 2, 2027-2031 Grid
Modernization Capital Investments by Program

Questions:

- a) What do S2 Grid Enhancements stand for? Was there an S1?
- b) What does P5 OT Systems Program stand for? Were there P1, P2, P3 and P4?
- c) Please provide more information on the P5 OT Systems program by showing the cost of each of its components: OT System upgrades, ADMS/DERMs, and OT Grid Modernization.
- d) Please confirm that ADMS stands for Advanced Distribution Management System.
- e) Please confirm that DERMs stands for Distributed Energy Management Systems.
- f) What is the relationship between ADMS and DERMs? Is ADMS one of the DERMs? If the answer is yes, what are other DERMs?
- g) Does Elexicon currently have ADMS and DERMs in place in some parts of its distribution grid?

1 **RESPONSE:**

2

3 a) The “S2” in Grid Enhancements is the program code. “S1” was associated with the Substation
4 Growth program. Both of these programs are in the System Service investment category.
5 Please see Exhibit 2B, Tab 4, Schedule 3, Page 1, Table 1 for a complete list of the program
6 codes and the associated program descriptions.

7

8 b) Please see answer a) above.

9

10 c) Please see Exhibit 2B, Tab 4, Schedule 3, Appendix P, P5 OT Systems for more information on
11 the program, and please see Exhibit 2B, Tab 4, Schedule 3, Appendix P, Page 25, Table 4, for the
12 cost of each of its investment components.

13

14 d) Confirmed. A complete glossary can be found in the Distribution System Plan, Exhibit 2B, Tab
15 1, Schedule 2, Page 1 – 8.

16

17 e) DERMS stands for Distributed Energy Resource Management System.

18

19 f) Advanced Distribution Management Systems (ADMS) and Distributed Energy Resource
20 Management Systems (DERMS) are complementary but distinct systems within a modern utility
21 technology architecture.

22 ADMS is an integrated platform used by utilities to monitor, analyze, and control the
23 distribution grid in real time. It typically includes capabilities such as outage management and
24 advanced applications (e.g., volt/VAR optimization, fault location, isolation, and service
25 restoration).

26 DERMS, by contrast, is specifically focused on the monitoring, coordination, and control of
27 distributed energy resources (DERs), such as solar generation, battery storage, and electric
28 vehicles. DERMS enables utilities to manage the impact of these resources on the distribution
29 system and, where applicable, to actively dispatch or orchestrate them.

1 ADMS is not a DERMS; however, the two systems are closely integrated. In some
2 implementations, certain DER management functionalities may be embedded within an ADMS
3 platform, but a full DERMS solution typically exists as a separate system or module that
4 interfaces with the ADMS.

5 g) Yes, Elexicon has enterprise ADMS for outage management, while DERMS is pilot-level.

1 **RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES**

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3 **INTERROGATORY 2B-EP-8**

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5 Reference: Exhibit 2B, Tab 3, Schedule 2, Appendix A, Page 9, Table 3 Current (2025) vs.
6 Evolving Future State

7

8 Questions:

9

10 a) Please confirm that FLISR stands for Fault Location Isolation and Service Restoration?

11

12 b) Does Elexicon currently have FLISR in place in some parts of its distribution grid.

13

14 c) Does Elexicon plan to install FLISR throughout its distribution grid?

15

16

17 **RESPONSE:**

18 a) Confirmed.

19

20 b) Yes, FLISR is in place in some parts of Elexicon’s distribution system. However, as noted within
21 Elexicon’s Grid Enhancements narrative (Exhibit 2B, Tab 4, Schedule 3, Appendix J, Page 1),
22 Elexicon’s distribution system has limited automation, with 184 out of 256 feeders lacking any
23 SCADA-enabled switching capability thereby requiring manual switching for fault isolation and
24 restoration leading to longer outage durations.

25

26 c) Yes, Elexicon plans to enhance the FLISR capabilities of the distribution system with the
27 installation of field devices including the examples of SCADA-enabled switches, reclosers,
28 communicating fault circuit indicators (CFCIs), and self-resetting fuses along with the
29 operational technology necessary for the integration and coordination of these devices

1 throughout the service area. Please see Exhibit 2B, Tab 3, Schedule 2, Appendix A, Page 14 –
2 23 for details on Elexicon’s grid modernization investment focus areas.

