



2019-2022 BUSINESS PLAN*

**Condensed Version of the approved 2019-2022 Business Plan*

Introduction & Executive Summary

Introduction and Executive Summary

The 2019-2022 Business Plan has been prepared in accordance with the Agencies & Appointments Directive (AAD) and the Guide to Developing Business Plans for Provincial Agencies.

It follows the strategic direction established in the OEB's *Strategic Blueprint: Keeping Pace with an Evolving Energy Sector – 2017-2022*. Underlying that *Strategic Blueprint* is the simple principle that regulation and regulated entities must deliver value to consumers.

The *Strategic Blueprint* was first used to guide the development of the programs and activities in the 2018-2021 Business Plan. Many of those programs and activities are still in progress and, accordingly, are carried forward in the current plan.

Another important factor in the development of the 2019-2022 Business Plan has been the recent changes in public policy that directly or indirectly impact the work of the OEB. These changes are described more fully in the Environmental Scan. The OEB is confident that the particular programs and activities set out in the current plan, together with the *Strategic Blueprint*, remain aligned with the broader policy framework in the province.

Similar to the previous Business Plan, the programs and activities we are proposing for the three-year planning period are organized around the Strategic Goals and Objectives and designed to address the four interconnected Strategic Challenges set out in our *Strategic Blueprint*:

Transformation & Consumer Value – Utilities are delivering value to consumers in a changing environment.

Innovation & Consumer Choice – Utilities and other market participants are embracing innovation in their operations and the products they offer consumers.

Consumer Confidence – Consumers have confidence in the oversight of the sector and in their ability to make choices about products and services.

Regulation “Fit for Purpose” – The OEB has the resources and processes appropriate for the changing environment.

This Business Plan provides for the resources the OEB will need over the 2019-2022 planning period. The budget set out in this Business Plan is broadly consistent with those in the 2018-2021 Business Plan.

Stakeholders and intervenors also make a significant contribution to the work of the OEB, through our ongoing adjudicative and policy consultation processes and through the formal advisory panels and committees we have established.

The Chair's Advisory Roundtable (CAR), in particular, provided a range of industry and consumer perspectives on the key issues facing the sector and the OEB over the next three years. The CAR's input was very helpful in the development of this Business Plan.

The OEB has adopted a range of measures to address and mitigate the risks we may encounter in carrying out the programs and activities identified in this Business Plan. Over the last year, there has been a modest increase in residual risk identified for two risk categories considered by the OEB and its professional advisors, namely Government Policy & Oversight and Information Management. This Business Plan outlines the controls and measures that we will use to mitigate these risks.

We have also adopted a new outcomes-based Performance Measurement Framework. This initiative will equip the OEB and others to gauge whether our regulation is achieving the intended and desired outcomes in the Ontario energy sector.

The OEB will continue to communicate with our key audiences, particularly energy consumers.

Mandate, Vision, Mission & Values

The OEB's Vision, Mission and Values are set out in our *Strategic Blueprint*. They complement our mandate and support a strategic direction that is centered on our role in ensuring that regulated entities deliver value for all Ontario energy consumers.

The OEB's Mandate

The OEB has regulated the natural gas sector since 1960 and the electricity sector since 1999. Our objectives, responsibilities and powers are set out in legislation, regulations and directives.

For industry, we:

- Set the rates and prices that electricity and natural gas utilities can charge
- Monitor the financial and operational performance of utilities
- Approve major new electricity transmission lines and natural gas pipelines that serve the public interest
- Approve mergers, acquisitions and dispositions by electricity and natural gas transmitters and distributors
- Set the payments to be received by Ontario Power Generation in respect of its regulated nuclear and hydroelectric generation facilities
- Establish and enforce codes and rules to govern the conduct of utilities and other industry participants
- License entities in the electricity sector and natural gas marketers

For consumers, we:

- Protect their interests with respect to the rates and performance of their utilities
- Provide them with the information they need to better understand their rights and responsibilities
- Protect their interests in retail electricity and natural gas markets
- Address the particular needs of low-income consumers in the context of utility customer service rules and assistance programs

In addition, we play an important role as an independent and expert advisor to government regarding energy policy matters.

These broad responsibilities and powers underlie our Vision, Mission and Values.

The Vision sets out where the OEB wants our organization and the sector we regulate to be in the coming years.

The Mission sets out how we aim to achieve that Vision.

The Values express our commitment about how we will conduct ourselves – both within our own organization and in our engagement with others.

Vision

The OEB supports and guides the continuing evolution of the Ontario energy sector by promoting outcomes and innovation that deliver value for all Ontario energy consumers.

Mission

We will pursue this Vision by:

- Strengthening the focus on demonstrable consumer value during a period of sector evolution
- Incenting and enabling innovation in a way that enhances consumer choice, control and value
- Strengthening and sustaining the confidence of consumers during a period of accelerating change
- Equipping our own organization to meet the challenges presented by sector evolution

Values

Effective – We hold ourselves to a high standard regarding the quality and efficiency of our work

Independent – We are objective and bring an open mind to all we do

Engaged – We learn from our dialogue with consumers, utilities and other industry participants

Expert – We are experts in our field and share our knowledge with others

Forward-looking – We support innovative solutions both within our own organization and by those we regulate

Respectful – We serve the public interest and treat everyone with respect

Environmental Scan

In developing the 2019-2022 Business Plan, we considered key developments and trends in the broader operating environment.

Those developments and trends include, among others, accelerating technological innovation in the production, delivery and use of energy, the redesign and “renewal” of Ontario’s wholesale electricity market, changes in consumer expectations regarding service quality and prices, and the development of new models for utility regulation.

These particular matters were reviewed recently in the *Strategic Blueprint* and the 2018-2021 Business Plan. Accordingly, that overview need not be repeated here. The discussion below focuses, instead, on three particular developments over the past year:

- Developments in legislation and public policy that may affect our mandate and work
- Recent changes regarding the ownership and consolidation of distributors and transmitters in both the electricity and natural gas sectors
- Major OEB initiatives that will affect the design and execution of the programs and activities set out later in this business plan

Each of these three matters is addressed in turn below.

Developments in Legislation & Public Policy

The OEB and the entities it regulates operate within a broader public policy environment that is particularly dynamic. The extent and pace of change is reflected in the range of statutory and regulatory measures since the release of the 2018-2021 Business Plan. Those measures include:

Prohibition Against the Purchase, Sale and Other Dealings with Emission Allowances and Credits (O. Reg 386/18)

- Prohibits the purchase, sale, trade or other dealing with emission allowances and credits under the cap and trade system

Hydro One Accountability Act, 2018 (Bill 2)

- Establishes a framework to govern the amount of compensation for the directors, Chief Executive Officer and other executives of Hydro One Limited and its subsidiaries

Cap and Trade Cancellation Act, 2018 (Bill 4)

- Repeals the *Climate Change Mitigation and Low-carbon Economy Act, 2016*
- Sets out the legal framework for the wind-down of the cap and trade program, including a compensation framework in respect of cap and trade instruments
- Requires the government to establish targets for reducing greenhouse gas emissions in Ontario

Access to Natural Gas Act, 2018 (Bill 32)

- Amends the *Ontario Energy Board Act, 1998*, to establish a new framework for the recovery through rates of costs incurred by a gas distributor in respect of eligible system expansion projects

Green Energy Repeal Act, 2018 (Bill 34)

- Repeals the Green Energy Act, 2009
- Re-enacts various provisions of the *Green Energy Act, 2009* in the *Electricity Act, 1998*, including provisions regarding energy consumption reporting and the provision of energy data using specified technologies

Net Metering, (O. Reg. 422/18)

- Revokes regulations regarding third-party ownership of qualifying net-metered renewable generation projects and the implementation of “virtual” net metering arrangements, pending the government’s broader review of energy policy

Restoring Ontario's Competitiveness Act, 2018 (Bill 66)

- If passed as currently written, will repeal the authority of the OEB to approve what unit sub-meter providers can charge for unit sub-metering

Preserving and Protecting our Environment for Future Generations: A Made-in-Ontario Environment Plan

- The government’s proposed environment policy aims to protect the province’s air, land and water, address litter and reduce waste, support efforts to reduce greenhouse gas emissions, and help communities prepare for climate change

The OEB expects further changes over the course of the planning period as the government develops and implements its broader energy policy.

Among other things, the Modernization Review Panel that was announced in December 2017 (and re-constituted in August 2018 under revised terms of reference) has submitted its report to the government, but the government’s intentions regarding that report were not known at the time of submission of this Business Plan.

Changing Structure of the Sector

The Ontario electricity distribution sector continues to be characterized by significant diversity among distributors relating to size, density, geographic footprint and investment requirements. The last year saw significant consolidation in that sector, including the OEB's approval of the following mergers and acquisitions:

- Entegrus Powerlines Inc. and St. Thomas Energy Inc. (March 15, 2018)
- Newmarket-Tay Power Distribution Ltd. and Midland Power Utility Corporation (August 23, 2018)
- Acquisition by EPCOR Collingwood Distribution Corp. of the interest of the Town of Collingwood in Collus Powerstream Corp. (August 30, 2018)
- Alectra Utilities Corporation and Guelph Hydro Electric Systems Inc. (October 18, 2018)
- Thunder Bay Hydro Electricity Distribution Inc. and Kenora Hydro Electric Corporation Ltd. (November 15, 2018)
- Erie Thames Powerline Corporation and West Coast Huron Energy Inc. (December 20, 2018)
- Veridian Connections Inc. and Whitby Hydro Electric Corporation (December 20, 2018)

Several other proposed mergers in the electricity distribution sector are pending before the OEB.

