Section of Directive	Ministry Version	OEB version	Ministry Comments
Preamble	I, Glenn Thibeault, Minister of Energy, hereby direct the Ontario Energy Board (the "Board"), pursuant to my authority under sections 25.30 (2) of the *Electricity Act, 1998* to issue a directive setting out the Government of Ontario's requirement respecting the implementation of the long-term energy plan in respect of matters falling within the Board's jurisdiction, and the date by which the Board must submit an implementation plan to the Minister. **The Board shall, in accordance with the requirements of this Directive, submit an implementation plan by xxx, outlining the steps the Board intends to take to establish the following:**	I, Glenn Thibeault, Minister of Energy, hereby direct the Ontario Energy Board (the "Board"), pursuant to my authority under sections 25.30 (2) of the *Electricity Act, 1998* to issue a directive setting out the Government of Ontario's requirement respecting the implementation of the long-term energy plan in respect of matters falling within the Board's jurisdiction, and the date by which the Board must submit an implementation plan to the Minister. **The Board shall, in accordance with the requirements of this Directive, prepare with input from such stakeholders as the Board considers appropriate, and submit an implementation plan by xxx. The implementation plan shall outline the steps the Board intends to take to facilitate the implementation of the objectives of the Government of Ontario set out in the long-term energy plan issued on XX, 2017, as identified below and in each case as may be with the scope of the Board's jurisdiction and in keeping with its statutory objectives.**	**Overall** Ok with amendments to the preamble but would add OEB should implement the outcomes, not just the objectives. In general in this Directive, inclusion of the "…as the Board considers appropriate…" statement in every directive item is tantamount to an opt-out mechanism, and is a disproportionate response to concerns about Board independence. Ministry should only accept this wording if LSB analysis suggests that this language is needed to ensure government is appropriately observing the legislative mandate of the Board.
1. Delivering efficiency and value	1.1. The Board shall undertake a review of its regulatory rules and processes in order to further the transmission and distribution sector towards a	With respect to the Government of Ontario's objective of delivering efficiency and value to consumers:	**Utility Accountability** The consumer rebates for unrealized service is a measure employed by other jurisdictions and is a

	performance/ outcomes-based framework. This review will include, as objectives, the need to: ○ Strengthen utility accountability to consumers, including through the use of financial incentives and penalties connected to utility performance expectations, including for customer reliability; ○ Enhance customer reliability standards and reporting and accountability of standards, consistent with the principles outlined in the Ministry of Energy's Long-Term Energy Plan. In doing so, the Board shall consider: ▪ Options to develop metrics and performance standards that provide insight into local, circuit or customer specific performance, in addition to system wide averages. ▪ Options to increase transparency and timeliness of performance reporting in a	1.3. Having regard to the Board's performance-based approach to regulating electricity transmitters and distributors ("Utilities"), examine and, as the Board considers appropriate, identify steps for pursuing cost-effective opportunities to strengthen Utility accountability in relation to service quality issues, such as reliability or power quality, identified by their customers. 1.4. Examine and, as the Board considers appropriate, identify steps for pursuing opportunities to advance the cost-effective modernization of Ontario's electricity sector. Opportunities to be examined include, but are not limited to: ○ cost-effective smart grid and non-wires solutions that can enable active	critical component of making a performance-based regulatory framework. LDCs must be properly incented to achieve new performance expectations. Ministry staff do not believe it infringes on OEB independence to set a policy expectation that consumers have this level of accountability available to them. **Reliability** No concern with the Board's language with respect to "examine … and identify steps" rather than "review". However the Board's draft is broad in scope and does not create accountability for the Ministry's specific objectives with respect to reliability and power quality (establishing financial accountability for performance, enhancing transparency and granularity of reporting, enhancing customer

