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VIA WEB POSTING

January 4, 2011

To: All Interested Stakeholders

Re: Stakeholder Review of the Ontario Energy Board draft 2011 – 2014 Business Plan – EB-2011-0002

Stakeholders are invited to review and comment on the Ontario Energy Board's draft 2011-2014 Business Plan.

Please provide written feedback by **January 17, 2011**. The Board is not making provision for an award of costs in this consultation process. All written comments sent to the Board in response to this letter will be available for viewing at the Board's offices and will be placed on the Board's website.

All filings to the Board must quote the file number, **EB-2011-0002**, be made through the Board's web portal at www.errr.oeb.gov.on.ca, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.oeb.gov.on.ca/OEB/Industry.

Please direct all communications to the attention of the Board Secretary no later than 4:45 p.m. on **January 17, 2011**.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary

DRAFT



Ontario

Ontario Energy Board

2011-2014 Business Plan

Ontario Energy Board

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Draft January 4, 2011

Ontario Energy Board 2011-2014 Business Plan

Mandate:

The Ontario Energy Board oversees the Province's electricity and natural gas sectors through effective, fair and transparent regulation and in accordance with the objectives set out in the governing statutory framework.

Mission:

To promote a viable, sustainable and efficient energy sector that serves the public interest and assists consumers to obtain reliable energy services at reasonable cost.

2011-2014 Ontario Energy Board Business Plan

The 2011-2014 Business Plan represents a first important step towards a new approach to strategic and business planning at the Ontario Energy Board. The focus for the new plan is on outcomes rather than outputs. This approach goes beyond measuring Board performance based solely on the issuance of policies and decisions or the achievement of key metrics regarding the timeliness of our work. Those measures and metrics continue to be important, but, going forward, the Board will endeavour to focus on outcomes that are consistent with its Mandate and Mission.

The achievement of these outcomes should be the measure of the Board's performance as the independent economic regulator for Ontario's energy sector. However, the Board recognizes that the move towards an outcome-based approach will take time. The Board will need to establish a robust performance-assessment framework, which will include the collection and assessment of indicators and data related to the impact of its decisions and policy initiatives over time. While this new performance assessment is being developed, the Board will continue to rely on output-based measures of performance as it has in prior Business Plans.

Similar to the last two Business Plans, the 2011-2014 Business Plan is structured around four key sectors: Electricity Distribution, Electricity Transmission & Infrastructure, Natural Gas and Consumers & Retail Markets. The Board's view is that this sectoral structure continues to be appropriate. It helps to explain the connection among the outcomes and initiatives that the Board is pursuing in each sector.

A theme that runs through the 2011-2014 Business Plan is a sharper focus on the position of consumers in an environment characterized by increasing energy costs. This theme is reflected in the goals and objectives identified in respect of each of the four sectors set out above. It is reflected most strongly in the commitment of the Board to develop and implement, within the three-year planning period, a renewed approach to the regulation of distributors and transmitters that better manages the pace of rate and bill increases for consumers. This commitment represents a major initiative on the part of the Board and will encompass an open and transparent review of the Board's approach to network investment planning and of the Board's current ratemaking policies.

This sharper focus on the position of consumers is also reflected in the work that the Board will undertake with respect to consumer education, the implementation of the *Energy Consumer Protection Act*, and the implementation of programs and customer service rules tailored to the specific needs of low-income energy consumers. These important initiatives highlight that the Board has important consumer protection responsibilities along side its responsibilities as an economic regulator.

Our people and organization are critical to the achievement of the outcomes identified with respect to each of the four sectors described in this Plan. Accordingly, the plan includes a fifth section: People, Organization & Processes. This section sets out the

goals the Board will pursue to maintain a strong workforce, deliver a high standard of service in our adjudicative, policymaking and consumer protection work, and discharge its mandate in a cost-effective and financially prudent manner.

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Electricity Distribution

Goal 1.1: Optimizing distribution infrastructure investment: Prudent and cost-effective investments in the electricity system provide consumers with a reliable and sustainable supply of electricity at a reasonable cost

Goal 1.2: Setting rates and prices: Distributors meet or exceed standards for operational and cost efficiency within a framework that considers bill impacts on consumers. Regulated electricity commodity prices recover supply costs and reflect policy objectives.

Background

- *Green Energy and Green Economy Act, 2009*, commits the sector to the connection of renewable energy projects under OPA's FIT and microFIT programs and achieving CDM targets.
- The *Long Term Energy Plan* indicates that over the next five years residential electricity prices are expected to rise by about 7.9 per cent annually (or 46 per cent over five years).
- The Board has announced the development of a renewed regulatory framework for electricity. This initiative reflects the sharper focus on the total cost to consumers arising from anticipated substantial investment in distribution and transmission networks and in new generation.
- In light of the proposed development of the renewed regulatory framework, the Board has extended the current 3rd Generation Incentive Regulation Plan.
- Electricity distributors are developing and implementing conservation plans in accordance with the *Conservation and Demand Management Directive* and the Board's *Conservation and Demand Management Code for Electricity Distributors*. Those plans may consist of programs approved by the Board or programs sponsored by the OPA.
- The *Smart Grid Directive* has provided policy guidance to the Board and industry regarding the development of the smart grid. The Directive highlights the following objectives: operational efficiency, customer value, regional co-ordination, interoperability, security, privacy, safety, economic development, environmental benefits, and reliability.
- The Board has issued several instructions to distributors over the past 2 years requiring baseline plans and reporting for the deployment of smart meters to all Regulated Price Plan ("RPP") customers that are not demand metered. These meters must be installed and tested such that Time-of-Use ("TOU") pricing can commence no later than December 2011.

1.1: Optimizing distribution infrastructure investment

Objective 1.1.1: Distributors prioritize distribution investment through local system and regional planning with regard to reliability and the total bill impact on consumers.

FY 2011 Issue policy guidance setting out the Board's requirements for distributors' capital plans, including requirements in respect of regional planning, reliability and the assessment of total bill impact on consumers.

FY 2012 Implement the policy through cost-of-service applications. Monitor and ensure distributors are achieving reliability requirements.

FY 2013 Implement the policy through cost-of-service applications. Monitor and ensure distributors are achieving reliability requirements.

Objective 1.1.2: Distributors develop and implement smart grid systems consistent with the Smart Grid Directive and Board guidance.

FY 2011: Issue policy guidance for the review and approval of smart grid plans.

FY 2012 Implement the policy through applications.

FY 2013 Implement the policy through applications.

Objective 1.1.3: Distributors progress toward their CDM targets in accordance with the Board's CDM Code.

FY 2011 Review and monitor distributors' progress toward CDM targets.

FY 2012 Review and monitor distributors' progress toward CDM targets.

FY 2013 Review and monitor distributors' progress towards CDM targets.

Implement additional measures, as necessary, to enhance progress toward CDM targets.

1.2: Setting rates and prices

Objective 1.2.1: The Board's approach to the RPP, including TOU prices, ensures fairness in the recovery of costs while promoting conservation and demand shifting.

FY 2011 Review and revise the TOU price methodology as appropriate.

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Implement RPP price changes consistent with Board policy as revised.

Ensure compliance with smart meter deployment and mandatory TOU implementation.

FY 2012 Implement RPP price changes consistent with Board policy.

FY 2013 Evaluate TOU pricing based on smart meter data.

Objective 1.2.2: Distributors achieve performance and cost efficiency standards in accordance with a rate-setting framework that considers the total bill impact on consumers.

FY 2011 Review the Board's current rate-setting policies and establish performance and cost efficiency standards for distribution costs.

Review the Board's rate-mitigation policy, including alternative approaches and rate treatments that might smooth the bill impact on consumers.

FY 2012 Implement cost-of-service and rate mitigation policies through distributor rate applications.

Issue a revised incentive regulation plan.

FY 2013 Implement cost-of-service and incentive rate mechanisms policy through distributor rate applications.

Objective 1.2.3: Distributors remain financially viable and follow applicable accounting policies and regulatory requirements.

FY 2011 Audit selected distributors to ensure proper accounting policies and regulatory requirements are followed.

Issue updated accounting guidance as required.

FY 2012 Audit selected distributors to ensure proper accounting policies and regulatory requirements are followed.

Issue updated accounting guidance as required.

FY 2013 Audit selected distributors to ensure proper accounting policies and regulatory requirements are followed.

Issue updated accounting guidance as required.

Electricity Transmission & Infrastructure

Goal 2.1: Optimizing transmission infrastructure investment:

Prudent and cost-effective investments in the electricity system provide consumers with a reliable and sustainable supply of electricity at a reasonable cost.

Goal 2.2: Setting rates: Transmitters meet or exceed standards for operational and cost efficiency within a framework that considers bill impacts on consumers.

Background

- Ontario's *Long Term Energy Plan* was released in November 2010 and calls for an expansion of renewable generation capacity from nearly 9,900 MW today to 19,700 MW by 2018. To support this expansion, the plan identified five priority transmission projects that will enable the connection of 4000 MW of renewable generating capacity. Additional projects for designation may arise after the Ontario Power Authority completes its Economic Connection Test in 2011.
- The *Long Term Energy Plan* indicates that over the next five years residential electricity prices are expected to rise by about 7.9 per cent annually (or 46 per cent over five years).
- The draft *Supply Mix Directive* contemplates that the Ontario Power Authority will submit an Integrated Power System Plan to the Board in 2011.
- The Board has developed and published policy guidance that outlines a range of mechanisms that may, in appropriate circumstances, provide rate-regulated transmitters further flexibility regarding the regulatory treatment of major infrastructure investments.
- The Board has also developed and published filing requirements for transmitters seeking designation to develop transmission projects in Ontario
- The Board has announced the development of a renewed regulatory framework for electricity. This initiative reflects the sharper focus on the total cost to consumers arising from anticipated substantial investment in distribution and transmission networks and in new generation.

2.1 Optimize transmission infrastructure investment

Objective 2.1.1: Ontario has a long-term power system plan that is economically prudent and cost-effective.

FY 2011 Review the Ontario Power Authority's Integrated Power System Plan.

FY 2012 Review the Ontario Power Authority's Integrated Power System Plan. Facilitate the implementation of any approved plan.

FY 2013 Monitor implementation and performance.

Objective 2.1.2: The expansion of the transmission system proceeds in an orderly and economically prudent manner.

FY 2011 Review transmission projects brought before the Board.

FY 2012 Review transmission projects brought before the Board.

FY 2013 Review transmission projects brought before the Board.

2.2: Setting rates

Objective 2.2.1: Transmitters achieve performance and cost efficiency standards in accordance with a rate-setting framework that considers the total bill impact on consumers.

FY 2011 No planned activity.

FY 2012 Review the Board's current rate-setting policies and establish performance and cost efficiency standards for transmitters where appropriate.

FY 2013 Implement existing or new rate mechanisms through cost-of-service applications.

Objective 2.2.2: The Board's approach to determining the payments to Ontario Power Generation in respect of OPG's prescribed generation facilities encourages efficiency in both OPG's operating costs and its investments.

FY 2011 Review alternative approaches for determining the payments to OPG, and update filing guidelines as appropriate.

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FY 2012 Review OPG's payment application.

FY 2013 No planned activity.

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Natural Gas

Goal 3.1: Setting rates: Distributors meet or exceed standards for operational and cost efficiency within a framework that considers bill impacts on consumers.

Goal 3.2: Adaptability of the Natural Gas market: The Ontario natural gas market adapts well to changing dynamics in the North American natural gas market.

Background

- Recent changes in natural gas regulation have encouraged the development of a competitive market for gas storage services.
- Recent developments in the North American gas market, particularly the developments with respect to shale gas in Eastern North American, led the Board to initiate in 2010 a review of natural gas regulation in Ontario. This review is currently underway.
- Incentive rate regulation has been in place for over 10 years with respect to gas distributors. Enbridge Gas Distribution currently operates under a revenue cap plan and Union Gas under a price cap plan. Both distributors will be submitting updated incentive rate plans for review by the Board in 2011.
- Natural gas demand side management (“DSM”) programs have been established since 1994. These programs developed by the distributors and approved by the Board target conservation activities uniquely to residential, commercial and industrial consumers. A comprehensive review of distributor conservation commitments will be undertaken by the Board.

3.1: Setting rates

Objective 3.1.1: Distributors achieve performance and cost efficiency standards in accordance with a rate-setting framework that considers the total bill impact on consumers.

FY 2011	Implement cost-of-service and incentive rate mechanism policies through distributor rate applications.
FY 2012	No planned activity.
FY 2013	No planned activity.

Objective 3.1.2: Distributors undertake demand-side management (DSM) programs including programs for low-income consumers.

- FY 2011 Issue DSM guidelines for next generation DSM plans.
 Implement the guidelines through review and approval of distributor DSM plans.
- FY 2012 Monitor implementation and performance.
- FY 2013 Monitor implementation and performance.

Objective 3.1.3: Distributors remain financially viable and follow applicable accounting policies and regulatory requirements.

- FY 2011 Audit selected distributors to ensure proper accounting policies and regulatory requirements are followed.
 Issue updated accounting guidance as required.
- FY 2012 Audit selected distributors to ensure proper accounting policies and regulatory requirements are followed.
 Issue updated accounting guidance as required.
- FY 2013 Audit selected distributors to ensure proper accounting policies and regulatory requirements are followed.
 Issue updated accounting guidance as required.

3.2: Adaptability of the Natural Gas market

Objective 3.2.1: The Board’s regulatory framework remains aligned with the North American gas market as it evolves.

- FY 2011: Monitor changes in the Ontario natural gas market and implement any regulatory changes as necessary.
- FY 2012 Monitor changes in the Ontario natural gas market and implement any regulatory changes as necessary.
- FY 2013 Monitor changes in the Ontario natural gas market and implement any regulatory changes as necessary.

Consumers and Retail Markets

Goal 4.1: Informing consumers: Energy consumers have information that enables them to understand their rights, responsibilities and energy options, and to make informed decisions regarding their energy choices.

Goal 4.2: Enhancing consumer protection: Energy consumers have confidence that distributors, unit sub-meter providers, retailers, and marketers are adhering to applicable customer service and consumer protection rules.

Goal 4.3: Improving programs and service for low-income consumers: Low-income energy consumers have access to programs and customer service rules specifically tailored to their needs.

Background

- The *Energy Consumer Protection Act, 2010* comes into force on January 1, 2011.
- The Board's Consumer Protection team will focus on ensuring compliance by retailers and marketers with the new legal and regulatory requirements associated with the ECPA.
- The Board has amended customer service rules for electricity distributors, and is in the process of reviewing these rules for gas distributors and unit sub-meter providers.
- Customer service rules and emergency financial assistance tailored to low-income energy consumers will be in place in 2011.
- The Board is committed to ensuring that energy consumers have timely and accurate information that they need in order to make energy choices that are best suited to their particular needs and circumstances.

4.1: Informing Consumers

Objective 4.1.1: Consumers have the information that they need to make well-informed energy choices and to better manage their energy costs.

FY 2011 Implement communications and consumer outreach plan to provide information on rules relating to energy pricing, conservation, and the new consumer protection rules relating to retail energy contracting.

FY 2012 Evaluate consumer outreach programs.

Implement changes to consumer outreach programs where needed.

FY 2013 Evaluate consumer outreach programs.

Implement changes to consumer outreach programs where needed.

4.2: Enhancing Consumer Protection

Objective 4.2.1: Electricity retailers and natural gas marketers comply with applicable legal and regulatory requirements.

FY 2011 Audit active electricity retailers and gas marketers to assess compliance with applicable legal and regulatory requirements.

Enforce compliance with requirements, when necessary, in a fair and effective manner.

FY 2012 Implement a risk-based approach to the auditing of electricity retailers and gas marketers.

Enforce compliance with requirements, when necessary, in a fair and effective manner.

FY 2013 Complete risk-based audits of electricity retailers and gas marketers to assess compliance with applicable legal and regulatory requirements.

Enforce compliance with requirements, when necessary, in a fair and effective manner.

Objective 4.2.2: Unit sub-meter providers and distributors provide service to their customers in accordance with rules that are clear, fair and consistently applied.

FY 2011 Implement customer service rules for natural gas distributors and unit sub-meter providers.

Enforce compliance with requirements, when necessary, in a fair and effective manner.

FY 2012 Monitor the customer service of distributors and unit sub-meter providers to assess compliance with applicable legal and regulatory requirements.

Enforce compliance with requirements, when necessary, in a fair and effective manner.

FY 2013 Monitor the customer service of distributors and unit sub-meter providers to assess compliance with all applicable legal and regulatory requirements.

Enforce compliance with requirements, when necessary, in a fair and effective manner.

Objective 4.2.3: Consumers can rely on the Board's consumer complaint system to deliver timely and appropriate resolution of complaints.

FY 2011 Review the Board's consumer complaint processes and implement changes as required.

FY 2012 Monitor the effectiveness of the consumer complaint system.

FY 2013 Monitor the effectiveness of the consumer complaint system.

4.3: Improving Low-income Customer Service

Objective 4.3.1: Low-income customers access programs and services that consider their unique requirements.

FY 2011 Implement low-income customer service rules for distributors and unit sub-meter providers.

Complete the implementation of the low-income customer emergency financial assistance program.

FY 2012 Monitor low-income customer focused activities of distributors, and unit sub-meter providers to assess compliance with applicable legal and regulatory requirements.

Monitor and assess the effectiveness of the low-income customer emergency financial assistance program.

FY 2013 Monitor low-income customer focused activities of distributors, and unit sub-meter providers to assess compliance with applicable legal and regulatory requirements.

Monitor and assess the effectiveness of the low-income customer emergency financial assistance program.

People, Processes and Organization

Goal 5.1: Supporting a strong workforce committed to public service:

Employees understand what is expected of them and how their individual and collective performance contributes to the achievement of the Board's goals and objectives.

Goal 5.2: Board processes are efficient and effective: Energy market participants receive service from the Board in accordance with commitments that are clear, fair and consistently applied.

Background

- The Board is committed to building and strengthening the capabilities of its workforce.
- The Board will focus on developing its leadership pool as part of a robust talent management system.
- The Board will review its workforce plans regularly and develop initiatives to attract and retain the talent required.
- The Board will develop initiatives to enhance employee engagement.
- Wellness and safety initiatives will continue to support the well-being of our employees and reinforce a performance-based culture.
- The Board is committed to maintaining adjudicative and policy development processes that are fair, transparent and timely.
- The Board will maintain the highest standard in its fiscal management, having due regard for the impact that its costs have on consumer bills.

5.1: Supporting a strong workforce committed to public service

Objective 5.1.1: Measure levels of employee engagement and implement plans for improvement.

FY 2011 Implement employee engagement improvement plans

FY 2012 Implement employee engagement survey.

FY 2013 Implement employee engagement improvement plans.

Objective 5.1.2: Enhance the ongoing effectiveness of the Board's talent management system.

