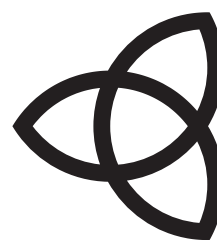


STRATEGIC PLAN

2021/22
2025/26



**ONTARIO
ENERGY
BOARD**

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FOREWORD MESSAGE FROM

THE CHAIR & CEO

Meaningful change is not random. It is not coincidental. It is deliberate and disciplined, well planned and well executed. It requires very specific goals and measures, along with a clearly articulated process for reaching those goals and mechanisms for course correction when necessary. This Strategic Plan is a key planning document for outlining and communicating the longer-term goals of the Ontario Energy Board (OEB) and how we will achieve them over the next five years. Aligned with the Strategic Plan, our Annual Business Plan will provide clear details each year on what we will be undertaking, with specific objectives and measures.

We know from the OEB Modernization Review Panel Final Report there is an unequivocal call for transformation and the OEB needs to rise to that challenge. We must do our part to support the evolution in Ontario's energy sector and make a positive difference in the lives of the people who live and work here.

This includes ensuring that Indigenous peoples, First Nations, Inuit and Métis, have an opportunity to participate fully. We welcome this active participation in all that we do, including OEB hearings, processes and policy work to ensure Indigenous voices are heard and considered.

We will work with the sector to facilitate innovation and embrace technology to support long-term reliability, sustainability and value. It is change that is durable, economically sound and environmentally conscious for the benefit of consumers and industry. The OEB must also anticipate

and be responsive to industry as energy technologies continue to evolve and enable more local solutions. We recognize that consumers are not homogenous and we will not treat them as such. They are large and small. They are industrial, commercial and residential. They have different needs. Some are avidly seeking new technology and innovation. Others are looking for consistency and stability.

To deliver the change identified in this five-year Strategic Plan, the OEB will foster an open, accessible and collaborative culture, focused on unrelenting improvement and innovation in our own work. We do not assume we have all of the answers and will approach the role as the economic regulator for Ontario's energy sector with humility and discipline. We are focused on outcomes and managing our performance. As measurements and outcomes evolve we will continuously improve our assumptions. We are not constrained by traditional solutions and remain open to hearing the advice of industry experts. We are approachable and have the confidence to engage with stakeholders without compromising our independence. We are focused on ensuring the OEB becomes a top quartile regulator. We are also innovative, approaching the role

with a digital first mindset and prioritizing innovation in our own work as we facilitate innovation in the sector.

We are taking, and will continue to take, decisive action to modernize the OEB and deliver public value. This includes having genuine engagement with the sector while also focusing on unrelenting improvement internally. To effectively deliver, we will prioritize our work and be nimble and proactive to focus on the right things at the right time.

Big change is challenging but also rewarding when it's done right. This five-year Strategic Plan outlines how we will approach this challenge. We will be in the game in order to ensure that ratepayers receive value for the rates that they pay, appropriate capital investments are made, and consumers are protected. We will step out of the way when it is in the public interest to do so. We will continuously look for opportunities to streamline processes. We will continue to drive performance by regulated utilities and facilitate the adoption of innovation and new technologies.

Richard Dicerni
Chair

Susanna Zagar
Chief Executive Officer



OUR PLACE IN
ONTARIO'S
ENERGY SECTOR

Ontario's energy sector is an ecosystem, a complex network of organizations that function together to power Ontario. As the independent regulator for the sector, the OEB protects the interests of millions of electricity and natural gas consumers and oversees the entities that generate, transmit and distribute energy across the province. We strive to be an effective and efficient economic regulator – one that has the trust of the regulated community and the public we serve. We are focused on enhancing public trust, promoting transparency and accountability in decision-making and delivering public value for the people of Ontario, while maintaining the integrity of the independent adjudicative process. We must think long term, keeping energy security top of mind while anticipating what the sector needs from the regulator, not only today but for a brighter future. That means facilitating meaningful innovation by utilities and protecting consumers as the sector innovates. To do this, we will think long term about our economy, environment, society, safety and security when making timely, balanced and well-reasoned decisions. In our role, the OEB will be responsive, digital, adaptable, agile and progressive as we deliver on our legislative objectives below.

