



Ontario Energy Board

2014-2017 Business Plan

Ontario Energy Board

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Ontario Energy Board

2014-2017 Business Plan

Ontario Energy Board – 2014-2017 Business Plan

Background and Context

The Board's Business Plan for 2014-2017 reflects the continuation of the strategic direction established by the Board over two years ago. Central to that strategic direction is a strong focus by the Board, in all aspects of its work, on the position of the province's energy consumers.

The structure of the 2014-2017 Business Plan follows the structure of the preceding two plans. It sets out the Board's high level "vision" of the outcomes that it aims to achieve. That "vision" is derived from the Board's statutory mandate and is the basis on which the Board has identified the initiatives that it will undertake over the 2014-2017 planning period. Each of those initiatives is, in turn, connected to one or other of the Board's key stakeholder groups, namely Consumers and Industry, to the public policy framework established by government, or to the Board's own commitment to organizational effectiveness.

The initiatives set out in the 2014-2017 Business Plan reflect substantial progress over the past year in respect of a number of areas, such as the renewal of the regulatory framework for electricity distributors, the enhancement of the Board's approach to compliance in the retail sector, the development of a new approach for setting the payments in respect of the prescribed assets of Ontario Power Generation, the review of the Board's processes in respect of applications and hearings, the review of the ways in which the Board communicates with and engages with consumers, and the review of new models for electricity distribution rates and Time of Use pricing. The Business Plan identifies the further work that will be undertaken in respect of each of these key areas during the planning period.

The 2014-2017 Business Plan includes a number of new projects that are related to or arise from Government policy initiatives. Those new projects include the review of Part II of the Energy Consumer Protection Act, the review from an Ontario perspective of the Energy East pipeline project proposed by TransCanada, and a number of projects related to the Government's 2013 Long-Term Energy Plan (LTEP). The Long-Term Energy Plan is reflected, in particular, in the Board's proposed review of the natural gas sector (including the potential for the expansion

of gas distribution service in northern and rural Ontario), in the Board's continuing work regarding operational and organizational efficiencies in the electricity distribution sector, and in the Board's proposed review of the conservation and demand management framework for electricity and natural gas distributors.

The 2014-2017 Business Plan continues to focus only on initiatives that the Board considers to be strategic, that is, those initiatives that move the Board and the energy sector towards the outcomes set out in the "vision". Once initiatives are substantially complete and sufficiently embedded in the ongoing operations of the Board and regulated entities, those initiatives may be deleted from subsequent plans. On this basis, a number of the initiatives set out in the 2013-2016 Business Plan were not carried forward to the current plan. Two such projects that were completed last year include the Board's modification of the rules governing the connection of renewable generators and the Board's process to designate a transmitter to undertake the development work in respect of the proposed East-West transmission tie.

The success of the 2014-2017 Business Plan depends very much on the people who work at the Board. This is particularly true as the Board continues to navigate through a period of considerable change in its approach to regulation. During this period of change, the Board will continue to enhance its effectiveness and capabilities as an organization. It will continue to build and maintain an organization that, on the one hand, is aligned with the Board's mandate and vision and, on the other hand, respects the need for ongoing fiscal restraint.

Mandate and Mission

The Board's mandate is determined by the provincial government and is embodied in legislation, regulation and directives.

The Board's mission is to promote a viable, sustainable and efficient energy sector that serves the public interest and assists consumers to obtain reliable energy services that are cost effective.

Vision

- The Board regulates the electricity and natural gas sectors in a manner that focuses on outcomes that are valued by consumers.
- Under the Board's regulatory framework, distributors, transmitters and other regulated entities invest and operate in a manner that increases efficiency and productivity, and that provides consumers with a reliable energy supply at a reasonable cost.
- The Board's own processes are efficient and effective and are understood by and accessible to both industry and consumers.
- Energy consumers have the information they need to understand the value they receive for their expenditures on energy and to make choices regarding their own use of energy.

Consumers

Consumers are seeking reliable service that is cost effective. When that cost changes, consumers look for answers and understanding. The Board must align the requirements of the electricity and natural gas sectors with the needs of consumers. The Board will endeavour to meet the needs and expectations of consumers by focusing on outcomes that they value.