FY 2011 Implement leadership competencies for management and executive team, and assess leadership talent against new competencies.

Review workforce plan.

FY 2012 Implement technical competencies for Board staff.

Review workforce plan.

FY 2013 Review organizational effectiveness and recruitment strategy.

Review workforce plan.

Objective 5.1.3: Foster a respectful and progressive workplace environment.

FY 2011 Administer the collective agreement.

FY 2012 Administer the collective agreement.

FY 2013 Administer the collective agreement.

5.2: Processes and Organization

Objective 5.2.1: The Board will meet its commitment to timeliness, fairness and transparency for the processing of applications, policies and customer service issues.

FY 2011 Monitor and evaluate the timeliness, fairness and transparency of the processing of applications, policies and customer service issues, including the consumer and stakeholder complaint process regarding Board activities.

Evaluate technology options to improve the hearing process.

FY 2012 Monitor and evaluate the timeliness, fairness and transparency of the processing of applications, policies and customer service issues, including the consumer and stakeholder complaint process regarding Board activities.

Evaluate technology options to improve the hearing process.

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FY 2013 Monitor and evaluate the timeliness, fairness and transparency of the processing of applications, policies and customer service issues, including the consumer and stakeholder complaint process regarding Board activities.

Evaluate technology options to improve the hearing process.

Objective 5.2.2: The Board will operate in a cost-effective manner.

FY 2011 Monitor and evaluate the resource costs and staff requirements to support regulatory services.

FY 2012 Monitor and evaluate the resource costs and staff requirements to support regulatory services.

FY 2013 Monitor and evaluate the resource costs and staff requirements to support regulatory services.

Objective 5.2.3: The Board's performance over the longer term is measured against the achievement of outcomes.

FY 2011 Establish a methodology for monitoring and evaluating the effectiveness of Board policies.

FY 2012 Establish an outcome based approach to the assessment of the Board's performance.

FY 2013 Implement the outcome based approach to the assessment of the Board's performance.

Appendix A Mandate

The Ontario Energy Board (the “Board”) has regulatory oversight of the Ontario natural gas and electricity sectors. As an adjudicative tribunal, the Board carries out many of its regulatory functions through public hearings. The Board also carries out some of its responsibilities through the creation and enforcement of rules for the natural gas sector and codes for the electricity sector, as well as through the issuance of policies and guidelines to inform and guide participants in both of those sectors. All of the Board’s adjudicative and policy work is conducted through open and transparent processes, with a focus on long-term outcomes, reasoned decisions and practical solutions.

The Board performs its mandate under a statutory framework which sets out a number of objectives to guide the Board’s work. Objectives relating to pricing, energy conservation, reliability and quality of service, and the maintenance of a financially viable industry are common to both sectors. Competition, the rational development and expansion of infrastructure, and communication and consumer education are additional objectives in relation to natural gas. Additional objectives in relation to electricity are economic efficiency and cost-effectiveness, smart grid implementation and the use of renewable energy sources.

Broadly speaking, the Board’s mandate can be broken down as follows:¹

Natural gas rates and facilities: The Board approves the rates that can be charged for monopoly natural gas distribution and transmission services, and through this rate-setting process also regulates the demand-side management activities of natural gas distributors. The Board also has authority to set natural gas commodity prices and approve municipal franchise agreements relating to the supply of natural gas in municipalities. Mergers and acquisitions by natural gas distributors and transmitters are also subject to Board approval, as are larger natural gas infrastructure (pipelines) projects.

Electricity rates and fees: The Board approves the rates that can be charged for monopoly electricity distribution and transmission services, as well as the rates that can be charged by the Smart Metering Entity (SME). The Board sets electricity commodity prices, as well as prices for the output of base load generation facilities operated by Ontario Power Generation Inc. The Board also approves the fees that can be charged by the Ontario Power Authority (OPA) and the Independent Electricity System Operator (IESO).