	way that is useful to end customers. ▪ Options to build utility capacity to address customer concerns related to power quality. ▪ Options to set out clear timelines and steps utilities must follow when customers report reliability, power quality and other quality of service issues and when reliability standards are not met. 1.2. The Board shall undertake a review of its regulatory rules and processes in order to address barriers preventing and opportunities to promote the modernization of Ontario's electricity sector. The OEB shall work with stakeholders, such as LDCs, This review will include, as objectives, the need to: ○ Promote efficiencies across LDCs, including opportunities for shared services.	system management and customer participation; and ○ energy efficiency measures on distribution systems. Steps for pursuing such opportunities as the Board considers appropriate shall include consideration of, where applicable, the identification of any legislative barriers, and the appropriate treatment of diffused benefits, cost allocation, and/or a cost-benefit framework where applicable. 1.6. Identify barriers to the development of energy storage and other distributed energy resources at scales and locations that provide value to customers and steps	service and capacity of utilities with respect to power quality issues). It important to provide clear direction and establish Board accountability as the Board has undertaken numerous proceedings since 1998 and these objectives have not been realized. (See OEB policy forums RP-2003-0190, EB-2008-0001, EB-2010-0249, EB-2014-0189, EB-2015-0182). With respect to the issue of financial incentives, the Board established the existing reporting requirements in 2000 with the intent to establish economic consequences but this has not been realized (RP-1999-0034). **Smart Grid and Non-wires solutions** Notwithstanding the hyper-conditional language in this revision, OEB is essentially

	- Enable LDCs to partner with third parties on assets and services both in-front and behind-the-meter that provide a system benefit. - Design discrete, long-term system and business modernization plans to be included in regulatory filings. - Address barriers to implementation of cost-effective smart grid and non-wires solutions, including identifying any regulatory or legislative barriers, addressing the appropriate treatment of diffusion of benefits, cost allocation, and a cost-benefit framework that provides clarity on the treatment of these investments. - Create incentives for operational expenditures by distributors that defer upgrades or new capital, optimize the use of existing capital, or incorporate a non-wires solution to complement new capital investments, when cost effective. - Ensure that transmitters and	for facilitating such development on a cost-effective basis. 1.7. On receipt of input from the Independent Electricity System Operator (IESO) regarding its integrated regional resource planning process provided further to the Minister's Directive to the IESO dated XXXX XX, 2017, identify steps to support such changes to Utility regional planning processes as the Board considers appropriate.	suggesting in the second paragraph that it will only look into legislative barriers, which are solely in the purview of government, and not at regulatory barriers, which covers the OEB's mandate as the utility regulator. This is absolutely inconsistent with the government's intent for comprehensive analysis of the diffuse benefits problem. The Board's draft removed grid modernization and innovation plans. Smart grid has advanced little since the 2010 Directive. The purpose of these plans is to make both the LDCs and OEB think innovatively, long-term, advance grid modernization, and have this information on smart grid discretely packaged in rate applications to ensure compliance with policy direction.

	distributors take a strategic and cost-effective approach when replacing assets at the end of their service life in order to better align investments with evolving power system conditions and needs. In doing so, the Board shall consider both network and customer connection assets. 1.3. In an effort to ensure a modern, streamlined and cost effective regulatory process, the Board shall undertake a review of regulatory processes costs and shall begin releasing business cases for new regulatory requirements. 1.4. The Board shall work with the IESO to review market rules, industry codes, and regulations to identify remaining issues that may prevent energy storage from competing equitably with other technologies in the delivery of services, and identify appropriate mitigation strategies to address these inequities.		The Board's draft removed exploring the creation of incentives for operational expenditures by distributors that defer upgrades or new capital or optimize the use of existing capital. This is despite signals from the OEB that they recognize the value of exploring this issue and their willingness to do so. This may be captured under 'non-wires solutions,' but it remains unclear. The Board's draft removes the direction to work towards allowing LDCS to partner with third parties on assets and services both in-front and behind-the-meter that provide a system benefit. Their alternate text "enable active system management and customer participation" is too vague and likely does not capture our intent. **Smart Charging** Should be moved to this