The natural gas sector has also seen a major consolidation over the past year. In August 2018, the OEB approved the merger of Enbridge Gas Distribution Inc. and Union Gas Limited, the two largest natural gas distributors in Ontario, subject to terms and conditions regarding rate-making in the post-merger period. This merger follows the 2016 merger of Enbridge Inc. and Spectra Energy Corp., the parent companies of Enbridge Gas and Union Gas, respectively.

The OEB has also received several applications for the expansion of natural gas distribution service to communities that currently have no access to natural gas. We anticipate that we will implement any future gas expansion framework, including the processing of these applications as applicable, once regulations are in place.

The Independent Electricity System Operator (IESO) is taking steps to identify high-level designs for the major elements of its market renewal initiative.

Major OEB Initiatives

Our programs and activities for the three-year planning period will build on a number of major initiatives that we have undertaken during 2018. Those initiatives, which are listed below, reflect our drive to be a more open, innovative and consumer-centric organization:

Utility Performance:

- **Gas Supply Planning** – Improving our assessment of the natural gas supply plans of natural gas utilities to ensure that those plans meet the goals of cost efficiency and reliability.
- **Cost Responsibility Rules** – Proposing code amendments to allocate costs arising from regional plans in a way that apportions the costs in respect of transmission connection investments to transmission and distribution customers on the basis of benefit.
- **Evaluation of Natural Gas Demand-Side Management** – Conducting a mid-term review of the six-year conservation framework to assess the progress of the gas utilities towards their conservation targets and the effectiveness of their existing programs.

Empowering the Consumer:

- **Regulated Price Plan Pilots** – Supporting a series of pricing pilots with residential consumers to test ways to give such consumers more control over costs and to help improve system efficiency.
- **Customer Service Rules Review** – Reviewing utility customer service rules for electricity and natural gas utilities to ensure that those rules better serve the needs of consumers.
- **Broad Consumer Engagement** – Strengthening the consumer engagement framework used to support our adjudicative processes, to inform consumers more broadly about their rights and the work of the OEB, and to provide consumer feedback, via the Consumer Panel and Small Business Panel, regarding new programs and policies we are developing.

Among other initiatives, the OEB's Community Meetings contribute to increasing consumer awareness about rate applications that affect them, the review process used by the OEB to consider these applications, and provide consumers with easier access to meaningful information including the opportunity to ask both the OEB and the utility, questions about the application.

Regulatory Excellence:

- **Adjudicative Process Improvements** – Ensuring the OEB's organization and processes remain flexible and are adapted to changing needs.
- **OEB Performance Measurement Framework** – Establishing metrics to assess the OEB's own performance over the longer term and measure whether our regulation is delivering the outcomes intended.

- **Tribunal Excellence** – Ensuring our organization has the expertise, resources and processes appropriate for the changing environment, by establishing a framework through which continuous improvement can be encouraged, measured and achieved.
- **Advisory Committee on Innovation** – Convening an Advisory Committee on Innovation (Committee), comprising members with a diverse range of skills and experience, to identify actions that a regulator can take that will support and enable cost effective innovation, grid modernization, and consumer choice to help inform regulatory policy development.
- **Repubrand** – Establishing an annual market research framework to quantify public awareness and perceptions of the OEB and the factors that influence public trust in the organization.

Strategic Challenges, Goals & Objectives

The OEB’s work over the next three years will focus on the Strategic Goals and Objectives set out in our *Strategic Blueprint*. Those Strategic Goals and Objectives address the following four Strategic Challenges:

- **Transformation & Consumer Value** – How can the OEB help ensure that the evolution of the sector brings a stronger focus on demonstrable value for consumers?
- **Innovation & Consumer Choice** – How can the OEB incent and enable innovation that enhances consumer choice and control?
- **Consumer Confidence** – How can the OEB strengthen and sustain the confidence of consumers during a period of accelerating change?
- **Regulation “Fit for Purpose”** – How should the OEB equip itself to meet the challenges of sector transformation?

For each of these Strategic Challenges, we have identified an overarching Strategic Goal and a corresponding set of Strategic Objectives. The Strategic Goals represent the specific outcomes we aim to achieve for each of the Strategic Challenges. The Strategic Objectives describe the particular areas on which we will focus in order to attain each of the Strategic Goals.

The Strategic Challenges, Strategic Goals and Strategic Objectives are summarized in the table below:

Strategic Challenges	Transformation & Consumer Value	Innovation & Consumer Choice	Consumer Confidence	Regulation “Fit for Purpose”
Strategic Goals	Utilities are delivering value to consumers in a changing environment	Utilities and other market participants are embracing innovation in their operations and the products they offer consumers	Consumers have confidence in the oversight of the sector and in their ability to make choices about products and services	The OEB has the resources and processes appropriate for the changing environment
Strategic Objectives	<p>The regulatory framework incents utilities to focus on long-term value for money and least-cost solutions</p> <p>Regional and utility system planning reflect the continuing evolution of the sector</p> <p>Utility infrastructure is optimized during the shift to a low carbon economy</p>	<p>The regulatory framework incents and enables utilities to adopt innovative solutions</p> <p>The design of network rates and commodity prices support the efficient use of infrastructure and enable greater customer choice and control</p> <p>Our codes and rules reflect the needs of an evolving sector</p>	<p>Consumers understand their rights and choices</p> <p>Consumers are treated fairly by utilities and other service providers</p> <p>Consumer perspectives are welcomed, respected and addressed in all regulatory processes</p> <p>The benefits of innovation and sector transformation are realized by all types of consumers</p>	<p>We have the expertise needed to address sector evolution</p> <p>Our own organization and processes remain flexible and are adapted to changing needs</p> <p>Our work is supported by effective engagement and collaboration</p>

Programs & Activities – Overview & Implementation Plan

Introduction

Set out below is a summary of the key programs and activities the OEB will undertake in the planning period.

The initiatives are summarized by Strategic Goal, each of which is discussed in a separate section.

Programs and activities identified under each Strategic Goal include both initiatives that are new and others that are carried forward from the 2018-2021 Business Plan.

Summary of Programs & Activities

A. Strategic Goal: Utilities are delivering value to consumers in a changing environment

KEY PROGRAMS & ACTIVITIES

Gas Supply Planning: During 2018, we developed a new framework for the assessment of natural gas utilities' gas supply plans. The framework requires natural gas utilities to develop five-year gas supply plans and submit them to the OEB for review. We will review a utility's performance against the plan on an annual basis. This framework will increase transparency and accountability, helping to ensure that consumers are getting value for money.

FY 2019/20 – Complete review of the five-year gas supply plans filed by natural gas utilities.

FY 2020/21 – Complete annual review of the five-year gas supply plans.

FY 2021/22 – Complete annual review of the five-year gas supply plans.

Implementation Tools – stakeholder consultation, guidance to gas utilities, reporting and monitoring activities

Utility Benchmarking: We are expanding the scope of utility benchmarking to include a detailed evaluation of costs at the program or activity level. We expect that this initiative will drive greater cost discipline and efficiency among utilities and ultimately reduce costs for consumers. Our initial focus will be on electricity distributors and then expanding to other regulated utilities.

FY 2019/20 – Implement the new framework for program-level benchmarking of electricity distributors in the assessment of rate applications for 2020.

FY 2020/21 – Implement new information requirements and productivity measures to support program-level benchmarking. Develop program-level benchmarking for electricity transmitters.

FY 2021/22 – Implement program-level benchmarking for electricity transmitters, and develop program-level benchmarking for natural gas utilities. Issue report on program-level benchmarking results of electricity distributors.

Implementation Tools – stakeholder consultation, licensee reporting and monitoring, research and guidance to licensees

Natural Gas Demand Side Management: We have completed the mid-term evaluation of the current Demand Side Management (DSM) Framework for Natural Gas Distributors and are continuing our work regarding the Evaluation, Measurement & Verification (EM&V) of DSM programs.

FY 2019/20 – Complete the EM&V of the 2017 and 2018 DSM results, implement any modifications to the DSM framework as appropriate, and initiate development of the new framework for the 2021-2026 period.

FY 2020/21 – Complete the EM&V of the 2019 DSM results and a new framework for the 2021-2026 period.

FY 2021/22 – Complete the EM&V of the 2020 DSM results and implement the new framework for the 2021-2026 period.

Implementation Tools – stakeholder consultation, reporting, research, analysis, guidance to gas distributors and rate orders

Updating the Electricity Distributor Scorecard: To ensure that the OEB's electricity distributor scorecards provide value to consumers, we are reviewing and evaluating the scorecard.

FY 2019/20 – Evaluate the current scorecard and assess possible modifications.

FY 2020/21 – Implement modifications to the scorecard as appropriate.

FY 2021/22 – Publish results under the new scorecard.

Implementation Tools – research, analysis, stakeholder consultation, consumer engagement, new requirements and guidance to electricity distributors

Affiliate Relationships Code: We will undertake a review of the affiliate relationships regulatory requirements for both electricity and natural gas utilities to ensure the requirements reflect the balance between protecting the interest of consumers and the role of utilities in an evolving energy sector.

FY 2019/20 – Consult with consumers and industry stakeholders to identify issues with the existing codes, including potential barriers to the evolving roles for utilities, and consider options for addressing the issues where appropriate.

FY 2020/21 – Develop and issue code amendments to address any identified changes as appropriate.

