Ontario Energy Board | Commission de l'énergie de l'Ontario

DECISION AND ORDER

EB-2025-0265

GRANDBRIDGE ENERGY INC.

Application for funding for Non-Wires Solutions Program beginning May 1, 2026

BEFORE: **Vinay Sharma**
Presiding Commissioner

May 28, 2026

1. OVERVIEW

The Ontario Energy Board approves the funding requested by GrandBridge Energy Inc. for its Non-Wires Solution Program, effective May 1, 2026. The approved funding has been amended to reflect an adjustment to the annual Allocated Staffing Costs. The OEB considers the Non-Wires Solution Program to be a reasonable interim solution to maintain adequate electricity distribution reliability for GrandBridge Energy Inc. ratepayers in light of the existing capacity constraints. The Ontario Energy Board also approves recovery of the amended Non-Wires Solution Program budget through the average rate rider approach proposed by GrandBridge Energy Inc.

The Ontario Energy Board approves the proposed symmetrical Non-Wires Solution Program Costs Variance Account, and the associated sub-accounts, to support the implementation of the approved Non-Wires Solution Program. The Ontario Energy Board also approves the provision allowing GrandBridge Energy Inc. to record amounts as much as 30% in excess of the approved Non-Wires Solution Program cost in the Non-Wires Solution Program Costs Variance Account. However, the Ontario Energy Board notes that all amounts recorded in the Non-Wires Solution Program Costs Variance Account will be subject to a prudence review prior to disposition.

The Ontario Energy Board approves the recovery of legal costs. The Ontario Energy Board does not approve the capitalization of the legal costs incurred to develop the Non-Wires Solution Program Rules and Agreements. Instead, the Ontario Energy Board finds that these legal costs are to be expensed when incurred.

The Ontario Energy Board does not approve the proposed Margin-on-Payment incentive, as the incentive request does not meet the requirements established under section 11 of the Distribution System Code.

The Ontario Energy Board orders GrandBridge Energy Inc. to file a Draft Rate Order for the Ontario Energy Board's review, which reflects the findings in this Decision and Order. The Ontario Energy Board also orders GrandBridge Energy Inc. to file a Draft Accounting Order to reflect the removal of the unapproved Margin on Payment incentive and capitalized professional services from the scope of costs eligible for recording in the Non-Wires Solution Program Costs Variance Account. The draft rate order shall include a proposal for forgone revenue rate riders given the May 1, 2026, effective date.

2. CONTEXT AND PROCESS

GrandBridge Energy Inc. (GrandBridge Energy) serves approximately 115,000 customers in the City of Brantford, the City of Cambridge, the Township of North Dumfries and the County of Brant.

GrandBridge Energy filed an application with the Ontario Energy Board (OEB) on December 1, 2025 under section 78(3) of the *Ontario Energy Board Act*, *1998*, S.O. 1998, c. 15, (Schedule B) seeking approval for funding a non-wires solution (NWS) program beginning May 1, 2026. GrandBridge Energy refers to this NWS and the associated capacity auction program as the GridShare Program.

A Notice of Hearing was issued on December 19, 2025. The following parties applied for intervenor status and were all approved:

- Coalition of Concerned Manufacturers and Businesses of Canada (CCMBC)
- Environmental Defence
- School Energy Coalition (SEC)
- Vulnerable Energy Consumers Coalition (VECC)

CCMBC, Environmental Defence, SEC and VECC requested cost eligibility, which the OEB granted.

The OEB issued Procedural Order No. 1 on January 21, 2026, which among other things, established dates for filing interrogatories and interrogatory responses. The OEB indicated that OEB staff and Intervenors could file submissions on the application by March 3, 2026, and GrandBridge Energy could file a reply submission by March 17, 2026. On February 23, 2026, extension letters to file submissions were received from OEB staff and SEC on behalf of all the participating intervenors. Reply comments on the extension requests were received by GrandBridge Energy on February 24, 2026. On February 25, 2026, the OEB issued a letter to GrandBridge Energy seeking additional information, and GrandBridge Energy filed its response to the letter on February 26, 2026.

On February 27, 2026, the OEB issued its Decision on Confidentiality and Procedural Order No. 2 (Decision and PO No. 2). In Decision and PO No. 2, the deadlines to file submissions were extended to March 10, 2026, for OEB staff, March 17, 2026, for intervenors, and March 31, 2026, for GrandBridge Energy’s reply.

OEB staff and intervenors filed submissions on March 10, 2026, and March 17, 2026, respectively. GrandBridge Energy filed its reply submission on March 30, 2026.

3. DECISION OUTLINE

Each of the following issues is addressed in this Decision and Order, together with the OEB's findings.