	1.5. Working with the Independent Electricity System Operator (the "IESO"), the Board shall conduct a review of the regional planning process, taking into account lessons learned from the first cycle of planning, and report back with joint options and recommendations to address challenges and opportunities, including identifying the following: ▪ Consistent with Section 1.2 above, options to address barriers to implementation of cost effective non-wires solutions ▪ Options to better integrate bulk, regional, distribution system and community energy planning.		section (OEB Directive, s. 4.2) **Energy Storage** The OEB's section 1.6 is OK in terms of exploring the value of DER generally. However, the intent of the Ministry's section 1.4 is to give the same direction (same wording) to the IESO and OEB on working to overcome remaining market barriers to storage that we have identified as part of the ongoing process to review the treatment of energy storage. We recommend that the Ministry's storage section remain, to compliment the OEB's section 1.6. **End of Life Right-Sizing** The Board's draft removed reference to ensuring that transmitters and distributors take a strategic and cost-effective approach when replacing assets at the end

			of their service life in order to better align investments with evolving power system conditions and needs. As this direction does not prescribe the means to be implemented and provides the Board the flexibility to undertake the review through its normal processes, it is unclear what the Board’s concerns are. **Regional Planning** Given the important roles played by both the IESO and the OEB in regional planning, a single joint report is preferred. As one of the key objectives of the review is to better integrate bulk, regional, distribution system and community energy planning, a coordinated review from both agencies is warranted. Alternatively, the Ministry could seek separate reports

			from each entity and weigh the advice provided. **Regulatory Streamlining** OEB has moved language around this to section 2, and only includes a general reference to finding costs in the system – removes discussion of its own regulatory review. Evidence suggests OEB costs are increasing. The Ministry announced in the Fair Hydro Plan that this review would take place and sector stakeholders are interested – they are inquiring as to the Ministry's plans in this regard. **Comments from CRED:** While our interests may be sufficiently covered off under 1.4 and 1.6, the lack of specificity is quite troubling. Section 1.2 and 1.3 of the Ministry's version of the

			directive call out specific initiatives or policy goals and can be described as outcomes oriented. The rewrite appears to protecting a potential outcome of not effecting any changes to existing rules and processes. The rewrite also appears to deliver assessments without particular action.
2.Ensuring Affordable and Accessible Energy	2.1 The Board propose a method and timeline to implement the rate regulation of unit sub-metering providers with related consumer protection measures as required.	With respect to the Government of Ontario's objective of ensuring affordable and accessible energy: 2.2 In its regulation of the electricity sector, consider further opportunities for mitigating costs for electricity customers. 2.3 Examine and, as the Board considers appropriate, identify steps for pursuing opportunities to strengthen consumer protection in relation to the activities of unit sub-meter providers.	**USMPs** The OEB has previously voiced strong interest in rate regulating USMPs. Ministry staff are interested in rationale for reducing the strength of the commitment.

3. Enhancing Commitment to Energy Conservation and Efficiency	3.1 Investigate the potential to provide regulated commodity rate options to non-Regulated Price Plan (RPP) Class B consumers, such as flat, tiered or TOU rates 3.2 Amend the March 26, 2014 Directive to the OEB to, notwithstanding the definition of Conservation and Demand Management (CDM), allow reduced electricity consumption resulting from any measures a Distributor uses to maximize the efficiency of its new or existing infrastructure to count towards a Distributor's CDM Target for the purpose of the Distributor being eligible to receive tiered performance incentives (described in Section 1.6(i) of the March 31, 2014 Direction to the OPA (now IESO)) at the end of the 2015-2020 Conservation First Framework. Where the reduced electricity consumption from such measures are counted towards a Distributor's CDM Target, only the portion of the Distributor's CDM Target	With respect to the Government of Ontario's objective of enhancing energy conservation and efficiency: 3.1 Move forward with the implementation of the vision embedded in the OEB's Regulated Price Plan Roadmap.	The OEB Regulated Price Plan Roadmap does not consider non-RPP Class B customers in the five components of the 'Roadmap to Renewing RPP'. ENERGY agrees with the OEB that the OEB cannot amend the definition. As such, ENERGY is suggesting revised language to be included in the Directive. Note that since the amendment would be made under the OEB Act as opposed to the Electricity Act, the revised language would need to be captured under a different section of the Directive (LSB to provide detail).

