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BY EMAIL and WEB POSTING

September 28, 2023

To: All Rate-regulated Electricity Distributors and Transmitters
Independent Electricity System Operator (IESO)
All Intervenors in 2024 Electricity Transmission and Distribution Rate Applications

Re: **2024 Preliminary Uniform Transmission Rates and Hydro One Sub-Transmission Rates**
OEB File Number: EB-2023-0222

This letter provides the calculations for 2024 preliminary Uniform Transmission Rates (UTRs) and facilitates their implementation in applicable 2024 electricity distributor rate applications for distributors with an effective date of January 1, 2024.

In the past, UTRs were typically issued by the OEB on a final basis in December or January, and in any event prior to the first monthly settlement activity by the IESO for the new calendar year. Distributors with rate years commencing January 1 would not flow any new UTRs into their Retail Transmission Service Rate (RTSR) calculations until the following rate year.

The OEB is issuing preliminary UTRs to improve regulatory efficiency, allowing for this data to feed into the rate applications including annual updates for electricity distributors on a timelier basis. Earlier availability of these transmission rates will allow electricity distributors to capture the most up to date costs in the RTSRs billed to their customers, to be determined as part of their rate applications including annual rate adjustment applications. This approach is expected to decrease amounts accumulated in the retail transmission variance accounts.

Distributors with an effective date of January 1, 2024 should update their 2024 rate applications to reflect these preliminary UTRs.

The calculation of the 2024 preliminary UTRs uses the most recent OEB-approved revenue requirement for individual electricity transmitters. Specifically:

- for Hydro One Networks Inc. (Hydro One), B2M Limited Partnership (B2M LP) and Niagara Reinforcement Limited Partnership (NRLP), the OEB recently approved individual 2024 transmission revenue requirements¹
- Canadian Niagara Power Inc. (CNPI) and Five Nations Energy Inc. (FNEI) confirmed they are not requesting changes in 2024 to their previously OEB-approved revenue requirements²
- for Hydro One Networks Sault Ste. Marie LP (HOSSM) and Wataynikaneyap Power LP (WPLP), the OEB-approved 2023 revenue requirements were used since these transmitters have ongoing active proceedings for proposed 2024 transmission revenue requirements³
- for Upper Canada Transmission 2, Inc., operating as East-West Tie Limited Partnership (EWT LP), the OEB-approved 2023 revenue requirement was used since the transmitter has not yet filed an application for its 2024 transmission revenue requirement

The OEB has calculated 2024 preliminary UTRs effective January 1, 2024, as follows:

- \$5.76/kW/Month Network Service Rate (a \$0.39/kW increase)
- \$0.95/kW/Month Line Connection Service Rate (a \$0.07/kW increase)
- \$3.21/kW/Month Transformation Connection Service Rate (a \$0.23/kW increase)

On August 17, 2023 Hydro One Networks Inc. filed its 2024 distribution Custom IR update application with proposed new Sub-Transmission (ST) rates. Distributors with January 1 rates affected by Hydro One's ST RTSRs should likewise update their 2024 rate applications with the proposed RTSRs.

Tables showing the derivation of the 2024 preliminary UTRs, per the approved methodologies, as well as Hydro One's currently proposed ST RTSRs for 2024⁴, are provided in the attached Appendices.

¹ B2M LP EB-2023-0129 and NRLP EB-2023-0128 Decisions Issued September 7, 2023, Hydro One EB-2023-0127 Decision Issued September 19, 2023.

² CNPI Letter dated August 29, 2023 and FNEI Letter dated August 22, 2023.

³ HOSSM EB-2023-0130 filed July 17, 2023 and WPLP EB-2023-0168, filed June 26, 2023

⁴ EB-2023-0030, Hydro One's 2024 Custom IR Annual Update Application.

If the OEB issues decisions approving the 2024 revenue requirements for HOSSM, WPLP and EWT LP by the end of 2023, the OEB anticipates issuing a final 2024 UTR decision in December 2023 or January 2024 that the IESO will use for settlement purposes effective January 1, 2024. If the OEB does not issue all decisions approving the 2024 revenue requirements for HOSSM, WPLP and EWT LP until later in 2024, the OEB anticipates issuing a final 2024 UTR decision reflecting any available final transmitter revenue requirement decisions that the IESO will use for settlement purposes effective January 1, 2024, and a subsequent 2024 UTR decision may follow later in 2024 reflecting all final transmitter revenue requirement decisions.

In the event the OEB approves final ST rates for Hydro One Distribution in advance of other electricity distributor rate decisions, and that differ from the rates proposed by Hydro One, OEB staff will inform distributors who may then update their 2024 rate applications accordingly if time permits. Affected distributors should note that with the issuance of this preliminary 2024 UTR letter, Hydro One Distribution intends to update its proposed 2024 ST RTSRs to reflect the preliminary 2024 UTRs.

