

2022 - 2023

Annual Report



Ontario
Energy
Board

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A MESSAGE FROM THE CHAIR AND CHIEF EXECUTIVE OFFICER

Fiscal year 2022-2023 was defined by purpose and an ambitious agenda. The Ontario Energy Board (OEB) delivered significant value in support of our strategic goals (**Evolve Toward Becoming a Top Quartile Regulator, Protect the Public, Drive Energy Sector Performance and Facilitate Innovation**), the 2022-2025 Business Plan and the Minister's Letter of Direction, received in October 2022.

It was also a pivotal year when the important and necessary foundational work of OEB modernization, which officially ended on September 30, 2022, shifted to a period of enablement. The OEB is now better positioned to effectively, meaningfully and fully support an energy transition that is radically reshaping the economic, environmental and social landscape of our province.

This report highlights the measurable progress made in fiscal year 2022-2023 to deliver on our mandate, and the expanding priorities and expectations outlined in the Minister's Letter of Direction, all while remaining focused on the adjudicative and consumer protection work that is at our core. It also records the measures taken by the OEB to simplify and streamline practices and procedures in relation to the OEB's regulatory functions.

Being seen as a top quartile regulator requires us to live our values, deliver on our strategic themes (accountability, certainty, effectiveness, efficiency, independence and innovation) and to engage in continuous improvement. One of the most important areas for us to display these essential attributes is through adjudicating the applications of those we regulate. This past year, **we processed 264 utility applications**, with 51 having been decided by Commissioner panels. This includes the **unprecedented Hydro One joint transmission and distribution rate application for 2023-2027 rates**.

Meanwhile, we took deliberate actions to be more efficient. With the oversight of our Board of Directors, we **simplified and streamlined practices and procedures related to regulatory functions**, achieving burden reduction in our adjudicative and data collection processes. Following revisions to small-utility filing requirements, we **completed a review of filing requirements for remaining electricity distributors**, focusing on customer engagement, benchmarking and distribution system plans.

Through the work of the Reliability and Power Quality Review (RPQR) working group, amendments to **Reporting and Record-Keeping Requirements (RRRs)** announced in November 2022 came into effect on January 1, 2023. These amendments **focused on increasing consistency in reporting through clarifying definitions, improving data quality and minimizing any additional regulatory requirements**. Several improvements were made to RRR reporting this year and are intended to increase consistency in reporting, provide greater insight into reliability across the sector, assist electricity distributors in making informed investment decisions and support electricity distributors with rate applications.

With the introduction of our **new interactive system reliability dashboard** in March, the data we collect from utilities will benefit both the sector and customers. This user-friendly online tool provides data to visualize industry trends and allows distributors to compare themselves against their peers, with the goal of improving local service and performance.

Working with the sector we **enhanced cyber readiness reporting**, enabling greater operational safety to limit downtime if business interruptions occur.

And, as a testament to our passionate and dedicated employees, who are driving our organization's evolution toward being recognized as a top quartile regulator, **the OEB was named one of Greater Toronto's Top Employers for 2023**. We're grateful for this honour and the company we keep, and we will strive to retain our status among the best in the coming years.

Protecting the interests of consumers is the OEB's highest priority. In this time of transition and economic uncertainty, it is vital that the public continues to have safe, reliable and affordable energy. Now, more than ever, the public needs to understand that we work for them, especially with regards to ensuring fair energy prices and service quality.

Throughout 2022-2023 we honoured our commitment to protecting consumers by upholding a culture of compliance among utilities while ensuring processes are balanced and fair. We **completed 32 compliance inspections with enforceable provisions; responded to 341 industry regulatory enquiries;** answered more than 8,400 consumer enquiries, including phone calls, emails and chats; **escalated more than 440 complaints** for further review; and **closed more than 50 compliance reviews**. And through it all, we **achieved a 91% post-call satisfaction score** from consumers interacting with our Public Information Centre.

In consideration of the most vulnerable among us, and in partnership with the Ministry of Energy and local distribution companies, we **executed a scams awareness campaign**. The campaign, which included radio and digital advertisements designed to help consumers recognize an energy scam, **reached approximately 2.2 million people in Ontario**.

As requested in the Minister's Letter of Direction, and in support of our Regulatory Framework Project, the OEB **hosted a series of external workshops this past year to explore how we could enable electrification-related investments while protecting consumers' interests**. Regulated utilities, third-party unregulated energy companies, consumer groups, intervenors, innovators and electric vehicle proponents were among the dozens of parties engaged.

Ontario's regulated utilities provide more than 5.5 million residential and small-business customers with electricity, and more than 3.8 million with natural gas. Throughout 2022-2023 the OEB remained committed to enabling our province's utilities to deliver reliable service and value by requiring high performance and continuous improvement from them.

One major milestone in this area was the **approval of a three-year natural gas conservation plan for Enbridge Gas Inc.**, which began in January of this year, **and an accompanying policy framework to guide the development of future conservation plans**. Together, the plan and the framework provide additional certainty to Enbridge and its customers, so that they can prepare for the future with confidence.

To support the energy transition and prepare for widespread electric vehicle adoption, the OEB **surveyed electric vehicle charging companies and local distribution companies**. A report of findings indicated that stakeholders are concerned about residential connections, and that they are looking for clarity around investments and support for customer education.

Creation of the Ultra-Low Overnight Price Plan (ULO) was another major initiative this past year. It is an innovative program for consumers to charge electric vehicles and undertake other electricity-intensive activities overnight, while providing greater customer choice of pricing.

We also **committed to improving the efficiency and effectiveness of intervenor processes and cost awards, completing five projects, as planned**. The remaining six, which include developing guidance around cost awards and examining the rules of practice and procedure around expert evidence, will be completed in 2023-2024.

Facilitating innovation remains a top priority for the OEB, as it does for the sector, and we acknowledge its importance in addressing the energy transition in creative and cost-effective ways. Several advancements were made this past year to give the sector certainty in the face of the energy transition and to aid consumer choice.

We **announced regulatory changes that expanded access to net metering** by allowing electricity customers to lease or finance renewable energy systems and we launched a webpage to help consumers make informed decisions on this topic. We also **supported distributors preparing for Green Button implementation in 2023**.

The Framework for Energy Innovation Working Group, which held its first meeting in early fiscal 2021-2022, delivered its final report to the OEB in June. The working group's advice and input from other stakeholders informed the **OEB's report, *Framework for Energy Innovation: Setting a Path Forward for DER Integration***, which sets out OEB policies and next steps with respect to the integration of Distributed Energy Resources (DERs) into Ontario's electricity distribution systems. The report marked the conclusion of this extensive consultation and provided much-needed clarity and certainty for the sector.

Finally, we **launched our Innovation Sandbox Challenge**, offering utilities and other organizations a chance to receive regulatory guidance and up to \$1.5 million for local, innovative projects that have the potential to move beyond the pilot phase or that increase consumers' understanding of their role in the energy transition.

It has been a truly transformational year at the OEB. Thanks to the work of a strong Board of Directors and a highly skilled team, we are proud of the accomplishments we have achieved. Nevertheless, there remains heavy lifting to be done as we face the energy transition and new challenges that await us. We would like to thank our stakeholders from across the province for continuing to engage with us. We hope they will agree that the transparency with which we conduct our business now, as a modern energy regulator, reflects our fundamental belief that we work for the energy sector we regulate, not against it, and that we exist to protect consumers from risk, not from progress.

When it comes to the energy transition, inaction is not an option. As this report makes clear, we have been and remain fully engaged in the work that needs to be done as Ontario sets a course for the future and determines its pathways to decarbonization. The OEB looks forward to working with the entire sector to facilitate implementation of the government's vision for the future, focusing on continually enhancing reliability, resilience and customer choice.



Richard Dicerni
Chair



Susanna Zagar
Chief Executive Officer

VISION, MISSION, PURPOSE AND VALUES STATEMENTS

The OEB's vision, mission, purpose and value statements.



VISION	MISSION	PURPOSE
To be a trusted regulator that is recognized for enabling Ontario's growing economy and improving the quality of life for the people of this province, who deserve safe, reliable and affordable energy.	To deliver public value through prudent regulation and independent adjudicative decision making, which contributes to Ontario's economic, social and environmental development.	To oversee the provincial energy markets, protect the interests of individuals and support the collective advancement of the people of Ontario.



VALUES

ACCOUNTABLE	TRANSPARENT	DRIVEN	THOUGHTFUL
We hold ourselves accountable to the public we serve through integrity of governance, clarity of process and independence of decision making.	We are transparent in setting objectives, measuring outcomes and reporting on our performance to our stakeholders and the public.	We are driven to do the right things, work hard and deliver value for the people of Ontario and the evolving energy sector that we regulate.	We approach each day thoughtfully and ensure prudent stewardship of one of the most complex and productive energy sectors in the world.

OUR PERFORMANCE

The OEB's 2022-2023 performance is measured and reported in the following ways:

- A. Performance Measurement Framework**
 - B. Consumer Protection, Progress on the Minister's Letter of Direction and Additional Accomplishments**
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A. Performance Measurement Framework

The OEB is focused on outcomes for all its stakeholders, improving operational effectiveness, stakeholder satisfaction and accountability, while simultaneously controlling costs. This Annual Report presents results attributed to year-one deliverables of the 2022-2025 Business Plan, approved by the Minister of Energy in 2022.

In fiscal year 2022-2023, in response to consistent feedback received from the Minister of Energy both in relation to our 2021-2024 and 2022-2025 Business Plans and through the Minister's Letter of Direction (October 2022), we reviewed our approach to the overall measurement of OEB performance. Our Performance Measurement Framework now brings together three key components including **Strategic Performance Measurement, Enterprise Scorecard** and **Adjudicative Dashboard**.

As a matter of stakeholder engagement, this Framework is informed by important feedback/input obtained from executive members of our Energy [X] Change advisory group. Similarly, by engaging with staff at the Ministry of Energy we made progress on a roadmap for improvement, which will be built into our next rolling three-year Business Plan, added stretch targets, and began the important work of investigating and identifying additional indicators. This work will continue to evolve and we continue to welcome feedback from all stakeholders on metrics that are meaningful.

Strategic Performance Measurement

Using a set of eight indicators, the OEB is measuring its performance against the four strategic goals set out in its five-year Strategic Plan (**Evolve Toward Becoming a Top Quartile Regulator, Protect the Public, Drive Energy Sector Performance, Facilitate Innovation**). Our progress on each indicator is shown in the table that follows.

