

Remarks by OEB CEO Carolyn Calwell

Ontario Energy Conference

September 29, 2025

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- Thank you, Vince and Collin for once again inviting the OEB to be part of this important energy sector gathering.
 - As many of you know, I became the OEB's CEO earlier this month, after acting since June.
 - For those of you don't know me – I've been around the sector since 2009.
 - I'm known as a straight shooter, as practical and solutions oriented. I was pleased to be introduced as a policy wonk last week.
 - I like to get things done, and I know you do too.
 - I hope I can say that we're aligned already!
 - And it's in that spirit that I'm pleased to share my thoughts with you for the first time as the CEO of Ontario's energy regulator – how we are approaching our work differently
 - My goal is for the OEB to be trusted to do the right thing at the right time in a rapidly changing sector.
 - By extension, I want the OEB to be a trusted regulator for the sector and a trusted advisor to the government, in the public interest.
 - Collectively, my colleagues and I bring tremendous depth in energy regulation, policy and adjudication.

- We want to be trusted to use that depth, experience and knowledge to enable a clean, affordable, reliable and secure energy grid.
- And those who know me, know I'll work hard to achieve that goal.
- I'd like to stress that I'm not doing this alone.
- I have the privilege working with a deeply talented and committed team across the OEB - including our Chief Commissioner Damien Côté and A/Chief Operating Officer, Nancy Marconi, both of whom are here today.
- And I report to our Board Chair, Geoff Owen, who himself is supported by board members – including David Butters, who is also here today – and who bring a variety of expertise.
- The OEB is stable and building momentum. We are here to work.
- And let me add: The entire team does a great job of keeping the planes in the air – even as we change out major parts.

The Case for Change

- Reporting to the Minister of Energy & Mines, we oversee a large and complex electricity and natural gas system in Ontario.
- Our core responsibilities are adjudication and regulatory policy.
- And the latter is becoming more and more important as Ontarians look to us to develop the policies that can enable our energy future. And I'll talk more about that in a minute.
- But first let me acknowledge the importance of adjudication.
 - The OEB has a number of significant applications in front of us, and we are expecting more significant filings over the fall.
 - Let me assure you that we are ready for that work.
 - We have good, knowledgeable people on those files and OEB staff and our independent Commissioners are ready to play their parts.
- Let's talk policy.
- As you know, in June of this year, Minister Lecce introduced the province's first-ever Integrated Energy Plan.
- It's a comprehensive roadmap to meet future energy needs and power one of the most competitive economies in the G7.
- It's also a call to action for the entire sector: We all must think differently to achieve the *Energy for Generations* vision.

- Typically, the OEB's work is shaped by our business plan and the Letter of Direction sent to us by the Minister every fall.
- This year, following the release of the Integrated Energy Plan – the IEP – we also received the IEP Directive.
- The directive outlines our very substantial role in executing the plan.
- And it lays out our deadlines for initiatives and deliverables from December of this year through to the end of 2026.
- We are also anticipating our next letter of direction later this year.
- And we continue our work that doesn't appear in direction from government, like reviewing our rules, codes and policies to ensure they're fit for the purpose of ensuring public trust.
- Here's what's clear to me and our entire team:
- This is a time of change.
- The OEB must deliver more and faster than ever before.
- And we will.
- But we need to find new ways of thinking and new ways of doing business.
- Ways that deliver the results this sector needs to fully embrace the opportunities ahead.

CEO Doing Things Differently

- Let me give you a great example of how we're doing things differently already:
- We intend to create the right incentives for the cost-effective use of distributed energy resources, or DERs.
- We know that LDCs want to use third-party DERs to serve system needs.
- And we also know that LDCs require certainty and clarity about compensation, if they're not building poles and wires.
- In March 2023, we signalled our willingness to consider a margin on payments for DERs owned by customers or third parties.
- But it was too open ended and it was barely used.
- We went back to the drawing board.
- And since then, we've had vigorous internal debates about how best to deliver on this.
 - We considered a consultation, and a generic hearing.