Strategic Goals:

1. Consumers receive a reliable supply of energy that is cost effective.
2. Consumers understand the rates and prices they are charged and are equipped to make informed choices about matters such as their consumption, conservation, and the range of energy products offered.
3. The Board's processes in respect of applications and policy consultations are understood by and accessible to consumers.
4. Consumer perspectives are reflected in the Board's adjudicative and policy development processes.
5. Consumers have confidence that distributors, unit sub-meter providers, retailers, and marketers are adhering to applicable customer service and consumer protection rules.

Key Initiatives:

1. Promote "energy literacy" by enhancing the ways in which the Board and regulated entities engage with consumers, including matters such as the Board's outreach and education programs, its consumer website, its complaint processes, and the information provided to consumers in respect of pending applications, Board decisions, and related matters.

The Board has many points of contact with consumers. The Board's own processes

need to be understood by and accessible to consumers. The Board also recognizes that consumers need better information. In particular, consumers need better information to understand the “value proposition” inherent in the prices and rates they pay and, in particular, the relationship between the rates they pay and the level of service and reliability they receive. Consumers also need better information in order to make informed choices about consumption, conservation, and the range of energy products and services offered. Accordingly, the Board continues to move forward with the work, first initiated in 2012, to enhance the way in which it engages with and communicates with consumers. The Board anticipates that this work will proceed over the next three years. During the course of that work, the Board will co-ordinate with other stakeholders as appropriate.

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| FY 2014 | Continue to enhance the way in which the Board engages with and communicates with consumers, including the completion of a three-year strategic communications plan, the adoption of clear language in key Board communications, and enhancements to the Board’s website. |
| FY 2015 | Continue to enhance the way in which the Board engages with and communicates with consumers, including a redesign of the Board’s industry-focused website and the implementation of the Board’s new strategic communications plan. |
| FY 2016 | Continue to enhance the way in which the Board engages with and communicates with consumers, including the continued implementation of the Board’s three-year strategic communications plan. |

2. Enhance the Board's understanding of consumer preferences and perspectives.

During 2013 the Board used consumer focus groups in connection with several aspects of its work, including the development of the Board’s new Notice of Application and the preliminary review of models for “revenue decoupling” for electricity distributors. Board staff also used data collected from the Consumer Resource Center to help guide and focus its compliance activities. This input has been instructive and very helpful to the Board and Board staff. Going forward, the Board intends to build on this experience

and to expand the range of tools used by the Board to understand consumer perspectives and to ensure that these perspectives are appropriately reflected in the Board's policy development work.

FY 2014 Continue to build the Board's capacity regarding the collection and analysis of consumer data. Complete a review of appropriate tools to understand and reflect consumer perspectives in policy development.

3. Adopt a risk-based approach to the assessment of compliance by retailers, marketers, sub-meter providers and distributors with their regulatory obligations to consumers.

The Board has initiated the development of a risk-based approach to the assessment of compliance by retailers and marketers. The Board is extending this risk-based approach to the assessment of compliance by electricity and natural gas distributors and by sub-meter providers. This approach will reflect an assessment of the areas that present the greatest potential for non-compliance and for harm to consumers and, thereby, enable the Board to focus its resources in a way that best serves the interests of consumers. The Board expects this further work to be completed in 2014.

FY 2014 Implement a risk-based approach to the assessment of compliance by distributors and sub-meter providers.

4. Continue to address the needs of low-income energy consumers.

The Low-Income Energy Assistance Program was implemented in early 2011. A key component of that program, the Emergency Financial Assistance program, provides emergency financial relief to low-income consumers in respect of their gas and electricity bills. A review of the Emergency Financial Assistance Program is presently underway. The Board anticipates that this review will be completed in 2014. The Board also proposes to undertake a review of the broader range of measures, including conservation initiatives, that could be implemented to provide further assistance to low income and other vulnerable energy consumers over the longer term.

FY 2014 Complete review of Emergency Financial Assistance program and make program changes.

Complete review of other measures regarding low-income and vulnerable consumers.

5. Review Part II of the Energy Consumer Protection Act.

Part II of the Energy Consumer Protection Act put in place new measures to protect low-volume electricity and natural gas consumers in retail markets. During the three years since those measures went into effect, the Board has undertaken a program to promote compliance by retailers and marketers and to ensure that consumers better understand their rights. That program has included approximately 24 enforcement proceedings and a multi-media consumer education campaign regarding doorstep selling. By letter dated December 18, 2013, the Minister has required the Board to undertake such a review pursuant section 30 of the ECPA and to make any recommendations about possible changes to Part II or the regulations made under Part II.

