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BY E-MAIL AND WEB POSTING

December 17, 2010

To: All Licensed Electricity Distributors
All Licensed Electricity Transmitters
All Licensed Generators
All Other Interested Stakeholders

Re: **Renewed Regulatory Framework for Electricity
Consultation Initiation and Notice of Stakeholder Conference
Board File Numbers: EB-2010-0377, EB-2010-0378 and EB-2010-0379**

In a letter issued on October 27, 2010 ("[the October letter](#)"), the Board announced that it will develop a renewed regulatory framework for electricity commensurate with the significant role network investment will have in the electricity sector in the years to come. As indicated in the October letter, there are three key elements to this framework:

- the examination of the Board's existing approach to network investment planning by transmitters and distributors;
- the review of the Board's rate mitigation policy; and
- defining and measuring the performance of electricity distributors and transmitters.

The purpose of this letter is to describe the three priority policy initiatives to be undertaken in developing the renewed regulatory framework and to outline the Board's approach to these initiatives. The initiatives are intended to:

- ensure that distributor investment plans are demonstrably economically efficient and cost-effective, and paced so as to match required expenditures with fair and reasonable rate adjustments and predictable changes to the elements of customer bills affected by the plans (EB-2010-0377);
- provide utilities and the Board with a set of tools, approaches or options to help mitigate the effects of unavoidable and significant rate/bill impacts (EB-2010-0378); and

- create conditions which will foster the cost-effective and efficient implementation of Board-approved network investment plans by transmitters and distributors through the establishment of appropriate standards for performance and efficiency, the provision of appropriate incentives, and the review of utility performance (EB-2010-0379).

The Board will proceed with these three inter-related initiatives through a coordinated consultative process that will take advantage of opportunities to combine stakeholder participation activities and integrate Board-issued materials as and when appropriate.

The Board's Approach

The first step in the consultative process will be a stakeholder conference in February that covers all three of the initiatives identified above. The objectives of that conference are as follows: to discuss the scope of each policy initiative; to provide greater detail about the consultation activities that will be involved; and to identify the expected timeframe for those activities and for the issuance of materials by the Board.

The stakeholder conference will be held at the offices of the Board on **Wednesday February 2, 2011**, commencing at **9:30 a.m. and ending at 3:00 p.m.** Interested stakeholders wishing to attend should send an email to RRF@oeb.gov.on.ca no later than **January 26, 2011**. Please type "Regulatory Framework Stakeholder Conference" in the subject line and include an organization name, the names of attendees to be registered, and a contact name, telephone number, and e-mail address. The Board will provide the option of participating in the stakeholder conference on a remote basis via webinar structured to enable participants attending remotely to submit questions during the stakeholder conference. Detailed instructions on how to participate via webinar will be sent to all registered attendees on or before the conference date.

Following the stakeholder conference in February, a Board staff discussion paper will then be issued for stakeholder comment in the spring of 2011. The discussion papers will be based on research and analysis by external experts as well as the work of Board staff. A second stakeholder conference will be held following issuance of these discussion papers to allow stakeholders the opportunity to engage in discussions regarding the staff discussion papers and accompanying consultant reports.

This coordinated consultative process is expected to culminate in the issuance by the Board of a report that establishes its policies in relation to the subject areas covered by the three initiatives. Any amendments to Board documents (e.g. filing requirements) that may be required or desirable to give effect to the policies would be addressed subsequent to the issuance of the Board report.

Invitation to Participate and Cost Awards

The Board encourages participation in these coordinated consultation processes by all interested stakeholders. Interested stakeholders must register their intent to participate in this coordinated consultative process by filing a letter with the Board in accordance with the filing instructions set out below, identifying which initiative(s) they intend to participate in by reference to the applicable Board file number(s).

Cost awards will be available under section 30 of the *Ontario Energy Board Act, 1998* to eligible participants for their participation in each of the three initiatives identified above. The costs to be awarded for integrated consultation activities (e.g., stakeholder conferences addressing all three initiatives) will be recovered from all rate-regulated licensed electricity distributors (65% of the costs awarded) and all rate-regulated licensed transmitters (35% of the costs awarded). The costs to be awarded for activities specific to each initiative will be recovered as follows:

- EB-2010-0377 from all rate-regulated licensed electricity distributors; and
- EB-2010-0378 and EB-2010-0379 from all rate-regulated licensed electricity distributors (50% of the costs awarded) and all rate-regulated licensed transmitters (50% of the costs awarded).

Costs will be apportioned within each class based on distribution or transmission revenues, as applicable.

Appendix A contains important information regarding cost awards for this coordinated consultative process, including in relation to eligibility requests and objections. In order to facilitate a timely decision on cost eligibility, the deadlines for filing cost eligibility requests and objections will be strictly enforced.