OUR PERFORMANCE

Strategic Goal	Outcome/ Indicator	What this measures	Results			2026 Target	2026 Target met?
			2020 (baseline)	2021	2022		
Evolve Toward Becoming a Top Quartile Regulator	1. Adjudicative proceeding timelines	A proportion of decisions issued within performance standards for processing applications (Total Cycle Time) (%).	85%	99%	99%	≥ 90%	√
	2. Stakeholder satisfaction	A proportion of stakeholders satisfied with the OEB's overall performance (%).	43%	47%	45%	50%	
	3. Stakeholder rating of independence	A proportion of stakeholders rating the OEB as independent (%).	38%	39%	47%	48%	
Protect the Public	4. Score on public value index	Score on Public Value Index (# out of 10.0).	6.8	6.9	6.8	7.0	
	5. Regulations fit for purpose	A proportion of non-compliant disconnections (%).	53%	41%	56%	≤ 40%	
Drive Energy Sector Performance	6a. Utility performance improvement (SAIDI)	A proportion of electric utilities with an improving trend in duration of outages (%).	46%	53%	54%	3% increase	√
	6b. Utility performance improvement (SAIFI)	A proportion of electric utilities with an improving trend in frequency of outages (%).	44%	46%	63%	1% increase	√
Facilitate Innovation	7. Enrich consumer choice through OEB's online bill calculator	Annual page views of OEB bill calculator website (#).	83,715	205,422	156,663	≥ 185,000	
	8. Innovative activity in the regulated energy sector	Innovation Sandbox enquiries (#).	20	21	15	≥ 25	

Note: All data is the best available as of June 19, 2023

OUR PERFORMANCE

UNDERSTANDING OUR PERFORMANCE

In the past year, we've taken a fresh look at our performance and have set more ambitious targets. Our 2025-2026 targets, which represent a stretch for us, represent where we would like to see the OEB get to. While some of these targets may not be possible for us to reach by the end of 2025-2026, in most cases our performance is trending in the right direction.

The outcomes in our strategic performance measurement are long-term and none is wholly under the control of OEB. These outcomes shed light not only on OEB performance but also reflect conditions within the broader energy sector. The sections that follow provide more information and important context on each of these outcomes.

The way we measure our performance continues to mature. In subsequent years in this strategic plan, we will pursue opportunities to use data that is more reliable and provides a more accurate depiction of our performance. This will require adjusting some of our methodologies.

Outcome 1: Adjudicative Proceeding Timelines

Strategic Goal: Evolve Toward Becoming a Top Quartile Regulator

What we measure: Proportion of decisions issued within performance standards for processing applications (Total Cycle Time) (%).

How we understand our performance: Higher is better.

Level of influence: Direct. The OEB has direct influence over the timing of decisions.

2026 Target: 90%

How we're doing: The OEB continues to exceed its performance standard for this outcome. If the OEB continues its upward trajectory, it will surpass its 2025-2026 target.

Outcome 2: Stakeholder Satisfaction

Strategic Goal: Evolve Toward Becoming a Top Quartile Regulator

What we measure: Proportion of stakeholders satisfied with the OEB's overall performance (%).

How we understand our performance: Higher is better. Maintaining a consistently high proportion of stakeholders satisfied with the OEB's performance is challenging and requires continuous improvement.

Level of influence: Direct/indirect. While the OEB aims to satisfy stakeholders where we can, this outcome is heavily influenced by external factors like sector conditions and specific stakeholder interactions with the OEB.

2026 Target: 50%

How we're doing: Stakeholder satisfaction has declined year-over-year but remains above the baseline. We remain committed to building the trust and confidence of the stakeholder community.

OUR PERFORMANCE

Outcome 3: Stakeholder Rating of Independence

Strategic Goal: Evolve Toward Becoming a Top Quartile Regulator

What we measure: Proportion of stakeholders rating OEB as independent (%).

How we understand our performance: Higher is better.

Level of influence: Direct/indirect. There are many stakeholders in the sector, including government. The OEB must be independent but never isolated.

2026 Target: 48%

How we're doing: We have recorded a 9-point increase over our baseline, indicating significant progress. We remain just below our aggressive target.

Outcome 4: Public Value

Strategic Goal: Protect the Public

What we measure: Score on our Public Value Index (# out of 10.0). Our Public Value Index monitors:

1. Cost performance of utility delivery and OEB services
2. Trust and confidence in the OEB
3. Quality of service delivery by utilities and the OEB, and
4. Reliability of utilities.

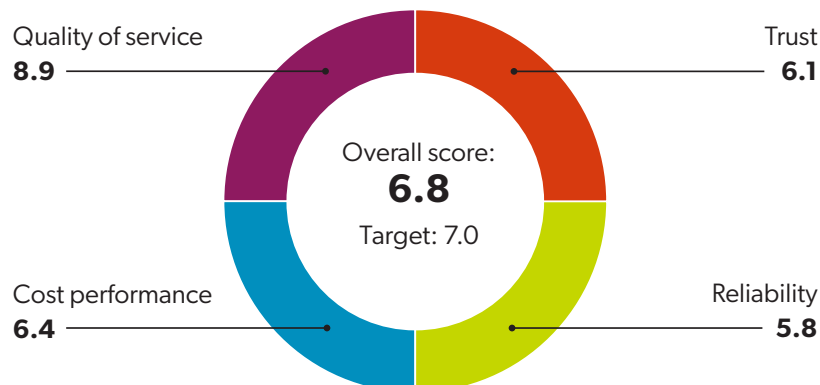
Each of these dimensions is standardized on a 10.0 scale, then combined in the index. Each is weighted equally. The index communicates our average score across these dimensions.

How we understand our performance: How we are doing on these measures indicates how well we are performing on our statutory objective to inform consumers and protect their interests with respect to prices and the adequacy, reliability and quality of service.

Level of influence: Direct/indirect. Public Value is a composite measure. While the OEB has direct control over its operating costs and service quality indicators, the remaining Public Value metrics are influenced by external factors.

2026 Target: 7.0

How we're doing: Public Value remains steady and just below our 2026 target.



OUR PERFORMANCE

Outcome 5: Regulations Fit for Purpose

Strategic Goal: Protect the Public

What we measure: Proportion of non-compliant disconnections (%).

How we understand our performance: Lower is better, where fewer consumers are experiencing utility disconnections that do not comply with regulations set out by the OEB.

Level of influence: Direct.

2026 Target: 40%

How we're doing: This result indicates that progress is slow when it comes to improving compliance related to disconnections. The OEB is taking steps to build a culture of compliance across the sector to improve scores.

Outcome 6a: Utility Performance Improvement – Duration of Outages

Strategic Goal: Drive Energy Sector Performance

What we measure: Proportion of electric utilities with an improving trend in duration of outages (%).

How we understand our performance: Higher is better, where more utilities are improving service reliability.

Level of influence: Indirect. Currently, the OEB does not set targets for utilities with respect to SAIDI.

2026 Target: 3% increase

How we're doing: This result suggests that utilities are improving service reliability related to the duration of outages.

Outcome 6b: Utility Performance Improvement – Frequency of Outages

Strategic Goal: Drive Energy Sector Performance

What we measure: Proportion of electric utilities with an improving trend in frequency of outages (%).

How we understand our performance: Higher is better, where more utilities are improving service reliability.

Level of influence: Indirect. Currently, the OEB does not set targets for utilities with respect to SAIFI.

2026 Target: 1% increase

How we're doing: This result suggests that utilities are improving service reliability related to the frequency of outages.

OUR PERFORMANCE

Outcome 7: Enrich Consumer Choice

Strategic Goal: Drive Energy Sector Performance

What we measure: Annual page views of OEB bill calculator website (#). Visits are a proxy indicator of consumer information seeking behaviour, which is an element of choice that the OEB can support.

How we understand our performance: More visits suggest that more consumers are evaluating their pricing options, which supports informed choice.

Level of influence: Indirect. The OEB does not require consumers to use the bill calculator but provides the information to help inform a customer's choice when needed. Use of the bill calculator will fluctuate with price announcements and new pricing options (as in 2020).

2026 Target: 185,000

How we're doing: Use of the OEB's bill calculator remains high compared to the baseline measure, indicating that consumers are using the bill calculator to help inform their energy choices.

Outcome 8: Innovative Activity in the Regulated Energy Sector

Strategic Goal: Facilitate Innovation

What we measure: Innovation Sandbox enquiries (#)

How we understand our performance: The higher the #, the more inquiries we are fielding, which signifies more interest from utilities and non-regulated entities in exploring innovation.

Level of influence: Indirect. The intent of the Innovation Sandbox is to assist those interested in pursuing innovative activity. Interested parties are encouraged to submit enquiries when the need arises. However, there is no industry requirement for stakeholders to consult the OEB prior to undertaking innovative activity.

2026 Target: 25

How we're doing: Enquiries to the Innovation Sandbox are well below the baseline and target. This decrease can be attributed to the evolution of innovative activity within the OEB and others' support for innovation through new funding programs. There are now multiple channels through which utilities and non-regulated entities may pose questions related to innovation.

OUR PERFORMANCE

ENTERPRISE SCORECARD

The Enterprise Scorecard is structured to cascade strategic direction into actionable initiatives and daily work, which can subsequently be measured by outcomes and outputs. It has representation from each OEB business unit and measures execution of the OEB's Business Plan and operations each fiscal year.

In fiscal year 2022-2023, we amended our approach to evaluating scorecard achievements by applying a **qualitative assessment** to each goal's achievement, including factors like timeliness and project management effectiveness. In short, we are holding ourselves to a higher standard. Goal achievement is as much about how we achieve our scorecard objectives as it is about simply achieving them. All but one of the 2022-2023 objectives is considered complete. On the basis of continuous improvement, we remain committed to revisiting this objective during the 2023-2024 fiscal year and objectives which received lower scores.

Each of the 30 scorecard objectives were weighted at the beginning of the fiscal year, and scored at the end of the year, by the Executive Leadership Committee. The sum of the weighted scores totals 90% and marks our scorecard achievement.

SCORECARD AUDIT CONCLUSION

Outlined in the Memorandum of Understanding between the Minister of Energy and Chair of the OEB Board of Directors, external auditors confirm scorecard results. BDO Canada was retained to audit the OEB's self assessment of its 2022-2023 Enterprise Scorecard results. In performing the audit, BDO Canada reviewed and verified documentation provided by the OEB and determined that the OEB's achievements of scorecard objectives are fairly represented in the 2022-2023 Scorecard.

BDO Canada confirms the accuracy of the OEB's Enterprise Scorecard achievement scoring of **90%**.

