



Memorandum

To: Muneeb Chaudhary, Vice President, Ontario Electricity Financial Corporation

From: Jonathan Rincon Lopez

Date: August 25, 2026

Re: Final (2025) 115-230kV DCR_{new} Calculations

Introduction

The Ontario Electricity Financial Corporation ("OEFC") is required to calculate and publish the Final (2025) TMC_{Index} and DCR_{new} for 115-230kV as soon as market data is available. The data for both calculations are now available and OEFC has asked Guidehouse to perform these calculations. This memo will provide the Final (2025) DCR_{new} 115-230kV calculation, which has been carried out in accordance with past practice, as summarized in the DCR_{new} memo from August 28, 2020¹. Changes to the calculation that have been made since are summarized below.

The calculation of the 115-230kV TMC reflects interim rates resulting from the EB-2024-0244 Uniform Transmission Rate decision from January 21, 2025².

Global Adjustment – Provincial Funding

Under Ontario Regulation 735/20 amounts payable under certain IESO renewable energy contracts are funded by the Province under section 25.34 of *Electricity Act, 1998*. As a result, the costs associated with such contracts are not included in the GA paid by electricity ratepayers starting January 1, 2021. However, the GA component of TMC has been calculated such that the costs associated with these renewable energy contracts are included in the GA component of TMC after January 1, 2021. The data for the dollar amount of GA used in the TMC calculation is available at the following website: <https://www.ieso.ca/-/media/Files/IESO/Market-Summaries/GA-by-Components.ashx>

Methodology and Results

The Final (2025) DCR_{new} for 115-230kV is given in Table 1. Supporting information on the calculations involved is provided in the sections that follow.

¹ OEFC – DCR_{new} Memo https://www.oefc.on.ca/pdf/2019_final_DCRnew_memo_08-28-2020_en.pdf

² OEB - 2025 Uniform Transmission Rates <https://www.rds.oeb.ca/CMWebDrawer/Record/880955/File/document>

Table 1: Final (2025) 115-230kV DCR_{new} (cents/kWh)

Voltage	Final (2025)
115-230kV	12.9686

Total Market Cost Calculations

The Final (2025) TMC value for 115-230kV is 13.3990 cents/kWh as shown in Table 2.

Table 2: Calculation of Final (2025) 115-230kV TMC³

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total /
MONTHLY STATISTICS														
days		31	28	31	30	31	30	31	31	30	31	30	31	365
total hours		744	672	744	720	744	720	744	744	720	744	720	744	8760
MARKET RATES		Weighted Average												
HOEP/OEMP	c/kWh	6.598	7.668	4.744	3.922	2.246	5.007	7.701	6.429	5.203	5.626	8.246	9.757	6.0882
WMSC	c/kWh	0.725	0.821	0.606	0.601	0.650	0.327	0.447	0.305	0.291	0.302	(0.208)	0.163	0.4175
Tx network	\$/kW-mth	6.370	6.370	6.370	6.370	6.370	6.370	6.370	6.370	6.370	6.370	6.370	6.370	6.370
Tx line connection	\$/kW-mth	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Global Adjustment	c/kWh	5.323	2.285	7.857	7.935	13.100	7.220	3.147	4.582	7.271	6.224	3.680	1.715	
TOTAL MARKET COST CALCULATION														
Total market cost per month	c/kW-mth	10,145	7,977	10,563	9,707	12,638	9,775	9,141	9,156	9,927	9,777	9,175	9,394	
Total annual market cost	c/kW-yr													117,376
TMC = total market cost	c/kWh													13.3990

Final (2025) 115-230kV DCR_{new} Calculations

The Final (2025) 115-230kV DCR_{new} is the greater of (i) the average of the 115-230kV TMC for the three-year period from January 2023 through December 2025 inclusive, based on the number of days in each period and (ii) the Final (2024) 115-230kV DCR_{new}. The Final (2025) 115-230kV DCR_{new} is 12.9686 cents/kWh as shown in Table 3.

