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

BY EMAIL

August 17, 2026

Jason Savulak
Acting Director, Regulatory Compliance
Hydro One Networks Inc.
483 Bay Street
7th Floor South Tower
Toronto, ON M5G 2P5
Jason.Savulak@HydroOne.com

Dear Jason Savulak:

Re: Hydro One Networks Inc. (Hydro One Networks)
Ontario Energy Board (OEB) File Number: EB-2026-0193

On June 23, 2026, Hydro One Networks filed an application with the Ontario Energy Board (OEB) under sections 21.4 and 78.1 of the Ontario Energy Board Act, 1998 (OEB Act), seeking approval for an exemption from provisions in its distribution Rate Order for two customers in connection with Gross Load Billing (GLB)[1], as well as an amendment to its Rate Order to allow Hydro One Networks to apply a proposed alternative approach to GLB to any other identical scenarios.

This application has been assigned to a panel of Commissioners: Julia McNally (presiding), Robert Dodds, and James Sidlofsky.

On July 20, 2026, the OEB issued a Letter of Direction and a Notice of Application (Notice), directing Hydro One Networks to post the Notice on its website and arrange for the service of the Notice of the application on all registered intervenors in the previous rates application, EB-2025-0030.

Hydro One Networks has requested that "the OEB conduct its review of this application

[1] Customer A is currently connected to Hydro One Networks' distribution system and customer B is a prospective customer.

without a hearing under section 21(4)(b) of the OEB Act, since no person will be adversely affected in a material way by the outcome of the proceeding."

Following its review of the application, the OEB has determined that additional information is required before it can determine whether a hearing is required. Hydro One Networks is therefore required to respond to OEB staff questions (Attachment A) by September 11, 2026.

If you have any questions, please contact the Case Manager, Narisa Jotiban at Narisa.Jotiban@oeb.ca.

Yours truly,

Ritchie Murray

Digitally signed by Ritchie Murray
Date: 2026.08.17 15:17:54 -04'00'

Ritchie Murray
Registrar

c: Yoon Kim, Hydro One Networks Inc.

ATTACHMENT A

OEB STAFF QUESTIONS

HYDRO ONE NETWORKS INC.

EB-2026-0193

AUGUST 17, 2026

Attachment A

OEB Staff Questions

EB-2026-0193

August 17, 2026

*Responses to OEB staff questions, including supporting documentation, must not include personal information unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Question 1
Ref 1: Application, p. 2, lines 25-30
Ref 2: Application, p. 3, lines 5-11
Ref 3: EB-2025-0030, Rate Order, December 23, 2025, Schedule A

Preamble:
In reference 1, Hydro One Networks Inc. (Hydro One Networks) states that it is seeking an exemption from provisions included in its Rate Order for two customers: for an existing customer, Customer A; and a prospective customer, Customer B who has requested a connection to its distribution system in the Leamington area.

In reference 2, Hydro One Networks states that its Rate Order for EB-2025-0030 (Rate Order) requires these customers to be billed the Retail Transmission Service Rates (RTSR) Line and Transformation Connection Service rates and distribution volumetric rates at the gross load level. Specifically, Note 5 of the Rate Order states that the connection is billed at the gross demand level for the monthly billing determinant for the RTSR Line and Transformation Connection Service rates.

Reference 3 contains Hydro One Networks' 2026 tariff of rates and charges.

Question(s):

a) What rate class does Customer A fall under?
b) When was Customer A first connected to the distribution system?
c) Based on Hydro One Networks' Rate Order and tariff of rates and charges (reference 3) that are applied to Customer A's rate class identified in (a), please provide the following:
    i. A list of rates and/or charges applicable to Customer A from its current monthly bill that are calculated using gross load (e.g. RTSR Line and Transformation Connection Service charge and distribution volumetric charge, etc).

  ii. Is Customer A currently being charged for the power being taken from Hydro One Networks' distribution system? Please explain.

d) Is Hydro One Transmission currently charging Hydro One Distribution for any capacity with respect to Customer A's generation? Please explain.
e) Based on Hydro One Networks' proposed alternative to GLB approach in this application, please provide a list of all the rates and/or charges (e.g. RTSR Line and Transformation Connection Service charge and distribution volumetric charge, etc.) on Customer A's bill that will be affected by the change from billing Customer A at gross load level to billing the customers based on the maximum capacity that Hydro One Networks can provide the customer.
f) What rate class does Customer B fall under?
g) When is Customer B expected to be connected to the distribution system?
h) Based on Hydro One Networks' Rate Order and current tariff of rates and charges (reference 3) that are applied to the Customer B's rate class identified in (f), please provide the following information:
   i. A list of rates and/or charges applicable to Customer B from its future monthly bill that will be calculated using gross load (e.g. RTSR Line and Transformation Connection Service charge and distribution volumetric charge, etc).
   ii. Will Customer B be charged for the power being taken from Hydro One Networks' distribution system? Please explain.
i) Will Hydro One Transmission be charging Hydro One Distribution for any capacity with respect to Customer B's generation? Please explain.
j) Based on Hydro One Networks' proposed alternative to GLB approach in this application, please provide a list of all the rates and/or charges (e.g. RTSR Line and Transformation Connection Service charge and distribution volumetric charge, etc) on Customer B's future bill that will be affected by the change from billing Customer A at gross load level to billing the customers based on the maximum capacity that Hydro One Networks can provide the customer.

