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**By electronic filing**

April 20, 2012

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
Suite 2700  
Toronto, ON M4P 1E4

Dear Ms Walli,

**Renewed Regulatory Framework for Electricity**  
**Board File Nos.: EB-2010-0377, EB-2010-0378, EB-2010-0379, EB-2011-0043 and**  
**EB-2011-0004**  
**Our File No.: 339583-000098**

Please find enclosed the Comments of Canadian Manufacturers & Exporters ("CME") in this matter.

Yours very truly

A handwritten signature in blue ink, appearing to read 'Peter C.P. Thompson', is written over the typed name.

Peter C.P. Thompson, Q.C.

PCT\kt

c. All Interested Parties  
Bruce Sharp (Aegent Energy Advisors)  
Vince DeRose, Jack Hughes (BLG)  
Paul Clipsham (CME)

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## **Renewed Regulatory Framework for Electricity**

### **COMMENTS OF CANADIAN MANUFACTURERS & EXPORTERS (“CME”)**

#### **I. INTRODUCTION**

1. The following comments are provided on behalf of Canadian Manufacturers & Exporters (“CME”) to assist the Board in its development of a renewed regulatory framework for electricity distributors and transmitters (“RRFE”).

#### **II. OVERVIEW**

2. CME supports the Board’s efforts to renew its regulatory framework by adopting an outcomes-based approach that accords a high priority to pacing and/or mitigating regulatory rate approvals to avoid total bill impacts on consumers that exceed an empirically established tolerance threshold or are otherwise unaffordable or unsustainable. An outcomes-based approach is appropriate as long as it derives from a “judicial” exercise by the Board of its statutory mandate, as a quasi-judicial tribunal, to adhere to “due process” when determining just and reasonable rates. Regulated rate increases that contribute to electricity price increases that, in turn, lead to material demand destruction are neither just nor reasonable.
3. Modifications to the existing regulatory framework should not be considered without persuasive empirical evidence that demonstrates the need for change. The Board should disregard complaints about the existing framework that are unsupported by any empirical evidence and focus on those that have evidentiary support.
4. Modifications to the existing regime to accommodate an outcomes-based approach should be considered by having regard to the historical development of the existing regulatory framework, as well as the range of options and flexibility that is currently available within its ambit.
5. CME is sympathetic to concerns expressed by some utilities with respect to the inability of the existing framework to adequately respond, in a timely manner, to utility capital requirements related to the politically mandated changing nature of electricity and infrastructure in Ontario. It appears that for some, but not all, of the electricity distributors



