OUR PERFORMANCE

STRATEGIC GOAL	SCORECARD OBJECTIVE	SCORECARD MEASURES & TARGETS	YEAR-END EXECUTIVE LEADERSHIP COMMITTEE SCORE	YEAR-END EXECUTIVE LEADERSHIP COMMITTEE SCORE, WITH WEIGHTING
EVOLVE TOWARD BECOMING A TOP QUARTILE REGULATOR	Complete review of filing requirements (FRs) for remaining electricity distributors (with focus on customer engagement, benchmarking and distribution system plans).	Q1: Phase 1 2023 FRs Q3: Phase 2 2024 FRs.	88.0	5
	Undertake RRR review and pursue opportunities for improvement.	Q2: Post RRR data publicly. Q3: Engage stakeholders on RRR changes/refinements, with updated process documentation. Q4: Revisions to RRRs made based on feedback.	89.3	2
	Undertake comprehensive review of internal procedures and processes, external rules and codes.	Complete scope of work as defined in Consumer Protection & Industry Performance and Operations & Decision Support Division scorecards.	89.3	2
	Create OEB administrative function benchmarking plan and begin implementation.	Q2: Develop plan and timeline to benchmark administrative functions within the OEB. Q4: Complete scope of 2022/23 benchmarking work within defined schedule.	72.0	2
	Refine approach to enterprise planning.	Q1: Document calendar view of corporate planning. Q2: Document refined calendar of corporate planning, integrated with the portfolio governance framework. Q3: Implement refined business planning for 2023.	92.5	3
	Continue upward trend in stakeholder satisfaction through independent survey.	Review the Stakeholder Engagement Framework. Refresh the plan where needed and execute changes. Review and measure success of the Engage with Us platform.	80.5	2
	Expand our network with colleges and universities to promote the OEB as an employer of choice through participation in campus events. Expand our network with Diversity, Equity and Inclusion (DEI) associations to promote opportunities at the OEB.	Participate in 3- 5 events, expand network and partner with 3-5 new organizations.	89.3	2

OUR PERFORMANCE

STRATEGIC GOAL	SCORECARD OBJECTIVE	SCORECARD MEASURES & TARGETS	YEAR-END EXECUTIVE LEADERSHIP COMMITTEE SCORE	YEAR-END EXECUTIVE LEADERSHIP COMMITTEE SCORE, WITH WEIGHTING
	Based on the succession plan workforce planning data, review progress on knowledge capture and create action plans to address ongoing gaps.	Reduce gaps by 10% of the 2020 identified baseline. Q2: Assess progress Q4: Begin final assessment.	84.5	2
	Deliver DEI training that includes bias and inclusive communication.	Deliver DEI training/awareness quarterly. Q1: Establish training topics. Q2: Schedule training for Q1, Q2, Q3, Q4.	95.0	2
	Define and implement Change Management Framework.	Q1: Pilot Change Management Framework with sample project. Q2: Refine Change Management Framework documents and integrate with other planning. Q2-Q3: Implement changes and increase engagement with projects/initiatives. This work will continue to evolve and mature in the future and will be carried forward into the next fiscal period.	78.6	2
	Improve internal communications program to facilitate OEB modernization.	Complete Internal Communications Review and execute improvements, including implementing a content governance protocol. Work with HR to design employee recognition program. Conduct 2nd annual Internal Communications survey to track improvement. Conduct review and report back on opportunities to improve OEB's Intranet. Outstanding work for this objective will be carried forward into the next fiscal period.	74.5	3
PROTECT THE PUBLIC	Explore an Ontario Electricity Support Program (OESP) service replacement.	Q1: 2-year contract complete. Q3: RFP issued. Q4: Contract process complete, subject to government reviews.	90.5	2

OUR PERFORMANCE

STRATEGIC GOAL	SCORECARD OBJECTIVE	SCORECARD MEASURES & TARGETS	YEAR-END EXECUTIVE LEADERSHIP COMMITTEE SCORE	YEAR-END EXECUTIVE LEADERSHIP COMMITTEE SCORE, WITH WEIGHTING
	Strengthen utility accountability to customers, reliability and power quality.	Q1: Launch first phase of RPQR project with working group. Q2: Scope document for customer-specific reliability measures. Q4: Complete new reporting requirements and implement them for April 2024 reporting.	90.8	2
	Advance the intervenor process review project.	Q2: Develop an implementation plan based on feedback from stakeholders. Q4: Complete near-term items on intervenor framework implementation plan by end of fiscal year. (Specific milestones to be updated in Q2 after implementation plan is developed).	89.3	2
	Plan for a dynamic pricing pilot to assess the benefits for non-Regulated Price Plan (RPP) Class B consumers.	Complete milestones for fiscal year on scope, schedule and budget. Q2: Consult with stakeholders. Q3-Q4: Develop application and call for proposals.	89.0	2
	Prepare for electric vehicle (EV) adoption	Q2: Review pricing models for EV charging. Q2-Q4: Leverage Connections working group to address the connection practices of Local Distribution Companies (LDCs).	86.8	2
DRIVE ENERGY SECTOR PERFORMANCE	Establish and implement multi-year natural gas Demand-side Management (DSM) Framework.	Q4: Establish new Evaluation Advisory Committee following the issuance of the OEB's decision on the new DSM Framework.	93.8	2
	Operationalize the Integrated Resource Planning (IRP) framework, including, when appropriate, conducting a review of Enbridge Gas's IRP pilots.	Q2: Prepare the first IRP Working Group report, which responds to Enbridge's first IRP report, as required by the OEB decision. Q4: Provide feedback to Enbridge Gas on its IRP pilot proposals, if available.	89.0	2

OUR PERFORMANCE

STRATEGIC GOAL	SCORECARD OBJECTIVE	SCORECARD MEASURES & TARGETS	YEAR-END EXECUTIVE LEADERSHIP COMMITTEE SCORE	YEAR-END EXECUTIVE LEADERSHIP COMMITTEE SCORE, WITH WEIGHTING
FACILITATE INNOVATION	We will continue implementation of our digital strategy in 2022/23 with initiatives that improve the way we work.	Review and enhance Industry Relations Enquiry (IRE) project. Carry out phase 2 of online licensing application process. Conduct adjudicative and rates enhancements pilot.	90.8	2
	Progress Sandbox 2.0. IESO Grid Innovation Fund and OEB Innovation Sandbox Joint Targeted Call (JTC) for Proposals.	Q2: Complete implementation of dashboard and update website. Q3-Q4: Work toward developing an Innovation Sandbox Challenge. Seek input on Challenge theme from stakeholders at Policy Day. Q4: Release an annual Sandbox Report and host a webinar on applications received and the support provided (eg.: # of enquiries/# of meetings held with innovators). Complete milestones for fiscal year on scope and schedule Q1: Staff provide Sandbox guidance for five successful JTC projects.	89.0	2
	Address issues with cyber readiness reporting.	Q2: Report to industry on cyber readiness. Q3: Report on proposal for additional cyber requirements.	84.6	2
	Advance the Framework for Energy Innovation (FEI).	Q1: Working Group recommendations to the OEB expected in June. Q2: Invite broader stakeholder input on Working Group recommendations. Q2-Q3: OEB determination on next phase of FEI work.	90.0	2
MANAGEMENT/OPERATIONAL RESULTS				
EVOLVE TOWARD BECOMING A TOP REGULATOR	To improve adjudicative efficiency. To meet the performance metric for Procedural Order No. 1's that are issued by the Registrar's Office (not independently by the Panel).	Procedural Order No. 1 issued within the metric - 90% (up from 85%).	100.0	6

OUR PERFORMANCE

STRATEGIC GOAL	SCORECARD OBJECTIVE	SCORECARD MEASURES & TARGETS	YEAR-END EXECUTIVE LEADERSHIP COMMITTEE SCORE	YEAR-END EXECUTIVE LEADERSHIP COMMITTEE SCORE, WITH WEIGHTING
	Working with Public Affairs, create a document that contains a plain-language description of frequently used regulatory terms for use in association with external communications as needed.	Q3: Create document and have it ready for use.	83.5	3
	Applications Performance Standard Metrics - Enterprise Scorecard: Total Cycle Time (all apps).	Meet 90% target (increase from 85%).	100.0	6
	Inspections regarding compliance with enforceable provisions will be completed according to standards.	Complete inspections on a timely basis and follow the OEB's Inspections Manual. (30 inspections completed.)	97.3	3
	Provide timely assistance to industry regarding regulatory framework.	Response rate to all industry relations enquiries within 10 days 90% of the time.	100.0	6
	Applications Performance Standard Metrics - Enterprise Scorecard: Decision Writing (panel).	Meet 90% target (increase from 85%).	100.0	6
	Manage the OEB with fiscal rigor to ensure compliance with the budget (section 26).	+/- <5% variance from budget	92.0	4
	Increase employee engagement.	Advance the strategic goal target of achieving a 2-5% increase in 2022-2023 score over the 2020 baseline.	85.0	3
100.00%			90	

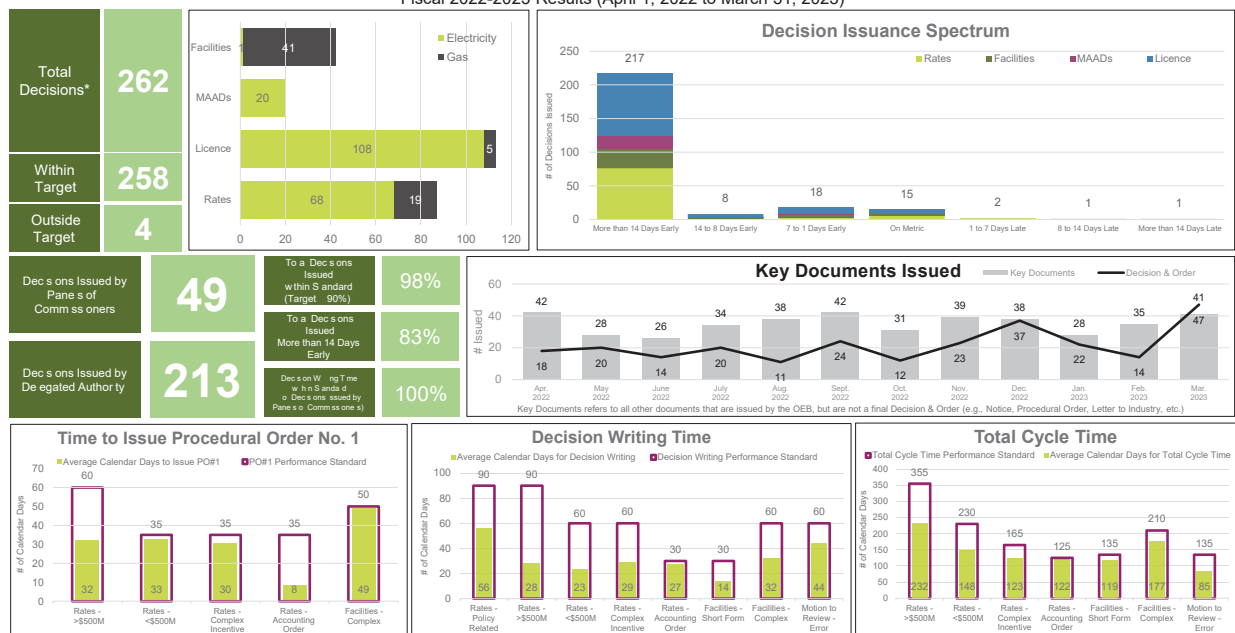
OUR PERFORMANCE

ADJUDICATIVE DASHBOARD

As previously noted, adjudication is at the heart of what we do and the OEB's Adjudicative Dashboard is an integral aspect of our commitment to becoming a top quartile regulator.