For both the preliminary UTRs and proposed Hydro One ST RTSRs, distributors will continue to capture any differences to actuals in the retail transmission variance accounts.

Any questions relating to this letter should be directed to Michael Price at Michael.Price@oeb.ca or at 416-440-7632. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Nancy Marconi
Registrar

Attachment: Appendix A – 2024 Preliminary Uniform Transmission Rates and Revenue Disbursement Allocators
Appendix B – 2024 Hydro One Proposed Sub Transmission RTSRs

2024 Preliminary Uniform Transmission Rates and Revenue Disbursement Allocators

FORECAST JANUARY 1, 2024

Transmitter	Revenue Requirement			
	Network	Line Connection	Transformation Connection	Total
CNPI	\$2,770,591	\$487,076	\$1,389,534	\$4,647,201
FNEI	\$4,762,380	\$837,237	\$2,388,475	\$7,988,092
Hydro One	\$1,206,861,187	\$212,168,826	\$605,276,749	2,024,306,762
HOSSM	\$26,179,096	\$4,602,342	\$13,129,594	\$43,911,032
B2MLP	\$36,395,939	-	-	\$36,395,939
NRLP	\$8,565,165	-	-	\$8,565,165
EWT Partnership	\$54,003,549	-	-	\$54,003,549
WPLP	\$29,243,172	-	-	\$29,243,172
All Transmitters	\$1,368,781,079	\$218,095,481	\$622,184,352	\$2,209,060,912

Transmitter	Total Annual Charge Determinants (MW)*			
	Network	Line Connection	Transformation Connection	
CNPI	522.894	549.258	549.258	
FNEI	230.410	248.860	73.040	
Hydro One	233,393.428	226,543.453	192,711.042	
HOSSM	3,498.236	2,734.624	635.252	
B2MLP	-	-	-	
NRLP	-	-	-	
EWT Partnership	-	-	-	
WPLP	40.643	-	-	
All Transmitters	237,685.611	230,076.195	193,968.592	

Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW/Month)	5.76	0.95	3.21	
CNPI Allocation Factor	0.00202	0.00223	0.00223	
FNEI Allocation Factor	0.00348	0.00384	0.00384	
Hydro One Allocation Factor	0.88171	0.97283	0.97283	
HOSSM Allocation Factor	0.01913	0.02110	0.02110	
B2MLP Allocation Factor	0.02659	0.00000	0.00000	
NRLP Allocation Factor	0.00626	0.00000	0.00000	
EWT Allocation Factor	0.03945	0.00000	0.00000	
WPLP Allocation Factor	0.02136	0.00000	0.00000	
Sum of Allocation Factors	1.00000	1.00000	1.00000	

* The sum of 12 monthly charge determinants for the year.

Note 1: CNPI Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2015-0354 dated January 14, 2016.

Note 2: FNEI Revenue Requirement and Charge Determinants per OEB Revenue Requirement and Charge Determinant Order EB-2016-0231 dated January 18, 2018.

Note 3: Hydro One Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2023-0127 dated September 19, 2023.

Note 4: HOSSM Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2022-0189 dated November 24, 2022.

Note 5: B2MLP Revenue Requirement per OEB Decision and Order EB-2023-0129 dated September 7, 2023.

Note 6: NRLP Revenue Requirement per OEB Decision and Order EB-2023-0128 dated September 7, 2023.

Note 7: EWT Partnership Revenue Requirement per OEB Decision and Order EB-2022-0243, Upper Canada Transmission, Inc. dated November 24, 2022

Note 8: WPLP Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2022-0149 dated November 29, 2022.

Note 9: The revenue requirements of CNPI, FNEI, and HOSSM are allocated to the three transmission rate pools on the same basis as is used for Hydro One. The revenue requirements of B2MLP, NRLP, EWT Partnership, and WPLP are allocated entirely to the Network rate pool. The total revenue requirements for each of the three transmission rate pools are then divided by the total charge determinants for each rate pool to establish the UTRs to two decimal places. The IESO uses the revenue collected from the UTRs to settle on a monthly basis with all rate-regulated transmitters using the revenue allocation factors.

Note 10: The allocation factors for each transmitter other than Hydro One are calculated by dividing each transmitter's revenue requirement assigned to each transmission rate pool by the total transmitters revenue requirement for each rate pool. The allocation factors are rounded to five decimal places for each transmitter. The sum of these individual transmitter allocation factors is then deducted from 1.0 to determine the allocation factor for Hydro One.

2024 Hydro One Proposed Sub Transmission RTSRs*

Retail Transmission Rate – Network Service Rate	\$/kW	4.5778
Retail Transmission Rate – Line Connection Service Rate	\$/kW	0.6056
Retail Transmission Rate – Transformation Connection Service Rate	\$/kW	3.0673

** Hydro One Distribution intends to update its proposed 2024 ST RTSRs to reflect the preliminary 2024 UTRs.*