- Non-Wires Solution Program
  - Allocated Staffing Costs
  - Capitalization of Legal Costs
  - Average Rate Riders
  - Recovery of Costs – 30% Provision
  - Lessons Learned Reporting
- Benefit-Cost Analysis and Margin-On-Payment Incentive Mechanism
- Variance and Deferral Accounts
- Implementation

4. NON-WIRES SOLUTION PROGRAM

GrandBridge Energy applied to the OEB for multi-year rate riders and a deferral and variance account (DVA) to enable the implementation of its proposed GridShare Program. GrandBridge Energy stated that the NWS is required to address urgent local capacity needs between 2026 and 2028, until a new transformer station (TS), Municipal TS (MTS) #2, is placed in service, forecast for the Spring of 2028.[1] GrandBridge Energy indicated that it will reassess the need for the NWS beyond 2028, drawing on experience from the GridShare Program's performance in the initial years.

GrandBridge Energy indicated that it is currently facing urgent capacity constraints across its service area, as identified through the Independent Electricity System Operator's (IESO) Integrated Regional Resource Planning process for the Kitchener-Waterloo-Cambridge-Guelph (KWCG) region.[2] GrandBridge Energy also stated that the distribution system serving the City of Cambridge faces significant capacity constraints, primarily due to the thermal limitations of Hydro One Networks Inc's (HONI) M20D and M21D transmission lines, which are restricted to a combined capacity of 400 MW.[3]

GrandBridge Energy stated that to address the noted capacity constraints and thermal limitations, among other indirect benefits, a traditional capital solution in the affected portion of its service territory is required.[4] The core feature of the planned capital solution is a new 75 MVA (115 kV) station (i.e., MTS#2) to alleviate current and future constraints affecting Preston TS, Galt TS and MTS#1.[5] In addition, MTS#2 is expected to require distribution investments to facilitate connection and integration with GrandBridge Energy's local grid. GrandBridge Energy specified that completion of MTS#2 is expected by 2028 and that it is not seeking approval of the MTS#2 assets or costs at this time.[6]

GrandBridge Energy stated that there are no immediate traditional "poles-and-wires" infrastructure solutions to address the existing capacity constraint, as the traditional infrastructure solution to the system need (MTS#2) cannot be put in-service until 2028. GrandBridge Energy has identified an NWS program, referred to as the GridShare

[1] Application, p. 8
[2] Ibid
[3] Application, p. 11
[4] The IESO, in conjunction with the KWCG Working Group, has determined that a new transformer station in the City of Cambridge is required as part of an integrated regional solution. The KWCG Working Group includes Hydro One Networks and GrandBridge Energy.
[5] Application, p. 19
[6] Ibid

Program, as a viable and cost-effective means to meet immediate needs, bridging the gap until MTS#2 is placed into service in 2028.

GrandBridge Energy indicated that its proposed GridShare Program will consist of a series of distinct NWS. This includes incentivizing demand response participants to reduce peak load and promote behind-the-meter distribution energy resources and smart energy solutions to displace load. GrandBridge Energy noted that these NWS will be procured through capacity auctions to ensure that the capacity procured is cost-effective. GrandBridge Energy anticipates that 20 MW of capacity for the 2026 to 2028 period will be procured through the GridShare Program.[7]

GrandBridge Energy indicated that deploying an NWS allows for immediate capacity relief without compromising reliability, customer connections, or economic growth while MTS#2 is planned and constructed.

The costs of GrandBridge Energy's proposed GridShare Program include those associated with software licensing and maintenance, professional consulting fees, allocated staff, participant payments, margin-on-payment incentive for GrandBridge Energy, and the capital costs of implementing the required software and of developing the GridShare Program materials, are summarized below:[8]

Table 1 Proposed GridShare Program Operating and Capital Costs

Cost ($000's)	2026	2027	2028	Total
Software Licensing & Maintenance	$50	$50	$50	$150
Professional Consulting	$230	$0	$0	$230
Allocated Staffing Costs	$109	$77	$77	$263
Participant Payments	$326	$592	$1,064	$1,982
Margin on Payment	$50	$90	$162	$302
Total Operating Costs	**$765**	**$809**	**$1,353**	**$2,927**
IT Software Implementation	$475	$0	$0	$475
Capitalized Professional Services	$111	$0	$0	$111
Total Capital Costs	**$586**	**$0**	**$0**	**$586**
Total NWS Program Cost	**$1,351**	**$809**	**$1,353**	**$3,513**
SREP Contribution	**$96**	**$58**	**$96**	**$250**
Total NWS Program Cost	**$1,255**	**$751**	**$1,257**	**$3,263**

[7] Application, pp. 19-20
[8] Interrogatory Response OEB Staff-7 part a)

GrandBridge Energy indicated that it used the values from Table 1 to derive the requested revenue requirement for the GridShare Program.[9] The proposed revenue requirement associated with the GridShare Program is summarized below:[10]

Table 2 Proposed GridShare Program Revenue Requirement

Item ($000's)	2026	2027	2028	Total
OM&A Program Costs	$765	$809	$1,353	$2,927
Capital-Related Revenue Requirement	$36	$150	$155	$341
SREP Contribution	(96)	(58)	(96)	(250)
Total NWS Revenue Requirement	**$705**	**$902**	**$1,411**	**$3,018**

GrandBridge Energy applied to Natural Resources Canada's (NRCan) Smart Renewables and Electrification Pathways (SREP) program in Q2 2025 for a funding contribution of approximately $1.34 million. During the due diligence assessment, GrandBridge Energy was advised by NRCan that certain costs, including payments to participants in the GridShare Program, are not eligible expenditures under SREP. Based on NRCan's current position on eligible expenditures and following the successful completion of the due diligence process, GrandBridge Energy estimates that it may receive up to approximately $249,929 in SREP funding for the GridShare program.[11] This SREP contribution will be used to offset a portion of the total GridShare program costs.

OEB staff, Environmental Defence, SEC and VECC support GrandBridge Energy's proposed GridShare Program as it adequately addresses an electricity distribution need. With the exception of CCMBC, all other parties support some level of rate funding for the GridShare Program.

Environmental Defence submitted that the GridShare Program design will meet system needs and provide lessons learned for future NWS programs, but it could be substantially improved in a future iteration. However, Environmental Defence submitted that is not asking the OEB to require the applicant to change its program design in light of approaching need-date. Environmental Defence proposed that the GridShare Program be treated as a pilot to learn from, not a precedent to replicate in full in future NWS applications.

CCMBC submitted that GrandBridge Energy achieved a 11.35% return on equity in 2024; far above the OEB approved deemed regulatory return on equity of 8.86%. Thus, CCMBC argued that GrandBridge Energy does not need additional funding from

[9] Interrogatory Response OEB Staff-7 part a)
[10] Ibid
[11] Ibid

ratepayers for the GridShare Program.[12] CCMBC further noted that GrandBridge Energy had no difficulty in finding funds to spend $3.5 million on MTS#2 in 2025. Finally, CCMBC argued that GrandBridge Energy has not provided adequate reasons why ratepayers should fund the proposed GridShare Program.

Allocated Staffing Costs

OEB staff and some intervenors noted an inconsistency in allocated staffing costs. GrandBridge Energy stated that the Grid Innovation Specialist will dedicate 50% of their time to the GridShare Program in all three years of the program. Despite this unchanged 50% time commitment, the forecast cost declines from $109,000 in 2026 to $77,000 in 2027 and 2028. OEB staff submitted that GrandBridge Energy has not explained why the GridShare Program cost would decline if the same 50% of the employee's time is being charged each year. OEB staff submitted that a 50% staff allocation should result in a steady cost profile unless GrandBridge Energy can demonstrate an underlying change in salary, benefit load, or allocation methodology.

GrandBridge Energy stated that the incremental $32,000 requested for 2026 relative to 2027 and 2028 includes 2025 budgeted incremental staffing costs in direct support of the development of the GridShare Program and application. GrandBridge Energy indicated that no staffing costs were allocated to the GridShare Program on an actual basis in 2025, with allocation beginning in 2026. GrandBridge Energy proposed to remove the budgeted $32k in additional Staffing costs and true-up all actuals to date in the materials and rate riders included in the Final Rate Order in this proceeding. On completion of this adjustment, GrandBridge Energy indicated that the Allocated Staffing Costs will be $77k in each of 2026, 2027 and 2028.

Capitalization of Legal Costs

In response to interrogatories[13], GrandBridge Energy confirmed that the capitalized professional services costs of $111,448 relate to legal services provided by BLG for the development of the GridShare Program Rules and Agreements. These costs reflect actual expenses incurred between July and October 2025. GrandBridge Energy also indicated that additional legal costs may be incurred following implementation if program rules or agreements require modification in response to regulatory direction.

SEC submitted that these costs should not be capitalized or recovered, as they were incurred prior to the proposed May 1, 2026, effective date of the rate riders. SEC argued that recovery of these costs would constitute out-of-period costs and represent

[12] Interrogatory Response CCMBC-17
[13] Interrogatory Response OEB Staff-17 a)

impermissible retroactive ratemaking. SEC also cited International Accounting Standards (IAS) 16 in support of its position that the costs (if allowed) should not be capitalized).

GrandBridge Energy stated that IAS 16 is not the applicable accounting standard, as the legal costs relate to intangible rather than tangible assets. GrandBridge Energy submitted that the legal costs were appropriately capitalized under IAS 38[14] as an identifiable intangible asset arising from contractual or legal rights associated with the GridShare Program Rules and Agreements. GrandBridge Energy further submitted that its accounting treatment is consistent with International Financial Reporting Standards (IFRS) and noted that its external auditor has reviewed the capitalization of these costs and has no concerns about it.