Created and first posted in 2021, the Adjudicative Dashboard communicates the OEB's efficiency and effectiveness by reflecting the amount of time the OEB aims to take in completing adjudicative proceedings and how often those metrics are achieved. It is updated twice a year – at the conclusion of the fiscal year and at the halfway point, following the end of the second quarter. This aligns with and fully supports the OEB's strategic themes of accountability and certainty in adjudicative outcomes. The chart that follows highlights adjudicative performance for fiscal year 2022-2023, illustrating the OEB's performance against the decisions that were issued: Licences, Electricity and Natural Gas Rates, Facilities and Mergers, Acquisitions, Amalgamations and Divestitures (MAADs).

OEB Adjudicative Reporting Dashboard
Fiscal 2022-2023 Results (April 1, 2022 to March 31, 2023)



OUR PERFORMANCE

KEY MILESTONES:

- Completion, within the target date, of the first Hydro One transmission and distribution joint rate application, for 2023-2027. With a combined proposed revenue requirement of approximately \$20 billion and a proposed investment plan of about \$13 billion over the 2023-2027 rate period, this was the largest rate case to come before the OEB to date.
- Completion, within the target date, of a three-year natural gas demand-side management plan for Enbridge Gas Inc. The policy framework will guide the development of future conservation plans and provide additional regulatory predictability to Enbridge and its customers, so they can prepare for the future with confidence.
- 98% of the 260-plus decisions that were issued met or surpassed OEB performance standards, including a majority of the decisions issued by a panel of Commissioners and another 213 that were issued by OEB staff acting under delegated authority.
- 83% of decisions were issued at least 14 days earlier than the target dates.
- 12 rate applications achieved full settlement of the issues.

In the spirit of continuous improvement, the OEB constantly seeks methods to meaningfully improve its reporting. For 2023-2024, a revised Dashboard will report on separate target metrics for “Delegated Decisions” and “Panel Decisions,” Panel Decisions are typically more complex and necessarily require a different cycle-time target metric than those delegated to staff.

In the 2022-2023 fiscal year, we took a fresh look at our performance, setting more ambitious targets for the future. The ways by which we measure our performance will continue to mature and evolve. In the years ahead, we will pursue opportunities to use data that is more reliable and provides us with a more accurate depiction of our performance. This will invariably require adjustments to some of our methodologies.

OUR PERFORMANCE

B. Consumer Protection, Progress on the Minister's Letter of Direction of October 2022 and Additional Accomplishments

This section outlines progress the OEB made against initiatives outlined in the Minister's Letter of Direction of October 2022, consumer protection actions, service commitment metrics and other achievements not already reported.

CONSUMER PROTECTION

Protecting the interests of consumers is the OEB's highest priority. In this time of energy sector transition, we must protect consumers from risk, not from progress. As new entrants join the market, new technologies take hold and electrification increases, it is vital that the public continues to have safe, reliable and affordable energy, and understands that the regulator works for them to ensure they receive reliable energy service at a reasonable cost.

In 2022-2023 we completed 32 compliance inspections, responded to 341 industry enquiries, answered more than 10,000 consumer enquiries, escalated more than 440 complaints for further review and closed 50-plus compliance reviews.

In 2022, the Auditor General of Ontario conducted a Value for Money audit that culminated in the publication of the report entitled *Ontario Energy Board: Electricity Oversight and Consumer Protection*. The report contained 12 recommendations for both the OEB and Ministry of Energy. Recommendations for which the OEB is accountable will be addressed by November 2023.

Also, in support of our consumer protection role and in partnership with the Ministry of Energy and electricity distribution companies, we ran a highly successful multi-channel scams awareness campaign. The campaign included radio and digital public-service announcements and reached approximately 2.2 million people in Ontario.

OUR PERFORMANCE

PROGRESS ON THE MINISTER'S LETTER OF DIRECTION (OCTOBER 2022)

In response to the breadth of work outlined in the Minister's Letter of Direction, the OEB's Board of Directors established the Letter of Direction Task Force to provide strategic insights to management on the timing and substance of the delivery of the tasks outlined in the letter. While the work of the Task Force is ongoing, the following is a summary of actions taken during this reporting period:

- **Supporting the Electrification and Energy Transition Panel:**

The Minister of Energy established the Electrification and Energy Transition Panel (the Panel) to produce a report with advice to government on opportunities for the energy sector to help Ontario's economy prepare for electrification and to strengthen Ontario's long-term energy planning process.

- The OEB was pleased to be called upon to provide advice to the Panel on potential changes to the OEB's mandate and operations. We also advised on approaches to integrating the regulation of the electricity and natural gas systems and reviewing long-term planning.

- The Panel requested guidance related to themes on energy planning, governance and accountability, technologies, affordability and facilitating economic growth. Through regular meetings with the Panel, we shared advice informed by the report from the Innovation Task Force of our Board of Directors. We look forward to the Panel's report to the Minister and the role it envisions for the OEB going forward.

- **Regulatory Framework:**

To assist the OEB in providing advice to the Electrification and Energy Transition Panel and the Minister of Energy, we engaged stakeholders who regularly participate in our processes to explore potential changes to the OEB's mandate and operations, distribution sector resiliency, responsiveness and cost efficiency. Through the sessions conducted across numerous stakeholder forums, we solicited stakeholder views regarding potential changes to our tools, and authorities that may be needed for the OEB to continue to regulate effectively in a time of significant sector transformation. We also explored how to best position the OEB to be agile yet provide predictability for consumers and investments in the face of a rapidly changing sector.

- **Distribution Sector Resiliency, Responsiveness and Cost Efficiency:**

The OEB has been asked to provide the Minister of Energy with advice and proposals to improve distribution sector resiliency, responsiveness and cost efficiency in the context of climate change. As an initial step, in fiscal year 2022-2023, the OEB commissioned a report that reviewed best practices regarding climate change resilience in the context of increased electrification and changing weather. This report informed the basis of a first meeting with stakeholders, in March 2023, where we received feedback on best practices and suitable options most appropriate for Ontario. This work will continue in the 2023-2024 fiscal year.

OUR PERFORMANCE

- **Electric Vehicle Integration:**

This initiative is intended to inform actions the OEB may take to ensure the efficient integration of EVs with the electricity system. More specifically, the OEB has been reviewing matters related to system readiness, electricity delivery costs and EV connections.

- In October 2022, the OEB engaged consulting firm Guidehouse to design and conduct two surveys: one for LDCs and one for EV charging service providers in Ontario. The primary objective of the surveys was to inform actions the OEB may take to ensure that EVs and EV charging infrastructure can be efficiently integrated into Ontario's electricity system. Findings were used to help inform the OEB's work related to electricity delivery rates for commercial EV charging. The OEB retained consulting firm Power Advisory to complete an analysis of the impact of delivery costs on EV charging service providers and owners of EV fleets. Released in March 2023, the Delivery Cost Study explored alternative delivery rate designs to support EV adoption. In addition to these studies, the OEB added a filing requirement for electricity distributors to demonstrate that distribution planning activities must include consideration of EV adoption.
- In fiscal year 2023-2024, we will continue to work with the sector to review regulatory policy, procedures and requirements to ensure efficient integration of electric vehicles with the electricity system.
- Also in direct support of EV integration, the OEB developed a new optional Ultra-Low Overnight Price Plan (ULO) for electricity consumers on the Regulated Price Plan (RPP). Distributors that could do so started to offer the price plan to their customers beginning May 1, 2023, and it will become a mandatory offering by distributors on November 1, 2023. To support the May 1 implementation, the OEB established ULO prices and designed a communications plan for distributors with plan enrollment to help customers better understand their pricing choices.

- **Red Tape Reduction:**

The Ministry of Energy reported the number of regulatory requirements in force in 2018 and we set a goal to reduce that burden by 5%. In 2022-2023, we made significant progress to achieve a 2.5% reduction.

- Taking deliberate actions to become more efficient, we worked toward burden reduction in our adjudicative and data-collection processes. Following revisions to small-utility filing requirements, we completed a review of filing requirements for remaining electricity distributors, focusing on customer engagement, benchmarking and distribution system plans.
- We added error-proofing and auto-populating functionality to the RRR filing portal. These changes are meant to create efficiencies and expedite processes for distributors. And, by extension, with our new interactive system reliability dashboard, introduced in March 2023, the RRR data we collect from utilities is now benefiting both the sector and customers. This user-friendly online tool provides data to visualize industry trends and allows users to compare the performance of LDCs, with the goal of improving local service and performance.
- As part of our ongoing Reliability and Power Quality Review, we also made improvements to RRRs for electricity distributors. This included removing the requirement that certain reports be attached to quarterly results. Meanwhile, in March 2023, the OEB announced further RRR amendments arising from ongoing discussion with the working group, including a requirement to provide a breakdown of the sub-cause code 5.1 (Equipment Failure) by asset category, the removal of the fixed percentage approach for major event determination and the addition of cause code reporting examples. The change to major event determination came into effect immediately while all other amendments will come into effect on January 1, 2024.
- We launched a new online filing platform for Incentive Rate-setting Mechanism (IRM) applications, piloted by three distributors, to help reduce regulatory burden for electricity distributors. We also improved efficiency by initiating a streamlined digital process for renewing licence applications, a key commitment under our Digital First strategy.

OUR PERFORMANCE

- **Facilitating Innovation:**

The Framework for Energy Innovation (FEI) working group, which held its first meeting in early fiscal 2021-2022, delivered its final report to the OEB in June. The working group's advice and input from other stakeholders informed the OEB's report, *Framework for Energy Innovation: Setting a Path Forward for DER Integration*, which sets out OEB policies and next steps regarding the integration of DERs into Ontario's electricity distribution systems. The report marked the conclusion of this extensive consultation and provided much-needed clarity and certainty for the sector.

- The OEB expects electricity distributors to begin evolving their planning and operations to cost-effectively integrate DERs and use them to meet system needs, while maintaining reliable service for their customers. The expectations and policy guidance in the report should enable electricity distributors, as well as other energy sector participants (such as DER solution providers) and customers, to act in response to the energy transition.
- Following through on a commitment the OEB made in the FEI report, we went on to issue, in March 2023, *Filing Guidelines for Incentives for Electricity Distributors to Use Third-Party DERs as Non-Wires Alternatives*, which identifies the information distributors should include in their applications for incentive mechanisms. This new filing guidance is intended to encourage the use of third-party DERs as non-wires alternatives, assist distributors in developing their incentive proposals and facilitate effective and timely regulatory review.

- **Dynamic Pricing Pilot for Class B Customers:**

In collaboration with the Independent Electricity System Operator (IESO), the OEB developed a plan to call for proposals for dynamic electricity pricing pilots to assess the benefits for Class B consumers that do not pay RPP prices. This call for proposals closed in the current fiscal year (2023-2024), but no proposals were received. The OEB is considering next steps, including further research, that could inform pricing pilots in the future.