³ As of May 1, 2025, the Ontario market transitioned from using the Hourly Ontario Energy Price (HOEP) to the Ontario Electricity Market Price (OEMP) to better reflect the actual cost of energy for non-dispatchable loads. To account for the shift, the market rates considered in the TMC calculation switches from HOEP to OEMP as of May 2025.

Table 3: Final (2025) 115-230kV DCR_{new}

	2023 Final	2024 Final	2025 Final
TMC (P) Current, based on actual HOEP/OEMP WMSC, regulated tariffs, estimated rebate, etc.	12.7784	12.7290	13.3990
DCR _{new}	12.5817	12.7105	
DCR _{new} 2025 Final = greater of: i) Average of TMC (2023, 2024, 2025) ii) DCR _{new} 2024 Final	12.9686 12.7105		
DCR _{New} 2025 Final			12.9686

Background on TMC and the DCR

A significant number of Non-Utility Generator (“NUG”) Power Purchase Agreements (“PPAs”) contain provisions that provide for annual contract price adjustment based on the Ontario Hydro Direct Customer Rate (“DCR”). Since the DCR ceased to exist upon market opening it was necessary to establish a replacement index. OEFC approved the replacement of the DCR in the PPAs between OEFC and NUG’s on the basis set out in the draft working paper dated June 24, 2002 prepared by the working committee of OEFC representatives and Independent Power Producers Society of Ontario representatives (“*working paper*”). This replacement index is based on the fully loaded cost of 100% load factor power that the typical direct customer would pay going forward in the restructured market, at the voltage provided. Values for DCR_{New}(P) and TMC(P) in this paper are calculated in accordance with the *working paper*, for year P.

Calculation of the Wholesale Market Charge (“WMSC”) for a given month currently includes the following components:

1. Hourly Uplift Settlement Charges (amount in \$/MWh from IESO data identified as being ‘final’);
2. Daily Uplift Charges (amount in \$/MWh from IESO data identified as being ‘final’);
3. Monthly Uplift Charges (amount in \$/MWh from IESO data identified as being ‘final’);
4. IESO Administration Charge (amount in \$/MWh as determined by the OEB);
5. Rural or Remote Electricity Rate Protection (amount in \$/MWh, as determined by the OEB);
6. Capacity Based Demand Response charges (amount in \$/MWh from IESO data identified as being ‘final’); and,
7. Renewable Generation Connection Monthly Compensation Settlement Credit (amount in \$/MWh from IESO data identified as being ‘final’).

The WMSC published in IESO monthly reports (under Wholesale Market Electricity Charges) ⁴ are not used for TMC calculations, since they are based on preliminary hourly uplift settlement charges.

Recovering the Cost of Renewable Energy Generation Connections

The recovery of certain connection costs incurred by distribution companies with respect to renewable generation was enabled by Ontario Regulation 330/09. Guidehouse has included the Renewable Generation Connection Monthly Compensation Settlement Credit amounts in the monthly Wholesale Market Service Charges component of the TMC; however, for clarity, the monthly rates have been provided in Table 4 below. These values are also published in the Wholesale Market Electricity Charges section of the IESO's Monthly Market Reports⁴.

Table 4: Renewable Energy Generation Connection Monthly Compensation Settlement Credit

Month (2025)	Rate (\$/MWh)	Preliminary / Final
January	\$0.0281	Final
February	\$0.0313	Final
March	\$0.0313	Final
April	\$0.0346	Final
May	\$0.0348	Final
June	\$(0.4733)	Final
July	\$0.0274	Final
August	\$0.0295	Final
September	\$0.0339	Final
October	\$0.0337	Final
November	\$0.0320	Final
December	\$0.0285	Final

⁴ IESO Monthly Market Report: <https://www.ieso.ca/en/Power-Data/Monthly-Market-Report>