With respect to retroactivity, GrandBridge Energy submitted that the emphasis placed by SEC on the May 1, 2026 effective date is inconsistent with Ontario electricity distribution ratemaking practices, under which costs are commonly incurred in advance of rate implementation and recovered prospectively through approved rates or riders. GrandBridge Energy submitted that, in this context the recovery of these legal costs would not constitute retroactive ratemaking.

Average Rate Riders

GrandBridge Energy proposed a single rate rider (per class) to recover the proposed costs over the three-year period of the program (2026-2028).

SEC stated that it does not support an average rate rider approach and believes that the OEB should establish separate rate riders for each year to represent the costs of the GridShare Program for each year. SEC argues that this would limit any intergenerational inequity by appropriately matching annual costs with revenues.

GrandBridge Energy stated that the difference in rate riders between an annual and average approach over the 3 years is immaterial for customers. GrandBridge Energy indicated that that the NWS Program Cost Variance Account (NWS-PCVA) will true-up all costs and revenues on conclusion of the program, and that the implementation of annual rate riders would create an unjustified regulatory burden and changes in rates relative to their impact on customers.

Recovery of Costs - 30% Provision

GrandBridge Energy proposed to recover costs that are as much as 30% in excess of the OEB approved GridShare Program costs (30% Provision). GrandBridge Energy

[14] IAS 38.12, 13 and 21

indicated that if the 30% Provision is not approved, it will be unable to pursue additional savings absent the proposed provision for incremental spending via the NWS-PCVA.[15] OEB staff submitted that, if the OEB approves this request, the decision should be clear that approval of the 30% Provision is subject to a full prudence review of spending that will take place as part of a future proceeding. SEC also supported the 30% Provision.

GrandBridge Energy submitted that to the degree the GridShare Program is more successful than anticipated, and incremental benefits can be realized for customers, the 30% provision in excess of OEB approved budgets is critical to provide GrandBridge Energy the confidence to pursue incremental benefits for customers. GrandBridge Energy confirmed[16] that the final amount in the NWS-PCVA will be subject to a prudence review prior to disposition.

Lessons Learned Reporting

Environmental Defence also requested that, upon completion of the program, GrandBridge Energy file with the OEB and serve on the parties a report detailing the results of and the lessons learned from the GridShare Program. Environmental Defence indicated that this report will be valuable as this program is one of the first NWS programs to be considered by the OEB.

Findings

The OEB approves GrandBridge Energy's proposed GridShare Program. GrandBridge Energy has outlined the capacity constraints in the City of Cambridge and the HONI transmission line thermal limitations that currently exist. GrandBridge Energy argued that the GridShare Program provides GrandBridge Energy with a tool to manage these constraints until MTS#2 is constructed and put into service. The OEB agrees with GrandBridge Energy and the supporting parties that the GridShare Program provides a solution that will maintain adequate electricity distribution reliability for ratepayers on an interim basis while MTS#2 is constructed. The OEB notes that GrandBridge Energy is moving rapidly to complete MTS#2 to meet this system need by 2028 and is not seeking approval of the MTS#2 assets or costs at this time. There are no determinations relating to MTS#2 in this Decision and Order.

The following are the specific findings of the OEB on certain aspects of the GridShare Program.

[15] Interrogatory Response OEB Staff-15 part c)
[16] Interrogatory Response OEB Staff-15 part a)

Allocated Staffing Costs

The OEB notes that GrandBridge Energy proposed to remove the budgeted $32,000 in additional Staffing costs and true-up all actuals to date in the materials and rate riders included in the Final Rate Order in this proceeding. On completion of this adjustment, Allocated Staffing Costs will be $77k in each of 2026, 2027 and 2028. The OEB approves this adjustment, and the updated annual Allocated Staffing Costs.

Capitalization of Legal Costs

The OEB finds that the legal costs incurred to develop the GridShare Program Rules and Agreements do not meet the criteria for capitalization under IFRS and should be expensed when incurred. While IAS 16, cited by SEC is not applicable given the absence of a tangible asset, and IAS 38 paragraphs 12, 13, and 21 noted by GrandBridge Energy set out the general criteria for the recognition of an intangible asset, those provisions must be read in conjunction with and are subject to the explicit limiting guidance contained in IAS 38.69[17].

The OEB further finds that the legal costs were incurred to establish and refine an internally generated program framework that enables the operation of the GridShare Program. Consistent with IAS 38.69, such start-up and program-establishment costs, including legal and other professional services, are required to be expensed when incurred and do not qualify for capitalization as an intangible asset.