ELECTRICITY

- To inform consumers and protect their interests with respect to prices and the adequacy, reliability and quality of electricity service.
- To promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry.
- To promote electricity conservation and demand management in a manner consistent with the policies of the Government of Ontario, including having regard to the consumer's economic circumstances.
- To facilitate innovation in the electricity sector.

NATURAL GAS

- To facilitate competition in the sale of gas to users.
- To inform consumers and protect their interests with respect to prices and the reliability and quality of gas service.
- To facilitate rational expansion of transmission and distribution systems.
- To facilitate rational development and safe operation of gas storage.
- To promote energy conservation and energy efficiency in accordance with the policies of the Government of Ontario, including having regard to the consumer's economic circumstances.
- To facilitate the maintenance of a financially viable gas industry for the transmission, distribution and storage of gas.
- To promote communication within the gas industry.



INTRODUCTION

VISION, MISSION, PURPOSE

Guided by clear vision, mission, purpose and values statements, the OEB will drive change and modernize in pursuit of our mandate and delivering public value for Ontarians. Our vision improves quality of life by regulating utilities' provision of energy in a manner that is safe, reliable and affordable. Our mission prioritizes public value. Our purpose supports individuals who are industrial, commercial and residential consumers. Our values speak to how we will be accountable, transparent, driven and thoughtful as we work hard, do the right things and deliver value for the people of Ontario.

VISION

To be a trusted regulator that is recognized for enabling Ontario's growing economy and improving the quality of life for the people of this province who deserve safe, reliable and affordable energy.

MISSION

To deliver public value through prudent regulation and independent adjudicative decision-making, which contributes to Ontario's economic, social and environmental development.

PURPOSE

To oversee the provincial energy markets, protect the interests of individuals and support the collective advancement of the people of Ontario.

VALUES

ACCOUNTABLE

We hold ourselves accountable to the public we serve through integrity of governance, clarity of process and independence of decision-making.

TRANSPARENT

We are transparent in setting objectives, measuring outcomes and reporting on our performance to our stakeholders and the public.

DRIVEN

We are driven to do the right things, work hard and deliver value for the people of Ontario and the evolving energy sector that we regulate.

THOUGHTFUL

We approach each day thoughtfully and ensure prudent stewardship of one of the most complex and productive energy sectors in the world.



LONGER-TERM OUTLOOK
SECTOR TRENDS

The electricity and natural gas sectors in Ontario are experiencing an unprecedented set of changes driven by the intersection of several key trends. The decentralization of energy resources and adoption of distributed energy resources (DERs), which allows energy to be produced, delivered and consumed in novel ways, is growing, a trend supported and accelerated by technological innovation and the digitalization of information. Although most consumers are still primarily concerned with the cost and reliability of the energy they consume, concerns about climate change motivate some consumers' choices. As a result, they are interested in having more choices for their energy supply. These trends are shaping the evolution of the energy sector and have the potential to change the landscape of Ontario's energy system, such as a move towards the electrification of transportation and heating. Although the pace of these changes is unclear, there are clear implications for all energy sector stakeholders, including all types of consumers, generators, regulated utilities, unregulated energy sector companies, government and the OEB. These trends will drive the OEB's priorities over the next five years, and are the foundation on which this plan has been created.

