Ontario Energy Board

Renewed Regulatory Framework
for the
Electricity Distribution and Transmission Sectors

Consolidated Notes from Executive Roundtables with Consumer Groups

February 27 & March 1, 2012

The discussion topics raised with the participants included:

- Consumer expectations
  - Reliability expectations
  - Service expectations
  - Price and total bill
- Aligning consumer expectations and industry needs
- Board's approach to rate regulation

Views and comments

<u>How Consumers Value Service</u>

- What is the appropriate level of investment:
  - to avoid "overbuild"?
  - to satisfy the value proposition to consumers?
  - to achieve the level of service and reliability that consumers want?
- More discussion and investigation needed as to what consumers really want.
  - What level of reliability are they willing to pay for?
  - What level of reliability should be provided to the system as a whole and paid for by all consumers vs. paid for by individual consumers that want additional reliability (for example, with a backup generator)?
  - How much flexibility and choice are they willing to pay for?
  - How do we help consumers understand the attributes of electricity service?
- Consumers accept reliability flexibility.
- Business maintaining competitiveness is the most important aspect of affordability. As a proxy for competition, they would like to see distributors demonstrate efficiencies. Comparisons should be made:
  - for each distributor with itself year over year;
  - between distributors within a recognized comparison; and
  - with distributors in other jurisdictions.

Pricing and Efficiency of the Sector

- Knowledge of electricity use and pricing is fairly low for all with few companies having a specialized energy manager or even anyone in charge of monitoring use. However, electricity is important as the 2003 blackout lead to a $5B drop in exports for Ontario alone.
- Reliability can have significant costs for manufacturing and has a direct impact on loss of sales for retail but that has to be traded off against costs. Distributors should talk to customers about what level of reliability is needed.
- Consumer experience with distributors as service providers and conservation providers varies widely. Some have been very helpful and some have clearly expressed reluctance to do anything that reduces their throughput and hence revenues.
- Need to look at total bill and its affect on economy and competiveness.

Consumer Engagement & Education

- We need to change the relationship between the utility and the consumer. It is the utility's job to change consumer behaviour and educate consumers about why rates are changing, and about utility rate applications. Utilities need to take more ownership of communicating with consumers. The regulator's job is to enable this.
    - Alternatively, don't focus on *changing* consumer behaviour. Focus on making information available to consumers to allow them to make informed decisions.
- Engagement costs money and takes a long time. Must determine what story you want to tell to consumers, and the best way to tell it. Traditional communications (i.e. bill inserts) may not work.
- In order to better engage consumers, Board could consider holding hearings locally in communities, rather than in Toronto, and without the usual rules of procedure (regulatory procedure can be intimidating to consumers). Consumers need to trust that their input will be heard and considered and will make a difference.
- Utility applications and the implications of them for consumers should be expressed in plain language.
- Recognize diversity in consumer groups in regards to expectations, understanding of the electricity system.
- Changing consumer engagement is important, but Board should focus first on developing the renewed regulatory framework.
- There needs to be an education/ communication push about the parts of the energy bill and how to control it.

- Engaging small business consumers is a challenge because their focus right now is on survival. The recession of 2008-09 caused a $50B decline in manufacturing in Ontario. The groups are eager to facilitate a meeting between their memberships and distributors.

Planning (Regional Planning)

- Utility planning should be integrated with Community Energy Planning (includes water, sewer, transportation). Some utilities already participate in this process, but this coordinated planning should be enabled for all utilities.
  - "community" defined along regional lines – i.e. beyond borders of municipality or utility service area.
- Important to have a robust knowledge base about the existing state of infrastructure and investment
- Need to determine the rationale, reasonable level of renewal.
- Change the lens through which capital investment is viewed – should be considering what utilities need to do to make the system reliable and efficient, but without a rate increase, rather than focusing on rate increases.
- Consumers should be more involved in distributor planning exercises, a proactive model of integrated planning.
- Find ways to incent utilities to innovate to create efficiency.
- Focus on rate smoothing. We can acknowledge that rates are going up, but fluctuations in rates should be avoided.

Supply Mix

- Consumers want choice regarding source of electricity supply, and they care about the environment impact of electricity supply. Even if consideration of the supply mix is outside of the Board's jurisdiction, the Board could still comment and provide an opinion.