



Ontario | Commission
Energy | de l'énergie
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DECISION AND ORDER

EB-2022-0191

NIAGARA REINFORCEMENT LIMITED PARTNERSHIP

**Application for electricity transmission revenue requirement to be
effective January 1, 2023**

BY DELEGATION, BEFORE: Alex Share
Manager, Generation & Transmission

November 24, 2022

1 OVERVIEW

Through this Decision and Order, the Ontario Energy Board (OEB) approves changes to the transmission revenue requirement of Niagara Reinforcement Limited Partnership (NRLP), effective January 1, 2023. NRLP's approved 2023 revenue requirement is \$8,388,996, representing an increase of 1.3% from the revenue requirement of \$8,281,339 approved for 2022.

As a result of this Decision, there will be an estimated 0.005% increase to average transmission rates and a 0.0006% increase to the average monthly bill for a transmission-connected customer. The total estimated bill impact on the average monthly bill of a medium density residential customer¹ consuming 750 kWh will be an increase of less than \$0.01 (0.0005%). The total estimated bill impact on the average monthly bill of a general service customer² consuming 2,000 kWh and having a monthly demand of less than 50 kW will be an increase of less than \$0.01 (0.0003%).

¹ Hydro One R1 customer

² Hydro One GSe < 50 kW customer

2 CONTEXT AND PROCESS

NRLP is an OEB-licensed and rate-regulated electricity transmitter located in the Niagara region of southern Ontario. NRLP's assets consist of a 76 km double circuit 230 kV transmission line connecting the Allanburg and Middleport Transformer Stations. NRLP is seeking the OEB's approval of its annual revenue requirement to transmit electricity, as is required of licensed and rate-regulated transmitters in Ontario.

The OEB sets rates for rate-regulated electricity transmitters in Ontario by approving a revenue requirement for each transmitter. These individual transmission revenue requirements are incorporated into the Uniform Transmission Rates (UTRs) that are recovered from ratepayers across the province.

In the OEB's Decision and Order on NRLP's 2020 transmission revenue requirement and related matters³ (2020 Application), the OEB approved the proposed Revenue Cap Incentive Rate-setting (Revenue Cap IR) methodology and determined that this framework would be used to determine NRLP's transmission revenue requirement for the years 2021 through 2024. The framework adjusts NRLP's revenue requirement by a revenue cap index comprised of an inflation factor (with a 50% multiplier) and a settlement capital adjustment factor.

NRLP filed its 2023 Revenue Cap IR application on August 5, 2022 under section 78 of the *Ontario Energy Board Act, 1998* and in accordance with [Chapter 2](#) of the OEB's *Filing Requirements for Electricity Transmission Applications*. This is the third application filed by NRLP for an adjustment to its revenue requirement using the Revenue Cap IR methodology approved by the OEB in the 2020 Application.

The application was supported by pre-filed written evidence and, as required during the proceeding, NRLP updated and clarified the evidence.

³ EB-2018-0275, Decision and Order, April 9, 2020

3 REVENUE CAP IR ADJUSTMENT

NRLP’s application requested OEB approval of an adjustment to its base revenue requirement, determined using an OEB-approved Revenue Cap IR methodology, in which the base revenue requirement for the prospective rate year is equal to the base revenue requirement in the year preceding the prospective rate year inflated by a Revenue Cap Index (RCI).

The RCI approved by the OEB for NRLP through its decision on the 2020 Application includes an inflation factor (“I”), multiplied by 50%, and a Settlement Capital Adjustment Factor (“SCAF”). The RCI is expressed as:

$$\text{RCI} = (0.5 \times I) - \text{SCAF}$$

The inflation factor is updated annually by the OEB. The OEB-approved industry-specific inflation rate for electricity transmission rate applications for the 2023 rate year is 3.8%.⁴

In NRLP’s 2020 Application, the OEB approved a SCAF of 0.6% for use between 2021 and 2024.

The components of the Revenue Cap IR adjustment formula applicable to NRLP for the 2023 rate year are set out in Table 1. They result in a total RCI of 1.3%.

Table 1: Revenue Cap IR Adjustment Formula

Components	Value
Inflation Factor (I) with 50% multiplier (0.5 x 3.8%)	1.9%
Settlement Capital Adjustment Factor (SCAF)	0.6%
Revenue Cap Index (RCI) = (0.5 x I) – SCAF	1.3%

NRLP’s base revenue requirement for the 2023 rate year is then determined by applying the RCI of 1.3% to NRLP’s 2022 base revenue requirement. The result is a 2023 base revenue requirement of \$8,388,996, as shown in Table 2.

⁴ OEB Letter re: [2023 Inflation Parameters](#), October 20, 2022

Table 2: Base Revenue Requirement by Year

Year	Formula	Base Revenue Requirement (\$)
2022	OEB-Approved Base Revenue Requirement	8,281,339 ⁵
2023	2022 Base Revenue Requirement x 2023 RCI = \$8,281,339 x 1.032	8,388,996

NRLP has not requested approval to dispose any deferral and variance account balances in this proceeding. Accordingly, NRLP's total revenue requirement for 2023 is equal to its base revenue requirement for 2023, as adjusted by the RCI.

NRLP's requested revenue requirement is a contributor to the total revenue requirement to be collected from the provincial UTRs.

NRLP's revenue requirement is allocated to the provincial Network rate pool only, as all its assets serve the transmission network with no transformation or individual customer services. Table 3 summarizes NRLP's 2023 revenue requirement by transmission rate pool.

Table 3: 2023 Revenue Requirement by Transmission Rate Pool (\$)

Network	Line Connection	Transformation Connection	Total
8,388,996	-	-	8,388,996

As it does not have any customer delivery points supplied directly from its assets, NRLP does not have charge determinants for setting UTRs.

NRLP's 2023 revenue requirement represents approximately 0.4% of the total revenue requirement across all transmitters, based on the OEB-approved 2022 UTRs.

NRLP estimated that its proposed 2023 revenue requirement would result in a 0.005% increase to average transmission rates and a 0.0006% increase to the average monthly bill for a transmission-connected customer.

NRLP further estimated that its proposed 2023 revenue requirement would result in an

⁵ EB-2021-0188, Decision and Order, December 16, 2021

increase of less than \$0.01 (0.0005%) to the average monthly bill of a medium density residential customer⁶ consuming 750 kWh, and an increase of less than \$0.01 (0.0003%) to the average monthly bill of a general service customer⁷ consuming 2,000 kWh and having a monthly demand of less than 50 kW.

Findings

NRLP's request for a 1.3% increase to its base revenue requirement for 2023 is in accordance with the methodology and parameters set by the OEB in the 2020 Application. The OEB approves a 2023 revenue requirement of \$8,388,996 with an effective date of January 1, 2023.

⁶ Hydro One R1 customer

⁷ Hydro One GSe < 50 kW customer

4 IMPLEMENTATION AND ORDER

IT IS ORDERED THAT:

1. The 2023 revenue requirement of \$8,388,996 for Niagara Reinforcement Limited Partnership is approved, with an effective date of January 1, 2023. Niagara Reinforcement Limited Partnership's 2023 revenue requirement will be included in the OEB's determination of the 2023 Uniform Transmission Rates for Ontario.

DATED at Toronto, November 24, 2022

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar