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October 9, 2024

Ms. Nancy Marconi, Registrar
Ontario Energy Board
PO Box 2319
2300 Yonge Street, 27th floor
Toronto, ON M4P 1E4


Dear Ms. Marconi:

Re: OEB File No. EB-2023-0195, Toronto Hydro-Electric System Limited (“Toronto Hydro”) 2025-2029 Custom Rate Application for Electricity Distribution Rates and Charges – Updated 1B-SEC-05 Appendix E Redactions

In accordance with Procedural Order No. 8, please find enclosed a copy of the report filed in response to interrogatory 1B-SEC-05 at Appendix E with revised redactions.

For ease of reference and completeness, Toronto Hydro is also filing an updated version of the consolidated Exhibit 1B Part 2 of 2 interrogatory responses.

Sincerely,

**Daliana
Coban**  Digitally signed by Daliana Coban
DN: cn=Daliana Coban, c=CA,
email=dcoban@torontohydro.com
Date: 2024.10.09 13:01:27 -04'00'

Daliana Coban
Director, Regulatory Applications & Business Support
Toronto Hydro Electric System Limited

Cc: Charles Keizer and Arlen Sternberg, Torsys LLP; all intervenors



Toronto Hydro Sustainability Review: Data Report

Discussion Purposes Only - Confidential
and Proprietary

PwC Canada ESG
Sustainability and
Climate Change Team

Updated: October 28, 2021



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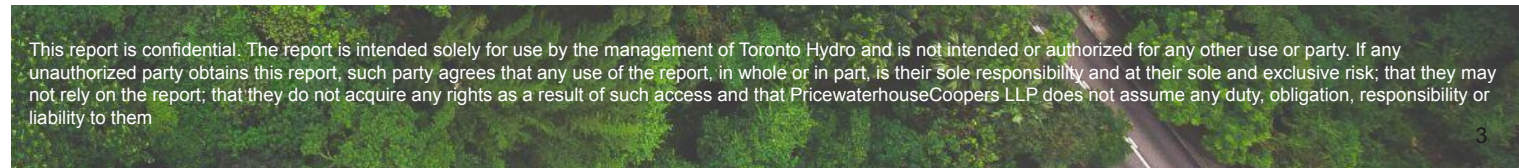
When reviewing this report, we provide no opinion, attestation or other form of assurance with respect to our work or the information upon which our work is based. We did not audit or otherwise verify the information supplied to us in connection with this work, from whatever source. We are not lawyers; we did not provide legal advice when presenting our results. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers AG, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.





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Background and Context



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Introduction and context

Toronto Hydro has an opportunity to elevate its ESG disclosure practices, taking into consideration leading peer and stakeholder practices trends.

To inform its approach, a review has been conducted to help Toronto Hydro better understand its overall ESG disclosure maturity, which included a current state assessment and comparative analysis of disclosed leading practices, including Toronto Hydro's. Based on the assessment, a report has been prepared to outline the results.

The objective of the assessment report is to:

- Summarize the assessment approach and ESG disclosure positioning within Toronto Hydro; and,
- Understand Toronto Hydro's overall disclosure maturity compared against peers.



How is Toronto Hydro currently positioned on ESG?

Purpose: We're committed to delivering excellent customer service, providing a safe and reliable supply of electricity, and delivering long-term value to the City of Toronto.



Talent management and diversity

- Diversity and inclusion
- Talent development and training
- Attraction, retention and engagement
- Health and safety



Accountable and transparent leadership

- Data and systems driven
- Personalized, transparent interactions with members and employees
- Board composition for good governance
- Ethics and integrity



Customer satisfaction

- Customer engagement
- Continuous improvements
- Product/service offerings innovation
- Affordability programs



Community impact

- Fundraising
- Community partnerships
- Employee volunteering
- Education and sponsorships



Innovation and digital transformation

- Robust, secure products and services
- Innovation in energy systems
- Risk management and data security
- New technology investments



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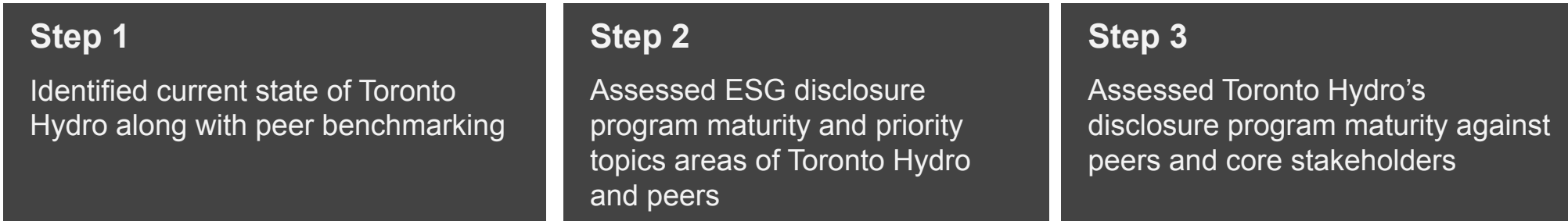
Report Approach



