# School Energy Coalition ("SEC")
**Summary Status Report**
**March 31, 2025**

## Savings for Ontario School Boards

*Q1 2025 was consumed mainly with cleanup of cases from 2024, and resolution of a few smaller cases, although much of the work at the Energy Board was paused for the Ontario election period. In March, the decisions in Cost of Capital and the Market Renewal Challenge were released. The end result was* ***savings for schools of about $5 million.***

*Also in the quarter, Enbridge filed its Phase 3 application for 2025-2028 rates, seeking new rate structures and harmonization of its rate zones. Upcoming are applications for five-year rate plans from Ottawa, Oshawa, Burlington and Entegrus (Chatham), with OPG and Alectra also expected to file five-year plans before year end.*

## ONGOING MATTERS – NATURAL GAS

***Enbridge 2025-2028 Rates.*** Enbridge has now filed the evidence for Phase 3 of its multi-year rate plan. Phases 1 and 2, dealing with both capital and operating costs, as well as a host of other issues, are now complete, and rates have been established for 2025.

In Phase 3, Enbridge, which acquired Union Gas several years ago, is now proposing to harmonize the rates for its former Enbridge Gas Distribution, Union Gas North, and Union Gas South rate zones. This requires setting up new rate classes, and rethinking the basis on which rates are designed. It also involves allocating all approved costs both to customer classes, and to different types of costs (fixed, demand-related, or volume-related). A rate structure is then developed for each rate class that tries to match costs to the rates each customer will pay.

Major changes are proposed, and the differences are particularly impactful for schools and other customers with similar demand. Further, the changes would affect schools in the three legacy rate zones in widely different ways. There would be substantial winners and losers, likely starting in 2027.

SEC counsel Mark Rubenstein will once more take a leading role. A final resolution is not expected until the end of the year.

***Enbridge Conservation Plan.*** The $1.8 billion Enbridge conservation plan covering 2026-2030 was filed in Q4, and the process was proceeding apace. It was on track for a settlement conference in June, and, failing complete settlement, an oral hearing mid-summer. On that schedule, a decision was expected in November.

The cancellation of the consumer carbon tax has significant potential to change the economics of some of the proposed conservation programs. As a result, Enbridge has sought and obtained permission to hold the application in abeyance until the end of May, in order to give them time to revise affected proposals.

It is expected that the schedule will be reactivated at that time, but that the next steps in the process will each be delayed by 2-3 months. One likely result is that 2025 conservation programs will be extended into 2026, while awaiting a decision on the new plan.

***Enbridge Divisional Court Appeal.*** In Phase 1 of the Enbridge rate case, the Energy Board made a number of findings contrary to the positions and requests of Enbridge. As previously reported, Enbridge pursued both an internal review of those issues at the Energy Board, and an appeal to the Divisional Court. As they were in parallel, the Court appeal was placed in abeyance while the Energy Board review took place.

The Motion for Review found against Enbridge on one issue (depreciation rates), and sought further submissions on the second issue (integration capital). A decision is pending on the latter.

Enbridge has now revived its Divisional Court appeal and is taking the depreciation rates issue, plus an issue of its profit level (equity thickness), to court. SEC will be seeking to be involved to oppose the positions of Enbridge on these issues.

The case is likely to continue through the end of the year.

***Enbridge St. Laurent Replacement.*** Last year, Enbridge re-filed its application for this +$200 million project to replace old pipelines in the Ottawa area. Previously, in 2022, SEC and others successfully fought this project, based on the lack of a sufficiently thorough review of the alternatives.

With a much stronger evidence package, Enbridge this time was successful in getting Energy Board approval. While some parties, including SEC, argued that an "extensive repair" option could be more cost-effective, in the end the Energy Board agreed with Enbridge that a full replacement was warranted.

***Enbridge IRP Pilots.*** The gas utility filed an application for approval of a pilot project in the Sarnia area to see if non-pipe alternatives, like conservation and demand response, can be used to avoid the need to build capital infrastructure. This, called integrated resource planning (IRP), was mandated by the Energy Board in 2021, and Enbridge is more than two years behind schedule on this work. SEC counsel Jay Shepherd sits on the Energy Board's working group that is trying to get Enbridge to speed this up.

In a decision in March, the Energy Board has mostly approved the pilot project. However, it has also taken the highly unusual step of immediately announcing an independent review of aspects of that decision. In parallel it has announced that it will re-open the policy framework under which IRP is supposed to operate, and consider whether it should be updated.

## ONGOING MATTERS – ELECTRICITY

***Local Electricity Distributors.*** Four 2025 multi-year rate cases were resolved by settlement this quarter. As a result, schools served by Sudbury Hydro, Welland Hydro, Lakeland Power (Bracebridge and Parry Sound), and Northern Ontario Wires (Cochrane, Kapuskasing, and Iroquois Falls) **will see savings totalling about $190,000**.

***Market Renewal Program.*** The Independent Electricity System Operator (IESO), a government agency, proposed changes to the operation of the competitive market for electricity, to reduce the price paid for the commodity. This was called the Market Renewal Program (MRP). A group of contract electricity generators challenged the MRP on the basis that it discriminated against them as providers of electricity to the market. SEC was one of only two consumer groups intervening to oppose the application.

After an oral hearing and detailed submissions, the Energy Board agreed with the consumer groups and the IESO that the MRP is fair. The challenge was therefore rejected.

Reductions in market prices arising from the MRP are expected to generate **savings for schools of about $2.5 million** over the next five years, and more after that.

## OTHER MATTERS

***Cost of Capital.*** Utilities and customer groups engaged in a six-day oral hearing in the fall to debate (through numerous experts) the reasonable cost of capital of utilities. Schools bear about $60 million dollars annually in their rates for the cost of debt, equity, and related taxes paid (or deemed paid) by regulated energy providers.

While the cost of debt is largely uncontroversial, the cost of equity (the utilities' profits) was hotly contested. Proposals by the utilities and their experts could have increased rates for schools by $10 million per year. SEC and other intervenors opposed these increases, and argued for lower equity costs.

In a decision released in March, the Energy Board reduced the benchmark equity rate from 9.25% to 9.00%. With the related taxes on those profits (which customers pay), the **net savings for schools over five years will be about $2.3 million**.


Jay Shepherd
Mark Rubenstein
Jane Scott
On behalf of SEC

Questions? Contact Brian McKay (sec@oesc-cseo.org) or Mark Rubenstein (mark@shepherdrubenstein.com)


*The SEC is registered as the official intervenor at the Ontario Energy Board on behalf of all 72 District School Boards in Ontario. The intervention role aims to protect the financial interests of school boards when natural gas and electricity utilities apply for increases in distribution rates for their energy sources.*

*The SEC is represented by Jay Shepherd, SEC Legal Counsel, who consults regularly with the OESC Executive Director.*


*Ted Doherty*
*Executive Director*
*Email solutions@oesc-cseo.org*