



Ontario Education
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de l'Ontario

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BY EMAIL and PERSONAL DELIVERY

November 5, 2017

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: Intervenor Annual Report

This letter is being sent in response to the Board's letter of April 24, 2014, and Section 23.03(b) of the Rules of Practice, requiring frequent intervenors to file certain information, and update it "annually or more frequently as needed". This is an update to our previous annual filing dated October 1, 2014.

Ontario Education Services Corporation (OESC) intervenes regularly in the Board's proceedings under the name of its energy intervention project, "School Energy Coalition" (SEC), and is therefore providing the required information. Effective October 1, 2017, the undersigned Ted Doherty is Executive Director of OESC, and is authorized by OESC to provide this information and speak on OESC's behalf. My email is tdoherty@oesc-cseo.org.

Throughout this letter, the term SEC refers to OESC operating through its energy project (essentially a functional division within the corporation), the School Energy Coalition.

Further information on OESC is available at the organization's web site: <http://www.oesc-cseo.org/>

Membership and Constituency

OESC is a non-profit corporation incorporated under the laws of the province of Ontario in 2002. Its members/owners are:

- Association des conseils scolaires des écoles publiques de l'Ontario
- Association franco-ontarienne des conseils scolaires catholiques
- Ontario Catholic School Trustees' Association
- Ontario Public School Boards' Association
- Council of Ontario Directors of Education

The first four members are the associations of school boards. Their membership includes all 72 publicly-funded school boards in the Province of Ontario. The fifth member, CODE, is made up of the Directors of Education (essentially, CEOs) of all of the Province's school boards.

The members of OESC therefore represent the approximately 5,000 schools in the Province of Ontario, which together provide education to almost two million Ontario children and adults.

Member school boards have schools in the franchise area of every rate-regulated utility in the Province of Ontario, from as few as two schools, in the case of very small electricity distributors, to almost three thousand

in the franchise area of Enbridge Gas Distribution, and all five thousand bearing the regulated rates of Ontario Power Generation and Hydro One Transmission, for example.

SEC, one of the projects run by OESC, also includes two other school organizations:

- Council of Ontario Senior Business Officials (COSBO)
- Ontario Association of School Business Officials (OASBO)

The members of the former are the senior management of school boards (CFOs, COOs, etc.), while the members of the latter include line management, such as officials responsible for plant management, etc.

The seven organizations that support and control the School Energy Coalition make up all of Ontario's school boards, and all of the people within those school boards responsible for managing Ontario's schools.

Mandate and Objectives - OESC

OESC was formed to allow Ontario school boards to procure goods and services jointly where they have common needs, and where joint procurement can produce better quality and/or lower costs.

For example, all school boards face issues with bullying, violence, and behaviour management amongst students. OESC therefore has found experts in those fields to develop programs individual school boards can adopt to deal with these issues. The development of standardized programs reduces costs for each school board, while maintaining consistency and delivering high quality results.

Similarly, all school boards share a common interest in good governance, and within that a desire to provide solid training and orientation information to new trustees. To that end, OESC developed the Trustee Professional Development Program, so that each school board will have access to top quality materials for their trustees at reasonable cost.

Participation in each OESC project by individual school boards is voluntary, although many projects have participation by all or a majority of school boards. Costs of each project are shared by the school boards participating.

Details of these and other OESC projects are found on the OESC web site.

Mandate and Objectives - SEC

School Energy Coalition is a project administered by OESC on behalf of its five member organizations, plus COSBO and OASBO.

Ontario schools spend more than \$500 million each year on the cost of energy, and more than 65% of that cost is established through rates regulated by the Ontario Energy Board. That includes gas distribution, electricity transmission and distribution, and the regulated payment amounts of Ontario Power Generation.

For each school board, the impact of regulation is big enough to be material, but the cost to acquire appropriate expert assistance, and to intervene in each of the rate and other cases that could have an impact, would be prohibitive. Further, each individual school board would have to develop its own internal expertise in the regulatory process. To the extent that they couldn't, they would not be able to access the regulatory process as effectively.

SEC members sometimes intervened at the OEB prior to 2004. When it became apparent to school boards, in 2003, that they should increase their prioritization of energy issues and regulated rates, they established the School Energy Coalition project, and asked OESC to administer that project on behalf of all school boards. SEC first intervened in gas distribution proceedings in 2004. Since that time SEC has been an intervenor in more than four hundred OEB proceedings.

Every school board in Ontario participates in the funding of SEC through an annual levy based on the relative square footage of their schools (as a proxy for energy use).

SEC has as its founding principle a three part approach to the regulatory process:

Always look for win-win solutions.
Think long term.
Walk softly but carry a big stick.

