

Industry Affairs Standing Committee

Meeting # 6 – Thursday, March 30th, 2017

10:00 am – 12:00 pm

OEB Office, 2300 Yonge Street, 27th Floor, Rooms 2732-33

Attendance:

Edith Chin, Enbridge

Jim Hogan, Entegrus Powerlines

Amanda Klein, Toronto Hydro*

Brenda Pinke, InnPower*

Nola Ruzycki, Just Energy

Tam Wagner, IESO

Brian Hewson, Vice President CP&IP, OEB

Andres Mand, Manager, Regulations, OEB

Viive Sawler, Manager, Licensing & Industry Liaison, OEB

Saleh Lavaee, Licensing & Industry Liaison, OEB

Regrets:

Bing Young, Hydro One

* joined via conference call

Meeting Notes:

1. TOPIC: Review of Meeting #5 Notes

- a. Members briefly reviewed and accepted the meeting notes from the previous Industry Affairs Standing Committee (IASC) meeting, held on September 22, 2016.

2. TOPIC: Welcome and Introduction (Brian Hewson)

- a. Brian Hewson, Vice President, Consumer Protection & Industry Performance (CP&IP) welcomed committee members and provided an introduction of IASC and its overall objectives, which are as follows:
 - Identification of existing or emergent trends from “industry”, for the purpose of broadening OEB awareness and understanding;
 - Identification of technical challenges and issues that are impacted by or could be addressed by changes in regulation (codes and rules).
- b. The sector is rapidly changing; some examples of emerging issues are IESO’s market renewal, Climate Change Action Plan. The issues committee members bring forward during the IASC meetings can inform the projects included in the OEB’s annual business plan.

- c. IASC provides an opportunity for a group of key industry players to bring emerging issues to the OEB's attention. The OEB's intention is to provide an opportunity to hear more from the industry via IASC meetings.
- d. Committee members all agreed with the overall purpose of IASC meetings, as a place where various topics can be discussed generically, outside the hearing room.

3. TOPIC: Update & Next Steps on the Cyber Security Framework (Andres Mand)

- a. Andres Mand provided an update on the Cyber Security Framework via a PowerPoint presentation.
- b. The overall objective of this initiative is to develop a policy and reporting requirements that provide measurable assurance from LDC's that they are taking appropriate action with respect to their security, reliability and privacy obligations. The challenge was that there is no other framework for the energy sector to follow; The OEB has undertaken this initiative to facilitate the development of the Framework. A number of leading frameworks (e.g. NIST & C2M2) were leveraged in creating this new framework. A large number of distributors and the IESO have worked in the Working Group to develop the Framework, in order to tailor it to serve the sector in Ontario.
- c. Andres highlighted the following information during the presentation:
 - i. Cyber Security attacks targeting the energy industry have increased significantly in recent years; the OEB's aim is to bring the sector together to try to address cyber-attacks and collectively work to mitigate any possible impacts, rather than individually tackling the problem.
 - ii. 3 consultants, familiar with North American industry, Ontario specifically and NERC were consulted; the OEB has looked at privacy matters as well, as part of this initiative and a consultant for Ontario's privacy issues has been consulted;
 - iii. Staff is considering a regulatory requirement for self-certification by LDCs, as part of implementing this framework. This is something industry is familiar with;
 - iv. The OEB will try to form an Advisory Committee for the sector to continue developing this framework; we are thinking the IESO can play a major role in this work and the OEB is looking into how it can enable the IESO's participation; and

- v. One future step would be to accommodate possible integration of other regulators in other jurisdiction to adapt to the framework and avoid designing something very specific to Ontario.
- d. Committee members had the following input/questions:

- i. Does this new framework bind all distributors, even the smaller LDCs?

The OEB understands that one size does not fit all. The proposed framework is tiered and have various levels based on every LDC's risk and level of sophistication/automation. In short, there is a lot of flexibility around this framework to accommodate all players.

- ii. Is bulk system (transmission) included in the Cyber Security Framework?

75% of the transmission is non-bulk (i.e. not included in NERC standard); the proposed framework includes non-bulk portion as well.

- iii. What information will be publicly available?

The OEB needs only high-level information; vulnerabilities will not be shared publicly.

- iv. What would be the Reporting Requirements? What are the timeline?

Staff is looking for comments on Reporting Requirements. The proposal is that the reporting to the OEB will be assurance based and will not include specifics. The OEB will also looking for comments on timeline as well; feedback on self-assessment, control objectives, governance would be helpful.

- v. What does the 6 months review process entail (after implementation)?

