



GRANDBRIDGE ENERGY INC.

**ECONOMIC EVALUATION
MODEL POLICY**

EFFECTIVE: June 11, 2026

GrandBridge Energy Inc. Economic Evaluation Model Policy

Overview

Effective May 2, 2022, Energy+ Inc. (“Energy+”) amalgamated with Brantford Power Inc. (“Brantford Power”) to form a corporation under the name GrandBridge Energy Inc. (“GBE”). For reference purposes, the service territory of former Brantford Power will be referred to as the GBE(BPI) rate zone and the service territory of former Energy+ will be referred to as the GBE(E+) rate zone.

The GBE Economic Evaluation Model is used for cases where GBE must: i) construct new facilities to its main distribution system; or ii) increase the capacity of existing distribution system facilities to connect a specific customer or group of customers. The economic evaluation model is used to determine if the future revenue from the customer(s) will recover the capital cost and on-going maintenance costs of the expansion project.

The methodology and assumptions are consistent with the Distribution System Code (“DSC”) as published by the Ontario Energy Board (“OEB”). These provisions do not apply to projects that are the subject of an agreement entered into prior to November 1, 2000.

Key Assumptions Used in the Model

Please refer to Schedule 1 of this policy for numerical information. Schedule 1 is updated annually to reflect GBE’s current distribution rates and costs.

Rules for Determining the Customer Connection Horizon and the Customer Revenue Horizon

Definitions:

“housing development” means a project to construct multiple residential accommodations on a piece of land that will be divided into multiple parcels and offered for sale, and that will be comprised predominantly of residential accommodations but may also include public buildings, industrial and commercial buildings or space appropriate for such buildings;

“qualifying housing development” means a housing development that meets the following criteria:

- (a) the developer for the housing development has requested a customer connection horizon that exceeds five (5) years;
- (b) the connection of the last residential customer in the housing development is forecast to occur more than five (5) years from the date of energization of the facilities;
- (c) the developer has provided the distributor with:
 - i. an approved plan of subdivision for the housing development; and
 - ii. evidence that the developer owns the land on which the housing development will be built or has written authorization to build the

- housing development on that land from the landowner; and
- (d) an initial offer to connect the housing development had not been accepted by the developer on or before November 18, 2024.

Customer Connection Horizon:

- (a) The customer connection horizon begins on the energization date of the facilities.
- (b) Subject to Customer Connection Horizon paragraph (c), the customer connection horizon for a qualifying housing development shall be based on the date on which the last residential customer is forecasted to connect to the expansion, provided that the customer connection horizon shall not exceed fifteen (15) years.
- (c) Where an expansion is being constructed to connect a qualifying housing development and one or more other customers, the customer connection horizon for all such customers shall be the longest customer connection horizon applicable to any one of them.
- (d) In all other cases, the customer connection horizon is five (5) years. A distributor may extend the customer connection horizon in appropriate cases for up to 15 years, in which case the distributor will provide the OEB with an explanation for the extension.

Customer Revenue Horizon¹:

- (a) The maximum customer revenue horizon for a non-residential connection is twenty-five (25) years, calculated from the forecast in-service date of the first new customer connection.
- (b) Subject to Customer Revenue Horizon paragraph (c), the customer revenue horizon is forty (40) years for the connection of any of the following:
- i. A residential customer, calculated from the forecast in-service date of the new customer connection;
 - ii. A property as defined in the *Condominium Act*, a residential complex as defined in the *Residential Tenancies Act, 2006* or a property that includes one or more dwellings and that is owned or leased by a cooperative as defined in the *Co-operative Corporations Act*, whether bulk metered or suite metered (as defined in the *Energy Consumer Protection Act, 2010*), calculated from the forecast in-service date of the new building connection; and

¹ For the economic evaluation of a specific project, revenues should be calculated based on the forecasted customer or load additions within the customer connection horizon. For example, if customer additions are forecasted in year 3, the economic evaluation model should account for incremental revenues from year 3 through year 25. This approach applies to paragraphs (a) through (c).

(c) Where an initial offer to connect was accepted by the developer or other customer on or before November 18, 2024, the customer revenue horizon set out in paragraph (b) does not apply and the maximum customer revenue horizon is twenty-five (25) years, calculated from the forecast in-service date of the first new customer connection.