- We knew we needed to do things differently.
- The OEB's CEO has authority under the Ontario Energy Board Act to amend or create codes.
- So, as CEO, I'm working toward amending the Distribution System Code to establish a margin on payments incentives.
- Amending the Code is faster than another working group or a generic hearing and it provides certainty to utilities.
- By using a streamlined notice and comment process, we're moving quickly to address this well-defined opportunity.
- We're creating a clear and predictable regulatory framework while remaining flexible and ensuring prudence.
- It's a move that allows us to advance at the speed the energy sector requires, but not at the expense of due diligence.
- More efficiency, less red tape are better for you and for your customers.
- That's what we deliver.

Integrated Energy Plan

- This is one element of the OEB's Integrated Energy Plan implementation directive. There are 18 others.
- As always, stakeholder feedback and engagement – with OEA and APPrO, with others – will be critical.
- That kind of feedback helps the OEB ensure we reflect operational realities of the sector.
- And that our policies and guidance deliver outcomes that capitalize on Ontario's energy advantage.
- We know we ask a lot of you to participate in our processes.
- The work we do couldn't happen without your involvement.
- Among other things, the directive requires the OEB to:
 - Establish a gas-electric information-sharing forum for energy and energy-related planners.
 - Support improvements to regional and bulk planning processes, and explore streamlining other processes, including connections to the grid.
 - Find ways to derive greater value from DERs.

- And advise the Minister on the potential expansion of our mandate to cover hydrogen and carbon dioxide pipelines, district energy and long-life electricity projects like pumped storage.
- The OEB worked in collaboration with the Ministry as the IEP and the Implementation Directive were developed, and we're grateful to the MEM team for that collaboration.
- That line of sight allowed us to start early on shaping our processes to deliver what's required of us.
- This was another opportunity for us to work differently.
- As a result, we're restructuring our operating model to deliver this priority work.
- The new model encourages people from across our organization to work more closely together, breaking silos.
 - It connects policy & adjudication.
 - It enables a better understanding of how different initiatives work together to achieve larger outcomes.
 - It ensures we don't bury you in process.
 - It supports my "One OEB" vision where everyone in the OEB contributes their unique expertise to deliver value for customers.
- And it supports delivering this new, priority work on time, with rigour.
- Let me tell you what this means – how the work comes together.
- Based on what we've been asked to deliver, we've identified four workstreams:
- The first workstream is DERs
 - This captures our work on connections, compensation and procurement, as well as our work on supporting new business models.
 - It's about capturing the value of innovative new technologies to promote better service for customers while addressing system needs.
 - We've been at this for a while already:
 - Our Benefit-Cost Analysis Framework and Non-Wires Alternatives Guidelines were launched last year. They provide regulatory toolkits for distributors who want to adopt DER solutions.
 - By the end of this calendar year, we'll advance this work even further by:
 - Launching our Ontario-wide capacity map

- Issuing new code amendments to promote timely DER connections and
 - Submitting our Distribution System Operator roadmap to the Minister
- The second workstream is Planning
 - This includes a variety of projects:
 - our review of regional and bulk planning processes,
 - the role of DERs in planning,
 - scenario modeling,
 - and facilitating information sharing between the electricity and natural gas sectors.
 - Our goal is to build a common set of assumptions that help utilities effectively plan for an integrated energy future.
 - And we're grateful to the IESO and Lesley and her team for their collaboration in this space.
 - In the coming weeks, you will see a discussion paper from us, which will set the stage for the launch of our integrated planning forum in the new year.
- Our third workstream is Utility Remuneration
 - This includes our work on benchmarking utility costs and understanding spending patterns and that work comes out of our June 2023 Distribution Sector Resiliency, Responsiveness & Cost Efficiency Report to the Minister.
 - It's a foundation for advancing performance-based regulation, including incentives.
 - We're looking to ensuring alignment between incentives and outcomes – outcomes that matter most to Ontarians.
 - We're close to completing the work on cost benchmarking and spending patterns.
 - The goal there is to secure the right data to support the next generation of investment and rate making in Ontario.
- Finally, there's the Streamlined Connections portfolio
 - This work is critical to drive Ontario's growing economy.
 - It will provide clarity and efficiencies in connecting to the grid.
 - It will allow homes to be built and occupied sooner.

