



Ontario
Energy
Board | Commission
de l'énergie
de l'Ontario

BY EMAIL and WEB POSTING

October 9, 2024

**To: All Licensed Electricity Distributors
All Rate-Regulated Transmitters
All Rate-Regulated Natural Gas Distributors
Ontario Power Generation
All Other Interested Parties**

**Re: Advancing Performance-based Regulation (EB-2024-0129)
Invitation to Stakeholder Meeting**

The Ontario Energy Board (OEB) is initiating a consultation to advance its performance-based approach to rate regulation. The objective of this initiative is to strengthen the link between what electricity distributors earn and the achievement of outcomes consumers value, such as cost-effectiveness, reliability and customer service. The OEB plans to consider changes to the remuneration model for electricity distributors in Ontario first before considering the inclusion of all utilities.

Background

In the November 29, 2023, [Letter of Direction](#), the Minister of Energy (now Minister of Energy and Electrification) asked the OEB to consider whether utilities' remuneration based on traditional capital infrastructure deployment remains the most cost-effective model. The Minister asked the OEB to take steps to consider what changes may be required to ensure timely investment is made to support the right outcome and that a report back on this work incorporate a review of models deployed in other jurisdictions.

The OEB retained consulting firm Christensen Associates to undertake a jurisdictional scan to assist the OEB in understanding the opportunities in Ontario related to utilities' remuneration. Christensen Associates' report provides an overview of Ontario's current utility remuneration model and reviews utility remuneration models, including the use of

performance incentive mechanisms, in five jurisdictions. This report has been provided to the Minister of Energy and Electrification and as described below, will be provided to stakeholders prior to the first consultation meeting.

To further progress on the Minister's request, the OEB is holding a stakeholder meeting to discuss the findings of the jurisdictional scan and actions the OEB can take to advance its performance-based approach to rate-setting. Specifically, the OEB will discuss with stakeholders:

- the findings of the jurisdictional scan;
- the approach the OEB will take to evolving its performance-based rate regulation with additional incentives or mandates; and
- the potential for a more fundamental, longer-term review of the OEB rate-regulation regime.

Invitation to Participate in Stakeholder Meeting

The consultation will begin with a virtual stakeholder meeting on **November 19, 2024**, from **9:30 a.m. to 12 p.m.** Prior to the meeting, materials including the jurisdictional scan will be distributed via the OEB's Engage with Us [Advancing PBR webpage](#). Recipients of this letter will be notified accordingly.

After the meeting, stakeholders will have an opportunity to provide written comments by **December 13, 2024**. Stakeholder input will help inform the OEB's work in advancing performance-based rate regulation.

Additional meetings will be scheduled as part of this consultation, details of which will be provided in due course.

Participation

Parties interested in participating in the stakeholder meeting are requested to register by emailing AdvancingPBR@oeb.ca no later than **November 8, 2024**. Please ensure that emails have "EB-2024-0129 Advancing Performance-based Regulation" in the subject line and include the following details:

- Name of organization/participant;
- Name(s) of attendees to register;
- A contact name, telephone number and email address.

Instructions on how to sign into the stakeholder meeting will be provided in due course.

Cost Award Matters

Cost awards will be available to eligible participants under section 30 of the Ontario Energy Board Act, 1998 for participation in the consultation. Costs awarded will be recovered from all rate-regulated entities. However, this initial meeting and the comments due on December 13 are focused on electricity distributors, and therefore costs related to this stage will only be recovered from rate-regulated electricity distributors. Further information regarding cost awards is included in Appendix A to this letter.

For any inquiries regarding this letter, please reach out to AdvancingPBR@oeb.ca. You can also contact the OEB through our toll-free number: 1-888-632-6273.

The OEB recommends interested stakeholders sign up to the [Advancing PBR Engage with Us](#) page for future updates.

Yours truly,

Nancy Marconi
Registrar

Appendix A
Cost Award Matters

Cost Award Eligibility

The OEB will determine eligibility for costs in accordance with guidelines outlined in the Practice Direction on Cost Awards. Anyone seeking to request an award of costs must submit a written request to the OEB by **November 8, 2024**.

The submission must outline the reasons why the person believes they qualify for a cost award, addressing the OEB criteria for cost eligibility as specified in section 3 of the Practice Direction on Cost Awards. Additionally, the submission must include an explanation of any other available funding sources accessible to the person. Furthermore, it should include the name and qualifications of any lawyer, analyst or consultant the person intends to retain, if known.

All requests for eligibility for cost awards will be published on the OEB's website. As stated above, costs for this initial stage of the consultation will only be recovered from rate-regulated electricity distributors, therefore if a rate-regulated electricity distributor objects to any of the requests for cost eligibility, those objections must be submitted to the OEB by **November 13, 2024**. Since costs may be recovered from all rate-regulated entities after this initial stage of the consultation, all rate-regulated entities may submit objections to any of the requests for cost eligibility to the OEB by the same date. All objections will be published on the OEB's website. The OEB will subsequently make a final decision regarding the eligibility for costs of the participants who have made requests.

Eligible Activities

The activities eligible for cost awards are:

Activities Eligible for Cost Awards	Maximum number of Hours
Attendance and participation in the November 19, 2024, stakeholder meeting	2.5 hours
Preparation for November 19, 2024, stakeholder meeting and reporting back on the meeting (Reviewing Christensen Associates jurisdictional scan and OEB meeting presentation)	4 hours
Written comments on the meeting materials (December 13, 2024)	4 hours

Further information regarding any subsequent consultation activities eligible for cost awards will be communicated later.

When calculating the amount of the cost awards, the OEB will adhere to the principles outlined in section 5 of its Practice Direction on Cost Awards. The maximum hourly rates set out in the Cost Awards Tariff will also be applied. The OEB expects that groups representing the same interests or class of persons will make every effort to communicate and co-ordinate their participation in this process. As per section 12 of its Practice Direction on Cost Awards, the OEB will serve as the central entity for all disbursements of cost awards in this process. For further details about this process, please refer to the OEB's [Practice Direction on Cost Awards](#).

How to File Materials

Please ensure that all materials filed include the file number **EB-2024-0129** and submit them in PDF format with a digital signature through the OEB's online filing portal.

- Please ensure that the sender's name, postal address, telephone number and email address are clearly stated in the filings.
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [File documents online page](#) on the OEB's website.
- Stakeholders are encouraged to use RESS. Those who have not yet [set up an account](#) or require assistance using the online filing portal can contact registrar@oeb.ca for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the [File Documents online page](#) of the OEB's website for more information.
- All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the [Practice Direction on Cost Awards](#).

All communication should be addressed to the Registrar and must be received by the close of business, 4:45 p.m. on the required date.

Email: registrar@oeb.ca

Tel: 1-877-632-2727 (Toll-free)