



OEB Business & Strategic Planning Initiatives

Chair's Advisory Roundtable

June 22, 2017

Introduction and Agenda

Provide an overview of OEB Business and Strategic Planning Initiatives:



2017-2020 Business Plan:

- Approach
- Key Components



Strategic Planning Initiatives

- Approach
- Sector transformation
- Key questions for regulators
- Components of New Strategic Design



2017-2020 Business Plan - Approach

Overview of the 2017-2020 Business Plan:



Strong continuity with prior Business Plans



New components as required by Agencies & Appointments Directive



Submitted to Minister in late December 2016



Approved by Minister in March 2017



22/06/17

Ontario Energy Board

3

2017-2020 Business Plan – Strategic Directions

Strategic Directions for the 2017-2020 Business Plan:



Empowering Consumers



Enhancing Utility Performance



Enabling Access to Competitive Energy Choices



Enhancing Regulatory Effectiveness



22/06/17

Ontario Energy Board

4

2017-2020 Business Plan – Empowering Consumers

- Expand consumer outreach and implement campaign to educate consumers
- Enhance consumer representation in decision making in community meetings and local hearings
- Publicize the Consumer Charter and provide guidance to distributors and suppliers about implementation
- “Consumers Come First” – Complete retailer scorecards , price comparison website, and requirements to support on line verification
- Promote awareness of and expand access to the Ontario Energy Support Program
- Evaluate customer service rules and charges and amend as appropriate



2017-2020 Business Plan – Enhancing Utility Performance

- Assess need, and develop options for regulatory reforms to support the evolution of the sector (e.g., pricing of network services, infrastructure planning, incentives for distributors and transmitters, and other features of the Renewed Regulatory Framework)
- Develop guidance and filing requirements regarding natural gas supply planning by the gas distributors
- Complete the analysis required for the development of Electricity Distributor Benchmarking at the program level
- Complete the development of guidelines for effective corporate governance in the utilities



2017-2020 Business Plan – Enabling Access to Competitive Energy Choices

- Develop new “smarter” electricity delivery rate design for non-residential customers
- Implement “smarter” electricity price pilot projects
- Complete development of the cyber-security framework to oversee customer data protection and distribution network security
- Plan for mid-term review and evaluation of the gas demand side management framework evaluation
- Develop tools needed to support the OEB’s cap and trade regulatory framework under the Climate Change Action Plan
- Carry out work as directed by the Minister to implement the Long Term Energy Plan



2017-2020 Business Plan – Enhancing Regulatory Effectiveness

- Implement new OEB Website
- Develop approach to proportionate and efficient application review processes
- Complete the examination of issues relating to the pricing of retail fuels in Ontario and report to the Minister



22/06/17

Ontario Energy Board

8

Strategic Planning - Background

Overview of Strategic Planning at the OEB:

- Driven by appreciation of significant changes underway in the sector
- Difficult to address in context of standard 3 year planning process
- Recognized need for longer term and more strategic approach
- Initiated review in late 2016
- Engaged Aleck Dadson (former COO) to assist
- Considerable deliberation by Executive Team
- Input from both Board Members and key Staff
- Will help OEB set priorities and establish business plans going forward