FY 2021/22 – Monitor implementation of any changes to affiliate relationships codes.
Implementation tools – consumer and stakeholder engagement, conferences, discussion paper, research, reporting and analysis of utility data and code amendments as required

B. Strategic Goal: Utilities and other market participants are embracing innovation in their operations and the products they offer consumers

KEY PROGRAMS & ACTIVITIES

Utility Remuneration: To support the evolution of the sector, we are evaluating options for a regulatory framework that remunerates utilities in ways that make them indifferent to traditional or alternative solutions, better support their pursuit of least cost solutions, strengthen their focus on long-term value and require them to reflect the impact of sector evolution in their system planning and operations.

FY 2019/20 – Evaluate and consult on options, ensuring a comprehensive approach.

FY 2020/21 – Evaluate frameworks in consultation with industry and stakeholders. Determine preferred approach.

FY 2021/22 – Begin implementation of the framework.

Implementation Tools – research, analysis, stakeholder consultation and guidance to utilities

“Smarter” Electricity Delivery Rates: To encourage the efficient use of electricity infrastructure and enable greater customer choice and control, we are developing a new rate design policy for commercial and industrial electricity distribution rates and related charges.

FY 2019/20 – Approve a plan for implementing the new rate design for commercial and industrial electricity rates.

FY 2020/21 – Implement a new rate design for commercial and industrial electricity rates.

FY 2021/22 – Continue the implementation of the new rate design for commercial and industrial electricity rates.

Implementation Tools – research, data analytics, stakeholder consultation, targeted commercial and industrial segment focus groups, code amendments, rate orders, guidance to licensees and consumer communications

“Smarter” Electricity Prices: To provide appropriate price signals to low-volume and other Class B electricity consumers in accordance with the *Regulated Price Plan (RPP) Roadmap*, we are taking steps that could inform a new methodology for the RPP and carrying out related work. The OEB has initiated four pilot projects to test options regarding RPP pricing. Results from pilots currently in the field are expected by the end of 2019.

FY 2019/20 – Analyze the results of the RPP pilots and evaluate pricing options for RPP consumers and other consumers.

FY 2020/21 – Identify the preferred pricing options.

FY 2021/22 – Support any new price plans and monitor results as required.

Implementation Tools – pilot programs, data collection and analysis, consumer engagement, stakeholder consultation, consumer surveys and communications

Distributed Energy Resources: We will identify and consider new instruments and regulatory reforms that would facilitate investment in distributed energy resources (DERs) on the basis of the value to consumers. As a near-term priority, we will also evaluate current provisions of the *Distribution System Code (DSC)* governing the connection of loads, generators, storage and similar facilities and consider appropriate modifications.

FY 2019/20 – Evaluate the existing connection-related provisions of the DSC and implement modifications necessary to support immediate sector initiatives. Evaluate options regarding the evolution of a regulatory framework for DERs that focuses on value to consumers.

FY 2020/21 – Determine the preferred approach and develop a new regulatory framework for DERs.

FY 2021/22 – Implement the new regulatory framework. Monitor the implementation of any modifications to the DSC.

Implementation Tools – research, analysis, consumer engagement, stakeholder consultation, guidance to utilities, code amendments

C. Strategic Goal: Consumers have confidence in the oversight of the sector and in their ability to make choices about products and services

KEY PROGRAMS & ACTIVITIES

Consumer Outreach: To increase consumers' confidence in the oversight of the sector and in their ability to make choices about products and services, we will enhance our engagement with consumers about the energy sector, the rights and choices consumers enjoy, and the work of the OEB.

FY 2019/20 – Continue and expand our program of public outreach throughout the province, and implement a range of communications programs that inform consumers about issues of importance to them.

FY 2020/21 – Continue the initiatives outlined above, and monitor and assess their effectiveness.

FY 2021/22 – Continue the initiatives outlined above, and monitor and assess their effectiveness.

Implementation Tools – community meetings, literacy events, consumer research, expansion of Consumer Panel program, online engagement tools, social media, videos and earned media

Consumer Participation in Decision Making: In support of efforts to increase consumer confidence in the sector, we have enhanced, and will continue to enhance opportunities for consumers to access and participate in our adjudicative proceedings and policy development processes.

FY 2019/20 – Assess the effectiveness of our program of community meetings and initiate any enhancements as appropriate. Expand channels and feedback mechanisms for consumers to participate in OEB policy development.

FY 2020/21 – Assess the effectiveness of community meetings and initiate any changes as appropriate. Assess channels available to engage consumers in the policy development process and initiate changes as appropriate.

FY 2021/22 – Continue the initiatives outlined above.

Implementation Tools – community and video hearings, community meetings and telemeetings, consumer presentations, letters of comment, monitoring a proceeding, social media, website, OEB contact person and adjudicative proceedings

Review of Customer Service Rules and Charges: We are reviewing the customer service rules for natural gas and electricity distributors and for unit sub-meter providers. During early 2019, we will complete the first phase of this review regarding disconnections and related activities.

FY 2019/20 – Complete the second phase of the review, regarding the rules and charges relating to the management of customer accounts, billing errors and reporting requirements.

FY 2020/21 – Implement any new customer service rules and charges for electricity and natural gas distributors and for unit sub-meter providers.

FY 2021/22 – Monitor the effectiveness and the consumer impacts of the new rules.

Implementation Tools – consumer surveys, reporting by licensees and other regulated entities, consumer research, Consumer Panel, stakeholder consultation, code and rule amendments and rate orders

Low-income Energy Assistance Program (LEAP): To determine how well the LEAP emergency financial assistance program is meeting the needs of low-income energy consumers, we are evaluating the design and delivery of the program in both the electricity and natural gas sectors.

FY 2019/20 – Develop and implement modifications to program design and delivery as appropriate.

FY 2020/21 – Monitor program delivery.

FY 2021/22 – Review the LEAP program having regard to the impact of the Ontario Electricity Support Program and the criteria developed during the 2018-19 evaluation.

Implementation Tools – consumer research, liaison with LEAP intake agencies, Financial Assistance Working Group, reports from licensees and other regulated entities, Consumer Panel, stakeholder consultation, code and rule amendments and consumer communications

Strengthening Utility Accountability to Customers: To ensure that natural gas and electricity distributors and transmitters continue to deliver value to consumers in a changing environment, we will improve the reporting by utilities regarding the quality of the service they provide their customers.

FY 2019/20 – Develop new reliability measures and reporting requirements for electricity distributors and transmitters.

FY 2020/21 – Implement new reliability measures and reporting requirements for electricity distributors and transmitters.

FY 2021/22 – Monitor the implementation of the regulatory reforms adopted. Assess natural gas reliability and service metrics to identify areas for improvement.

Implementation Tools – research, analysis, consumer engagement, stakeholder consultation, guidance to utilities, code amendments and reporting by licensees

Wholesale Market Oversight: To ensure that oversight of the wholesale market remains adequate and appropriate in light of the IESO's market renewal initiative and other elements of a changing environment, we will review the mandate, processes and practices of the Market Surveillance Panel.

FY 2019/20 – Identify reforms to enhance the work of the Market Surveillance Panel

FY 2020/21 – Implement reforms and monitor their effectiveness

FY 2021/22 – Continue to monitor the effectiveness of reforms

Implementation Tools – research, stakeholder consultation, reporting and amendments to instruments related to the work of the Market Surveillance Panel

D. Strategic Goal: The OEB has the resources and processes appropriate for the changing environment

KEY PROGRAMS & ACTIVITIES

Adjudicative Process Improvements: To ensure the OEB's organization and processes remain flexible and are adapted to changing needs, we are developing and implementing measures to better ensure that our review of electricity distribution cost-of-service applications is proportionate and aligned with the performance-based approach to regulation.

FY 2019/20 – Continue implementation of the process enhancements, especially to incorporate the new approach to program-level benchmarking.

FY 2020/21 – Continue implementation and monitor effectiveness of the process enhancements.

FY 2021/22 – Review whether further enhancements are appropriate, particularly having regard to the implementation of program-level benchmarking.

Implementation Tools – stakeholder consultation, amendments to Rules of Practice and Procedure, guidance to licensees and other regulated entities

Evaluation of Policy on Utility Consolidations (MAADs¹): The OEB will review the MAADs policy with a view to assessing how well it has met its stated objectives and to identify and implement any modifications that may be required.

FY 2019/20 – We will review our experience with the MAADs policy as it has been applied since implementation and identify areas that require modification.

FY 2020/21 – Complete development and implementation of any modifications.

FY 2021/22 – Monitor the implementation of any modifications and outcomes as required.

Implementation Tools – research, analysis, stakeholder consultation, consumer engagement, guidance to regulated entities and adjudicative proceedings

Enhancing OEB Performance: To ensure our organization has the expertise, resources and processes appropriate for the changing environment, we will identify the attributes of high-performing tribunals and established a framework through which continuous improvement will be encouraged, measured and achieved.

FY 2019/20 – Assess the performance of the OEB with respect to high-performing tribunals and identify any areas of improvement.

FY 2020/21 – Assess our performance under the new framework and address areas for improvement.

FY 2021/22 – Continue to assess our performance under the new framework and address areas for improvement.