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Data report approach

To conduct the analysis, a four-step process was undertaken as described in the table below:



Toronto Hydro was assessed through document review and interviews with its the sustainability group as well as key staff within Facilities and fleet, Customer services, Conservation programs, Organizational effectiveness, Talent development, Including:

- Joe Bile, Manager, Business Development
- Dave Clark, Director, Organizational Effectiveness
- Bryan Desouza, Manager, Supply Chain Services
- Phil Genoway, Director, E, H & S
- Jen Grado, Manager, Large Customer and Key Accounts
- Kees Homsma, Director, Facilities & Fleet
- Jen Stulberg, Director, Talent Management

Additionally, 11 sector peers and core stakeholders (see page 14) were assessed through a desktop comparative review to understand leading practices and priority areas of focus.

ESG disclosure program maturity areas included:

1. Corporate culture and policies
2. Accountability
3. Strategy
4. Programs
5. Performance and review
6. Reporting

ESG topics of focus included:

1. Equity, diversity and inclusion
2. Health and wellbeing
3. Community and partnerships
4. Talent and training
5. Indigenous relations
6. GHG emissions (including energy)
7. Climate change
8. Resource management (including land and biodiversity)
9. Waste
10. Environmental compliance
11. Affordability and accessibility
12. Service reliability
13. Customer service
14. Risk management
15. Ethics and integrity
16. Profitability

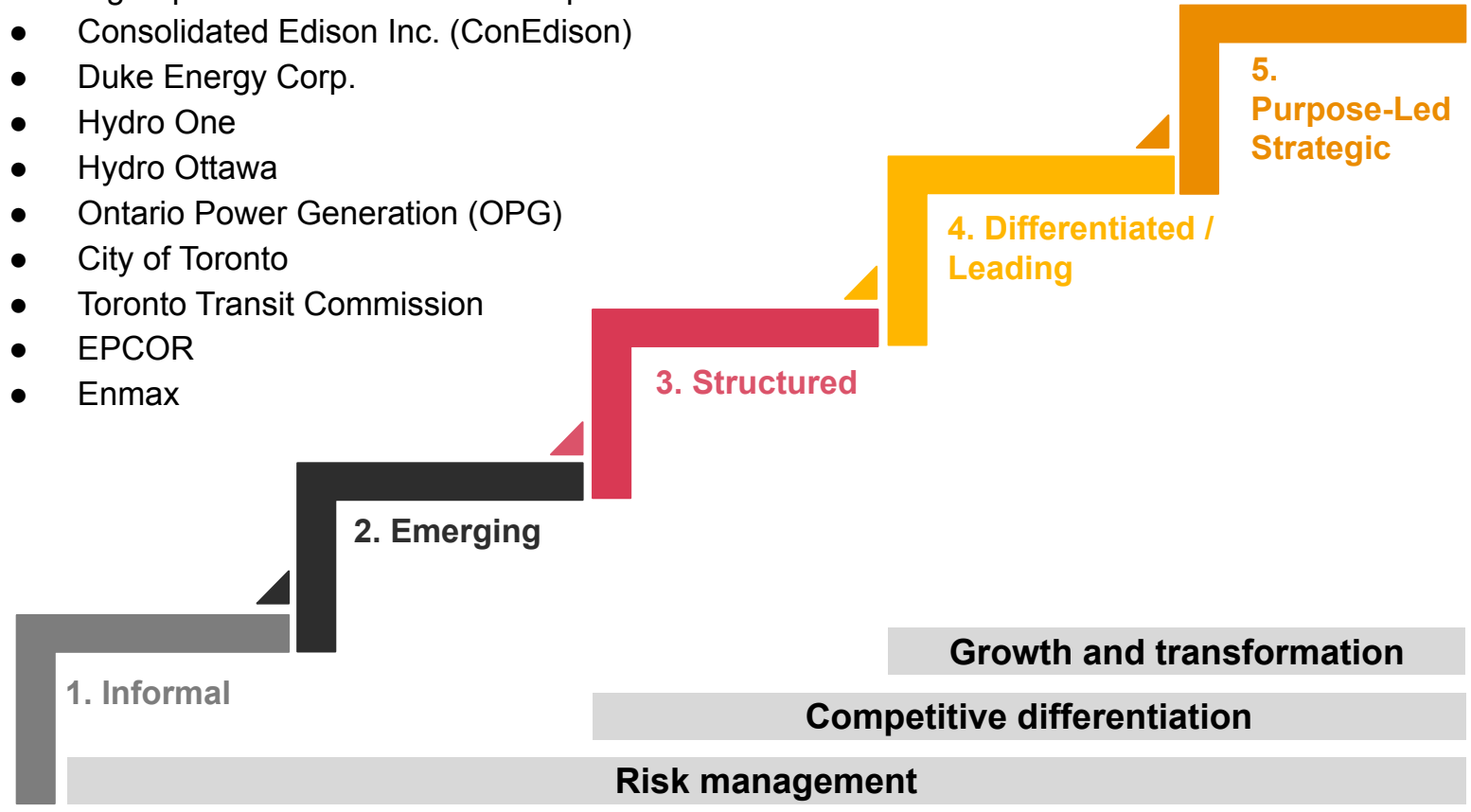
Assessed Toronto Hydro and peers' and stakeholders' disclosed data against the following scoring criteria:

