Ontario

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Opening Remarks
Standing Committee on Justice Policy
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Queen's Park, Toronto

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Good afternoon Chair and members of the Committee. My name is Mary Anne Aldred and I am the General Counsel and Vice President, Strategic Policy for the Ontario Energy Board. Rosemarie Leclair, the Chair and CEO of the OEB, is out of the country and therefore unable to attend today.

I would like to introduce the members of the OEB's executive team who are with me today: Brian Hewson, Vice-President, Consumer Protection and Industry Performance; Martine Band, Associate General Counsel; Ted Antonopoulos, Director of Rates; and Ceiran Bishop, Manager of Strategic Policy. We appreciate being invited to attend today.

The OEB is an independent regulatory body that makes decisions and provides advice to the government in order to contribute to a sustainable, reliable energy sector and to help consumers get value from their natural gas and electricity services.

The OEB has broad oversight responsibilities that are set out in legislation. We license all market participants, and establish standards of conduct and service and approve major infrastructure investments. We approve the revenues required by 69 distribution and 5 transmission companies to enable them to serve 5 million customers across Ontario. And we have been setting electricity prices for residential and small business customers for over 10 years.

The OEB's core regulatory function is focused on ensuring that energy consumers are seeing the highest possible value for the dollars they spend on their monthly bill. This is balanced with the need to ensure appropriate investments are made to sustain the system those consumers rely on. And we have a long history of doing just that.

While the Ontario Energy Board is not the architect of the government's proposed Fair Hydro Plan, Bill 132 would, if passed, give the OEB some new responsibilities and affect how we exercise some of our existing responsibilities. The OEB's role in implementing the proposed Fair Hydro Plan is outlined at a high level in Bill 132. Much of the detail is expected to be set out in regulations.

The Bill contemplates a role for the OEB in implementing the government's plan to lower electricity bills by 25% for a typical residential consumer, and a role in implementing the government's plan to hold rate increases for residential ratepayers to the rate of inflation.

In addition, Bill 132 contemplates that the OEB will have the following new responsibilities:

i. Setting the charge by which the Clean Energy Adjustment will be recovered from consumers.

ii. Approving fees that can be charged by OPG in its capacity as the Financial Services Manager.

iii. Ensuring that licensed electricity distributors and unit sub-meter providers comply with their obligations under the Bill.

iv. Implementing the government's plan to expand and enhance the Rural or Remote Electricity Rate Protection program.

v. Implementing the government's plan for a new First Nation on-reserve delivery credit.

vi. Setting rates to enable the IESO to recover any funding shortfalls to the extent that the amounts are not transferred to the OPG financing entity and financed in the capital markets.

As the agency tasked with giving effect to these elements of the proposed Fair Hydro Plan, OEB staff has provided technical advice to government on implementation issues. We have done so based on our expertise and experience in the sector in order to ensure that the government's policy direction and objectives can be implemented efficiently by both the OEB and the entities that we regulate.

While Bill 132, if passed, would affect how we do our work in some respects, it is not intended to limit the OEB's mandate to set just and reasonable rates for electricity distributors and transmitters. The government fully expects that the OEB will continue to exercise that mandate in the public interest as we do today. That expectation is set out in a letter from the Minister that is attached to the report that was posted on our website when we issued new RPP prices effective May 1, 2017.

As the Committee members will know, those prices included a portion of the electricity bill reductions proposed under the Fair Hydro Plan. This is in keeping with our normal practice. We set RPP prices based on forecasts, and we include significant price changes that may occur in the period because of the smoothing benefits for customers.

This is one example of how the OEB, as the independent regulator, protects the interests of consumers. We do the same when we set distribution rates. Since 2009, we have kept annual *[average]* distribution rate increases at near the rate of inflation. We will continue that work in the public interest.

Thank you again for the opportunity to attend today. We would be pleased to answer any questions you may have.