

Susanna Zagar  
CHIEF EXECUTIVE OFFICER | PRÉSIDENT DIRECTEUR GÉNÉRAL

**BY EMAIL**

April 10, 2025

**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 2024/25**

With our fiscal year having come to a close, I am pleased to provide an update on work undertaken by the Ontario Energy Board (OEB) since my mid-year letter to the sector of October 10, 2024.

During this period, we remained focused on delivering against our Business Plan and the Minister's Letters of Direction. As always, this work is only possible through ongoing collaboration, engagement and input from the sector, for which we are truly appreciative. Collective action is more important now than ever. Not only is the energy sector key to the health of Ontario's economy, but the changing economic and geopolitical conditions we are currently experiencing have created uncertainty. That uncertainty is being felt across all sectors, including ours, and by those we serve.

Let me assure you, however, that the work we have done in the past fiscal year, and are undertaking now, positions the OEB well to navigate the changes ahead. We have already made progress on several key initiatives from our 2025/26 Business Plan, which we are currently working with the Ministry to finalize, and we remain dedicated to ensuring resiliency, reliability and affordability.

What follows are some of the notable activities we undertook in the second half of the past fiscal year, aligned with our four strategic goals: Enable Ontario's Energy

Advantage, Protect the Public, Drive Energy Sector Performance and Facilitate Innovation.

### Enable Ontario's Energy Advantage

Since my last update, core adjudicative work has advanced in a timely and responsible way, with the OEB **issuing 187 decisions, of which 98 per cent were issued in accordance with our total cycle time performance standards**. More in-depth reporting and analysis will be shared with the publication of the Adjudicative Dashboard later this month.

In response to the November 2023 Letter of Direction, we **published the System Expansion for Housing Developments Report** in December 2024 and undertook associated projects throughout the year. Those included **making important changes to the Distribution System Code** that support housing by reducing costs and creating a **Capacity Allocation Model Advisory Group**.

Meanwhile, in response to the December 2024 Letter of Direction, we initiated a consultation to define a policy framework and set expectations for electricity distributors regarding the development of **Distribution System Operator** capabilities. We also **amended the Transmission System Code to facilitate connection of energy storage** to an electricity transmitter's system.

To help facilitate the implementation of the Market Renewal Program, which begins on May 1, 2025, the OEB implemented **amendments to the Retail Settlement Code and Standard Supply Service Code**.

### Protect the Public

To support our goal of protecting the public, the OEB introduced a **new and enhanced Ontario Electricity Support Program (OESP) application system**. Providing information on increased eligibility thresholds, we also **concluded our consumer-focused provincial OESP awareness campaign**. Together, these initiatives contributed to 31 per cent more consumers applying for the OESP.

**Version 2.0 of the Ontario Cyber Security Standard Framework** launched in December with requirements for electricity distributors and transmitters to submit independent cyber security assessments to the OEB. It also included new requirements for privacy and utility governance to reinforce cyber security preparedness. Cyber security is recognized as a "when," not an "if," risk to all entities, and this work helps us better prepare for the when.

**Amendments made to the Unit Sub-Metering code** will require Unit Sub-Meter Providers (USMPs) to communicate more clearly with customers about protection rules. Effective August 18, 2025, USMPs must include in their conditions of service a description of their policies regarding wintertime disconnection and reconnection practices, and reconnection charges, among other things.

As part of our Reliability and Power Quality Review, we issued the **final Notice of Amendments to the Distribution System Code**. These amendments, which come into force on May 5, 2025, establish minimum requirements for licensed electricity distributors in communicating with customers when there are widespread power interruptions caused by severe weather.

Consistent with the Minister's 2023 Letter of Direction, we continued to further improve the OEB's adjudicative process, aiming to reduce regulatory burden and duplication, and to lower costs. We also released our **Intervenors and Regulatory Efficiency report**, which had been submitted to the Minister in September 2024. That report included our 10-point Intervenor Action Plan, which we are looking forward to advancing this year.

