

December 15, 2020

Submitted electronically to:

Mr. Brian Hewson  
Vice President, Consumer Protection & Industry Performance  
Ontario Energy Board  
2300 Yonge St., Suite 2700  
Toronto, ON, M4P 1E4

Dear Mr. Hewson:

**Re: Activity and Program-based Benchmarking (“APB”) Initiative  
OEB File Number: EB-2018-0278**

The Coalition of Large Distributors (“CLD”) is writing on behalf of its member organizations Alectra Utilities Corporation, Elexicon Energy Inc., Hydro One Networks Inc., Hydro Ottawa Limited, and Toronto Hydro-Electric System Limited. The CLD writes in response to the Ontario Energy Board’s (“OEB”) letter dated November 12, 2020 (the “Letter”), in which the OEB requested information to support benchmarking development that is now underway in the APB Initiative (EB-2018-0278).

Collectively, CLD members:<sup>1</sup>

- Serve 70% of Ontario’s 5.3 million electricity customers
- Deliver 75% of the 135 TWh of electricity distributed (supplied) in the Province
- Span 97% of Ontario LDC’s 991,000 km<sup>2</sup> of total service area

In its March 2019 submission in response to the OEB staff paper on APB, the CLD stated that, “[a]s a matter of principle, the CLD submits that benchmarking can be a valuable exercise. It can generate actionable intelligence for utilities regarding specific aspects of utility operations. That intelligence can be leveraged to improve performance with respect to costs or other outcomes valued by customers, such as reliability, safety, customer service or environmental attributes.”

The CLD continues to support the development of an appropriate framework for APB that results from a thoughtful and participative consultation. In the same submission the CLD advised, under the heading of “Proceed Cautiously and Deliberately”, that, “[w]hile the CLD’s comments and responses to the Discussion Questions are intended to convey preliminary support for the development of an APB framework, critical success factors such as the following should be considered before proceeding:

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<sup>1</sup> 2019 OEB Yearbook of Electricity Distributors (Published August 13, 2020)

1. Maintaining flexibility in the framework, particularly as it relates to phasing in its implementation.
2. Considering the value of designating a framework and mitigating the potential costs, risks and unintended consequences.
3. Ensuring accuracy in cross-utility comparative benchmarking, this may require looking beyond Ontario for data or experience.
4. Prioritizing stakeholder confidence in the framework as an indicator of its success at each stage of its design and implementation.”

To that end, the CLD is making this submission to express its concerns with the November 12 Letter that appears to signal that:

1. A benchmarking methodology and a set of benchmarked programs have already been determined;
2. The determined benchmarking methodology will be econometric; and,
3. The course of action was taken, at least in part, with the full support of stakeholders.

Stakeholders, including the CLD, raised many questions about the form, scope, use, and pace regarding the development of an APB framework in their submissions. The OEB’s Letter does not address any of these questions or considerations. The CLD is concerned that the first activity in this proceeding was not to re-engage stakeholders on matters of policy, but instead to proceed with developing models for a specific benchmarking methodology and scope, suggesting determinations have already been made in that regard.<sup>2</sup> Moreover, the CLD respectfully disagrees that the direction to employ econometric benchmarking was favored by stakeholders, which is also suggested by the letter. For example, the CLD notes that the submissions of many stakeholders, such as AMPCO, CCC, and CHEC all took positions favoring other benchmarking methods. The CLD also expressed several concerns with the use of econometrics for activity and program benchmarking.

To that end, the CLD respectfully submits that the OEB re-engage stakeholders on the development of this policy framework prior to any further econometric modeling. The CLD makes this recommendation in good faith and in the genuine pursuit of a constructive policy process.

With respect to the questionnaire, CLD members have all opted to fulfill this request. However, the CLD wishes to clarify that this act should not be perceived as the CLD’s endorsement of the method or scope of the benchmarking activities for which the Letter states the data is to be used. Generally, as a matter of good practice, the CLD believes utilities should be allowed to gain an understanding of a policy framework prior to requests for their data to formulate such policy.

The undersigned look forward to the response to these comments, all of which are respectfully submitted.

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<sup>2</sup> The CLD is reminded of one of the key recommendations recently made by the Modernization Review Panel in its Final Report: “...the OEB should make use of consultation approaches that promote transparency and inclusivity in the development of policies, including generic proceedings.”



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ENERGY



Sincerely,

*Original signed by Andrew J. Sasso*

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