2025-2029 RATE APPLICATION REPORTING COMMITMENTS

As part of its 2025-2029 Rate Application (EB-2023-0195), Toronto Hydro committed to report annually on a number of metrics that supplement its Electricity Distributor Scorecard and related Management Discussion & Analysis[1] ("MD&A"). These commitments expand the scope of annual public reporting and are intended to provide greater transparency regarding Toronto Hydro's capital program execution, variance account balances, asset management progress, emissions performance, and distributed energy resource ("DER") adoption and participation over the rate period. Toronto Hydro has also committed to provide a variance analysis on its capital investment plans, which can be found in this report as Appendix A.

More specifically, the parties agreed that Toronto Hydro will annually report on net capital expenditures and net in-service additions by program, annual balances in the Demand-Related Variance Account (DRVA) sub-accounts, progress related to ISO 55001 certification, Scope 1 and 2 greenhouse gas emissions, and several DER-related metrics, including participation in grid services and demand response programs, installed DER capacity, and instances where DERs cannot be connected.

For the purposes of this report, Toronto Hydro has interpreted "Nameplate Capacity" as referring to DER classification, which is outlined in the OEB's Distributed Energy Resources Connection Procedures.[2]

Disclaimer

The information provided by the utility regarding future performance (or what can be construed as forward-looking information) may be subject to a number of risks, uncertainties and other factors that may cause actual events, conditions or results to differ materially from historical results or those contemplated by the utility regarding its future performance. Some of the factors that could cause such differences include legislative or regulatory developments, financial market conditions, general economic conditions and the weather. For these reasons, the information on future performance is intended to be management's best judgment on the reporting date of the measures, and could be markedly different in the future. Toronto Hydro undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise after the date hereof, except as required by law or by the OEB for the purposes of reporting.

[1] Toronto Hydro 2024 Scorecard & MD&A

[2] OEB's Distributed Energy Resources Connection Procedures

1. Net Capital Expenditures (CAPEX) and Net In-Service Additions (ISA) by Program

In 2025, Toronto Hydro continued to make significant capital investments across the organization to renew and maintain the electricity grid, connect customers and support growth, improve reliability and resiliency, and ensure the system remains safe, accessible, and capable of meeting current and future electricity demands. The tables below provide the Net Capital Expenditures and Net In-Service Additions at the program level as well as Tables 8 and 9 from the Settlement Proposal updated for 2025 actuals.

Please refer to Appendix A for an overview of Toronto Hydro's net capital expenditures in 2025 including variances in forecast expenditures from the 2025-2029 capital plan versus actual expenditures over the 2025-2029 rate period by OEB investment category.

Updated Settlement Proposal Table 8 – 2025 Actual Net Capital Expenditures ($ Millions)

	2025
Actual Capital	**754.5**
System Access	235.1
System Renewal	356.4
System Service	31.9
General Plant	83.5
Other	47.6

Updated Settlement Proposal Table 9 – 2025 Actual Net In-Service Additions ($ Millions)

	2025
Actual In-Service Additions	**605.3**
System Access	159.5
System Renewal	363.6
System Service	10.1
General Plant	70.7
Other	1.34

2025 Actual Net Capital Expenditures ($ Millions)

Programs	2025
Reporting Basis	**MIFRS**
Customer and Generation Connections	146.1
Externally Initiated Plant Relocations & Expansion	11.1
Generation Protection, Monitoring and Control	(0.3)
Load Demand	24.6
Metering	53.5
System Access Net Expenditures	**235.1**
Area Conversions	83.9
Network System Renewal	10.6
Reactive and Corrective Capital	71.7
Stations Renewal	30.2
Underground Renewal - Downtown	10.7
Underground Renewal - Horseshoe	84.7
Overhead System Renewal	64.5
System Renewal Net Expenditures	**356.4**
Network Condition Monitoring and Control	1.5
Stations Expansion	22.3
System Enhancements	8.3
Non-Wires Alternative	0.1
System Service Net Expenditures	**31.9**
Facilities Management and Security	27.8
Enterprise Data Centre	3.6
Fleet and Equipment	1.9
IT/OT Systems	50.2
General Plant Net Expenditures	**83.5**
AFUDC	5.2
Miscellaneous	42.3
Other Total Net Expenditures	**47.6**
Total	**754.5**
Less Renewable Generation Facility Assets and Other Non-Rate-Regulated Utility Assets (input as negative)	(0.2)
Total	**754.4**