FY 2014 Review Part II of the ECPA and provide recommendations to the Minister.

Industry

The Board's mandate is to promote a financially viable, sustainable and efficient energy sector. The Board's approach to regulation must take into account the ongoing need for investment in both the electricity and natural gas sectors. Such investment may be needed in order to maintain the safe and reliable operation of the electricity and natural gas delivery systems and to facilitate the connection of renewable generation in accordance with government policy. The Board will endeavour to ensure that the pace at which this investment proceeds has particular regard for the impact on consumers.

Strategic Goals:

1. The Board regulates the industry in a manner that focuses on a clear set of outcomes for the sector as a whole.
2. Regulated entities (distributors, transmitters and generators) invest and operate in a manner that increases productivity and efficiency.
3. Regulated entities provide consumers with a reliable energy supply that is cost effective.
4. The Board's approach to regulation is aligned with the long-term policy framework established by the Government, including the policy framework relating to energy conservation and efficiency, to the implementation of a smart grid, and to the use and generation of electricity from renewable energy sources.

Key Initiatives:

1. Implement the renewed regulatory framework (RRFE) for electricity distributors and transmitters.

The Board is implementing the RRFE for distributors for the 2014 rate year. The Board anticipates that the 2014 rate year will be a period of transition for both the Board and distributors. It will provide an opportunity to test both the policies and the processes that the Board has adopted regarding the RRFE. In 2014, the Board will also continue to refine the scorecard used to assess distributor performance and to develop further

mechanisms designed to provide distributors with additional incentives to achieve specified performance outcomes. In order to assist the Board in developing scorecard targets and in assessing the distributors' own consumer engagement activities, the Board will consult with consumers and other stakeholders regarding the value which different customer groups may place on distribution services. The Board considers that effective corporate governance is an important indicator of the likely success of a distributor's plan. Accordingly, during 2014, the Board will also undertake a consultation process regarding corporate governance in the distribution sector.

FY 2014 Implement the RRFE for 2014 distributor rate applications.

Refine scorecard and develop mechanisms to provide distributors with additional incentives to achieve performance outcomes.
Consult with consumers and other stakeholders regarding the value which different customer groups may place on distribution services.

Complete consultation re: corporate governance in the distribution sector.

FY 2015 Implement the RRFE for 2015 distributor rate applications.

Implement refined scorecard and incentive mechanisms.

FY 2016 Implement the RRFE for 2017 distributor rate applications.

2. Develop an approach to electricity distribution rate design that decouples distributor revenues from throughput.

The Board is currently developing policies regarding new electricity distribution rate designs that achieve "decoupling" for small customers. The Board anticipates that this work will be completed in early 2014 and that implementation will proceed during 2014 and 2015. In 2014, the Board will also commence the development of time-sensitive electricity distribution rates for larger customers. The Board anticipates that this work will be completed in 2015 and that implementation will continue in 2015 and 2016. In assessing different rate designs, the Board will consider, among other factors, the simplicity of rates for customers, the stability of revenue for distributors, regulatory simplicity, consistency across distributors, the impact on low income customers, and the

implications for policies relating to conservation and net metering.

FY 2014	Begin implementation of new distribution rate designs for low-volume customers.
	Initiate development of new time-sensitive distribution rates for large customers.
FY 2015	Implementation of new distribution rate designs for low-volume customers and large-volume customers.
FY 2016	Continue implementation of new rate designs.

3. Review the Board's approach to the cost of capital for regulated utilities.

The "Report of the Board on the Cost of Capital for Ontario's Regulated Utilities" was issued in December 2009. That report committed the Board to conducting a review of its cost of capital policy in 2014. Such a review is appropriate because any formulaic approach, such as that employed by the Board, needs to be reviewed periodically and, if necessary, adjusted, in order to ensure that the approach continues to meet the fair return standard. Any modifications that result from the review will be implemented in 2015.

FY 2014	Complete the review of the Board's approach to the cost of capital.
FY 2015	Implement any modifications arising from the Board's review.

