Submission regarding Ontario Energy Board's Advancing Performance-Based Regulation Consultation

Electricity Distributors Association

January 8th, 2025

Contents

1. Introduction

The Electricity Distributors Association (EDA) represents Ontario's local hydro utilities; the part of our electricity system closest to customers. Publicly and privately owned utilities, otherwise known as local distribution companies (LDCs), deliver electricity to residential, commercial, industrial, and institutional customers—powering every community in the province. The sector owns more than $30 billion in electricity system infrastructure and invests more than $2.5 billion annually in the electricity grid to meet system needs while providing safe and reliable electricity - that is the Power of Local Hydro.

On October 9, 2024 the Ontario Energy Board (OEB) initiated its Consultation on Advancing Performance-based Regulation (APBR consultation) and invited stakeholders, including Ontario's local electricity distributors and the Electricity Distributors Association (EDA), to participate in an initiative examining potential changes to utilities' remuneration models. This initiative was prompted by a Letter of Direction in November 2023 by the Ontario Minister of Energy at that time, Todd Smith, on the subject of Ministry priorities for Ontario's electricity sector. More recently, Ontario's new Minister of Energy and Electrification again referenced this initiative in his December 2024 Letter of Direction. The November 2023 Letter of Direction included direction to evaluate the performance of the OEB's current rate framework model within a shifting business and policy landscape. The OEB subsequently commissioned a report from consulting firm Christensen Associates in

support of this initiative. This report was a jurisdictional scan that undertook a review of Ontario and five other jurisdictions' utility remuneration models, including the use of performance incentive mechanisms (PIMs).

The APBR consultation to date has included a virtual stakeholder meeting on November 19, 2024, wherein the findings of the jurisdictional scan were discussed. At the stakeholder meeting, the OEB shared its planned approach to advancing performance-based regulation for electricity distributors through the potential implementation of PIMs, and sought feedback on potential changes to utilities' regulatory framework to incent a shift away from a base rate-of-return model.

Stakeholders, including the EDA, have now been invited to provide written comments on the stakeholder meeting materials by January 8, 2025. The EDA has included in this submission direct responses to questions posed by the OEB in its stakeholder meeting, as well as general feedback on the APBR consultation. The EDA understands that its comments will support the OEB's upcoming policy direction on this subject, including the production of a discussion paper in spring 2025 that provides a proposed framework for PIM outcomes, structures, and implementation considerations. This will be followed by a final PIMs framework that is planned to be implemented by the OEB in the fall of 2025.

The EDA welcomes this opportunity to assist the OEB in exploring a thoughtful PIMs construct which builds on Ontario's existing regulatory frameworks, while effectively and efficiently aiding distributors in achieving outcomes desired by customers.

1.1. Summary of EDA Recommendations

Below is a summary of the EDA's recommendations included within Section 2 of this report.

- OEB must first and foremost develop a **clear problem statement**, which outlines the criteria sought to be used to solve, and/or drive outcomes.
- OEB should then examine the existing regulatory framework incentives along with the proposed PIMs for duplication. PIMs should not be duplicative, or add complexity or confusion of additional layered new constructs.
- OEB should examine alignment with incentive funding which enables the achievement of improved performance, timelines for utility cost-based rates, and the outcomes alongside customers values and policy priorities/ directives.
- OEB must include flexibility and optionality for PIMs, and the derivation of PIM targets for the needs and circumstances of individual distributors. PIMs should be proposed by distributors in their rate applications in a manner which responds to the specific needs of their customers and system needs.
- OEB should develop PIM targets which are specific to each distributor's own circumstances and individual improvement and performance.

- OEB should develop PIMs with an asymmetrical, reward-only construct to incentivize distributors to achieve higher levels of performance without risking unintended consequences on other areas of investment and to protect customer preference.

2. Submissions of the EDA

The following are the submissions of the EDA regarding the implementation of PIMs within Ontario's rate-setting frameworks for electricity distributors, with a focus on the most pertinent issues relating to the design and implementation of PIMs in Ontario.

2.1. Develop a Clear Definition of Problem Statement Required

The APBR consultation includes proposals which range from evolutionary current practice of Ontario's rate-regulation framework to fundamental significant changes. Changes to current rate-regulation may be warranted. However it is the EDA's view that such change should be in response to a clearly articulated, high-priority problem statement; the greater the urgency, then larger changes may be required to accommodate the regulatory framework.

