

Ontario Energy Board

2016-2017 Annual Report

Draft Outline

May 30, 2017

Working title:

TBD

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Infographic: Results at a glance

- Reliable and sustainable energy
- Managing costs
- Protecting consumers

WHO WE ARE

The Ontario Energy Board is an independent regulatory body.

We make decisions and provide advice to the government in order to contribute to a sustainable, reliable energy sector in Ontario. We also help consumers get value from their natural gas and electricity services. We do this by:

- Establishing rates and prices that are reasonable to consumers and that allow utilities to invest in the system
- Encouraging higher performance from natural gas and electricity utilities and measuring progress
- Making consumers' own usage, and the broader energy issues, easier to understand
- Looking out for consumer interests, investigating complaints and applying penalties, where appropriate
- Thinking about the long-term needs of Ontario's energy sector and developing regulatory policy to meet emerging challenges.

LETTER FROM THE CHAIR & CEO

The writer interviewed each of the VPs and the Registrar between May 15 and 25. Based on her discussions, she pulled together the following overarching themes for use in the Letter from the Chair & CEO.

One of the biggest changes last year – and one that every VP and the Registrar commented on during their interview – was the significant shift the Board made last year to listen to the voice of consumers.

The Board's vision to come 'out of the ivory tower' and engage directly with consumers in various ways was referred to as 'unprecedented', 'full of Aha! moments', 'part of a cultural change', and 'a real sea change'. One VP summarized the shift this way: 'We simply will not be able to fulfill our mission fully if there isn't more open communication between consumers and the Ontario Energy Board.'

It makes sense for the Board's consumer-centric focus to be a central theme in the 2016-17 annual report: It touches on everything from the way the Board manages applications, decisions and hearings (the Board's bread and butter) to its goal of promoting greater energy

literacy to trust in the entire energy sector. As the leader responsible for operationalizing this vision, the Letter should re-state the Board's commitment to making the conversation with consumers more personal, direct, transparent and ongoing.

Another common theme that rose to the top in VP interviews was the changing face of regulation. Several examples of how the Board interpreted 'the public interest' last year are worth noting, including:

- Development **and** administration of the new Ontario Electricity Support Program (OESP);
- Response to the Minister's directive on special rates (now waived) for on-reserve First Nations communities; and
- Development of a regulatory framework for the government's new cap and trade policy.

Based on the writer's interviews, VPs are both pleased and proud that the role of energy regulator has come out of the closet. VPs said more or less unanimously that they are aware of the responsibility this entails in terms of addressing consumer, societal and environmental issues, and are ready to rise to the challenge. One VP commented that it was interesting to see the Board starting to embrace a form of corporate social responsibility, similar to what for-profit companies strive for in terms of 'social licence'.

HIGHLIGHTS OF THE YEAR

The value we delivered

Consistent with the 'Who We Are' statement in the report's introduction, this section provides proof-points and brief commentary to demonstrate the Board's commitment to being a 'value-driven' regulator. The point here is to underscore the notion that the Board is evolving from being primarily cost-driven (five years ago) to being more value driven – a regulator that truly is acting in the public interest.

Proof-points:

- **Ontario Electricity Support Program** – The Board is addressing consumers' response to rising electricity costs and demonstrated a real 'can do' attitude that was a complete U-turn in terms of engagement.

- **Consumer Panel** – The Board showed it is interested in other points of view, part of a multi-pronged engagement strategy that will help inform its decision-making and adjudicative process.
- **Community meetings** – Another aspect of the Board’s new customer-centric focus – also a key element of ‘public service’ where staff were asked a whole raft of questions about the energy sector, not just questions related specifically to an application
- **New website** – The new online face of the Board, oeb.ca delivers information, tips, news, reports, etc. but also signals a new openness and transparency.
- **Directive on rates for First Nations communities** – A great example of the regulator acting in the public interest, addressing an important social issue that also happens to be an important energy issue
- **Focus on regional planning** – By encouraging utilities to think regionally, the Board is showing that regulation is not just about the efficiency of any one LDC or natural gas utility, it’s about the reliability and efficiency of the entire system.
- **Energy conservation** – Another great example of the Board’s role in enabling change, where energy issues converge with key environmental and social issues
- **OPG rate application** – This is the biggest application in Canadian history. While the applications process has been vastly streamlined in recent years, Board staff still hear and pronounce on the most complex cases, in this case one whose outcome will have a direct bearing on every ratepayer in the province.

