

2021

**POLICY
DAY**

CHARTING
THE PATH TO
TOP QUARTILE
REGULATOR

Report Back on Stakeholder Input



Policy Day Overview

- On September 29th, the OEB held its first Policy Day. It was an opportunity for stakeholders to hear early thinking and provide input into the OEB's forward work plan.
- Almost 100 stakeholders attended, including utility representatives, consumer groups, DER developers, government representatives and other special interest groups.
- The OEB shared early thinking on priorities and asked for stakeholder feedback on specific initiatives. The following presentations were made:
 - **Applications:** Generic Hearings vs. Consultations: Striking the Right Balance for the Future
 - **Consumer Protection and Industry Performance:** Supporting Evolution of the Sector Through Enhancing the Reliability Regulatory Framework
 - **Strategic Policy:** Facilitating Innovation & Measuring OEB Outcomes
 - **Finance & IT:** Business Plan, Budget & Cost Assessment Model: Planning for 2022/2023

Policy Day Overview

- During each OEB presentation, a Slido poll was used to gather real-time stakeholder input on specific questions relating to the topic presented.
- Following the OEB presentations, eight roundtable breakout sessions were held to provide an opportunity for further stakeholder discussion and input.
 - OEB staff facilitated the breakout sessions and took notes to capture the discussions.
 - A stakeholder representative from each group reported back the key takeaways from the discussion to the broader group.
- A brief summary of what we heard through the Slido results, key takeaways shared by stakeholder representatives and OEB staff notes are provided in the subsequent slides.

Generic Hearings vs. Consultations: Striking the Right Balance for the Future

Generic Hearings vs. Consultations

Slido Poll

Question:

Please use one word that you would use to describe the benefits of the OEB holding a hearing on a policy matter.

What We Heard:

The top 4 responses from 46% of respondents: **Transparency**, **Clarity**, **Formal** and **Efficient**.



Generic Hearings vs. Consultations

Roundtable Discussion

Question #1:

What types of policies lend themselves to generic hearings and which ones do not?

What We Heard

- The best approach depends on the materiality of the issues and whether a precedent needs to be set.
- If the issue(s) relate to regulatory principles/fundamental shifts that may affect the entire industry, they are better addressed in a generic hearing rather than a consultation.
- A number of stakeholders commented that generic hearings are best when there are various external expert opinions on an issue and the evidence can be tested by all parties.
- Consultations are less formal, more flexible in terms of preparation and can be quicker than a full generic hearing.
- Consultations are viewed as being more accessible and the general public may be more inclined to participate.

Generic Hearings vs. Consultations

Roundtable Discussion

What We Heard Continued

- Policy should be made broadly through a consultation to allow for as many participants as possible beyond the usual participants (intervenors).
- Some stakeholders provided examples of issues that can be better addressed in a generic hearing. Examples included: cost of capital, standby charges, gross load billing and cost responsibility for sector transformation.

Generic Hearings vs. Consultations

Roundtable Discussion

Question #2:

How should the OEB go about determining the appropriate stakeholder engagement path for an emerging issue? Should the OEB establish a guideline as to when a generic hearing could be preferred over a consultation?

What We Heard:

- In determining which approach to take, stakeholders suggested the OEB consider the following factors:
 - Consultations are more accessible but less transparent;
 - Generic hearings tend to be resource intensive.
- There was limited support for guidelines to be established for when a generic hearing would be preferred over a consultation.
- A few stakeholders commented that if a guideline were to be developed, it should be flexible and not too prescriptive.

Generic Hearings vs. Consultations

Roundtable Discussion

What We Heard Continued:

- A few commented that rather than a guideline, stakeholders should be provided with an opportunity to weigh in on which approach should be taken for an emerging issue (generic hearing or policy consultation) prior to the OEB making a determination (e.g., through online polls).
- Some stakeholders commented that unlike a generic hearing, it is unclear how decisions are made in a policy consultation. There should be more clarity on what happens from submission to decision and how policy outcomes are decided.
- A few stakeholders commented that it can be challenging to keep up with the number of policy consultations and generic hearings currently underway and that they should be better timed, paced and prioritized.
- A few stakeholders made suggestions about the OEB's approach to consultation and suggested the use of breakout rooms and allowing sufficient time for groups that are not generally integrated into the consultation processes to speak.

Supporting Evolution of the Sector Through Enhancing the Reliability Regulatory Framework

Enhancing the Reliability Regulatory Framework

Slido Poll

Question:

When you think of reliability what comes to mind?

- a) Customer-Specific Concerns
- b) System/Asset Specific Concerns
- c) Power-Quality
- d) Planning-Related Concerns

What We Heard:

51% of respondents said **customer-specific concerns** followed by 34% of respondents who said **system/asset-specific concerns**.

Enhancing the Reliability Regulatory Framework

Roundtable Discussion

Question #3:

With increased technology and automation on systems, including advanced metering, is it time to move away from system averages to customer focused reliability measures?

What We Heard:

- There was general agreement about the benefit of measuring “customer specific reliability”, although some questioned whether there would be diminishing returns for collecting this data.
- Some stakeholders questioned customers’ willingness to pay for increased reliability and how that should be measured.
- Others suggested there should be tiered levels of reliability where customers can choose their own level of reliability and pay for it accordingly.

