



BY EMAIL and WEB POSTING

June 11, 2026

To: All Rate-regulated Electricity Distributors and Transmitters
All Rate-regulated Natural Gas Utilities
Ontario Power Generation Inc.
All Registered Intervenors in 2027 Rate Applications
All Other Interested Parties

Re: **2027 Inflation Parameters**

What You Need to Know

- **The Ontario Energy Board (OEB) is issuing the 2027 inflation factors.**
- **The inflation factors are to be used to adjust certain rates each year, to help account for changes in amounts due to inflation.**
- **The 2027 inflation factors are to be used in applicable 2027 rate applications.**

This letter provides the calculation for the inflation factors and establishes the process for their implementation in applicable 2027 rate applications.¹

The OEB has established sector-specific inflation factors.² The calculation of the inflation factor for each sector uses the same data from Statistics Canada and the same basic formula, but differs for each sector based on the weights for labour and non-labour (i.e., materials, capital assets, and equipment).

For electricity distributors, the inflation parameters measure (the Input Price Index or IPI) is set out in the *Report of the Board on Rate Setting Parameters and Benchmarking*

¹ Price Cap Incentive Rate-setting (IR), Annual IR, Revenue Cap IR, Custom IR, and other similar rate adjustment options made available by the OEB, as applicable.

² Electricity distribution, electricity transmission, and natural gas distribution. EPCOR Natural Gas Limited Partnership uses the electricity distribution IPI for its annual rate adjustments for its two natural gas service territories (as noted in EB-2018-0264 and EB-2024-0130).

*under the Renewed Regulatory Framework for Ontario's Electricity Distributors.*³ For electricity transmitters, the methodology was approved in decisions for several transmitters.

The OEB has calculated the 2027 inflation factor for electricity distributors to be **3.0%**, and for electricity transmitters to be **2.9%**. Tables showing the derivation of the 2027 inflation values are provided in the attached Appendix.

For Price Cap Incentive Rate-setting (IR) and Annual IR applications for electricity distributors, the OEB's 2027 Incentive Rate-setting Mechanism (IRM) model, expected to be posted on the OEB's [website](#)⁴ in July 2026, will reflect the inflation factor.

Other utilities which have utility-specific models (e.g., those under Revenue Cap IR or Custom IR) should update any applications, as appropriate, for approval by the OEB.

Statistics Canada Data Revisions

The OEB notes that Statistics Canada has revised certain GDP data that impacts the calculated 2027 Inflation Parameters.⁵

In calculating the 2027 Inflation Parameters, the OEB has relied on the latest (revised) Statistics Canada data. This is in accordance with OEB policy, which stipulates that "the most recently available annual change" is to be used.⁶

Any questions relating to this letter should be directed to the OEB's Industry Relations hotline, at 1-877-632-2727 or industryrelations@oeb.ca.

Yours truly,

Ritchie Murray
Registrar

Attachment: Appendix – 2027 Inflation Parameter Calculations

³ EB-2010-0379, issued November 21, 2013 and updated December 4, 2013.

⁴ The model will be posted on the OEB's website for 2027 electricity distribution rate applications.

⁵ Statistics Canada, The 2022 to 2024 [Revisions](#) of the Income and Expenditure Accounts, November 28, 2025.

⁶ EB-2010-0379, *Report of the Board on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors*, issued November 21, 2013 and updated December 4, 2013, pp.10 & 11.

**Appendix – 2027 Inflation Parameter Calculations
June 11, 2026**

Electricity Distribution – 2027 Inflation Factor

Table 1: Non-Labour Component - GDP-IPI (FDD) – National

Year	Q1	Q2	Q3	Q4	Annual	Annual % Change	Weight
2024	123.0	124.4	125.4	126.1	124.725		
2025	127.2	127.7	128.6	129.6	128.275	2.8%	70%

Table 2: Labour Component – AWE – All Employees – Ontario

Year	Annual	Annual % Change	Weight
2024	\$1,292.55		
2025	\$1,339.70	3.6%	30%

Table 3: Resultant Values – Annual Growth for the 2-Factor IPI Formula

Year	Annual GDP-IPI % Change (Table 1)	Weight	AWE % Change (Table 2)	Weight	Annual IPI	Annual % Change
2024					134.5	
2025	2.8%	70%	3.6%	30%	138.7	3.0%

Sources:

- [GDP-IPI \(FDD\): Statistics Canada, Table 36-10-0106-01 \(formerly CANSIM 380-0066\) - Price Indexes, gross domestic product, quarterly \(2017 = 100 unless otherwise noted\) - 2026 Q1, data accessed May 29, 2026](#)
- [Average Weekly Earnings \(AWE\): Statistics Canada, Table 14-10-0204-01 \(formerly CANSIM 281-0027\), Ontario, Industrial aggregate excluding unclassified businesses, annual \(current dollars\), data accessed May 29, 2026](#)

Note: As set out in the EB-2021-0212, OEB 2022 IPI Generic Proceeding, Procedural Order No. 1, Fact Sheet, August 27, 2021, the calculations of the “Annual % Change” in GDP-IPI (FDD) – National and AWE – All Employees – Ontario are based on the logarithmic growth rate, as opposed to the arithmetic growth rate.

Electricity Transmission – 2027 Inflation Factor

Table 1: Non-Labour Component - GDP-IPI (FDD) – National

Year	Q1	Q2	Q3	Q4	Annual	Annual % Change	Weight
2024	123.0	124.4	125.4	126.1	124.725		
2025	127.2	127.7	128.6	129.6	128.275	2.8%	86%

Table 2: Labour Component – AWE – All Employees – Ontario

Year	Annual	Annual % Change	Weight
2024	\$1,292.55		
2025	\$1,339.70	3.6%	14%

Table 3: Resultant Values – Annual Growth for the 2-Factor IPI Formula

Year	Annual GDP-IPI % Change (Table 1)	Weight	AWE % Change (Table 2)	Weight	Annual IPI	Annual % Change
2024					133.3	
2025	2.8%	86%	3.6%	14%	137.2	2.9%

Sources:

- Please refer to the Sources for Electricity Distribution, as set out in this Appendix.