To further promote accountability and predictability for regulated entities and other interested stakeholders, we **updated performance standards for Mergers, Acquisitions, Amalgamations and Divestitures applications**. The changes, which took effect on April 1, 2025, are intended to provide greater certainty about application processing timelines, to measure the OEB's performance and continually improve its operations.

## Drive Energy Sector Performance

To help drive performance in our sector and in response to our Letters of Direction, we have continued to promote grid reliability and resilience. To that end, we published the **Distribution Sector Resilience and Responsiveness** report in December, providing valuable insight into Ontario distributors' approach to planning for and recovering from major storms.

In January, we introduced an **enhanced approach to setting reliability performance targets** for all rate-regulated electricity distributors, encouraging distributor performance improvement and strengthening customer protection. And we **issued a draft version of our Vulnerability Assessment (VA) Report** and toolkit to assist distributors in preparing VA analyses.

Late last month, we were pleased to issue the final **rate design for electric vehicle (EV) charging stations with low load factors**, which all electricity distributors will be

required to implement for 2026 electricity rates. This marks an important milestone in the OEB's EV Integration initiative to improve cost causality and better support the efficient integration of EVs within the electricity system.

By fiscal year end, we also fulfilled another recommendation from the 2022 Auditor General's Value for Money audit by **completing a review of the Cost of Capital** and other matters for all rate-regulated utilities. The decision and order from the generic proceeding sets out the Cost of Capital parameters for 2025 cost-based rate applications and updates the methodology for future mechanistic updates. A total of 22 issues were addressed in this proceeding.

### Facilitate Innovation

As part of our ongoing Distributed Energy Resources (DER) Connections review, we **issued revised DER Connections Procedures**, which come into force on June 2, 2025, aiming to increase customer choice and the overall efficiency of DER connections.

We announced a phased approach to providing customers with access to **electricity distribution capacity maps**, requiring licensed distributors to post such maps by March 3, 2025. This initiative, which was in response to the November 2023 Letter of Direction, supports electric vehicle users, future users, the wider DER community and others.

To **advance performance-based regulation**, we published a jurisdictional scan of performance incentive mechanisms, launched a stakeholder consultation and prepared a discussion paper for release later this spring. Our objective is to strengthen the link between what electricity distributors earn and the achievement of outcomes consumers value, such as cost effectiveness, reliability and customer service.

We issued guidance to **help local distribution companies with innovation-related proposals** in rate applications. The guidance was in response to stakeholder feedback indicating a desire for more clarity and was informed by a review of recent rate cases, and input from both OEB Commissioners and staff. We anticipate updating our Filing Requirements for Electricity Distribution Rate Applications to reflect the letter's guidance.

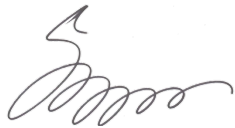
Finally, following a beta launch in December, we completed the **external launch of OEB iSearch™**, an AI-powered search tool that simplifies navigation of the OEB's more than 360,000 regulatory documents and supports our digital-first approach.

## Final Thoughts

As this will be my final letter to the sector, I would like to take this opportunity to say farewell and thank you for the opportunity to work shoulder to shoulder with you in service of the people of Ontario. After five incredibly fulfilling and transformational years, it was announced in January that I will be leaving my position at the OEB once a new CEO is named. That executive will have the privilege of leading the organization to new heights at one of the most critically important times for this province and our country, and I will do all that I can to ensure a smooth and seamless transition.

When I arrived at the OEB in 2020, at the onset of the pandemic, I was an energy sector outsider, welcomed by a wise, highly professional and demanding community that was willing to invest in the modernization of the OEB. I am proud of the work we have done, together, and the outcomes that have been delivered for Ontarians. I am also personally grateful for all that I have learned, the relationships that were formed and the opportunity to have spent the past five years of my career working with the team at the OEB and each of you, across the sector.

Sincerely,

A handwritten signature in black ink, appearing to read 'Susanna Zagar', with a stylized, flowing script.

Susanna Zagar  
Chief Executive Officer  
Ontario Energy Board