



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

BY EMAIL AND WEB POSTING

December 9, 2024

**To: All Licensed and Rate-regulated Electricity Distributors
Intervenors in all 2024 and 2025 Cost of Service Proceedings for Electricity
Distributors
All Other Interested Stakeholders**

Re: 2026 Cost of Service Filing Requirements

Today, the Ontario Energy Board (OEB) issued an updated version of its *Filing Requirements for Electricity Distribution Rate Applications* (Filing Requirements) in advance of the filing of applications for 2026 rates.

The OEB incorporated into this version of the filing requirements the feedback provided in response to the Very Small Utilities Working Group. Stakeholders will recall that the OEB established a working group to assess opportunities for reducing regulatory burden for very small utilities (<5,000 customers) in August 2023. A [Very Small Utilities Working Group Report](#) (the Report) was filed with the OEB on February 28, 2024. The OEB issued a [response](#) providing its feedback on the Report on March 28, 2024 addressing expectations for very small utilities commencing with 2025 rates.

Distributors are also reminded that they must document their consideration of non-wires solutions (NWSs) making investment decisions on electricity system needs with an expected capital cost of \$2 million or more, excluding general plant investments. On May 16, 2024, the OEB issued the first phase of the [Benefit-Cost Analysis Framework for Addressing Electricity System Needs \(BCA Framework\)](#) to identify the energy system benefits and costs of Distribution Energy Resources (DERs). This version of the filing requirements incorporates this first phase of the BCA framework.¹ It also incorporates the OEB's guidance on the use of NWSs, as further synthesized in the

¹ The BCA Framework is a deliverable from the OEB's [Framework for Energy Innovation: Setting a Path Forward for DER Integration](#)

[Non-Wire Solutions Guidelines for Electricity Distributors](#), which replaces the previous conservation and demand management guidelines.

Distributors filing rate applications in 2025 are also strongly encouraged to use the BCA Framework, particularly for applications requesting funding for an NWS, however, the OEB notes that the distribution system planning for rate applications filed in 2025 may be too advanced to be fully consistent with the BCA framework. The OEB expects that all rate applications filed in 2026 will be fully consistent with the BCA framework. Additional guidance on incentive mechanisms related to the use of a third-party NWS is set out in the [Filing Guidelines for Incentives for Electricity Distributors to Use Third-Party DERs as Non-Wires Alternatives](#).

In June of 2024, the OEB concluded its consultation to evaluate its policies on utility consolidation with the issuance of the [2024 Handbook to Electricity Distributor and Transmitter Consolidations: Rate-making Considerations and Filing Requirements for Consolidation Applications](#). Rate-making policies associated with approved consolidations after June 18, 2024, are reflected in these filing requirements.

Changes that have been made since the April 18, 2022, issuance of Chapters 2 and 5 are listed below.

Chapter 2

- A letter certifying that the governing body (e.g. Board of Directors) is aware of and approves the submission of the application
- Restored materiality threshold to \$50,000 for distributors with fewer than 30,000 customers
- Clarified Activity and Program-based Benchmarking and clarified expectations for significant results (>20%)
- Updated requirements to incorporate the NWS guidelines, incentive mechanisms related to the use of third-party NWSs, and the BCA framework
- Restored requirement to reconcile audited financial statements which are no longer part of reporting and record-keeping requirements
- Updated requirements regarding post-consolidation with other distributors
- Clarified the requirements for regulatory one-time/ongoing costs
- Updated expectations for Standby Rates
- Updated requirements for Low-income Energy Assistance Program Emergency Financial Assistance Deferral Account
- Clarified expectations regarding the disposition of Account 1508 Sub-account – Getting Ontario Connected Act

- Clarified expectations regarding the disposition of Account 1511 – Incremental Cloud Computing Implementation Costs
- Updated requirements for Conservation and Demand Management and Lost Revenue Adjustment Mechanism Variance Account

Chapter 5

- Added a reference to a Distribution System Plan (DSP) sample applicable to very small distributors
- Updated requirements to incorporate the NWS guidelines and the BCA framework

Versions of all models to Chapter 2, including the cost of service checklist, will be posted at a later date.

The OEB will provide an overview of Chapters 1, 2, and 5 at the 2026 Cost of Service Filing Requirements webinar (Orientation Session). The date will be communicated to stakeholders at a later date.

The following consultations are currently underway and may affect 2026 rate applications:

- Cost of Capital
 - The OEB is currently reviewing its cost of capital policy and other matters, as part of a generic proceeding.² Applicants for 2026 rates are expected to implement the outcomes of this generic proceeding.
- Electric Vehicle Charger Discount Electricity Rate
 - The OEB is currently considering an Electric Vehicle Charger Discount Electricity Rate (EVC Rate) in response to direction from the Minister of Energy to the OEB to consider rate design options for EV charging.³ The EVC Rate would reduce the retail transmission service rates (RTSRs) that participating EV charging stations would otherwise pay, starting in 2026. Once it is finalized, it is expected that the EVC Rate will be incorporated into the RTSR model. Further guidance will be provided to distributors once the EVC Rate is finalized.
- Vulnerability Assessment and System Hardening (VASH)
 - On June 27, 2024, the OEB launched the VASH project in response to the Minister of Energy's 2023 Letter of Direction.⁴ The VASH project is being

² EB-2024-0063

³ [EB-2023-0071](#), Electricity Delivery Rates for EV Charging

⁴ EB-2024-0199 Vulnerability Assessment and System Hardening Project

launched to address the following three electricity distributor activities identified in the Letter of Direction:

- Incorporate climate resiliency into their asset and investment planning activities.
- Engage in a regular assessment of the vulnerabilities in their distribution system and operations in the event of severe weather.
- Prioritize value for customers when investing in system enhancements for resilience purposes.

The VASH project intends to set filing requirements for distributors to provide information on system hardening investments as part of their DSPs. The OEB expects to incorporate these new expectations in the Cost of Service Filing Requirements for 2027 rates.

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,

Nancy Marconi
Registrar