Implementation Tools – research, internal and external surveys and consultations, internal and external communications and reporting

¹ Mergers, Acquisitions, Amalgamations and Divestitures

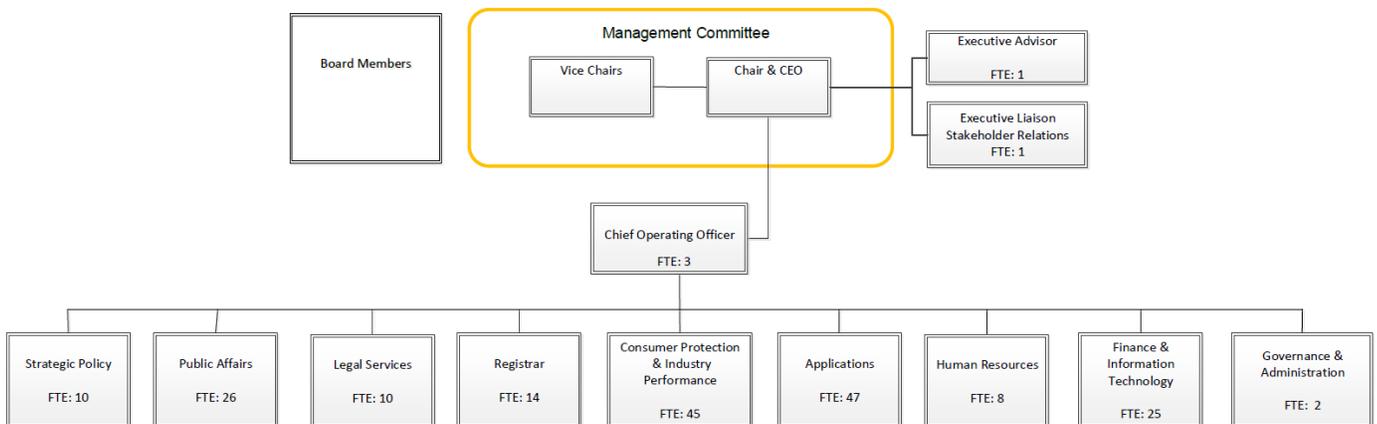
Resources Needed To Meet Goals & Objectives

We have provided for the resources needed to undertake the programs and activities described above.

The budgeted headcount over the planning period is 192 full-time equivalents for staff, six full-time equivalents for Board Members, two Vice Chairs, and the Chair & CEO as outlined further in the discussion of the 2019-2022 Budget. This headcount is needed in order to achieve the Strategic Goals set out in the OEB's *Strategic Blueprint* and carry out the work proposed in the Long-Term Energy Implementation Plan.

Our organization chart is provided below.

Ontario Energy Board



Risk Assessment & Mitigation – 2019 to 2022

We have made a comprehensive assessment of corporate risk and continue to identify and implement appropriate controls to minimize risk. Our formal risk assessment process has been developed with the assistance of MNP, a leading management consulting firm. It involves the following steps:

1. Confirming existing and identifying new or emerging risks having regard to key business objectives (as set out in the Programs and Activities above);
2. Assessing those risks and their implications;
3. Determining the appropriate approach to risk response and mitigation; and
4. Implementing appropriate risk mitigation measures and controls, and monitoring both their effectiveness and the residual risk to the organization.

The risk categories, controls and mitigation measures, and residual risk are set out in the OEB Enterprise Risk Register attached as Appendix A. That Enterprise Risk Register has been reviewed by both the OEB Management Committee and our Executive Team.

Over the last year, there has been an increase in residual risk identified for two risk categories in the OEB Enterprise Risk Register. Details of the changes in respect of the two risk categories are set out below:

Enterprise Risk Register: Summary of Changes

#1 Government Policy & Oversight				
Inherent Risk	Volume and complexity of new programs and initiatives from government may limit the OEB's organizational capacity to respond to changes in a timely manner, impacting the OEB's ability to effectively execute their regulatory role.			
Evolution of Risk and Controls	New government and potential for new items/programs as would be expected with a change in government. Marked increase in information requests.			
Risk Rating	2017		2018	
	Likelihood	Impact	Likelihood	Impact
	4	5	 5	5
#5 Information Management				
Inherent Risk	Aspects of record management processes (physical and digital) that are not sufficiently scalable may not ensure the accuracy, integrity, confidentiality, reliability, and accessibility of data (unauthorized use or access, accidental disclosure, modification, or loss of data) with the increasing number of records.			
Evolution of Risk and Controls	The information management likelihood score increased, based on the recognition that the volume and type of requests continue to increase, resulting in the need for more resources to address requests and to ensure appropriate information is provided.			
Risk Rating	2017		2018	
	Likelihood	Impact	Likelihood	Impact
	2	3	2	 4

Initiatives Involving Third Parties

The OEB has engaged third parties to assist with the delivery of the Ontario Electricity Support Program (OESP). Further details about the OESP and its delivery are set out below.

Background

The OESP is administered by the OEB and provides on-bill rate assistance to eligible lower-income electricity customers. A central service provider manages application intake and processing. Applications involve sensitive information such as household income, social insurance numbers and dates of birth.

ICF Canada

The OEB has contracted ICF Canada to carry out the delivery of the OESP. ICF provides, among other services, the central IT system that enables consumers to apply for OESP through a web portal, and that connects with electricity distributors, the Ministry of Finance and the Ministry of Children, Community and Social Services as part of the application processing and determination of eligibility.

The contract for services is for five years (with a three-year extension option) on a fixed price basis, as well as certain per application fees once planned numbers are exceeded.

ICF was selected through a competitive procurement process. The OEB reviews and monitors ICF's performance on an ongoing basis. All payments to ICF are reviewed and approved by a member of the OEB Executive Team, and may be subject to audit at the OEB's discretion.

OESP Intake Agencies

The OEB has also entered into agreements with more than 125 community (intake) agencies to assist with the delivery of the OESP. The involvement of intake agencies helps ensure that the OESP reaches the broadest population of lower-income households.

Intake agencies are compensated monthly per application submitted. All amounts paid to agencies are reconciled against the application data that ICF has received from the agencies. The total amounts are confirmed by OEB staff and approved by a member of the Executive Team before payments are authorized. Audit trails for all payments to agencies are maintained in the ICF database in accordance with the standards stipulated in the ICF contract.

PERFORMANCE MEASURES

New Outcomes-Based Performance Measurement Framework

The OEB is implementing a new Performance Measurement Framework in order to measure whether our regulation is achieving the intended and desired outcomes in the Ontario energy sector.

Historically, we have tracked our performance through the achievement of specific project milestones over a given period. While this practice will continue, we will, going forward, also measure our progress on broader organizational goals and outcomes. The intent is to assess the cumulative effects of the full array of policy, operational and strategic activities that the organization undertakes from year to year.

The Performance Measurement Framework consists of two elements: a logic model, which lays out how the OEB's areas work together to deliver on key objectives for the organization as a whole, and a set of indicators, which are the specific metrics that measure progress towards the outcomes. The logic model and Performance Measurement Framework are attached as Appendix B.

In all, 19 performance indicators have been developed covering each of the nine outcomes identified in the Performance Measurement Framework. These indicators, which gauge the amount or rate of change in a particular state, cost, or level of activity over time, enable the OEB's progress toward certain outcomes to be assessed and quantified. Some indicators, such as the use of an annual survey to assess consumers' confidence in the OEB, enable direct measurement of change. Others, such as the penetration of distributed and behind the meter generation, serve as indirect measures of changes in customer choice and control. Still other measures, such as the change in costs to customers, employ longitudinal comparisons to assess overall changes over time. We plan to conduct an initial measurement of results for 2018 over the next year. This activity will test the operation of the Performance Measurement Framework, help to establish appropriate baselines, confirm forward-looking target directions or refine their definition, and allow for any calibration as may be appropriate.

Going forward, performance will be measured under the Performance Measurement Framework on an annual basis. The results will not only support performance assessment, but will also help identify the need to modify or augment the regulatory initiatives designed to promote a particular outcome.

Once we gain experience with the Performance Measurement Framework, we will consider how best to integrate that framework with our current output-based scorecard framework.

Metrics for Engagement with Consumers & Regulated Entities

The OEB has established a set of activity-based metrics that govern our engagement with consumers and regulated entities. We will track our performance against these metrics in the upcoming year. As noted earlier, the OEB will undertake several initiatives for the 2019-2022 planning period that will continue to build on the work undertaken during 2018 with respect to Regulatory Excellence. As part of these initiatives, we will be reviewing our existing metrics in order to assess their continued relevance and alignment with stakeholder expectations of a responsive regulator.

Metrics for Engagement with Consumers & Regulated Entities

OEB ACTIVITY	OBJECTIVE	2019-2022 METRICS (%)
Consumer calls	Answer incoming calls within 20 seconds	90
Consumer correspondence	Respond to general correspondence within 10 business days	85
Consumer voicemail messages	Respond to voicemail received by 12:30pm within the same day	80
Consumer voicemail messages	Respond to voicemail received after 12:30 pm by the next business day before 12:30 pm	80
Consumer satisfaction	Overall satisfaction survey score	80
Consumer complaint letters	Mail complaint follow-up letters to consumer within two business days	80
Consumer complaint letters	Mail a follow-up letter to consumers after receiving a response from the licensee within two business days	80
Consumer enquiry letters	Mail enquiry response letters within two days	80
Industry Relations enquiries	Respond to Industry Relations enquiries within 10 days	90
Regulatory applications	Issue final decisions in accordance with metrics established by Management Committee (see subsequent table)	80
Innovation Sandbox Process	Meet with parties within 20 days of an initial request to do so	100
Innovation Sandbox Process	Issue decision, where required, on Sandbox proposal in accordance with metrics	100

The metric regarding applications employs the following performance standards for the issuance of final decisions in different types of applications. The OEB has commenced work on performance standards for adjudication as part of the OEB's continued work on Regulatory Excellence. Certain metrics regarding Regulatory applications and their associated performance standards set out below may be revised during the 2019-2022 planning period.

