



Ontario
Energy
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DECISION AND ORDER

EB-2021-0187

B2M LIMITED PARTNERSHIP

**Application for electricity transmission revenue requirement
beginning January 1, 2022**

BY DELEGATION, BEFORE: Nancy Marconi
Manager, Generation & Transmission

[Date of issuance]

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1 OVERVIEW

Through this Decision and Order, the Ontario Energy Board (OEB) approves the application filed by B2M Limited Partnership (B2MLP) for 2022 annual transmission revenue requirement effective January 1, 2022, pursuant to section 78 of the *Ontario Energy Board Act, 1998* (OEB Act).

The OEB sets rates for rate-regulated electricity transmitters in Ontario by setting a revenue requirement for each transmitter. These individual transmission revenue requirements are incorporated into the Uniform Transmission Rates (UTRs) that are recovered from ratepayers across the province.

B2MLP owns a 176km 500kV double circuit transmission line that connects the Bruce nuclear complex to the Milton switching station. B2MLP is an OEB-licensed electricity transmitter.

In the OEB's Decision and Order on B2MLP's 2020 transmission revenue cap incentive rate-setting mechanism application¹ (2020 Application), the OEB approved the proposed Revenue Cap Incentive Rate (IR) methodology and determined that this framework would be used to determine B2MLP's transmission revenue requirement for the years 2021 through 2024. The framework adjusts B2MLP's revenue requirement by a revenue cap index comprised of inflation, less a productivity factor, stretch factor and a settlement capital adjustment factor.

B2MLP's application for 2022 annual transmission revenue requirement is approved for the reasons set out below. This Decision is being issued by delegated authority, without a hearing, under section 6 of the OEB Act.

As a result of the OEB's findings in this Decision and Order, B2MLP's 2022 rates revenue requirement will be \$33,652,083, representing a reduction of 4.0% from the rates revenue requirement of \$35,062,648 approved for 2021, which included a one-year disposition of foregone revenue and interest².

The total bill impact for a typical medium density residential (Hydro One R1) customer consuming 750 kWh monthly will be a decrease of 0.006% or \$0.01 per month. The total bill change for a typical General Service Energy less than 50 kW (Hydro One GSe < 50 kW) customer consuming 2,000 kWh monthly will be a decrease of 0.004% or \$0.02 per month.

¹ EB-2019-0178, Decision and Order, January 16, 2020

² EB-2020-0251, Decision and Order, December 17, 2020

2 THE PROCESS

B2MLP filed its Revenue Cap IR application on August 26, 2021 under section 78 of the OEB Act and in accordance with [Chapter 2](#) of the OEB's *Filing Requirements for Electricity Transmission Applications*. This is the second application filed by B2MLP for an adjustment to its revenue requirement using the Revenue Cap IR methodology approved by the OEB in the 2020 Application, in which the OEB determined that the approved methodology would be used to determine B2MLP's revenue requirement for the years 2021 through 2024.

B2MLP's application was supported by pre-filed written evidence. OEB staff filed clarification questions regarding B2MLP's evidence on September 24, 2021, and B2MLP filed its responses on September 29, 2021.

At the time B2MLP filed its application, the OEB had not yet released the inflation factor applicable to applications for approval of revenue requirements effective January 1, 2022. B2MLP indicated in its application that it would file an update to the revenue requirement calculation for 2022 rates once that inflation factor was released. On December 8, 2021, B2MLP filed an update to the revenue requirement calculation for its 2022 rates, incorporating the inflation factor released by the OEB on November 18, 2021.

As noted above, this proceeding is being issued by delegated authority, without a hearing, under section 6 of the OEB Act.

3 REVENUE CAP IR ADJUSTMENT AND BILL IMPACTS

The OEB determines the revenue requirement for each of the province's licensed and rate-regulated electricity transmitters, and those OEB-approved revenue requirements are used to set UTRs that apply throughout Ontario.

B2MLP's application requested OEB approval of an adjustment to its base revenue requirement, determined using an OEB-approved Revenue Cap IR methodology, in which the base revenue requirement for the prospective rate year is equal to the base revenue requirement in the current year, inflated by a Revenue Cap Index (RCI).

The RCI approved by the OEB for B2MLP through its decision on the 2020 Application includes an inflation factor ("I"), a productivity factor ("X"), which includes a stretch factor, and a settlement capital adjustment factor ("SCAF"). The RCI is expressed as:

$$RCI = I - X - SCAF$$

The formula ensures that B2MLP's revenue requirement increases at a rate that is less than inflation.

The Inflation Factor is 2.5%, which is the OEB-approved industry-specific inflation rate for 2022 applications, effective January 1, 2022. The Inflation Factor is updated annually.

In B2MLP's 2020 Application, the OEB approved a productivity factor of 0.0% for use between 2020 and 2024.

The OEB approved a settlement capital adjustment factor of 0.6% in B2MLP's 2020 Application for use between 2020 and 2024.

The components of the Revenue Cap IR adjustment formula applicable to B2MLP are set out in Table 1. They result in a total RCI of 1.9%.

Table 1: Revenue Cap IR Adjustment Formula

Components		Amount
Inflation Factor (I) ³		2.50%
Productivity Factor (X)	Productivity	(0.00)%
	Stretch	(0.00)%
Settlement Capital Adjustment Factor (SCAF)		(0.60)%
Total Revenue Cap Index (RCI)		1.90%

B2MLP's base revenue requirement for the 2022 rate year is then determined by applying the RCI of 1.9% to B2MLP's 2021 base revenue requirement. The result is a 2022 base revenue requirement of \$33,652,083, as shown in Table 2.