At present, the problem the APBR consultation seeks to solve is not clear. The letter initiating the APBR consultation stated that "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".[1] The existing Renewed Regulatory Framework (RRF) clearly incents cost-efficiency through implementation of productivity and stretch factors, while Service Quality Requirements (SQR) and scorecard reporting seek to maintain acceptable reliability and customer service levels.

The OEB has also implemented a Benefit Cost Analysis (BCA) Framework and incentives for third-party non-wires solutions (NWS), which requires consideration of NWS and allows for utility remuneration for their implementation. Of note, in its Report Back to the Minister: Utility Remuneration, the OEB's three stated conclusions are heavily focused on the energy transition and "non-traditional and innovative activities". Reliability and affordability are noted in one of the three conclusions, but only in the context of "maintaining reliability and affordability for customers" while meeting "the demands of the energy transition and innovation."[2]

[1] EB-2024-0129 OEB Letter, Advancing Performance-based Regulation: Invitation to Stakeholder Meeting, October 9, 2024, page 1
[2] EB-2024-0129, OEB Report Back to the Minister: Utility Renumeration, pages 2-3

It is unclear to the EDA whether the objective of the APBR is to maximize cost-effectiveness, reliability, and customer service, or to enable particular outcomes as part of the energy transition. If the former, the EDA requires clarity as to whether current levels of cost-effectiveness, reliability and customer service are sub-optimal in the OEB's view and in need of correction. If the latter, the EDA requires understanding of the particular outcomes sought, and articulation of how PIMs will ultimately see them achieved.

All of the priorities noted in the APBR consultation documents are addressed, to one degree or another, in the current aggregate regulatory framework implemented by the OEB through the RRF, SQRs, the BCA and NWS incentive constructs, and other policy guidance provided by the OEB. It is unclear why evolution, let alone revolution, of rate-regulation is required. To the degree the OEB's view is that some of these priorities are not advancing at the pace or scale desired by itself or the government, the EDA calls on the OEB to clearly articulate which priorities, and what pace and scale are required. With this clarity in place, the EDA anticipates that there could be no changes required, or possibly only minor changes incorporated to the existing rate-making constructs.

2.2. PIMs Should not be Duplicative of Existing Regulatory Constructs

The existing regulatory frameworks of the OEB embed incentives for particular outcomes from distributors, and any net new construct should not duplicate incentives in these areas. Alfred Kahn, one of the most influential economists for modern utility regulation, is quoted as saying "All regulation is incentive regulation." It is the EDA's view that where existing incentives in Ontario's rate-regulation continue to be effective, such incentives should be relied upon without the potential complexity and confusion of additional layered new constructs.

By way of example, improved reliability will in most cases require incremental capital investment in system renewal and/or grid modernization technologies. Being capital investments, the existing rate of return on rate base construct provides a natural financial incentive which is aligned with this objective. To the degree reliability improvements above present-day levels are sought, the OEB should communicate an expectation of increased investment in these areas to improve reliability, and subsequently approve well substantiated applications to this end. The layering of reliability-based PIMs on top of existing constructs would not be the deciding factor in improved reliability in this example; investment in reliability-improving assets would. The impact of an incremental PIM in this case would serve only to force utilities to assign a higher priority to these investments, an outcome which could as easily be achieved through clear OEB guidance. Worse, a blanket reliability PIM applied to all distributors may have the unintended consequence of forcing highly-reliable utilities to pursue ever-improving reliability, in a manner that would not normally be consistent with best investment practice or customer preferences.

To avoid such outcomes, PIMs should focus on high-priority areas in which no natural incentive currently exists. By way of example, the Ontario government has prioritized the construction of 1.5 million new homes by 2030. While there is a performance expectation set for distributors to connect new customers on time via the Electricity Distributor Scorecard, there is no financial incentive for connecting customers faster. A targeted PIM could consider structuring a financial reward for faster connection of new customers, subject to normalization for factors not within the utility's control (e.g. permitting delays, customer/developer delays, extreme weather events).

2.3. Performance and Funding Must be Aligned

As described above the APBR notes a series of potential priorities: cost-effectiveness, reliability, and customer service, with additional focus on responsiveness to the energy transition and the pursuit of innovation. The EDA believes it should be self-evident that enhanced expectations regarding performance across any metric must be in alignment with funding which enables achievement of such performance. This manifests in at least two material ways.