- DECENTRALIZATION AND DISTRIBUTED ENERGY RESOURCES
- CONSUMER PROFILES
- ELECTRIFICATION
- CLIMATE CHANGE AND DECARBONIZATION
- INCREASING UNCERTAINTY



DECENTRALIZATION AND DISTRIBUTED ENERGY RESOURCES

DERs and related services are becoming more prevalent, although the pace of uptake in Ontario remains uncertain. As a result of the increasing penetration of DERs, the electric grid in Ontario is beginning to evolve from a system of one-way centralized power generation to a more complex system where electricity (and data) flow bi-directionally between the grid and consumers. Because of their decentralized nature, DERs allow for the development of new business models and revenue streams in the sector, although the range of possibilities will be influenced by incentives, both explicit and implicit, for different energy sector stakeholders. Evolving business models and revenue streams increase the importance of transparency for energy sector stakeholders – including regulated utilities, customers and other stakeholders – to understand the “rules of the game” for DERs. This is true for both stakeholders interested in emerging opportunities in private markets as well as for regulated utilities, who face pressures to evolve and potentially take on new roles such as that of a system operator. Some of those rules and requirements will be set by the OEB, although the role of Ministry of Energy, Northern Development and Mines, government and the Independent Electricity System Operator will also be critical. Increasing DER integration may also cause uncertainty for system planning and highlight the need for further co-ordination between the electric transmission and distribution grid. A significant shift from centralized to decentralized resources may also come with a risk of stranded assets and associated costs, although the extent to which that risk may be offset by electrification is not known.

CONSUMER PROFILES

Energy consumers value reliable energy at a reasonable cost. However, Ontario’s energy consumers are not homogenous. Consumers across and within rate classes have different needs and interests with respect to energy service. Some consumers are extremely vulnerable to price increases. Others are interested in choice and are willing and able to seek alternatives to manage their energy use and/or generate their own power. Given the sensitivity of computerized manufacturing equipment, some businesses increasingly value high levels of reliability. Many consumers simply want reliable energy at the lowest cost. In addition to this diversity of needs, consumers are affected by declining costs of DERs, the ability to self-generate and store electricity, an increasingly digitalized and connected world where services are becoming more convenient, and growing concern in climate change and clean energy. Emerging consumer expectations may encourage regulated utilities and unregulated companies to develop new products and service offerings. Likewise, because of the diversity of consumer needs and interests, flexible regulatory solutions will be required, including for those consumers who value simplicity.

ELECTRIFICATION

In response to increased commitments for decarbonization, timelines for the electrification of transportation and heating may be accelerated, although the pace of deployment in Ontario remains uncertain. The electrification of transportation in particular has generated more attention and policy support in Canada. In Ontario, Metrolinx is investing in electrifying its GO Transit rail network, and several municipalities are advancing public transit electrification. These trends may require new ways to forecast and plan for the future, as well as significant investments by energy sector stakeholders, including consumers (electric vehicles, home chargers, heat pumps), utilities (network infrastructure to support increased demand), and generators. Efforts to move away from carbon-based heating sources, combined with a rising carbon price, represent a challenge for the natural gas sector.

CLIMATE CHANGE AND DECARBONIZATION

Climate change policy is becoming increasingly prevalent, with ambitious policies accelerating to address it globally. For Ontario's energy sector, climate change policy and action on decarbonization will be an important driver of change. In addition to climate change mitigation policy, the importance of adapting to climate change – which is expected to cause increasingly severe and frequent weather events – has also increased. Adapting to climate change highlights the importance of ensuring Ontario's energy system is resilient and adaptable.

INCREASING UNCERTAINTY

Utilities are facing an unprecedented set of risks and uncertainties, including those associated with assessing system needs during a time of substantial change, cyber security, climate-related events, climate change policy, electrification, DERs and related behind-the-meter services. In the electricity sector, aging infrastructure can pose a risk to grid reliability, a concern exacerbated by the realities of climate change. The electricity system has to weigh risks against the acceleration of transportation and building electrification as well as the proliferation of DERs and related services. In the natural gas sector, the electrification of building heating raises the potential for stranded assets. At the same time, a significant increase in the price of carbon could impact the natural gas sector. Increased digitalization, internet connectivity and risk of cyber security breaches in both the electricity and natural gas sectors have created a critical need for stronger cyber security measures.



STRATEGIC THEMES

The OEB is on a path of modernization, guided by the OEB Modernization Review Panel Final Report, additional research and a deep desire for change, accountability and transparency. We have set a goal of becoming and being recognized as a top quartile regulator. To do this, all of our work, including our Strategic Goals, are guided by Strategic Themes of accountability, certainty, effectiveness, efficiency, independence and innovation.



