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Hydro One Networks Inc.

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*Submitted Electronically*

Re: ERO 025-0993 Proposed Amendments to the Electricity Act, 1998, Ontario Energy Board Act, 1998 and the Municipal Franchises Act, to secure energy for generations.

Hydro One Networks Inc. (Hydro One) is Ontario's largest electricity transmission and distribution provider with 1.5 million valued customers across the province. Our team of 10,100 skilled and dedicated employees proudly build and maintain a safe and reliable electricity system which is essential to supporting strong and successful communities.

Hydro One is supportive of Ontario's Integrated Energy Plan, which will help support the development of a reliable electricity system that grows Ontario's economy for generations to come.

## **1. New Requirements for Data Centres Seeking to Connect to the Electricity Grid in Ontario**

Hydro One is supportive of new regulations that will help prioritize and manage data centre connections. Regulations will need to strike a balanced approach to accommodate new data centre customers in Ontario, while ensuring growing communities have the capacity to accommodate housing and industrial growth. It is also important that the criteria set out in the regulations are clear and straightforward to comply with for transmitters, utilities, data centre customers and communities across Ontario.

Hydro One will provide recommendations about specifics of regulations in our submission in the ERO 025-1001 consultation on New Requirements for Data Centres Seeking to Connect to the Electricity Grid in Ontario.

## **2. Establishment of Deferral and Variance Accounts to Record Higher Costs from Procurements**

The *Protect Ontario by Unleashing Our Economy Act, 2025* introduced directive and regulation-making authority to impose certain procurement-related restrictions related to the country, region, or territory of origin of any good or service procured by participants in the electricity sector, including rate regulated utilities such as Hydro One. Bill 40 will allow rate regulated entities to establish a Deferral or Variance Account to track increased costs stemming from limited access to contracts from certain jurisdictions and have those costs reviewed by the Ontario Energy Board (OEB) for prudence and potential recovery through rates.

Hydro One supports the government's mission to improve Ontario's economic resilience and electricity system security. We share these objectives, and we are doing our part to achieve them by taking a multi-pronged approach to refresh our supply chain strategy. We are taking action to prioritize Canadian businesses in our suppliers, implementing a "Canada First" approach to our procurement practices, and working collaboratively with our industry partners to strengthen Canadian manufacturing capacity for utility products. We are excited about the opportunity to create and enhance opportunities for Ontario and Canadian businesses and drive economic prosperity in the province. However, given the specialized nature of power system equipment, limited suppliers that meet performance standards and long lead times for delivery of such goods, the application of restriction should consider the availability of alternatives in consultation with the utility sector and the lead time to switch to the alternatives.

Hydro One is highly supportive of a deferral and variance account (DVA) to track the additional costs of any restrictions on foreign goods. Establishing a DVA will help regulated entities adapt to any restrictions by guaranteeing cost recovery through compliance with restriction regulations without compromising on investments critical to grid reliability and economic growth.

Hydro One will have additional recommendations on the topic of procurement restrictions through the consultation in the Ontario Regulatory Registry Proposal 25-ENDM022 "Protect Critical Infrastructure through Placing Limitations on the Procurement of Foreign Goods and Services and Participation of Foreign Entities in Ontario's Energy Sector."

### **3. Adding Economic Growth to the Objective and Objects of the Independent Electricity System Operator (IESO) and the OEB:**

Hydro One is supportive of changing the mandates of the OEB and the IESO to ensure that economic growth is a core consideration in electricity system planning and decision-making. These changes are critical to proactively enable industrial investment and job creation, housing growth and electrification across Ontario. It is important that the IESO and OEB work closely with the utility sector to develop a clear policy approach on how planning for economic growth can be incorporated into OEB guidance and decision making. This clarity will be fundamental to giving utilities the confidence they need to make prudent but proactive decisions to expand the system.

### **7. Future Clean Electricity Fund**

Hydro One is supportive of funds that contribute to customer affordability and economic growth. Payments from the Future Clean Electricity Fund to transmitters, as reflected in the proposed amendments, should be applied directly to reduce transmission rates, ensuring that all customers benefit through lower bills. This would support affordability by reducing transmission costs for customers without crowding out private investment in Ontario's electricity system, which can be financed through sustainable clean energy financing, and opportunities for Indigenous equity ownership. Hydro One has an Equity Partnership model, that offers First Nations a 50 per cent equity stake in all new, future large-scale capital transmission line projects with a value exceeding \$100 million. The Fund, if applied directly to contributions to new capital projects, would limit opportunities for First Nations ownership.

Hydro One is thankful for the opportunity to comment. Please do not hesitate to reach out if you have any questions.

Best,



**Bonnie Hiltz**

Vice President of Government and Stakeholder Relations