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**BUSINESS
PLAN**

2025 - 2028

25

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INTRODUCTION

The Ontario Energy Board (OEB) is pleased to present our 2025/26 to 2027/28 Business Plan (the Plan), which focuses on fiscal year 2025/26 and includes forward-looking preliminary budgets for 2026/27 and 2027/28.

The demand for clean, affordable and reliable energy is increasing rapidly. Ontario is advancing a competitive all-of-the-above approach to meet this challenge, including using nuclear, hydroelectricity, natural gas, wind, solar and other sources to meet growing energy demands while emphasizing the province's energy transformation and electrification goals.

The OEB's role in the energy sector has never been more important. Although change is happening, in the sector and within the OEB, we are focused and ready to deliver on our mandate.

This Plan lays out our near-term response: to provide strategic and prudent oversight of Ontario's energy sector through initiatives that support broader government priorities such as planning for growth, keeping costs down, enabling energy system modernization and streamlining solutions that will make Ontario an energy superpower.

Our work plan is informed by the Ministry of Energy and Mines' (the Ministry) 2024 vision statement, *Ontario's Affordable Energy Future: The Pressing Case for More Power* (the Government's vision), which identifies energy priorities and provides policy guidance to the OEB on how to act within its legislated authorities. The OEB will support delivery of this vision by performing its adjudicative and other regulatory functions impartially, efficiently and transparently.

This vision is made specific to the OEB in the Minister of Energy and Mines' Letter of Direction (the Minister's Letter) dated December 19, 2024, which provides guidance to the OEB on issues and activities requiring near-term focus. The Letter acknowledges the role of the OEB in the transition to a thriving economy powered by cleaner energy and in helping to achieve clean, affordable and reliable energy for all Ontarians.

Ontario's evolving energy sector creates a myriad of challenges and opportunities within the energy sector – it also creates new demands for the OEB as its regulator. To meet these challenges and maintain our ability to deliver adjudicative and policy outcomes effectively, it is essential to have the right resources in the right roles at the right time. This Plan describes how we will meet those demands to fulfil our mandate to protect those we serve – the people of Ontario.

ABOUT THE OEB



Vision

To be a trusted regulator that is recognized for enabling Ontario's growing economy and improving the quality of life for the people of this province, who deserve safe, reliable and affordable energy.



Mission

To deliver public value through prudent regulation and independent adjudicative decision making, which contributes to Ontario's economic, social and environmental development.



Purpose

To regulate the provincial energy markets, protect the interests of individuals and support the collective advancement of the people of Ontario.

MANDATE

The OEB's mandate is to regulate Ontario's energy sector as required under provincial legislation. Our mandate and authority come from the *Ontario Energy Board Act, 1998* (the OEB Act), the *Electricity Act, 1998* and several other related statutes. The OEB Act establishes the objectives that guide the OEB in carrying out its responsibilities.

For electricity, these objectives are to:

- ✓ Inform consumers and protect their interests with respect to prices and the adequacy, reliability and quality of electricity service.
- ✓ Promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry.
- ✓ Promote electricity conservation and demand management in a manner consistent with the policies of the Government of Ontario, including having regard to the consumer's economic circumstances.
- ✓ Facilitate innovation in the electricity sector.

For gas, these objectives are to:

- ✓ Facilitate competition in the sale of gas to users.
- ✓ Inform consumers and protect their interests with respect to prices and the reliability and quality of gas service.
- ✓ Facilitate rational expansion of transmission and distribution systems.
- ✓ Facilitate rational development and safe operation of gas storage.
- ✓ Promote energy conservation and energy efficiency in accordance with the policies of the Government of Ontario, including having regard to the consumer's economic circumstances.
- ✓ Facilitate the maintenance of a financially viable gas industry for the transmission, distribution and storage of gas.
- ✓ Promote communication within the gas industry.

STRATEGY

The OEB is in the final year of its 2021/22 to 2025/26 Strategic Plan. The four Strategic Goals from this Plan were updated in the 2024/25 Business Plan and continue to guide us as we focus on delivering on our mandate and meeting the expectations in the Minister's Letter.

1. Enable Ontario's Energy Advantage



The OEB is a trusted regulator that is accountable for advancing the public interest and making independent decisions based on fact and evidence. Operating as a leading regulator means having a responsibility to continuously improve. As Ontario's independent economic regulator of the electricity and natural gas sectors, the OEB knows that improvement is never finished. The OEB is committed to continuing to evolve to enable an Ontario energy advantage.

2. Protect the Public



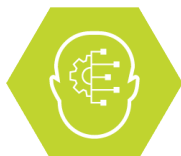
The OEB protects the interests of consumers with respect to price and quality of service as it ensures the advancement of the public interest in Ontario's energy sector. Compliance with OEB codes and rules is enforced. Consumers have the information they need to better understand their energy use, including with respect to reducing their energy bills through conservation.

3. Drive Energy Sector Performance



The OEB drives Ontario's regulated energy utilities to deliver reliable energy services and value for energy consumers by holding utilities to account for higher performance, increased efficiency and continuous improvement, as well as ensuring long-term sustainability and economic efficiency of the energy sector.

4. Facilitate Innovation



The OEB facilitates innovation that can provide demonstrable value to Ontario's energy consumers and solve energy challenges cost effectively. The OEB provides clear direction on when and how regulated utilities can recover costs for innovation-related activities from ratepayers, and for how the risk associated with innovation is addressed. The OEB continually evaluates which activities or emerging needs are better undertaken or addressed through competitive markets.

In our next annual Business Plan, the OEB will describe its strategy for delivering on its mandate in 2026/27 and future years.

ENVIRONMENTAL SCAN

The energy sector needs to affordably fuel a growing economy. At the same time, the energy transition continues to drive demand for clean energy, shape the development of new technologies and provide opportunities for investment. In the face of this change, the energy system must remain resilient and reliable. These emerging expectations, opportunities and risks will be met by a rapidly evolving sector, shaping the OEB's operating landscape from 2025 to 2028.

Consumer Expectations

Ontarians expect reliable and affordable energy to support their livelihoods, economic growth, new housing and infrastructure expansion.

Affordable and predictable energy bills help households manage other cost-of-living pressures and help businesses remain competitive in a global economy. Energy-intensive industrial growth, such as investment in manufacturing, is needed to meet demand for electric vehicles (EVs), batteries and other products. For many communities in northern and remote parts of our province, reliable energy for emergency services and heating is critical.

The context and opportunities for meeting these expectations are evolving. For example, the uptake of smarter and cleaner technologies, such as EVs and smart thermostats, is increasing. Consumers are turning to distributed energy resources (DERs) to take greater control over their energy choices. There is also growing interest in lower-emitting fuels, such as clean hydrogen.

The ongoing modernization of Ontario's energy system is enhancing opportunities for consumers and stakeholders to stay informed and participate in shaping their energy future. These advances will open opportunities for collaboration between regulators, governments, utilities, consumers and other stakeholders. In particular, the views and involvement of Indigenous communities will be critical to advancing reconciliation and making energy infrastructure investments at the necessary pace and scale.

Energy Transition

Ontario's energy transition is building upon substantial progress to date. The province's electricity system is already about 90 per cent non-greenhouse gas emitting, driven by clean generation and energy efficiency improvements. To meet the needs of a growing population and clean economy, demand for electricity will continue to grow, by as much as 75 per cent by 2050 according to forecasts by the Independent Electricity System Operator (IESO). This transition will involve new levels of planning, coordination and clarity of targets and available tools.

Across the sector, the energy transition is changing energy supply, demand and delivery, including through the uptake of more energy-efficient technologies, hybrid heat pumps and DERs. Many of these changes come with improved cost-effectiveness and affordability, better quality of service for consumers and higher levels of reliability.

There are numerous pathways for economy-wide decarbonization, which governments, utilities and other stakeholders must navigate. Ontario's energy sector is already investing in clean energy, including small modular reactors, energy storage and fuels such as hydrogen and renewable natural gas. As investment drivers and risks change, utilities will need to decide how to prioritize and deploy the investments needed to meet energy transition goals.

Public Policy

Government policies steer the direction of the energy sector and the roles of the sector's participants. In 2024, the Ministry released its vision statement, *Ontario's Affordable Energy Future: The Pressing Case for More Power*. It helps align the energy sector, including the OEB, behind Ontario's pro-growth agenda and identifies the need to expedite the development of generation and transmission infrastructure, support consumer choice and conduct coordinated and integrated energy planning. The Ontario government and the federal government both recognize the need to grow the economy and responsibly transition to a cleaner economy without subjecting homeowners to a price on carbon. Other innovative and ambitious solutions are required.