Guided by the Modernization Review Panel Final Report, the OEB is on a path to modernization driven by the strategic themes of:



ACCOUNTABILITY:

While being independent in its decision-making, the regulator's governance should reflect that it is accountable for the advancement of the public interest.



CERTAINTY:

Regulatory processes should be as predictable as possible. Regulated entities should understand what is expected of them and regulatory proceedings should follow a dependable schedule.



EFFECTIVENESS:

The regulator should be clear about the outcomes it is aiming to achieve. This includes having a clear rationale for how regulatory policies and processes deliver on statutory objectives. It should be transparent with how success is measured by tracking outcomes over time.



EFFICIENCY:

The regulator should strive to find process improvements in all its functions to increase productivity and value for money.



INDEPENDENCE:

The regulator should be recognized as making fair and impartial decisions, free of undue influence from government or others, and focused on its core economic regulation mandate.



INNOVATION:

The regulator should modernize its processes and facilitate future innovations in the energy sector.



DELIVERING
PUBLIC VALUE
- OUR STRATEGIC GOALS

Unlike many other industries in which there are numerous companies competing to sell the same product or service, electricity and natural gas distribution and transmission are considered to be *natural monopolies*. As Ontario's energy regulator, the OEB delivers public value by aligning private interests in the energy sector with the public interest, which is measured by the actions taken by the OEB and the resulting outputs and outcomes they achieve. We oversee the provincial energy markets, protect the interests of individuals and support the collective advancement of the people of Ontario.

Over the next five years the OEB will focus on delivering public value grouped by four strategic goals: *Evolve Towards Becoming a Top Quartile Regulator*, *Protect the Public*, *Drive Energy Sector Performance* and *Facilitate Innovation*. The actions we will take on these goals will be within the scope of the OEB's mandate, informed by government policies that are expected to arise or persist over this time period. We will continue to review and evaluate our Strategic Plan to ensure we are regulating for the present and the future. Energy security for the province is paramount.



EVOLVE TOWARDS BECOMING A TOP QUARTILE REGULATOR



The OEB is a trusted regulator that is accountable for advancing the public interest and makes independent decisions based on fact and evidence. Regulated entities have predictability about timelines and expectations. There is a clear rationale for how regulatory policies and processes effectively and efficiently deliver on the OEB's objectives, and progress is transparently tracked. The OEB is committed to continuous improvement and adapts as the sector evolves.

The first Strategic Goal is focused on the OEB evolving towards becoming a top quartile regulator because we know that the OEB must modernize and focus on our performance to provide effective regulation in the sector and deliver public value for the people of Ontario. The type of change called for in the OEB Modernization Review Panel Final Report was not code for business as usual. It was a call for transformation. That transformation is required within the OEB to improve our performance and focus our regulation on driving the right changes within the sector. All of this work will be done with fit-for-purpose regulation.

	ACTION	OUTCOME
1.1	We will ensure the regulatory function is fit for purpose with principled and data-based approaches and best practices so those we regulate can focus on engaging with their consumers and ensuring long-term efficiency.	Improvements in the efficiency of the adjudicative process, including early engagements with utilities to assist in effectively managing issues.
1.2	We will ruthlessly prioritize our initiatives to focus on work that is strategically aligned and adds value to the organization and the energy sector. Unrelenting improvement and being creative and agile will be key.	Increase in stakeholder satisfaction and rating of performance.
1.3	We will take action to improve clarity around the OEB’s role generally and in implementing government directives.	Increased stakeholder rating of independence.
1.4	We value outcome-focused leaders with strong technical teams who are empowered to deliver.	We have engaged, equipped and skilled employees.

PROTECT THE PUBLIC



The OEB protects the interests of consumers with respect to price and quality of service as it ensures the advancement of the public interest in Ontario's energy sector. Compliance with OEB codes and rules is enforced. Consumers have the information they need to better understand their energy use, including with respect to reducing their energy bills through conservation.