- **Green Button:**

Throughout the past fiscal year, the OEB continued to gather stakeholder input on Green Button implementation through its industry working group. In December 2022, the OEB issued guidance on questions raised by the working group to support Green Button implementation by distributors.

- The deadline for Green Button implementation by electricity and natural gas distributors is November 1, 2023. Accordingly, throughout the past year, the OEB required distributors to submit quarterly reports as a means of monitoring their progress in meeting this deadline. In March 2023, the OEB began publishing these reports on its website, so that consumers have a line of sight to the progress of their respective utilities. At the end of fiscal year 2022-2023, all distributors had reported progress toward implementation, with four having completed full implementation.

OUR PERFORMANCE

- **Supporting Broadband Expansion:**

In fiscal 2022-2023, the OEB required regulated distributors to record the incremental impacts associated with carrying out activities pertaining to designated broadband projects, providing guidance on cost apportionment. This resulted in working closely with government partners to facilitate the expansion of broadband. Going forward, we will continue to ensure the dispute resolution process provides clear and timely outcomes that avoid unnecessary project delays.

- **Conservation and Demand Management (CDM) & Demand-Side Management (DSM):**

To move the CDM portion of this project forward, the OEB supported the IESO's work in December 2022 to conduct a mid-term review of its CDM programs. More specifically, the OEB worked with the IESO to identify and address any barriers to the co-ordination of electricity distributors' CDM activities with IESO-led CDM programs. Focus was placed on cases where distribution level benefits coincide with province-wide system benefits, and we worked to identify and eliminate barriers to distributors seeking ratepayer funding for CDM projects designed to address distribution system needs. Together with the IESO, the Ministry of Energy and the Electricity Distributors Association, we identified barriers and options for addressing them. This project will conclude when all identified barriers are removed and the OEB has provided appropriate policy guidance to the electricity sector.

- In March 2023, the OEB established a DSM stakeholder advisory group and evaluation advisory committee as part of its work to implement direction from its decision on Enbridge Gas's 2023 DSM plan. This group will provide advice on Enbridge Gas's current and future DSM plans for cost-effective activities that help customers reduce natural gas use.

- **Net Metering Regulatory Changes:**

The OEB continued to support the implementation of the community net metering project and of the changes to the net metering program that enhance options for customers. Specifically, in response to spring regulatory changes, the OEB issued code amendments and guidance to the sector to facilitate the implementation of net metering using generation facilities owned by a third party. And, in February 2023, the OEB enhanced reporting by distributors to monitor net metering uptake by consumers.

OUR PERFORMANCE

SERVICE COMMITMENT METRICS

The OEB has established a set of service commitment metrics that govern our engagement with consumers and the entities we regulate. We track our performance against these metrics throughout the fiscal year and report on them annually. We review our existing metrics to assess their continued relevance and alignment with stakeholder expectations of a responsive, top-performing regulator.

In 2022-2023, OEB staff successfully achieved very high scores against its established metrics over prior years. In April 2022, the OEB changed the way it reports on its service commitment, focusing exclusively on post-call consumer satisfaction. The OEB had 10,125 consumer contacts in 2022-2023, as compared to 11,800 contacts in 2021-2022. After a significant increase during the pandemic years, consumer calls continued to decrease (6,300 calls English and French). The OEB met and exceeded its 80% target for post-call consumer satisfaction.

Consumers connect with the OEB using a wide variety of tools, from live phone calls and online chats with OEB representatives to emails and more. As a matter of openness, transparency and trust, the OEB keeps as many consumer communication channels open as possible. When a consumer enquiry cannot be completely resolved through its initial channel, either because the issue is complex or may take more time to address, inquiries get escalated to live phone calls with an OEB representative. Topics of high interest in 2022-2023 included natural gas rate increases, scam activity and billing assistance.

OEB ACTIVITY	OBJECTIVE	RESULTS ACHIEVED 2022-2023	RESULTS ACHIEVED 2021-2022
Consumer satisfaction	Achieve an overall score of 80% on the post-call consumer satisfaction survey	91%	93.3%

OUR PERFORMANCE

ADDITIONAL ACCOMPLISHMENTS

Released the eighth edition of the OEB's Environmental Guidelines for the *Location, Construction and Operation of Hydrocarbon Projects and Facilities in Ontario*, to help enhance the timeliness and efficiency of application processes associated with hydrocarbon pipeline and natural gas storage projects. These guidelines are designed to support proponents in preparing the environmental report required for all hydrocarbon project applications. The update was part of a co-ordinated approach (with the Ontario Pipeline Coordinating Committee) to the review of hydrocarbon pipeline and natural gas storage projects that come before the OEB.

Updated Electricity Transmission Leave to Construct Filing Requirements, with a goal to enhance the timeliness and efficiency of electricity transmission leave to construct and related proceedings.

Released the Action Plan in response to stakeholder comments on the Framework for Review of Intervenor Processes and Cost Awards. The plan identified 11 projects to help improve intervenor processes and make adjudicative processes more efficient and effective. All five immediate-term projects were delivered within fiscal 2022-2023, as planned. The remaining six medium-term projects are targeted for completion in the fiscal 2023-2024.

Initiated a streamlined process for renewing licence applications for electricity distributors, using data filed under the RRR and information we gather through rate cases, to deliver efficiencies and expedite renewals.

Released the *Innovation Handbook*, a reference guide for sector innovators designed to provide broader awareness and to inform distributors in preparing applications that propose innovative approaches to meeting customer or system needs. The Handbook was informed by feedback we received during sessions with stakeholders, including the Adjudicative Modernization Committee, the DER Connections Working Group and the Electricity Distributors Association. The Handbook will be updated on an ongoing basis, as new policies and materials to support innovation become available.

Developed new graphics to illustrate the ULO, Time-of-Use and Tiered price plans, in support of the spring 2023 launch of the ULO Price Plan. We initiated a survey to gather feedback on the proposed new designs to help ensure residential and small-business customers understand and have access to simple, clear information when assessing the three price plans.

Launched an enhanced, more user-friendly website for the Innovation Sandbox that improves transparency of the process and the support available. Informed by stakeholder feedback, a new key feature is an "as-it-happens" dashboard that provides insights into projects receiving Sandbox support.

Released a Generic Hearings Protocol that outlines factors to be considered in deciding whether an issue should be considered in a generic hearing and decision-making in relation to the commencement of a generic hearing. The Protocol is part of the OEB's broader commitment to transparency and to enhancing the efficiency and effectiveness of the adjudicative process.

Released an updated version of our Filing Requirements for Electricity Distribution Rate Applications in advance of the filing of applications for 2024 rates. This work was informed by a stakeholder working group that considered efficiency improvements in the rate application process and it followed similar work conducted by the OEB for smaller rate-regulated electricity distributors.

OUR PERFORMANCE

Digitized thousands of OEB records, in keeping with our Digital First strategy, through a project that seeks to convert paper adjudicative records dating as far back as 2007 into an electronic format. This work will improve accessibility and retrieval time, reduce storage space, enhance information sharing and improve tracking. This year, the OEB sorted more than 300 boxes of records for scanning and digitized more than 100 boxes of records, marking significant progress against the target of 800 boxes.

Assessed technology related to adjudicative processes in partnership with a strategic IT consultant and Ernst & Young. The scope of the project considered improvements in the Registrar's Office and assessed the OEB's case management system. A report that established business and technical requirements, evaluated potential options and set out a recommended course of action received directional approval. Further detailed analysis and refinement of the solution architecture and timelines for implementing the recommended IT changes will continue in fiscal 2023-2024.

OUR PERFORMANCE

FINANCIAL PERFORMANCE

An overview of the OEB's financial performance by cost category, as outlined in the *Ontario Energy Board Act, (1998)*, including:

- Section 26: Operating expenses and capital expenditures for the fiscal year
- Section 30: Costs incurred in relation to specific proceedings and consultation expenses
- Section 112.5: Administrative penalties assessed against regulated entities

The following provides an overview of the OEB's financial performance by cost category.

- A. Section 26 costs are the total of operating expenses and capital expenditures for the fiscal year, including operating reserve adjustment (if applicable), less other funding sources (mainly section 12.1 license fees) and excluding any costs recovered under section 30, section 79.2 or section 112.5 of the *Ontario Energy Board Act, (1998)*, and any revenues related to administrative penalties. Section 26 costs are underspent by \$0.9 million compared to total assessed costs of \$45.5 million. This underspending of the budget is primarily a result of lower spending on salaries and benefits related to a higher vacancy than budgeted, and consulting and professional services savings.
- B. Section 30 costs are regulatory process costs incurred in relation to specific proceedings and consultation processes. Section 30 costs are underspent by \$2.3 million compared to the approved budget of \$4.5 million. The lower section 30 costs relate to requiring less external expertise for rate applications and lower court reporting costs due to fewer proceedings that went to an oral hearing over the last year.
- C. The internally restricted net assets of \$2.1 million represent revenue from administrative penalties assessed against individual market participants under section 112.5 of the *Ontario Energy Board Act, (1998)*. Revenue from administrative penalties plus any related interest revenue is internally restricted to support activities relating to consumer education, outreach and other activities in the public interest.

The OEB has approved a plan to use of \$1.5 million from the Administrative Monetary Penalty Fund to fund the OEB's Innovation Sandbox Challenge, a "grand challenge" aimed at promoting innovation. The call for proposals under the Sandbox Challenge opened in fiscal year 2023-2024 and the \$1.5 million is expected to be spent by fiscal year 2026-2027.

OUR PERFORMANCE

REPORT ON REGULATORY COSTS

The OEB reports annually on the regulatory costs associated with oversight of Ontario's gas and electricity sectors.

THE FOLLOWING TWO MEASURES ARE IDENTIFIED:

1. Three-year rolling average of operating expenses per end-use customer; and
2. Three-year rolling average percentage change in operating expenses.

The following chart shows the rolling three-year averages for each of these regulatory cost measures:

	OEB					
	2022-2023		2021-2022		2020-2021	
Electric Customers ^a		5,394,998		5,356,126		5,312,746
Natural Gas Customers ^a		3,856,252		3,813,986		3,740,847
Measure #1: Operating Expense per Customer (\$yr/customer)	\$	5.96	\$	5.46	\$	5.28
3-Year Rolling Average	\$	5.57	\$	5.28	\$	5.18
Operating Expenses ^b	\$	55,164,516	\$	50,047,320	\$	47,812,817
Measure #2: Percentage Change in Operating Expenses		10.22%		4.67%		4.04%
3-Year Rolling Average		6.31%		2.97%		2.95%

a) Source: Information reported to the OEB under Reporting & Record Keeping Requirements (RRR), on May 11, 2023, for the year ending December 31, 2022. It includes draft data since some of the entities are either in the process of submitting or revising their submitted annual RRR data.

b) Source: Ontario Energy Board, Financial Statements. The figure used is Total Expenses as reported in the Statement of Operations and Net Assets. Total expenses include OEB costs recoverable under Section 30 is \$2,230,595 in 2022-2023; \$2,346,370 in 2021-2022; and \$2,245,334 in 2020-2021. For Section 79.2 is \$5,043,305 in 2022-2023; \$3,957,745 in 2021-2022; and \$3,796,273 in 2020-2021. Intervenor and stakeholder costs that regulated entities were ordered to pay are not a cost of the OEB and are therefore not included in total expenses.