First, should the OEB direct higher levels of, or mechanism-enforced, performance in new areas, the OEB must also hear and (subject to credible substantiating evidence) approve funding requests to enable utilities to meet new expectations. Any new expectation or requirement pertaining to reliability for example, must logically be followed by utility applications seeking rate recovery of capital and operational investments to improve performance in this metric. To impose new expectations or mechanisms without allowing for such cost recovery is contrary to the Fair Return Standard, as without additional revenues the addition of net new costs or net new penalties would preclude distributors from the opportunity for a fair return on their equity investment. Without additional allowance for cost recovery, utilities will be potentially be required to prioritize performance in areas enforced by PIMs at the expense of other outcomes valued by customers.

Second, OEB implementation of any new expectations or mechanisms for performance must be aligned with utility cost-based rate cycles, implementing new policies for each utility as that utility submits an application for cost-based rates for OEB review and approval. It should be noted that the board presented materials indicated to stakeholders that this policy is intended to be introduced as an alignment in accordance with each utility rate cycle. Absent of this alignment, utilities have insufficient means to ensure funding is available to meet OEB expectations, which again is contrary to the Fair Return Standard. In order for utilities to respond to the priorities and embrace the roles that the Ministry has articulated for them in Minister Lecce's December 2024 Letter of Direction, they require regulatory certainty with respect to the core construct of rate of return on rate base that underpins their business. As a matter of clarity the EDA is not opposed to the submission

of standalone funding applications associated with PIM constructs submitted by individual utilities, provided such applications are not made a baseline expectation of all distributors and individual needs are considered.

2.4. PIMs Must be Flexible to the Needs and Circumstances of Individual Distributors

Ontario's distributors vary widely in their customer make-up, geographic characteristics, size, customer preferences, growth rates, and in-place infrastructure, among other variables. As such, the priorities of the Ontario government and the various objectives stated in this APBR consultation will have different implications for different distributors. The uniform application of any PIM province-wide would be inappropriate, create regulatory inefficiency, and yield negative unexpected outcomes.

Consideration of some of the objectives of this APBR donsultation, as well as the priorities of the government, illustrates this point. The rapid construction of 1.5 million homes by 2030 and the improvement of reliability are two identified priorities which will have very different implications for different distributors in Ontario. A distributor operating in a growing suburban area may need to place significant priority on facilitating new residential development, but may not require a fundamental change in practices to maintain acceptable reliability. Conversely, a remotely located distributor may have significant opportunities to improve reliability, but realistically will not be impacted in the near-term by aggressive housing construction.

The blanket application of PIMs to facilitate new housing development and the improvement of reliability would have sub-optimal outcomes for both these illustrative utilities, as their respective primary needs would be distracted by a non-relevant secondary PIM construct. The EDA does not believe well-intentioned efforts to "tailor" generic PIMs will ultimately be capable of capturing the multi-faceted diversity of Ontario's distributors. The only way to avoid unintended and sub-optimal consequences, is to design and implement PIMs distributor-by-distributor to ensure circumstances, objectives, and incentives are appropriately aligned.

For this same reason, the EDA submits PIMs should not be mandatory. Rather, PIMs should be proposed by distributors in their cost-based applications in a manner that responds to the specific needs of their customers and system. There are utilities in Ontario for which no PIM at all is required at this time, as customers currently receive safe, reliable, and affordable electricity, while the new pressures faced by other distributors (e.g. residential growth, commercial/industrial growth, electrification and energy transition) are not yet present in their communities. To the degree the OEB sees fit to

construct a series of PIMs, or identify priorities which it believes would be appropriate for application of PIMs, these should be made available to distributors on an opt-in basis.

Finally, the issue of distributor diversity extends to the derivation of PIM targets as well. The EDA submits that no PIM target should be established on the basis of cross-utility averages or benchmarking. The factors impacting a distributor's ability to perform against a given PIM are highly specific to their own circumstance, and any PIM should reflect this reality. Failing to represent distributors' specific and individual considerations in the establishment of PIM targets creates a high probability of incentives applying to outcomes outside the control of utility management, leading to undue rewards accruing to either utilities or customers.