4. Assess ways for the Board to encourage distributors to realize operational or organizational efficiencies that benefit consumers.

In 2012, the Board initiated an assessment and consultation regarding ways for the Board to encourage distributors to realize efficiencies and cost savings through shared service and similar arrangements (including consolidation) and through a broader scope for new services. That consultation identified a number of modifications to the Board's policies which might assist distributors to achieve efficiency gains. Accordingly, in late

2013, the Board initiated two more detailed policy reviews. The first review focusses on the Board's policies relating to merger, amalgamation, acquisition and divestiture (MAADs) transactions. The second review focusses on the Board's policies related to service area amendments, including long-term load transfer arrangements.

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| FY 2014 | Complete the two reviews relating to MAADs and service area amendments. |
| FY 2015 | Complete a further review of the ways in which distributor efficiency might be enhanced through a broader scope for new services.

Implement amendments to policies as appropriate. |

5. Review the regulatory approach to setting payments for Ontario Power Generation.

The setting of the payments in respect of Ontario Power Generation's prescribed assets presents unique challenges for the Board. OPG has two distinct and complex generation technologies, namely nuclear and hydroelectric. Each technology type has different cost and operational characteristics that are difficult to reflect in a single comprehensive regulatory model. The Board's March 2013 report regarding OPG's prescribed assets concluded that the prescribed hydroelectric assets should be subject to an incentive regulation mechanism and that the prescribed nuclear assets should be regulated using a multi-year "custom IR" type approach. In October 2013, OPG applied to set payments in respect of its prescribed assets for 2014 and 2015. Following the completion of the proceedings and decision in respect of this application, the Board will proceed to complete the further development of the proposals set out in its March 2013 report. The Board further anticipates that those proposals will govern OPG's subsequent applications to set payments for its prescribed hydroelectric and nuclear assets.

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| FY 2014 | Complete review of OPG's payments application.

Complete the development of the Board's proposals regarding an incentive mechanism for OPG's hydroelectric assets and a multi-year cost of service approach for OPG's nuclear assets. |
| FY 2015 | Review OPG's payments application for years post 2015. |

6. Review the Ontario natural gas market conditions and applicable regulatory policies.

Changes in the North American gas market continue to influence the Ontario's natural gas sector, especially in respect of gas supply, infrastructure development and pricing. The Board last examined these issues in its 2010 Natural Gas Review. The Board will undertake a further review of the Ontario natural gas sector in 2014. This further review will include a consideration of the potential for expansion of natural gas distribution service in rural and northern Ontario.

FY 2014 Complete Natural Gas Market Review.

Public Policy

The Board must carry out its mandate having due regard to the broader public policy framework established by Government. The Board will carry out the particular responsibilities assigned to it by legislation, regulation and directive in a constructive and effective manner.

Strategic Goal:

1. The Board's approach to regulation is aligned with the policy framework established by the Government, including the policy framework relating to long-term energy planning, to energy conservation and efficiency, to the implementation of a smart grid, and to the use and generation of electricity from renewable energy sources.

Key Initiatives:

1. Review conservation and energy efficiency programs for consumers in the electricity and natural gas sectors.

The Board has established conservation targets for electricity distributors for the 2011-2014 period and anticipates that this framework will be replaced by a new program for the period beginning 2015. The Government's 2013 Long-Term Energy Plan has adopted a policy of "putting conservation first". This policy will require a co-ordinated approach among the Government, public agencies, including the Board, and electricity and natural gas distributors. Accordingly, this policy will be a key consideration in shaping the Board's approach to conservation over the planning period.

FY 2014 Review the natural gas DSM framework.

Develop a new conservation and demand management framework.

Incorporate the policy of "conservation first" into planning processes for both electricity and natural gas distributors.

FY 2015 Assess the performance of electricity distributors against DSM targets in the 2011-2014 framework.

Implement new electricity CDM framework.

Implement new natural gas DSM framework.

2. Review process for the assessment of new large scale electricity generation projects.

The Independent Electricity System Operator (IESO) and the Ontario Power Authority (OPA) have recommended changes to the processes regarding the planning and siting for new large scale electricity generation projects. Those recommendations include proposals that the Board review and approve generic processes for the procurement of new generation.

FY 2014 Review Board processes in light of the recommendations by the IESO and OPA.