Score	Maturity	Initiatives
0-1	Informal	
1.1-2	Emerging	
2.1-3	Structured	
3.1-4	Leading	
4.1-5	Strategic	

Disclosure maturity analysis

We defined the key elements of the ESG maturity journey on a scale from 1 to 5 and assessed Toronto Hydro's performance against its competitive landscape to provide a reference point for performance.

- Alectra Inc.
- Algonquin Power and Utilities Corp.
- Consolidated Edison Inc. (ConEdison)
- Duke Energy Corp.
- Hydro One
- Hydro Ottawa
- Ontario Power Generation (OPG)
- City of Toronto
- Toronto Transit Commission
- EPCOR
- Enmax



Overall disclosure maturity framework on ESG management

- A. Corporate culture and policies:** [Redacted]
- B. Accountability:** T [Redacted]
- C. Strategy:** [Redacted]
- D. Programs:** [Redacted]
- E. Performance monitoring and review:** [Redacted]
- F. Reporting:** [Redacted]



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Maturity Results

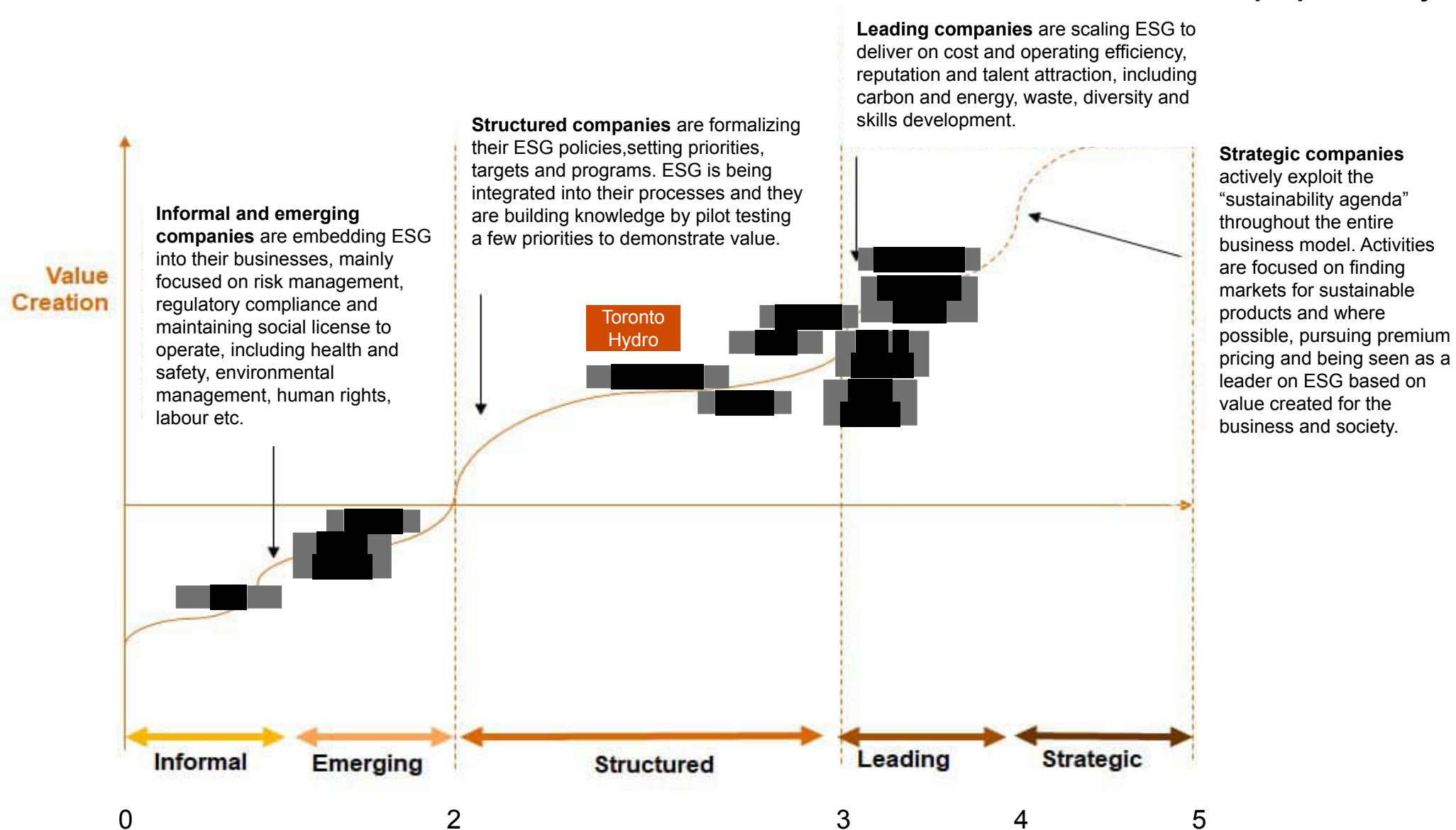
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Overall ESG maturity

For illustrative purposes only

Toronto Hydro's overall disclosure ESG maturity demonstrates it is at a "structured" level of maturity. Many of its direct peers, on average, are in similar states of maturity.

