



Performance, Value, Innovation, Reward

EDA Joint NE/NW Districts
2017 Fall Conference & Annual Meeting

Rosemarie T. Leclair, Chair and CEO
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Overview

- Regulatory evolution – 5 years in the making
- What's new?
- The next 5 years



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The RRF – A Roadmap for Regulatory Reform

- Financially sustainable LDCs
- Robust, reliable networks
- Value for customers
- Supporting Innovation
- Rewarding performance



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Performance

Financial Stability

- ✓ Flexible rate setting models
 - Custom IR, Price Cap IR and Annual IR
- ✓ Access to capital between re-basing
 - Mechanisms developed to pace investments and manage impact on customers
 - Incremental Capital Module
 - Advanced Capital Module
- ✓ Residential fixed rates
 - Provides greater certainty of revenues to support investment and reliable operations
- ✓ Robust return on equity
 - Opportunity to earn reasonable returns to finance investment



Performance and Value

Robust, Reliable Networks

- ✓ Asset management & Distribution System Plans
 - To pace, prioritize and optimize renewal investments
 - To support modernization of the network and adoption of smart grid and conservation
- ✓ Regional Planning
 - To optimize network investments recognizing integrated transmission and distribution grids
- Cost rules to facilitate regional planning
 - To ensure cost responsibilities are aligned and facilitate regional planning and infrastructure build



Performance and Value

- ✓ Reliability standards
 - Set specific targets for each distributor
 - Reporting in scorecard
 - Developing customer specific reliability metrics
- Outage reporting and monitoring
 - Reporting to understand distributors' response to major events, i.e. storms
- Cyber security
 - Establishing a framework to support best practice in protecting customer data and system security



Value for Customers

- ✓ Transparent performance reporting (scorecards)
 - Comparative info to allow customers to assess value and performance of their utility year over year, and across LDC's
- ✓ Customer engagement in utility investment and service planning
 - To help inform utility investment and service plans and provide helpful information to customers
- ✓ OEB community meetings for rate hearings
 - Gathers customer input on rate applications in their community with participation by the Utility
- ✓ Consumer Charter
 - Provide accessible and transparent information for customers on their rights and responsibilities
- Review of Customer Service Rules
 - Want rules to serve the needs of customers and balance customer protection and operational needs of LDC's



Value and Innovation

- Smarter Rates

Enabling:

- customer uptake of new technologies
- fairer billing
- grid innovation

- ✓ Residential fixed rates

- Connection charge
- Support net metering and conservation

- Commercial and Industrial

- Recognizing impact of larger customers on the grid
- To send a price signal to customers to adjust demand to optimize investment and avoid overbuilding



Value and Innovation

- Scope and Scale
 - ✓ Policies to facilitate mergers and acquisitions
 - Deferred rebasing for 10 years while maintaining the savings
 - Handbook established OEB's test and approach to MAADs review
 - ✓ Diversification (Bill 135)
 - New business opportunities for distributors where special circumstances are identified
 - RPP pilots
 - Pricing pilots designed to inform redesign of RPP to give customers more control



Reward

Regulatory oversight is proportionate to performance

- Performance
 - Financial
 - Operational
 - Organizational
 - Quality of service
- Enablers
 - Robust benchmarking
 - Performance reporting and monitoring
 - Best practices in corporate governance



Next year and the year after that

Maintain our focus on...

- **Performance**
 - Evolve utility scorecard to make it more relevant to customers
 - Assess performance against unit/production cost benchmarks
 - Implement corporate governance best practices
 - Enhance auditing and compliance
 - Reward performance through proportionate regulatory reviews
- **Value and innovation**
 - Develop new pricing models that meet needs of different consumers and reflect use of the system
 - Consider different rate setting models
- **Empowering customers**
 - Modernize customer service rules
 - Expand opportunities for consumers to have a voice
- **Addressing Public Policy**
 - Continue focus on Smart Grid, conservation and affordability
 - Climate Change Action Plan and de-carbonization
 - Long-Term Energy Plan policy direction

