

SUSANNA ZAGAR  
CHIEF EXECUTIVE OFFICER | DIRECTRICE GÉNÉRALE

BY EMAIL

April 6, 2023

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 Update - Fiscal 2022-23**

With the closing of our fiscal year, last week, I am pleased to share an update on the initiatives the Ontario Energy Board (OEB) has undertaken in the past 12 months to deliver value for money for the people of Ontario.

The past year has been busy and exciting for the OEB, with our many accomplishments delivering against either our 2022-2025 Business Plan or Letter of Direction received from the Minister of Energy last fall. Each initiative aligns with and supports one or more of our strategic goals: **Evolve Toward Becoming a Top Quartile Regulator, Protect the Public, Drive Energy Sector Performance and Facilitate Innovation.**

**The OEB has a critical role to play when it comes to facilitating the energy transition,** which is now taking place within our sector, and ensuring that it unfolds in a way that provides the greatest value to consumers. The OEB and our stakeholders are at the epicentre of this generational transition. We are confident that the strategic positioning of our organization, as reflected in our approved 2023-26 Business Plan (to be posted on our website shortly), will allow us to demonstrate the thought leadership requested of us by the Minister and collaborate with a wide range of parties toward a net-zero future.

We know that inaction when it comes to the energy transition is not an option, and I can promise you that Ontario's energy regulator will vigorously pursue solutions in the face of this monumental change. We will rely on the diversity of our workforce, as well as the equity and



inclusion that we practice, to enable and create innovative approaches to build for the future that the public expects and deserves.

### Evolve Toward Becoming a Top Quartile Regulator

Being seen by you as a top quartile regulator is at the heart of everything we do. It requires us to live our values, drive our strategic themes of accountability, certainty, effectiveness, efficiency, independence and innovation, and to engage in continuous improvement to do so.

One of the most important arenas for us to display these essential attributes of a regulator is in our core mandate of adjudicating applications from those we regulate. This year, we **processed 264 utility applications**, with 51 having been decided by Commissioner panels. This includes the **unprecedented Hydro One joint transmission/distribution rate application for 2023-27 rates**. Our commitment to efficient and effective adjudication means regulated entities can spend less time dealing with their regulator and more time supporting their customers.

Taking deliberate actions to be more efficient, we are driving burden reduction in our adjudicative and data collection processes. Following revisions to small-utility filing requirements, we **completed a review of filing requirements for remaining electricity distributors**, focusing on customer engagement, benchmarking and distribution system plans.

As part of our ongoing **Reliability and Power Quality Review**, we also made **improvements to our Reporting and Record-Keeping Requirements (RRR) for electricity distributors**. This included removing the requirement that certain reports be attached to quarterly results, and adding error-proofing and auto-populating functions to our filing portal. These changes are meant to create efficiencies and expedite processes for you.

With our **new interactive system reliability dashboard** introduced in March, the data we collect from utilities is now benefiting both the sector and customers. This user-friendly online tool provides data to visualize industry trends and allows you to compare against your peers, with the goal of improving local service and performance.

Working with the sector we **enhanced cyber readiness reporting, enabling greater operational safety** in order to limit downtime in the event that business interruptions occur.

Last fall, we were pleased to be called upon to **provide guidance and support to the Electrification and Energy Transition Panel**. We were asked to lend our expertise on energy planning, governance and accountability, technologies, affordability and facilitating economic growth. We look forward to the panel's independent report, due to the Ministry of Energy this fall, and the role it envisions for the OEB.

As a testament to our passionate and dedicated employees, who are driving our organization's evolution toward being recognized as a top quartile regulator, the **OEB was named one of Greater Toronto's Top Employers for 2023**. We're grateful for this honour and the company we keep, and we will strive to retain our status among the best in the coming years.



## Protect the Public

Protecting the interests of consumers is the OEB's highest priority. In this time of transition and economic change, it's vital that the public continue to have safe, reliable and affordable energy. Now, more than ever, the public needs to understand that we work for them, especially with regards to ensuring fair energy prices and quality of service.

During the 2022-23 fiscal year we honoured our commitment to protecting consumers by upholding a culture of compliance while ensuring processes are balanced and fair. To that end, we **completed 32 compliance inspections with enforceable provisions**. We also **responded to 341 industry regulatory enquiries; answered more than 8,400 consumer enquiries**, including phone calls, emails and chats; **escalated more than 440 complaints for further review**; and **closed more than 50 compliance reviews**.