Filing Instructions

Two (2) paper copies of each filing must be provided, and should be sent to:

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto, Ontario M4P 1E4

The Board requests that interested stakeholders make every effort to provide electronic copies of their filings in searchable/unrestricted Adobe Acrobat (PDF) format, and to submit their filings through the Board's web portal at www.errr.oeb.gov.on.ca. A user ID is required to submit documents through the Board's web portal. If you do not have a user ID, please visit the "e-filings services" webpage on the Board's website at www.oeb.gov.on.ca, and fill out a user ID password request. Additionally, interested stakeholders are requested to follow the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the e-filing services webpage. If the Board's web portal is not available, electronic copies of filings may be filed by e-mail at boardsec@oeb.gov.on.ca.

Those that do not have internet access should provide a CD or diskette containing their filing in PDF format.

Filings to the Board must be received by the Board Secretary by **4:45 p.m.** on the required date. They must quote the applicable file number(s) (**EB-2010-0377**, **EB-2010-0378** and/or **EB-2010-0379**) and include your name, address, telephone number and, where available, your e-mail address and fax number.

All written comments, requests for cost awards and other filings received by the Board in relation to the initiatives described in this letter will be available for viewing at the Board's offices and will be placed on the Board's website.

If the written comment, request for cost award eligibility or other filing is from a private citizen (i.e., not a lawyer representing a client, not a consultant representing a client or organization, not an individual in an organization that represents the interests of consumers or other groups, and not an individual from a regulated entity), before making the written comment, request or other filing available for viewing at the Board's offices or placing the written comment, request or other filing on the Board's website, the Board will remove any personal (i.e., not business) contact information from the written comment, request or other filing (i.e., the address, fax number, phone number, and e-mail address of the individual). However, the name of the individual and the content of the written comment, cost award eligibility request or other filing will be available for viewing at the Board's offices and will be placed on the Board's website.

Questions relating to the initiatives that comprise this coordinated consultation should be directed as follows:

- Distribution network investment planning (EB-2010-0377) to Stephen Cain at 416-440-8144 or by e-mail to: RRF@oeb.gov.on.ca;
- Rate mitigation (EB-2010-0378) to Alison Cazalet at (416) 440-7684 or by e-mail to: RRF@oeb.gov.on.ca; and
- Defining and measuring performance of electricity distributors and transmitters (EB-2010-0379) to Lisa Brickenden at (416) 440-8113 or by e-mail to: RRF@oeb.gov.on.ca.

The Board's toll free number is 1-888-632-6273.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary

Attachment: Appendix A Cost Awards

Appendix A

To Letter Dated December 17, 2010

EB-2010-0377

EB-2010-0378

EB-2010-0379

Cost Awards

Cost Award Eligibility

The Board will determine eligibility for costs in accordance with its *Practice Direction on Cost Awards*. Any person intending to request an award of costs must file with the Board a written submission to that effect by **January 7, 2011**, identifying the policy initiative(s) in respect of which the person is requesting cost eligibility, the nature of the person's interest in the initiative(s) so identified and the grounds on which the person believes that they are eligible for an award of costs (addressing the Board's cost eligibility criteria as set out in section 3 of the Board's *Practice Direction on Cost Awards*). An explanation of any other funding to which the person has access must also be provided, as should the name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known. Participants requesting cost eligibility should indicate in their request whether specific costs for separate expert submissions should be provided for in relation to a given initiative and, if so, whether they intend to combine with other stakeholders with similar interests for this purpose. All requests for cost eligibility will be posted on the Board's website.

Licensed electricity distributors and transmitters will be provided with an opportunity to object to any of the requests for cost award eligibility. If an electricity distributor or transmitter has any objections to any of the requests for cost eligibility, such objections must be filed with the Board by **January 20, 2011**. Any objections will be posted on the Board's website. The Board will then make a final determination on the cost eligibility of the requesting participants.

Eligible Activities

Cost awards will be available as follows:

Cost Award Eligible Activity	Maximum Total Eligible Hours <u>per Participant</u>
Preparation for, attendance at and reporting on the February 2, 2011 stakeholder conference	Up to 8 hours

The Board anticipates that other activities associated with the three policy initiatives that are the subject of this letter, such as the provision of written comments on Board staff discussions papers, will also be eligible for cost awards. Further details will be provided at the relevant time.

Cost Awards

When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of its *Practice Direction on Cost Awards*. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied. The Board expects that groups representing the same interests or class of persons will make every effort to communicate and co-ordinate their participation in this process.

The Board will use the process set out in section 12 of its *Practice Direction on Cost Awards* to implement the payment of the cost awards. Therefore, the Board will act as a clearing house for all payments of cost awards in this process. For more information on this process, please see the Board's *Practice Direction on Cost Awards* and the October 27, 2005 letter regarding the rationale for the Board acting as a clearing house for the cost award payments. These documents can be found on the Board's website at www.oeb.gov.on.ca on the "Rules, Guidelines and Forms" webpage.