Electricity system planning and facilities: The Board is responsible for reviewing

¹ The following is by way of summary only, and reference should be had to the Board’s enabling statutes (principally the *Ontario Energy Board Act, 1998* and the *Electricity Act, 1998*) and the regulations made under those statutes for a complete and authoritative description of the Board’s mandate, including circumstances under which entities have been exempted from regulation.

and approving the OPA's Integrated Power System Plans and procurement processes, and must perform its other duties in a manner that facilitates the implementation of those Plans once approved. The Board also has authority to mandate and approve electricity distribution and transmission system plans to facilitate renewable electricity generation connection and smart grid development. Mergers and acquisitions by electricity distributors and transmitters are subject to Board approval, as are larger electricity infrastructure (wires) projects.

Licensing of electricity and natural gas participants: Through its licensing function, the Board regulates the conduct of all participants in the electricity sector (including the OPA, the IESO, the SME, distributors, transmitters, generators, retailers, and unit sub-metering providers) as well as the activities of marketers that sell natural gas to low-volume consumers. Through the licensing process, the Board also sets the conservation and demand management targets to be met by electricity distributors.

Retail electricity and natural gas markets: The Board's regulation of the competitive retail market sector includes establishing rules to govern the conduct and business practices of electricity retailers and natural gas marketers, particularly in relation to low-volume consumers. The Board is developing new regulatory requirements for retailers and marketers to further the enhanced consumer protection objectives inherent in the *Energy Consumer Protection Act, 2010*.

Wholesale electricity market: The Board's oversight of the wholesale electricity market includes the review of amendments to the market rules and of electric reliability standards. The Board also houses the Market Surveillance Panel, which monitors the wholesale market and has authority to investigate activities related to that market or the conduct of wholesale market participants.

Appendix B
Factors that may affect achievement of the Board's goals

Internal and external factors may influence the Board's success in achieving the individual objectives outlined in this Business Plan.

The primary factor that could affect the achievement of our Business Plan is provincial government policy. Further policy developments by the government, particularly policies that introduce significant change, could require subsequent changes to the Board's goals and objectives. Significant policy change is more likely in the electricity sector than in the gas sector given the greater level of control the provincial government has over the electricity sector.

The second significant factor that could influence achievement of the Board's goals and objectives is the Board's resources. The Board is a knowledge-based organization that depends on the active engagement of its highly qualified economists, engineers, lawyers, industry analysts, information technology experts, accountants, and administrative staff. Learning and development of our staff is vital to the long-term health and productivity of the organization.

The third factor that may affect the achievement of the Board's business plan is stakeholder involvement. Industry representatives, consumer groups, environmental organizations and energy companies have an important role to play in policy development and adjudicative processes. Effective involvement of stakeholders is necessary to ensure the Board renders decisions and develops policies with comprehensive input from the parties most affected by the issues.

The final factor is market dynamics. Economic conditions in provincial, national and international markets, such as those experienced during the last two years, can change the focus and operation of both the electricity and natural gas sectors. Technology development also plays a role in market dynamics, from how energy is sourced to how it is stored and how the distribution networks function. Operational effectiveness and profitability of the Ontario energy sector participants can change with changes in technology.

Appendix C Performance Assessment

Outcome-based performance measures can capture the Board's effect on the sector. The Board's traditional focus on initiatives looks at how efficiently the Board operates. Outcome-based performance measures are sector indicators, and would be monitored over time to evaluate whether the intended outcome has been achieved. The achievement of these outcomes would then be the measure of the Board's performance. However, with many of the Board's initiatives, the outcomes may not be apparent for several years.

The objective of the outcome-based approach is to establish a systematic framework to monitor and evaluate the effectiveness of Board activities. This assessment framework will take time to develop given the challenges involved with identifying measures to accurately assess the achievement of outcomes over the short, medium and long term. Until this framework is developed, the Board will continue to rely primarily on its traditional output-based approach to measure achievement.

