



Susanna Zagar  
CHIEF EXECUTIVE OFFICER | PRÉSIDENT DIRECTEUR GÉNÉRAL

BY EMAIL

October 17, 2023

**To: All Licensed Electricity Distributors  
All Rate-Regulated Gas Distributors  
All Licensed Transmitters  
All Licensed Gas Marketers  
All Licensed Electricity Retailers  
All Licensed Unit Sub-Meter Providers  
Independent Electricity System Operator  
Ontario Power Generation**

Throughout the first half of the 2023/24 fiscal year, the OEB has been working diligently to advance our deliverables outlined in our annual Business Plan. We greatly appreciate and value the collaboration with our stakeholders and those who help ensure the work being done at the OEB provides value to the people of Ontario. We are reporting in a manner that is consistent with our [Strategic Plan](#) and [2023-2026 Business Plan](#). Updates on the work that has been done throughout the first half of this fiscal year are provided below.

### **Evolve Toward Becoming a Top Quartile Regulator**

Ontario's competitive energy advantage demands a regulator that can play a clear role in the leadership of the energy transition. We have worked hard over the past three years to become the top quartile energy regulator you demand and deserve, and we will continue to evolve to meet your needs in the years ahead as we anticipate a broader mandate from government.

In the first half of this fiscal year, the OEB achieved a 2.5% **Red Tape Reduction** through changes to Reporting and Recordkeeping Requirements (RRRs) and removal of the Conservation and Demand Management (CDM) Code for Distributors. Red Tape Reductions are reported annually in the [OEB's Annual Report](#). In August, the OEB launched an interactive [infographic](#) that provides an at-a-glance overview of how the OEB regulatory processes rely on parts of RRR from electricity distributors.

Additionally, in July 2023, the OEB released its annual update to the electricity distributors' 2023 stretch factor assignments for the 2024 Incentive Rate Mechanism (IRM) rate-setting process. Every year, the RRR data that is collected by the OEB is used in the **total cost benchmarking** model, which compares the actual total cost performance of the utility with the predicted total cost performance from the model.

The OEB continues to work through the mid-plan evaluation of our Strategic Plan with a revised **Performance Measurement Framework** to be included in the 2024/25 – 2027/28 Business Plan.

We also continue to **invest effort in reviewing and re-assessing the more than 60 policies** used in the adjudication of applications, as part of our efforts to ensure that our policies remain appropriate and as up to date as possible in this time of increasing change. In preparation for the OEB's third annual Policy Day, which took place last week, we conducted an exercise to identify and prioritize

policies to be reviewed over the upcoming three years and discussed the results with stakeholders. We continue to consider the valuable feedback we heard and will incorporate it into our business planning process as we look ahead to 2024 and beyond.

## **Protect the Public**

The OEB exists to protect consumers from risk, but not from progress. On September 18, 2023, the OEB issued guidance to electricity and natural gas distributors in relation to the terms and conditions that enable third-party access to customer data via **Green Button**. On November 1, 2023, electricity and natural gas distributors in Ontario must provide customers with access to their energy usage data in Green Button format, so they can easily access and securely transfer their energy usage data. The OEB has been closely monitoring distributors' Green Button implementation and began reporting the results in April with quarterly updates.

The OEB has continued implementation of the Office of the Auditor General of **Ontario's (OAGO) Value for Money Audit Recommendations**. As of August 2023, the OEB has **completed changes to its website to make the complaints process clearer** for consumers. As of September 2023, the OEB has completed a review of the practices of other regulators in **tracking compliance activities** as well as an analysis of our own past performance on compliance activities. Proposed metrics and an implementation plan for related system changes have been developed and are expected to be in place before March 31, 2024, to begin reporting publicly for the 2024/25 fiscal year. In June 2023, the OEB released its **annual compliance report for the 2022/23 fiscal year**. In the first half of this fiscal year, the OEB entered into several Assurances of Voluntary Compliance (AVC), including five with local distribution companies for noncompliance with rate orders, and various other AVCs related to operating without a licence.