The SEC submitted that approval of the legal costs incurred to plan and develop the GridShare Program Rules and Agreements would constitute retroactive ratemaking. GrandBridge Energy submitted that the costs are commonly incurred in advance of the rate implementation and recovered prospectively through the rate riders. The OEB agrees with GrandBridge Energy that legal costs associated with planning and developing agreements are often incurred prior to the implementation of the program, and before any deferral account was created in which to track them. As such, these costs form part of the program's development costs. Although the OEB does not approve the capitalization of the costs, given the immediate need for the identified

[17] IAS38.69: In some cases, expenditure is incurred to provide future economic benefits to an entity, but no intangible asset or other asset is acquired or created that can be recognised … In the case of the supply of services, the entity recognises the expenditure as an expense when it receives the services… Other examples of expenditure that is recognised as an expense when it is incurred include: expenditure on start-up activities (i.e., start-up costs), unless this expenditure is included in the cost of an item of property, plant and equipment in accordance with IAS 16. Start-up costs may consist of … or expenditures for starting new operations or launching new products or processes (i.e., pre-operating costs)…

capacity relief, the OEB will allow for recovery of the costs in spite of them arguably being out of period expenses.

As noted above, the OEB does not approve the capitalization of the legal costs.

Average Rate Riders

The OEB agrees with GrandBridge Energy that the difference in rate riders between an annual and average approach over the 3 years is immaterial for customers. Given this, and since the NWS-PCVA will true-up all costs and revenues on conclusion of the program, the OEB agrees that the implementation of annual rate riders creates an unwarranted regulatory burden. Hence, the OEB approves the implementation of the average rate rider approach as proposed by GrandBridge Energy.

Recovery of Costs - 30% Provision

The OEB sees merit in GrandBridge Energy having the ability to recover costs that are as much as 30% in excess of the OEB approved GridShare Program cost.

The OEB finds that the final amount in the NWS-PCVA, including any amounts related to this 30% provision, will be subject to a prudence review prior to disposition as part of a future proceeding before the OEB.

Lessons Learned Reporting

The OEB finds that GrandBridge Energy must produce a final report upon completion of the program. At a minimum, the final report must include details of:

- program results (minimum, average, and peak MW procured during periods of constraint and any impact to electricity distribution system reliability during periods of constraint),
- frequency and approximate duration of overcapacity periods during which the program was needed,
- total amount of capacity procured by year,
- the type(s) of capacity procured (e.g., demand response, behind-the-meter distributed energy resources, etc.) including the percentage of each type in relation to the total capacity procured,
- number of customer participants by rate class, where this will not result in the disclosure of confidential information or enable the identification of specific program participants,
- program spending by year, and
- lessons learned.

In addition to a report at the end of the program, the OEB sees merit in GrandBridge filing an annual progress report with the OEB. At a minimum, the annual progress report must include annual update on the GridShare Program, annual program spending, and annual capacity procured. It is expected that the annual progress report will provide beneficial information for other distributors seeking approval of an NWS program.

5. BENEFIT-COST ANALYSIS AND MARGIN-ON-PAYMENT INCENTIVE MECHANISM

In support of its GridShare Program request, GrandBridge Energy included a Distribution Service Test (DST) benefit-cost analysis (BCA) to demonstrate the cost-effectiveness of the proposed program. Over the course of the proceeding, GrandBridge Energy updated its BCA in response to interrogatories. GrandBridge Energy's updated DST indicated that the proposed GridShare Program has a DST ratio of 1.30 and total net present value of approximately $837,000.[18] In addition to the impacts that were quantifiable in the BCA, GrandBridge Energy also indicated that its proposed GridShare Program would provide other qualitative benefits including potential outage avoidance on a 230 kV transmission line, avoided customer connection delays, contributions to economic growth, alignment with regulatory requirements, mitigation of reputation risks, and customer empowerment.

GrandBridge Energy stated that its GridShare Program represents a non-discretionary reliability investment and that there is no practical poles-and-wires alternative to addressing the distribution system need. As such, GrandBridge Energy noted that the DST has not been applied as a comparative test between an NWS and a traditional poles-and-wires solution, but instead as a reasonableness test to confirm that the proposed GridShare Program delivers net system benefits and is cost effective.[19] In this way, GrandBridge Energy indicated that the DST filed with the OEB compares the costs incurred to implement the GridShare Program against the associated quantifiable benefits.

GrandBridge Energy requested approval of a Margin on Payment (MoP) incentive totalling $302,000 over the 2026-2028 period, in accordance with section 11 of the Distribution System Code (DSC). The proposed incentive represents approximately 15% of GrandBridge Energy's planned payments to third-party DERs, and corresponds to 33% of the net benefits calculated by GrandBridge Energy in its submitted BCA.[20]

The MoP is one of three incentive mechanisms available to electricity distributors for the use of third-party distributed energy resources (DERs) as NWSs to meet distribution

[18] Interrogatory Responses OEB Staff-4 and OEB Staff-6
[19] Application, p. 34
[20] In Interrogatory Responses OEB Staff-7, Table 10B, GrandBridge Energy provided Table 10B specifying a MoP value of $302,000 over the 2026-2028 term, indicating that this represented 37% of the calculated net benefits value of $738,000 as shown in Table 10B. However, Grandbridge's submitted BCA (Interrogatory Response OEB Staff-4 attachment, GBE_2026_NWS_BCA_IRR_20260217.xls) shows a net benefits value of $836,624, of which a $302,000 incentive value would represent 33%.

