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CHIEF EXECUTIVE OFFICER | DIRECTRICE GÉNÉRALE

BY EMAIL

April 7, 2022

To: All Rate-Regulated Gas Distributors

All Licensed:

Electricity Distributors
Transmitters
Gas Marketers
Electricity Retailers
Sub-Meter Providers
Independent Electricity System Operator
Ontario Power Generation
All Other Interested Parties

Re: OEB Progress on Strategic Goals

It has been 18 months since the Ontario Energy Board (OEB) first charted a course for change. At that time, I committed to earning the trust and respect of the sector, taking accountability through integrity of governance and independence of adjudicative decision making while delivering value for money for the people of Ontario. To fulfill those promises, we identified four strategic goals to guide our actions: **Protect the Public, Drive Energy Sector Performance, Facilitate Innovation, and Evolve Toward Becoming a Top Quartile Regulator.**

As we turn the page on another fiscal year, I am pleased to share an update on our progress, beginning with some of the metrics that demonstrate our commitment to serving our stakeholders.

Ontario Energy Board by the Numbers, Fiscal 2021-22¹

99% of **decisions** issued within the targeted timeframe

26 adjudicative events streamed online, including oral hearing in Ontario Power Generation's payment amounts application

18 settlements reached with regulated entities, avoiding costs and resources associated with full hearings

96% of the **6,300 inquiries** to OEB public information officers were answered within the targeted timeframe



Protecting the Public

The OEB's highest priority is to protect the interests of consumers. Now, more than ever, it's vital that the public knows we work for them, especially with regards to ensuring fair energy prices and quality of service.

To promote compliance by the regulated companies, and address issues of potential non-compliance, we undertook a range of activities including **approximately 30 compliance reviews** and **almost 40 company-specific inspections**. In 13 instances, where serious non-compliance was found, we entered into assurances of voluntary compliance.

We also **published two compliance reports** in the most recent fiscal year, with the goals of increasing the public's understanding of the actions we are taking to protect them, and to encourage compliance.

Protecting the public also takes the form of responding to Industry Relations Enquiries (IREs) because our IRE system is focused on building compliance. During the most recent fiscal year, we exceeded our own goal of having **IREs responded to within 10 days more than 90 per cent of the time**.

In January of this year, we launched **our digital engagement platform, Engage with Us**, to create a forum for the OEB's non-adjudicative policies to be developed through consultation processes that are accessible, inclusive and transparent to the public.

In March, the OEB issued **a bulletin to electricity distributors regarding a supply-chain issue that may affect the availability of smart meters** required for residential and small business consumers. The bulletin set out certain expectations that distributors would need to meet to protect consumers and avoid compliance action.

Driving Energy Sector Performance

We continue to help drive Ontario's regulated utilities to deliver reliable services and value to consumers in numerous ways, such as holding them to account for higher performance and continuous improvement. We have also been working diligently toward reducing regulatory burden, where appropriate, and right-sizing reporting requirements so utilities can operate more efficiently and effectively.

In 2021, we created the **working group to Review Filing Requirements for Small Utility rate applications**. Based on recommendations from this working group, the OEB released new filing requirements in December. We are now reviewing how they can apply to the review of requirements to larger utilities.

We continue **to review our Reporting and Record-Keeping Requirements (RRR) for regulated utilities and to ease the burden** on them with respect to the frequency and quantity



of data they must file. This streamlining and modernization also enables OEB to simplify the rate application filing process for some cases. Going forward, we will continue to look for ways to make greater use of RRR data in adjudicative processes.

We made changes to our activity- and performance-based benchmarking (APB) in keeping with our plan to enhance APB to **drive efficiency and continuous improvements in the electricity distributors**.

Last winter, we **issued an updated version of the Conservation and Demand Management Guidelines for Electricity Distributors**, which emphasizes the importance of conservation to offset the need for more costly infrastructure investments.

In March, we completed our **review of amendments to the Distribution System Code** to help remove barriers to adoption of distributed energy resources (DERs) in Ontario. The amendments will take effect on October 1.

Facilitating Innovation

Innovation is a top priority for OEB stakeholders, according to feedback from our 2021 stakeholder survey, and therefore a high priority for us. Our goal is to facilitate innovation that can provide demonstrable value to Ontario's energy consumers and solve energy challenges cost effectively.

The **Framework for Energy Innovation Working Group**, which held its first meeting in early fiscal 2021-22, was created to facilitate the adoption of innovative and cost-effective solutions to enhance value for energy consumers. It is scheduled to report to the OEB in June 2022 on near-term priorities related to DER usage and DER integration.

We continue to **advance our partnership with the Independent Electricity System Operator (IESO)**, most notably through the IESO/OEB Joint Targeted Call for innovators seeking funding and regulatory guidance. We have also begun holding regular joint engagement sessions on DER integration issues that advance learnings while efficiently uniting numerous stakeholders.

We **overhauled our Innovation Sandbox**, originally launched in 2019 as a one-stop shop for energy-sector organizations that need regulatory assistance with innovative projects. Sandbox 2.0 includes updated goals and criteria for projects seeking Sandbox support, and will also include a new, live dashboard and a revamped website, among other improvements.