This is the core of the instructions SEC gives to its representatives. Based on this regulatory philosophy, SEC seeks to keep the costs to school boards for regulated services as low as possible, while maintaining good quality services and ensuring the long term sustainability of energy infrastructure.

Programs and Activities

The mandate of SEC is achieved through four types of participation:

- As an intervenor, in applications by regulated utilities for changes in their rates, or recovery of specific costs, or approval of expenditures or commitments.
- In policy consultations with respect to the regulation of gas and electric utilities.
- In policy, program development, audit and other committees and discussions with respect to gas and electricity conservation.
- General advice to school boards with respect to energy issues.

In the case of individual rate and related applications, SEC cannot intervene in all such applications. Therefore, a limited number are selected for participation each year, primarily based on the dollar impact of the application on member school boards, both immediately and over the longer term, and the number of schools affected by the application. In a few cases, SEC will also intervene where the dollars or the number of schools are smaller, but the issues arising in the application have potential to affect other regulated utilities, and other schools, indirectly.

School boards also participate in one or more other organizations for the joint procurement of the energy commodity, whether gas or electricity. Unlike regulated rates, the needs of school boards relating to the commodity are often more in common with local MUSH sector entities (hospitals, universities, municipalities, etc.). Thus, commodity purchasing is often done through local consortia. SEC is not generally involved in commodity procurement except to the extent that it is regulated (e.g. OPG).

Governance and Communications

Executive oversight of SEC is primarily the responsibility of the Executive Director of OESC, Ted Doherty. Direct responsibility for the SEC project is in the hands of Wayne McNally. The combination of an experienced CEO, and an experienced CFO, means that SEC's work, including that of its representatives, is closely monitored and controlled to ensure that it achieves its mandate while sticking to the core principles on which its work is based.

SEC reports to, and obtains feedback from, its members in five ways:

- Quarterly, SEC provides a written report to each of its member school boards detailing the work done by SEC for that quarter. The quarterly report goes to the senior finance official, and the senior plant management official, of each school board, as well as to trustees and others who have requested to be included. It is also posted on the OESC website. Many school boards circulate the quarterly Status Report to a number of interested officials within their organizations.
- Annually, SEC provides a summary report to each of its member school boards along with its annual invoice for their contribution to the project. This usually includes a projection of key priorities for the coming year. This report goes to the CEO, CFO or equivalent of each school board.
- Annually, SEC reports to the OESC annual meeting. The heads of each of the seven member organizations are usually in attendance, and both the OESC Executive Director, and external SEC counsel, provide reports and respond to questions. Periodically SEC also reports at OESC board of directors meetings, on an as-requested basis.

- OESC management, and/or external legal counsel for SEC, regularly speak at conferences, seminars and meetings of the member organizations, particularly those dealing with plant management and finance issues.

SEC also meets periodically with school board officials in geographic regions to discuss issues of concern to those school boards. These meetings will typically be timed to coincide with major upcoming proceedings that specifically affect those school boards, sometimes in combination with attendance at the OEB's local Community Days. At those meetings, issues relating to gas and electricity distribution companies, transmission rates, and Ontario Power Generation rates, are usually all discussed. When the Renewed Regulatory Framework for Electricity was implemented, SEC increased its emphasis on local meetings. SEC external counsel is usually present at those meetings, as well as senior OESC staff.

Representation in Board Proceedings

SEC retains specialized energy counsel to represent SEC and its members in OEB proceedings. It is the responsibility of counsel to assign lawyers to each matter, and to retain outside consultants where necessary.

In keeping with the procurement requirements of our members, SEC retains counsel through an open and independent Request for Proposals process at least every five years. Each of our past RFPs has had multiple firms bidding.

SEC is currently represented by:

Shepherd Rubenstein Professional Corporation

2200 Yonge Street, Suite 1302
Toronto, Ontario M4S 2C6
416-483-3300

jay@shepherdubenstein.com

The specific person or persons within or retained by that firm who should receive notice with respect to each proceeding is detailed in SEC's Notice of Intervention for that proceeding.

In all proceedings in which SEC participates, OESC's SEC Co-ordinator should also be on all email lists, and should receive electronic copies (but not hard copies) of all documents and filings, as follows:

Wayne McNally, SEC Co-ordinator
Ontario Education Services Corporation
c/o Ontario Public School Boards' Association
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If any further information is required, please advise the undersigned or our counsel, Jay Shepherd, and we will provide whatever is needed promptly.

Yours very truly,



Ted Doherty
Executive Director

cc: Jay Shepherd, Shepherd Rubenstein (email)
Wayne McNally, SEC Co-ordinator (email)