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BY EMAIL AND WEB POSTING

October 30, 2025

**To: All Rate-regulated Electricity Transmitters
All Participants from Hydro One Network Inc.'s 2023-2027 Joint Rates
Application (EB-2021-0110)
All Other Interested Parties**

**Re: Updated OEB Filing Requirements for Electricity Transmission Applications
- Chapter 1 and Chapter 2 (Filing Requirements), and Associated Guidance
Document on Rate-Setting for Transmitters with a Declining Rate Base (EB-
2025-0149)**

What You Need to Know

- **The OEB has released updated Filing Requirements (Chapters 1 and 2), along with a new guidance document that introduces an optional Custom IR framework for transmitters with a declining rate base.**
- **These updates aim to enhance regulatory clarity, reduce administrative burden, and better reflect sector developments.**
- **The revised requirements apply to 2027 rate applications and beyond.**

Today, the Ontario Energy Board (OEB) issued its updated *Filing Requirements for Electricity Transmission Applications - Chapter 1 and Chapter 2* (Filing Requirements) which apply to revenue requirement applications under section 78 of the *Ontario Energy Board Act, 1998*. This revised version replaces the 2016 edition and reflects the OEB's ongoing commitment to enhancing regulatory clarity, efficiency and responsiveness to sector developments.

The updated Filing Requirements are accompanied by a separate guidance document that offers a new Custom IR revenue requirement setting option for transmitters with a

declining rate base. This document provides detailed guidance on the additional option and is intended to support transmitters in preparing streamlined and effective applications.

Key Updates and Stakeholder Consultation

The updates were informed by comments received during the stakeholder consultation meeting held on June 25, 2025, and through two subsequent rounds of written submissions filed by stakeholders afterwards. They also incorporate lessons learned from past proceedings and address the growing number of transmitters with a declining rate base.

The most significant update is the introduction of a new revenue requirement setting option under Custom IR, specifically designed for transmitters with a declining rate base.

Additional key updates include:

- Higher materiality thresholds to account for inflation since 2016. These apply to both the provision of evidence and the establishment of deferral and variance accounts, helping to reduce regulatory burden and focus adjudication on material issues.
- Clarifications regarding application filing deadlines to better coordinate the annual transmission rate-setting process.
- Minor technical and structural updates to align the Filing Requirements with other OEB relevant guidance documents.

Custom IR Option for Transmitters with a Declining Rate Base

In past proceedings, stakeholders have raised concerns about the suitability of the Revenue Cap IR methodology for transmitters with a declining rate base. Specifically, Revenue Cap IR inflates the entire revenue requirement annually, even when capital components such as return on capital and depreciation may not justify such increases.

To address these challenges and promote regulatory efficiency, the OEB is introducing an additional revenue requirement setting option under the Custom IR methodology, specifically for transmitters with a declining rate base.

Stakeholder feedback on this topic was mixed. Transmitters emphasized the need for flexibility and expressed concern about modifying the existing framework through filing requirements as initially suggested by OEB staff. In contrast, consumer groups and

other intervenors generally supported the new option, citing its potential to streamline applications and strengthen ratepayer protections.

In response to this feedback, the OEB has issued a separate guidance document – *Custom IR Guidance for Transmitters with a Declining Rate Base* – which outlines the details of the new option. While the guidance is optional, transmitters in this category are encouraged to align their applications with the Custom IR approach as outlined in the OEB's Rates Handbook and updated Filing Requirements. Regardless of the Custom IR chosen, applications should address key elements such as return on capital, depreciation and other related concerns outlined in the guidance.

To maintain the integrity of the Filing Requirements while offering a new option, the OEB has chosen to issue the *Custom IR Guidance for Transmitters with a Declining Rate Base* as a standalone document. This approach allows transmitters to reference the guidance document when considering a Custom IR framework, while the OEB maintains the Filing Requirements as applicable to all transmitters.

Regardless of the revenue requirement framework selected, transmitters must provide a clear and well-supported rationale in their application for it to be considered complete. The OEB continues to emphasize the importance of transparency, quality and a demonstrated focus on ratepayer impacts.

Increased Materiality Thresholds

The materiality thresholds established in the 2016 Filing Requirements have been updated to reflect cumulative inflation over the past decade, approximately 30 per cent, based on the OEB's annual inflation factors. These increased thresholds apply to both the provision of evidence and the establishment of deferral and variance accounts. This update is intended to reduce regulatory burden and focus adjudication on material issues.

Stakeholder feedback on this item was generally supportive, with some parties requesting clarification on how the thresholds were calculated and applied. In response, the OEB has confirmed that the adjustments are inflation-based and consistent with the annual inflation parameters published by the OEB from 2017 to 2026.

Effective Date and Future Developments

The updated Filing Requirements apply to transmission rebasing and annual update applications for 2027 rates and beyond.

As noted in its June 5, 2025 letter launching the stakeholder consultation, the OEB recognizes that the transmission sector continues to evolve. Developments such as the anticipated introduction of a Transmission Selection Framework by the Independent Electricity System Operator may require future revisions to the Filing Requirements.

Fourteen organizations, including transmitters and consumer groups, participated in the consultation process. The OEB thanks all stakeholders for their valuable input, which helped shape the updated Filing Requirements and accompanying guidance. Separate correspondence will follow regarding cost awards. All the stakeholder comments for this initiative are available on the OEB's [Engage with Us webpage](#).

Any questions related to the updated Filing Requirements should be directed to Registrar@oeb.ca. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Ritchie Murray
Acting Registrar