Total period elapsed to OEB decision (calendar days) by Application type

APPLICATION TYPE	WRITTEN PROCESS	ORAL PROCESS
Municipal franchise or certificate	90	205
Leave to construct or gas storage designation	130	210
Well drilling	130	210
Licence	90	210
A review of a s.80 or 81 notice of proposal under s.82 (generation, transmission, distribution ownership prohibition)	170	220
Section 86 (change of ownership or control of systems)	130	180
Distribution rates	185	235
Distribution rates (streamlined)	140	N/A
Quarterly rate adjustment filings - gas	21	N/A
General application	120	170
Sandbox decision (if required)	185	N/A

2019-2022 Budget

Section 26 Budget

The Budget for the 2019-2022 planning period is aligned with the financial framework set out in the 2018-2021 Budget as approved. The 2019-2022 Budget includes a slight increase in FY 2019-2020 of 0.2% and an increase in FY 2020-2021 of 0.1% when compared to the 2018-2021 Budget.

The headcount budget does not change from the 2018-2021 Budget. The budgeted headcount over the planning period is 192 full-time equivalents for staff, six full-time equivalents for Board Members, two Vice Chairs, and the Chair and CEO, which is outlined above in the discussion of the Resources Needed to Meet Goals & Objectives.

The 2019-2022 Budget (sections 26 and 12.1 only) increases annually throughout the planning period to account for factors such as inflation and rent.

The 2019-2022 Budget includes capital expenditures of approximately \$3.4 million on leasehold improvements (LHI), furniture and audio visual equipment (AV) and associated operating expenses of \$0.3M, related to the renovation of the OEB office space. The required renovations include the following:

- Redesign of the OEB's space, including hearing and public meeting rooms, to provide better access for both consumers and stakeholders to our facilities, to accommodate our expanded Public Affairs function, and to improve divisional and operating synergies by locating divisions and departments together. The space redesign budget over the next three years is \$2.3 million of capital expenditures (LHI \$1.6M, AV \$0.6M, and furniture \$0.1M), and associated operating expenses of \$0.2 million with the majority of work planned during FY 2019-2020 (\$1.8M of total cost).

The AV equipment in both of our hearing rooms is over 13 years old and is in need of replacement. This equipment, which includes audio, video, PC's, projectors, monitors, cabling and connectors is not equipped with IP/Smart capability. The lack of this capability limits our ability to provide the necessary automation to provide webcasting, video streaming and remote access required to allow for more robust digital participation in our hearing processes. Also, given the age of this equipment it is prone to failure and finding replacement equipment and support is getting more difficult.

Replacing this older equipment with new IP-enabled equipment will benefit both industry participants as well as consumers and business stakeholders, making it easier for them to participate in hearings and consultations without having to travel to the OEB offices. Also, it will make the experience within a hearing more robust and less prone to technical failure.

- Sustain the OEB's existing premises by replacing aging infrastructure such as carpet, HVAC, office furniture and equipment (which have not been replaced since the first major renovation of our facilities in 2004) to ensure that the office space is a safe environment for employees and the public. The sustainment budget over the next three years is \$1.1 million of capital expenditures (LHI \$1M, and furniture \$0.1M), and associated operating expenses of \$0.1M.

The renovation project had been reflected in the approved 2018-2021 Budget but was subsequently delayed. This project will be funded by using our operating reserve balance, as proposed in the 2018-2021 Budget.

As a self-financing entity, the OEB has established an operating reserve. That reserve is adjusted each year. The primary purpose of this reserve is to fund our operations in the event of revenue shortfalls or unanticipated expenditures. It is also used to manage cash flows and to support working capital requirements. The operating reserve can be up to 20 per cent of our current annual funding requirement. During the 2019-2022 planning period, the operating reserve will range between 10 per cent and 20 per cent since we intend to use part of the operating reserve to fund approximately \$3.7 million of renovations in the 2019-2022 Budget.

Revenue from administrative penalties, assessed against individual regulated entities under section 112.5 of the *Ontario Energy Board Act, 1998*, are not used to reduce the costs assessed under the OEB's *Cost Assessment Model* and are not included in our Budget. The administrative penalty funds are internally restricted to support only those activities relating to consumer education, outreach and other activities in the public interest.

An interest rate of 2.1 per cent has been assumed for the operating reserve and the accumulated balance in the administrative penalty fund.

2019-2022 OEB Budget (sections 26 and 12.1 only)

<i>Units in thousand dollars</i>	2019-2020	2020-2021	2021-2022
Revenues:			
General cost recovery	43,012	44,636	45,725
Licence fees	430	430	430
Interest income	313	289	289
Miscellaneous income	7	7	7
Amortization of deferred revenue related to capital assets	1,365	1,154	1,720
Total Revenues	45,127	46,516	48,171
Total Expenses	45,127	46,516	48,171
Capital Expenditures:			
Leasehold improvements	790	1,760	50
Office furniture and equipment	50	150	25
Computer equipment	300	400	400
Computer software	1,110	1,080	1,120
Audio visual equipment	300	300	0
Total Capital Expenditures	2,550	3,690	1,595
Total Assessment before Adjustments	45,562	48,326	47,320
Operating Reserve Adjustment	(1,265)	(2,345)	(75)
Total Assessment	44,297	45,981	47,245

Section 30 Budget

Section 30 costs are excluded from the 2019-2022 Budget set out above. Section 30 costs are regulatory process costs incurred in relation to specific proceedings and consultation processes. They are recovered from regulated entities through the cost award decisions made by the OEB in respect of those proceedings and processes. The section 30 Budget presented below is \$5.5 million for the 2019-2020 financial year, \$5.0 million for the 2020-2021 financial year, and \$5.0 million for the 2021-2022 financial year.

Units in thousand dollars	2019-2022 Budget			Forecast	Actual
	2019-2020	2020-2021	2021-2022	2018-2019	2017-2018
Section 30	5,500	5,000	5,000	4,873	3,083

Some proceedings and consultation processes span several financial years. The OEB funds such proceedings and consultations through its operating reserve until the costs are finally recovered under section 30 of the *Ontario Energy Board Act, 1998*.

Section 79.2 Budget

Section 79.2 costs are costs related to the administration of the OESP. The OEB has, therefore, developed its budget for section 79.2 costs on the assumption that we will be responsible for administration of the OESP during the full three-year planning period, however will not budget for publications, media, and advertising costs in the 2019-2022 planning period.

Units in thousand dollars	2019-2022 Budget			Forecast	Actual
	2019-2020	2020-2021	2021-2022	2018-2019	2017-2018
Section 79.2	0	0	0	55	1,591

In FY 2017-2018, section 79.2 incurred \$1.6 million of OESP publications, media, and advertising costs.

2018-2019 Forecast Summary

The 2018-2019 forecast as of December 2018 shows an underspend of \$1.7 million (approximately 4%), reflecting underspend on publications, media and advertising due to the OEB advertising campaign that is not expected to commence in the current year. Some projects affecting consulting costs and capital expenditures were deferred to other fiscal years to adjust to other business priorities. The Operating Reserve Adjustment is revised due to deferral of the OEB office space renovation, and it meets the maximum allowable operating reserve of 20%.

2018-2019 Forecast (sections 26 and 12.1 only)

Units in thousand dollars	Forecast	Budget	Variance	
			\$	%
Revenues:				
General cost recovery	39,652	41,086	(1,434)	(3%)
Licence fees	434	402	32	8%
Interest income	293	125	168	134%
Miscellaneous income	7	5	2	40%
Amortization of deferred revenue related to capital assets	1,367	1,480	(113)	(8%)
Total Revenues	41,753	43,098	(1,345)	(3%)
Total Expenses	41,753	43,098	(1,345)	(3%)
Capital Expenditures:				
Leasehold improvements	20	184	(164)	(89%)
Office furniture and equipment	27	101	(74)	(73%)
Computer equipment	238	398	(160)	(40%)
Computer software	793	1,110	(317)	(29%)
Audio visual equipment	19	150	(131)	(87%)
Total Capital Expenditures	1,097	1,943	(846)	(44%)
Total Assessment before Adjustments	40,749	43,029	(2,280)	(5%)
Operating Reserve Adjustment	114	(459)	573	(125%)
Total Assessment	40,863	42,570	(1,707)	(4%)

2017-2018 Financial Summary

The 2017-2018 financial results were underspent by \$2.5 million (approximately 6%). This underspend reflects a number of factors, including: deferral of the renovation project to the future fiscal years, lower meeting and travel costs, underspending in respect of consulting and professional services as a result of the deferral of certain projects to adjust to other business priorities.

2017-2018 Financial Results (sections 26 and 12.1 only)

Units in thousand dollars	Actual	Budget	Variance	
			\$	%
Revenues:				
General cost recovery	37,422	40,385	(2,963)	(7%)
Licence fees	396	373	23	6%
Interest income	171	111	60	54%
Miscellaneous income	7	5	2	40%
Amortization of deferred revenue related to capital assets	1,172	1,106	66	6%
Total Revenues	39,168	41,980	(2,812)	(7%)
Total Expenses	39,168	41,980	(2,812)	(7%)
Capital Expenditures:				
Leasehold improvements	119	1,860	(1,741)	(94%)
Office furniture and equipment	56	300	(244)	(81%)
Computer equipment and related software	1,473	1,550	(77)	(5%)
Audio visual equipment	11	150	(139)	(93%)
Total Capital Expenditures	1,659	3,860	(2,201)	(57%)
Total Assessment before Adjustments	39,081	44,245	(5,164)	(12%)
Operating Reserve Adjustment	400	(2,245)	2,645	(118%)
Total Assessment	39,481	42,000	(2,519)	(6%)

Information Technology (IT) Assumptions

The Information Technology (IT) plan sets out programs and activities that support the OEB's mandate, mission and vision. This Plan leverages strengths, addresses challenges and ensures we have the IT capabilities and capacity to fulfill our mandate effectively and efficiently, at a manageable and affordable cost.

