

Remarks by OEB CEO Carolyn Calwell
Electricity Distributors Association EDIST Conference & Tradeshow
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- Thank you, Teresa, for that kind introduction. Congratulations on a very successful EDIST, with unprecedented attendance this year.
- I am pleased to be invited to address you – our province’s electricity engineers, systems operators, IT professionals, policy makers, executives and more.
- This is the first time this event has featured a “regulatory” stream.
- There are four breakout sessions devoted to regulatory topics today alone – including one with my colleague Kevin Mancherjee.
- If you want to talk regulation or policy, Kevin is your guy.
- So much is happening in the regulatory landscape – changes that are helping to enable the delivery of reliable, affordable, clean and secure energy, and support Ontario’s economic growth.
- Let’s talk about that today.
- And about how the OEB is responding.
- I’m going to cover a lot of ground – from the homework we handed in in December, to Bill 40 and economic development, CEO policies, intervenors, and PULSE.
- And in all of this, my themes are the need to accept more risk & the need to change the way we think about our work. And to collaborate in all our work.

- As I start, I'd like to share my gratitude for the EDA's involvement in so much of our work.
- Your feedback and engagement are critical to the OEB's role as an effective regulator.
- The OEB hosted more than 70 days of consultations in 2025.
- And the EDA and its members participated widely across the board.
- From streamlining transmission connections to reviewing the valuation of DERs, distributors stepped up with opinions, guidance and points of view.
- You offered expertise and perspectives that helped tackle complex issues.
- I know this represents a lot of work for you and your teams.
- Your insights ensure that our rules, codes and policies, and our advice to government, reflect the operational realities of the sector.
- I am grateful to you for this involvement.
- And I will talk more about your contributions in a minute.
- For now – let me emphasize:
 - Together, we deliver outcomes that support Ontario's energy advantage and economic security, while protecting customer interests.
 - None of us can do it alone.
- The theme of this year's conference – Building the Energy System of the Future – resonates with the OEB, as I'm sure it does with you.
- It reflects the challenges and opportunities we all share.
- We all know that the future of energy in our province looks vastly different from the past.
- We're all grappling with how to provide our province with the generation, transmission, distribution and storage we need to allow our communities to thrive.
- And, as the Minister of Energy and Mines made clear in his *Integrated Energy Plan – Energy for Generations*: We need to find solutions quickly – to move at lightning speed.
- We know from the IESO that electricity demand in our province is expected to increase by 65% between now and 2050.
- And the EDA estimates that up to \$120 billion of investment in the distribution system is needed over the next 20 years.

- The OEB hears the call to action.
- As of right now, there's about \$68 billion worth of applications before the OEB.
- Those include infrastructure construction approvals, electricity and natural gas rate changes and proposed investments in generation.
- Our job is to find the right balance: unlocking investment and enabling infrastructure growth, while maintaining energy affordability for Ontarians.
- Finding that balance is critical.
- That balance enables you to build and maintain your systems.
- And that balance ensures that customers are protected.
- Let me be more specific:
 - If there's too much focus on affordability, I fully recognize: a regulator can stifle innovation and flexibility – not to mention reliability and quality of service.
 - Too much caution means losing opportunities.
 - But... if a regulator operates with a too high a risk tolerance, communities and rate payers may face higher energy costs and pay for assets that are not needed or end up stranded.
- Here's a concrete example:
 - Imagine a large data centre signals plans to build in Ontario – but doesn't say where.
 - Five utilities start planning to host it, investing time and money.
 - Maybe their municipalities are competing against each other to “win” the project.
 - When the location is chosen, one community gets project and four need to pivot.
 - But if all five utilities made investments to attract that load, those pivots may come a high cost.
- How does the regulator deal with that?
- How do we balance economic development – or potential economic development – with affordability?
- How do we – all of us – take on risk carefully, and with our eyes open?

