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BY EMAIL and RESS

July 17, 2026

Mr. Ritchie Murray
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Dear Mr. Murray:

EB-2026-0129 Toronto Hydro-Electric System Limited Non-Wires Solution Incentive Mechanism Application - Building Owners and Managers Association Toronto Interrogatories to Applicant

Enclosed are the Interrogatories of the Building Owners and Managers Association Toronto (BOMA Toronto).

Sincerely,

Clement Li
Consultant for BOMA Toronto
Director, Policy & Regulatory Development
Enerlife Consulting Inc.
cli@enerlife.com

EB-2026-0129 - Toronto Hydro-Electric System Limited (Toronto Hydro)

Non-Wires Solution Incentive Mechanism Application

Building Owners and Managers Association Toronto Interrogatories

<u>BOMA-1</u>

References

1. Schedule 3, Section 2.2, pages 10–11

   Toronto Hydro proposes a 25% MoP incentive rate, resulting in a forecast incentive of approximately CA$1.2 million nominal (CA$1.0 million NPV) over 2026–2029, representing approximately 7% of the NPV of net program benefits..

2. OEB Distribution System Code, Section 11.3.1

   > *"Where the Board is satisfied that an application for a Margin on Payments incentive meets the requirements of sections 11.3.3 to 11.4, a distributor's rates shall be set by including a Margin on Payments incentive of 25%, or such lesser amount as may be requested by the distributor to meet the criteria in section 11.3.3 or for some other reason."*

Questions:

a. The OEB's DSC Section 11.3.1 states that a MoP of 25% is the maximum default, and distributors can request less. Please confirm whether Toronto Hydro considered requesting a MoP rate lower than the 25% default ceiling, as DSC section 11.3.1 permits.
b. If Toronto Hydro did not consider a lower rate(s), please explain why not and how Toronto Hydro determined that 25% is the appropriate MoP rate in this proceeding.
c. If Toronto Hydro did consider a lower rate(s), please provide any quantitative or qualitative analysis performed to support the proposed 25% figure.

<u>BOMA-2</u>

References:

1. Schedule 3, Section 2.3, pages 12–13

Toronto Hydro acknowledges that recovery of the MoPIDA balance is likely to exceed its $1 million materiality threshold but requests that the OEB confirm in advance that the threshold will not apply to disposition of this account, regardless of the balance at that time.

Questions:

a. Please explain why Toronto Hydro considers it necessary for the OEB to waive the materiality threshold in advance of the disposition proceeding, rather than have that determination made by the OEB in the normal course at the time of disposition.
b. Please confirm whether any other deferral or variance account held by Toronto Hydro has received a similar advance materiality waiver and, if so, identify the proceeding.

BOMA-3

Reference:

1. Schedule 3, page 1, Toronto Hydro's letter, Response to Preliminary Questions, June 15, 2026, response to Question 1

2. EB-2023-0195, Settlement Proposal, August 16, 2024, Table 19, page 27

Toronto Hydro states that this application is brought under section 11 of the Distribution System Code (DSC) and does not seek to review, vary, or otherwise alter the EB-2023-0195 Partial Decision and Order. In EB-2023-0195, the LDR program is already funded through base distribution rates and is subject to two approved true-up mechanisms: i) the Demand-Related Capital Variance Account, which trues up forecast versus actual revenue requirement for LDR capital spending, and ii) the Non-Wires Solutions Operational Expenditures Variance Account, which trues up forecast versus actual LDR operating expenditures funded in rates, with an offsetting credit for avoided capital costs already reflected in the 2025-2029 revenue requirement.

Questions:

a. Please confirm whether the proposed MoP incentive would be calculated on the gross amount of actual capacity payments made to LDR program participants, or on a net amount after accounting for the offsetting credit for avoided capital costs recorded in the Non-Wires Solutions Operational Expenditures Variance Account.
b. If the MoP incentive is to be calculated on the gross payment amount, please explain why this does not result in Toronto Hydro earning an incentive twice on avoided capital achieved by the LDR program.