2.5. PIMs Should be Asymmetrical Rewards

As discussed above, the EDA submits that PIMs should focus on areas in which existing incentives for performance do not exist, or cannot readily be accommodated through clear communication of OEB expectations. As these expectations will be inherently new (either in their entirety or in their level of expectation), the EDA submits an asymmetrical, reward-only construct will better incent distributors to higher levels of performance without risking unintended consequences on other areas of necessary investment or customer preferences.

For example reward-only constructs such as those developped and adopted within New York State under the Reforming the Energy Vision (REV) framework which was highlighted in the Christensen Associates Jurisdictional Review of Utility Renumeration Models for the Ontario Energy Board.[3] REV introduced specific earning opportunities based on utility performance called Earnings Adjustment Mechanisms (EAM), a type of PIM. The Commission approved EAM opportunity areas and instructed each utility to propose their own PIMs. The REV order generally included reward-only earnings, limited to be less than 100 basis points total from all new incentives initially. Examples of approved EAMs included:

- A Con Edison 2020 PIM to deliver a reduction in New York Control Area peak, with a reward and no penalty (3 to 8 basis point reward if targets are met)
- A Con Edison 2020 PIM to work with DER providers to expand the use of DERs, with a reward and no penalty (3 to 8 basis points)
- A Central Hudson 2018 PIM to incent the company to increase customer participation in voluntary time of use rates (a reward-only PIM where the company

[3] Christensen Associates: Jurisdictional Review on Utility Renumberation Models for the Ontario Energy Board, pages 30-31

receives $32,500 if participation reaches 1.51% (minimum target) and $162,500 if participation reaches 2.74% (maximum target))

Existing regulatory constructs in Ontario provide ample downside incentive to influence utility behaviour. Ontario's RRF incorporates productivity and stretch factors in determining utility revenues, which serve to reduce funding in order to push distributors toward higher levels of efficiency. Utilities must prepare thoughtful and well-substantiated investment plans, both for capital and operational expenditures, in order receive approval for distribution rate funding from the OEB. Finally, to the degree a utility's investment choices are deemed to be imprudent, utilities face the risk of disallowance of rate base amounts for recovery.

The application of PIMs in the form of a penalty runs the risk of placing the utility in a zero-sum circumstance, in which net new priorities or expectations must be balanced against existing requirements and investments. The result may prove to be a shifting of performance as opposed to a net improvement in performance, as outcomes in one area of the utility business are necessarily allowed to degrade in order to meet new, enhanced expectations in another area. PIMs that enforce penalties may also generate regulatory uncertainty and lower investor confidence, impacting the sector's financial viability and potentially raising borrowing costs at a time when utilities require access to capital to meet the Ministry's initiatives and electrification objectives, as referenced in Minister Lecce's December 2024 Letter of Direction.

Conversely, a reward-only approach to PIMs incents the utility to step-up to new expectation levels where the opportunity presents itself. Paired with appropriate cost recovery to support performance-enhancing investments, this will drive a net overall improvement to outcomes for customers.

3. Answers to OEB Questions: Incorporating PIMs into Current Rate Framework

The following section provides answers to the questions posed by the OEB in its presentation delivered to stakeholders on November 19, 2024. The following answers are specific to the incorporation of PIMs into Ontario's current rate framework.

In the near term, the OEB plans to advance performance-based regulation by incorporating PIMs into the current framework. Informed by your review of the jurisdictional scan:

a) What do you see as the advantages and disadvantages (or opportunities and risks) of incorporating PIMs?

- **Opportunity:** PIMs may provide opportunities for distributors to pursue incremental outcomes that are not suitably incented by the current regulatory framework, subject to the clear articulation of such desired outcomes.
- **Risk:** To the extent that the OEB wants to incent distributors to seek certain outcomes, for PIMs to be effective there should be an associated opportunity for utilities to receive funding in support of that outcome. Additional expectations, for example an expectation of greater system reliability, will not successfully drive improvements in reliability outcomes without being supported with opportunities for utilities to fund investments that improve reliability metrics.
- **Risk:** Poorly designed PIMs, application of PIMs to outcomes which are not well suited for PIMs, or mandatory generic PIMs will have unintended consequences, which may include loss of investment in other important areas of the utility business, undue rewards for utilities driven by extraneous factors, or undue penalties to the shareholder in a manner contrary to the Fair Return Standard.

b) From your perspective, what are the most important considerations to keep in mind when developing PIMs? (e.g., measurability, simplicity, transparency)