[Redacted] are on the leading edge of ESG program maturity and offer lessons learned for Toronto Hydro as it advances to a leading program.



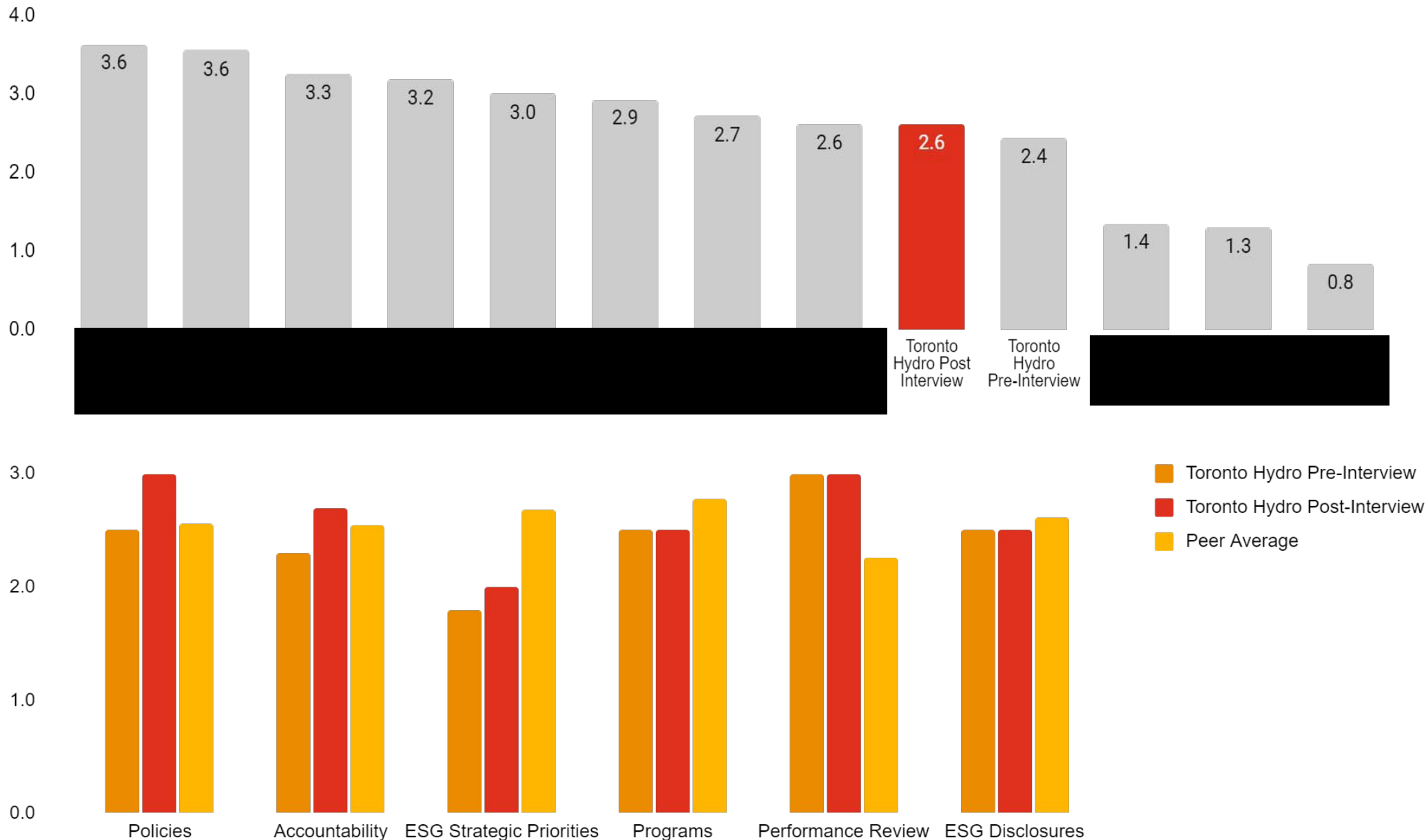
Overall ESG maturity

The graph shows a breakdown of the maturity score of Toronto Hydro's overall disclosure ESG program as compared to its peers.

Note that Toronto Hydro performed above the average on policies, accountability and performance review.

However, it fell behind the peer group on ESG strategy and programs.

With disclosing more information, the program maturity would increase.