2025 Actual Net In-Service Additions ($ Millions)

Programs	2025
Reporting Basis	**MIFRS**
Customer and Generation Connections	98.3
Externally Initiated Plant Relocations & Expansion	4.0
Generation Protection, Monitoring and Control	-
Load Demand	10.6
Metering	46.7
System Access Net Expenditures	**159.5**
Area Conversions	45.8
Network System Renewal	21.0
Reactive and Corrective Capital	72.7
Stations Renewal	31.0
Underground Renewal - Downtown	9.5
Underground Renewal - Horseshoe	96.5
Overhead System Renewal	87.1
System Renewal Net Expenditures	**363.6**
Network Condition Monitoring and Control	4.8
Stations Expansion	0.1
System Enhancements	5.2
Non-Wires Alternative	-
System Service Net Expenditures	**10.1**
Facilities Management and Security	17.8
Enterprise Data centre	-
Fleet and Equipment	4.8
IT/OT Systems	48.0
General Plant Net Expenditures	**70.7**
Miscellaneous	1.3
Other Total Net Expenditures	**1.3**
Total	**605.3**
Less Renewable Generation Facility Assets and Other Non-Rate-Regulated Utility Assets (input as negative)	-
Total	**605.3**

2. Annual balance of Demand-Related Variance Account sub-accounts

Toronto Hydro notes that through Settlement the DRVA was replaced by a Demand-Related Capital Variance Account (DRCVA) and Revenue Variance Account (RVA). Below are the balances of both sub-accounts as well as Tables 20 and 21 of the Settlement Proposal which provide the net capital expenditures and net in-service additions associated with the eligible DRCVA programs.

Account 1508 – Sub-Accounts DRCVA & RVA ($ Millions)

Account	Dec 31, 2025 Balance
Demand-Related Capital Variance Account[3]	-
Revenue Variance Account[4]	21.1

Note: The RVA balance above excludes carrying charges

Updated Settlement Proposal Table 1 - Net Capital Expenditures Associated with the Eligible DRCVA Programs ($ Millions)

DRCVA Eligible Programs	2025
Load Connections	146.4
Externally Initiated Plant Relocations & Expansions	11.1
Generation, Protection, Monitoring & Control[1]	(0.3)
Stations Expansion[1]	22.3
Non-Wires Alternative[1]	(0.1)
DRCVA Capital Expenditures	**179.4**

Note 1: These exclude capital expenditures that are not part of rate base

Updated Settlement Proposal Table 2 - Net In-Service Additions Associated with the Eligible DRCVA Programs ($ Millions)

DRCVA Eligible Programs	2025
Load Connections	99.1
Externally Initiated Plant Relocations & Expansions	4.0
Generation, Protection, Monitoring & Control[1]	-
Stations Expansion[1]	0.1
Non-Wires Alternative[1]	-
DRCVA Eligible In-Service Additions	**103.2**

Note 1: These exclude in-service additions that are not part of rate base

[3] There is no balance in the DRCA as the account is cumulative and the 15% deadband threshold has not been passed.

[4] The RVA balance is filed for clearance on an interim basis in the 2027 Rate Application Annual Update (EB-2026-0073) and remains subject to change until its approval with the Ontario Energy Board.

3. Progress Reporting on ISO 55001 Certification

Upon careful consideration of its organizational strategy and priorities, Toronto Hydro is no longer pursuing ISO 55001 certification during the 2025-2029 rate period. Toronto Hydro remains committed to continuous improvement in Asset Management, with a renewed focus on enhancing data accuracy and decision-support tools to drive customer value.

