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**BY EMAIL**

April 1, 2025

Nancy Marconi  
Registrar  
Ontario Energy Board  
2300 Yonge Street, 27th Floor  
Toronto ON M4P 1E4

Dear Nancy Marconi:

**Re: EB-2025-0081 Licence (ED-2023-0265) Amendment and Accounting Order  
Application – Canadian Niagara Power Inc. (CNPI)**

In accordance with Procedural Order #1, please find attached the Ontario Energy Board (OEB) staff interrogatories in the above proceeding. The applicant has been copied on this filing.

CNPI's responses to interrogatories are due by April 16, 2025.

Any questions relating to this letter should be directed to Michael Bell at [michael.bell@oeb.ca](mailto:michael.bell@oeb.ca) or at 416-440-7688. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Michael Bell  
Senior Advisor, Application Policy & Conservation

Encl.

cc: All parties in EB-2025-0081

**OEB Staff Interrogatories  
Canadian Niagara Power Inc.  
Licence Amendment and Accounting Order Application  
EB-2025-0081  
April 1, 2025**

Please note, Canadian Niagara Power Inc. (CNPI) is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

CNPI is a licensed distribution company (CNPI Dx) serving approximately 31,000 customers in the areas of Port Colborne, Fort Erie, and Gananoque and surrounding areas, where CNPI operates as "Eastern Ontario Power." In addition, CNPI is a licensed transmitter (CNPI Tx) operating as a distinct business unit within CNPI that provides transmission service to part of CNPI Dx's service territory, specifically the Fort Erie service territory.

**Staff Question-1**

**Ref 1: EB-2014-0204, CNPI Tx Revenue Requirement for 2015 and 2016, Decision and Order, May 14, 2015, Section 1.0**

**Ref 2: EB-2025-0081, Application for Licence Amendment and Accounting Order, Pages 3-4**

The International Power Line (IPL) facility, which connects the CNPI Tx system with the National Grid transmission system in Buffalo, New York, provides an alternative source of power to the CNPI Tx system during outages and planned maintenance. Although the need for the IPL occurs infrequently, the OEB previously accepted in CNPI's Tx revenue requirement decision (for 2015 and 2016 rates) the evidence that CNPI Tx may not be able to meet the IESO load restoration standard without the IPL.

CNPI provides Tx service to part of CNPI Dx service territory, specifically the Fort Erie service territory. When maintenance or other events prevent the use of the CNPI Tx assets that connect the Fort Erie service territory to the IESO-controlled grid, an alternative to taking a full outage in the Town of Fort Erie, is to supply the Town via the CNPI Tx connection to National Grid.

Load for Fort Erie was taken off of the IESO system and transferred to National Grid from August 20, 2023 to October 1, 2023, due to planned repair work on CNPI Tx's lines. During this time CNPI continued to purchase power from the IESO and Hydro One, for its Port Colborne customers and its Gananoque customers, respectively.

An approximately six-week outage is currently targeted to occur in Q3 2025 for Fort Erie due to planned repair work. CNPI anticipates further such circumstances may occur in the future and has therefore proposed permanent licence exemptions and associated accounting proposals, in the case where the use of CNPI's National Grid connection is required again in the future.

Question(s):

- a) Please confirm that the use of CNPI's National Grid connection is for planned maintenance outages and is on an as-needed basis.
- b) Please provide more details in terms of the frequency of these planned repair works on an annual basis in the anticipated future periods.
- c) Please confirm that the use of CNPI's National Grid connection is required only for Fort Erie service territory, while the rest of its service territories are still connected to the IESO and Hydro One.
  - i. If not confirmed, please explain why not.

## **Staff Question-2**

**Ref: EB-2025-0081, Application for Licence Amendment and Accounting Order, Pages 4, 7**

The cost of power purchased from National Grid during the August 20, 2023 to October 1, 2023 period was a total \$1,079,772 USD (or \$1,498,183 CAD). CNPI has assessed that the same power purchases from the Ontario grid would have cost \$2,678,691, for a savings of almost \$1.2 M CAD. This estimate does not account for the savings related to "savings in the levels of transmission, wholesale market service, and other charges on CNPI Distribution's IESO invoice."

OEB staff notes that the Ontario government amended O. Reg. 429/04 (Global Adjustment (GA) Reg) so that, effective July 1, 2023, GA will not be paid by Class B consumers for any electricity purchased from outside of Ontario. This is referred to as "contracted non-Ontario electricity" in the GA Reg. CNPI also referred to these avoided GA costs in its application.

CNPI stated that the quantification of avoided GA costs will be calculated by multiplying kWhs purchased from National Grid by the actual GA Class B price as posted by the IESO, for that settlement period, and will be set up as a payable back to all CNPI customers, in OEB Account 1588.