	met through eligible CDM activities shall be used for the purpose of calculating Distributor performance incentives. 3.3 The Board shall report back to the Ministry of Energy with a recommended approach to further encourage distributors to pursue energy efficiency on the distribution system, where cost-effective.		
4. Responding to Climate Change Challenge	In alignment with the review noted in 1.1, The Board shall integrate climate change adaptation into the regulatory framework in order to, among other objectives deemed necessary, promote: ○ The use of a knowledge-sharing platform through which utilities and other stakeholders can meet, share best practices, and build adaptation capacity. ○ The incorporation of sound evidence on the anticipated potential effects of climate change into rate filings and	With respect to the Government of Ontario's objective of responding to the climate change challenge: 4.1 In concert with the examination conducted under section 1, examine and, as the Board considers appropriate, provide guidance to utilities for pursuing cost-effective opportunities to further integrate the consideration of climate change adaptation into their regional planning, distribution system planning, and rate filing processes	**Climate Change** In its edits, the OEB has indicated a preference to not lead or promote a knowledge-sharing platform, as well as conduct a distribution sector-wide climate change vulnerability assessment. While the OEB's stakeholder experience could be a benefit on the climate change adaptation file, Ministry staff are comfortable leading the capacity-building efforts (e.g. the proposed

	regional planning processes. 4.2 The Board shall conduct a distribution sector-wide climate change vulnerability assessment. 4.3 The Board shall explore ways to enable utilities to provide smart charging as a service to residential customers, in line with the objectives articulated in Section 1.2 of this Directive. 4.4 To align energy conservation and efficiency programs and initiatives with climate change objectives, ○ Amend the definition of CDM in the March 26, 2014 Directive to the OEB to exclude behind the meter customer generation which results in a net increase of greenhouse gas emissions, starting July 1, 2018. Such projects for which applications are received by the IESO before this date, and which result in a reduction in electricity consumption at the end of the 2015-2020 Conservation First Framework, will count towards a Distributor's CDM Target. ○ In consultation with natural gas	4.2 Examine and, as the Board considers appropriate, identify steps for pursuing cost-effective opportunities for electricity distributors to facilitate access to smart charging for electric vehicles.	knowledge-sharing platform) as well as leading the sector-wide vulnerability assessment with OEB participation as a key stakeholder. With respect to section 4.1, recommendation is to propose the Ministry direct the OEB to provide "guidance" to LDCs, as the "next steps" leaves open the option for the OEB to provide no direction/guidance to LDCs. **Smart Charging** This should be moved to section 1. The Board language in section 4.2 is unclear and requires clarification as to what "facilitating access" entails. Smart charging is an important part of our CCAP commitment to vehicle-grid integration. **CDM** ENERGY agrees with the OEB that the OEB cannot

	distributors, the Board shall consider alignment of the Demand Side Management Framework ("DSM Framework") with natural gas distributor obligations under the Ontario's Cap and Trade Program, as well as new programs and/or initiatives that may be established through the Green Ontario Fund.		amend the definition. As such, ENERGY is suggesting revised language to be included in the Directive. Note that since the amendment would be made under the OEB Act as opposed to the Electricity Act, the revised language would need to be captured under a different section of the Directive (LSB to provide detail). CRED is comfortable with removing ENERGY's 4.4 bullet 2, as we assume that through the Mid Term Review of the DSM the OEB will consider alignment of the DSM with natural gas distributor obligations under the Ontario's Cap and Trade Program, as well as new programs and/or initiatives that may be established through the Green Ontario Fund. (We note that on June 20, 2017, the OEB issued a letter outlining the scope of the DSM Mid Term

			Review. The scope includes high level consideration for the relationship between the current DSM programs and Cap and Trade.)
5. Encouraging an Innovative Sector	5.1 The Board shall explore ways encourage a culture of innovation in the distribution sector, including the promotion of information sharing across LDCs.	With respect to the Government of Ontario's objective of encouraging an innovative sector: 5.1 In taking the steps referred to in sections 1 to 4, consider further opportunities for encouraging a culture of innovation in the electricity distribution sector.	Ministry staff are unclear as to why a policy objective like information sharing is considered too prescriptive for the Directive.