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BY E-MAIL AND WEB POSTING

March 15, 2019

To: All Participants in EB-2018-0287 and EB-2018-0288
All Licensed Electricity Distributors, Natural Gas Distributors and Electricity Transmitters
All Other Interested Stakeholders

**Re: Utility Remuneration and Responding to Distributed Energy Resources Consultation Initiation and Notice of Cost Awards Process
Board File Numbers: EB-2018-0287 and EB-2018-0288**

In 2017, the Ontario Energy Board (OEB) issued its *Strategic Blueprint: Keeping Pace with an Evolving Energy Sector* (Strategic Blueprint) which set out its commitment to modernize its approach to regulation in order to keep pace with an evolving energy sector. The Strategic Blueprint reflects the OEB's recognition of significant changes underway and sets out four 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

Last year, the OEB established the Advisory Committee on Innovation (Advisory Committee) to help determine whether and how to adapt its regulatory framework to meet those goals. In November 2018, the Advisory Committee delivered its report to the Chair outlining its recommendations.

In January 2019, the OEB held a Stakeholder Forum to receive feedback on how it should proceed with initiatives to support the evolution of the sector. Written comments from 25 parties provided further input on priority issues, guiding principles, and the need to coordinate with related initiatives underway.

In response to many of the Advisory Committee's recommendations and input from stakeholders, the OEB is initiating two integrated consultation processes: Utility Remuneration and Responding to Distributed Energy Resources (DERs) to support the evolution of the sector.

Both initiatives are intended to:

- Facilitate lower costs, better service and more choice for customers by encouraging utilities and other service providers to embrace innovation in their operations and the products they offer to consumers
- Secure the benefits of sector transformation and mitigate any adverse consequences

The OEB will proceed with these two initiatives through a coordinated consultative process that will take advantage of opportunities to combine stakeholder participation activities, and integrate OEB-issued materials as and when appropriate.

The OEB's Approach

This letter sets out how interested stakeholders may participate in either or both initiatives, including matters in relation to cost awards.

As a first step, OEB staff will issue a scoping paper covering both initiatives that sets out staff's proposed list of issues to be considered. Stakeholders will have an opportunity to provide input on the issues at a stakeholder conference and through written comments. The OEB will then confirm the scope of issues for consultation in light of comments received from interested parties. Stakeholder input will ensure the appropriate issues and questions have been identified before commencing an examination of policy options. Further details about the timing of the stakeholder event will be provided once the scoping paper has been issued, which will be soon.

Invitation to Participate and Cost Awards

The OEB encourages participation in this consultation process by all interested parties. Those interested in participating should indicate their intent by filing a letter with the OEB by **March 25, 2019** in accordance with the filing instructions set out in Attachment A. Parties must identify which initiative(s) they intend to participate in by referencing the applicable OEB file number(s). The letter should also include a statement as to whether the participant is requesting cost eligibility. All requests for cost eligibility should comply with the requirements referred to under "Cost Awards" below.

Cost awards will be available under section 30 of the *Ontario Energy Board Act, 1998* to eligible participants for their participation in either one or both of the initiatives. Costs awarded for integrated consultation activities (e.g., stakeholder conferences addressing both initiatives) will be recovered as follows:

- 80% from all rate-regulated licensed electricity distributors
- 20% from all rate-regulated licensed transmitters

Costs awarded for activities specific to each initiative will be recovered as follows:

Utility Remuneration (EB-2018-0287)

- 70% from all rate-regulated licensed electricity distributors
- 30% from all rate-regulated licensed transmitters

Responding to DERs (EB-2018-0288)

- 90% from all rate-regulated licensed electricity distributors
- 10% from all rate-regulated licensed transmitters

Costs will be apportioned based on the cost assessment model.

Information about how to request eligibility for cost awards is included in Attachment B to this letter.

Any questions relating to Utility Remuneration (EB-2018-0287) should be directed to Lenore Robson at Lenore.Robson@oeb.ca or at 416-440-8141.

Questions related to Responding to DERs (EB-2018-0288) should be directed to Rachel Anderson at Rachel.Anderson@oeb.ca or at 416-544-5150.

The OEB's toll-free number is 1-877-632-2727.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary

Attachment A: Cost Award Eligibility

Attachment A: Filing Instructions

Parties must submit electronic copies of filings in searchable/unrestricted Adobe Acrobat (PDF) format through the OEB's web portal at www.pes.ontarioenergyboard.ca/eservice. Parties will need a user ID to make filings through the OEB's web portal. If a party does not have a user ID, visit the "e-filings services" webpage on the OEB's website at www.oeb.ca and fill out a user ID password request.

Parties must use the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the e-filing services webpage. If the OEB's web portal is not available, electronic copies of filings may be filed by e-mail to boardsec@oeb.ca. If a party does not have internet access, they may provide a USB flash drive containing your filing in PDF format as described above to the Board Secretary at the following address:

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto ON M4P 1E4

All filings to the OEB must be received by the Board Secretary by 4:45 p.m. on the required date. Filings must quote the applicable file number(s)¹ and include a party's name, address, telephone number and, where available, an e-mail address and fax number. All filings received by the OEB in relation to this consultation will be available for viewing at the OEB's offices and will be placed on the OEB's website.

¹ Utility Remuneration (EB-2018-0287); Responding to DERs (EB-2018-0288)

Attachment B - Cost Award Eligibility

The OEB will determine eligibility for costs in accordance with its Practice Direction on Cost Awards. Any person intending to request an award of costs must file with the OEB a written submission to that effect by **March 25, 2019**. The submission must identify the following:

- The policy initiative(s) for which cost eligibility is requested
- The nature of the person's interest in the initiative(s)
- The grounds on which the person believes that they are eligible for an award of costs (addressing the OEB's cost eligibility criteria as set out in section 3 of the OEB's Practice Direction on Cost Awards)
- An explanation of any other funding to which the person has access
- The name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known
- Whether specific costs for any separate expert submissions are requested and whether the person intends to combine with other stakeholders for this purpose

All requests for cost eligibility will be posted on the OEB's website.

Licensed electricity distributors and transmitters will have an opportunity to object to any of the requests for cost award eligibility. Objections must be filed with the OEB by **April 5, 2019** and will be posted on the OEB's website.

The OEB will then issue a final determination on cost eligibility.

Eligible Activities

Activities such as the provision of written comments and participation at stakeholder events will be eligible for cost awards. Further details will be provided at the relevant time.

Cost Awards

The OEB will apply the principles set out in section 5 of its Practice Direction on Cost Awards when awarding costs. The maximum hourly rates set out in the OEB's Cost Awards Tariff will be applied. The OEB expects that groups representing the same interests or class of persons will make every effort to communicate and coordinate their participation in this process.

The OEB will use the process set out in section 12 of its Practice Direction on Cost Awards to implement the payment of the cost awards. Therefore, the OEB will act as a clearing house for all payments of cost awards in this process. For more information, please refer to the OEB's Practice Direction on Cost Awards.