

## Decision on Hydro One Remote Communities Incremental Funding Application – Shoulderblade Falls Hydrel Generating Station

On March 11, 2025, the Ontario Energy Board (OEB) issued its [Decision and Order](#) on Hydro One Remote Communities Inc.'s (Hydro One Remotes) application for approval to continue operating the Shoulderblade Falls Hydrel Station (Hydrel Station).

Hydro One Remotes also asked for OEB approval to record the 2024-2027 forecast amounts paid to Deer Lake First Nation for road maintenance and for the electricity generated by the Hydrel Station, as well as the related annual operating and maintenance costs, in its existing Rural or Remote Rate Protection Variance Account (RRRPVA).

The OEB approved Hydro One Remotes' application, and included the following reasons in its findings:

- The Hydrel Station is a non-emitting source of electricity and is an example of a successful collaboration of remote First Nations communities with external partners in the North.
- The Deer Lake First Nation supports Hydro One Remotes continuing to operate the Hydrel Station.
- Hydro One Remotes is best positioned to operate, maintain and repair the Hydrel Station due to its location, Hydro One Remotes' history with the Hydrel Station and its role as a distributor and provider of back-up energy to the community.
- The request to record forecast amounts in the RRRPVA is appropriate.

With this Decision and Order, it is estimated that the annual impact to the RRRPVA will be an increase of \$343k (0.71%), to be recovered from all ratepayers in Ontario under the government's Rural or Remote Rate Electricity Rate Protection (RRRP) program which helps to offset the higher cost of providing service to customers in certain rural and remote areas.

## BACKGROUND

Deer Lake is a remote community in northwestern Ontario with an on-reserve population of approximately 1,100, accessible only by air and a seasonal winter road. Deer Lake's remote location, limited access and small population impact the delivery of parts and supplies and access to human resources and increases costs for capital work and maintenance on the distribution system and generating facilities.

The Hydrel Station, a 490kW hydro-electric facility, was built in the 1990s as a renewable energy demonstration project.

Hydro One Remotes operated and maintained the Hydrel Station, recovered its costs of doing so and paid Deer Lake First Nation for electricity based on the avoided cost of diesel fuel. These payments were discontinued in 2024 when Deer Lake First Nation took ownership of the Hydrel Station after connecting to the Wataynikaneyap Power Limited Partnership transmission line.

The amounts recorded in the RRRPVA will be used to compensate Deer Lake First Nation.

## ABOUT THE OEB

The OEB is the independent regulator of Ontario's electricity and natural gas sectors. It protects the interests of consumers and supports the delivery of clean, reliable and affordable energy for the people, farms and businesses of Ontario. Its goal is to deliver public value through prudent regulation and independent adjudicative decision-making which contributes to Ontario's economic, social and environmental development. You can learn more about the OEB at [oeb.ca](http://oeb.ca).

Independence in the hearing and determination of matters is a key element of the OEB's mandate, established through legislative structures, the [Memorandum of Understanding](#) between the Minister of Energy and Electrification and the Chair of the OEB, and by-laws that set out clear lines of communication between government and the OEB. Commissioner panels hear and determine matters independently, with legislative protections and other instruments to ensure decisions are free from interference by the CEO, the Board of Directors and government. This also includes the Chief Commissioner when not assigned to the specific case.

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*Ce document est aussi disponible en français.*

*This Backgrounder was prepared by OEB staff to inform Ontario's energy consumers about the OEB's decision and is not for use in legal or regulatory proceedings. It is not part of the OEB's reasons for decision; those may be found in the Decision and Order issued March 11, 2025, which is the official OEB document.*