Revenue: Revenue per year is calculated by considering the number of customer connections for fixed monthly charges, the average energy (monthly kWh) for kWh based charges and the average demand (monthly kW) for kW based charges.

Capital Costs: The capital cost of the new facilities or capacity expansion of existing facilities includes those costs (including metering) which connect a specific customer or group of customers.

Expenses: Attributable incremental operating and maintenance expenditures associated with the addition of new customers or upgrade of existing customer are included in the economic evaluation along with income, capital and municipal property taxes (where applicable).

Result of Economic Evaluation

The economic evaluation will result in a Net Present Value (“NPV”) over the Customer Revenue Horizon period. If the NPV over the Customer Revenue Horizon period, including the effect of taxes, is positive, no capital contribution will be required from the customer. If the NPV over the Customer Revenue Horizon period, including the effect of taxes, is negative, a capital contribution will be required from the customer.

GBE will require, in most cases, that the customer post security by means of an expansion deposit until one year after the customer begins to use electricity for new customers or one year after the upgrade is completed for existing customers.

In certain instances, load guarantees and/or other financial arrangements may be required to ensure that the facilities constructed are used to the extent originally contemplated in the economic evaluation.

Examples

Each project will be considered on an individual basis. The requirements for a specific project will be outlined in GBE’s Offer to Connect. The examples given below outline the treatment for a typical project in each category. In every case, the governing rules are outlined in Chapter 3, Connections and Expansions of the Distribution System Code published by the OEB.

Residential Subdivisions

GBE’s residential subdivision servicing policies require residential subdivisions to be developer installed.

The economic evaluation model considers all costs to service a development and future revenues to calculate the amount that GBE can invest in the project. This amount is referred to as a Residential Rebate and is presented in Schedule 1.

In the NPV calculations, the actual capital servicing cost per lot is not critical to the results. Effectively, the economic model quantifies how much GBE can contribute for a given revenue stream. A typical capital servicing cost for work internal to the project is also shown in Schedule 1.

The Residential Rebate amount shown in Schedule 1 will be used for all residential services subject to a subdivision servicing agreement signed with GBE from November 1, 2000, onward and energized during the period for which Schedule 1 is applicable. The Residential Rebate is payable to the developer identified in the subdivision agreement once an electrical service is energized. Applicable Residential Rebates are paid at four-month intervals. The Residential Rebate amount will be set on an annual basis. The timing and/or the amount of any Residential Rebate may also be affected by any load guarantees or other financial arrangements outlined in GBE's Offer to Connect.

Industrial Subdivisions

The developer of an industrial subdivision is required to pay the full initial costs of providing electrical services to the subdivision. In certain instances, external costs may also be applicable. Collection of the full cost ensures that GBE does not take the risk of servicing industrial subdivisions for which the timing and type of eventual load customers is unknown.

Upon completion of an Offer to Connect, an Economic Evaluation model will be prepared for the proposed project. The initial costs of providing electrical services to the subdivision will be included on a per hectare basis along with other costs to service the customer (i.e., padmount or pole mount transformer) when the economic evaluation is completed for the customer. For instance, if the customer's lot is 1 hectare in a 25-hectare (serviced lot area) subdivision, a capital amount of 1/25th of the initial costs of providing electrical services to the subdivision will be included along with other items in the economic calculation for the customer.

If the NPV over the Customer Revenue Horizon period, including the effect of taxes, is positive, no capital contribution will be required, and the amount paid by the developer would be a refundable expansion deposit if the projected load materializes.

If the NPV over the Customer Revenue Horizon period, including the effect of taxes, is negative, a capital contribution will be required from the customer up to the full capital cost of the project. In many circumstances the amount paid by the developer would represent both a capital contribution and a refundable expansion deposit.

One year after the customer begins to use electricity, the Economic Evaluation Model will be re-run with the customers actual load to determine if the expansion deposit can be refunded, or whether a capital contribution is required. The timing and/or the amount of any expansion deposits refunds may also be affected by any load guarantees or other financial arrangements outlined in GBE's Offer to Connect.