Question(s):

- a) At a high level, please provide the breakdown of the CAD \$1.2 M savings per the IESO charge types.
- b) Please demonstrate at a high level how the \$1.2 M savings were calculated for avoided GA, including the multiplication of the kWhs purchased from National Grid by the actual GA Class B price as posted by the IESO.
- c) Please explain why there are also “savings in the levels of transmission, wholesale market service, and other charges on CNPI Distribution’s IESO invoice.”
- d) Please provide the breakdown of the amounts related to savings in the levels of transmission, wholesale market service, and other charges on CNPI Dx’s IESO invoice.
  - i. Please confirm whether CNPI is planning to pass on these additional savings to its customers.
  - ii. If confirmed, please provide a high-level proposal, including the accounts and amounts impacted.
  - iii. If not confirmed, please explain why not.
- e) Please provide a high-level comparison of the power purchase price between National Grid and the IESO/ Hydro One.

### **Staff Question-3**

**Ref 1: EB-2025-0081, Application for Licence Amendment and Accounting Order, Pages 4, 5, 7**

**Ref 2: EB-2024-0011, 2025 IRM Decision and Rate Order, December 12, 2024, Page 9**

**Ref 3: Accounting Procedures Handbook, Issued: December 2011, Effective: January 1, 2012, Article 220, Page 37**

CNPI noted that, as a result of O.Reg. 429/04, GA does not apply to power purchases from out of province suppliers, as is the case for purchases from National Grid.

CNPI stated that a quantification of GA costs avoided will be calculated by multiplying kWhs purchased from National Grid by the actual GA Class B price as posted by the

IESO, for that settlement period, and will be set up as a payable back to all CNPI customers, in OEB Account 1588.

OEB staff notes that the balances related to the 2023 calendar year for Accounts 1588 and 1589 were not disposed in CNPI's 2025 IRM Decision and Rate Order.

OEB staff further notes that the OEB requires GA variances relating to Non-RPP Class B customers to be recorded in Account 1589, GA.

OEB staff also notes that CNPI's accounting entries on page 8 of its application show two journal entries to Account 4705 and Account 2205 that are equal and offsetting. Similarly, two journal entries to Account 4705 and Account 4707 are equal and offsetting.

Question(s):

- a) Please confirm that CNPI is requesting that its accounting proposals be made effective July 1, 2023 because of the following. If this is not the case, please explain.
  - i. This is the effective date of the amendment to O.Reg. 429/04.
  - ii. The power purchased from National Grid took place from August 20, 2023 to October 1, 2023.
  - iii. Its 2023 Accounts 1588 and 1589 balances have not yet been disposed, either on an interim or final basis.
- b) Please explain why the GA related costs avoided will be credited through the Account 1588 Power account only, as the OEB requires GA variances relating to Non-RPP Class B customers to be recorded in Account 1589, GA and GA variances related to the RPP customers were part of the RPP prices and therefore would need to be recorded in Account 1588.
- c) Please explain why CNPI is stating that the avoided GA "will be set up as a payable back to all CNPI customers, in OEB Account 1588", when the accounting entries on page 8 are circular, resulting in no net payable in Account 1588. This is given the two journal entries to Account 4705 and Account 2205 that are equal and offsetting, and similarly the two journal entries to Account 4705 and Account 4707 that are equal and offsetting.
- d) Please add CNPI's proposed journal entries for carrying charges in its Accounting Order, as well as updating the Accounting Order to reflect any changes resulting from interrogatory responses (e.g., to reflect any further savings).

#### **Staff Question-4**

**Ref 1: EB-2025-0081, Application for Licence Amendment and Accounting Order, Pages 3, 4**

**Ref 2: EB-2024-0011, 2025 IRM Decision and Rate Order, December 12, 2024, Page 2 and Tariff of Rates and Charges**

CNPI stated that load for Fort Erie was taken off of the IESO system and transferred to National Grid from August 20, 2023 to October 1, 2023. During this time CNPI continued to purchase power from the IESO for its Port Colborne customers, and from Hydro One for its Gananoque customers.

CNPI stated that it serves approximately 31,000 customers in the areas of Port Colborne, Fort Erie, and Gananoque and surrounding area. CNPI stated that for its service in the Town of Fort Erie, CNPI's customer base in this area is approximately 17,900 customers.

Questions:

- a) Please confirm that as per its 2025 IRM Decision tariff of rates and charges, rates are harmonized across the Town of Fort Erie, City of Port Colborne and Town of Gananoque. If this is not the case, please explain.
- b) Please confirm that CNPI's customers for Fort Erie represent approximately 58% of its total customers.<sup>1</sup> If this is not the case, please explain.
- c) Please confirm that only CNPI's customers for Fort Erie were connected to National Grid. If this is not the case, please explain.
- d) Please describe whether it is possible to credit GA costs avoided (as well as any other savings) only to CNPI's Fort Erie customers or whether it is not possible because of harmonized rates.

