

April 2, 2023

Ontario Energy Board
2300 Yonge St., Suite 2700
Toronto, ON M4P 1E4

EB-2021-0307 – Coalition of Large Distributors – Setting Reliability Performance Targets (Reliability and Power Quality Review)

In 2022, the Ontario Energy Board (OEB) launched a comprehensive review of reliability and power quality in the Ontario electricity sector. To inform this work, the OEB established the Reliability and Power Quality Review (RPQR) Working Group of utilities and intervenors to “assist OEB staff in developing approaches for reliability benchmarking and setting performance expectations for utility reliability.”¹

On July 27, 2023, the electricity distributor members of the RPQR Working Group provided comments to the OEB with advice on how to proceed on the reliability benchmarking framework (“July 2023 letter”), as a complement to ongoing activities of the RPQR Working Group.

On January 28, 2025, the OEB issued a new framework for Setting Reliability Performance Targets for electricity distributors starting with rebasing applications filed in 2026 for determination of rates effective 2027. These new targets are developed using historical performance, ongoing performance and cross-utility cohort benchmarking using peer groups defined by the OEB. This methodology was first proposed by the OEB’s external consultant London Economics International (LEI) in March 2023 and discussed in 13 RPQR Working Group meetings. No opportunity for formal submissions was provided.

As members of the RPQR Working Group, the Coalition of Large Distributors (CLD) respectfully submits to the OEB this follow-up letter to its July 2023 letter on the new reliability benchmarking framework. These comments build on the feedback provided in its July 2023 letter and are intended to complete the public record.

Working Groups and Future Adjudication

The OEB has increasingly leveraged Working Groups as part of its policy processes over the last few years. These Working Groups have been tasked with a range of issues, from high-level policy (e.g., the Framework for Energy Innovation) to targeted technical issues (e.g., Distributed Energy Resources Working Group).

¹ Reliability and Power Quality Review, Ontario Energy Board, File # EB-2021-0307, June 28, 2022. Accessed online here: <https://www.rds.oeb.ca/CMWebDrawer/Record/750073/File/document>

For utilities, when Working Groups are exclusively used to invite input in consultations, the Working Group process is highly consequential. Unlike other stakeholders, utilities are accountable to implement new OEB policies or rules and manage the associated risks. The costs of complying with new regulations or mitigating these risks are often addressed through adjudicative processes, rather than in the consultation process. A comprehensive and transparent consultation record, including utilities' perspectives in their own words, is essential for providing the necessary context to justify the reasonability of future cost recovery requests or other relief in the implementation of new policies, such as custom reliability benchmarks in this case. Formal submissions remain essential to policy development as they provide a structured, transparent mechanism for stakeholders to present diverse perspectives, ensuring that all voices are heard and considered.

The CLD generally agrees that leveraging Working Groups to consult utilities on OEB policy offers many advantages, particularly by fostering open dialogue between utilities and OEB staff on well-defined issues and helping the OEB develop more effective solutions. Working Groups can be less effective when the problem statement is unclear, requires further consultation, or when achieving consensus is difficult. In these situations, the informal and non-transcribed nature of Working Groups does not allow for a full and complete record of perspectives, especially on contentious issues or alternative solutions. If the OEB's final decision does not adequately address key concerns raised by Working Group members, utilities cannot rely on the completeness of the record.

In this consultation, the early work of the RPQR Working Group exemplifies the value Working Groups can provide, when activities focused on enhancing consistency in reliability reporting. At the time, utility technical experts worked efficiently with OEB staff to investigate the root causes and develop cost-effective solutions to resolve the matter. The undersigned conveyed its endorsement of this work in its July 2023 letter. However, as the focus of the RPQR Working Group shifted to benchmarking frameworks, where there was not a common understanding of the problem statement and consensus was difficult to find, the Working Group process would have benefited from inviting formal submissions.

The CLD strongly encourages the OEB to use Working Groups to enhance, and not displace, the public submission process. The CLD's experience with the RPQR is a helpful case study, which the undersigned submit can be helpful for the purpose of continuing to advance the efficiency and effectiveness of the OEB's non-adjudicative policy processes.

Alternative Distributor Reliability Targets

The CLD respects that the OEB has adopted a new reliability benchmarking framework which has incorporated some of the concerns raised by stakeholders during the Working Group sessions. However, the CLD also respectfully submits that many issues raised through that process and outlined in the July 2023 letter regarding the appropriateness and effectiveness of the now adopted reliability benchmarking methodology were not fully addressed and, critically, do not appear in the materials produced on the public record.

Among the relief offered by the OEB in the new reliability benchmarking framework is the flexibility to propose custom reliability benchmarks during rebasing applications. The CLD respectfully requests that the incremental evidentiary requirement for alternative targets have regard for the robustness of the existing evidentiary requirements for distributor investment plans. Based on its participation in the RPQR Working Group and the input CLD members provided during the process, the CLD anticipates many utilities may have reason to avail themselves of this relief for the reasons raised during the working group process.

Conclusion

Utility investments and innovation in reliability are a top priority for utilities and continue to be informed by customer engagements as part of OEB's rate-setting framework and through the lens of affordability. The CLD respectfully submits these comments to complete the public record on the considerations of the benchmarking framework and the impact that this framework will have on future adjudication for utilities.

If you have any questions regarding our comments, please contact the undersigned.

Sincerely,

The CLD Members

Alectra Utilities Corporation

Hydro One Networks Inc.

Elexicon Energy Inc.

Toronto Hydro-Electric System Limited

Hydro Ottawa Limited