



Ontario  
Energy  
Board | Commission  
de l'énergie  
de l'Ontario

BY EMAIL AND WEB POSTING

June 27, 2024

**TO: All Rate-regulated Electricity Distributors  
All Intervenors in Electricity Distribution Cost of Service Proceedings for  
2024 and 2025 Rates  
All members of the Reliability and Power Quality Review Working Group  
(EB-2021-0307)  
All Other Interested Parties**

**RE: Vulnerability Assessment and System Hardening Project  
Ontario Energy Board File Number: EB-2024-0199**

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The Ontario Energy Board (OEB) is launching the Vulnerability Assessment and System Hardening (VASH) project in relation to OEB's Distribution Sector Resiliency, Responsiveness, and Cost Efficiency (DRRCE) initiative.

## **Background**

The DRRCE initiative was launched in response to the Minister of Energy's [Letter](#) of Direction to the OEB dated October 21, 2022. In 2023, the OEB submitted its report entitled "Improving Distribution Sector Resilience, Responsiveness & Cost Efficiency" (DRRCE Report) describing advice and proposals that reflect on current and anticipated future extreme weather impacts, best practices in climate change resilience, and options to enhance organizational capacity through efficiency measures.

Subsequently, the Minister of Energy's [Letter](#) of Direction to the OEB dated November 29, 2023 (2023 Letter of Direction) asked the OEB to develop and implement policies proposed in the DRRCE Report that will require electricity distributors to engage in activities to protect customers in a changing climate.

The VASH project is being launched to address the following three electricity distributor activities identified in the 2023 Letter of Direction:

- Incorporate climate resiliency into their asset and investment planning activities.
- Engage in a regular assessment of the vulnerabilities in their distribution system and operations in the event of severe weather.

- Prioritize value for customers when investing in system enhancements for resilience purposes.

The remaining two activities referenced in the 2023 Letter of Direction are currently being addressed through the Reliability and Power Quality Review working group, including refining the definition of “resilience events” (High Impact, Low Frequency (HILF) occurrences). For more details, please refer to the [letter](#) issued on March 27, 2024.

### **Initial Proposals**

Guidehouse Canada Ltd. has been retained as a consultant to assist the OEB in moving forward on the request set out in the 2023 Letter of Direction.

The OEB intends to explore a standard vulnerability assessment methodology and to include system hardening into distributor system planning processes, and is proposing the following as a starting point for discussion:

- Standardize the methodology for risk-based vulnerability assessments based on the probability and impact of HILF weather events.
- Set out expectations for distributors to assess the value customers place on an avoided outage and develop a Value of Lost Load methodology.
- Develop a cost-benefit analysis incorporating the risk-based vulnerability assessment and Value of Lost Load methodology.
- Set filing requirements for distributors to provide information on system hardening investments as part of their Distribution System Plans and set expectations on how system hardening investments will be reviewed and how the resilience benefits of a project or program will be assessed alongside other planning drivers.

The OEB will work with Guidehouse to develop an approach to address the above for stakeholder input. That approach will be discussed at a stakeholder meeting that will take place in July 2024, at which time stakeholders are encouraged to suggest alternative approaches for the OEB’s consideration in deciding how best to move forward. Details of the July 2024 stakeholder meeting will be communicated in due course.

### **Participation**

Stakeholders that wish to participate in this consultation are asked to email notice of their intention to [registrar@oeb.ca](mailto:registrar@oeb.ca) before July 5, 2024. The email should include ‘EB-2024-0199 – Vulnerability Assessment and System Hardening’ in the subject line.

The OEB's Distribution Sector Resiliency, Responsiveness, and Cost Efficiency [Hub](#) will serve as a central source for information and will include links to the various initiatives. A full list of initiatives identified in the 2023 Letter of Direction is included in Appendix B and available through the Hub. Stakeholders can also register on the Hub to get the latest updates.

### **Cost Award Matters and Filing Instructions**

Cost awards will be available to eligible participants under section 30 of the *Ontario Energy Board Act, 1998* for participation in this consultation. Costs awarded will be recovered from all rate-regulated electricity distributors.

Important information regarding cost awards, including in relation to eligibility requests, is set out in Appendix A to this letter. Appendix A also contains instructions for filing materials with the OEB.