Additionally, the OEB has initiated a consultation to update its **Handbook to Electricity Distributor and Transmitter Consolidations**. The OEB has been gathering feedback from stakeholders this summer, including understanding any barriers to consolidation. This will inform proposed amendments that will be the subject of further consultation.

Furthermore, on October 13, the OEB launched a new **consumer facing Unit Sub-Metering Provider (USMP) webpage** to implement the OAGO's recommendation to develop educational materials about USMP. The goal is to help customers understand USMP services, their commercial relationships with building owners and tenants, their billing practices, and the extent of regulation over their business practices and pricing.

The OEB has **begun discussions with its Financial Assistance Working Group**, which is made up of community and social agencies as well as consumer representatives and utilities. The OEB has sought the Working Group's input on the current operations of the **Low-Income Energy Assistance Program Emergency Financial Assistance (LEAP-EFA)** and potential improvements to the program, including in relation to funding and eligibility, evaluating program effectiveness.

We have also completed the procurement of a central service provider to operate the Ontario Electricity Support Program (OESP), and design and build a new customer interface.

Finally, the OEB has established the **Very Small Utilities Working Group** to assess opportunities for reducing regulatory burden associated with the **filing and review process of major rate applications for very small electricity distributors (those with fewer than 5,000 customers)**. This work is implementing recommendations made by the OAGO.



## **Drive Energy Sector Performance**

The OEB has taken steps to improve the measurement of utility performance, while also ensuring that the reporting is streamlined, and the data is necessary. There is a delicate balance between reducing burden by reviewing and updating requirements and adding new requirements to suit an evolving landscape.

On June 29, the OEB submitted its final report, entitled “**Improving Distribution Sector Resilience, Responsiveness and Cost Efficiency**,” to the Minister of Energy. The report outlines a customer-focused policy framework to enhance distributors’ preparation and planning for more extreme weather as a result of climate change. As well, it identifies a number of measures to enhance organizational capabilities through efficiencies, in support of continued provision of reliable, responsive, resilient and affordable delivery service.

Working with the Independent Electricity System Operator (IESO), the OEB developed a plan to design and implement a dynamic electricity pricing pilot to assess the benefits for **Class B Customers** not on the Regulated Price Plan (RPP). No draft, nor final applications were received by the deadline earlier in the year, despite significant stakeholder interest in the OEB’s calls for proposals. The OEB remains committed to exploring dynamic electricity pricing for Non-RPP Class B customers and is developing new options for assessing alternatives to the commodity pricing structure.

As of October 11, 2023, customers from **30 out of 58 electricity distributors can choose the Ultra-Low Overnight (ULO) Regulated Price Plan**. Offering of the ULO price plan will become mandatory on November 1, 2023. The OEB issued accounting guidance in May 2023 to enable ULO and continues to monitor progress on implementation.

In April 2023, the OEB released a consultant’s report on Electricity Delivery Rates for Electric Vehicle (EV) charging as part of the **Electric Vehicle Integration (EVI) Initiative**. Subsequently, the OEB held stakeholder meetings and received written stakeholder feedback in June 2023. In August, the OEB published a letter summarizing guidance on system planning and issued a Bulletin providing guidance to distributors on residential connections to facilitate innovation and support EV adoption and electrification. In Q2, the OEB also issued a Bulletin providing guidance to electricity distributors regarding residential customer Basic Connections, and Distribution Service Code requirements in relation to subdivision connections and service upgrades.

On August 1, 2023, the OEB issued a letter to the industry regarding **net metering**, updating the expected timing for distributors to come into compliance with the requirements regarding price plan options for net metered customers that were discussed in the Bulletin by no later than January 1, 2024. The OEB continues to provide effective oversight of consumer protection requirements with respect to the enhanced net metering rules that took effect last year.