Government policies at all levels also impact energy projects and investments. For instance, Ontario recently secured nearly 3,000 MW of battery storage and launched the largest competitive energy procurement in the province's history. These types of procurement plans have implications for transmission and distribution infrastructure. Moreover, federal government funding programs, such as investment tax credits, could accelerate the deployment of technologies and resources by utilities.

The energy sector's ability to support growth will also have intersectoral impacts, such as facilitating the achievement of economic and trade expansion objectives.

System Modernization

All aspects of the energy system – physical, operational and regulatory – continue to modernize. This system modernization is creating emerging opportunities in electricity and natural gas, including supply- and demand-side opportunities to improve flexibility, integrate artificial intelligence (AI) and deploy other next-generation technologies. Modernization will also help address challenges such as rising electricity demand, aging infrastructure and system resilience to emerging threats.

Data centres, in particular, could bring significant new demand, with the IESO forecasting that data centres could represent 13% of new electricity demand and 4% of total anticipated Ontario demand in 2035. These demands will need planning and coordination to realize the benefits in domestic computing power, job creation, and economic growth.

Energy system modernization is likely to be ambitious and rapid, as participants seek to maximize

the value it can bring. This will involve unlocking new supply, upgrading and expanding infrastructure, using intelligent dynamic system operation and consuming energy in smarter and more efficient ways. Modernization may also involve new business models and operating practices for utilities. For instance, new Distribution System Operator (DSO) functionalities could enable greater DER opportunities for Local Distribution Companies (LDCs) and the consumers they serve.

Efficient modernization will require clear regulatory and policy direction to drive optimized investment decisions. While necessary system modernization investments must be encouraged, they must also be balanced with cost-effectiveness and consumer protection. To this end, new regulatory approaches, requirements and guidelines are being considered worldwide.

Climate and Cyber Resiliency

Many Ontario utilities are adopting best practices for risk assessment and mitigation. Some risks, however, are becoming more likely, severe and challenging to prepare for.

Climate-related natural disasters in recent years, including wildfires, tornados and floods, demonstrate the potential consequences of being underprepared. The Ontario government's 2023 report *Vulnerability Assessment for Ontario's Electricity Distribution Sector* highlights how climate change impacts could lead to accelerated infrastructure degradation, outages and higher insurance costs. Additionally, severe weather events may disproportionately impact vulnerable populations.

The energy system is also a target for cyber attacks. The OEB's *Ontario Cyber Security Framework*, updated in 2023, is being used by many utilities to assess and report on their cyber security capabilities. However, attacks are expected to continue growing in number and sophistication, especially as processes automate and apply AI. Addressing this risk will require proactive and coordinated action.

New technologies and approaches can strengthen the energy sector's resilience against escalating risks and uncertainties. Guidance and monitoring will also be required to balance and prioritize the costs, benefits and timing of risk management investments.

STRATEGIC PRIORITIES & PROJECTS

The OEB is prepared to respond to the challenges and opportunities of its operating environment, using both regulatory tools and independent adjudication to balance the public interest and the interests of regulated entities while aligning with government policy objectives.

The government has established a pro-growth vision for Ontario that takes a comprehensive approach to energy planning, prioritizing affordability, keeping costs down and growing Ontario's economy. The OEB, given its statutory mandate, has much to contribute to this vision.

IMPLEMENTATION PLAN

The OEB has identified four strategic priorities and intended outcomes that will guide and organize activities over the next year. Implementation of our forward work plan on each of these strategic priorities is subdivided into themes, each associated with one or more active or anticipated projects. Estimated timing on these projects is provided in the *Roadmap of Key Projects*.

The following plan assumes the OEB will have sufficient resources to respond to all of these mandated and identified needs. Required employee and financial resources are detailed in the *Investing in the OEB* and *Financial Plan* sections.

1. Meeting Consumer Expectations

Investment in innovation, grid modernization and the incorporation of next-generation technologies and approaches for meeting demand will enable a more responsive, dynamic and reliable electricity grid. This opportunity requires new regulatory guidance to drive investment decisions that consider provincial priorities and balance cost-effectiveness and consumer protection.

The OEB's work on this issue will focus on the development of policies, codes, metrics and guidelines to promote investments and expenditures that efficiently meet energy needs and clarify how benefits and costs should be balanced. The OEB will continue working with the sector to develop distribution capacity information maps, which can enhance the efficiency of expanding electricity service for customers or deploying new facilities such as DERs. The OEB will also review and provide recommendations on delivery costs for emerging technologies and use cases.

Target Outcome

Non-Wires Solutions (NWSs) are enabled and investments are optimized at the distribution level and coordinated into IESO and other planning and grid management activities. The integration of NWSs augments the ability of Ontario's grid to reliably and affordably meet future energy demands while offering consumers greater control, choice and value in their energy use.

1.1 DER and NWS Guidance

In January 2023 the OEB released its *Framework for Energy Innovation: Setting a Path Forward for DER Integration* (“FEI”), laying out policies and next steps regarding the integration of DERs. Since then, the OEB has completed implementation of two key FEI deliverables with the issuance of its *Filing Guidelines for Incentives for Electricity Distributors to Use Third-Party DERs as NWA*s (2023) and *Benefit-Cost Analysis (BCA) Framework for Addressing Electricity System Needs* (2024). The OEB has also amended the Distribution System Code (DSC) to provide greater standardization of connection practices and to enable electricity distributors to offer flexible hosting capacity arrangements on a voluntary basis. The next phase of work will build on previous outputs, adding more specificity and certainty where appropriate and simplifying the connection processes for DERs.

- 1.1(a) - **BCA Phases 1 & 2, Development and Implementation**
- 1.1(b) - **DER Cost Responsibility Review**
- 1.1(c) - **FEI 2.0: NWS Incentives**
- 1.1(d) - **Capacity Mapping**

1.2 Rate Design

The current design of delivery rates was developed before broad deployment of DERs, including EVs and battery storage, was technically and economically feasible. In response to the Minister’s 2022 Letter of Direction, the OEB completed an analysis of the impact of delivery costs on EV charging facilities and explored alternative delivery rate designs to determine how they may support EV adoption. While work continues on rate design related to EVs, the OEB is also planning to consider reforms to rate design for resources providing grid services and other emerging technologies.

- 1.2(a) - **Electric Vehicle Charging (EVC) Rate**
- 1.2(b) - **Delivery Rates for Resources Providing Grid Services**

1.3 Energy Efficiency Programs

In addition to DERs, NWSs also include conservation, efficiency and demand response, which empower consumers to play an active role in balancing supply and demand, thereby helping to lower system costs and reduce emissions. Historically, provincial electricity conservation and demand management activity has been implemented primarily through frameworks established by directives from the Minister, with program activity overseen by the IESO. More recently, an IESO-LDC Working Group has been examining and is expected to report on opportunities for the delivery of electricity conservation and demand-side management (eDSM) programs that target both bulk and local distribution system needs (Stream 2 activities). The OEB will support the programs, where appropriate, to ensure ratepayer interests are protected and distributors have clear guidance and reduced barriers. Additionally, in April 2024, the OEB, in collaboration with the IESO and Enbridge, provided a report back to the Minister on a vision and proposal for operationalizing the delivery of electricity and natural gas efficiency programs through a ‘one-window’ approach. This work will continue in 2025/26. The OEB will adjudicate Enbridge’s 2026-2030 eDSM application, which includes a proposal for a residential program to be delivered in conjunction with the IESO through a one-window approach.

- 1.3(a) - **One-Window Platform**
- 1.3(b) - **Cost-Recovery for Electricity Efficiency**

2. Advancing the Energy Transition

The government’s vision calls for a renewed focus on integrated planning to support Ontario’s energy future. There are many pathways to achieve this goal, each with a different combination of infrastructure development, energy supply and demand patterns and regulation. Decisions will need to be informed by effective planning, timely information and clarity of procedures and roles.

The OEB anticipates working closely with the Ministry in developing an implementation plan when the Minister releases the IEP. Additional work on this issue will include providing information and requirements to streamline the connection of new loads, increase transparency and address planning challenges. The OEB will also consider, support and provide input on opportunities for planning and efficiencies across fuel types.