Three Phase Padmount Transformers

The economic evaluation formula will be applied for each three phase padmount transformer installation. In certain instances, external costs may also be applicable. A deposit will be required for three phase padmount transformer installations before GBE will order the transformer(s). The typical deposit amounts for three phase padmount transformers are listed in Schedule 1. Specific amounts will be outlined in GBE's Offer to Connect. No HST will be collected on the deposit and interest is paid on the amount under the terms and conditions set forth in Schedule 1.

GBE will apply the economic evaluation model one year after the customer begins to use electricity for new customers or one year after the upgrade is completed for existing customers to determine if the deposit will be refunded or retained as a capital contribution is applicable. Deposits will be refunded to the person who made the initial payment. The timing and/or the amount of any return may also be affected by any load guarantees or other financial arrangements outlined in GBE's Offer to Connect.

Pole Mount Transformer Installations

The economic evaluation formula will be applied for each pole mount transformer installation. In certain instances, external costs may also be applicable. A deposit will be required for pole mount transformer installations before GBE will order the transformer(s). The typical deposit amount for three phase pole mount transformer banks is listed in Schedule 1. Specific amounts will be outlined in GBE's Offer to Connect. No HST will be collected on the deposit and interest is paid on the amount under the terms and conditions set forth in Schedule 1.

GBE will apply the economic evaluation model one year after the customer begins to use electricity for new customers or one year after the upgrade is completed for existing customers to determine if the deposit will be refunded or retained as a capital contribution is applicable. Deposits will be refunded to the person who made the initial payment. The timing and/or the amount of any return may also be affected by any load guarantees or other financial arrangements outlined in GBE's Offer to Connect.

SCHEDULE 1 – GBE Economic Evaluation Model Policy
 (Effective Period Covering January 1, 2026, to December 31, 2026)

	Effective January 1, 2026 (GBE(E+) rate zone)	Estimated Year 2027 thru 2065 (GBE(E+) rate zone)
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Distribution Rates

GBE(E+) Rate Zone

Monthly Fixed Charge

Customer Class:

Residential	\$ 34.56	\$ 34.56
General Service < 50kW	\$ 18.62	\$ 18.62
General Service 50kW to 999kW	\$ 127.37	\$ 127.37
General Service 1,000kW to 5,000kW	\$ 1,075.80	\$ 1,075.80
Large User > 5,000kW	\$ 11,171.18	\$ 11,171.18

Monthly Variable Charge per kWh

Customer Class:

Residential	not applicable	not applicable
General Service < 50kW	\$ 0.0198	\$ 0.0198
General Service 50kW to 999kW	not applicable	not applicable
General Service 1,000kW to 5,000kW	not applicable	not applicable
Large User > 5,000kW	not applicable	not applicable

Monthly Variable Charge per kW

Customer Class:

Residential	not applicable	not applicable
General Service < 50kW	not applicable	not applicable
General Service 50kW to 999kW	\$ 4.7099	\$ 4.7099
General Service 1,000kW to 5,000kW	\$ 4.7468	\$ 4.7468
Large User > 5,000kW	\$ 2.0752	\$ 2.0752

NOTE: \$0.60 per kW will be deducted in cases where the transformer is owned by the customer except for the Large User class where it is already reflected in the rate shown.

	Effective	Estimated
	January 1, 2026	Year 2027 thru 2065
	(GBE(BPI) rate zone)	(GBE(BPI) rate zone)

Distribution Rates

GBE(BPI) Rate Zone

Monthly Fixed Charge

Customer Class:

Residential	\$ 32.28	\$ 32.28
General Service < 50kW	\$ 36.95	\$ 36.95
General Service > 50kW	\$ 284.63	\$ 284.63

Monthly Variable Charge per kWh

Customer Class:

Residential	not applicable	not applicable
General Service < 50kW	\$ 0.0134	\$ 0.0134
General Service > 50kW	not applicable	not applicable

Monthly Variable Charge per kW

Customer Class:

Residential	not applicable	not applicable
General Service < 50kW	not applicable	not applicable
General Service > 50kW	\$ 4.0535	\$ 4.0535

NOTE: \$0.60 per kW will be deducted in cases where the transformer is owned by the customer.