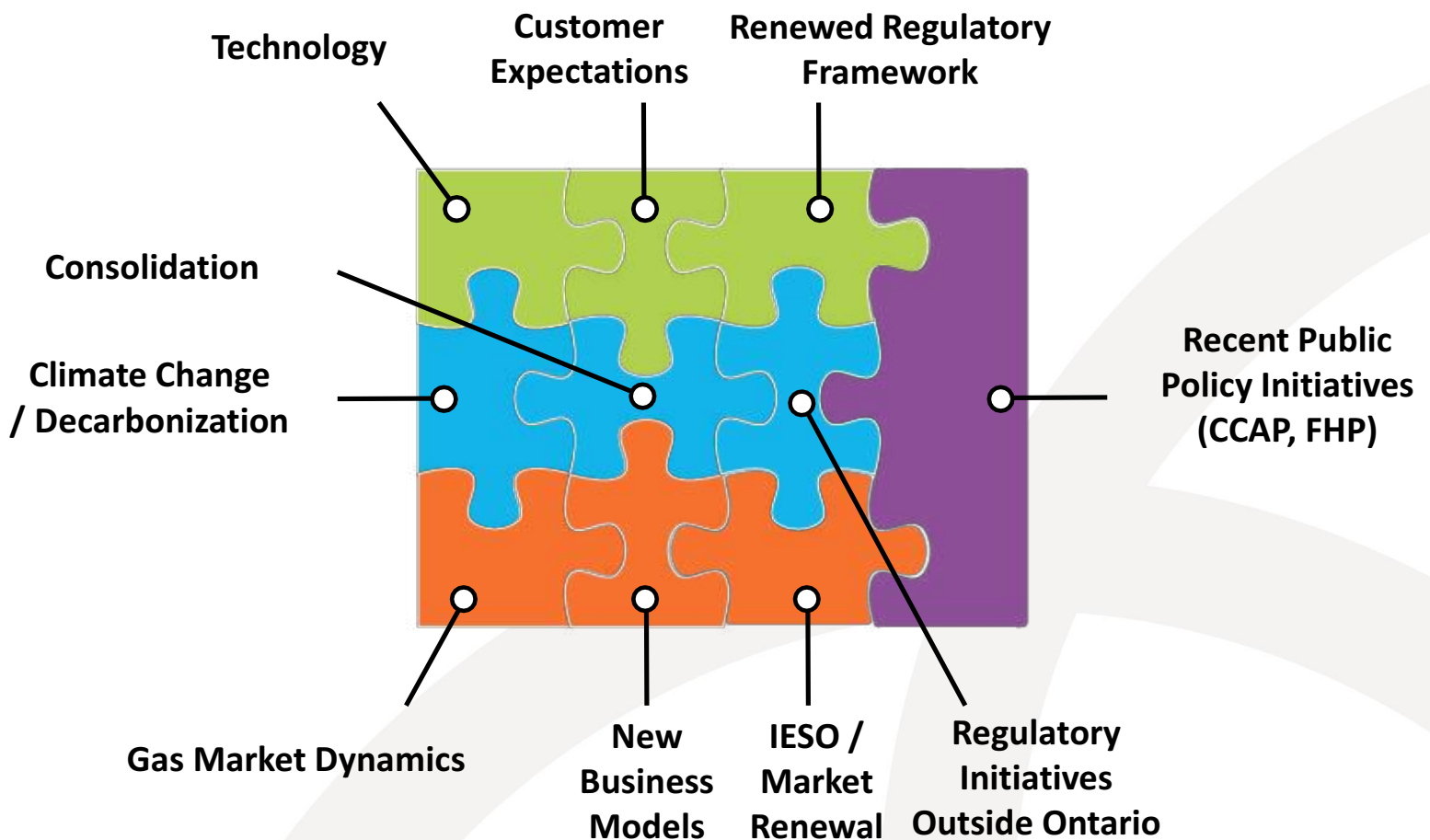


Questions to Think About

- Are there any gaps: are there any considerations or issues that are overlooked?
- What are the top 3 issues that the OEB will need to address over the next 5 years?



Strategic Planning – Sector Transformation



Ontario Energy Board

11

Strategic Planning – Key Questions for Regulators and Policymakers

Key Issues for Consideration:

- Growing body of literature highlights a number of the key issues:
 - The proper regulatory approach – reactive or proactive?
 - Rate-setting framework that provides appropriate incentives
 - Design of rates that send the appropriate signals to consumers
 - Role that incumbent utilities should play in the DERs market
 - Allocation of risk - particularly regarding any potential for stranded costs
 - Technical standards for DERs
 - Impacts (positive and negative) on consumers or subsets of consumers – i.e. potential for cost shifting, privacy issues
- Little discussion about “consumer protection” in the emerging DERs market
- Need to address these questions having regard to Ontario circumstances



Strategic Planning – Key Components

Considerations for the Development of OEB's Strategic Plan:

- Many different formats for strategic plans
- BUT proposing a traditional approach reflecting:
 - Vision – where does the OEB want to be in 5 years or more
 - Mission (or Guiding Principles) – what will the OEB do to achieve that Vision
 - Strategic Goals & Objectives – more specific areas of focus
- Modelled on IESO approach
- Still a “work in progress”



Strategic Planning – Development of the Vision

The Current Vision:

- *The OEB regulates the electricity and natural gas sectors in a manner that focuses on outcomes that are valued by consumers.*
- *Energy consumers have the information they need to understand the value they receive for their expenditures on energy and to make choices regarding their own use of energy.*
- *Under the OEB's regulatory framework, distributors, transmitters and other regulated entities invest and operate in a manner that increases efficiency and encourages innovation, and that provides consumers with a reliable energy supply at a reasonable cost.*
- *The OEB's own processes are efficient and effective and are understood by and accessible to all persons.*



Strategic Planning – Development of the Vision

Replace the current Vision with a simpler aspirational statement

- Maintain the focus on consumers and the references to efficiency, innovation and value
- BUT introduce the specific context of sector transformation

The OEB supports and guides the continuing evolution of the Ontario energy sector by promoting efficiency and innovation that deliver value to all Ontario energy consumers.