1 **RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES**

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3 **INTERROGATORY 2B-EP-9**

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5 Reference: Exhibit 2B, Tab 3, Schedule 2, Appendix A, Page 10, Organizational Enablers of
6 Grid Modernization

7

8 Question: What is the impact of Grid Modernization on OM&A? Does it require additional staff or
9 fewer staff? Please explain.

10

11

12

13 **RESPONSE:**

14 The impact of Elexicon’s Grid Modernization Plan on OM&A over the 2027-2031 period will have
15 both potential reductions of OM&A through improved efficiencies by reducing manual
16 interventions associated with outage response, and incremental increases to OM&A associated
17 with the strategic investments of operational technology systems and other organizational
18 enablers necessary to advance this plan and enhance grid reliability, resiliency, and respond to the
19 evolving needs of customers.

20 Elexicon’s Grid Modernization Plan requires defined capabilities to plan, design, implement, and
21 continuously enhance modernization initiatives. These capabilities will be addressed through
22 targeted upskilling of existing staff and by ensuring that recruitment for technical roles
23 incorporates the skill sets required to support grid modernization. These staffing changes reflect
24 the need for specialized capabilities rather than a broad increase in workforce size over the 2027-
25 2031 period.

1 **RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES**

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3 **INTERROGATORY 2B-EP-10**

4

5 Reference: Exhibit 2B, Tab 3, Schedule 2, Appendix A, Page 12, Table 4, Investments by Driver

6

7 Questions:

8 a) Please confirm that CFCIs stand for Communicating Fault Circuit Indicators.

9

10 b) What is the relationship between FLISR and CFCIs? Are CFCIs part of FLISR?

11

12 c) Does Elexicon currently have CFCIs in place in some parts of its distribution grid.

13

14 d) Does Elexicon plan to install CFCIs throughout its distribution grid?

15

16

17 **RESPONSE:**

18 a) Confirmed.

19

20 b) CFCIs will be integrated as part of FLISR, and the deployment of CFCIs are a critical investment in
21 Elexicon's strategy to enhance fault detection, isolation and response across its distribution
22 network. Please see Exhibit 2B, Tab 4, Schedule 3, Appendix J, Page 12 – 13 for more details on
23 CFCIs.

24

25 c) Yes, Elexicon currently has CFCIs installed in some parts of the distribution system.

26

27 d) Yes, Elexicon plans to install CFCIs throughout the distribution system. Please see Exhibit 2B, Tab
28 4, Schedule 3, Appendix J, Page 12 for details on the CFCI investment plans in the 2027 – 2031
29 period.

1 **RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES**

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3 **INTERROGATORY 2B-EP-11**

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5 Reference: Exhibit 2B, Tab 3, Schedule 4, Page 2, Constraints - Distribution and Upstream

6

7 Preamble: "Elexicon will explore potential solutions to increase the available short-circuit capacity.
8 Increasing this capacity will support future feeder expansion and enable the connection of
9 additional DER projects."

10

11 Question: Will Elexicon require the customers who own the additional DER projects to pay a
12 contribution for the cost of feeder expansion that would enable their DER projects to be
13 connected? Please explain your answer.

14

15

16 **RESPONSE:**

17 To clarify, Elexicon is exploring potential solutions to increase the available short-circuit capacity
18 and this work is anticipated to be classified as an enhancement; however, if work is undertaken to
19 facilitate a request from a specific customer or group of customers, Elexicon will consider whether
20 the work should be classified as an expansion pursuant to the Distribution System Code (DSC). In
21 the event that Elexicon classifies the work as an expansion, it will follow the cost responsibility
22 rules outlined in Chapter 3 "Connections and Expansions", as may be amended from time to time,
23 and will only charge customers where permitted or required to do so. For example, the extent to
24 which Elexicon might require a capital contribution from customers for the expansion work will
25 depend on considerations such as whether expansion is to connect one or more renewable
26 generators or whether the future revenue from the customer(s) will pay for the capital cost and on-
27 going maintenance costs of the expansion project, in accordance with the applicable provisions of
28 the DSC.