system needs.[21] On November 25, 2025, the OEB issued an amendment to the DSC establishing a default MoP value of up to 25% for distributors using third-party DERs as NWSs. Under section 11 of the DSC, a distributor may apply for a MoP incentive as part of a stand-alone or broader rate application.[22]

The DSC also sets out eligibility requirements for distributors applying for the MoP incentive, including that:

- the net present value of the forecast net benefit of the third-party DER must be greater than zero, as set out in section 11.3.3(a)
- the net present value of the forecast MoP incentive must not exceed 50% of the forecast net benefit of the third-party NWS program, as set out in section 11.3.3(b)[23]

Section 11.4 provides an additional allowance for distributors to apply for a MoP incentive even when the condition in 11.3.3(b) is not met, provided the distributor can demonstrate with certainty that the MoP value will not exceed 25%.[24]

OEB staff submitted that the BCA Framework denotes Distribution Capacity (Deferral or Avoidance Benefit) as the sole mandatory quantitative DST benefit stream[25] and that GrandBridge Energy provided a zero value for this impact stream. OEB staff indicated that though GrandBridge Energy provided sufficient qualitative evidence in support of the GridShare program, its submitted BCA does not include a positive value for the mandatory Distribution Capacity impact stream.[26] OEB staff submitted that both a positive Distribution Capacity value and a positive DST ratio are required for to demonstrate that an NWS is cost-effective and delivers value to ratepayers, including savings. OEB staff indicated that the submitted DST does not align with the methodological requirements of OEB's BCA Framework and does not demonstrate savings to ratepayers.[27]

OEB staff submitted that the MoP incentive request does not meet the requirements established under section 11 of the DSC. Section 11 of the DSC requires that any MoP

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[21] OEB, Filing Guidelines for Incentives for Electricity Distributors to Use Third-Party DERs as Non-Wires Alternatives, March 28, 2023
[22] OEB, Distribution System Code: Section 11 Margin on Payments Incentive Mechanism, s.11.2, p.144.
[23] OEB, Distribution System Code: Section 11 Margin on Payments Incentive Mechanism, s.11.3.3, p.144
[24] OEB, Distribution System Code: Section 11 Margin on Payments Incentive Mechanism, s.11.4, pp.145-146
[25] OEB, *Benefit-Cost Analysis Framework for Addressing Electricity System Needs*, May 16, 2024, p. 19
[26] Interrogatory Response OEB Staff-4 part a)
[27] GrandBridge Energy noted on p. 34 of its application that "the DST has been applied not as a comparative test between multiple options". This does not align with the methodological requirements of the BCA Framework, as it is a comparative methodology to determine whether an NWS or a traditional poles and wires solution is the more economically feasible option to meet a distribution system need.

application be supported by a completed BCA and DST consistent with the OEB's BCA Framework.[28]

OEB staff submitted that since the DST does not align with the OEB's BCA Framework nor demonstrate savings to ratepayers, it cannot be used to establish eligibility for a MoP incentive under the DSC. While GrandBridge Energy's application and BCA identify certain distribution system-level benefits, such as avoiding unplanned outages, the filed DST does not show net benefits (savings) as required by the OEB's BCA Framework and DSC MoP incentive requirements.[29]

SEC submitted that GrandBridge Energy has not met the BCA Framework's test because a compliant BCA is required to "quantify the benefit of NWS adoption arising from the deferral or avoidance of traditional infrastructure", on the basis that distribution capacity is "the sole mandatory qualitative benefit in the DST" and that distribution capacity is "the primary driver of value for the DST."[30] VECC similarly asserts that the primary purpose of the DST, and the BCA Framework, is to compare between non-wires and traditional wires investments and determine which option is "more economically feasible."[31]

SEC submitted that the application does not meet the requirements and that the issue is not whether GrandBridge Energy has identified some quantified benefits, albeit overstated, but rather whether the filed BCA and DST comply with the methodology prescribed by the OEB, which they do not.

VECC agreed with OEB staff that the MoP incentive request does not meet the requirements established under section 11 of the DSC, as it is not supported by a completed BCA and DST consistent with the OEB's BCA Framework.

CCMBC stated that although a MoP of 15% is acceptable according to the DSC, CCMBC believes that it is a very high return that the GridShare Program participants will get for an essentially risk-free investment. CCMBC argued that the returns of manufacturers and businesses operating in the territory served by GrandBridge Energy will be reduced, while the GridShare Program participants will get a guaranteed 15% return.