The OEB is actively monitoring the progress of utilities implementing the **Green Button initiative**, which requires electricity and gas distributors, by November 2023, to begin allowing consumers and businesses access to rich data, enabling them to better understand and optimize energy use.



As the Minister of Energy announced in February, we are working within an accelerated timeframe to study the creation of a **new, optional, enhanced Time-of-Use price plan featuring a low overnight rate**. The new plan, if adopted, could be in effect by April 2023 and is expected to incent greater electric vehicle usage.

In recognition of our commitment to innovation and the expertise we're building, our Chief Corporate Services Officer & General Counsel, Carolyn Calwell, was recently appointed **co-chair of the International Confederation of Energy Regulators' Virtual Working Group on Technology and Innovation**, which focuses on the roles and challenges regulators face in evolving market situations.

Evolve Toward Becoming a Top Quartile Regulator

Our final goal, which has come to encompass virtually everything we do at the OEB and how we do it, is to be a trusted regulator that is accountable for advancing the public interest and making evidence-based, independent adjudicative decisions. In that regard, we remain committed to continuous improvement and ruthless prioritization to ensure that our organizational focus is clear and purposeful.

Since we began our journey to stand out in our field, we have advanced the recommendations from the independent external financial review and developed a suite of corporate foundational documents: Our **corporate statement on independence, Five-Year Strategic Plan, Three-Year Rolling Business Plan, Chief Commissioner Plan, Top Quartile Regulator Report** and, most recently, our **2022-2023 Business Plan**.

The Executive Leadership Committee pledged to the Board of Directors to **manage the organization with fiscal rigour and transparency**. We committed, in the 2021 Management Response to the Financial Review, to examining the operating reserve, and have subsequently **updated the Operating Reserve Policy to return money to stakeholders**. This had a positive impact on regulated entities, as the OEB was able to hold or lower cost assessments. A new Cost Assessment Model is planned for the 2022-2023 fiscal year.

Over the past 18 months, we created and operationalized our **new governance and stewardship structure**, achieved a **full Board of Directors complement of 10 members**, and created several new Board committees, including the **Adjudication Committee** and the **Finance and Risk Committee**.

We launched our **Stakeholder Engagement Framework (SEF)** last May to guide the OEB in our interactions with stakeholders. Among the Framework initiatives is the **Energy [X] Change**, a committee of senior utility and non-utility professionals who provide guidance on future planning and prioritization. Another SEF initiative is the **Adjudicative Modernization Committee**, which includes key external regulatory experts who provide advice to senior



management and our Chief Commissioner, and participate in informal discussions related to adjudication process and policy.

We held our first **Policy Day** last fall, with close to 100 stakeholders sharing insights and providing us with valuable sector input for our next planning cycle. We have since committed to formalizing Policy Day as an annual event.

Also last fall, we adopted a **new protocol for adjusting adjudicative timelines** to address material delays arising outside of the OEB's control. This new policy facilitates predictable and transparent adjustments to the OEB's planned decision issuance dates, creating certainty for stakeholders.

We continue to **promote our Digital First strategy** throughout our organization, with staff systematically transferring paper-based processes to digital and leaning in to digital products and services that improve the user experience for all stakeholders. These initiatives include **substantial updates to our public website**, the creation of an interactive **online Utilities Service Area Map**, an **online cost claims portal for intervenors** who participate in consultations and hearings, the **elimination of our legacy telephone system** and **enhancing our social media presence** for industry and the public.

Our organization has also made great strides in advancing our **People Plan**, a human capital strategy. Focused on ensuring we have a high-performance environment, an engaged workforce and diversity, equity and inclusion (DEI), the plan includes extensive training for employees and opportunities to interact with knowledgeable and inspiring guest speakers.

Our **DEI roadmap** has been finalized and operationalized, our original **Corporate Land Acknowledgement** created and consistently delivered in all-staff and external meetings, and our DEI Council is constantly seeking additional ways for the OEB to broaden our horizons and become stronger together.

The Path Forward

Much has been accomplished since legislative changes to the *Ontario Energy Board Act, 1998*, were proclaimed into force on October 1, 2020. A new OEB has emerged to regulate, advance and support an energy sector in transition, protect the public and contribute to Ontario's post-pandemic economic recovery.

Concrete proof of the OEB's evolution is supported by our second-annual stakeholder survey, conducted in November 2021 by global market research leader, Ipsos. The survey showed a 12 per cent increase in stakeholder satisfaction and notable gains across almost all categories.

However, we know much remains to be done and we are working to sustain our momentum. My commitment to you is to continue **the disciplined work described in this letter**, our Strategic



Plan and Business Plan so that the OEB can continue to earn your trust as a top quartile regulator.

In closing, I'd like to express my appreciation for the support you and your organizations have shown the OEB during the first 18 months of our modernization journey. **Your willingness to engage and evolve with us, on behalf of the people of Ontario who we collectively serve, has been critically important to our progress.** And in the years ahead, I believe that our willingness to work together will allow us to collectively meet the challenges of the energy transition and optimize Ontario's unique value proposition in the interests of the people and businesses of this province.

Sincerely,



Susanna Zagar

Chief Executive Officer, Ontario Energy Board