- The OEB's new economic growth mandate – which we share with the IESO – sends a strong signal:
- We need to accept the government direction to enable increased economic growth in our province...
- And to do so at pace.
- It means making the investments to support Ontario's future economic prospects.
- It also means real impacts on customers, from Class A to small businesses and homes.
- And it means accepting more risk than we're used to.
- But it's not an open chequebook.
- It means the applications LDCs bring to the OEB need to make their case – and make it differently than you have in the past.
 - You need to think about the evidence that supports your case for economic growth.
- I will come back to this.
- Some risk is relatively easy to accept.
- Here's an example:
- The new margin on payments for Distributed Energy Resources, or DERs - enables the cost-effective use of third party owned DERs that can address system needs.
- Using CEO authority granted under the *Ontario Energy Board Act*, my team and I decided to amend the Distribution System Code to establish a margin on payments incentive.
- This was risky, because it involved using the OEB's authority differently than it has been used in the past.
- And – I'll be candid – it required a bit of a culture shift at the OEB.
- But this approach delivered an important result: clarity and predictability in the regulatory framework, with flexibility.
- This is a risk we're willing to take.
- That's one part of risk associated with Building the Energy System of the Future.
- Let's get into other elements of risk.
- As you know, our work results from a number of inputs including:

- Applications from regulated entities that require adjudication by Commissioners and delegated decision makers.
- We get a Letter of Direction from the Minister of Energy and Mines every year - we received the latest on December 18th.
- And we develop a Business Plan that sets out our priorities.
- Last year, after the government issued its Integrated Energy Plan we also received a Directive from the Minister.
- That document outlined the OEB's very substantial role in executing the Plan.
- It included deadlines for almost 20 initiatives and deliverables that may affect how you and your organizations operate in the future.
- So far, we've tackled five priority initiatives intended to address integrated energy planning, transmission and distribution system connections, the creation of a distribution system market and ways to show available capacity.
- You contributed to all of these – thank you!

Working differently: 4 priority workstreams

- To accomplish this work, we needed to think differently and work differently.
- For that reason, we established four cross-functional policy workstreams – each including experts from different parts our organization – to deliver work associated with the Directive.
- Those workstreams are:
 - Planning
 - Transmission & Distribution Connections – I have mentioned those already.
 - And 2 other workstreams: Utility Remuneration and DERs.
- All four are vital to the sector and each involves numerous different and interrelated initiatives.
- Today, I'd like to concentrate on the last two, Utility Remuneration and DERs.

Utility Remuneration

- On January 8th, we launched our Next Generation Rate Framework consultation.
- This comes at a time when there's immense pressure on utilities – LDCs, in particular – to be ready for new housing, industrial growth and accelerating electrification.

- This is our opportunity to modernize utility remuneration, deliberately and with balance – without jeopardizing fundamentals like credit metrics. That is a risk we are unwilling to take.
- But we know utility remuneration needs to keep up with our current context.
- And we know you – and others, like PULSE – are interested in this work.
- This work brings together
 - Advancing Performance-based Rate Regulation,
 - Spending Pattern Analysis,
 - Total Cost Benchmarking,
 - Incremental Capital Module Policy review.
- There are numerous ways we could move forward.
- One example could be creating a performance incentive that strengthens the link between what distributors earn and achieving the outcomes that consumers value – such as cost effectiveness, reliability and customer service. You’ll hear more about this in the coming period.
- We’re also looking at capital bias.
- We need to make sure we are allowing you to make investments in tools that serve your system needs more effectively than more poles and wires.
- We’ve set out proposed objectives, scope and topics for this work, and we are asking for your input by February 27.
- We have also released a Spending Pattern Analysis report and are looking for your feedback by February 13.
- My hope is that this provides insights that can assist you in benchmarking and sets the path for the next generation of utility remuneration.

DERs – DSO Roadmap and Capacity Map

- When it comes to DERs, the *Integrated Energy Plan* firmly backs the deployment and integration of these resources.
- They can strengthen grid resilience, empower customers, attract investment and unlock innovation.
- Today, I’ll focus on our Distribution System Operator – or DSO – Roadmap.
- Submitted to the Minister last month, the Roadmap is a practical tool for advancing regulatory policy regarding DSOs - at a pace that meets our sector’s needs.

- It recognizes that DSO capabilities create conditions that allow DERs to contribute meaningfully to our energy ecosystem.
- And it outlines a staged, evidence-based path to getting there, ensuring the regulatory environment supports LDCs as they evolve.
- The Roadmap consists of several main parts, including:
 - A vision for where we are headed
 - Collaborative workstreams to support policy development, and
 - Timing to keep us focused
- Many of you provided input into our DSO Capabilities policy consultation– and I thank you for that.
- We’re looking forward to feedback from the Minister regarding next steps.
- As DERs proliferate and the strategic priorities in the Roadmap are brought to life, we’re keen work with you to increase DSO capabilities in Ontario.