4. Scope 1 and 2 Greenhouse Gas (GHG) Emissions

In 2025, Toronto Hydro emitted 5,498 tonnes of Scope 1 emissions and 35,027 tonnes of Scope 2 emissions. At this time, disclosure of Scope 3 emissions is not required under the standards set out by the Canadian Sustainability Standards Board (CSSB) and Canadian Securities Administrators (CSA).

Scope 1 and 2 GHG Emissions (t CO2e)

Scope	2025
Scope 1 Emissions	5,498
Scope 2 Emissions	35,027

5. DER Systems Enrolled in Grid Services Procured by Toronto Hydro

This measure captures Toronto Hydro-connected customers that participate in provincially available Distributed Energy Resource (DER) grid services. In 2025, 2,916 customers participated, with a total MW of 131.8. The data below is an aggregation of the Net Metering,[5] Feed-In Tariff (FIT), Micro Feed-In Tariff (mFIT), Combined Heat and Power Standard Offer Program (CHPSOP), and Renewable Energy Standard Offer Program (RESOP)[6] provincial programs.

Customer Participation in Provincial DER Grid Services

Year	Number of Customers	% of Total Customers	Total MW
2025	2,916	0.37%	131.8

[5] For more information on the Net Metering program, please visit the OEB's website

[6] For information on the FIT, mFIT, CHPSOP, and RESOP programs, please visit the IESO's website

6. Customers That Participate in Toronto Hydro-led Demand Response-Related Programs

This measure tracks the number of Toronto Hydro customers that participate in its Local Demand Response program[7], by rate class and sector. In 2025, Toronto Hydro had seven customers that participated in the program, of which all were commercial customers.

Customer Participation in Toronto Hydro-led DR-Related Programs

Sector	Rate Class	2025		
		Customers	% of Customers by Class	Capacity Commitment (MW)
Commercial	*GS 50-999 kW*	4	0.04%	1.10
	GS 1000-4999 kW	1	0.19%	1.00
	LU >= 5000 kW	2	4.17%	2.75

[7] For more information on the Demand Response program, please visit the Toronto Hydro Website

7. Total Number of DERs Connected to Toronto Hydro's Grid

Toronto Hydro has a diverse range of customers with a Distributed Energy Resource (DER) connection to the distribution grid. DERs vary in capacity, ranging from residential solar panels to natural gas generators for industrial facilities. This measure shows the total number of DERs connected to Toronto Hydro's grid, broken down by rate class, DER capacity and type.

2025 Total Number of DERs by Class and Type

Rate Class	Customers	% of Customers by Class	Number of DERs	Number of DERs by Nameplate Capacity[8]		Number of DERs by Type	
Residential[9]	2116	0.30%	2152	*Micro*	2137	*Renewable*	2146
				Small	15	*Non-Renewable*	-
				Medium	-	*Energy Storage*	6
				Large	-		
GS <50 kW	674	0.93%	687	*Micro*	27	*Renewable*	685
				Small	659	*Non-Renewable*	1
				Medium	1	*Energy Storage*	1
				Large	-		
GS 50-999 kW	166	1.65%	168	*Micro*	5	*Renewable*	81
				Small	158	*Non-Renewable*	79
				Medium	5	*Energy Storage*	8
				Large	-		
GS 1000-4999 kW	37	7.05%	40	*Micro*	1	*Renewable*	10
				Small	15	*Non-Renewable*	22
				Medium	24	*Energy Storage*	8
				Large	-		
LU >=5000 kW	11	22.92%	16	*Micro*	1	*Renewable*	3
				Small	2	*Non-Renewable*	11
				Medium	12	*Energy Storage*	2
				Large	1		
Total	**3004**	**0.38%**	**3063**	**Micro**	**2171**	**Renewable**	**2925**
				Small	**849**	**Non-Renewable**	**113**
				Medium	**42**	**Energy Storage**	**25**
				Large	**1**		

[8] For the purposes of this report, Toronto Hydro has interpreted "Nameplate Capacity" as referring to DER classification, which is outlined in the OEB's Distributed Energy Resources Connection Procedures.