The OEB is focused on our role as an economic regulator protecting the public today and for the future. Our strategic goal looks at how consumer protection is prioritized by measuring near- and long-term outcomes, ranging from planning and compliance to consumer opinions.

	ACTION	OUTCOME
2.1	We will consider the impacts on current and future energy consumers, including both near- and long-term costs and benefits.	Increased public value.
2.2	We will focus on consumers receiving the right level of service at the right rate.	Increase in public value.
2.3	We will work in partnership to keep consumers informed about their energy bills, programs, their choices and changes that may impact them.	Public has access to more information about changes and options as a result of increased transparency by electricity distributors.
2.4	We will foster a culture of compliance with the goal of protecting consumers.	Regulations which are fit for purpose and drive greater compliance by electricity distributors.

DRIVE ENERGY SECTOR PERFORMANCE

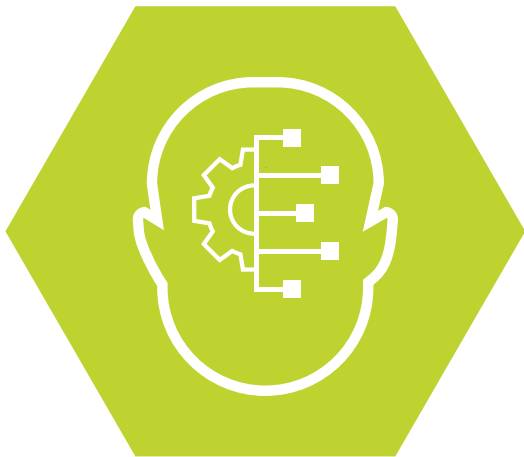


The OEB drives Ontario's regulated energy utilities to deliver reliable energy services and value for energy consumers by holding them to account for higher performance, increased efficiency and continuous improvement, as well as ensuring long-term sustainability and economic efficiency of the energy sector.

The OEB will be focused on outcomes that incentivize the best value from utilities for Ontario with a range of choice and thoughtful long-term planning. As the economic energy regulator, we are focused on driving performance to support the province in reaching its full economic potential and providing public value for Ontarians.

ACTION	OUTCOME
3.1 We will work towards appropriate measurement of utility performance and incentive structures.	Increase in utility performance.
3.2 We will focus on regulation that positions the energy sector to remain effective without impeding the availability of choices for energy consumers.	Enrich choices for energy consumers that increase value and improve efficiency of the system.
3.3 We will encourage long-term planning by utilities that encompasses a broader range of options for meeting system needs.	Facilitate innovation to focus on appropriate responses to emerging system needs.
3.4 We will work with partners in the energy sector to be responsive to the challenges posed by climate change.	Regulated utilities understand how climate change is likely to impact their planning and investments.

FACILITATE INNOVATION




The OEB facilitates innovation that can provide demonstrable value to Ontario's energy consumers and solve energy challenges cost effectively. The OEB provides clear direction on when and how regulated utilities can recover costs for innovation-related activities from ratepayers, and for how risk is addressed. The OEB continually evaluates which activities or emerging needs are better undertaken or addressed through competitive markets.

Are current regulatory levers doing enough to facilitate innovation? If not, what needs to change? We will build on the digital changes already put in place, like the completely digital application process, and facilitate innovation. This means promoting performance improvements by regulated utilities and facilitating the cost-effective adoption of innovation and new technologies.

To facilitate innovation, the OEB will work to become a leader in identifying the problems to be solved, collaborate with stakeholders to facilitate purposeful innovation and focus our Innovation Sandbox to be a safe space to test and implement innovative initiatives.

We will not facilitate innovation for the sake of innovation.

	ACTION	OUTCOME
4.1	We will work to become a leader in identifying and sharing problems that need to be solved and in encouraging creative solutions that provide value to consumers.	Increased transparency and thought leadership.
4.2	We will collaborate with stakeholders to facilitate innovation and regulate only when necessary.	Barriers to innovation that impact quality, cost efficiency and resiliency will be identified and removed.
4.3	We will facilitate purposeful innovation, working with stakeholders to define the problems to be solved by the innovation. We will focus the actions of our Innovation Sandbox on ideas that add value. Implementation will be transparent, and we will create safe spaces where failure is accepted.	Increase in projects moving from Innovation Sandbox to implementation.