- Measurability, simplicity and transparency are all important design characteristics for PIMs.
- A clear and compelling objective is required as the starting point for development of a PIM.
- PIMs should be specific and targeted. For example, the Christensen Associates report shows that the utility Hawaii Electric Company operating in Hawaii has structured its PIMs to each have specific metrics/methodologies, rewards listed in dollars or dollars/metric, penalties in dollars where applicable and desired regulatory outcomes that the PIM is intended to target. This approach clearly links action to a well scoped outcome, reducing the risk of overly broad metrics of success which are subject to extraneous factors.

c) In your opinion, what outcomes do consumers value? (e.g., cost-effectiveness, reliability, customer service, enabling electrification, EVs, and/or DERs/NWSs)

- Customer engagement indicates that customers value affordability, reliability, safety, and the ability to make investments in support of the energy transition. As noted, all of these outcomes are currently incorporated into existing regulatory constructs.

d) To which outcomes or performance measures do you believe PIMs should be tied?

- A PIM should only be contemplated where a) it has been demonstrated current outcomes are sub-optimal or a public policy objective is identified as unmet, b) it has been demonstrated that outcomes can be influenced via financial incentives, and c) it has been demonstrated that outcomes cannot be improved within existing regulatory constructs. It is incumbent on the OEB to determine and communicate whether these three criteria are met in any priority area of the electricity distribution business.
  - As a starting point, PIMs should not:
    - Be tied to cost effectiveness and affordability, because these objectives are already appropriately incented by the current rate framework.
    - Be tied to reliability, as this can largely be improved (if desired) through OEB communication of expectations, and OEB approval of well substantiated applications for investment to improve reliability.
  - Subject to articulation of the problem statement and careful design, PIMs may be appropriate for:
    - New connections performed by a utility on time or ahead of minimum requirements. This target may be appropriate for the growth environment occurring in Ontario that is targeted by government policy objectives, if factors outside of the utility's control such as permitting time are normalized across the industry.
    - New connections of distribution connected generators performed on time or ahead of minimum requirements. This target again may be appropriate given the OEB and government's articulated policy objectives on the connections of DERs and the use of NWSs, with normalization across the industry for extraneous factors.

e) What PIM structure/design is likely to be most effective and most suited to Ontario, considering the existing rate-regulation framework? (e.g., $ value per participant/installation etc., awarded basis points if targets are met)

- Generally speaking, PIMs should be balanced so that they are large enough to focus the attention of utility leaders and incent utility action, but not so large as to unduly burden ratepayers.
- PIMs should be structured to be reward-only, as utilities are already incented to control costs through their rate frameworks.
- PIMs should be designed to operate using dollar values as opposed to 'adders' to ROE or some other construct, for the purpose of reducing complexity in adjudication and reporting. In general, more specific and simple targets are desirable to limit the

influence of extraneous factors on performance achievement and improve incentives directly tied to desired outcomes.

f) Should PIMs be applied uniformly to all utilities, or should they be utility specific? Elaborate.

- Participation in PIMs should not be mandatory for distributors. Distributors should be welcome to submit their own PIM proposals for the OEB's review and consideration outside of any area specified by the OEB.
- PIMs should be designed and administered so they are responsive to each distributor's individual circumstances. Distributors should not be benchmarked against one another. Any benchmark or target should be specific to the distributor in question, and responsive to the reality that distributors all have different service territories, system characteristics, compositions of customers, and customer expectations.
- Guidance should be developed within the MAADs handbook on how to resolve potential conflicts between PIMs during mergers or acquisitions. The principle that misaligned or conflicting PIMs must not impede mergers or acquisitions from occurring should be embedded, as mergers and acquisitions themselves are consistent with government policy outcomes. Ample latitude should be provided to applicants, up to and including "walk-away" provisions for the most extreme cases of conflicting PIMs. This is critical, as it could well be that mergers or acquisitions are executed in part because of PIM underperformance.

g) What timeline would be appropriate for PIM implementation, and should there be a phased approach?

- Utilities require sufficient lead time to build PIMs into their budgets and proposals after any PIMs are finalized by the OEB. The implementation of PIMs should further be aligned with utilities' rebasing of their five year rate setting periods because these remain the model that utilities use to plan. For clarity, the EDA is not opposed to distributors bringing forward PIM and funding proposals outside of their standard rate cycle; however this must not be a base expectation for all distributors.

h) How should baseline performance levels be established, and how frequently should targets be reviewed?