Key IT initiatives over the three-year planning period include cybersecurity enhancements, improved analytics and reporting, the implementation of new tools for consumers, website enhancements and process automation.

IT investments over the planning period are focused on delivering value at a reasonable cost. Those proposed investments are summarized in the table below:

OEB Budgeted IT Capital Project Spending by Category

Category	FY 2019-2020	FY 2020-2021	FY 2021-2022
	Capex	Capex	Capex
Business Systems (computer software in Budget presentation)	\$1,110,000	\$1,080,000	\$1,120,000
End User Computing (computer equipment in Budget presentation)	\$100,000	\$150,000	\$150,000
Infrastructure (computer equipment & AV equipment in Budget presentation)	\$500,000	\$550,000	\$250,000
Total	\$1,710,000	\$1,780,000	\$1,520,000

Business Systems are defined as initiatives related to the upgrade or replacement of technology systems that OEB employees use, as well as our external stakeholders such as industry and consumers. These systems include our website, eServices for regulatory filing, financial systems, HR systems, as well as Pivotal Contact Resource Management System (CRM) and HP Enterprise Content Management System (CMS). These two systems make up the core of our back office systems, which we use to manage our Regulatory Records and Processes.

End User Computing is defined as initiatives related to the upgrade or replacement of end users Hardware such as laptops, desktops, printers, mobile phones, office phones and client-only applications like MS Office and Adobe.

Infrastructure is defined as initiatives related to the upgrade or replacement of the OEB's underlying technology that supports our business systems. These include servers, networks, cabling, telecom equipment, server room equipment, storage, databases, server operating systems, hearing room technology and technology management systems.

Communications Plan

Background

This Business Plan reflects the strategic direction established in the OEB's *Strategic Blueprint* and builds on the work and accomplishments of the past number of years. The *Strategic Blueprint* focuses on our role in supporting and guiding the continuing evolution of the Ontario energy sector in a way that delivers value for all Ontario energy consumers.

As well, in 2018, our Advisory Committee on Innovation released its report providing recommendations on advancing our regulatory work to meet the demands of an evolving energy sector. The recommendations in the Committee's report will also inform our ongoing regulatory policy initiatives.

Target Audiences

Our communications over the three-year planning period will be directed towards both internal and external audiences.

Internal audiences include Board Members and OEB employees.

External audiences include consumers (residential, commercial, institutional and industrial), the entities we regulate, other public agencies in the energy sector, industry associations, consumer advocates, social service agencies, local communities, opinion leaders, the media and the Ministry of Energy, Northern Development & Mines and Ministry staff.

Key Themes

Several key themes will underlie our communications:

- We can enhance consumers' trust and confidence in the regulator and sector by demonstrating that we hold utilities accountable, align the interests of distributors and consumers, and protect consumers, including those who are most vulnerable.
- We deliver value to consumers and the sector by ensuring an integrated and consumer-centric approach to adjudication and policy work.
- We are committed to ensuring our approach to regulation keeps pace with an evolving energy sector and changing consumer expectations.

Proposed Activities

We propose to undertake a range of communications activities over the three-year planning period. These activities are designed to demonstrate the impact of our work as an economic regulator and in protecting consumers.

These communications activities will include:

- Continuing with communications and outreach activities to enhance residential and business consumers' trust and confidence in the OEB and sector. Progress will be measured against the "benchmark" established in 2017 and updated in 2018.
- Implementing integrated communications programs to engage and inform consumers about our work to protect and empower consumers.
- Expanding our program of consumer engagement and public outreach to listen to, and reflect, consumers' perspectives into our work, in both our adjudicative and policy work.

Appendix A – OEB Enterprise Risk Register

Enterprise Risk Register

								2018 Assessment		
#	Risk Name	Inherent Risk	Risk Category	Risk Sub-Category	Nature of Risk	Strategic Link	Mitigating Controls	Likelihood	Impact	Score
1	Government Policy & Oversight	Volume and complexity of new programs and initiatives from government may limit the OEB's organizational capacity to respond to changes in a timely manner, impacting the OEB's ability to effectively execute their regulatory role.	Regulatory	People	Capacity	Mandate	<ul style="list-style-type: none"> - Weekly and Monthly discussions with Ministry of Energy, Northern Development & Mines staff and Minister's office. - Executive Policy Committee - bi-weekly updates to the Chair and Vice Chairs on progress against policy development plan and oversight of matters of strategic significance to the OEB. - Periodic Enterprise Risk Assessment and Risk Register Refresh. - Annual Three Year Business Plan Refresh. - Monthly Executive Team meetings. - Quarterly Management Committee meetings. - Monthly Board Member meetings. - Monthly Adjudicative Committee meetings. 	5	5	25
2	Legislative Changes affecting Administration	Changes in federal or provincial legislation, regulations, standards, codes or directives, may not be appropriately accommodated within the OEB's operations leading to non-compliance by the OEB.	Operational	Process	Capacity	Mandate	<ul style="list-style-type: none"> - Integrity Commissioner Reporting. - Ministry of Energy, Northern Development & Mines Annual Reporting. - OEB Quarterly Compliance Reporting. - Annual Finance Audit (scope includes expense claims). - Annual Procurement Reporting. 	4	4	16
3	Industry Evolution	An evolving energy industry and emerging technologies requires creation of new - or changes to existing - OEB programs, policies, and procedures.	Strategic	Process / Technology	Capability	Regulatory	<ul style="list-style-type: none"> - Executive Policy Committee - bi-weekly updates to the Chair and Vice Chairs on monitoring progress against policy development plan and oversight of matters of overarching strategic significance to OEB. - Periodic Policy Assessment Review (Natural Gas Market Reviews conducted every 3 years with annual updates). - Consultation Papers. - Chair's Advisory Roundtable. - Steering Committee for industry liaison. - Stakeholder, Sectorial and Government Meetings (statutory codes/ rules compliance regarding Stakeholder Engagement). - Industry Affairs Standing Committee. - Annual Three Year Business Plan Refresh. - Advisory Committee on Innovation. - Regulatory Affairs Standing Committee. 	3	3	9

Enterprise Risk Register

								2018 Assessment		
#	Risk Name	Inherent Risk	Risk Category	Risk Sub-Category	Nature of Risk	Strategic Link	Mitigating Controls	Likelihood	Impact	Score
4	Cybersecurity	Highly sophisticated cybersecurity attack could lead to disclosure or loss of sensitive or confidential data, or shut down of critical OEB Information Management Systems.	Operational	Technology	Capability	Mandate	<ul style="list-style-type: none"> - Ontario Provincial Services IT Security Directives (applied internally). - McAfee anti-virus has been installed on all servers and workstations within the OEB corporate environment. - Anti-virus definition updates have been configured to be automatically checked and updated from the McAfee servers on the internet. - On-access file scanning has also been configured to ensure all files are scanned for potential malware prior to use. - IT provides training to business units regarding the IT Security Directive requirements. Training includes educational videos and instruction on how the directive should be interpreted. - Management conducts training at least annually. All new employees must take Cybersecurity training as part of their on-boarding. Also ad hoc training and alerts occur depending on the need and based on ongoing threats. Management interprets the OPS Directives and Policies and develops training material as necessary. - Email gateway filtering is in place to protect from malicious email. - Internet Gateway is in place to protect from Malicious Internet traffic. - Active Directory Group policies in place to specifically counter a Ransomware attack. - Security Incident Event Monitoring (SEIM) Solution in place to monitor environment and alert on indications of potential Security Incident. - Two Factor Authentication implemented on all Remote Access Connections to OEB environment. 	3	5	15
5	Information Management	Aspects of record management processes (physical and digital) that are not sufficiently scalable may not ensure the accuracy, integrity, confidentiality, reliability, and accessibility of data (unauthorized use or access, accidental disclosure, modification, or loss of data) with the increasing number of records.	Operational	Process	Capacity	Mandate	<ul style="list-style-type: none"> - Enterprise eDiscovery tool called Veritas eDiscovery (new). - Electronic Records are backed up on a nightly basis. - Disaster Recovery Plan includes replication of data and critical Infrastructure at a secondary location in case of an issue at our Primary Data Centre location. - OEB Primary Records systems are Pivotal and Trim which are off-the-shelf software programs that enable appropriate security to ensure confidentiality of data and avoid unauthorized use. - OEB Network runs on Microsoft Active Directory. - All OEB users must have authorized credentials to access OEB data. - OEB Records Management Policy. 	2	4	8
6	Technology	Infrastructure may not be sufficient to adapt to changes in technology requirements or be able to accommodate implementation of new projects and programs.	Operational	Technology	Capacity	Mandate	<ul style="list-style-type: none"> - On an annual basis IT updates the IT 3 year plan. This plan is aligned with the OEB Business Plan to ensure IT's ability to accommodate new OEB Initiatives. - The IT Plan uses a Risk-based Asset Management approach to ensure assets are kept up to date and can keep pace with the changing nature of technology. - Infrastructure upgrades continue to be completed on schedule. 	1	3	3