Implement any changes to Board processes as appropriate.

3. Review and evaluate the Regulated Price Plan (including Time of Use prices).

The Board estimates that approximately 4.8 million electricity customers have smart meters and that approximately 4.4 million customers are now being billed based on TOU prices. The Board has undertaken a review of TOU pricing. The first part of that review analyzed the way in which residential and small commercial consumers are responding to TOU pricing. The results of this work are set out in a report published in December 2013. The second part of the analysis of TOU pricing will examine several different TOU pricing regimes and estimate the consumer and system-wide impacts of these different regimes. The Board expects to publish the results of this additional work in the first quarter of 2014. The results of this two-part review will inform the Board's comprehensive review of the Regulated Price Plan, including TOU prices, in 2014. The Board anticipates that any modifications to the Regulated Price Plan will be implemented in 2015.

FY 2014 Complete review of the Regulated Price Plan.

FY 2015 Implement modifications to the Regulated Price Plan.

4. Complete report to the Minister on the implications for Ontario of TransCanada's Energy East Project.

In November 2013, the Minister asked the Board, under Section 35 of the OEB Act, to report to him on the Energy East Project from an Ontario perspective. In support of the preparation of that report, the Board will consult with the public, including local communities and other interested stakeholders, and with First Nations and Metis communities.

FY 2014 Complete consultations and report to the Minister.

Organization

The Board understands that its activities are funded by the entities it regulates and, ultimately, by all energy consumers of Ontario. The Board recognizes and respects the need for fiscal restraint. Accordingly, the Board will continue to manage its operations in an efficient and effective manner. The Board will endeavour to ensure that its processes are efficient, understood, and accessible to both industry and consumers. The Board will build and maintain an organization that is aligned with and supports the Board's mandate and vision.

Strategic Goals:

1. The Board's own processes are efficient and effective.
2. Board processes are understood by and accessible to both industry and consumers.
3. The Board's organizational structure is aligned with the Board's mandate and vision.
4. The Board has the capacity, skills and resources needed to carry out the Board's mandate and vision.

Key Initiatives:

1. Align the Board's organizational structure with the Board's mandate and vision.

During 2013 the Board undertook a review of its organizational structure. That review considered a number of objectives, including enhancing the Board's understanding of consumer expectations and utility operations, building our capacity to monitor the performance of utilities, clarifying accountabilities, improving the effectiveness of Board operations, and acknowledging the need for fiscal restraint. On the basis of that review, the Board implemented a restructuring of the Executive leadership that better aligns and supports the Board's mandate and vision.

FY 2014 Complete the implementation of the corporate restructuring initiative.

2. Enhance the efficiency and effectiveness of the applications and hearing process.

The Board continues to implement changes to its applications and hearing process to ensure that those processes are efficient and effective and that they are understandable to and accessible by both industry and consumers. The focus of such changes going forward will be in support the RRFE. The Board anticipates that these changes will be implemented in 2014 and will include a process for continuous improvement thereafter.

FY 2014 Implement further improvements to the applications and hearing process.

3. Review and enhance the Board's policy consultation process.

During 2012, the Board undertook a number of enhancements to its policy development and consultation process. These enhancements included earlier engagement with stakeholders at both the technical and executive levels, and the establishment of the Chair's Advisory Roundtables representing both industry and consumers. The Board has initiated a more comprehensive review of its approach to and processes in respect of consultation policy development. The Board is undertaking this review in the recognition that effective consultation and engagement is key to the success of policy development initiatives for both the Board and the broader stakeholder community. The review will include a consideration of best practices regarding techniques to ensure that the interests of consumers are represented during the policy development process. The Board anticipates that any process modifications resulting from this review will be implemented in 2014.

FY 2014 Implement modifications to the Board's policy consultation process as appropriate.

4. Review and enhance the Board's process and performance metrics.

The Board is implementing a number of changes to its key processes in the areas of applications, rate-setting, compliance and enforcement, and consumer communications. In light of these changes, it is appropriate for the Board to review the metrics used for

assessing and measuring the Board's own performance related to the processing of applications and the response to consumer and market participant inquiries.

FY 2014 Implement changes to performance metrics related to the processing of applications.

Implement changes to performance metrics related to the response to consumer and market participant inquiries.