Commentary

Measure #1: Operating Expenses per Customer

The OEB's operating expenses per customer annually for 2022-2023 were \$5.96, up \$0.50, due to an increase in OEB's operating expenses by 10.2%, which was slightly offset by an increase of 1.1% in natural gas customers and an increase of 0.7% in electricity customers. Out of the \$5.96 Operating Expense per Customer, \$0.48 represents OESP cost.

Measure #2: Percentage Change in Operating Expenses

The OEB's operating expenses increased by 10.2% in 2022-2023. The increase is due to additional resources to deliver on its mandate which, when coupled with the Minister's Letter of Direction, involved taking on additional deliverables on top of existing commitments and core adjudicative work. This increase also includes annual inflation, an advertising campaign to improve customers' awareness of scams and moving IT systems to the Cloud. (See the Statement of Operations and Net Assets in the OEB's Financial Statements.)

OUR PERFORMANCE

COST AWARDS

Section 30 of the *Ontario Energy Board Act, (1998)*, states that the OEB “may order a person to pay all or part of a person’s costs of participating in a proceeding before the OEB, a notice and comment process under section 45 or 70.2 or any other consultation process initiated by the OEB.” This may include costs of the OEB and stakeholders.

The OEB’s costs represent expenses incurred by the OEB in relation to specific proceedings or consultation processes (e.g., consulting services and court reporting) and are reflected in the OEB’s financial statements. Regulated entities are ordered to pay these expenses to the OEB for specific proceedings and consultation processes.

Stakeholder costs represent expenses that regulated entities are ordered to pay to intervenors in proceedings and to stakeholders in consultation processes. The eligibility for and award of stakeholder costs are governed by the OEB’s Practice Direction on Cost Awards. These costs do not appear in the OEB’s financial statements.

The following outlines the cost award activity for the 2022-2023 fiscal year:

Total 2022-2023 Cost Award Activity		2022-2023
OEB’s costs recoverable under section 30		
– natural gas proceedings	\$	980,153
– electricity proceedings	\$	1,250,442
Total OEB’s section 30 costs	\$	2,230,595
Stakeholder costs recovered through section 30 cost awards for consultation processes initiated by the OEB		
– natural gas proceedings	\$	183,566
– electricity proceedings	\$	918,044
Intervenor costs recovered through section 30 cost awards for proceedings initiated by applicants		
– natural gas proceedings	\$	1,995,048
– electricity proceedings	\$	1,648,439
Total stakeholder and intervenor costs	\$	4,745,097
Total 2022-2023 Cost Award Activity	\$	6,975,692

RISK AND RISK MANAGEMENT

ENTERPRISE RISK MANAGEMENT

Managing risk through effective identification, assessment and mitigation enables the OEB to effectively deliver on its overall mandate. In so doing, the OEB is better able to transform the potential negative outcomes of risk into opportunities that further support the attainment of our strategic goals and operational objectives.

Enterprise Risk Management (ERM) practices enable the OEB to comprehensively understand and prepare for the risks that threaten our ability to attain our strategic goals, operational objectives and, by extension, overall mandate. ERM complements and augments the ongoing analysis and treatment of risks that occurs through our broader management systems. This includes use of an Enterprise Risk Register that outlines “high-level” risks and tracks the ongoing work being done to mitigate them. All risks to the OEB are monitored and managed through mitigation plans. The risks listed below are the highest risks that would have impacted the OEB’s results if the OEB did not take the actions to mitigate the risks:

- **Industry Innovation:** The OEB must remain agile and adaptable to effectively execute its mandate within a rapidly changing energy sector. Innovation is central to our mandate. We have worked – and will continue to work – to ensure that we play an appropriate role in the sector to best deliver value to those that we serve. To this end, throughout the past year, in collaboration with its various stakeholders, the OEB has continued to facilitate sector innovation in the various ways outlined in other sections of this Report.
- **Cyber Security:** The OEB’s cyber security posture is stable. We continue to diligently safeguard our systems and data, reinforcing our capabilities by program enhancements completed throughout the year. As part of its mandate to protect consumers regarding reliability, the OEB has put in place reporting and monitoring of regulated utilities cyber security readiness. Reporting to date has shown good progress. During 2022-2023, the OEB engaged with the electricity distributors, transmitters and the IESO to enhance cyber security readiness as the sector deals with increased electrification, and in February 2023 issued a plan setting out actions we will take to enhance the level of cyber security in the sector.
- **Technology Enablement:** As technology continues to evolve, the OEB must keep pace by adapting and adopting systems and tools to better enable the delivery of our mandate. The OEB continues to execute on our long-term technology and digital strategies, assessing opportunities as they arise to ensure each is fit-for-purpose and offers value for money.

RISK AND RISK MANAGEMENT

- **Workforce:** The OEB's workforce is a vital aspect of our ability to deliver on our mandate and meet the future needs of the organization. A tight talent market has been a broader macroeconomic issue over the past several years and looks to be a trend that will continue into the medium-term future. To address this resourcing risk, the OEB undertook significant work to enhance existing workforce capabilities through corporate training programs and staff-led learning, augmenting skills and competencies, facilitating knowledge exchange and sharing, and establishing mechanisms for effective succession planning. We have worked to enhance the talent pipeline to attract diverse candidates through an expansion of our student program and to establish events to promote the OEB to potential hires.
- **Stakeholder Engagement:** One of the OEB's most critical success factors is our ability to effectively engage with those we regulate. In fiscal year 2022-2023, with pandemic restrictions having eased, the OEB was able to deploy a number of activities against its engagement strategy that combined both in-person and virtual approaches. Members of the Executive Leadership team attended nine site visits in 2022. Meeting distributors and generators on their sites to physically experience Ontario's impressive energy infrastructure enables us to better understand local needs and challenges and demonstrates the OEB's accountability and accessibility to those entities we regulate. Other stakeholder engagement activities included partnering with the IESO to host joint engagement sessions with stakeholders on cross-cutting matters; our second annual Policy Day; full use of the OEB's Engage with Us digital platform and our third annual stakeholder satisfaction survey. Through such channels, we continue to share and impart information that will help us to more effectively plan, prioritize and deliver on our mandate.

FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY

The Ontario Energy Board's Board of Directors are responsible for the integrity and fair presentation of the financial statements and other information presented in the 2022-2023 Annual Report. The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. The preparation of financial statements necessarily involves the use of management's judgment and best estimates, particularly when transactions affecting the current accounting period cannot be determined with certainty until future periods.

The Ontario Energy Board maintains systems of internal accounting controls designed to provide reasonable assurance that reliable financial information is available on a timely basis and that the Ontario Energy Board's assets and liabilities are adequately accounted for and assets safeguarded.

The financial statements have been reviewed and approved by the Ontario Energy Board's Board of Directors. In addition the financial statements have been audited by the Auditor General of Ontario, whose report follows.



Ian Malpass

Vice President, Finance and Information Technology

June 15, 2023



Office of the Auditor General of Ontario
Bureau de la vérificatrice générale de l'Ontario

Independent Auditor's Report

To the Ontario Energy Board

Opinion

I have audited the financial statements of the Ontario Energy Board (OEB), which comprise the statement of financial position as at March 31, 2023, and the statements of operations and net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the OEB as at March 31, 2023 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the OEB in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Box 105, 15th floor
20 Dundas Street West
Toronto, Ontario
M5G 2C2
416-327-2381
fax 416-326-3812

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

B.P. 105, 15^e étage
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In preparing the financial statements, management is responsible for assessing the OEB's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the OEB either intends to cease operations, or has no realistic alternative but to do so.

www.auditor.on.ca

Those charged with governance are responsible for overseeing the OEB's financial reporting process.



Office of the Auditor General of Ontario
Bureau de la vérificatrice générale de l'Ontario

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the OEB's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the OEB's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the OEB to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Toronto, Ontario
June 15, 2023

Bonnie Lysyk, MBA, FCPA, FCA, LPA
Auditor General

STATEMENT OF FINANCIAL POSITION

AS OF MARCH 31, 2023

	2023	2022
ASSETS		
Current Assets:		
Cash (note 10)	\$ 14,373,849	\$ 13,988,685
Accounts receivable (note 10)	877,154	1,595,740
Regulatory process costs to be assessed (note 10)	1,480,256	1,318,974
Deposits and prepaid expenses	720,324	455,367
Total Current Assets	17,451,583	17,358,766
Non-current Assets:		
Capital Assets (note 5)	4,581,005	4,265,312
Total Non-current Assets	4,581,005	4,265,312
TOTAL ASSETS	\$ 22,032,588	\$ 21,624,078
LIABILITIES		
Current Liabilities:		
Deferred revenue (note 3b)	\$ 945,036	\$ 1,180,266
Accounts payable and accrued liabilities (note 6)	9,870,218	7,551,730
Total Current Liabilities	10,815,254	8,731,996
Non-current Liabilities:		
Deferred revenue related to capital assets (note 3c)	4,581,005	4,265,312
Operating Reserve (note 4)	4,514,000	7,014,000
Pension liability (note 7b)	12,923	53,936
Total Non-current Liabilities	9,107,928	11,333,248
TOTAL LIABILITIES	\$ 19,923,182	\$ 20,065,244
Net Assets:		
Internally Restricted Net Assets (note 8)	2,109,406	1,558,834
TOTAL LIABILITIES AND NET ASSETS	\$ 22,032,588	\$ 21,624,078

Commitments and Contingencies (note 9 & 13)
See accompanying notes to Financial Statements.