Target Outcome

Regulatory frameworks and clear responsibilities for energy sector participants guard consumers against risks and promote the actions needed to sustain a robust, well-coordinated energy system that continues to deliver value, reliability and fairness for Ontario’s energy consumers.

2.1 Support for System Planning & Development

The OEB supports energy system planning at many levels. The *Electrification and Energy Transition Panel (EETP) Report* indicated a need to improve coordination between the natural gas and electricity sectors, and that this coordination could be supported by the OEB. Other OEB-related activities, such as the work of the Regional Planning Process Advisory Group, have also identified potential benefits of and options for coordinated planning. The OEB will support the government in developing and implementing the province’s IEP, including ensuring regulated entities conduct and contribute to comprehensive and reliable planning across fuel types. In support of more efficient grid-connections, the OEB will also review transmission connection procedures, timelines and technical and cost responsibility requirements.

- 2.1(a) - **Coordinated Planning**
- 2.1(b) - **Transmission Connections Review**

2.2 Support for Housing Development

The OEB is responding to the government’s priority to build the homes and other infrastructure Ontarians need. In its *Report Back to the Minister on System Expansion for Housing Developments* (June 2024), the OEB recommended several actions to address costs for expansions to electricity distribution systems to connect new housing developments, while maintaining fairness among different customer groups. After receiving the Minister’s endorsement, the OEB is advancing projects to review and amend relevant sections of the DSC, including the development of a capacity allocation model that addresses multi-year, multi-party developments and ensures a fair allocation of costs among different parties.

- 2.2(a) - **DSC Amendments for Housing Expansion**
- 2.2(b) - **Load Connections Review**

2.3 Natural Gas

With natural gas playing an important role in meeting Ontario’s energy needs, particularly in the

near term, the OEB will continue to support prudent and efficient decision-making for natural gas development. In addition to the review of DSM applications and ongoing Evaluation, Measurement & Verification of DSM results, the OEB will focus on advancing integrated resource planning (IRP) to facilitate the identification and development of opportunities to leverage non-pipe alternatives to meet system needs. The OEB will also continue to streamline approvals for priority leave to construct pipeline applications and ensure that any new government policies relating to natural gas are reflected in the OEB's guidance, rules and regulatory activities.

- 2.3(a) – IRP Strategy Development

3. Ensuring Resilience

The OEB requires utilities to meet obligations with respect to price, reliability and quality of service. Meeting these obligations requires the maintenance of reliable and resilient energy systems, which is becoming more challenging in the face of evolving threats and operational risks associated with rapid growth, new business activities, digitization and a changing climate.

The OEB's approach to these issues will continue to focus on developing regulatory frameworks that set expectations for utilities to incorporate emerging risks into planning, adopt best practices and measure and report on performance. These frameworks help utilities develop solutions, and prioritize prudent investments and expenditures, many of which are brought before the OEB for approval.

Target Outcome

An increase in the ability of Ontario's energy system to prudently and cost-effectively identify, manage and mitigate risks to reliability so that it can withstand or quickly recover from adverse events that affect the provision of reliable service.

3.1 Climate Resilience

The OEB is advancing priorities outlined in its report to the Minister entitled *Improving Distribution Sector Resilience, Responsiveness and Cost Efficiency*, June 29, 2023 (the DRRCE Report). These initiatives, which the OEB will complete in 2025, aim to strengthen the sector's capability to anticipate and respond to adverse weather while ensuring distributors continue to deliver value for customers. The Reliability and Power Quality (RPQR) Working Group has been advancing issues leading to new customer communication requirements and restoration of service metrics following high-impact, low-frequency events. In parallel, the Vulnerability Assessment and System Hardening (VASH) project is standardizing methodologies for risk-based vulnerability assessments, value-of-lost-load evaluations and cost-benefit analyses to support electricity distributors in cost effectively strengthening their infrastructure to withstand extreme weather conditions.

- 3.1(a) - Restoration Performance
- 3.1(b) - VASH

3.2 Cyber Security

The OEB has made changes to Reporting and Recordkeeping Requirements (RRR) reporting and amended the DSC and Transmission System Code to require electricity distributors and transmitters to comply with the Ontario Cyber Security Standard. The OEB is now pursuing the next steps in evolving its approach to protecting consumers' information and addressing the wider cyber

security risks in the energy sector. This work will include consideration of the need for additional requirements on utilities and potentially broadening the applicability of cyber security expectations and requirements to other industry participants.

- 3.2(a) - **Expanding Cyber Security**

4. Driving System Modernization

The energy transition is driving new utility investments and expenditures, different market structures and new business models. These changes will require regulatory guidance and the review of utility remuneration to encourage deployment of the right solutions while keeping distribution rates affordable for customers.

To address these changes, the OEB will continue to explore the value and function of new business models, consider changes to the current rate framework and update benchmarks and performance incentives. The OEB will also support participation of Indigenous communities, which have an increasingly important role in investment and partnership models in Ontario’s energy sector.

Target Outcome

Cost-effective integration of smaller scale resources (e.g., DERs, NWSs), and other innovative approaches to providing energy (e.g., DSO), enabled through policy instruments and support of new business models.

4.1 DSO and Alternative Models

The sector continues to explore options for operating the distribution system in a way that may eventually take advantage of markets to secure resources to meet system needs at both local and bulk levels of the system. The OEB’s work on DSOs has been foundational: gaining a deeper understanding of key regulatory considerations regarding the implementation of DSO functionalities. As requested in the Minister’s Letter, the OEB will now lead the work, in coordination with the Ministry and the IESO, to develop and assess market opportunities for DERs and potential utility business models in alignment with the Ministry’s DER Strategy.

- 4.1(a) - **Future Utility Business Models**

4.2 Rate Framework and Incentives

The OEB is considering whether utilities’ remuneration, currently based on traditional capital infrastructure deployment, remains the most cost-effective model to support innovative outcomes that are important for consumers and for advancing the energy transition. Following proposals set out in the 2023 DRRCE Report, the OEB is examining distributors’ spending patterns to identify where changes or incremental incentives are warranted. This will help to advance performance-based rate regulation, as outlined in the September 2024 *Report Back to the Minister on Utility Remuneration*, including the development of performance incentives and consideration of whether traditional rate base rate-of-return regulation requires more fundamental change. This work is informed by the OEB’s generic hearing on the cost of capital (EB-2024-0063), which reviewed the deemed capital structure and return on equity formula, among other matters, to ensure they continued to meet the Fair Return Standard and reflect the risk profile of rate-regulated entities.

- 4.2(a) - **Spending Pattern Analysis**
- 4.2(b) - **Advancing Performance-based Rate Regulation**
- 4.2(c) - **Enhancing Shared Services**

4.3 Benchmarking

Updates to benchmarking methodology and requirements can provide data to help assess sector performance and areas for improvement. The stretch and productivity factors, which were last updated in 2013, together constitute the X-factor, which is the primary formulaic incentive for a utility to seek efficiencies through the incentive rate-setting term. With the data collected over the past decade, there is an opportunity to improve model accuracy for rate setting purposes and performance incentives. Changes to Activity and Program-based Benchmarking (APB) will facilitate more comprehensive analyses, enabling the identification and adoption of best practices that can drive efficiencies throughout the province.

- 4.3(a) - **Total Cost Benchmarking (TCB) – Phase II**
- 4.3(b) - **APB Updates**

4.4 Indigenous Participation

The EETP Report emphasized the need to support meaningful Indigenous participation in the clean energy economy through capacity building, including funding and learning resources. The OEB is committed to facilitating and enhancing Indigenous participation in its adjudicative processes and is pursuing several projects to further these objectives. The OEB is also interested in better understanding and, where practicable, supporting and advocating for Indigenous views that are in the public interest. One of these projects is being undertaken in response to concerns expressed by Indigenous communities and organizations during the OEB's 2024 policy consultation to update its *Environmental Guidelines* for hydrocarbon projects and obtain initial input on opportunities to facilitate Indigenous participation. The OEB is also initiating a new stream for its Innovation Sandbox Challenge, partially funded by Natural Resources Canada. Project proponents will be invited to work with the OEB to test novel, scalable approaches to facilitating Indigenous participation in the energy transition. For example, this could involve expanding access to conservation programs, offering innovative energy management options or increasing economic opportunities through on-site generation or storage.