Appendix A to 2014-17 Ontario Energy Board Business Plan Mandate

The Ontario Energy Board (the “Board”) has regulatory oversight of the Ontario natural gas and electricity sectors. As an adjudicative tribunal, the Board carries out many of its regulatory functions through public hearings. The Board also carries out some of its responsibilities through the creation and enforcement of rules for the natural gas sector and codes for the electricity sector, as well as through the issuance of policies and guidelines to inform and guide participants in both of those sectors. All of the Board’s adjudicative and policy work is conducted through open and transparent processes, with a focus on long-term outcomes, reasoned decisions and practical solutions.

The Board performs its mandate under a statutory framework which sets out a number of objectives to guide the Board’s work. Objectives relating to pricing, energy conservation, reliability and quality of service, and the maintenance of a financially viable industry are common to both sectors. Competition, the rational development and expansion of infrastructure, and communication and consumer education are additional objectives in relation to natural gas. Additional objectives in relation to electricity are economic efficiency and cost-effectiveness, smart grid implementation and the use of renewable energy sources.

The following is by way of summary only, and reference should be made to the Board’s enabling statutes (principally the *Ontario Energy Board Act, 1998* and the *Electricity Act, 1998*) and the regulations made under those statutes for a complete and authoritative description of the Board’s mandate, including circumstances under which entities have been exempted from regulation.

Natural gas rates and facilities: The Board approves the rates that can be charged for monopoly natural gas distribution and transmission services, and through this rate-setting process also regulates the demand-side management activities of natural gas distributors. The Board also has authority to set natural gas commodity prices and approve municipal franchise agreements relating to the supply of natural gas in municipalities. Mergers and acquisitions by natural gas distributors and transmitters are also subject to Board approval, as are larger natural gas infrastructure (pipelines) projects.

Electricity rates and fees: The Board approves the rates that can be charged for

monopoly electricity distribution and transmission services. The Board sets electricity commodity prices, as well as prices for the output of base load generation facilities operated by Ontario Power Generation Inc.

Electricity system planning and facilities: The Board has authority to mandate and approve electricity distribution and transmission system plans to facilitate renewable electricity generation connection and smart grid development. Mergers and acquisitions by electricity distributors and transmitters are subject to Board approval, as are larger electricity infrastructure (wires) projects.

Licensing of electricity and natural gas participants: Through its licensing function, the Board regulates the conduct of all participants in the electricity sector as well as the activities of marketers that sell natural gas to low-volume consumers. Through the licensing process, the Board also sets the conservation and demand management targets to be met by electricity distributors.

Electricity and natural gas conservation programs: The Board is responsible to promote energy conservation, energy efficiency, load management or the use of cleaner energy sources, including alternative and renewable energy sources. It reviews the achievement of conservation targets for electricity distributors and reviews and approves natural gas conservation programs.

Retail electricity and natural gas markets: The Board's regulation of the competitive retail market sector includes establishing rules to govern the conduct and business practices of electricity retailers and natural gas marketers, particularly in relation to low-volume consumers in keeping with enhanced consumer protection objectives inherent in the *Energy Consumer Protection Act, 2010*.

Wholesale electricity market: The Board's oversight of the wholesale electricity market includes the review of amendments to the market rules and of electric reliability standards. The Board also houses the Market Surveillance Panel, which monitors the wholesale market and has authority to investigate activities related to that market or the conduct of wholesale market participants.

**Appendix B to 2014-17 Ontario Energy Board Business Plan
Balanced Scorecard for the 2014-2015 Fiscal Year**

Consumer

Initiative	Target
Promote “energy literacy”	<p>Complete three-year strategic communications plan.</p> <p>Adopt clear language for Board’s communications</p> <p>Enhance the Board’s website</p>
Enhance the Board’s understanding of consumer preferences and perspectives	<p>Continue to build the Board’s capacity regarding the collection and analysis of consumer data.</p> <p>Complete a review of appropriate tools to understand and reflect consumer perspectives in policy development</p>
Adopt a risk-based approach to the assessment of compliance by retailers, marketers, sub-meter providers and distributors with their regulatory obligations to consumers	<p>Implement a risk-based approach to the assessment of compliance by distributors and sub-meter providers</p>
Continue to address the needs of low-income energy consumers	<p>Complete review of Emergency Financial Assistance program and make program changes</p> <p>Complete review of other measures regarding low-income and vulnerable consumers</p>
Review Part II of the Energy Consumer Protection Act	<p>Review Part II of the ECPA and provide recommendations to the Minister</p>