As requested in the Minister's Letter of Direction, and in support of our Regulatory Framework Project, the OEB hosted a series of external workshops this year to explore how we could **enable electrification-related investments while protecting consumers' interests**. Among the dozens of parties that attended were regulated utilities, third-party unregulated energy companies, consumer groups, intervenors, innovators and electric vehicle proponents.

Finally, in consideration of the most vulnerable among us, and in partnership with the Ministry of Energy and local distribution companies, we ran a **scams awareness campaign that included radio and digital public service announcements that reached approximately 2.2 million people** in Ontario.

## Drive Energy Sector Performance

Ontario's regulated utilities provide more than 5.5 million residential and small business customers with electricity, and more than 3.8 million with natural gas. We are committed to enabling our province's utilities to deliver reliable service and value by requiring high performance and continuous improvement from them.

One major milestone in this area was the **approval of a three-year natural gas conservation plan for Enbridge Gas Inc.**, which began in January of this year, and an accompanying **policy framework to guide the development of future conservation plans**. Together, the plan and the framework provide additional certainty to Enbridge and its customers, so that they can prepare for the future with confidence.

To support the energy transition and prepare for widespread electric vehicle adoption, the **OEB surveyed electric vehicle charging companies and local distribution companies**. A report on the findings indicated that stakeholders are concerned about residential connections, and that they're looking for clarity around investments and support for customer education.

The **creation of the Ultra-Low Overnight Price Plan** was another major initiative this year, with the optional plan scheduled to be launched by the Ontario government this spring. It's an



innovative program for consumers to charge electric vehicles and undertake other electricity-intensive activities overnight, while providing greater customer choice around pricing.

Finally, we **committed to improving the efficiency and effectiveness of intervenor processes and cost awards**. We completed five projects, as planned. The remaining six, which include developing guidance around cost awards and examining the rules of practice and procedure around expert evidence, will be completed this year. Intervenors bring unique insights to proceedings and can present a diversity of views that would not otherwise be available to the OEB, and we are confident that improving intervenor processes will make adjudicative processes more effective and efficient.

### Facilitate Innovation

Facilitating innovation remains a top priority for the OEB, as it does for the sector, and we acknowledge its importance in addressing the energy transition in creative and cost-effective ways. Several advancements were made this year to give the sector certainty in the face of the energy transition and to aid consumer choice.

We announced regulatory changes that **expanded access to net metering** by allowing electricity customers to lease or finance renewable energy systems, and launched a webpage to help consumers make informed decisions on this topic.

In collaboration with the Independent Electricity System Operator, we took a major step forward to enable the **piloting of dynamic electricity prices for Class B consumers not on the Regulated Price Plan** by issuing draft application forms and guidance. We also supported **distributors preparing for Green Button implementation** this year.

The Framework for Energy Innovation working group, which held its first meeting in early fiscal 2021-22, delivered its final report to the OEB in June. The working group's advice and input from other stakeholders informed the OEB's report, **Framework for Energy Innovation: Setting a Path Forward for DER Integration**, which sets out OEB policies and next steps with respect to the integration of DERs into Ontario's electricity distribution systems. The report marked the conclusion of this extensive consultation and provided much-needed clarity and certainty for the sector.

And finally, we **launched our Innovation Sandbox Challenge**, offering utilities and other organizations a chance to receive regulatory guidance and up to \$1.5 million for local, innovative projects that have the potential to move beyond the pilot phase or that increase consumers' understanding of their role in the energy transition.

### Your modern OEB: transparent and progressive

It has been a truly transformational year at the OEB, but the heavy lifting remains as we face the energy transition and new changes that await us. Thankfully, our Chief Commissioner Lynne Anderson and I have both been reappointed. You can count on the continued strong and steady



leadership of our organization, just as you can count on our willingness to work with you and your organizations in the best interests of the people of Ontario.

I would like to thank our stakeholders from across the province for continuing to engage with us, and reiterate that my door is always open to you. The OEB “black box” is a thing of the past. I hope you’ll agree that the transparency with which we conduct our business now, as a modern energy regulator, reflects our fundamental belief that **we work for the energy sector we regulate, not against it**, and that **we exist to protect consumers from risk, not from progress**.

Sincerely,



Susanna Zagar

Chief Executive Officer, Ontario Energy Board

