



SUSANNA ZAGAR
CHIEF EXECUTIVE OFFICER | DIRECTRICE GÉNÉRALE

BY EMAIL

April 4, 2024

To: All Rate-Regulated Gas Distributors
All Licensed Electricity Distributors
All Licensed Transmitters
All Licensed Gas Marketers
All Licensed Electricity Retailers
All Licensed Unit Sub-Meter Providers
Independent Electricity System Operator
Ontario Power Generation
All Other Interested Parties

Re: OEB Progress Update - Fiscal 2023-24

As we conclude our fiscal year, 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. This year marked many accomplishments, delivering against our 2023-2026 Business Plan and the 2022 Letter of Direction from the Minister of Energy. Sector collaboration was critical to advancing this work and we truly appreciate the active engagement and valued input from all stakeholders.

You've heard me say before that, regarding the energy transition, inaction is not an option. We remain steadfastly committed to supporting this generational shift reshaping our province's economic, environmental and social landscape as we look towards a clean energy future. Enabling our province's energy advantage through strong, proactive thought leadership, in consultation with the sector, will continue to be our mode of operation and we are enabled by our strategic direction, as reflected in our 2024-2027 Business Plan.



Evolve Toward Becoming a Top Quartile Regulator

We have developed a culture at the OEB that continuously matures, innovates and improves. We remain focused on advancing initiatives that enable efficient and effective policy implementation and adjudicative decision-making. That is why I can now confidently report that we have purposefully introduced a new strategic goal to Enable Ontario's Energy Advantage.

Our independent adjudicative work is core to delivering public value and this year, we **issued over 280 decisions**. Expect to receive a year-end update from our Chief Commissioner in a few weeks for more details on our adjudicative undertakings and performance measurement this year.

To further advance regulatory efficiency, the OEB initiated a process to issue **preliminary Uniform Transmission Rates** for electricity distributors to use in their upcoming rate applications. By using preliminary rates, distributors can minimize variances that were causing cashflow issues and interest charges to customers.

We continued to improve our adjudicative processes by **enhancing access to public records** filed in proceedings and **improving how consumers are made aware of and can participate** in proceedings.

Focusing on regulatory burden, we established and accepted many recommendations from the **Very Small Utilities Working Group** associated with streamlining major rate applications for utilities with fewer than 5,000 customers. We also launched a consultation to review the requirements and processes for **electricity distributor consolidations**, stakeholdering proposals that focused on addressing barriers to consolidations while ensuring that customers are protected.

To further modernize the licensing process, we introduced a new application form that allows the OEB to grant **licensing exemptions for pilot or demonstration projects that facilitate innovation**. This was done in response to amendments made to the *Ontario Energy Board Act, 1998*, last year, which gave the OEB authority to grant certain exemptions. We also introduced a **streamlined licence renewal application form** for electricity transmitters.

Through our **Red Tape Reduction initiative**, we continued identifying regulatory requirements that no longer serve their intended purpose and we are well on our way to achieving our target of reducing burden by 5% for March 2026. We achieved a 2.5% Red Tape Reduction in the prior fiscal year and through reporting changes, code



amendments and process streamlining, we further reduced burden by about 2.2% this fiscal year.

As a testament to our passionate and dedicated employees, who are driving our organization forward, the **OEB was named one of Greater Toronto's Top Employers** for a second year in a row and won Electricity Human Resources Canada's **Award of Excellence as a Workplace Diversity and Inclusion Champion**. We're grateful for these honours, and others received this past year, and we will strive to retain our status among the best in the coming years.

Protect the Public

The OEB is focused on our role as an economic regulator protecting the public today and for the future. During this fiscal year we upheld our commitment to protecting consumers by upholding a culture of compliance within the sector while ensuring processes are balanced and fair. To that end, we **completed 34 compliance inspections with enforceable provisions**. We also **responded to more than 490 industry relations enquiries; answered 9,093 consumer enquiries**, including phone calls, emails and chats; **escalated more than 515 complaints for further review**; and **closed 40 compliance reviews**.

Focused on customers of Unit Sub-Meter Providers (USMPs), the OEB initiated a **review of the consumer protection framework for USMP** and advanced recommendations from the Auditor General's Value for Money audit on improving USMP consumer education.

Recognizing that consumers seek to make more informed choices about their energy use, the OEB supported the **implementation of Green Button** across the energy sector and launched a consumer-facing webpage about Green Button functionality and benefits.