Industry

Initiative	Target
Implement the renewed regulatory framework (RRFE) for electricity distributors and transmitters	<p>Implement the RRFE for 2014 distributor rate applications</p> <p>Refine scorecard and develop mechanisms to provide distributors with additional incentives to achieve performance outcomes</p> <p>Consult with consumers and other stakeholders regarding the value which different customer groups may place on distribution services</p> <p>Complete consultation re: corporate governance in the distribution sector</p>
Develop an approach to electricity distribution rate design that decouples distributor revenues from throughput	<p>Begin implementation of new distribution rate designs for low-volume customers</p> <p>Initiate development of new time-sensitive distribution rates for large customers</p>
Review the Board's approach to the cost of capital for regulated utilities	Complete the review of the Board's approach to the cost of capital
Assess ways for the Board to encourage distributors to realize operational or organizational efficiencies that benefit consumers	Complete the reviews relating to MAADs and service area amendments
Review the regulatory approach to setting payments for Ontario Power Generation	<p>Complete review of OPG's payments application</p> <p>Complete the development of the Board's proposals regarding an incentive mechanism for OPG's hydroelectric assets and a multi-year cost of service approach for OPG's nuclear assets</p>
Review the Ontario natural gas market conditions and applicable regulatory policies	Complete Natural Gas Market Review

Public Policy

Initiative	Target
Review conservation and energy efficiency programs for consumers in the electricity and natural gas sectors	<p>Review the natural gas DSM framework</p> <p>Work with the Government and other agencies to develop a new conservation and demand management framework</p> <p>Work with the Government and other agencies to incorporate the policy of “conservation first” into planning processes for both electricity and natural gas distributors</p>
Review process for the assessment of new large scale electricity generation projects	<p>Review Board processes in light of the recommendations by the IESO and OPA</p> <p>Implement any changes to Board processes as appropriate</p>
Review and evaluate the Regulated Price Plan (including Time of Use prices)	Complete review of the Regulated Price Plan
Complete report to the Minister on the implications for Ontario of TransCanada’s Energy East Project	Complete consultations and report to the Minister

Organization

Initiative	Target
Enhance the efficiency and effectiveness of the applications and hearing process	Implement further improvements to the applications and hearing process
Review and enhance the Board's policy consultation process	Implement modifications to the Board's policy consultation process as appropriate
Review and enhance the Board's process and performance metrics	<p>Implement changes to performance metrics related to the processing of applications</p> <p>Implement changes to performance metrics related to the response to consumer and market participant inquiries</p>
Align the Board's organizational structure with the Board's mandate and vision	Complete the reorganization

Process Metrics

Initiative	Target
Market Operations Hotline response within metrics.	TBD (by end of March 2014)
Consumer calls metric for the Consumer Relations Centre.	TBD (by end of March 2014)
Board & delegated review of applications by staff within established metrics.	TBD (by end of March 2014)

**2014 – 2017 Business Plan
Budget
(Section 26 and 12.1 only)**

Units in thousand dollars		2014-15	2015-16	2016-17
Revenues:				
General cost recovery (expenses less revenue)		33,166	33,879	34,555
Licence fees (S.12.1)		344	344	344
Investment income		162	162	162
Miscellaneous income		10	10	10
Amortization of def. revenue related to cap. assets		891	622	440
Total Revenue		34,573	35,017	35,511
Expenses:				
Salaries & benefits		26,985	27,557	28,248
Consulting & professional		1,861	1,861	1,811
Meetings, training & travel		547	547	547
Publications, media & publishing		538	538	538
Premises		2,692	2,833	2,868
Information technology		584	584	584
Office, administration & other		475	475	475
Amortization		891	622	440
Total Expenses		34,573	35,017	35,511
Leasehold improvements		13	13	13
Office furniture and equipment		12	12	12
Computer equipment and software		275	175	175
Total Capital Expenditures		300	200	200
Total Expenses & Capital Expenditures		34,873	35,217	35,711
Operating Reserve Adjustment		(0)	61	68
Total Assessment		33,466	34,140	34,823