MEASURING AND COMMUNICATING OUTCOMES

Annually, the OEB will report on our website with progress updates on the Strategic Plan based on the outcomes the plan drives. Progress will be measured using a variety of assessment methods:

INDEPENDENT ASSESSMENTS

When appropriate, an independent third party will be engaged to conduct an assessment. This will be used in cases where measurements are more subjective and require gathering and reviewing a range of information as input for the measure.

OEB ASSESSMENTS

The OEB will use internal and external information to inform assessments of identified outcomes for strategic goals.

STAKEHOLDER SURVEY

The OEB introduced an annual stakeholder survey in 2020. Key questions from each annual stakeholder survey will be used as measurement tools for identified outcomes for strategic goals.

*This plan identifies new measures not currently captured in OEB reporting, these measures will have a baseline set in the initial year of the plan.

STRATEGIC GOAL:



EVOLVE TOWARDS BECOMING A TOP QUARTILE REGULATOR

Over the five-year period covered by the plan, we will measure our evolution towards becoming a top quartile regulator by measuring outcomes using stakeholder surveys and conducting OEB assessments. We will work towards improvements including:

ADJUDICATIVE PROCEEDING TIMELINES

5-year Target:

- Meet performance standards **90%** of the time

STAKEHOLDER SATISFACTION AND RATING OF PERFORMANCE OVERALL

5-year Target:

- **3-5%** increase in stakeholder satisfaction with the OEB as a regulator

STAKEHOLDER RATING OF INDEPENDENCE

5-year Target:

- **3-5%** increase in stakeholder rating of the OEB's independence

ENGAGED, SKILLED EMPLOYEES

5-year Target:

- **3-5%** increase in employee engagement rating
- Continue succession and workforce planning and decrease skill gaps, create additional development plans and increase training

STRATEGIC GOAL:



PROTECT THE PUBLIC

We will be working towards improvements in the following areas:

PUBLIC IS MORE INFORMED ABOUT CHANGES AND OPTIONS BECAUSE REGULATED UTILITIES ARE ACCOUNTABLE FOR KEEPING CONSUMERS INFORMED

5-year Target:

- Increase in information shared by LDCs with consumers
- Increase in OEB partnerships to increase communication with consumers

COMPLIANCE AND ENFORCEMENT ACTIONS

5-year Target:

- Fit-for-purpose regulation and directives drive greater compliance by LDCs

STRATEGIC GOAL:



DRIVE ENERGY SECTOR PERFORMANCE

Over the five-year period covered by the plan, we will work towards driving sector performance and measuring outcomes using both independent and OEB assessments. We will work towards improvements including:

UTILITY RELIABILITY PERFORMANCE

5-year Target:

- Decrease in consumers' interruptions and consumers' hours of interruptions due to defective equipment

OEB POLICY DEVELOPED TO SUPPORT CLEAN ENERGY, CONSERVATION, AND A LOW CARBON ECONOMY

5-year Target:

- Regulated utilities understand how climate change is likely to impact their planning and investments

STRATEGIC GOAL:



FACILITATE INNOVATION

Over the five-year period covered by the plan, growth in innovation will be measured using an independent assessment. We will be working towards:

INCREASED TRANSPARENCY AND THOUGHT LEADERSHIP

5-year Target:

- Increase in innovation transparency and thought leadership

BARRIERS TO INNOVATION THAT IMPACT QUALITY, COST EFFICIENCY AND RESILIENCY WILL BE IDENTIFIED AND REMOVED

5-year Target:

- By the final year of the Strategic Plan

PROJECTS MOVING FROM THE INNOVATION SANDBOX TO IMPLEMENTATION

5-year Target:

- More projects from the Innovation Sandbox implemented than prior to the Strategic Plan



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