- 4.4(a) - **Facilitating and Supporting Indigenous Participation**
- 4.4(b) - **Innovation Sandbox Challenge: Empowering Indigenous Innovation and Leadership**

2025/26 ROADMAP OF KEY PROJECTS

| PROJECTS | 2025/26 Q1 | Q2 | Q3 | Q4 | POST 2025/26 |
|----------|------------|----|----|----|--------------|
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1. MEETING CONSUMER EXPECTATIONS

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|--------------------------------------|---|--|--|--|--|
| 1.1 DER AND NWS GUIDANCE | 1.1(a) BCA Phases 1 & 2, Development and Implementation | | | | |
| | 1.1(b) DER Cost Responsibility Review | | | | |
| | 1.1(c) FEI 2.0: NWS Incentives | | | | |
| | 1.1(d) Capacity Mapping | | | | |
| 1.2 RATE DESIGN | 1.2(a) EVC Rate | | | | |
| | 1.2(b) Delivery Rates for Resources Providing Grid Services | | | | |
| 1.3 ENERGY EFFICIENCY PROGRAMS | 1.3(a) One-Window Platform | | | | |
| | 1.3(b) Cost-Recovery for Electricity Efficiency | | | | |

2. ADVANCING THE ENERGY TRANSITION

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|--|---|--|--|--|--|
| 2.1 SUPPORT FOR SYSTEM PLANNING & DEVELOPMENT | 2.1(a) Co-ordinated Planning | | | | |
| | 2.1(b) Transmissions Connections Review | | | | |
| 2.2 SUPPORT FOR HOUSING DEVELOPMENT | 2.2(a) DSC Amendments for Housing Expansion | | | | |
| | 2.2(b) Load Connections Review | | | | |
| 2.3 NATURAL GAS | 2.3(a) IRP Strategy Development | | | | |

3. ENSURING RESILIENCE

| | | | | | |
|---------------------------|---------------------------------|--|--|--|--|
| 3.1 CLIMATE RESILIENCE | 3.1(a) Restoration Performance | | | | |
| | 3.1(b) VASH | | | | |
| 3.2 CYBER SECURITY | 3.2(a) Expanding Cyber Security | | | | |

4. DRIVING SYSTEM MODERNIZATION

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|---|---|--|--|--|--|
| 4.1 DSO AND ALTERNATIVE MODELS | 4.1(a) Future Utility Business Models | | | | |
| 4.2 RATE FRAMEWORK AND INCENTIVES | 4.2(a) Spending Pattern Analysis | | | | |
| | 4.2(b) Advancing Performance-based Rate Regulation | | | | |
| | 4.2(c) Enhancing Shared Services | | | | |
| 4.3 BENCHMARKING | 4.3(a) TCB - Phase II | | | | |
| | 4.3(b) APB Updates | | | | |
| 4.4 INDIGENOUS PARTICIPATION | 4.4(a) Facilitating and Supporting Indigenous Participation | | | | |
| | 4.4(b) Sandbox Challenge: Empowering Indigenous Innovation and Leadership | | | | |

INITIATIVES INVOLVING THIRD PARTIES

The OEB utilizes third parties in three main areas, detailed below. Additionally, the OEB hires consultants as third-party experts to provide subject matter expertise in adjudicative proceedings or in developing regulatory guidance or frameworks. Consultants are sourced through competitive procurements that are compliant with the Ontario Public Service Procurement Directive.

Ontario Electricity Support Program

The Ontario Electricity Support Program (OESP) helps lower electricity bills for eligible households by providing monthly on-bill credits based on household income and size. The program is administered by the OEB through a contractual agreement with ICF, the central service provider responsible for handling application intake and processing. The Ministry provides overall financial and program oversight, while more than 130 intake agencies have partnered with the OEB to ensure the program reaches those who qualify.

In 2024, the OEB collaborated with the Ministry to inform Ontarians about new eligibility thresholds and requirements that were introduced on March 1, 2024. Following this, the OESP received 143,004 applications between March 1 and October 31, 2024, up from 108,804 during the same period in 2023. Additionally, a new OESP application system was introduced, improving the user experience for customers.

IESO

The OEB partners with the IESO to advance initiatives in alignment with our respective roles in the energy sector. For example, since 2021 we have held joint engagement sessions on DER integration efforts and supported projects selected by the Joint Targeted Call for DER Integration. Additionally, the OEB has served as a regulatory partner in the IESO's 2024 Grid Innovation Fund call for proposals.

The OEB Indigenous Scholarship

The OEB has partnered with Indspire, a national charity dedicated to investing in the education of First Nations, Inuit and Métis peoples, to establish and administer the OEB Indigenous Scholarship. With Indspire, we share the belief that access to education and mentorship are essential for increasing the representation of Indigenous Peoples in the energy sector.

Each year, two scholarships of \$7,000 will be awarded to students enrolled in post-secondary education in Ontario who are pursuing studies relevant to careers in the energy sector. The inaugural scholarships were awarded in November 2024.

MEASURING OUTCOMES

Performance measurement is an important tool to support decision-making and provide accountability to stakeholders, helping drive continuous improvement and the allocation of resources to activities that can best advance legislative and strategic objectives.

The OEB's Performance Measurement Framework brings together three measurement mechanisms that aim to provide management and stakeholders with a complete picture of OEB performance:

| STRATEGIC PERFORMANCE MEASURES: | ENTERPRISE SCORECARD: | ADJUDICATIVE REPORTING DASHBOARD: |
|---|---|--|
| A single-scorecard view of how the cumulative array of OEB activities (including some of those on the Enterprise Scorecard and Adjudicative Reporting Dashboard) advances outcomes that provide value to the sector and public. | The OEB regularly tracks progress on project delivery and operational efficiency. As outlined in the Memorandum of Understanding, year-end results are audited externally and published in the Annual Report. | The OEB monitors the timeliness of its adjudicative proceedings on an ongoing basis, using performance standards for all application types. The year-to-date results are reported online twice a year in the Adjudicative Reporting Dashboard. |

The current Strategic Performance Measures Scorecard was updated and presented in the 2024/25 to 2026/27 Business Plan to better articulate the links between OEB activities, OEB outputs and sector or societal outcomes:

- **Activities** are the operational or strategic initiatives in which the OEB invests human and financial resources
- **Outputs** are the services and products that result from OEB activities
- **Outcomes**, which are affected to different degrees by OEB activities and outputs, represent the resulting economic, social or environmental benefits

As we collect new data in the coming years, we will continue to seek input from the sector, consult with experts in performance measurement and adjust indicators to reflect the strategic progress and public benefit of the OEB.

| Select OEB Activities | OEB Output Indicator | Target | Results 2023/24 |
|--|--|--|--|
| <ul style="list-style-type: none"> Adjudication and Supporting Functions | 1. Adjudicative Efficiency [% of decisions with Total Cycle Time within performance standard] | > 85% (Panel) > 95% (Delegated Authority) | 90% 100% |
| <ul style="list-style-type: none"> Review of Adjudicative Policies RRR Review and Update | 2. Red Tape Reduction [% change in OEB Regulatory Compliance Requirements (RCRs) from 2018 baseline] | - 5% (by 2026) | - 4.6% |
| <ul style="list-style-type: none"> Issuance of Rules and Codes Compliance Reviews Inspections | 3. Prudent and Timely Execution of Compliance Program [% completed within 180 days] | 70% | New for 2024/25 Reporting ² |
| <ul style="list-style-type: none"> Public Information Centre (PIC) Engage with Us Social Media and Public Relations | 4. Achievement of PIC metrics [cumulative weighted % deviation from target on seven performance metrics] | > 0% | + 3.5% |
| <ul style="list-style-type: none"> RPQR Working Group | 5. Achievement of RPQR milestones [% complete] | 100% (by end of project) | New for 2024/25 Reporting |
| <ul style="list-style-type: none"> Benchmarking Reviews Advancing Performance-based Regulation | 6. Progress of ‘Initiatives to Update Rate-Setting for Distributors’ [% complete] | 100% (by end of project) | New for 2024/25 Reporting |
| <ul style="list-style-type: none"> Industry Relations Enquiry (IRE) Program DER BCA Development eDSM Support | 7. Responsiveness to IREs [% of standard IREs responded to within 10 days] | > 90% | 96.1% |
| <ul style="list-style-type: none"> Innovation Sandbox | 8. Innovation Sandbox Enquiries [# of enquiries to innovation@oeb.ca responded to] | > 25 | 28 |