On behalf of the Board of Directors:



Richard Dicerni
Chair of the OEB Board of Directors

STATEMENT OF OPERATIONS AND NET ASSETS

YEAR ENDED MARCH 31, 2023

	2023	2022
REVENUES		
Recovery of Costs:		
General cost recovery (note 3a)	\$ 45,338,969	\$ 41,937,888
Regulatory process costs - Ontario Electricity Support Program (note 12)	5,043,305	3,957,745
Regulatory process costs	2,230,595	2,346,370
Amortization of deferred revenue related to capital assets (note 3c)	1,447,009	1,145,817
Total Revenues from Recovery of Costs	54,059,878	49,387,820
Other Revenues:		
Administrative penalties and interest (note 8)	550,572	249,396
Interest income	466,248	95,235
Licence fees	428,500	427,600
Miscellaneous income	209,890	136,665
Total Other Revenues	1,655,210	908,896
TOTAL REVENUES	\$ 55,715,088	\$ 50,296,716
EXPENSES		
Salaries and benefits	36,942,003	34,792,615
Ontario Electricity Support Program - delivery and administration (note 12)	5,043,305	3,957,745
Consulting and professional	3,941,518	3,549,290
Premises	3,671,202	3,557,007
Information technology	1,461,890	1,237,315
Publications, media and advertising	1,432,749	991,736
Meetings, training and travel	708,983	467,118
Office and administration	515,857	348,677
Amortization of capital assets	1,447,009	1,145,817
TOTAL EXPENSES FROM OPERATIONS	\$ 55,164,516	\$ 50,047,320
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	\$ 550,572	\$ 249,396
Funding for Low-Income Energy Assistance Program (note 8)	–	(2,000,000)
EXCESS/(DEFICIENCY) OF REVENUE OVER EXPENSES	550,572	(1,750,604)
Net Assets, beginning of period	1,558,834	3,309,438
NET ASSETS, end of period	\$ 2,109,406	\$ 1,558,834

See accompanying notes to Financial Statements.

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2023

	2023	2022
Net inflow (outflow) of cash related to the following activities:		
OPERATING		
Assessment billed	\$ 44,366,441	\$ 39,549,955
Regulatory process costs revenue - Ontario Electricity Support Program	5,043,305	3,957,745
Regulatory process costs revenue	2,230,595	2,346,370
Other revenues	1,655,210	908,896
Expenses	(55,164,516)	(50,047,320)
Funding for Low-Income Energy Assistance Program	–	(2,000,000)
	(1,868,965)	(5,284,354)
Adjustment for Non-cash Expenses:		
Amortization of capital assets	1,447,009	1,145,817
	1,447,009	1,145,817
Changes in Non-cash Working Capital:		
Accounts receivable	718,586	(604,175)
Regulatory process costs to be assessed	(161,282)	146,056
Deposits and prepaid expenses	(264,957)	23,590
Accounts payable and accrued liabilities	2,318,488	236,980
Pension liability	(41,013)	(76,485)
	2,569,822	(274,034)
Net Cash from Operating Activities	2,147,866	(4,412,571)
CAPITAL		
Capital asset purchases	(1,762,702)	(1,581,436)
Net Cash Used in Capital Activities	(1,762,702)	(1,581,436)
NET CHANGE IN CASH	385,164	(5,994,007)
Cash, beginning of period	13,988,685	19,982,692
Cash, end of period	\$ 14,373,849	\$ 13,988,685

See accompanying notes to Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

1. NATURE OF THE CORPORATION

The Ontario Energy Board (the “OEB”) is the regulator of Ontario’s natural gas and electricity industries and provides independent adjudicative decision making. The OEB also deals with energy matters referred to it by the Minister of Energy and the Minister of Natural Resources and Forestry.

Pursuant to the *Ontario Energy Board Act, 1998* (the “OEB Act”), the OEB was continued as a corporation without share capital, empowered to fully recover its costs from natural gas and electricity industry participants.

As an agent of His Majesty in right of Ontario, the OEB is exempted from federal and provincial income taxes under the *Income Tax Act*.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of financial statement preparation

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards (PS), which constitutes generally accepted accounting principles for government not-for-profit organizations in Canada. The OEB has elected to use the standards for government not-for-profit organizations that include sections PS 4200 to PS 4270, which reflect the significant accounting policies.

b) Revenue recognition

Revenues received in the fiscal year (FY) 2023 that relate to subsequent years are not recognized as revenue and are deferred. Recognition of revenue is matched to the expenses of the OEB as follows:

- General cost recovery under section 26 of the *OEB Act* related to the expenses of the OEB is recognized as revenue to the extent that the total expenses are in excess of regulatory process costs (section 30 and section 79.2), amortization of deferred revenue related to capital assets, and other revenues. When revenue is assessed in excess of actual cost in a current year, it is deferred and recognized in the following fiscal year and referred to as a true-up (note 3b).

- Regulatory process costs (section 30 and section 79.2 of the *OEB Act*) are recognized as revenue when related expenses are incurred.
 - Section 30 costs are regulatory process costs incurred in relation to specific proceedings and consultation processes. They are recovered from regulated entities through the cost award decisions made by the OEB in respect of those proceedings and processes. Some proceedings and consultation processes span several financial years. The OEB funds such proceedings and consultations through its operating reserve until the costs are finally recovered under section 30 of the *Ontario Energy Board Act, 1998*.
 - Section 79.2 costs are regulatory process costs related to the administration of the Ontario Electricity Support Program (OESP). Section 79.2, together with Ontario Regulation 14/18 made under the *OEB Act*, enables the OEB to recover its OESP administration costs from the Independent Electricity System Operator (IESO).
- Deferred revenue related to capital assets is recognized as revenue on the same basis that the underlying capital assets are amortized. Revenue related to capital asset expenditures is deferred because they have been billed in advance (note 3c).
- Revenue from administrative penalties assessed against market participants under section 112.5 of the *OEB Act* is recognized in the year the OEB accepts an assurance of voluntary compliance or issues the enforcement order for the amount identified, provided that the order is not under appeal and collection is reasonably assured. If the order is appealed, revenue will be recognized in the year in which all rights of appeal are exhausted and the order becomes final. Revenue from administrative penalties is not used to reduce the costs under section 26, 30 and 79.2 of the *OEB Act*, but used to support activities relating to consumer education, outreach and other activities in the public interest. Both administrative penalties and their related expenses are reflected in the Statement of Operations and Net Assets and are reflected as internally restricted net assets, which are summarized in note 8 of the financial statements.
- Other revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

c) Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets, beginning in the fiscal year following the acquisition, as follows:

Office furniture and equipment	5 - 10 years
Computer software	3 or 5 years
Computer equipment	3 or 5 years
Audio visual equipment	3 years
Leasehold improvements	remainder of lease term

d) Financial instruments

The OEB's financial instruments are cash, accounts receivable, regulatory process costs to be assessed, accounts payable and accrued liabilities. Financial instruments are recorded at fair value at initial recognition and are subsequently measured at amortized cost. All financial assets are tested annually for impairment. In the event there are impairment of financial assets, the losses are recorded at the Statement of Operations and Net Assets.

e) Use of estimates

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards (PS) requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and recoveries for the year. Items requiring the use of significant estimates include pension liability, accounts payable and accrued liabilities and useful life of capital assets. Actual amounts could differ from these estimates.

f) Employee pension plans

The OEB's full-time employees participate in the Public Service Pension Plan (PSPP), which is a defined benefit pension plan for employees of the Province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPP, determines the OEB's annual payments to the Plan. Since the OEB is not a sponsor of the pension plan, gains and losses arising from statutory actuarial funding valuations are not assets or obligations of the OEB, as the sponsor is responsible for ensuring that the pension plan is financially viable. The OEB's expense is limited to the required contributions to the Plan as described in note 7a.

The OEB also manages a supplementary unfunded pension plan for a former Chair as described in note 7b. The OEB accrues its obligations and the related cost under this supplemental unfunded pension plan. The actuarial liability and the current service cost are determined by independent actuaries using the projected benefit method, prorated on management's best estimate assumptions.

3. INDUSTRY ASSESSMENTS

During FY 2023, the natural gas and electricity industry participants were assessed estimated costs for FY 2023 based on budgeted amounts. Amounts assessed in excess of actual costs are a true-up and are reported as current deferred revenue. The calculations of the general cost recovery, true-up and deferred revenue are outlined in the following tables.

a) General cost recovery

	FY 2023	FY 2022
Salaries and benefits	\$ 36,942,003	\$ 34,792,615
Ontario Electricity Support Program – delivery and administration (note 11)	5,043,305	3,957,745
Consulting and professional	3,941,518	3,549,290
Premises	3,671,202	3,557,007
Information technology	1,461,890	1,237,315
Publications, media and advertising	1,432,749	991,736
Meetings, training and travel	708,983	467,118
Office and administration	515,857	348,677
Amortization of capital assets	1,447,009	1,145,817
Total expenses from operations	55,164,516	50,047,320
Regulatory process costs, amortization of deferred revenue related to capital assets and other revenues excluding administration penalties and interest	(9,825,547)	(8,109,432)
General cost recovery	\$ 45,338,969	\$ 41,937,888

b) Current deferred revenue (True-up)

	FY 2023	FY 2022
General cost recovery (note 3a)	\$ 45,338,969	\$ 41,937,888
Capital expenditures	1,762,702	1,581,436
Operating reserve adjustment (note 4)	(2,500,000)	(1,500,000)
Total assessment (actual)	44,601,671	42,019,324
Total assessment (budget)	45,546,707	43,199,590
Current deferred revenue (True-up)	\$ 945,036	\$ 1,180,266

c) Deferred revenue related to capital assets

Capital asset expenditures are included in the cost assessment in the year of capital acquisition and deferred into revenue on the same basis as the underlying capital assets. The following table shows capital asset expenditures billed in advance and will be recognized into revenue in future periods:

	FY 2023	FY 2022
Deferred revenue related to capital assets, beginning of period	\$ 4,265,312	\$ 3,829,693
Add: capital expenditures included in cost assessment	1,762,702	1,581,436
Less: amortization of deferred revenue related to capital assets	(1,447,009)	(1,145,817)
Deferred revenue related to capital assets, end of period	\$ 4,581,005	\$ 4,265,312

4. OPERATING RESERVE

As a self-financing entity, the OEB maintains a Board approved operating reserve, which can be adjusted on an annual basis. The primary objective of maintaining this reserve is to fund the OEB's operations in the event of revenue shortfalls or unanticipated expenditures. It is to be used for cash flow management and to support working capital requirements.

The operating reserve at the end of the fiscal year is 10% (2022 – 16%) of the annual budget. The Board of Directors has approved reductions to its operating reserve to 8% (approximately \$3,500,000) by the end of FY 2024.

		FY 2023		FY 2022
Operating reserve, beginning of the year	\$	7,014,000	\$	8,514,000
Adjustment to the operating reserve		(2,500,000)		(1,500,000)
Operating reserve, end of the year	\$	4,514,000	\$	7,014,000

The OEB is not subject to any externally imposed reserve requirements.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	Net book value FY 2023	Net book value FY 2022
Office furniture and equipment	\$ 2,615,195	\$ 2,471,023	\$ 144,172	\$ 116,923
Computer equipment	3,442,531	2,802,567	639,964	565,861
Computer software	12,137,388	8,567,242	3,570,146	3,368,830
Audio visual equipment	308,565	242,620	65,945	62,076
Leasehold improvements	1,888,474	1,727,696	160,778	151,622
Leasehold improvements paid by the landlord	3,540,400	3,540,400	-	-
Total	\$ 23,932,553	\$ 19,351,548	\$ 4,581,005	\$ 4,265,312

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		FY 2023		FY 2022
Payroll and benefits accruals	\$	7,381,966	\$	5,917,931
Accounts payable		2,488,252		1,633,799
Total accounts payable and accrued liabilities	\$	9,870,218	\$	7,551,730

Payroll and benefits accruals include salaries, vacation, and other employee benefits. Accounts payable relates largely to normal business transactions with third party vendors and are subject to standard commercial terms.