Balanced Scorecard for 2011-12

Stakeholder and Consumer Initiatives – 15%		
Category and Weight	Initiative	Target
Consumer Awareness 10%	Implement communications and community outreach programs to provide information on rules relating to energy pricing, conservation, and the new consumer protection rules relating to retail energy contracting. (4.1.1)	Implement programs
	Board's own customer service complaint process is used effectively.	90% of calls responded to in 10 days
	Review the Board's consumer complaint processes. (4.2.3)	Review complete
Low-income customer programs and customer service 5%	Implement low-income customer service rules for distributors and unit sub-meter providers. (4.3.1)	Implement rules
	Complete the implementation of the low-income customer emergency financial assistance program. (4.3.1)	Implement program
	As required, implement customer service rules for natural gas distributors and unit sub-meter providers. (4.2.2)	Implement rules

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Industry Initiatives – 55%		
Category and Weight	Initiative	Target
Setting rates and prices 30%	Review and revise the TOU price methodology (1.2.1)	Review complete
	Implement RPP price changes. (1.2.1)	Implement price changes
	Ensure compliance with smart meter deployment and mandatory TOU implementation. (1.2.1)	Review complete.
	Review current rate-setting policies and establish distribution performance and cost efficiency standards. (1.2.2)	Review complete and issue standards
	Review the Board’s rate-mitigation policy. (1.2.2)	Review complete
	Review and monitor distributors’ progress toward CDM targets. (1.1.3)	Review complete
	Review alternative approaches for determining the payments to OPG (2.2.2)	Review complete and update guidelines.
	Issue DSM guidelines for next generation DSM plans. (3.1.2)	Issue guidelines
	Implement the guidelines through review and approval of distributor DSM plans. (3.1.2)	Implement guidelines
Industry monitoring and consumer protection 15%	Audit selected distributors (electricity) (1.2.3)	Audits complete. Issue guidance if required
	Audit selected distributors. (natural gas) (3.1.3)	Audits complete. Issue guidance if required
	Monitor changes in the Ontario natural gas market and implement necessary regulatory responses. (3.2.1)	Issue monitoring report
	Audit active electricity retailers and gas marketers to assess compliance with applicable legal and regulatory requirements. (4.2.1)	Audits complete
Regulate infrastructure investment 10%	Issue policy guidance for distributors’ capital plans, including regional planning, reliability and total bill impact on consumers (1.1.1)	Issue policy guidance
	Issue policy guidance for the review and approval of smart grid plans. (1.1.2)	Issue policy guidance
	Review the Ontario Power Authority’s Integrated Power System Plan. (2.1.1)	Review in progress
	Review transmission projects brought before the Board (2.1.2)	Reviews complete

Organizational Effectiveness – 10%		
Category and Weight	Initiative	Target
Organizational development 10%	Implement leadership competencies for management and executive team, and assess leadership talent against new competencies (5.1.2)	Implement competencies and assess talent
	Review workforce plan (5.1.2)	Review complete
	Implement employee engagement improvement plans. (5.1.1)	Implement improvement plan

Board Operations – 20%		
Category and Weight	Initiative	Target
Operational effectiveness 15%	Accurate budgeting	Budget within 10 % of non-compensation spending
	Increase investment revenues	Increase annual investment revenue
	Market Operations Hotline response within metrics	85% of responses within 10 days
	Determination in compliance cases within 150 days	85%
	Budget & Business Plan submitted to MEI by end of January	On time
	Annual Report delivered to MEI within 180 days of year-end.	On time
	Consumer calls metric for the Consumer Relations Centre	80% calls answered within 20 seconds, voicemails the next day, and consumer correspondence within 15 days
	Establish outcome based evaluation	Policy evaluation framework implemented
Applications Processing 5%	Board & delegated review of applications by staff within established metrics	75% & 80% for applications respectively, costs 90% within 60 days