Any questions relating to this letter should be directed to Zubin Panchal at [zubin.panchal@oeb.ca](mailto:zubin.panchal@oeb.ca) or at 416-440-8113. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Theodore Antonopoulos  
Vice President  
Major Applications

## Appendix A

### Cost Award Matters and Filing Instructions

#### Cost Award Eligibility

The OEB will determine eligibility for costs in accordance with its [Practice Direction on Cost Awards](#). Any person intending to request an award of costs must file with the OEB a written submission to that effect by **July 5, 2024**. The submission must identify the grounds on which the person believes that it is eligible for an award of costs (addressing the OEB's cost eligibility criteria as set out in section 3 of the *Practice Direction on Cost Awards*). An explanation of any other funding to which the person has access must also be provided, as should the name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known. All requests for cost eligibility will be posted on the OEB's [website](#). If a rate-regulated electricity distributor has any objections to any of the requests for cost eligibility, such objections must be filed with the OEB by **July 12, 2024**. Any objections will be posted on the OEB's website. The OEB will then make a final determination on the cost eligibility of the requesting participants.

#### Eligible Activities

Cost awards will be available to eligible parties for participation in the initial stakeholder meeting to a maximum of actual meeting time plus one hour for preparation. If further consultation activities are eligible for cost awards, details will be provided at the relevant time.

#### Cost Awards

When determining the amount of the cost awards, the OEB will apply the principles set out in section 5 of its *Practice Direction on Cost Awards*. The maximum hourly rates set out in the Cost Awards Tariff will also be applied. The OEB expects that groups representing the same interests or class of persons will make every effort to communicate and co-ordinate their participation in this process. In accordance with section 12 of its *Practice Direction on Cost Awards* the OEB will act as a clearing house for all payments of cost awards in this process. For more information on this process, please see the [OEB's Practice Direction on Cost Awards](#).

#### Filing Instructions

Stakeholders are responsible for ensuring that any documents they file with the OEB **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's [Rules of Practice and Procedure](#).

Please quote file number, EB-2024-0199 for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the File documents online page on the OEB's website.
- Stakeholders are encouraged to use RESS. Those who have not yet [set up an account](#) or require assistance using the online filing portal can contact [registrar@oeb.ca](mailto:registrar@oeb.ca) for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the [File documents online](#) page of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the [Practice Direction on Cost Awards](#).

All communications should be directed to the attention of the Registrar and be received by end of business, 4:45 p.m., on the required date.

Email: [registrar@oeb.ca](mailto:registrar@oeb.ca)

Tel: 1-877-632-2727 (Toll-free)

**APPENDIX B****Improving Distribution Sector Resilience, Responsiveness and Cost Efficiency:  
Project Breakdown from 2023 Letter of Direction****Resilience Priorities**

<b>Steps</b>	<b>OEB Initiative</b>	<b>Initiative Launch</b>
Provide details and report on their current storm recovery planning and preparation activities	Reliability And Power Quality	March 2024
Incorporate climate resiliency into their asset and investment planning	Vulnerability & System Hardening	June 2024
Engage in a regular assessment of the vulnerabilities in their distribution system and operations in the event of severe weather	Vulnerability & System Hardening	June 2024
Prioritize value for customers when investing in system enhancements for resilience purposes	Vulnerability & System Hardening	June 2024
Satisfy minimum targets for customer communication regarding interruptions and restoration of service following major weather events and measure and report on restoration of service following such events.	Reliability And Power Quality	March 2024

**Cost Efficiency Priorities**

<b>Steps</b>	<b>OEB Initiative</b>	<b>Initiative Launch</b>
Reviewing whether the accounting and associated rate treatment of shared services should be adjusted and develop guidance on a fair approach to cost and risk apportionment for shared service provision	Initial step: Cloud Computing; included in the OEB's Generic proceeding on the Cost of Capital (EB-2024-0063)	March 2024
Engaging stakeholders in a scoping exercise at the outset of the Mergers, Acquisitions, Amalgamations and Divestiture (MAADs) review	Evaluation of Policy on Utility Consolidations (EB-2023-0188)	Input complete; see paper published February 8, 2024
Reviewing elements in its incentive rate-setting mechanisms and examining distributors' spending patterns to identify where changes or incremental incentives are warranted	Spending Pattern Analysis	Q3 2024-5
Developing a performance incentive regime that considers aspects such as customer service, resilience, or managing peak loads to defer distribution system needs, and working with the sector to develop principles, generic designs, and other criteria for performance incentives	Forthcoming	Q3 2024-5