ESG disclosure program maturity: Peer best practices

ConEdison's sustainability strategy has oversight from the board and there is an ESG committee at the executive level. Executive compensation is tied to key ESG KPIs (i.e., D&I)

Operational Excellence

Accountability

Our company made Newsweek's list of America's most responsible companies. Newsweek honors companies that are "good citizens and give back to the communities they operate in."

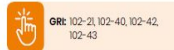
EPCOR has established and disclosed an ESG scorecard with key performance measures, data and targets aligned to its most material ESG factors and incentive-based pay.

SOCIAL		2017	2018	2019	2020	TARGETS AND COMMENTARY
Health and Safety						
S1	TOTAL RECORDABLE INJURY FREQUENCY Continuous reduction in total incidents (TRIF) SASB Code: IF-EU-320a.1(1) GRI 403-9(a)(iii) ^F	1.12	2.35	1.44	1.03	A safety-first culture, driving to zero incidents.
S2	LOST-TIME INJURY FREQUENCY Continuous reduction in lost-time incidents (LTIF)	0.16	0.35	0.13	0.06	A safety-first culture, driving to zero incidents.

Algonquin Power discloses its approach to stakeholder engagement, including how they engage, frequency, key concerns raised, and how concerns are addressed.

Stakeholder engagement

Stakeholder dialogue not only guides our reporting process and informs our report content selection, but is an essential element of our core business practices. Our key stakeholder groups include our customers, employees, investors, communities, and government and regulatory bodies. An overview of these stakeholder groups, our engagement methods, and priority concerns can be found below.



Stakeholder group	How we engage	Frequency of engagement	Key concerns raised	How we address those concerns
Customers	<ul style="list-style-type: none"> Annual J.D. Power Customer Satisfaction Survey Call centers Community education programs Conservation and outreach programs Regular email communications Focus groups Local customer walk-in centers Local media outlets Participation in and sponsorship of local events, teams, and charitable foundations Social media 	Annual and ongoing	<ul style="list-style-type: none"> Customer service improvements Rates and pricing Digital billing and payments Communications (i.e., outage alerts) Increased community involvement Low-income household needs 	<ul style="list-style-type: none"> Customer First program eCustomer project: new MyAccount customer experience improvement Updated Outage Management system Continuous communications through email, social media, and bill inserts on local community engagement Customer Savings Program (expected savings of approximately \$300 million over 30 years)

Duke Energy discloses an annual ESG report aligned to international standards, reports to various ESG raters, and identifies links between disclosures and corporate strategy.

Global Reporting Initiative (GRI) Index

Duke Energy uses the GRI Sustainability Reporting Standards to help guide our reporting. This index is based on the most recent versions of the Standards available as of May 2020 and includes the Electric Utility Sector Supplement. For most indicators, we refer users to information on our website or other public documents. For some indicators, we provide brief narrative responses. Most data in this index address calendar year 2020, in coordination with our most recent [Sustainability Report](#).

General Disclosures

Number	Topic	Response
Organizational Profile		
102-1	Report the name of the organization	Duke Energy Corporation
102-2	Activities, brands, products and services	The Businesses We're In Duke Energy at a Glance

Hydro One has established comprehensive ESG pillars and priority areas, including accompanying goals.

People

Priorities

- Set broader diversity and inclusion hiring goals
- Identify, eliminate and prevent systemic barriers in the workplace

Goals

- Hydro One signed the BlackNorth Initiative Pledge and is committed to achieving 3.5% Black executives and board directors, and 5% Black student hires by 2025.
- As a signatory to the Catalyst Accord, Hydro One is committed to achieving at least 30% female executives and board members

Planet

Priorities

- Achieve established targets for GHG reductions
- Continue to include climate change considerations into decisions and plans to ensure grid resiliency

Goals

- Hydro One is committed to achieving net-zero GHG emissions by 2050
- We have established a target to achieve a 30% reduction of GHG emissions by 2030

Community

Priorities

- Continue to support the Ontario economy through partnerships
- Build safe communities by supporting youth initiatives that promote safety training and safe play

Goals

- Hydro One is committed to increasing our Indigenous procurement spend to 5% of the company's purchases of materials and services by 2026
- As part of our community investment program, we are committed to ensuring that 20% of our corporate donations and sponsorships support Indigenous communities

The City of Toronto has established goals, targets and programs to achieve its priority areas, outlined in its strategy documents.