Enterprise Risk Register

								2018 Assessment		
#	Risk Name	Inherent Risk	Risk Category	Risk Sub-Category	Nature of Risk	Strategic Link	Mitigating Controls	Likelihood	Impact	Score
7	Vendor Management	Vendors may not comply with Service Level Agreements ("SLA"), meet performance standards, or protect sensitive or confidential information; creating challenges in attracting qualified resources in an expeditious manner, that are not conflicted.	Operational	Process	Capacity	Mandate	<ul style="list-style-type: none"> - OEB Agreement - 15.0 Inspection and Warranty Clause. - OEB Agreement - 17.0 Termination Clause. - Purchase Order sign off requirement (T&C's). - Consultants on- and off-boarding process (specifically in IT & HR). - Escalation clause development. - VOR Refresh (upcoming). 	1	3	3
8	Licensees' Compliance	Licensees' non-compliance with regulation, legislation, or OEB decisions could go undetected or be inadequately addressed.	Operational	Process	Capacity	Utility Performance Competition	<ul style="list-style-type: none"> - Public Information Policies. - Complaints Management Process. - Compliance Review Committee. - Risk-based Compliance Assessment Framework. - Quarterly OEB Compliance Reporting. - Compliance & Enforcement undergoes many levels of scrutiny. - Retailer & Marketers Code of Conduct. - Sector and Industry Audit program. 	2	4	8
9	Succession	Loss of key staff, a limited pool of qualified candidates to recruit from, and changes in requirements as the industry evolves could result in the OEB not having sufficient employees with adequate skills, expertise or capabilities.	Operational	People	Capability	Mandate	<ul style="list-style-type: none"> - Employee Engagement Surveys & Improvement Plans. - HR Policies - confidential Exit Interviews; Annual L&D Plans; Internal Promotion Priority; Competitive/Attractive Compensation & Benefit plans; Annual - Performance Appraisals (for internal vacancy selection); Management/Staff Competency Models; Behaviour Assessments; Job Descriptions. - Quarterly Measurement of Turnover Rates. - Scorecard. 	2	3	6
10	Organizational Capability / Capacity	Staffing capabilities (skills / competencies) and capacity could be insufficient to implement new programs and initiatives.	Operational	People / Process	Capability / Capacity	Mandate	<ul style="list-style-type: none"> - Knowledge Management (Transfer) Program. - Workforce Plan Review (supply/demand and gap analysis). - Operational Planning (By Business Unit). - Regular use of consultants to augment workforce. - Succession Plan. - Annual Individual Learning & Development Plans. - Annual Three Year Business Plan Refresh. 	3	4	12

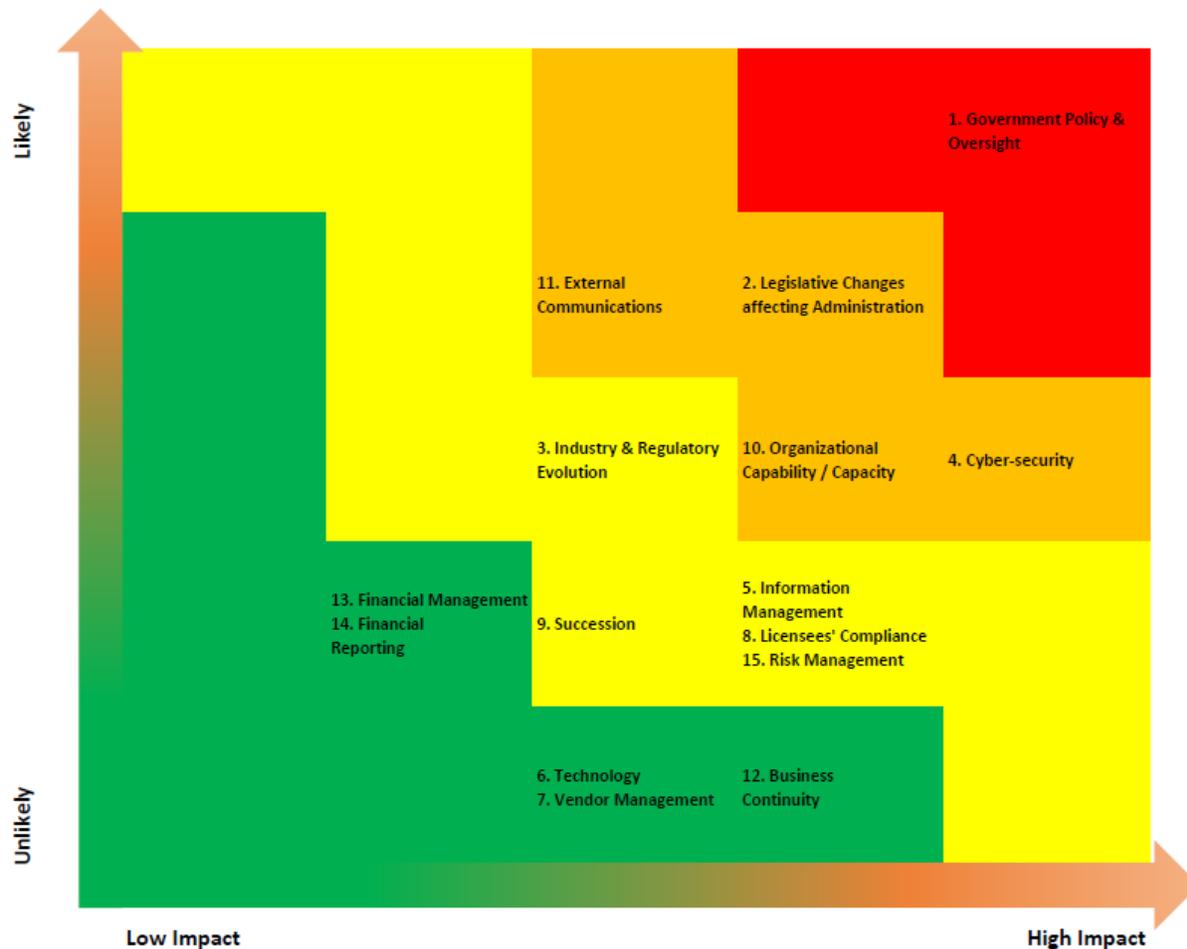
Enterprise Risk Register

								2018 Assessment		
#	Risk Name	Inherent Risk	Risk Category	Risk Sub-Category	Nature of Risk	Strategic Link	Mitigating Controls	Likelihood	Impact	Score
11	External Communications	The quality or sufficiency of information communicated to consumers and market participants could result in consumers not being adequately or appropriately informed, impacting their ability to effectively understand energy matters.	Reputation	Process	Capacity	Empowering Consumers	<ul style="list-style-type: none"> - Consumer Panel. - Consumer Engagement Framework including Community Meetings and enhanced approaches for customer input to the adjudicative process. - Public Affairs function. - Strategic Communications Plan. - Media Management Program. - OEB Outreach and Education Programs. - Public Information Complaints Management Process. - Website redesign (including plain language communications). 	4	3	12
12	Business Continuity	Natural disaster or unexpected event causes an interruption to OEB operations.	Operational	Process	Capability	Mandate	<ul style="list-style-type: none"> - Emergency Response Plan. - IT Disaster Recovery Plan. - Annual simulation testing of the plan(s). - Annual review of acceptable rate of recovery of OEB operations. - Business interruption insurance. 	1	4	4
13	Financial Management	Financial budget may not be aligned to the strategic plan, resulting in inappropriate spending and/or inability to effectively allocate resources to deliver on OEB's mandate.	Financial	Process	Capacity	Mandate	<ul style="list-style-type: none"> - Monthly Cash Flow Projections. - Cost Assessment Model Review. - Annual Financial Budget Process. - Monthly Financial Reporting Management. - Quarterly Management Committee reviews of financial results and forecasts. - Annual Strategic Business Plan Process. 	2	2	4
14	Financial Reporting	Given the increasingly heightened expectations and requirements for financial transparency and reporting, there is added complexity to ensuring internal controls over financial reporting are adequately designed or operating effectively to provide reasonable assurance that the financial reporting is accurate, reliable, and timely.	Financial	Process	Capability	Mandate	<ul style="list-style-type: none"> - Documented policies and procedures. - Documented processes. - Active management oversight including Management Committee. - Annual External Audit. - Monthly Finance Report to Management - Internal Audits. 	2	2	4
15	Risk Management	Processes to effectively and efficiently identify, assess, manage and govern risk may not adapt quickly enough to respond to evolving industry and public policy, resulting in the inability to achieve strategic and operational objectives.	Operational	Process	Capability	Mandate	<ul style="list-style-type: none"> - Periodic Enterprise Risk Assessment and Risk Register Refresh. - Annual Business Plan Audit. - Annual Internal Audit Plan. - Documented policies, processes and procedures. 	2	4	8