Environmental Defence argued that there is no basis for OEB staff's submission in the words or the spirit of the BCA Framework. Environmental Defence submitted that the

[28] OEB, Distribution System Code: Section 11 Margin on Payments Incentive Mechanism, s.11.1, "BCA" and "DST", p.143
[29] OEB Staff submission, p. 17
[30] SEC Submission p. 3
[31] VECC Submission, p. 5

problem with OEB staff's interpretation of the BCA Framework can be illustrated with reference to the mandatory impact categories under the BCA Framework's Energy System Test (EST). The mandatory benefit categories under the EST include "avoided energy costs." Environmental Defence stated that the corollary of the OEB staff interpretation of the BCA Framework is that an NWS program must have non-zero values for this benefit to pass the EST. Environmental Defence indicated that this does not make sense, as an NWS could involve shifting demand from peak times to non-peak times, resulting in no avoided energy costs, but still provide overall energy system benefits.

GrandBridge Energy submitted that its BCA analysis, which includes a DST ratio of 1.30 based on quantified benefits, and a distribution capacity benefit of $0, generates a passing score on the DST and thus is a valid BCA demonstrating cost-effectiveness as set out in the OEB's BCA Framework.[32]

GrandBridge Energy stated the following[33]:

> On the basis that distribution capacity (deferral or avoidance benefit) is the sole mandatory quantitative DST benefit stream, OEB Staff in their submission assert "that both a positive Distribution Capacity value and a positive DST ratio are required for a DST to demonstrate that an NWS is cost-effective and delivers value to ratepayers, including savings." CCMBC, SEC and VECC all support OEB Staff's assertion in this regard.
>
> A detailed review of the NWS Guidelines, the BCA Framework, the Distribution System Code ("DSC"), and any other NWS Guidance issued by the OEB, will result in the conclusion that nowhere does it stipulate that the Distribution Capacity value must be positive. Rather, OEB Staff have created a newly invented test that would, if true, be a fundamental threshold question for all NWS applications.

GrandBridge Energy submitted that its GridShare Program is supported by a complete and valid BCA and is thus eligible for the MoP incentive established under section 11 of the DSC. GrandBridge Energy submitted that Section 11.3 of the DSC states that a distributor's rates shall be set by including an MoP incentive where the distributor has forecast a net benefit of the third-party DER, in this case the GridShare Program, of greater than zero.[34] GBE also submitted that it had completed and filed a valid BCA that

[32] Reply Submission, p. 2
[33] Ibid
[34] Distribution System Code, section 11.3, p. 44

meets the criteria required to establish its eligibility for its requested MoP of 15% per the DSC.

Findings

The OEB does not approve the requested MoP incentive.

The OEB finds that the MoP incentive request does not meet the requirements established under section 11 of the DSC. The DSC states that an application for an MoP incentive shall include a completed BCA, as set out in the OEB's BCA Framework (issued in May 2024), for the third-party DER that includes the quantitative net benefit result of the DST, among other requirements. The OEB finds that GrandBridge Energy's DST does not align with the methodological requirements of the BCA Framework and does not demonstrate savings to ratepayers. Therefore, the OEB does not consider GrandBridge Energy's BCA as being adequate for establishing MoP incentive eligibility, as it did not include a positive value for the mandatory Distribution Capacity (Deferral or Avoidance Benefit) impact stream of the DST.

Environmental Defence submitted that there is no basis in the words or the spirit of the BCA Framework for OEB staff's argument that GrandBridge Energy did not comply with the BCA Framework and therefore should be ineligible for incentive payments on the basis that it did not calculate distribution capacity benefits. The OEB does not agree. When outlining the intent of the Distribution Capacity (Deferral or Avoidance Benefit) impact stream, the BCA Framework states:

> Electricity distributors are to quantify, as part of the DST cost-effectiveness test, the estimated benefit of NWS adoption due to traditional distribution capacity need deferral or avoidance. The primary distribution system use-case and the primary driver of value for the DST test is the benefit that comes from deferring or avoiding the costs of deploying traditional poles and wires solutions.[35]

Accordingly, the OEB notes that the deferral or avoidance of traditional infrastructure resulting from the adoption of NWS is required to generate a positive value for the Distribution Capacity (Deferral or Avoidance Benefit) impact stream. Furthermore, as Distribution Capacity (Deferral or Avoidance Benefit) is the sole mandatory benefit impact stream for the DST, the OEB concludes that the deferral or avoidance of traditional infrastructure is required for an adequate BCA for establishing MoP incentive eligibility.

Finally, the OEB notes that the DSC's incentive eligibility requirements serve as a consumer protection measure. Where a proposed NWS does not provide net monetary

[35] OEB, *Benefit-Cost Analysis Framework for Addressing Electricity System Needs*, May 16, 2024, p. 24

savings to ratepayers as demonstrated by a DST aligned with OEB policy, there is a risk that an MoP incentive would increase a proposed NWS's cost burden to ratepayers.