Net Zero Strategy	+
Toronto's Greenhouse Gas Emissions	+
Toronto's 2017 Greenhouse Gas Emissions Inventory	+
TransformTO Targets	+
TransformTO Goals	+
Reports & Updates	+
Community Engagement	+
Technical Scenario Modelling	+
CityInSight Visualization Tool	+

Peer ESG priority topics being disclosed

	Importance to Sector (% of peers)	Toronto Hydro Approach
1 Human Capital (People)	69%	
Equity, Diversity and Inclusion	78%	Diversity and Inclusion Plan, Recruitment and Selection policy
Health and Wellbeing	100%	Occupational Health and Safety Policy
Community and Partnerships	56%	Code of Conduct
Talent and Training	78%	The Sustainability and Training Annual Plan
Indigenous Relations	33%	none
2 Environmental Stewardship (Planet)	55%	
GHG emissions (including Energy Management/Innovation)	78%	Environmental Policy
Climate Change (Resilience/Adaptation)	78%	Environmental Policy
Resource Management (Land and Biodiversity)	33%	Environmental Policy, Vegetation Management Program
Waste	44%	Code of Conduct, EHS Annual Plan
Environmental Compliance	44%	Strong environmental compliance program, ie. ERP, ISO
3 Responsible Business (Prosperity)	78%	
Affordability and Accessibility	89%	Accessibility Policy
Service Reliability	89%	Disaster Preparedness Management Program Policy; Rate Application
Customer Service	78%	Customer Engagement Summary
Risk Management	78%	Enterprise Risk Management Policy
Ethics and Integrity	56%	Code of Conduct
Profitability	78%	Code of Conduct

ESG pillars performance

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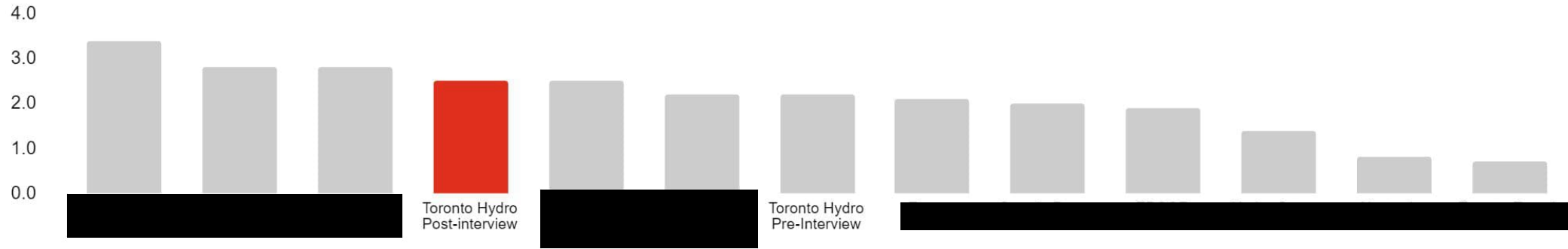
Toronto Hydro achieved a structured level of overall disclosure maturity in each ESG pillar, which is at average-levels amongst its peers.

In review of ESG the pillar areas as a whole, [redacted] and [redacted] scored at a leading or differentiated level (see page 13 and 14 for definitions and detail) amongst the peer and stakeholder group.

Human Capital



Environmental Stewardship



Responsible Business

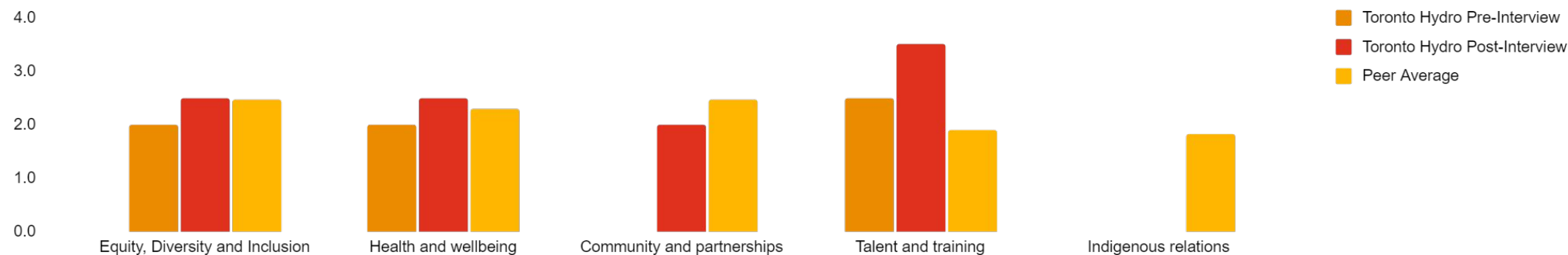


ESG focus area performance

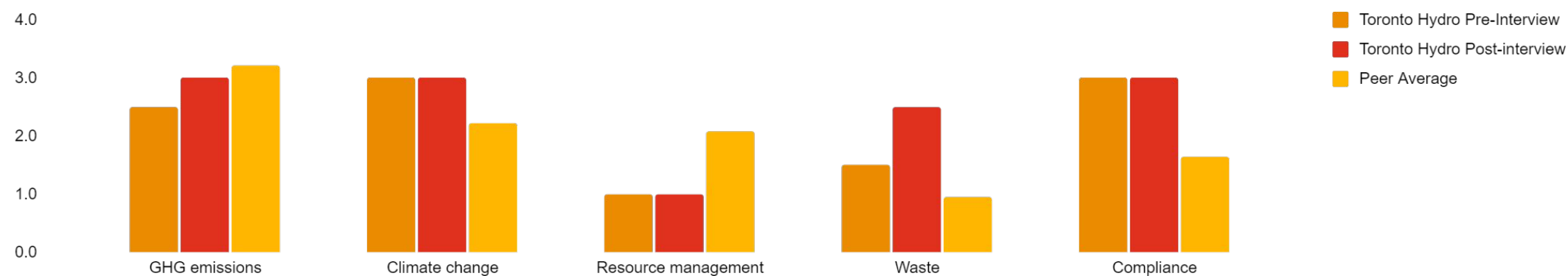
Toronto Hydro's strongest areas, in terms of information disclosure, are in talent and training and equity, environmental compliance, service reliability, customer service and risk management.