Consumption Assumptions

Residential Customers:	Not applicable. Distribution charges for Residential customers are fully fixed starting in 2020.
All Other Customers:	Will be evaluated on an individual basis

Financial Assumptions

Borrowing Rate:	3.930% (1)
Rate of Return on Common Equity:	8.860% (1)
Debt/Equity Ratio:	60/40 (1)
Marginal Income Tax Rate:	26.500% (1)
Capital Cost Allowance Rate:	7.500%

(1) COS Application rates (Ontario Energy Board) Regulated, Subject to periodic change.

Operating, Maintenance and Admin Expenditures (Annual Amounts)

Residential Customer:

\$ 145.30

All Other Customers:

[(\$ 37.06 X Estimated Peak) + \$185.41] /2

These figures are based on 2024 financial results.

Capital Cost

Residential Customers: \$5,000.00 per unit for work internal to the development.

All Other Customers: Internal and external costs will be evaluated on an individual basis. The capital cost may be based on either an estimate or actual costs depending on the nature of the project. GBE's Offer to Connect will indicate applicable costs.

Residential Rebate Amounts- Offer to Connect signed on or before November 18, 2024, and energized from January 1, 2026, to December 31, 2026

GBE(E+) Rate Zone Residential Rebate Amount \$3,183

GBE(BPI) Rate Zone Residential Rebate Amount \$2,862

Residential Rebate Amounts- Offer to Connect signed after November 18, 2024, and energized from January 1, 2026, to December 31, 2026

GBE(E+) Rate Zone Residential Rebate Amount \$3,882

GBE(BPI) Rate Zone Residential Rebate Amount \$3,490

Note: The Residential Rebate is payable once electrical service to the home is energized. Applicable Residential Rebates are paid at four-month intervals. The Residential Rebate amount will be updated each year.

Three Phase Padmount Transformer Sizing

GBE offers the following transformer sizing for industrial customer connections. The transformer pricing will be on a cost basis and will be provided at the time of an Offer to Connect.

150kVA
300kVA
500kVA
750kVA
1000kVA
1500kVA
2000kVA
3000kVA

HST

HST is not applicable at the time of the initial deposit. If a capital contribution is required, it will be subject to HST. The amount of capital contribution plus HST required will be deducted from the initial deposit. A subsequent invoice may be issued at that time to collect any outstanding HST. Any deposit refunded to a customer is consideration for a taxable supply. HST will be calculated and paid on the deposit refund only if the customer is registered for HST and provides a valid HST registration number. Interest is paid on the refunded amount under the terms and conditions listed below.

Deposit Policy

Cheque

- (a) Interest will accrue from the date of receipt of the deposit and will be calculated for whole months to the date of the final billing or the refund of the deposit.
- (b) The interest will be accrued based on annual simple interest rates equal to the Prime Business Rate set by the Bank of Canada less 2 percent.
- (c) At the time of deposit refund, the applicable interest will be paid.
- (d) If a project does not proceed for which a deposit has been previously taken, a refund will be made less any costs already incurred by GBE. This refund will only be paid after GBE has another use for any transformers, equipment, material, etc. already ordered or delivered for the planned project.

Letter of Credit

A Letter of Credit may be provided as security in lieu of a cheque. This security shall be in the form of an irrevocable Letter of Credit from a Financial Institution acceptable to **GRANDBRIDGE ENERGY INC.**, expressed to be pursuant to the work being undertaken and payable to **GRANDBRIDGE ENERGY INC.** at any time, or in part from time to time, on written demand of the **VICE PRESIDENT, GRID MODERNIZATION**. The irrevocable Letter of Credit shall contain the following clause:

"We agree to advise you before one (1) month prior to the expiry date set out above as to whether this Letter of Credit has been or will be renewed by us and if we fail to do so then this Letter of Credit shall be deemed to be automatically renewed for a further year and so on from year to year thereafter."

All or part of the Letter of Credit will be paid to GrandBridge Energy Inc. if there is not a full rebate of the deposit amount when the calculation is completed. No interest is applicable for security in the form of a Letter of Credit. If a project does not proceed for which a Letter of Credit has been previously taken, a release of the Letter of Credit will be made less any costs already incurred by GBE. This release will only be made after GBE has another use for any transformers, equipment, material, etc., already ordered or delivered for the planned project. GBE, in its sole discretion, may make a full draw on the Letter of Credit if there is not an immediate use for the transformers, equipment, material, etc., already ordered or delivered.