Question 2
Ref 1: Application, p. 2
Ref 2: Application, p. 4, lines 15-19
Ref 3: Application, p. 4, lines 5-9

Preamble:
Reference 1 states that Customer A has a demand of 20 MW and Customer B has a forecast demand of 2.5 MW but these customers have only been allocated 10 MW of capacity and 500 kW of capacity respectively on its distribution system.

In reference 2, Hydro One Networks states that it expects more scenarios to arise in which load customers may rely on embedded generations to meet their supply needs where distribution system capacity constraints cannot be readily mitigated. Hydro One Networks asks that the OEB consider an amendment to its Rate Order to allow Hydro One Networks to apply this alternative GLB approach in other identical scenarios that may arise.

In reference 3, Hydro One Networks is requesting an exemption from the current provisions in its Rate Order to permit it to bill Customer A and Customer B on a gross load basis (GLB) up to the maximum load that can be supplied by its distribution system. Hydro One Networks states that the alternative approach to GLB in both cases is fair, appropriate, and would have no adverse impact on ratepayers.

Question(s):

a) Regarding reference 1 in the preamble, does Hydro One Networks have a load-limiting devices on the supply serving or will be serving Customer A and B that are owned and operated by Hydro One Networks?
    i. If not, please explain how Hydro One Networks will ensure that the power supplied to these customers does not exceed the capacity allocated to them?
b) Has the available capacity of 10 MW and 500 kW already been reserved for Customer A and Customer B?
c) Regarding reference 2 in the preamble, if Hydro One Networks continues to add more customers to the already constrained supply in the Leamington area, please explain whether adding new customers would reduce the allocated capacity of 10 MW and 500 kW for Customer A and Customer B?
d) Regarding reference 3 in the preamble, please explain further how the proposed change to gross load billing for Customer A, Customer B, and prospective/future customers will not have adverse impacts on ratepayers.
    i. Please provide spreadsheets or calculations to support the statement as required.
    ii. Does Hydro One Networks anticipate any revenue shortfall by changing the billing approach? Please explain.

Question 3
Ref 1: EB-2022-0325, Generic Hearing on UTRs – Phase 2 Decision and Rate Order, November 27, 2025, pp. 14-15

Preamble:
Reference 1 contains the OEB's findings on Phase 2 Generic Hearing on UTRs which states that:

> The OEB finds a structured, principle-based framework is necessary for assessing requests for exemptions from gross load billing. While exemptions should be limited to cases where they are clearly justified, the OEB recognizes that a rigid application of gross load billing in all cases can result in unintended inequities, inefficient cost recovery, and suboptimal system outcomes.
>
> Accordingly, the OEB will adopt the following criteria for granting gross load billing exemptions:
>
> **1. Core Requirement (Mandatory Condition):**
>
> A gross load billing exemption shall not be granted unless the IESO and the applicable Transmitter confirm that the exemption does not present any undue risk to the reliability and security of the transmission system. This requirement must be satisfied in all exemption requests.
>
> **2. Balancing Considerations (Applied Case-by-Case):**
>
> Where the above reliability condition is met, the OEB will assess the exemption request against the seven considerations that were recommended by the Working Group. These are not standalone tests, but rather factors to be weighed together in light of the specific circumstances of each case:
>
> 1. **Justification**: The applicant must demonstrate a compelling rationale for the exemption, including why the standard application of gross load billing would be inappropriate.
>
> 2. **System Flexibility**: The exemption should provide flexibility to address system constraints without compromising broader reliability or planning objectives.

3. **Asset Stranding Risk**: The exemption should present no more than a minimal risk of creating stranded transmission assets. The OEB confirms that “no or minimal” risk is the appropriate standard, and rejects the view that “no risk**”** is a necessary threshold. The OEB retains discretion to assess whether the level of risk is acceptable in this context.

4. **Cost Responsibility Principles**: The exemption should support, or at minimum, not undermine the OEB’s cost responsibility principles, including beneficiary pays and cost causality.

5. **Customer Fairness**: The exemption should enhance fairness in cost allocation, avoiding undue overcharging, undercharging, or cost shifting between customers.

6. **System Cost Minimization**: The exemption should contribute to the minimization of overall transmission costs, including through appropriate price signals (e.g., encouraging local generation in constrained areas).

7. **Reasonable Implementation Costs**: The implementation costs associated with the exemption must be reasonable and proportionate to the expected benefits.

3. Integration with Regional Planning:

Where practical, exemption requests should be assessed in conjunction with the regional planning process, to ensure alignment with long-term system planning, infrastructure development, and cost recovery objectives. However, the OEB will not delay consideration of an exemption solely to await the completion of a regional planning process.

Question(s):

a) Based on the core requirement (mandatory condition) above, please explain in detail whether there are any risks beyond minimal risks due to the reliability and security of the distribution system that could occur due to the gross load billing exemption.
b) Please explain in detail and provide supporting documents, as applicable, to demonstrate that Hydro One Network’s proposed exemption to gross load billing

in this application meets the seven balancing considerations and the criteria related to integration with regional planning on the distribution system.