We have also enhanced the efficiency and effectiveness of our adjudicative processes by advancing our **Action Plan for the Framework for Review of Intervenor Processes and Cost Awards** with input from the OEB's Adjudicative Modernization Committee.

Working with the sector, we issued code amendments that require utilities to comply with a **new Ontario Cyber Security Framework** focused on enhancing cyber security readiness and utility resilience in the electricity sector.



With affordability top of mind for all, the OEB completed a review of the **Low-Income Energy Assistance Program** and implemented enhancements to ensure the appropriate level of assistance is available for vulnerable consumers.

Drive Energy Sector Performance

Driving energy sector performance focuses on delivering reliable energy services and value for energy consumers. This fiscal year, we continued to work with utilities and other stakeholders to ensure that higher performance, increased efficiency, continuous improvement, long-term sustainability and economic efficiency were prioritized when advancing initiatives.

We were pleased to publish our report to the Minister, which highlighted our advice and proposals to **improve distribution sector resiliency, responsiveness, and cost efficiency** in light of extreme weather events due to climate change. We greatly appreciate the valuable input from sector stakeholders in developing this report. We will continue to engage as we develop and implement the priority proposals identified in our most recent Letter of Direction.

Reliability remains a focus for the OEB as we continue to execute on our **Reliability and Power Quality Review initiative** with the support of a Working Group that has initially focused on implementing improvements to reliability data reporting by distributors.

This year, we also developed and supported the **Ultra-Low Overnight Rate implementation** by releasing tools and guidance for electricity distributors in their roll-out to consumers.

We also advanced our **Electric Vehicle Integration** initiative by releasing the Delivery Rates Report, issuing guidance to help electricity distributors plan their systems for electric vehicle demand and publishing the Electric Vehicle Charging Connections Procedure.

Facilitate Innovation

Facilitating innovation provides demonstrable value to Ontario's energy consumers and solves energy challenges cost effectively. We are committed to facilitating purposeful innovation, working with stakeholders to identify emerging needs and defining the problems to be solved.



We **selected six projects** to receive one-time total funding of \$1.5 million as part of our **Innovation Sandbox Challenge**. This challenge is a perfect example of how we're harnessing bold thinking to address the energy transition head-on, and we look forward to collaborating with the project proponents to deliver meaningful outcomes.

Our **DER Connections Review initiative** made great strides in streamlining the process of connecting DERs through code amendments and reporting changes. Most recently, in collaboration with a Working Group of sector stakeholders, we issued amendments to enable electricity distributors to offer **flexible hosting capacity** arrangements, a huge step toward facilitating greater DER adoption.

We assisted electricity distributors in identifying the distribution-level benefits and costs of non-wires solutions by issuing a draft **Benefit-Cost Analysis Framework for Addressing Electricity Needs**. We also issued the **Filing Guidelines for Incentives for Electricity Distributors to Use Third-Party DERs as Non-Wires Alternatives** to encourage and facilitate their use.

Another achievement was the completion of the **Regional Planning Process Review**, which netted improvements based on recommendations of the Regional Planning Process Advisory Group. This review was launched to improve the efficiency and effectiveness of regional planning, which ensures that optimal investments are made by electricity transmitters and distributors.

And this year the **Electrification & Energy Transition Panel** submitted its report to the Minister of Energy. We were pleased to see the panel consider the OEB's advice, and we look forward to working collaboratively with the sector on recommendations advanced by the government. The challenges ahead will need our joint commitment to remain open to different business trajectories amid energy sector uncertainty, while ensuring that investments in both electricity and natural gas are prudent and meet customers' needs.

This has been a year of much progress at the OEB. Looking forward, we will continue to focus on providing value to the people of Ontario through the lenses of consumer protection and customer choice, policy leadership, innovation and adjudicative excellence. Improvement is never finished and the OEB is committed to evolving to enable Ontario's energy advantage.

I would like to thank Glenn O'Farrell, who graciously stepped into the role of Acting Chair of the Board of Directors last summer after the sudden passing of Richard Dicerni. I would also like to thank all our stakeholders who have collaborated openly, clearly and



thoughtfully with us this fiscal year. Let me reiterate that my door is always open and I value hearing directly from you. Working shoulder to shoulder, we have made significant strides toward enabling a thoughtful energy transition that is in the best interests of the people of Ontario. The momentum that has been built brings me great optimism for the fiscal year that lies ahead.

Sincerely,

Susanna Zagar
Chief Executive Officer,
Ontario Energy Board