[9] The Residential rate class consists of Residential and Competitive Sector Multi-Unit Residential (CSMUR) customers.

8. Customers That Cannot Connect a DER

This measure outlines the number of customers who cannot connect a DER due to various infrastructure restrictions, and the nameplate capacity of the proposed DERs, by DER type.

Customers That Cannot Connect a DER by Type

DER Type	2025		
	Customers	Number of DERs by Nameplate Capacity	
Solar	7	*Micro*	3
		Small	4
		Medium	-
		Large	-
Battery	1	*Micro*	1
		Small	-
		Medium	-
		Large	-
Solar + Battery	3	*Micro*	3
		Small	-
		Medium	-
		Large	-

Appendix A: 2025 Capital Expenditures Report

This report provides an overview of Toronto Hydro's net capital expenditures in 2025 including variances in forecast expenditures from the 2025-2029 capital plan versus actual expenditures over the 2025-2029 rate period by OEB investment category. In this report, Toronto Hydro refers to the forecast provided in Table 8 of the Settlement Proposal[10] as the "Plan".

Plan (OEB Approved) versus Actual Variance for 2025

In 2025, Toronto Hydro's actual net capital expenditure is $754.5 million, which is $92.1 million greater than the 2025 OEB approved capital expenditures. Table 1 provides a breakdown of the Plan and actuals for 2025 by OEB investment category. The sections that follow the table provide explanations for each category.

Table 1: 2025-2029 Net Capital Expenditure Summary ($ Millions)

OEB Category	2025		
	Plan	Act.	Var.
System Access	218.2	235.1	16.9
System Renewal	312.5	356.4	44.0
System Service	33.9	31.9	(1.9)
General Plant	92.6	83.5	(9.1)
Other	5.3	47.6	42.3
Total Net CapEx	**662.4**	**754.5**	**92.1**

System Access

The System Access category is driven by investments to meet customer requests and allows customers to seamlessly access and benefit from reliable electricity services through the distribution system. In 2025, System Access expenditures were $16.9 million higher than planned primarily due to:

- Higher Customer Connections costs driven by external factors, including an increased number of large connections, size and location of connections, and economic drivers.
- Lower expenditures in the Load Demand and Externally Initiated Plant Relocations and Expansions programs primarily due to customer- and site-related delays, with the Load Demand program also reflecting deferrals to offset increased Customer Connections expenditures.
- Lower Metering costs due to project delays and slower condominium development.

System Renewal

The System Renewal category is driven by investments to upkeep and renew aging, deteriorating and outdated equipment to maintain reliability, reduce safety risks and enhance the grid's capacity to serve customers. In 2025, System Renewal expenditures were $44.0 million higher than planned primarily due to:

- Higher expenditures in Overhead System Renewal, Reactive and Corrective Capital, and

[10] EB-2023-0195, Settlement Proposal (August 16, 2024) at pages 19-20.

Underground System Renewal - Horseshoe programs to enable the successful removal of all PCB at-risk transformers.

- Higher Area Conversions costs primarily driven by the complexity of construction (e.g. site conditions).
- Increased spending was partially offset by reduced spending in the Stations Renewal and Underground System Renewal – Downtown programs.

System Service

The System Service category is driven by investments in the system to effectively meet operational objectives, improve efficiency, anticipate future customer electricity service requirements, including grid modernization. In 2025, System Service expenditures were $1.9 million lower than planned.

General Plant

The General Plant category is driven by investments to keep the business running efficiently with safe and reliable vehicles, work centers and IT equipment and reduce its emissions. In 2025, General Plant expenditures were $9.1 million lower than planned primarily due to the following factors:

- Lower expenditures in Fleet and Equipment program due to supply chain disruptions and payment timing.
- Lower expenditures in the IT/OT systems program.

Other Capital

Expenditures in the Other category were $42.3 million higher than planned primarily due to an increase in pre-capitalized inventory levels to support upcoming capital projects as well as delays in inventory consumption for demand-driven projects.