Table 2 – B2MLP's Base Revenue Requirement by Year

Year	Formula	Base Revenue Requirement
2021	OEB-Approved B2MLP Base Revenue Requirement	\$33,024,615 ⁴
2022	2021 Base Revenue Requirement x 2022 RCI = \$33,024,615 x 1.019	\$33,652,083

Transmission rates have been established on a uniform basis for all transmitters in Ontario since April 30, 2002. B2MLP's requested revenue requirement is a contributor to the total revenue requirement to be collected from the provincial UTRs.

B2MLP's revenue requirement is allocated to the provincial Network rate pool only, as all its assets serve the transmission network with no transformation or individual customer services. Table 3 summarizes B2MLP's 2022 rates revenue requirement by transmission rate pool.

³ EB-2021-0212, Decision and Order, November 18, 2021

⁴ EB-2020-0226 Decision and Order issued November 26, 2020

Table 3 – B2MLP’s 2022 Rates Revenue Requirement by Transmission Rate Pool

Transmitter	Network	Line Connection	Transformation Connection	Total
2022 Base Revenue Requirement	\$33,652,083	-	-	\$33,652,083
2022 Deferral & Variance Accounts Disposition	-	-	-	-
2022 Rates Revenue Requirement	\$33,652,083	-	-	\$33,652,083

In its Decision and Order on 2021 UTRs⁵, the OEB approved the 2021 UTR rate schedules, which included B2MLP’s 2021 base revenue requirement of \$33,024,615, foregone revenue of \$2,023,523, and interest of \$14,510, for a total 2021 B2MLP rates revenue requirement of \$35,062,648.

B2MLP’s 2022 base revenue requirement of \$33,652,083 is \$627,468 or 1.9% higher than B2MLP’s OEB-approved 2021 base revenue requirement of \$33,024,615. B2MLP’s 2022 rates revenue requirement of \$33,652,083 is \$1,410,565 or 4.0% lower than its approved 2021 rates revenue requirement of \$35,062,648, which incorporated a one-year disposition of foregone revenue and interest into the approved 2021 rates revenue requirement.

B2MLP’s 2021 rates revenue requirement represents approximately 1.9% of the total revenue requirement across all transmitters, based on the approved 2021 UTRs. B2MLP estimated that its proposed 2022 rates revenue requirement will result in a 0.08% decrease to average transmission rates and a 0.006% decrease to average transmission customer bills, as shown in Table 4.

⁵ EB-2020-0251, Decision and Rate Order on 2021 Uniform Transmission Rates, December 17, 2020

Table 4 – Comparison of B2MLP’s 2021 and 2022 Rates Revenue Requirement, Average Bill Impacts on Transmission Connected Customers

	2021	2022
B2MLP Rates Revenue Requirement	\$ 35,062,648	\$33,652,083
% Change in Rates Revenue Requirement over prior year		-4.0%
% Impact of load forecast change		0.0%
Net Impact on Average Transmission Rates		-0.08%
Transmission as a % of Tx-connected customer’s Total Bill		7.6%
Estimated Average Transmission Customer Bill impact		-0.006%

B2MLP estimated that its proposed 2022 rates revenue requirement will result in a decrease of 0.006% for a typical medium density residential customer (Hydro One R1) consuming 750 kWh monthly and a decrease of 0.004% for a typical General Service Energy less than 50 kW customer (Hydro One GSe < 50 kW) consuming 2,000 kWh monthly, as shown in Table 5 below.

Table 5 - Typical Customer Monthly Bill Impact

	Typical Medium Density (HONI R1) Residential Customer Consuming 750 kWh per Month	Typical General Service Energy less than 50 kW (HONI GSe < 50kW) Customer Consuming 2,000 kWh per Month
Total Bill as of July 1, 2021	\$127.23	\$400.10
RTSR included in 2021 Bill	\$12.51	\$26.52
<i>Estimated 2021 Monthly RTSR</i>	\$12.52	\$26.56
<i>Estimated 2022 Monthly RTSR</i>	\$12.52	\$26.54
2022 Change in Monthly Bill	(\$0.01)	(\$0.02)
2022 change as a % of total bill	-0.006%	-0.004%

B2MLP has not requested approval to disburse any deferral and variance account balances.

B2MLP has requested that its proposed revenue requirement be reflected in rates effective January 1, 2022. If implementation cannot occur by then, B2MLP has requested an interim order making its current transmission revenue requirement and charges effective on an interim basis as of January 1, 2022, and the continuation of the Foregone Revenue Deferral Account to recover any differences between the interim rates and the final rates effective January 1, 2022, based on the OEB's Decision and Order.

Findings

The OEB finds that the revenue requirement proposed by B2MLP to provide transmission service in 2022 is in accordance with the methodology and parameters set by the OEB in the 2020 Application, and that the corresponding bill impacts are reasonable. The OEB approves a 2022 rates revenue requirement of \$33,652,083 with an effective date of January 1, 2022. The OEB anticipates that it will establish new UTRs for 2022 in time for implementation as of January 1, 2022. As a result, no deferral account will be required to track foregone revenue.

4 IMPLEMENTATION AND ORDER

IT IS ORDERED THAT:

1. B2MLP's 2022 rates revenue requirement of \$33,652,083 is approved, with an effective date of January 1, 2022. B2MLP's resultant revenue requirement will be included in the OEB's determination of the 2022 Uniform Transmission Rates for Ontario.

DATED at Toronto [Date of Issuance]

ONTARIO ENERGY BOARD

Christine E. Long
Registrar