Enhancing the Reliability Regulatory Framework

Roundtable Discussion

Question #4:

If you were planning a comprehensive review of reliability measures and reporting, what would your priority be: customer-specific measures, LDC comparability, addressing multi-utility boundary issues? Why?

What We Heard:

- There was consensus that reliability is important, and distributors need to ensure a consistent level of power quality.
- Some questioned how much more reliable the system can be since it is already very reliable.
- Some questioned how to balance low rates with investments needed to address issues related to future major weather events.
- A few stakeholders commented that the OEB needs to consider the differences in service territories when benchmarking reliability measures.

Facilitating Innovation & Measuring OEB Outcomes

Facilitating Innovation & Measuring OEB Outcomes

Slido Poll

Question:

What areas should the OEB focus on for phase 2 of the Framework for Energy Innovation consultation?

What We Heard:

- Risk to utility revenue requirement
- Ensuring fair competition between utilities and third parties
- Utility ownership of DER
- Decarbonization
- C&I Rate Design
- Value for money
- Net system benefit and utility role
- How will Ontario reach zero carbon 2050?
- Storage and ensuring the energy grid can supply future energy needs

Facilitating Innovation & Measuring OEB Outcomes

Roundtable Discussion

Question #5:

What opportunities are arising in the energy sector in the next 5 years? Which ones are most likely to require the OEB to adapt its regulatory framework to enable the benefits of these innovations to be unleashed for customers?

What We Heard:

- Stakeholders identified the following opportunities that require the OEB to adapt its regulatory framework:
 - Electrification of transportation and enabling infrastructure
 - Policies to enable decarbonization and address climate change
 - Review of cost responsibility and rate design, including standby rates
 - Allowing innovation experimentation and potential for failure
 - Capitalization policy
 - Resource adequacy
- Some stakeholders were of the view that the OEB should act as an expert advisor to the Ministry of Energy on issues related to cost implications of additional new resources.

Facilitating Innovation & Measuring OEB Outcomes

Roundtable Discussion

Question #6:

What strategies and perspectives can the OEB and utilities adopt in order to ensure the consumer stays appropriately in the forefront, and that innovation can best be harnessed for their benefit?

What We Heard:

- Increased access to relevant utility data to allow customers to make informed choices and enable a more customer-centric approach to service.
- One stakeholder commented that the current focus appears to be on residential customers; however, larger industrial customers have different needs and partnership opportunities with utilities need to be considered.
- Stakeholders had mixed views on whether the OEB should facilitate innovation by providing funding for pilot projects or whether the OEB should instead remove barriers to innovation and allow the market to pick technology winners and losers.
- One stakeholder commented that utility remuneration should be structured to provide value to customers: what outcomes are desired and how to incentivize utilities to achieve those outcomes.

Business Plan, Budget & Cost Assessment Model: Planning for 2022/2023

Business Plan, Budget & Cost Assessment Model

Slido Poll

Question:

As we develop a new facility strategy, the OEB is considering the future need for physical hearing rooms. Should the OEB...

- a) Continue to hold virtual adjudicative events (technical conferences, settlement conferences and hearings)
- b) Move back to in-person adjudicative events
- c) Utilize a combination of both virtual and in-person for an adjudicative event

What We Heard:

72% of respondents said utilize a **combination of both virtual and in-person for an adjudicative event.**

Business Plan, Budget & Cost Assessment Model

Roundtable Discussion

Question #7:

Are there any other inputs to the Business Plan or budget that the OEB should consider?

What We Heard:

- Stakeholders commented that the OEB's current business plan and budget processes show improvements and positive developments at the OEB.
- Stakeholders appreciated the transparency of the OEB's initiative to present its budget.
- There was interest in better understanding efficiencies the OEB considers in the context of doing its work (e.g., back office functions, headcount).
- Stakeholders were supportive of increased OEB capacity to enable it to carry out its mandate.

Business Plan, Budget & Cost Assessment Model

Roundtable Discussion

Question #8:

Do you have any comments about the OEB's Cost Assessment Model or process?

What We Heard:

- Stakeholders generally were of the view that the OEB's approach to cost assessment was reasonable and that the impact on the sector was minimal.
- Some stakeholders commented that the OEB's costs are immaterial relative to total system and operating costs. Stakeholders suggested consideration be given to increasing the OEB's budget to ensure it operates as effectively as possible.
- A few stakeholders expressed that the OEB's new level of transparency on costs is appropriate and is setting the standard for other regulators and government agencies.

Policy Day: Next Steps

“The OEB could consider establishing an annual policy day where stakeholders could share their views on policy priorities for the coming year.” (Top Quartile Regulator Report page 11)

- All stakeholder input captured through Slido results, key takeaways shared by stakeholder representatives and OEB staff notes during Policy Day will be considered in developing the OEB’s 2022-2025 Business Plan.
- The OEB is currently preparing its Business Plan in accordance with Ontario’s *Agencies and Appointments Directive*.
- The OEB conducted a post-event survey with stakeholders to gauge their views on Policy Day:
 - Overall, stakeholders appreciated the OEB’s efforts to engage transparently.
 - 88% of respondents believe they have a better understanding of the OEB’s plans and priorities for the near term after attending Policy Day.
 - 54% of respondents believe the OEB is focused on the right priorities.
- The OEB looks forward to engaging with stakeholders again on its policy priorities at Policy Day 2022.