| Outcome | Outcome Indicator | | Results 2023 |
|---|--|--------------------------------------|--|
| Predictability in regulatory requirements and timelines drives confidence for businesses and investors. | <i>Indicator to be developed, as the OEB’s role in implementing the Government’s vision becomes clear.</i> | | |
| Regulations that are fit for purpose save time and money for people and businesses of Ontario. | Burden Reduction [% change in Ministry RCRs from 2018 baseline] | | - 11.3% (As of June 30, 2023) ¹ |
| Resolution of priority issues and a culture of compliance result in a better experience for consumers. | Non-compliant Disconnections [% of closed disconnection compliance reviews found to be non-compliant] | | 50% |
| Consumers are informed about their energy bills, available choices and changes that may impact them. | Satisfaction Rating on Post-call Survey [% rating as satisfied] | | 91% |
| Improved consumer awareness and value of reliability investments. | SAIDI ³ | [customer-weighted industry average] | 2.75 |
| | SAIFI ³ | | 1.54 |
| Price reflects efficient and cost-effective service provided by a financially viable industry. | Return on Equity (ROE) Achievement [% of utilities within +/- 3% of deemed ROE] | | 70.4% |
| Utilities and consumers are supported in utilizing a broad range of options for meeting needs. | DER Incentive Use [# of applications] | | New for 2024/25 Reporting |
| | Distribution System Utilization Factor [average demand/peak demand] | | New for 2024/25 Reporting |
| Increase in innovative projects moving to implementation. | Sandbox Challenge Delivery [% of milestones completed] | | New for 2024/25 Reporting |

⁴Most recent Ministry burden reduction does not yet reflect contribution from the OEB.

⁵Indicators proposed in the 2024/25 Business Plan that are new to the scorecard and will be further defined during 2025/26.

⁶SAIDI: System Average Interruption Duration Index; SAIFI: System Average Interruption Frequency Index.

INVESTING IN THE OEB

PEOPLE & CULTURE

At the OEB, our success comes from our people and the culture that we have deliberately created. We continue to believe diversity, equity and inclusion (DEI) is not just an ideal but also our competitive business advantage, a defining characteristic of our culture and an essential organizational strategy.

In 2023/24, we advanced our human capital strategy through People Plan 2.0, which committed to shaping our workforce to meet the moment, providing an environment where people can do their best work and empowering people to succeed. In 2024/25, this led to a re-organization of the People & Culture division, the implementation of a new talent acquisition software, and the creation of a monthly People Leaders Forum, among other achievements. In 2025/26, the OEB will continue to support our people through the implementation of People Plan 2.0.

A Workforce to Meet the Moment

Demands on the OEB continue to grow. The energy sector is undergoing a rapid transition to meet evolving consumer expectations and address emerging opportunities and risks. As the Government's vision makes clear, Ontario's energy policy will determine the success of our province, today and for the next generation. With affordability, reliability and coordinated planning at the core of this vision, the OEB has a critical role in implementing this vision.

To meet this moment and prepare for the future, the OEB needs to expand its workforce by 32 new full-time staff in 2025/26. These additional resources will enable the OEB to deliver on its mandate, which, when coupled with the Minister's Letter, requires taking on additional deliverables at a time when the organization is at full capacity with existing commitments and adjudicative work.

Resources will be applied across the organization to meet the highest priority needs at any point in time, balancing adjudicative support and policy development, and matrixing resources depending on expertise, topic and timeline. Although many priorities will require cross-functional contribution, and may evolve as implementation progresses, the current resource gap assessment aligns to strategic priorities (see *Strategic Priorities & Projects* section), technology transformation, adjudicative and regulatory excellence and sustaining resources.

| | |
|---|---|
| 1. Meeting Consumer Expectations + 5 FTE | <p>Enabling DERs and other innovations that benefit consumers, facilitate government policy priorities and balance cost-effectiveness and consumer protection.</p> <ul style="list-style-type: none"> • Providing incentives to implement NWSs • Publishing capacity maps for distribution and transmission systems • Reducing barriers for new energy efficiency programs |
| 2. Advancing the Energy Transition + 6 FTE | <p>Planning for growth to accelerate Ontario's energy future, by ensuring coordination, streamlining connections and considering all fuel types</p> <ul style="list-style-type: none"> • Ensuring regulated entities contribute to planning across fuel types • Considering how the beneficiary pays principle can be best applied • Streamlining approvals for priority pipeline projects |
| 3. Ensuring Resilience + 2 FTE | <p>Developing and enforcing regulatory frameworks for utilities to incorporate emerging risks into planning, adopt best practices and report on performance</p> <ul style="list-style-type: none"> • Implementing the OEB's resilience recommendations • Enforcing and expanding the cyber security strategy for the sector |
| 4. Driving System Modernization + 6 FTE | <p>Ensuring cost-effective integration of innovative approaches to providing energy, including new business models and inclusive participation</p> <ul style="list-style-type: none"> • Leading work to develop local market opportunities for DERs (e.g., DSO) • Advancing performance-based rate regulation for electricity distributors • Enhancing and supporting Indigenous community participation |
| Technology Transformation + 4 FTE | <p>As the OEB builds both internal and stakeholder-facing systems that keep pace with the latest technology and cyber security (e.g., Business Operations Optimization and Systems Transformation (BOOST) and other AI platforms), staff are needed to support the development and implementation of changes.</p> |
| Adjudicative & Regulatory Excellence + 3 FTE | <p>As the OEB continues to find efficiencies and streamline independent adjudicative processes, the complexity of applications (e.g., fuel switching, innovation) and number of inquiries (e.g., Industry Relations Enquiries) is increasing. Staff are needed to continue delivering on performance targets and accelerate application and approvals for Ontario's energy transition.</p> |
| Sustaining Resources + 6 FTE | <p>The expansion of the OEB's operational requirements, strategic priorities and workforce necessitates significant legal, public affairs, finance and human resources support, which have not kept pace with recent growth across the organization.</p> |

Salary and Benefits impacts of this plan are provided below in the *Financial Plan*.

Our resource plan also addresses misalignment of bargaining and non-bargaining positions, through (1) an increase in leadership capacity to improve risk management and strategic thinking throughout the organization and address overbroad spans of control; (2) Non-bargaining staff to work on confidential and sensitive matters related to legal, finance, IT, public affairs and human resource matters.

Distribution of Staff by Type

| | 2024/25 | 2025/26 |
|---|---------|---------|
| Permanent Management Non-unionized | 41 | 52 |
| Permanent Non-Management Non-unionized⁴ | 24 | 34 |
| Permanent Unionized⁵ | 163 | 174 |
| Permanent Part-time & Temporary | 0 | 0 |
| Total Permanent | 228 | 260 |
| Contract⁶ | 12 | 19 |
| Consultants | 54 | 61 |
| Commissioners⁷ | 10 | 10 |

⁴Non-management, non-unionized employees are required for confidential and sensitive functions in IT, finance, legal, human resources, public affairs, risk management and governance.

⁵The Society of United Professionals, IFPTE Local 160, is the bargaining agent representing unionized employees.

⁶Contract employees are required for overfill work, short-term projects (e.g., records digitization, business process mapping, collective bargaining) and backfill coverage for parental and sick leaves.

⁷Commissioners (Including the Chief Commissioner) are not included in the OEB's permanent headcount.

The OEB also uses co-op and summer student placements. Students are not included in the OEB's Full-time Equivalent (FTE) count.

Our compensation philosophy aligns with organizations in Ontario and Canada, targeting base salary (the job rate) and total cash compensation for fully competent performers at the market's 50th percentile. This approach balances fiscal responsibility with the need to attract and retain talent relative to the industries the OEB competes with for talent. However, salary compression at management levels and the freeze on executive compensation create issues for hiring and retention. The OEB will also enter bargaining with the Society of United Professionals in 2025.

An Organization for the Future

Early in 2025/26, we began reviewing our organizational design to structure units for agility and scalability. This will enable strategic resources to adapt to fluctuating workloads and evolving regulatory priorities, while developing talent and capabilities. Aside from certain critical gaps, it is planned for this staged organizational design work to pace the phased recruitment of new staff detailed above.