7. EMPLOYEE FUTURE BENEFITS

- a) The OEB's contribution to the Public Service Pension Plan (PSPP) for FY 2023 was \$2,338,487 (2022 - \$2,219,837) and is included in salaries and benefits costs on the Statement of Operations and Net Assets.
- b) The unfunded supplemental pension plan for a former Chair had an accrued total benefit obligation and an accrued benefit liability. The significant actuarial assumptions adopted at March 31, 2023 included a discount rate of 4.25% (2022 – 2.75%). The OEB's pension expense, included in salaries and benefits costs on the Statement of Operations and Net Assets, is shown below:

Components of Net Periodic Pension Cost	FY 2023	FY 2022
Current service costs	\$ -	\$ -
Interest costs	1,302	2,133
Actuarial (gain)/loss	(29,158)	(61,558)
Net periodic pension cost recognized	\$ (27,856)	\$ (59,425)

The total benefit obligation and the accrued benefit liability included on the Statement of Financial Position, is shown below:

Change in Accrued Benefit Obligation	FY 2023	FY 2022
Accrued benefit obligation, beginning of the year	\$ 53,936	\$ 130,420
Current service costs	-	-
Interest costs	1,302	2,133
Benefits paid	(13,157)	(17,059)
Actuarial (gain)/loss	(29,158)	(61,558)
Accrued benefit obligation, end of the year	\$ 12,923	\$ 53,936

- c) The OEB is not responsible for the cost of employee post-retirement and non-pension benefits. These costs are the responsibility of the Province of Ontario, a related party.

8. INTERNALLY RESTRICTED NET ASSETS

The internally restricted net assets on March 31, 2023 represent revenue from administrative penalties assessed against individual market participants under section 112.5 of the *OEB Act*. Revenue from administrative monetary penalties, plus any related interest revenue, is internally restricted to activities in the public interest, i.e., activities including but not limited to providing consumers with information and education and facilitating innovation.

During FY 2022, in response to the ongoing COVID-19 pandemic, the OEB had utilized a portion of the internally restricted net assets towards an initiative for public interest. The OEB provided \$2,000,000 in funding to local distribution companies to use towards the Low-Income Energy Assistance Program (LEAP).

The changes in internally restricted net assets are as follows:

	FY 2023	FY 2022
Balance, beginning of the year	\$ 1,558,834	\$ 3,309,438
Add: Administrative penalties issued in the year	483,250	235,200
Add: Interest revenue from administrative penalties	67,322	14,196
Total Administrative penalties & interest	550,572	249,396
Less: Funding for low-income energy assistance program	–	(2,000,000)
Balance, end of the year	\$ 2,109,406	\$ 1,558,834

9. COMMITMENTS

The OEB's current office space lease commitment ends on December 31, 2024. The minimum base rental payments in aggregate are as follows:

FY 2024	1,868,158
FY 2025 – 9 months	1,483,582
Total	\$ 3,351,740

The OEB is committed to pay its proportionate share of realty taxes and operating expenses for the premises, which amounted to \$1,809,365 during FY 2023 (2022 - \$1,771,352).

10. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

Interest rate risk:

The OEB is not exposed to significant interest rate risk as OEB's funds are held in interest bearing accounts at a financial institution. The average interest rate on cash balance was 3.25% (2022 – 0.62%). A 25-basis point change in the interest rate would impact the OEB's operating surplus by \$40,124 (2022 - \$44,583).

Currency risk:

The OEB's exposure to currency risk is minimal as few transactions are in currencies other than Canadian dollars.

Credit risk:

Accounts Receivable

The OEB has minimal credit risk exposure in regard to accounts receivable due to high historical collection rates. The accounts receivable aging is summarized below:

March 31, 2023		<i>Current</i>	<i>+30 Days</i>	<i>+60 Days</i>	<i>+90 Days</i>	Total
Regulatory process costs	\$	73,691	2,731	\$ 7,202	\$ 12,793	\$ 96,417
General cost recovery		26,868	15,440	-	-	42,308
License fee		-	-	-	\$ 11,200	11,200
Admin penalty		15,000	-	-	-	15,000
HST recovery		653,985	-	-	-	653,985
Interest receivable		69,444	-	-	-	69,444
Allowance for Doubtful Accounts		-	-	-	(11,200)	(11,200)
Total	\$	838,988	\$ 18,171	\$ 7,202	\$ 12,793	\$ 877,154

March 31, 2022		<i>Current</i>	<i>+30 Days</i>	<i>+60 Days</i>	<i>+90 Days</i>	Total
Regulatory process costs	\$	675,040	\$ 37,310	\$ 62,703	-	\$ 775,053
General cost recovery		7,545	-	3,826	\$ 800	12,171
HST recovery		797,658	-	-	-	797,658
Interest receivable		10,858	-	-	-	10,858
Total	\$	1,491,101	\$ 37,310	\$ 66,529	\$ 800	\$ 1,595,740

Regulatory process costs to be assessed:

The OEB also has minimal credit risk exposure in regard to the \$1,480,256 (2022 - \$1,318,974) of regulatory process costs to be assessed due to high historical collection rates. Included in these costs is \$371,470 (2022 - \$595,924) to be collected from related parties.

Regulatory process costs to be assessed are costs incurred by the OEB which will be invoiced in a future fiscal year after March 31, 2023.

Liquidity risk:

The OEB's exposure to liquidity risk is minimal as the OEB has a sufficient cash balance to settle all current liabilities. As of March 31, 2023, the OEB had a cash balance of \$14,373,849 (2022 - \$13,988,685) to settle current liabilities of \$10,815,254 (2022 - \$8,731,996).

11. RELATED PARTY TRANSACTIONS

The Province of Ontario is a related party as it is the controlling entity of the OEB. All related party transactions have been recorded at their exchange amounts, which is the amount of consideration established and agreed to by the related party.

Under the *OEB Act*, the OEB recovers its costs from various regulated entities, which include the following related parties:

- Independent Electricity System Operator (IESO), Ontario Power Generation, Hydro One, Ontario Electricity Financial Corporation totaled \$13,589,928 (2022 - \$12,370,479) and is recorded in General cost recovery and Regulatory process costs on the Statement of Operations and Net Assets.

The OEB has entered into transactions with other related parties as follows:

- Ministry of Government and Consumer Services recovered data communication and records storages services of \$26,735 (2022 - \$50,132) and which are included in Information technology and Office & administration on the Statement of Operation and Net Assets.

Related party transactions pertaining to employee future benefits are disclosed in note 7.

12. ONTARIO ELECTRICITY SUPPORT PROGRAM

The OEB administers the Ontario Electricity Support Program (OESP), which provides fixed credits (determined by a sliding scale) to all eligible lower income customers of electricity distributors and unit sub-meter providers. Section 79.2 of the *OEB Act*, together with Ontario Regulation 14/18 made under the *OEB Act*, enables the OEB to recover its OESP delivery and administration costs from the IESO.

In FY 2023, the Statement of Operations and Net Assets has \$5,043,305 of delivery and administration costs.

Subsequent to 2023 fiscal year end, the OEB entered into a new agreement with a Central Service Provider (CSP) to replace the existing OESP System. The CSP will develop and deliver a new OESP System and provide the ongoing hosting, operation and maintenance of the system, including the managed business process services to support it. The initial term of the agreement is for five years, expiring in April 2028, and renewable at the option of the OEB for an additional three years. The committed costs for the initial five-year term is \$28.2 million.

13. CONTINGENCIES

Contingencies refer to possible legal claims that have been made against the OEB, the ultimate outcome of which cannot be predicted with certainty. Management does not expect that the outcome of the claims against the OEB will have a material and adverse effect on its financial results and does not believe any provisions for losses are necessary at this time. No amounts have been recognized in the accounts for claims made against the OEB. Any settlements will be accounted for at the time of settlement.

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

DIRECTORS

NAME	TERM	TOTAL REMUNERATION 2022-2023
Richard Dicerni (Chair)	Oct 1, 2022 – Sep 30, 2025	\$46,785
Carole Malo	Dec 16, 2021 – Dec 15, 2023	\$10,650
Curtis G. Allen	Aug 12, 2021 – Aug 11, 2023	\$10,960
Geoffrey Owen	Sep 2, 2021 – Sep 1, 2023	\$14,975
Gerald A. Moncrief	Oct 1, 2022 – Sep 30, 2024	\$10,340
Glenn O'Farrell	Oct 1, 2022 – Sep 30, 2024	\$9,220
Henry John Knubley	Oct 1, 2022 – Sep 30, 2024	\$11,950
Marie C. Oswald	Oct 1, 2022 – Sep 30, 2025	\$10,950
Marika Hare	Aug 12, 2021 – Aug 11, 2023	\$9,330
Navneet Sekhon	Feb 24, 2022 – Feb 23, 2024	\$10,660
TOTAL		\$145,820

CEO AND COMMISSIONERS

October 1, 2022, marked the end of the OEB's transition period, which began with the proclamation of Bill 87 and formal adoption of the OEB's new governance structure. At that time, the Board of Directors assumed responsibility for appointments of the Chief Executive Officer, Chief Commissioner and Commissioners. As of October 1, 2022, the CEO and all commissioner appointees continue in their roles as OEB employees.

TITLE	NAME	TERM	TOTAL REMUNERATION (APRIL 1ST, 2022 - SEPTEMBER 30TH, 2022)
Chief Executive Officer	Susanna Zagar	Oct 1, 2020 – Sep 30, 2022	\$234,663.71
Chief Commissioner	Lynne Anderson	Oct 1, 2020 – Sep 30, 2022	\$124,550.76
Part-Time Commissioner	Emad Elsayed	Jun 20, 2012 – Sep 30, 2022	\$63,400.00
Full-Time Commissioner	Allison Duff	Oct 1, 2020 – Sep 30, 2022	\$83,383.89
Full-Time Commissioner	Michael Janigan	Apr 26, 2017 – Sep 30, 2022	\$98,656.48
Full-Time Commissioner	Robert Dodds	Dec 10, 2018 – Sep 30, 2022	\$98,656.48
Full-Time Commissioner	Pankaj Sardana	Oct 1, 2020 – Sep 30, 2022	\$83,383.89
Full-Time Commissioner	Anthony Zlathic	Dec 10, 2020 – Sep 30, 2022	\$83,383.89
Full-Time Commissioner	David Sword	June 17, 2021 – Sep 30, 2022	\$83,383.89
Full-Time Commissioner	Patrick Moran	June 17, 2021 – Sep 30, 2022	\$83,383.89
TOTAL REMUNERATION/\$:			\$1,036,846.88

CONTACT INFORMATION

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For compliance and other regulatory enquiries contact:

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