1 **REPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES**

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3 **INTERROGATORY 4-EP-12**

4

5 Reference: Exhibit 4, Tab 1, Page 26

6

7 Preamble: Participation in regulatory consultations and the implementation of resulting outcomes
8 has also required Ellexicon to establish new business processes across the organization.

9

10 Question: Energy Probe participated in most of these regulatory consultations and expressed
11 concerns about the benefits and costs of implementing some of the initiatives, such as the
12 centralized capacity information map. Please provide more explanation on the costs of these
13 consultations for Ellexicon and describe the new business processes and their costs.

14

15

16

17

18 **RESPONSE:**

19

20 Ellexicon utilized existing internal regulatory resources to participate in regulatory consultations to
21 ensure early identification and understanding of potential new regulatory requirements and liaise
22 directly with lines of business to ensure new requirements were incorporated into existing work
23 plans in a manner compliant with OEB requirements. Costs to implement new regulatory
24 requirements were not tracked separately.

25

26 Examples of new business processes include those related to DER and EV Charging connections
27 procedures which required establishing updated or new documentation, incorporating new forms
28 and requirements into existing processes, review and assessment of system characteristics to

- 1 support changes, modifications to the website and customer communications, updates to
- 2 conditions of service, and development of additional internal tracking mechanisms.
- 3
- 4 Further examples are listed in lines 16 through 19 of Exhibit 4 - Tab 1 - Schedule 1, Page 26.

1 **RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES**

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3 **INTERROGATORY 4-EP-13**

4

5 Reference: Excell Spreadsheet Appendix 2K Employee Costs

6

7 Questions:

8 a) For each year from FY20 to FY25, please provide actual headcount numbers (not FTEs) and
9 vacancies at year end.

10

11 b) For each year from FY20 to FY31 please provide the number of FTEs that were or will be charged
12 to capital.

13

14 **RESPONSE:**

15 a) Headcount as of December 31 each year is captured in the table below.

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|-----------|-------------|-------------|-------------|-------------|-------------|-------------|
| FTE | 246 | 246 | 256 | 264 | 307 | 320 |
| Headcount | 249 | 261 | 261 | 266 | 318 | 333 |

16

17

1 b) The table below shows the capitalized FTE value from 2020 to 2031.

| Year | Actual/Forecast | Capitalized FTE Value |
|-------------|------------------------|------------------------------|
| 2020 | Actual | 76.46 |
| 2021 | Actual | 78.99 |
| 2022 | Actual | 86.15 |
| 2023 | Actual | 76.50 |
| 2024 | Actual | 101.40 |
| 2025 | Actual | 108.91 |
| 2026 | Bridge Year | 119.80 |
| 2027 | Test Year | 132.94 |
| 2028 | Forecast | 144.44 |
| 2029 | Forecast | 148.54 |
| 2030 | Forecast | 150.39 |
| 2031 | Forecast | 150.39 |

1 **RESPONSES TO ENERGY PROBE RESEARCH FOUNDATION INTERROGATORIES**

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3 **INTERROGATORY 4-EP-14**

4

5 Reference: Excell Spreadsheet Appendix 2N, Shared Services and Corporate Cost Allocation

6

7 Questions:

8

9 a) Please describe the services that were provided prior to 2024 by Elexicon Group to Elexicon
10 Energy for Solar Maintenance and Management.

11

12 b) Since Elexicon Group was wound up in 2024, who is providing Solar Maintenance and
13 Management services in 2026?

14

15

16

17 **RESPONSE:**

18

19 a) Please refer to 4-Staff-131 Attachment 1 App.2-N Shared Services Update for an updated
20 Appendix 2N. Elexicon Group provided management services for the operation and
21 maintenance of solar assets at four locations. This includes electrical maintenance checkup,
22 load profile review, on site inspections, performance reporting, parts, and other
23 maintenance services as required.

24

25 b) Solera Sustainable Energies Company Ltd. is currently contracted to provide solar
26 maintenance and management services.