The advancement of our capabilities, our culture and our resource management toolset are especially important as we onboard additional staff. Following People Plan 2.0 in 2025/26, we will launch a new leadership competency model, implement a position management solution and conduct a current

state analysis for core business applications supporting the People & Culture and Finance functions. We are building an organization that can enable government policy and be the regulator Ontario needs during the energy transition.

| | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---|---------|---------|---------|---------|---------|---------|
| FTEs | 192 | 203 | 203 | 228 | 228 | 270 |
| Additional FTEs approved in Business Plan | | 11 | | 25 | | 32 |
| Actual FTEs hired at end of fiscal year* | | 8 | 3 | 24 | 1 | |

*Differences in the number of FTEs hired from the number approved in the Business Plan are due to a tight labour market, lack of technical skills and internal employee promotions that created additional job vacancies.

INFORMATION TECHNOLOGY

The OEB's IT Strategy for 2024-2027 sets out a roadmap for IT solutions and capability improvements. This work is needed for the organization to further advance its Digital First commitment and data sharing while mitigating key enterprise technological risks, such as cyber security. Work to deliver against the strategy will continue in 2025/26 and beyond.

BOOST Program

The OEB's current information management system was first adopted in 2007 and is now in need of replacement with a system that can better support the OEB. The BOOST program is a multi-year initiative designed to update the OEB's information management system and implement new AI-driven tools associated with both adjudicative and non-adjudicative functions. Phase 1 of BOOST was implemented in 2024/25, delivering iSearch, an AI-based search tool for both internal and external users to improve efficiency and effectiveness in searching for OEB documents and information. Phase 2, the Microsoft-based *Platform Integration Project*, entails the replacement of the OEB's core business application, and will be delivered over the coming two years, as follows:

Adjudicative Processes

(2024/25 Q3 to 2026/27 Q1)

1. [2025/26 Q3 to 2025/26 Q4]
Discovery and Planning
2. [2026/27 Q1 to 2026/27 Q2]
Design and Architecture
3. [2026/27 Q3 to 2026/27 Q4]
Development and Testing
4. [2027/28 Q1]
Deployment and Go-live

Non-Adjudicative Processes

(2026/27 Q2 to 2028/29 Q3)

The OEB expects the project for non-adjudicative processes to commence midway through fiscal year 2026/27 with go-live approximately two years after that.

Responsible Use of AI

The OEB has developed an AI Policy to harness the innovative benefits of AI technologies while mitigating potential risks and ensuring compliance with legal and ethical standards. The policy is aligned with guidance and directives set out by the Government of Ontario and trusted subject matter experts such as research and consulting firm Gartner. The policy provides guidance to OEB staff on acceptable uses of AI and prohibited use cases.

Advance Cyber Security and Governance

The OEB will continue to proactively assess and evolve the organization's cyber security posture and related IT governance infrastructure to keep ahead of emerging threats. This includes (a) regularly refining and optimizing technical protections and threat responses, (b) ongoing research to stay informed about the evolving external landscape and (c) the development of policies, standards, guidelines and training so that all staff are aware of cyber security risks and their role in avoiding and responding to them.

Capital Project Spending by Category (in \$000's)

With more resources available as services, the OEB's IT capital budget is expected to be stable in the coming period with some spending moving to the IT operating budget.

| Category | 2025/26 | 2026/27 | 2027/28 |
|--------------------|------------|------------|------------|
| Business Systems | 200 | 220 | 200 |
| End-User Computing | 184 | 144 | 131 |
| Infrastructure | 90 | 100 | 120 |
| Total | 474 | 464 | 451 |

CATEGORY DEFINITIONS

Business Systems – Initiatives related to the upgrading or replacement of technology systems that are used by the OEB and/or by external stakeholders (such as regulated entities and consumers). These systems include our websites, e-Services for regulatory filings, financial systems, human resources systems as well as our core back-office systems, which we use to manage our regulatory records and processes.

End-User Computing – Initiatives related to the upgrading or replacement of end-user hardware, such as laptops, desktops, printers, phones and internal-only applications like Microsoft Office, Adobe and Pivotal.

Infrastructure – Initiatives related to the upgrading or replacement of the underlying technology that supports the OEB's business systems. This includes servers, networks, cabling, telecom equipment, server room equipment, storage, databases, server operating systems, hearing room technology and technology management systems.

ADJUDICATIVE EXCELLENCE

Adjudication is critical to the OEB's mission to support Ontario's growing economy and improve the quality of life of Ontarians by ensuring reliable and affordable energy. We measure the effectiveness and efficiency of these processes through our Adjudicative Reporting Dashboard, published twice annually.

As the OEB continues to find efficiencies and streamline independent adjudicative processes, the complexity of applications is increasing. The OEB is expecting over 60 major applications in 2025/26 including:

- Ontario Power Generation's Custom Incentive Rate-setting
- Enbridge Gas's DSM Framework
- Alectra Utilities' first cost-based application post consolidation
- Elexicon Utilities' first cost-based application post consolidation

10-Point Action Plan

In September 2024, the OEB provided a report to the Minister on *Intervenors and Regulatory Efficiency* that outlined a 10-point action plan (Action Plan) to help ensure that intervenor participation benefits are maximized. Both the Plan and Report are aligned with the Minister's Letter, which emphasizes regulatory efficiency to enable growth as a priority for the OEB.

Specifically, the Action Plan aims to enhance adjudicative excellence, lower costs for consumers and reduce regulatory burden. The OEB has already made progress on a number of these items and will continue implementation through 2025/26.

1. Limiting the scope and number of intervenors in priority facility projects
2. Establishing budgets for intervenors participating in certain applications
3. Categorizing intervenors by interests and developing approaches for increasing collaboration
4. Exploring options to minimize duplication in interrogatories
5. Providing alternate approaches to engage individual customers outside of often technical and complex adjudicative proceedings
6. Enhancing reporting, tracking and analysis of utility costs
7. Enhancing annual reporting
8. Continuing to actively adjudicate regulatory proceedings
9. Continuing savings, efficiencies and reduced regulatory burden for small utilities
10. Maintaining predictable costs

ENTERPRISE RISK MANAGEMENT

The OEB continues to mature its approach to Enterprise Risk Management (ERM), aligned with leading practices and the government's Enterprise Risk Management Directive. In fiscal year 2024/25, we updated our ERM Framework to enhance risk assessment criteria, address operational risks and develop a risk universe that reflects the current risk environment. We also conducted a maturity assessment of our ERM Program, which facilitates the identification, assessment, prioritization, response, reporting, monitoring and escalation of top residual risks to inform management decisions. These results will serve as key inputs for the OEB's future internal audit plans, providing a roadmap to further advance the ERM maturity.

OEB ENTERPRISE RISKS

The ERM program identifies key operational risks that the OEB faces as an economic regulator. For each risk, it assesses the likelihood, consequence, speed of impact, risk trend and controllability. Additionally, it outlines risk responses, including mitigation activities, improvements and changes and identifies internal and external factors that impact the risk.

- **Cyber security:** The inability to protect from loss, misuse or unauthorized access to sensitive data and information stored on the OEB's systems and/or those of its partners, vendors and third parties.
- **Recruitment, Development and Retention of Talent:** The inability to attract, deploy, develop and retain key talent to ensure the right mix of knowledge, skills and capabilities exist in alignment with the OEB's desired culture. This is particularly important given retirements and departures of key employees.
- **Labour Relations:** The inability to develop collective agreements and build effective relationships with bargaining units to minimize labour disruptions.
- **Performance and Compensation:** The inability to effectively monitor, manage and evaluate employee performance and offer fair and equal compensation that reflects the performance of employees.
- **AI:** The adoption of AI at the OEB may yield negative consequences for the organization, stemming from its emergent nature and lack of historical data to evaluate as adoption opportunities are considered.
- **IT Infrastructure and Capabilities:** The inability to support operations with adequate technology capabilities and infrastructure (e.g., hardware, software, networks and processes) that meet current and future needs. This includes leveraging new specialized technology (e.g., BOOST program, AI), providing training to optimize use and having dedicated and specialized resources to support technologies and systems.
- **DEI and Belonging:** The inability to build and maintain a diverse and inclusive workplace to provide equal opportunities and advocacy for diversity and inclusion internally and externally (e.g., social justice issues).
- **Resource Planning, Allocation and Utilization:** The inability to effectively plan, allocate and utilize management and staff resources to carry out OEB's day-to-day operations effectively and efficiently.
- **Strategic Agility:** The inability to appropriately respond to changes in the external business environment with agility to execute the OEB's Strategic and Business Plans.