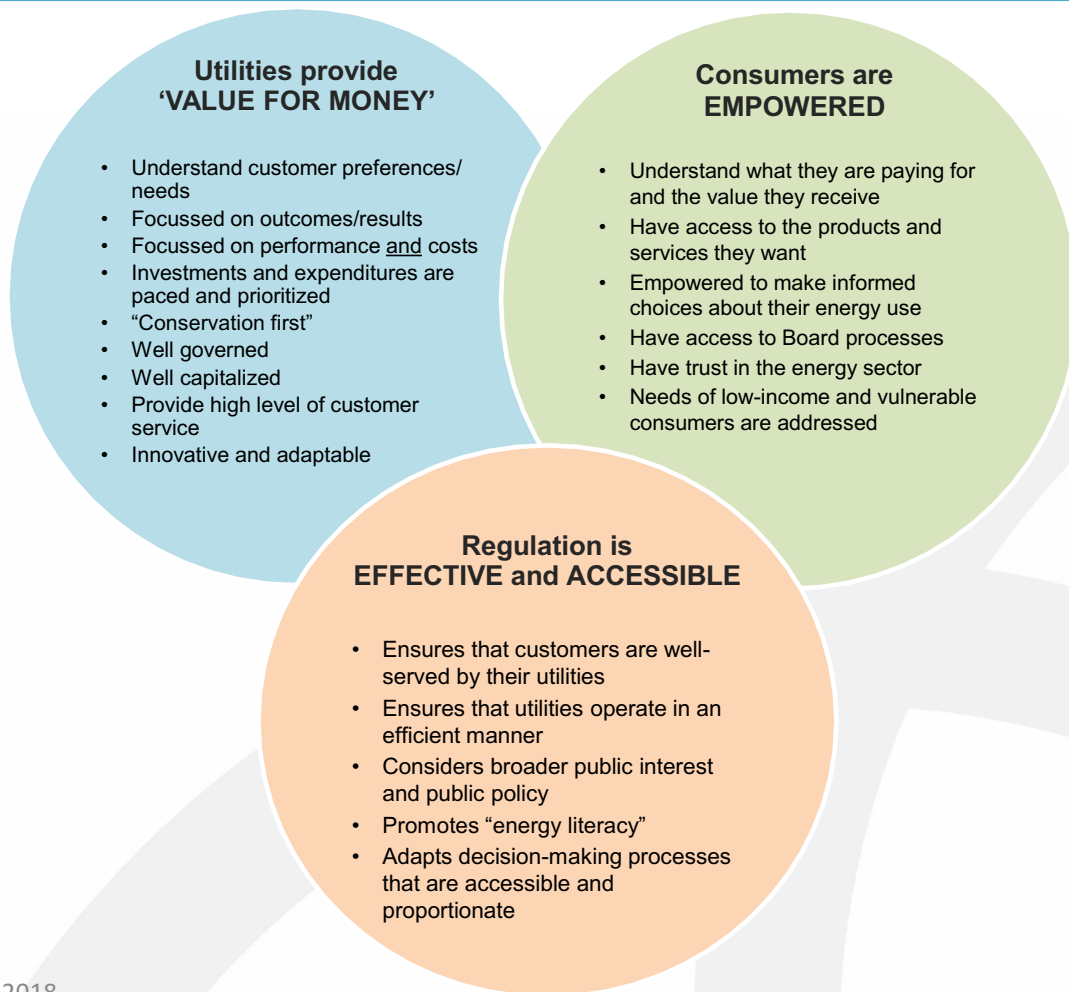


Anticipate and prepare for the future

- **Energy Policy Evolution**
 - Climate Change Action Plan
 - Fair Hydro Plan
 - Long-Term Energy Plan
- **Technological Innovation**
 - New choices for consumers
 - Traditional utility business model is challenged
 - Call for a new approach to regulation
- **OEB response**
 - New regulatory blueprint
 - New CEO forum on innovation



Consumer Centric Regulation in Action



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Questions & Answers



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