6. DEFERRAL AND VARIANCE ACCOUNTS

GrandBridge Energy proposed a new DVA, the NWS-PCVA to support its proposed GridShare Program. This new DVA is to capture variances (symmetrical) between: (1) the OEB approved GridShare Program revenue requirement, recovered through the NWS rate rider and consisting of both OM&A and capital related costs, and (2) the actual GridShare Program OM&A and capital revenue requirement incurred during the 2026-2028 period, net of any third-party funding or recoveries.

OEB staff submitted that GrandBridge Energy's proposal to establish a symmetrical NWS-PCVA is appropriate. The record demonstrates that both GridShare Program costs and revenues may reasonably vary in either direction. A symmetrical account fairly allocates these variances and is consistent with established regulatory practice for new and uncertain program expenditures.

OEB staff supported GrandBridge Energy's commitment that all entries recorded in the NWS-PCVA be net of third-party funding. This ensures that customers do not bear costs that have been offset by external contributions and is consistent with prudent regulatory accounting. OEB staff agreed that OM&A costs, including administrative costs, are appropriately included in the NWS-PCVA.

Intervenors did not raise any concerns with the requested NWS-PCVA.

Findings

The OEB approves GrandBridge Energy's request to establish a new deferral and variance account, the NWS-PCVA, to support the implementation of the approved GridShare Program. The OEB finds that a symmetrical variance account is appropriate, as both GridShare Program costs and revenues may reasonably vary above or below forecast over the 2026-2028 period. A symmetrical treatment fairly allocates these variances between customers and the utility and is consistent with established regulatory practice for new and evolving program expenditures.

The OEB also approves GrandBridge Energy's commitment that all entries recorded in the NWS-PCVA be net of any third-party funding or recoveries, ensuring that customers do not bear costs that have been offset by external contributions.

However, consistent with the OEB findings elsewhere in this Decision, the OEB determines that the MoP incentive and capitalized professional services are not approved for recovery and should therefore not be included in the Draft Accounting Order for the NWS-PCVA. Instead, professional services should be included as operating expenses in the Draft Accounting Order for the NWS-PCVA. The OEB finds that professional services should be expensed when incurred. GrandBridge Energy should also remove the amounts from being capitalized and include the amounts as operating expenses in the calculation of the requested rate rider.

The OEB orders GrandBridge Energy to remove the MoP incentive and reclassify capitalized professional services as professional services expenses from the scope of costs eligible for recording in the NWS-PCVA.

7. IMPLEMENTATION

The approved effective date for rates related to the GrandBridge Energy's GridShare Program is May 1, 2026.

As the effective date is May 1, 2026, the OEB will approve forgone revenue rate riders to capture the difference between the effective date and the implementation date.[36] These amounts will be recovered from ratepayers over a period of one year. GrandBridge Energy is required to submit a proposal for the calculation of the forgone revenue rate riders as part of the draft rate order process.

The OEB directs GrandBridge Energy to file a Draft Rate Order that reflects the findings in this Decision and Order. GrandBridge Energy shall also file the Draft NWS-PCVA Accounting Order.

[36] Implementation date to be proposed by GrandBridge Energy

ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Funding for the GrandBridge Energy Inc. Non-Wire Solution Program is approved as outlined in this Decision and Order, effective May 1, 2026.

2. GrandBridge Energy Inc. shall file an annual progress report with the OEB and forward to all intervenors. At a minimum, the annual report must include annual update on the GridShare Program, annual program spending, and annual capacity procured.

3. GrandBridge Energy Inc. shall file a final report upon completion of the program with the OEB and forward to all intervenors. At a minimum, the final report must include:
    a. program results (minimum, average, and peak MW procured during periods of constraint and any impact to electricity distribution system reliability during periods of constraint),
    b. frequency and approximate duration of overcapacity periods during which the program is needed,
    c. total amount of capacity procured by year,
    d. the type(s) of capacity procured including the percentage of each type in relation to the total capacity procured,
    e. number of customer participants by rate class, where this will not result in the disclosure of confidential information or enable the identification of specific program participants,
    f. program spending by year, and
    g. lessons learned.

4. GrandBridge Energy Inc. shall file with the OEB and forward to intervenors a Draft Rate Order that reflects the OEB’s findings in this Decision and Order, and the Draft Accounting Order for NWS-PCVA, no later than **June 8, 2026**.

5. Intervenors and OEB staff shall file any comments on the Draft Rate Order, and the Draft Accounting Order for NWS-PCVA with the OEB, and forward to GrandBridge Energy Inc., no later than **June 15, 2026**.

6. GrandBridge Energy Inc. shall file with the OEB and forward to intervenors responses to any comments on its Draft Rate Order no later than **June 22, 2026**.

DATED at Toronto, May 28, 2026

ONTARIO ENERGY BOARD

Ritchie Murray

Digitally signed by Ritchie Murray
Date: 2026.05.28 09:05:32 -04'00'

Ritchie Murray
Registrar