The risk ratings below were created in conjunction with the OEB's internal auditor, Deloitte, and summarize management's views of the OEB's top nine risks. Risk trends are generally increasing due to the growing volume and complexity of expectations on the OEB, rapid changes in the external environment and limited controllability.

| Risk | Residual Likelihood ⁸ | Residual Consequence ⁹ | Residual Risk Score | Residual Risk Trend ¹⁰ |
|---|----------------------------------|-----------------------------------|---------------------|-----------------------------------|
| Cyber security | Medium-High | Medium-High | Medium-High | Increasing |
| Recruitment, Development and Retention of Talent | Medium-High | Medium-High | Medium-High | Increasing |
| Labour Relations | Medium-High | Medium-High | Medium-High | Increasing |
| Performance and Compensation | Medium-High | Medium-High | Medium-High | Increasing |
| AI | Medium-High | Medium-High | Medium-High | Increasing |
| IT Infrastructure and Capabilities | Medium | Medium | Medium | Increasing |
| DEI and Belonging | Medium | Medium | Medium | Increasing |
| Resource Planning, Allocation and Utilization | Medium | Medium | Medium | Stable |
| Strategic Agility | Medium | Medium | Medium | Stable |

⁸ Likelihood is the probability of the risk event occurring. The measures for each have been established by management. Considerations that may have a bearing on the level of likelihood are the number, frequency or nature of the event over a period of time. The likelihood score will typically increase when the frequency is higher, there is more complexity or the event is likely to occur sooner.

⁹ Consequence is the impact of the risk occurring. The measures for each score and range of outcomes have been established by management. Quantitative and qualitative measures have been used to define various impact scores. When assessing impact, the rating for the highest consequence is applied.

¹⁰ Trend is relative to the previous biannual Risk Register update, conducted August 2024.

The OEB has made progress in responding to these risks by developing tailored risk management strategies aimed at reducing either the likelihood or consequences of the risks. Management will continue to refine its thinking about these risks, as well as ERM more holistically, in the coming Business Plan periods.

REALTY

The 2022 Ontario Budget introduced the Community Jobs Initiative, stimulating economic growth by spreading out provincial agency jobs in communities across Ontario. Additionally, the government launched an Office Optimization Strategy to enhance space planning and maximize the value of real estate assets province wide.

As a public sector agency, the OEB is impacted by these strategies. Given the location of many of the OEB's key adjudicative and regulatory participants, the OEB has submitted a business case to the Ministry of Infrastructure requesting approval to remain in Toronto. The OEB has secured a short-term lease extension at 2300 Yonge Street, Toronto, until December 31, 2026.

The OEB is committed to aligning with the government's Realty Directive and Mandatory Office Space Standards, which are expected to generate long-term savings. However, future lease expenditures and capital cost of leasehold improvements cannot be estimated until realty decisions are finalized and approved. Accordingly, no acquisitions, leasehold additions, moving costs or renovations are assumed in this Plan.

FINANCIAL PLAN

This financial plan includes the resources required by the OEB to deliver on its mandate. The OEB organizes its finances around the sections of the OEB Act that authorize the OEB to collect money.

New Accounting Standard PS 3400 – Revenue Recognition

On April 1, 2023, in conjunction with advice from the Office of the Auditor General of Ontario, the OEB adopted the Public Sector Accounting Standards Board standard PS 3400. This standard differentiates between revenue arising from transactions that include performance obligations (“exchange transactions”) and those that do not (“non-exchange transactions”).

The implementation of PS 3400 has introduced several changes to the OEB’s accounting standards and financial statements:

- Amortization of deferred revenue related to capital assets is no longer presented as revenue.
- Costs associated with the BOOST Program have been reclassified from capital to operating expenditure due to its nature as Software as a Service (SaaS).
- Revenues related to section 30 of the OEB Act can only be recognized once a Decision and Order on Cost Awards is issued, creating a timing difference between the recognition of revenues and expenses on OEB’s financial statements.

The fiscal year 2024/25 budget has been updated to reflect the implementation of PS 3400, and the OEB’s approach to IT investments. Like other government agencies, the OEB continues to work through the implications of this change.

SECTION 26 FINANCIAL PLAN

Section 26 of the OEB Act allows the OEB to make assessments with respect to its expenses incurred and expenditures in the exercise of any powers or duties under this or any other Act. These costs represent the ongoing operating costs of the OEB.

The section 26 budget reflects efficiencies found through the recently completed review and mapping of the OEB’s key processes. The OEB will continue to search for new efficiencies through technology transformation initiatives, organizational design and optimization of the existing workspace and hybrid work model to accommodate new FTEs.

The table below represents OEB’s Board-approved budget for 2025/26 and a year-over-year budget comparison to the prior year.

| <i>Unit in thousand dollars (\$000's)</i> | 2024/25 Forecast | 2024/25 Budget | 2025/26 Budget | Year-over- Year Budget Change |
|---|-----------------------------|---------------------------|---------------------------|--|
| Revenues: | | | | |
| General cost recovery | 57,146 | 56,582 | 69,674 | 13,092 |
| Licence fees | 416 | 430 | 435 | 5 |
| Interest income | 476 | 447 | 359 | -88 |
| Miscellaneous income | 131 | 234 | 254 | 20 |
| Total Revenues | 58,169 | 57,693 | 70,722 | 13,029 |
| Expenses: | | | | |
| Salaries and benefits | 42,617 | 42,428 | 50,415 | 7,987 |
| Consulting and professional | 5,129 | 5,139 | 8,605 | 3,466 |
| Meetings, training and travel | 840 | 868 | 1,137 | 269 |
| Publications, media and advertising | 871 | 784 | 907 | 123 |
| Premises | 4,292 | 4,246 | 4,281 | 35 |
| Information Technology | 1,895 | 1,608 | 2,754 | 1,146 |
| Office and administration | 927 | 979 | 1,106 | 127 |
| Amortization | 1,598 | 1,641 | 1,517 | -124 |
| Total Expenses | 58,169 | 57,693 | 70,722 | 13,029 |
| Capital Expenditures: | | | | |
| Leasehold improvements | 0 | 30 | 75 | 45 |
| Office furniture and equipment | 47 | 30 | 78 | 48 |
| Computer software | 611 | 847 | 274 | -573 |
| Computer equipment | 121 | 260 | 200 | -60 |
| Audio Visual | 75 | 50 | 0 | -50 |
| Total Capital Expenditures | 854 | 1,217 | 627 | -590 |
| Net Assessment before Operating Reserve | 58,000 | 57,799 | 70,301 | 12,502 |
| Operating Reserve adjustment | 0 | 0 | 0 | 0 |
| Total Assessment | 58,000 | 57,799 | 70,301 | 12,502 |

Fiscal Year 2024/25 Forecast

The section 26 cost forecast for 2024/25, as of November 30, 2024, is expected to be on budget with a total assessment of \$58 million (M).

Fiscal Year 2025/26 Board-approved Budget

To maintain and enhance our capacity to deliver on both ongoing and new initiatives, the OEB proposes a \$70.3M budget for 2025/26. This is an increase in costs of \$12.5M, which is due to the increased volume and complexity of work.

The salaries and benefits budget of \$50.4M increased by \$8.0M, which is a result of:

- **FTE employee increases of \$4.15M:** As described in the *People & Culture* section of this Plan, the OEB anticipates adding 32 new staff to our workforce by the end of 2025/26. The workforce additions are required to complete new expectations, sustain essential services experiencing increasing strain and modernize business systems. The OEB plans to hire throughout the fiscal year and the budget reflects staggered start dates. We anticipate future annual costs associated with these additional FTEs will be \$6.2 million.
- **Yearly salary cost escalations of \$1.8M:** Largely reflecting inflationary pressures, this includes projected collective agreement escalations of \$1.1M, non-union escalations of \$0.5M and compression increases of \$0.2M.
- **Contract staff increase of \$1.2M:** Short-term contract staff are needed to backfill for subject matter experts seconded to BOOST as the program moves to implementation. Costs are also associated with increased staff leaves.
- **Other increases of \$0.84M:** Inflationary increases to benefits and minor overtime increases proportional to staffing as we add talent.