Opportunities relate to community and partnerships, Indigenous relations, and affordability and accessibility, where a higher level of effort and peer focus exists.

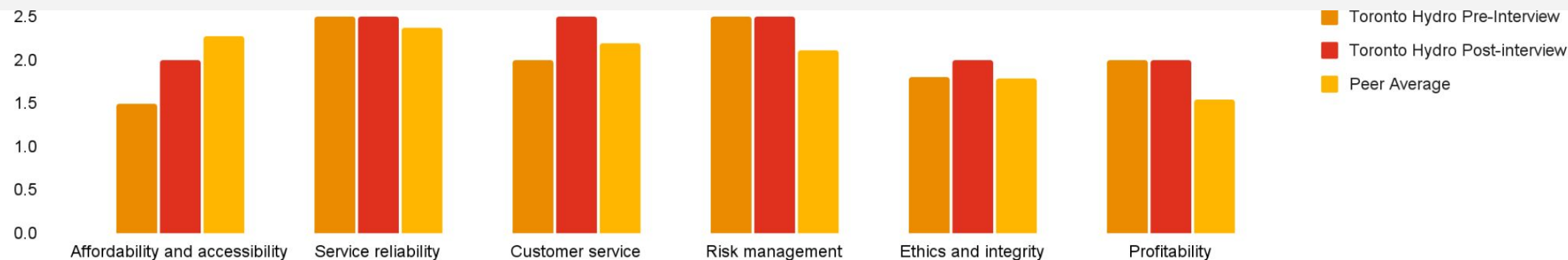
Human Capital



Environmental Stewardship

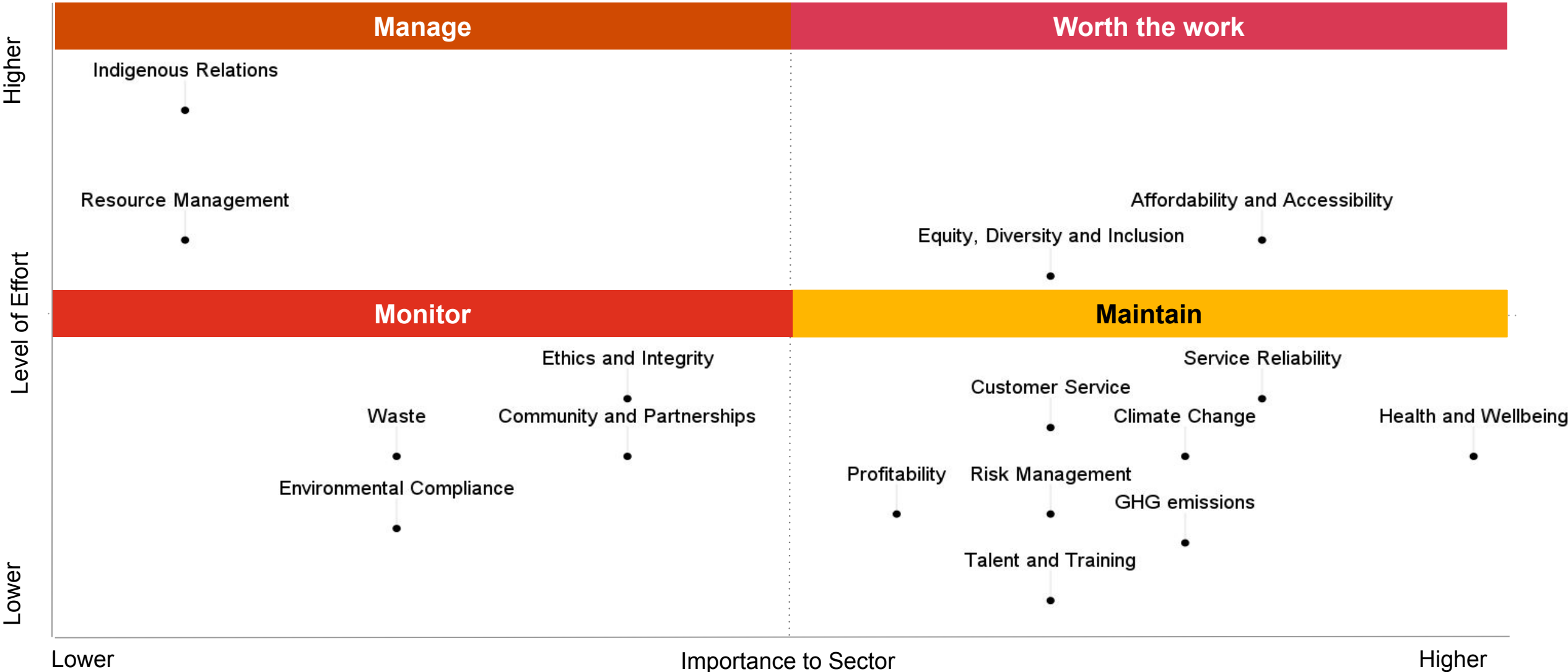


Responsible Business



Results

ESG topics are ranked based on importance to sector and level of effort for Toronto Hydro, informed from peer’s prioritization of topics and Toronto Hydro’s rating in each of these areas.



ESG focus areas: Peer best reporting practices

HydroOne tracks spend on Indigenous businesses and set targets for 20% of community investment to support Indigenous communities and 3% to promote investment in Black communities.

We are committed to increasing our Indigenous procurement spend to 5% of the company's purchases of materials and services by 2026.

While several Indigenous communities closed their borders to visitors in order to limit exposure to COVID-19, Hydro One respectfully adapted to these realities and hosted numerous public community engagement sessions and meetings online. Post-COVID-19, we will review opportunities to enhance our online engagement which has, in some cases, made communication more efficient. However, we still plan to continue to focus on reconnecting with Indigenous communities through in-person meetings.



We fast-tracked \$32.9M in payments to 124 Indigenous and small business suppliers in Ontario.

Algonquin Power provides education grants to eligible employees and offers work flexibility programs.

Talent attraction and retention

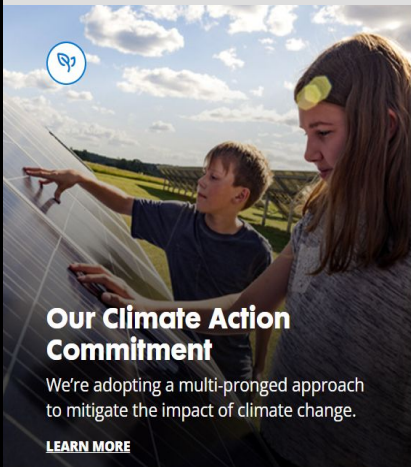
Talent attraction and retention are the pillars upon which we build our employee lifecycle. We know that the competition for talent is real, and an organization is only as good as their workforce. At Algonquin and Liberty, our workforce is our family, and we pride ourselves in the way we grow our family.



Duke Energy has disclosed a net zero by 2050 ambition and an interim target of reducing CO2 emissions from electricity generation by 50% by 2030 through its 2020 Climate Report.