- Baseline performance levels and targets should be proposed by the utility alongside a PIM proposal submitted to the OEB. There should not be a set expectation that
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performance or targets will be established on the basis of utility benchmarking, given the many material differences that exist between distributors in Ontario.

i) How should PIMs account for factors outside utility control (e.g., weather events)?

- PIMs should be designed and structured so that they reflect utility action and other factors within the utility's control. The impact of factors outside the utility's control, such as extreme weather events, should be normalized in any PIMs methodology.

4. Answers to OEB Questions: Fundamentally Changing Ontario's Rate Framework Away from the Rate-of-Return Model

The following section provides answers to the questions posed by the OEB in its presentation delivered to stakeholders on November 19, 2024. The following answers are specific to the long-term question of fundamentally changing Ontario's rate framework in a move away from the traditional rate-of-return on rate base model.

In the long term, the OEB is considering developing an approach to rate regulation that is no longer premised on rate base rate-of-return.

a) Is this fundamental change required? Why or why not?

- Currently there isn't a sufficiently defined problem which requires a fundamental change to the rate base rate-of-return approach, nor does the report of Christensen Associates provide any meaningful analysis to advance this discussion. Such a shift should require the presentation of an immediate, pressing and specific set of problems that require addressing to warrant this change to the rate framework. This is not currently the case. We recommend that PIMs be designed for incremental improvements which are deemed to be solutions for identified problems or OEB priorities.

b) What are the advantages and disadvantages of pursuing this approach?

- It is unclear what other approach is being considered. Lacking any other example of a break from rate base rate-of-return regulation, the EDA has assumed the UK's "TOTEX" regulatory model for the purpose of exploring this question.
- There is no clear and demonstrated advantage to Ontario moving towards a TOTEX approach. It is not appropriate to look at top-line outcomes in the UK, such as DER

uptake, and presume these outcomes are a direct result of the TOTEX approach. These outcomes may be the result of PIMs (which need not rely on TOTEX), funding approvals, government mandates, or the nature and capabilities of the Office of Gas and Electricity Markets (OFGEM), which is atypical relative to North American regulators.

- The disadvantage of this approach is significant disruption to utility regulation in Ontario, through a transition process that is anticipated to take as much or more than 10 years from consultation-start to full implementation in all distributor rates. Significant benefits built up through the long-term efforts of distributors and the OEB to streamline regulatory efficiency would be undone and replaced by a process which, according to the Christensen Associates Report, is characterized by complex and prolonged regulatory proceedings. A more complicated and prolonged process should be avoided at a time when regulatory certainty is paramount for utilities due to their participation in ongoing policy objectives that require them to meet new and higher expectations with a faster response.
- Implementing the TOTEX approach to utility remuneration would certainly create accounting challenges for utilities, their supporting professionals, and the OEB, including difficulty aligning with the IFRS standard. The Christensen Associates report noted that Hawaii and New York considered the TOTEX approach, and accounting issues were identified as a primary point in their choice not to adopt TOTEX. Such a change in accounting may have negative implications for utilities in their efforts to secure financing arrangements moving forward.

c) How would this fundamental long-term change impact stakeholders in the sector, both throughout its development and upon implementation?

- Please see b) above.

d) What transition measures could be put in place to provide stability during a period of change?

- If a TOTEX or another rate framework approach was implemented in Ontario, the change would have to be applied over a period of time to each utility in concert with its rebasing application. Utilities would require several years prior to their rebasing in order to align their business plans and forecasts with this updated approach, in addition to the upfront years that would be required for the OEB to finalize what the TOTEX rate framework would entail as well as the numerous issues pertaining to its implementation and oversight.

e) Are there quick wins that the OEB can advance in the short term?

- Because matters of utility remuneration are linked to foundational regulatory matters like the Fair Return Standard, fundamental changes to utility remuneration do not lend themselves to "quick wins"
- To the degree a transition to TOTEX is meant to solve for accounting and incentive treatment of capital vs. operational expenditures, the OEB should focus on discrete areas where this dynamic may occur. By way of example, the current approach to manage the transition from on-site IT to cloud computing warrants improvement, and may represent a 'quick win' for the OEB. Similarly, examining the OEB's constructs intended to incent distributor investment in NWSs may represent another 'quick win'.