

# APPENDIX TO THE BUSINESS PLAN: PERFORMANCE MEASUREMENT RATIONALE

## Strategic Performance Measurement (SPM) – Outcomes & Indicators

The OEB's Strategic Plan articulates 4 strategic goals and 14 intended outcomes over the term of the plan that reflect the OEB's mandate to effectively regulate the electricity and natural gas sectors in Ontario. The OEB's approach was refined over time. In 2021, the OEB identified 25 potential performance indicators to assess its progress towards meeting the strategic goals articulated in its Strategic Plan. With the assistance of a consultant with expertise in performance measurement, the OEB refined the indicators from an initial list of 25 based on the following criteria:

- Leveraged existing data gathering exercises;
- Avoided incremental reporting by utilities;
- Utilized one indicator to measure an outcome, where possible; and
- Reflected the OEB's strategic priorities.

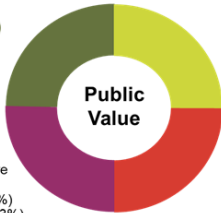
Following a thorough review process, the OEB identified 8 indicators that were appropriately specified and supported assessments of the OEB's contribution to 8 of the 14 outcomes in the Strategic Plan. The tables below provide an overview of each indicator as well as the rationale for its inclusion in the SPM. These indicators are grouped by strategic goal.

### Strategic Goal #1: Evolve Towards Becoming a Top Quartile Regulator

Strategic Outcome	Indicator	Rationale
<b>1. Adjudicative proceeding timelines</b>	Proportion of decisions issued within performance standards for processing applications (Total Cycle Time) (%)	This indicator demonstrates the OEB's ability to meet established adjudicative timelines. Total Cycle Time was selected since it is an aggregate measure of other key application milestones including Issuing Procedural Order No. 1 and Decision Writing Time. This indicator also most closely measures the target outlined in the OEB's Strategic Plan.
<b>2. Stakeholder satisfaction and rating of overall performance</b>	Proportion of stakeholders satisfied with OEB's overall performance (%)	This indicator is a direct measure of stakeholders' rating of the overall performance of the OEB as a regulator. The OEB developed a compound index consisting of four equally weighted questions in the Annual Stakeholder Survey.

Strategic Outcome	Indicator	Rationale
		Stakeholder satisfaction alone does not tend to change over time relative to other less-attitudinal measures of stakeholder sentiment. Therefore, the OEB uses a compound measure since it is more likely to provide a truer reading of satisfaction with the OEB's progress against its identified priorities.
<b>3. Stakeholder rating of independence</b>	Proportion of stakeholders rating OEB as independent (%)	This indicator is a direct measure of stakeholders' rating of the OEB's independence as indicated in the results of the Annual Stakeholder Survey.

### Strategic Goal #2: Protect the Public

Strategic Outcome	Indicator	Rationale
<b>4. Increase in Public Value</b>	Score on Public Value Index (# out of 10)	<p>This indicator uses a comprehensive approach to measure the value that the OEB brings to the public. This assessment of public value is anchored in one of the OEB's statutory objectives: To inform consumers and protect their interests with respect to prices and the adequacy, reliability and quality of service.</p> <p>Guided by this objective, the public value index is comprised of four equally weighted dimensions: Cost Performance, Quality of Service, Trust, and Reliability. Each dimension is itself an index, comprised of several indicators. This measurement uses a single-indexed score as well as individual measures for each component to aid in transparency. The weighting of each measure is shown in the diagram below.</p> <div> <div> <p><b>Cost Performance (25%)</b></p> <ul style="list-style-type: none"> <li>Electricity delivery (20%)</li> <li>Regulated gas services (20%)</li> <li>OEB services (60%)</li> </ul> </div> <div> <p><b>Quality of Service (25%)</b></p> <ul style="list-style-type: none"> <li>Quality of LDC Services (Electricity – 25%, gas – 25%)</li> <li>Quality of Regulatory (OEB) Services (50%)</li> </ul> </div> <div> <p><b>Trust (25%)</b></p> <ul style="list-style-type: none"> <li>Trust that OEB rate decisions are made in public interest (34%)</li> <li>Confidence in OEB policies (33%)</li> <li>Confidence in OEB decisions (33%)</li> </ul> </div> <div> <p><b>Reliability (25%)</b></p> <ul style="list-style-type: none"> <li>Improving SAIDI score (duration of outages) (50%)</li> <li>Improving SAIFI score (frequency of outages) (50%)</li> </ul> </div>  </div>

Strategic Outcome	Indicator	Rationale
<b>5. Regulations fit for purpose</b>	Proportion of non-compliant disconnections (%)	Loss of energy service is one of the greatest impacts that a consumer can face and the OEB has very specific rules about what a utility must do prior to disconnecting a consumer for non-payment. Given this, ensuring industry compliance with the disconnection rules was seen as a barometer for measuring a culture of compliance within the industry. Additional measures may be considered in the future as the OEB undertakes additional work to establish metrics around compliance reviews and further enhance its annual compliance plan. Consideration will be given to setting areas where proactive compliance reviews may be undertaken, and additional reporting capability expected to be added will enable further detailed analysis.

### Strategic Goal #3: Drive Energy Sector Performance

Strategic Outcome	Indicator	Rationale
<b>6. Increase in utility performance</b>	Proportion of electric utilities with an improving trend in Scorecard reliability (#)	The frequency and duration of outages are valuable tools for assessing the reliability performance of electric utilities. Other indicators of utility performance were considered; however, reliability is top of mind for many electricity stakeholders. Modifications to this indicator may be made in future iterations of the SPM once the review of the reliability reporting is complete. The OEB will also examine using other facets of the Electricity Utility Scorecard to assess how the OEB contributes to improving utility performance.
<b>7. Enrich choices for consumers</b>	Annual page views of OEB bill calculator website (#)	The OEB bill calculators help consumers to compare electricity price plans and compare their electricity or natural gas bill with a contract offered by an energy retailer. These online bill calculators are the primary tool that the OEB provides to enrich consumers' choices regarding energy pricing. While usage of the bill calculator will fluctuate because of new price

Strategic Outcome	Indicator	Rationale
		<p>announcements and new pricing options (as in 2020 and 2023), the target of maintaining or increasing usage of the bill calculator relative to average usage in 2017-2019 indicates the continued effectiveness of the OEB to inform and enrich customer's sense of choice among price plans. Other indicators were considered, including the number of pricing options offered or the number of consumers on each price plan, however, the OEB is agnostic as to which price plans consumers select and therefore setting OEB targets would not be possible for these measures.</p>

#### Strategic Goal #4: Facilitate Innovation

Strategic Outcome	Indicator	Rationale
<b>8. More innovative activity in regulated energy sector</b>	Innovation Sandbox enquiries (#)	<p>The Innovation Sandbox assists utilities and non-regulated entities exploring innovation. The number of enquiries to the Innovation Sandbox is indicative of the level of innovation in the regulated energy sector. Tracking the number of enquiries rather than projects is a better indicator of innovation due to a number of enquiries relating to legislative barriers that are not within the OEB's jurisdiction. The Sandbox serves a purpose of being a source of information for innovators; once the Sandbox provides information/guidance, the innovators may move ahead with their projects without further involving the Sandbox. Given that the Sandbox does not provide funding, innovators that take the next steps of project implementation after seeking information/guidance from the Sandbox are not required to inform the Sandbox of their next steps.</p>