The consulting and professional budget of \$8.6M includes costs such as internal audit, external legal services, technical support, policy initiatives, recruitment, human resources and collective agreement support, public affairs and finance support. The consulting and professional budget includes increases of \$3.5M, which are attributed to:

- **Digital Transformation re-profiling of \$0.63M from 2024/25:** We are releasing \$2.48M in consulting implementation costs for fiscal year 2025/26 of the total \$5.75M for the three-year budget for BOOST.
- **IT consulting increases of \$0.95M:** Planned IT initiatives include cyber security testing, implementing a position management solution, enhancing data analytics and reporting, Microsoft Copilot adoption and assessing finance and human resource systems that are scheduled to be discontinued.
- **Professional services increase of \$1.9M:** To cover costs associated with recruitment, collective bargaining, external legal services and sector cyber security assessments and inspection assistance.

The meetings, training and travel budget of \$1.1M includes increases of \$0.27M, attributed to new hires, new training and a mentorship program. Premises costs are stable, with lower negotiated base rent cost through the extension period of the OEB’s lease.

As a self-financing entity, the OEB maintains a Board of Directors-approved operating reserve. The primary objective of this reserve is to fund the OEB’s operations in the event of revenue shortfalls or unanticipated expenditures. It is used for cash flow management and to support working capital requirements. The operating balance is currently \$3.65M, and interest earned from this reserve is included within Section 26 table above, under “interest income.”

As required, the following table presents the OEB’s three-year budget forecast. These preliminary estimates will be updated in future Business Plans.

| <i>Unit in thousand dollars (\$000's)</i> | 2025/26 Budget | 2026/27 Forecast | 2027/28 Forecast |
|---|---------------------------|-----------------------------|-----------------------------|
| Revenues: | | | |
| General cost recovery | 69,674 | 74,028 | 75,971 |
| Licence fees | 435 | 444 | 453 |
| Interest income | 359 | 366 | 373 |
| Miscellaneous income | 254 | 259 | 264 |
| Total Revenues | 70,722 | 75,097 | 77,061 |
| Expenses: | | | |
| Salaries and benefits | 50,415 | 54,885 | 56,460 |
| Consulting and professional | 8,605 | 8,303 | 8,484 |
| Meetings, training and travel | 1,137 | 1,270 | 1,306 |
| Publications, media and advertising | 907 | 925 | 944 |
| Premises | 4,281 | 4,367 | 4,454 |
| Information Technology | 2,754 | 2,896 | 3,200 |
| Office and administration | 1,106 | 1,128 | 1,149 |
| Amortization | 1,517 | 1,323 | 1,064 |
| Total Expenses | 70,722 | 75,097 | 77,061 |
| Capital Expenditures: | | | |
| Leasehold improvements | 75 | 77 | 78 |
| Office furniture and equipment | 78 | 73 | 67 |
| Computer software | 274 | 260 | 243 |
| Computer equipment | 200 | 204 | 208 |
| Audio Visual | 0 | 0 | 0 |
| Total Capital Expenditures | 627 | 614 | 596 |
| Net Assessment before Operating Reserve | 70,301 | 74,642 | 76,567 |
| Operating Reserve adjustment | 0 | 0 | 0 |
| Total Assessment | 70,301 | 74,642 | 76,567 |

SECTION 30 FINANCIAL PLAN

The OEB Act allows the OEB to make an order under section 30 for costs incurred for specific proceedings and consultations. These costs are recovered through cost award decisions made by panels of Commissioners or delegated decision-makers on the direct costs associated with those proceedings and processes. Direct costs include items like court reporting, expert witnesses for hearings or expert consultants for consultations.

| <i>Unit in thousand dollars (\$000's)</i> | 2024/25 Forecast | 2024/25 Budget | 2025/26 Budget | 2026/27 Forecast | 2027/28 Forecast |
|---|-----------------------------|---------------------------|---------------------------|-----------------------------|-----------------------------|
| Regulatory Process Cost Revenue | 6,300 | 5,700 | 6,788 | 6,618 | 6,750 |
| Regulatory Process Cost Expense | 6,300 | 5,700 | 6,788 | 6,618 | 6,750 |

The OEB is forecasting a total assessment of \$6.3M in 2024/25 compared to the 2024/25 budget of \$5.7M, which is an estimated overspend of \$0.6M or 10.5%.

The OEB’s section 30 budget tends to fluctuate and actuals may differ from forecasts because this plan must be reconciled with proceedings, notice and comment processes and consultations that may be difficult to predict in the budget planning period. Section 30 costs are only assessed when the costs are actually incurred.

SECTION 79.2 FINANCIAL PLAN

The OEB administers the OESP, which provides fixed credits (determined by a sliding scale) to all eligible lower-income customers of electricity distributors and USMPs. Section 79.2 costs are regulatory process costs related to the administration of the OESP and, together with Ontario Regulation 14/18 made under the OEB Act, enables the OEB to recover its OESP administration costs from the IESO.

The OEB has contracted with ICF to deliver the OESP, including hosting, operation and maintenance of the OESP system. The initial term of the agreement is for five years, expiring in April 2028, and renewable at the option of the OEB for an additional three years. Section 79.2 budget is based on the contract with ICF Canada:

| <i>Unit in thousand dollars (\$000's)</i> | 2024/25 Forecast | 2024/25 Budget | 2025/26 Budget | 2026/27 Forecast | 2027/28 Forecast |
|---|-----------------------------|---------------------------|---------------------------|-----------------------------|-----------------------------|
| OESP Regulatory Process Cost Revenue | 9,805 | 7,300 | 7,500 | 7,700 | 7,900 |
| OESP Regulatory Process Cost Expense | 9,805 | 7,300 | 7,500 | 7,700 | 7,900 |

The 2024/25 cost forecast of \$9.8M compared to the budget of \$7.3M includes:

- A timing-related overspend of \$1.3M related to the accounting between fiscal years. The offset of costs was realized in fiscal year 2023/24, but the development costs were incurred in fiscal year 2024/25.
- Additional costs of \$0.47M related to IT technical, procurement and project management expertise were required for the Design/Build Phase.
- Media Campaign costs \$0.73M to increase program awareness.

SECTION 112.5 FINANCIAL PLAN

The OEB has an internally restricted fund that includes revenue from administrative penalties paid by individual regulated entities under section 112.5 of the OEB Act. All revenue from administrative penalties, plus any related interest revenue, may only be used for activities in the public interest (i.e., activities including but not limited to providing consumers with information and education as well as facilitating innovation). The OEB has provided \$2.1M from this fund over the past two years to support innovation, scholarships and other projects. The current administrative fund is forecasted to have a remaining balance of \$0.5M going into 2025/26. The Board has approved this remaining balance to be allocated to projects related to Indigenous engagement and support.

COMMUNICATIONS PLAN

The OEB is committed to transparency and accountability in executing this Plan. As part of that commitment, this Plan will be posted on our website within 30 days of receiving approval from the Minister.

Throughout the year, we will provide the public with updates on the initiatives contained in this Plan through our website (oeb.ca), social media (LinkedIn and X) and Engage with Us (engagewithus.oeb.ca). Additionally, we will deliver quarterly updates to the Minister, regular operational updates to the Ministry and written letters to the sector twice a year from the Chief Executive Officer and Chief Commissioner.

Engagement is integral to the OEB's ability to fulfil its mandate, gain valuable insights and deliver sound decisions. The OEB engages with stakeholders to build mutually beneficial, enduring relationships and ensure broad-based participation that reflects the diversity of Ontario and its energy sector. Our stakeholders and intervenors make significant contributions through ongoing adjudicative and policy consultation processes, as well as established advisory committees and annual events, including:

- **Adjudication Modernization Committee:** A committee established in 2021 to provide advice and input on matters relating to the OEB's adjudicative function and continuous improvement efforts.
- **Consumer Panel:** 2,000 residential and 200 small business consumers who are engaged in quantitative and qualitative engagements so the OEB can gain deeper insight into priorities and perspectives.
- **Policy Day:** An annual opportunity for the OEB to provide a progress report to the sector and for stakeholders to offer input into the OEB's strategic priorities and forward work plan.
- **Ontario Pipeline Coordinating Committee:** A permanent committee of provincial ministries and agencies that meet regularly to coordinate the review of natural gas projects in Ontario that require OEB approval.
- **Consultation with Indigenous Peoples:** We are committed to ensuring that Indigenous Peoples have an opportunity to bring their concerns forward and to participate in our processes. Our goal is to listen to the views and concerns of affected Indigenous Peoples and, when required, to ensure the duty to consult is met and accommodation is provided.

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