Assessment Criteria

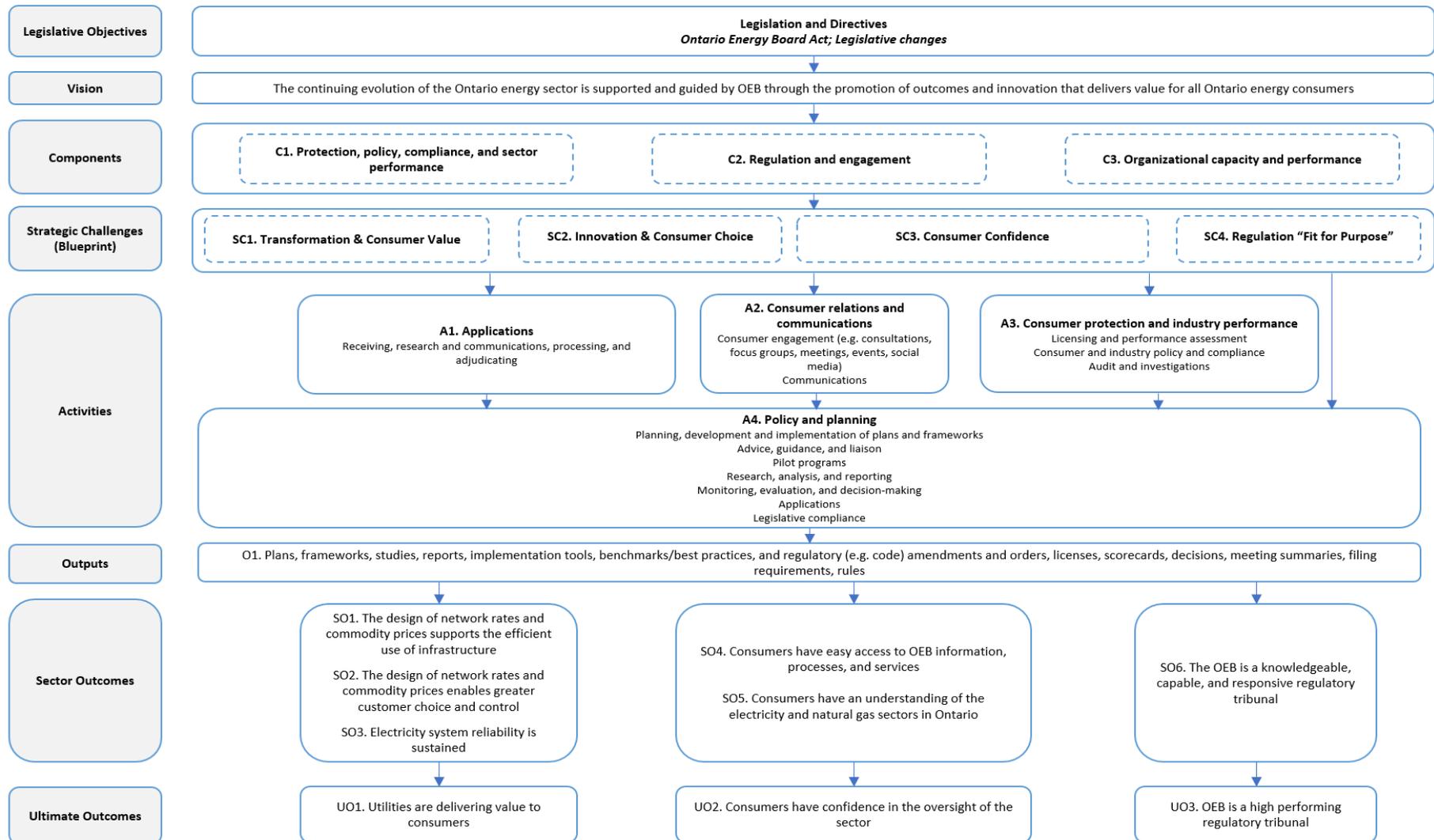
Likelihood - the probability of the risk occurring, after considering mitigating controls.	
1	There is very little chance of the risk occurring.
2	There is little chance of the risk occurring.
3	There is a moderate chance of the risk occurring.
4	There is high chance of the risk occurring.
5	There is very high chance of the risk occurring.
Impact - the extent to which this risk could adversely affect the OEB's ability to satisfy their mandate.	
1	Occurrence of the risk will not have a material impact on the OEB's ability to satisfy their mandate.
2	Occurrence of the risk may have some impact on the OEB's ability to satisfy their mandate.
3	Occurrence of the risk may impair the OEB's ability to satisfy their mandate.
4	Occurrence of the risk will impair the OEB's ability to satisfy their mandate.
5	Occurrence of the risk will inhibit the OEB from satisfying their mandate.
Score - the product of likelihood and impact.	
1 - 4	This risk poses little-to-no chance of impacting the OEB's ability to satisfy their mandate.
5 - 10	This risk poses a small chance of impacting the OEB's ability to satisfy their mandate.
11 - 18	This risk poses a moderate chance of impacting the OEB's ability to satisfy their mandate.
19 - 25	This risk poses a high chance of impacting the OEB's ability to satisfy their mandate.

Enterprise Risk Register: Heat Map



Appendix B – Performance Measurement Framework

Performance Measurement Framework – Logic Model



Performance Measurement Framework

Outcomes	Indicators	Maturity	Data source	Frequency	Baseline	Target direction	Explanation
Sector outcomes							
SO1. The design of network rates and commodity prices supports the efficient use of infrastructure	I1. Trend in load factor among utilities	Initial	RRR data	Annually	TBD	Increase	An increase in load factor indicates a more efficient use of infrastructure
SO2. The design of network rates and commodity prices enables greater customer choice and control	I2. Change in cumulative generating capacity of net-metered generators and other embedded generators	Defined	RRR data	Annually	TBD	Not applicable. Change measured over time will reflect customer choice, but market conditions and product options will also be a factor in uptake of self-supply options	An increase in the adoption of self-supply options indicates greater customer choice and control
SO3. Electricity system reliability is sustained	I3. Proportion of utilities meeting their Scorecard reliability (SAIDI and SAIFI) target	Defined	RRR data	Annually	TBD	Increase	A direct measure
SO4. Consumers have easy access to OEB information, processes and services	I4. Website hits	Optimized	Public Affairs Dashboard	Annually	TBD	Increase	Measures access to OEB information
	I5. Community meeting attendance	Optimized	Public Affairs Dashboard	Annually	TBD	Increase in attendance per 1,000 customers	Measures participation in OEB processes
	I6. Call centre volume	Defined	Public Affairs Dashboard	Annually	TBD	Steady volume of calls per 100,000 customers	Measures access to OEB information and services
	I7. Call centre customer satisfaction	Defined	Public Affairs Dashboard	Annually	TBD	Increase	Measures the efficiency of service provision
SO5. Consumers have an understanding of the electricity and natural gas sectors in Ontario	I8. Change in Energy Literacy	Operational	RepuBrand Survey	Annually	TBD	Improved score as measured by the Energy Literacy Index	Measures consumers' understanding of the electricity and natural gas sectors in Ontario

Outcomes	Indicators	Maturity	Data source	Frequency	Baseline	Target direction	Explanation
SO6. The OEB is a knowledgeable, capable, and responsive regulatory tribunal	I9. Proportion of skills among Board members and staff relative to target skill set	Initial	TBD	Biennially	TBD	Increase in skill set relative to target	Measurement of the difference between actual skills and target skills will gauge the extent to which the Board and staff have the required expertise
	I10. Proportion of decisions issued within established metrics	Defined	TBD	Annually	TBD	Meet or exceed annual target	Demonstrates ability to meet established timelines
	I11. Qualitative assessment. To be captured in accompanying narrative.	Defined	TBD	Annually	N/A	N/A	Evidence of flexibility may vary from year to year
Ultimate Outcomes							
UO1. Utilities are delivering value to consumers	I12. Trend in total real electricity distribution and transmission cost per kWh served	Defined	RRR data	Annually	TBD	Four year cost trend less than seven year cost trend	Decline in cost trend (4 vs 7 year) should be indicative of greater value
	I13. Trend in total real electricity distribution and distribution cost per customer	Defined	RRR data	Annually	TBD	Four year cost trend less than seven year cost trend	Decline in cost trend (4 vs 7 year) should be indicative of greater value
	I14. Trend in total real gas distribution cost per m ³ served	Defined	RRR data	Annually	TBD	Four year cost trend less than seven year cost trend	Decline in cost trend (4 vs 7 year) should be indicative of greater value
	I15. Trend in total real gas distribution cost per kWh served	Defined	RRR data	Annually	TBD	Four year cost trend less than seven year cost trend	Decline in cost trend (4 vs 7 year) should be indicative of greater value

Outcomes	Indicators	Maturity	Data source	Frequency	Baseline	Target direction	Explanation
UO1. Utilities are delivering value to consumers	I16. Proportion of utilities with improving performance trend	Operational	CPAM model	Annually	TBD	Increase	Better performance is an indicator of electricity utilities delivering value to consumers
UO2. Consumers have confidence in the oversight of the sector	I17. Proportion of consumers that trust the OEB's consumer protection role	Operational	RepuBrand Survey	Annually	TBD	Increase	A direct measure
	I18. Proportion of consumers that trust the OEB to make and enforce decisions about rates that are in the best interests of Ontarians	Operational	RepuBrand Survey	Annually	TBD	Increase	A direct measure
UO3. OEB is a high performing regulatory tribunal	I19. OEB performs in the top quartile when benchmarked against characteristics of high performing regulatory tribunals	Initial	TBD	Annually	TBD	Top quartile performance	A direct measure

Maturity of Indicators

Initial	These indicators are in the initial stage of development and may require refinement or adjustment to their specification. These indicators may undergo a high degree of change over time.
Defined	These indicators are well defined and data is currently being collected. Measurement or calculation of these indicators has not yet been performed. These indicators may undergo a moderate degree of change over time.
Operational	These indicators are fully defined and data is currently being collected and measured. Adjustments to these indicators are expected to occur over time.
Optimized	The indicators are well defined and are already routinely measured. These indicators are not expected to undergo much change over time.