Strategic Planning – Development of the Mission/Principles

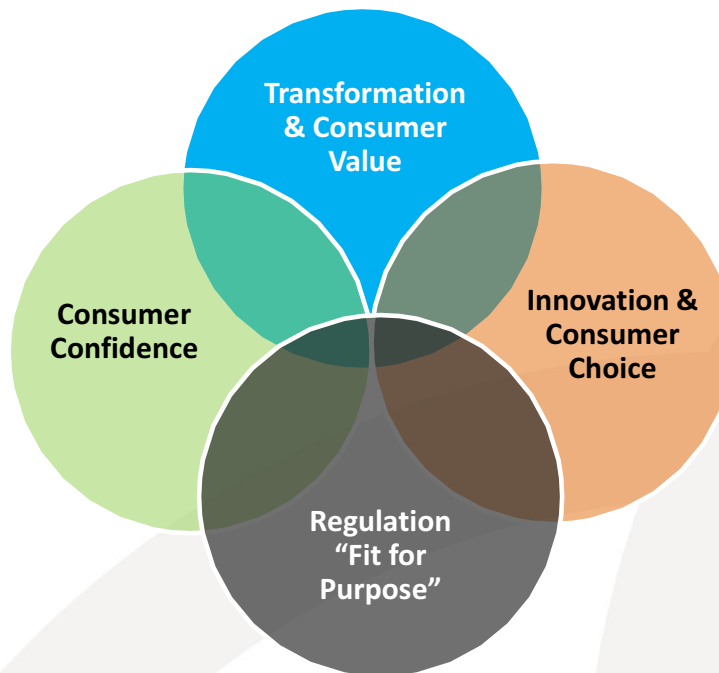
Proposed OEB Mission/Principles:

- Focus on outcomes and value for consumers
- Reflect a deep appreciation of the far-reaching changes underway
- Predictable approach to regulation that supports efficient investment
- Use regulatory tools to drive efficiency and innovation in utility operations
- OEB's organization, processes and policies adapted to the needs of the changing environment
- Input from consumers and other stakeholders in all OEB work
- Educate consumers about their rights and choices
- Consumers are treated fairly by utilities and other market participants
- Collaborate with the Government and other agencies to support and guide the evolution of the sector



Strategic Planning – Strategic Goals and Objectives

Based on the Vision and Mission/Principles, identified four interconnected Strategic Goals:



Strategic Goal #1 – “Transformation and Consumer Value”

Utilities are delivering value to consumers in a changing environment:



Focus on long term “value for money”



Utility planning reflects continuing evolution of the sector



Coordination of infrastructure investment on a regional basis



Optimization of natural gas infrastructure during shift to low-carbon economy



22/06/17

Ontario Energy Board

18

Strategic Goal #2 – “Innovation and Consumer Choice”

Utilities and other market participants are embracing innovation in their operations and in the products and services they offer consumers:



Adoption of innovative and “least cost” Capex and Opex solutions



Design of network/system rates supports efficient use of infrastructure and enables greater customer choice and control



OEB codes and rules reflect the needs of an evolving market



RPP provides greater choice and appropriate price signals to low-volume consumers



Strategic Goal #3 – “Consumer Confidence”

Consumers have confidence in the oversight of the sector and in their ability to make choices about products and services:



Consumers understand their rights and choices



Customer service rules and standards meet the expectations and needs of consumers



Consumers are treated fairly in retail electricity and natural gas markets



Benefits of innovation and transformation are realized by all types of consumers



Strategic Goal #4 – Regulation is “Fit for Purpose”

The OEB has the resources and processes appropriate to the changing environment:



Collaboration with Government and other agencies



Engagement with consumers, stakeholders and other energy regulators



Expertise needed to address the evolution of the sector



Organization and processes remain flexible



22/06/17

Ontario Energy Board

21

Next Steps

- Further consultation internally and externally
- Reassess work to date in light of the LTEP
- Develop communications plan
- Inform development of the next Business Plan (2018-2021)



Questions, Comments & Discussion



22/06/17

Ontario Energy Board

23