

SCHOOL ENERGY COALITION (“SEC”)

SUMMARY STATUS REPORT

December 31, 2025

*The successful settlement of Enbridge 2024-2028 Phase 3, plus a partial settlement in the Hydro Ottawa case, has produced **savings for schools in Q4 of at least \$21.2 million.***

This is just the precursor to a 2026 that will have substantial rate issues in play. In addition to the remainder of the Hydro Ottawa case, with \$4.7 million still in issue, Alectra has filed seeking an additional \$12.6 million from schools over 2027-2031, and OPG has proposed an increase that would add \$110 million to the electricity bills of schools over that period. The upcoming Enbridge billion \$ conservation plan, and Elexicon 5 year rate application, both seem small by comparison.

ONGOING MATTERS – NATURAL GAS

Enbridge 2024-2028 Rates. The highly complicated Phase 3 of Enbridge’s 2024-2028 rate application has concluded, to the surprise of many, with a comprehensive settlement.

Phases 1 and 2 dealt, essentially, with how much Enbridge would be allowed to collect from customers each year. Phase 3 dealt with how that amount would be divided up between classes of customers, and then the method for calculating the amount paid by each individual customer (respectively cost allocation and rate design). This was all taking place within the context of a proposed harmonization of rates throughout the province, and included a controversial proposal to charge customers based on their demand on the theoretical coldest day for which the system is designed.

This would create substantial winners and losers, and schools, being very weather-sensitive, were expected to be mostly among the losers, paying up to \$5 million per year more overall, with some schools having delivery rate increases higher than 50%.

Twenty customer and other stakeholder groups took part in a very challenging negotiation that lasted three months, and often pitted the interests of customer groups against each other. Led by SEC lead counsel Mark Rubenstein, the intervenors and Enbridge reached a full settlement on all substantial issues, and that has now been accepted by the Energy Board.

There were two main changes. First, three rate zones will be retained in the province, to reflect the different costs to deliver in different areas. Second, the proposal to move to “theoretical peak” charges has been shelved. Instead, there will be a common rate class structure based, with modifications, on the former Union Gas model of fixed plus volumetric rates. The changes will be implemented in 2027, with a phase in for a few customers with very high increases.

While it is impossible to be rigorous in estimating impacts in a case like this, it is safe to estimate that schools across the province **will save at least \$20 million** over the next five years, with some schools having lower delivery costs, and some having reduced increases. The potential for +50% delivery rate increases for some schools has been avoided.

Enbridge Conservation Plan. The Enbridge 2026-2030 conservation plan was divided into two parts because of the end of the carbon tax.

The first part, a rollover of 2025 programs into 2026, has been approved, with appropriate cautions from the Energy Board given the changes in cost-effectiveness resulting from the carbon tax change.

The rest of the multi-year plan, originally expected to be refiled in November, is now expected in Q1. It is likely to propose well over a billion dollars in spending, with most parties believing there is less low-hanging fruit to chase at this time.

ONGOING MATTERS - ELECTRICITY

Hydro Ottawa 2026-2030 Rates. Hydro Ottawa, serving more than 300 schools, proposed five years of rate increases that would result in distribution bills for schools \$5.8 million higher over that period than at current rates. After a lengthy discovery process, and a settlement negotiation led by SEC counsel Mark Rubenstein, many major issues – including the capital plan – were settled. The result of that settlement will be **savings for schools of \$1.2 million.**

However, one of the biggest issues, substantial increases in operating costs over that period, was not settled. An oral hearing to deal with that and other issues is expected in Q1, with a decision likely in Q2.

Oshawa Power. The electricity distributor for the City of Oshawa filed for a substantial rate increase, plus the expectation of a further large increase next year to build a new head office campus for the utility in the north end of the City. The utility fought disclosure of information on the \$61 million+ cost of the new headquarters, but ultimately motions by SEC counsel Jay Shepherd, supported by other parties, elicited a substantial amount of information on that project.

An oral hearing was held in November, arguments were filed in December, and a decision is expected in Q1. At issue is an increase for 75 schools of about a million dollars over five years.

Alectra 2027-2031 Rates. This utility, which serves about 900 schools in the Golden Horseshoe outside of Toronto, has now filed an application for new rates for 2027-2031. It includes increases for schools of 50% over that period, a total impact of \$12.6 million.

In addition to proposing significant new spending, this is the company's first major multi-year rate application since its previous mergers. Thus, Alectra is seeking to harmonize rates across its various rate zones, which are comprised of its many predecessor utilities.

SEC is an active participant in this proceeding, with a decision expected by Q4, 2026.

Other Electricity Distributors. SEC is expecting decisions in Q1 on the Hydro One and Elexicon 2026 rate applications, with smaller amounts involved. In addition, Elexicon is filing for 2027-2031 rates in

2026. The potential impacts of that case will be reported in the next Status Report.

Ontario Power Generation 2027-2031 Rates. A significant percentage of the commodity portion of the electricity bill is nuclear and hydroelectric generation supplied by OPG, whose rates are regulated by the Energy Board. Those rates are going to change.

OPG's new 2027-2031 rate application will address more than \$36 billion in costs over that five-year period and, among many other complex issues, will consider some of the largest capital projects in the country, including the first grid-scale small modular nuclear reactor, and the refurbishment of the Pickering Nuclear Station.

The impact on schools comes in two ways. First, the unit rates themselves are proposed to increase by 82% over five years as new, more expensive central generation is added. The 2027 increase alone is 42%. Second, annually over the 5 years the percentage of the commodity that schools will be getting from OPG changes. The end result would be an increase of about \$105 million for the rate increase, and another \$5 million for other impacts, a total of \$110 million.

The SEC team are expected to be highly focused on this case in 2026.

Next Generation Utility Remuneration. The Energy Board has now launched the main phase of its review of how rates are set for utilities, last reviewed in a comprehensive fashion about a dozen years ago. An issues list has been circulated for comments, with the expectation that the focus will be on dealing with a changing energy environment, and on increasing utility incentives to perform well. An independent study of the spending patterns of utilities has also been completed and made public.

SEC will be actively involved.

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