Testimonials:

- Consumer letters from community meetings
- Chiefs of Ontario re: on-reserve rates and outcome of the Minister’s directive
- Consumer panelist on their role on the panel

The promises we kept

Behind the words in the ‘Who We Are’ statement, there is a genuine commitment to keep promises and demonstrate accountability. This section cherry-picks from the ‘Our Performance’ chart further along in the report and highlights some key promises that were made and kept, particularly when it comes to consumer protection.

Proof-points:

- **Consumer Charter** – Tangible proof the Board is walking the walk, not just talking about consumers’ rights and the Board’s responsibility to protect them

- **Energy Consumer Protection Act** – The new rules for energy marketers demonstrate that the Board is responsive to consumers’ complaints about energy marketers and is prepared to use its authority to protect consumers’ rights to fair and reasonable treatment, from all players including utilities.
- **Internal investments to support consumer focus** – This is further proof the Board is putting real skin in the game and not just talking about protecting consumers and encouraging higher levels of performance from utilities.
- **Pilot program in London on new RPP rates** – A great example of how the Board is enabling new thinking on rates and encouraging innovation – shows real courage and a willingness to think outside the box on such a contentious consumer issue

Testimonials:

- OEB representation on the new RPP framework, why it matters, importance of pilot tests
- Stakeholder input on Consumer Charter – how it came about, why it’s important

The challenges we addressed

This section speaks to the emerging challenges part of the ‘Who We Are’ section in the report’s introduction. It focuses on key files that are still works-in-progress and to the Board’s role in enabling innovation, for the long-term benefit of the entire sector.

Proof-points:

- **Cyber-security** – A great example of the Board’s role in bringing a wide range of stakeholders together to deliberate on issues of strategic importance for the whole sector – also speaks to the Board’s enabling role and highlights its willingness to step beyond the strict boundaries of ‘rates regulator’ and consider issues of national energy security
- **Cap and trade** – As Ontario’s energy regulator, the Board did more than provide perspective on a new federal policy; it developed a framework for a key issue that straddles energy and environmental concerns.
- **New utility rate handbook** – The new Handbook was designed to help all utilities in the sector to know exactly what performance measures are expected of them and is a key tool in ensuring compliance, higher levels of performance and efficiency over the long-term. A huge step forward compared to the former technical handbook.

- **Industry consolidation** – The Board is instrumental in deciding how consolidation in the electricity sector will occur, and last year announced a major decision that resulted in the creation of Alectra Utilities and [other?].
- **Rules for natural gas expansion, new entrants** – The Board responded to Epcor’s arrival in Ontario by developing new rules for pipeline expansion and rates for new customers – good example of its responsiveness to competition and being a watchdog for consumers
- **Public service:** Rising electricity rates continue/d to be a flashpoint for many customers. The Board stepped up to answer consumers’ questions about rates and the energy sector at community meetings, even if these questions were not directly related to a rate application. As the Fair Hydro Plan rolls out, the Board is prepared to continue being responsive to consumers’ issues.

Testimonials:

- IESO representative on cyber-security best practices
- Alectra on value of consolidation for its customers
- OEB Registrar on what it’s like to be on the front-lines at community meetings

OUR PERFORMANCE

- Chart similar to 2015-16 report – based on audited scorecard results

REPORT ON REGULATORY COSTS

- To be provided

SECTION 30 COST AWARDS

- To be provided

FINANCIAL STATEMENTS

- To be provided

ONTARIO ENERGY BOARD MEMBERS

- similar format to 2015/16 report

EXECUTIVE MANAGEMENT TEAM

- similar format to 2015/16 report