#### **Staff Question-5**

**Ref 1: EB-2025-0081, Application for Licence Amendment and Accounting Order, Pages 7, 8**

**Ref 2: EB-2025-0081, Application for Licence Amendment and Accounting Order, Appendix B Sample Calculations**

**Ref 3: Update to Accounting Procedures Handbook Update - Accounting Guidance related to Accounts 1588 RSVA Power, and 1589 RSVA Global**

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<sup>1</sup> OEB staff calculated the 58% by dividing 17,900 customers by 31,000 customers.

**Adjustment issued in February 2019 resulting from the implementation of a new optional ultra-low overnight price plan, May 23, 2023**

Per References 1 & 2, CNPI provided an illustrative example by using the commodity model dated May 23, 2023 to show OEB accounts impacted by purchase costs from National Grid and the associated RPP Settlement calculations.

OEB staff notes the journal entries proposed in References 1 & 2 do not demonstrate that the savings generated from its purchases from National Grid have been refunded to the ratepayers in the impact areas.

OEB staff also notes the sample calculation in Reference 2 is missing the steps such as:

- 1<sup>st</sup> True-up & RPP settlement process
- Rate Application Impact
- Detailed Journal Entries
- T-Accounts

For RPP settlements, CNPI stated that kWhs purchased from National Grid shall be included in the GA and energy volume totals, similar to AQEW IESO values.

Question(s):

- a) Please use the updated Accounting Guidance in Reference 3 to update the sample calculation.
- b) Please include any steps which are missing from CNPI's sample provided at Reference 2, as well as how savings generated from its cross-board power purchases from National Grid have been shown as refunded to the ratepayers in its updated Excel model.
- c) Please explain why CNPI is proposing to continue to report to the IESO the volumes supplied by National Grid and including these volumes in the CT 142 RPP settlement calculations.
- d) At a high level, please quantify and explain the impact on Accounts 1588 and 1589 if CNPI does not report to the IESO the volumes supplied by National Grid and does not include these volumes in the CT 142 RPP settlement calculations.

**Staff Question-6**

**Ref 1: EB-2023-0047, Ottawa River Power Corporation, 2024 IRM Decision and Rate Order, April 9, 2024, Pages 14-17**

**Ref 2: EB-2024-0050, Ottawa River Power Corporation, 2025 IRM Decision and Rate Order, March 20, 2025, Page 15**

In Ottawa River Power Corporation's (ORPC) 2024 IRM decision, the OEB approved the establishment of Account 1508, Other Regulatory Assets, Sub-account Power Purchased True-Up. This new rate mechanism allowed ORPC to refund the over-collection of GA from ratepayers since July 1, 2023 and pass GA savings to ratepayers on a go-forward basis so ORPC does not over-collect GA, amongst other items.

ORPC filed an Excel Appendix K which was a template demonstrating how the balance in Account 1508, Other Regulatory Assets, Sub-account Power Purchased True-Up, as well as the proposed rate rider per kWh to be refunded to its customers annually, will be calculated.

The OEB approved ORPC's proposed Power Purchased True-Up Rate credit rate rider per kWh to be refunded to all of its customers, effective May 1, 2024 for 12-months. The OEB determined that it is appropriate for ORPC to apply to the OEB to update this rate rider in each of its rate applications going forward. This rate rider was updated (i.e., a new rate rider effective May 1, 2025 for 12-months) and approved in ORPC's 2025 IRM decision.

Question(s):

- a) Please explain whether CNPI considered ORPC's approach to refund avoided GA costs (i.e., through the generation of a separate rate rider and a new DVA), rather than CNPI's approach to flow through credits to Account 1588 related to avoided GA costs.
- b) Please explain why CNPI did not use ORPC's approach.
- c) Please provide a high-level illustrative example to demonstrate how the approach utilized by ORPC could be used by CNPI for avoided GA costs, as well as any other associated savings.

**Staff Question-7**

**Ref: EB-2025-0081, Application for Licence Amendment and Accounting Order, Section 2, Page 3**

**Preamble:**

The application states that CNPI has requested an exemption from section 3.2 of the Retail Settlement Code, to be effective during periods when CNPI's regular Tx



connection to the IESO-controlled grid is unavailable due to planned or unplanned outages on the related transmission assets.

Section 3.2 of the Retail Settlement Code outlines the methodology for calculating the Dx system losses and unaccounted for energy by a distributor when determining retail settlement costs of its consumer.

Question:

- a) Please explain why an exemption from section 3.2 of the Retail Settlement Code is necessary for purchase of power from the National Grid through NYISO during periods of planned or unplanned outage?