## **Facilitate Innovation**

We have a mandate to facilitate innovation, and ensure energy is affordable. To continue **facilitating innovation**, the OEB has begun to develop Benefit Cost Analysis (BCA) guidance and tools for addressing electricity system needs and in September the BCA framework consultation initiation letter was posted. Next steps include posting the draft BCA guidance for stakeholder comments.



Additionally, in April 2023, the OEB released its **Innovation Sandbox 2.0** report focusing on the two and a half years since the OEB decided to consult on the design of an enhanced Innovation Sandbox.

On August 28, 2023, the OEB issued a letter summarizing recent guidance on resources available to electricity distributors to help them in planning their systems for the efficient integration of EVs. The letter also informed the sector of an expansion of scope to the **DER Connections Review** consultation to include a review of matters pertaining to system readiness for EV charger connections. On September 18, changes to Appendix C of the Distributed Energy Resources (DER) Connection Procedures (DERCP) went into effect. These changes mandate the use of standardized template forms for the Preliminary Consultation Information Request (PCIR) submitted by customers and the responding Preliminary Consultation Report (PCR) prepared by distributors.

On June 30, the OEB delivered its report to the **Electrification and Energy Transition Panel**, which marks the completion of a major deliverable in the Minister's Letter of Direction. This report was the result of months of diligent work, including **Regulatory Framework workshops** conducted by the OEB to solicit stakeholder views on how the OEB could enable electrification related investments while protecting consumer's interests. Stakeholder input from these workshops was reflected in the report.

On September 22, in response to the August 2023 IESO/LDC **Conservation and Demand Management (CDM)** Working Group Recommendations Report, the OEB sent a letter to the Working Group and Ministry of Energy providing additional feedback and guidance on potential pathways for LDCs to seek access to funding from rates for LDC-led CDM programming.

In Q1 of this fiscal year, the OEB completed implementing recommendations made by the **Regional Planning Process Advisory Group's Report** to the OEB by: Issuing final amendments to the Transmission System Code (TSC) and the Distribution System (DSC) to ensure the most cost-effective investments are made to replace major Code transmission voltage assets when they reach end-of-life; and amending the IESO's licence to streamline the planning process.

In May, the OEB selected a **Demand Side Management (DSM)** Evaluation, Measurement and Verification vendor to complete the Evaluation, Custom Project Verification Study (CPVS) and the Commercial and Industrial (C&I) Net-to-gross Studies, with meetings held throughout the summer to discuss 2023/24 project planning for EM&V. The updated plan was posted to the Natural Gas Conservation Evaluation Advisory Committee [Engage with Us](#) site on September 29.

## **Adjudication Work**

The OEB continues to carry out its core adjudicative responsibilities with an unwavering commitment to transparency, accountability, and predictability. The OEB's Chief Commissioner will be reporting on our mid-year adjudicative results in the coming days.

There were a lot of activities in September. The OEB enhanced its **Regulatory Document Search (RDS) site**, improving the effectiveness and user experience of this search engine when sourcing regulatory public records. Nominations were also sought for the second term of the OEB's Adjudicative Modernization Committee that provides advice on improving adjudicative efficiency and effectiveness.

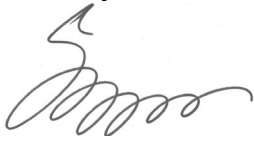


Also in September, the OEB issued **2024 preliminary Uniform Transmission Rates (UTRs)**. This new approach permits distributors to use updated UTRs in their rate applications to set more accurate retail transmission rates for 2024.

As the rest of the fiscal year unfolds, we are prepared to lead and get things done. We are doing this through a lens of consumer protection, energy transition and economic development and we are doing it with ruthless transparency and true collaboration. This work could not happen without the tremendous efforts of all of you, our stakeholders.

I look forward to continuing to collaborate with all sector participants in ways that are meaningful and deliver public value throughout the 2023/24 fiscal year and reiterate that my door is always open to you.

Sincerely,



Susanna Zagar  
Chief Executive Officer  
Ontario Energy Board