- And businesses to ramp up more quickly so they can create jobs and economic opportunities.
- The need to work swiftly here is not lost on us
- We're preparing a report to be delivered the Minister before December 31st.
- It will provide our best advice on efficient connections to Ontario's distribution and transmission grids.
- As you can tell, we're already hard at work on the deliverables associated with these portfolio initiatives.
- As I said before, you are critical partners in this work, and your contributions make a difference in making this work happen.

Partnership with Government

- I've articulated some of the early steps we're taking to work differently.
- But we also need to think differently.
- The OEB I lead is one that is independent from but aligned with government.
- After all, the OEB, would argue wouldn't exist without the government.
- We are a creature of statute.
- Our adjudicative decision making is and will remain independent.
- But our policy development isn't necessarily so, and – I would suggest – it was never meant to be.
- We take direction from the Minister's annual Letter and, this year, the Integrated Energy Plan Directive.
- The work we've done on housing shows how our policy work aligns with government priorities.
- In November 2023, the government tasked us with supporting new housing in the province.
- Our team worked diligently last year to develop recommendations, informed by consultations, related to getting more houses built, faster.
- They represented the OEB's best independent and evidence-based advice.
- The government accepted our advice, and we moved to the implementation phase.
- And as of a week ago, our Capacity Allocation Model is in full force and effect – and will start to drive outcomes that matter to all of us.

- This was a prime example of how the OEB supports Ontarians through providing independent advice to our government partners.
- Independence, however, does not mean going it alone.
- Our advice was well informed by stakeholders and regulated entities – many of whom are in this room.
- My thanks to all of you who provided feedback through this process, from submissions to joining our advisory group.
- Our work is strengthened when it reflects your priorities and your realities.

Looking Ahead

- The need to adopt different approaches to seizing the opportunities ahead is not just an internal OEB vision.
- It's something that all of us are grappling with.
- And I would say that includes government.
- As you know, Bill 40 is before the legislature.
- If passed, the OEB will have a new objective: respecting economic growth.
- Let me be clear: The OEB has always worked in support of Ontario's economy and its people.
- But the passage of Bill 40 would make economic growth part of the balance in our regulation of electricity.
- It's a critical priority, and a necessity for a secure Ontario, considering geo-politics today.
- The bill contemplates a similar mandate for our partners at the IESO.
- Co-ordination with the IESO is already at an all-time high, again thanks to Lesley and her team, given our joint work on enabling the Integrated Energy Plan.
- This integration, I think, will only increase over the fall.
- Bill 40 also contemplates new authority for the OEB's CEO to issue policies to Commissioners and staff.
- This is what that new authority signals to me is that amid rapid change, we need to adapt and embrace new ways of thinking and delivering.
- The OEB needs to!
- Utilities and power producers need to.
- And it's time for us to be bold.

Conclusion

- You heard me talk about being your trusted partner to enable reliable, secure, affordable and clean energy for our growing economy.
- I outlined how we've retooled to meet today's needs, and how we're trying new things.
- We don't have it all figured out.
- That's why I'm looking forward to the next panel discussion. The questions they'll discuss are of interest to us all: How can Ontario attract capital to drive energy sector growth? What role does regulation play?
- These are themes we all discuss - across associations, consumers, government, developers, investors and, yes, even regulators.
- I'm excited to be part of the conversation.
- I'll be here for the rest of the day and this evening.
- And I look forward to continuing this discussion not just today but going forward a well.
- Please know that my door is always open and I look forward to engaging all of you.
- Ultimately - working together - integrating our knowledge and expertise - will enable us to meet the needs of Ontarians – today and for generations.