26-2666-01 | Corix
July 14, 2026
OCS Data Request #3

OCS Request:

3.3 **Fair Allocation** Please refer to section 3 (a)(ii) of the Thermal Tariff (Corix Exhibit 1.0, pp. 8), which permits allocation of the Energy Charge by floor area where all end-user tenants are 'of a similar type'. The tariff is silent on whether this condition accounts for tenants who have independent thermostat control over their own unit and therefore their own thermal energy consumption. Does Corix have any data, study or analysis showing that floor area accurately reflects actual energy consumption where tenants have independent temperature control?

Corix Response:

Corix does not have any data, study or analysis showing that floor area accurately reflects actual energy consumption where tenants have independent temperature control. Corix has visibility at the utility meter located at the Energy Transfer Station (ETS) but not visibility at the end-user apartment level. It must be kept in mind that the total allocated energy charges for all units in a building cannot be greater than the total of the source utility energy charge. If there were any difference between an allocation and a sub-metered measured result it would mean that one user would be allocated more while another offsetting user would be allocated less. This matter is a zero-sum difference. As with any allocation there would be minor differences between the allocation and if sub-meters were installed. The issue is whether the allocation is fair and leads to a fair result.

Some context to the matter of end-user allocation may be helpful. In Application, Attachment 1, Appendix A, Schedule 19 – Estimated End-User Bill Impact shows for 2026 the estimated Capacity Charge amount at $2,014 and Energy Charge amount at $682 for a total $2,696 for thermal service (heating and cooling). The portion of the total bill related to Capacity is 75% and the portion related to the Energy Charge is 25%. This segmentation/splitting of the variable Energy Charge of $682 is an issue of choosing an appropriate allocation methodology or implementing actual measurements. If there were a 5% difference between an allocated amount and a measured amount the annual possible difference would be $34.10. This potential $34 annual difference (positive or negative) is the quantum of the matter regarding precision versus accuracy for the Energy Charge costs.

Corix considers that a fair allocation does not mean there needs to be a precise allocation given the context of how thermal energy benefits all users of the system. There are tradeoffs between accuracy and system benefits that accrue to the customers and end-users. In Corix Exhibit 7.0 in the direct testimony of Johan Grueso-Baron on page 18 lines 311-326 it explains that Corix uses a demand diversification factor of 70%. What this means is that the diversified peak capacity of the system is lower than if each building had its own HVAC equipment. This is a savings of infrastructure that reduces

overall costs of the system that leads to lower total overall costs for heating and cooling thermal service.

The most precise way to allocate thermal energy consumption is through sub-metering, however the cost to install, maintain and administer sub-meters is often cost-prohibitive. Also, when considering the variable consumption component of the bill is smaller than the fixed component, the cost-benefit analysis is usually negative. If sub-meters were installed and the consumption were metered by unit, an allocation methodology would still be required for the fixed component of the bill because regardless of whether an end-user consumed any energy during a service period, they should receive an allocation of the fixed component of the Customer's bill.

In the absence of sub-metering that would provide data on individual use and account for independent thermostat control, there are limited data points available for use in an allocation methodology. The data points can be static or dynamic, with static data points being more objective. There are proxy metrics such as the number of occupants in a unit or run time of in-suite equipment, however definitions for these metrics can be subjective between building owners and the data is dynamic so the updating and collecting of the required data each billing period can be cumbersome. Spatial volume is a proxy metric that uses static data, however there is a one-time upfront cost associated with calculation of the forecast volume (typically performed by the third-party) of the units and common areas. Allocation by floor area (static data point), is the simplest, objective, most cost-effective, and fair method that introduces the least amount of administrative burden. It can be used for both residential and commercial customers and it is easily replicated across all buildings.

As with any allocation methodology, it can be refined to take into account any differences among the users. If an identifiable group (e.g. commercial) uses double consumption of another group (e.g. residential), then the methodology can be refined to take that into account. If there are no material differences between two groups, then no refinement would be necessary. As with any refinement it is a matter of precision versus simplicity. A more precise method may cost more to implement, or it is more subjective based on certain assumptions. The choice of a refined allocation of actual measurement needs to consider the additional costs, the time spent, simplicity, understandability, objectiveness, and the relative benefits and costs.

In certain instances, when building composition includes more than one customer type, the utility can add an additional meter at the design stage of the building. For example, if a building is 60% residential and 40% commercial, the utility can install a meter on the commercial portion and determine the Capacity Charge as it makes up a large portion of the building. The Capacity Charge and Energy Charge for the residential and commercial customer groups can be billed separately by the utility. The two invoices can then be further allocated by the Customer to the end-user using floor area.