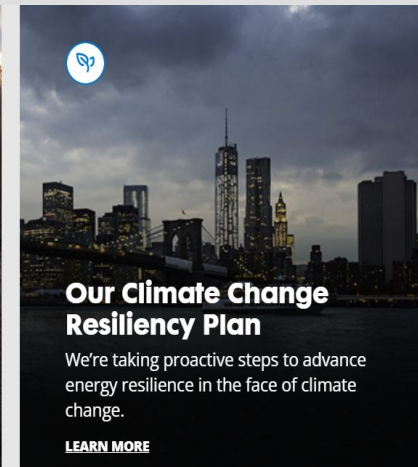
ConEdison discloses against the TCFD recommendations and has published its climate change and climate resilience and adaptation implementation plans.



Our Climate Action Commitment

We're adopting a multi-pronged approach to mitigate the impact of climate change.

[LEARN MORE](#)



Our Climate Change Resiliency Plan

We're taking proactive steps to advance energy resilience in the face of climate change.

[LEARN MORE](#)

Enmax is conducting pilot projects to test programs to remove barriers to energy access and affordability, delivering energy saving kits to select households.

Our approach

Our energy affordability efforts will be geared towards supporting customers at each stage of the affordability lifecycle (noted below), incorporating efforts from across business units in Alberta and Maine, informing community investment strategies and laying the groundwork for advocacy with policymakers and regulators in an effort to advance broader strategies in the years ahead.

SUPPORTING CUSTOMERS IN THESE STAGES

1. Affordability

Provide sustainable energy solutions, including tools, education and awareness

2. Prevention

Invest in programming to reduce barriers to affordable-energy access across all our operating communities

3. Crisis Management

Provide relief to customers in energy-need crisis through agency partnerships

City of Toronto incorporates ESG and climate change into its new ERM framework and has implemented a climate change risk management policy.

The City's risk factors identified through the ERM process





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Appendix A: Reviewed Disclosures



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Reviewed peer disclosures



An aerial photograph of a dense, lush green forest, likely a coniferous forest, covering the entire background of the slide. The trees are tightly packed, creating a textured, vibrant green canopy.

For more information, please visit pwc.com/sustainability.

pwc.com/ca

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