Seeking balance – Amendments to Ontario Energy Board Act

- I want to turn now to the legislation passed in December, Bill 40, that amended the *Ontario Energy Board Act*.
- The Act now includes an objective for the OEB to regulate the electricity sector in a manner that supports economic growth.
- Let me be clear: Supporting economic growth has long been integral to our mandate.
- But what does this new objective mean for you?
- It means that, when submitting an application to the OEB, you should think about how your investments in your systems support economic growth.
- For instance, is there a link to job creation?
- How do your investments impact the local economy?
- Is there a benefit to local, Ontario or Canadian supply chains?
- Are there linkages with other industries?
- It’s the job of utilities to put their best case forward in their applications.
- We need to you to tell the narrative.
- And of course, it’s the job of intervenors to test the evidence.
- But it’s the job of the regulator to weigh the risks and find the balance.

- We made initial guidance available to the sector in a December bulletin from our Chief Commissioner and included amended filing requirements.
- We recognize that aligning with these new requirements will be a learning curve, and that this is a work in progress for you - and for us.
- As we gain more experience reviewing the impacts of economic growth in adjudication, we'll consider whether more guidance is needed.
- I look forward to seeing how you make the case for economic benefit in your upcoming rate and facility applications.
- Another amendment to the Act grants new authority for the OEB's CEO to issue policies to Commissioners and staff.
- I see that as an endorsement of the need, for all of us, to embrace new ways of thinking and delivering, for the benefit of the sector.
- To begin, I am using this new authority to direct my team to identify in OEB staff submissions how applications reflect the priorities in the Government's *Integrated Energy Plan*.
- This reduces risk that alignment between applications and the IEP is not before Commissioners as they make decisions.
- Let me be clear - Commissioner decisions remain independent and evidence based.
- This is about ensuring that the record in front of Commissioners is complete.

Intervenors

- There are two more topics I wanted to briefly cover today.
- The first is Intervenors and the second is the Ontario government's PULSE panel.
- First - The role of intervenors is an important one, especially with regards to our duty to protect the public.
- They bring diverse perspectives and expertise to proceedings.
- Their job, as I said before, is to test the evidence put forward by applicants.
- I recognize that the EDA has voiced concerns about some aspects of our intervenor processes.
- That's why we developed our 10-Point Action Plan for Intervenors.
- To date, we have completed a pilot to categorize intervenors by interest, with a second pilot about to begin.

- This approach is designed to encourage collaboration, reduce duplication and lower costs.
- Similarly, we're piloting the use of budgets for intervenors to improve cost predictability and oversight.
- We've also used the learnings from our very small distributors pilot and applied them to cost-of-service applications by larger distributors, with up to 30,000 customers.
- By introducing one-day issues meetings to these proceedings, we've improved communication between parties and reduced the number of interrogatories compared to previous proceedings.
- We'll continue this work, recognizing that an efficient and effective process comes from balance.

PULSE

- Finally, I'd like to recognize the work of the Panel for Utility Leadership and Service Excellence – or PULSE – and its members.
- Struck by the Minister in the fall, the main objective of PULSE is to look at how to best fund and deliver the next generation of electricity infrastructure through the lenses of access to capital and LDC corporate governance.
- OEB Board Chair Geoff Owen and I have met with panel members and have a solid, collaborative relationship with them.
- Some of the work that the OEB has underway is well aligned with their thinking.
- You've heard me say before that my goal is to be a trusted regulator for the sector, and a trusted advisor to government.
- We appreciate the opportunity to play that role to the Panel.
- The OEB looks forward to continuing to support PULSE as they complete their work, and ultimately, to implementing the Panel's recommendations that are supported by government.

Conclusion

- My goal in being here today wasn't merely to share updates from Ontario's energy regulator.
- My goal was to share with you how we are thinking about the work we do.
- How we are working to change our mindset...
- How we're thinking about risk...

- And how we're looking for balance.
- How that affects you and your customers...
- And I fully recognize that shifting one's mindset can be challenging.
- It can be even more challenging to do so for an entire organization
- Or for an entire sector.
- But we're starting to make it happen at the OEB. That work continues.
- And I know – from talking to people like you in the sector – that your organizations are, too.
- Last month our Chair, Geoff Owen, and I met with the EDA's board of directors.
- We spent about an hour in frank conversation, sharing perspectives, ideas and possible solutions.
- I'm sure the time we spent together will pay dividends – certainly for the OEB, and also the EDA and the sector at large.
- Same with today.
- I look forward to continuing this conversation....
- And working together to Build the Energy System of the future.
- Thank you.