The OEB will be expecting a certification report, confirming that the LDC has assessed their risk, established their cyber security objectives and assessed their current capability in meeting those objectives).

4. TOPIC: Update on Gas Supply Planning (Andres Mand)

- a. Andres Mand updated the committee members on the OEB's recently announced System Gas Supply Planning initiative. The OEB will be working with stakeholders to develop a process and the approach to assess the supply plans. Further, the intent is to create consistency in process, timing and content, between two gas distributors plans.
- b. An element that will be incorporated is a historical perspective of plan to actual performance (i.e. how accurate the previous forecast was).
- c. The Framework will provide the OEB's expectations in regards to the role of renewable natural gas in the Gas Supply Plan.
- d. Committee members had the following input/questions:
 - i. Natural Gas is a tradable commodity; no matter how large your organization is, you have to buy it from the market and pay market price. A plan that balances demand and supply, and has flexibility to respond to changing markets and demands is the objective. Both distributors have already updated some of their planning processes, responding to lessons learned in the recent past;
 - ii. Gas-fired generators buy their own gas and store their own gas; Natural Gas distributors typically are not involved in their planning.
 - iii. The two distributors buy and deliver "System Gas" meaning, buying gas and delivering it on behalf of people who do not want to buy it themselves from the market.

5. TOPIC: Review of Customer Service Rules (Viive Sawler)

- a. Viive Sawler introduced the OEB's Review of Gas and Electricity Customer Service Rules (CSR).
- b. Passage of the Protecting Vulnerable Energy Consumers Act, 2017 strengthened the OEB's authority in relation to disconnections and on February 23, 2017, the OEB issued an Order amending all electricity distribution Licences to disallow disconnection for non-payment for 2016/17 winter.
- c. Customer Service rules for electricity and gas distributors will be reviewed. The OEB currently gathers industry data (RRR), consumer complaints data (CIDRA) and data from the OEB's Communications department. Analysis of this data will be undertaken to assist in the scoping of the review of CSR.

d. Committee members had the following input/questions:

- i. Are Retailers/Marketers involved as well?
Yes, the OEB is open to comments from all utilities.
- ii. What is the timeline on this initiative?
Within the next few weeks to a month, this review will be initiated.
- iii. What would be the consultation process for this review?
The OEB has not decided on this yet.
- iv. One member pointed out that it will be necessary to give utilities, and other licences sufficient time to adjust to the rules, once finalized.
- v. There are a number of players involved in providing consumers with electricity and gas; distributors are only a part of this process.
- vi. It would be nice to make the rules fairer for electricity distributors, as part of this review.

6. TOPIC: Other Items (Open to all)

a. Committee members had the following input/questions:

- i. What is the status of the Governance paper?
OEB staff response: As per the February 9, 2017 letter to industry, the OEB is reviewing the recommendations of the Elenchus report as it considers the matter of corporate governance within the context of its performance-based regulatory framework.
- ii. What is the status of Customer Charter? Can it be shared more broadly? Some distributors have not seen it yet.
OEB staff response: The Consumer Charter was posted on the OEB website:
https://www.oeb.ca/sites/default/files/OEB_Consumer_Charter.PDF
- iii. In regards to Leave-to-Construct application for natural gas, every project above 2 million dollars needs leave to construct from the OEB. This threshold has not changed for a long time; maybe it is a

good time to review this issue and increase the threshold. Two recent examples

- Liberty village condo construction – a line needs to be relocated; very straightforward
- TTC's King Subway station – Line needs to be relocated and the size of the line needs to be upgraded. Since the project overhead costs make this project to go above 2 million dollars, leave of the OEB is required.

- iv. What is the status of Ontario Fair Hydro Plan? Is it going to include a rate freeze or just providing credit from a different source?
- v. In regards to Ontario Fair Hydro Plan, it would be valuable to have a dialogue with OEB, Ministry and distributors to have a better ultimate solution.
- vi. Are there any Rate implications of non-wire solution in regards to the IESO's DER initiative? IESO has designed a DER strategy. *OEB staff response; The OEB's decision on fixed rates for residential has addressed issues surrounding 40 to 90% of the distributor's revenue. The OEB has indicated that it is looking to design a similar approach for CI&I rate classes. And that work is underway.*
- vii. What is the timing on the OEB's Business Plan?
OEB staff response: Posted on the OEB website:
https://www.oeb.ca/oeb/Documents/Corporate/OEB_Business_Plan_2017-2020.pdf

7. TOPIC: Next Meeting

- a. Dates for the next meeting - IASC members proposed a use of doodle to schedule the next meeting.
 - i. ***ACTION: the IASC coordinator will create a doodle and will send that to all committee members.***