



Ontario  
Energy  
Board | Commission  
de l'énergie  
de l'Ontario

BY EMAIL AND WEB POSTING

September 24, 2020

**To: All Registered Stakeholders  
All Other Interested Parties**

**Re: Consultation on the Deferral Account – Impacts Arising from the COVID-19  
Emergency – Next Steps  
Ontario Energy Board File Number: EB-2020-0133**

On May 14, 2020, the Ontario Energy Board (OEB) commenced a consultation on a deferral account (the Account) relating to impacts arising from the COVID-19 emergency in the electricity and natural gas sectors. In a [letter](#) issued on July 17, 2020, the OEB provided an update on the next steps in the consultation which included a provision for a preliminary proposal to be prepared by OEB staff (Staff Proposal). The OEB stated that it expected that a Staff Proposal would be ready by late summer 2020. The purpose of this letter is to inform all registered stakeholders and other interested parties that the OEB is extending the date of issuance of the Staff Proposal. The OEB is extending this date in order to allow for the Staff Proposal to be informed by relevant expert studies currently being commissioned by the OEB, which are anticipated to be available in November 2020.

### **Engagement of an Expert Consultant and Coordination with Utility Remuneration and Responding to DERs Consultations**

In a September 24, 2020 [letter](#), the OEB announced that to assist in confirming the scope and next steps in the Utility Remuneration and Responding to Distributed Energy Resources (DERs) initiatives, the OEB is commissioning two expert studies. One of the expert studies entails the following:

- London Economics International LLC (LEI) will be undertaking a *COVID-19 Impact Study* to assess the near- and long-term impacts of the COVID-19 pandemic on Ontario's energy sector and identify implications for the OEB's regulatory policy response to energy sector evolution.

As noted in the letter, the results of LEI's *COVID-19 Impact Study* are expected to be informative in both of those consultations, as well as in the COVID-19 deferral account

consultation. Specifically, the OEB anticipates that several elements of the *COVID-19 Impact Study* will inform the Staff Proposal (and eventual OEB guidance), including but not limited to:

- Examination of the short-term and long-term electricity and natural gas demand impacts of COVID-19 in Ontario
- Examination of the short-term and long-term customer income impacts of COVID-19 in Ontario, including the impact of bad debt on utilities
- A review of other jurisdictions in North America to understand what other regulators have done to date, or announced that they are considering, as well as highlighting approaches that are unique or appear particularly relevant to the Ontario context
- Examination of changes in utility financial health, cost drivers and expenditures resulting from COVID-19<sup>1</sup>

In addition to leveraging the *COVID-19 Impact Study* to inform the Staff Proposal, the OEB has further commissioned LEI to provide the following additional reports, specifically to support the COVID-19 deferral account consultation:

1. A Report on Gains and Losses from Differences in Load
2. A Report on Regulatory Principles, Policies and Accounting Treatments Applied in Other Jurisdictions in Response to COVID-19
3. A Report on Cost of Capital Parameters

The OEB plans to publish LEI's *COVID-19 Impact Study* and these additional reports in November 2020.

### **Next Steps**

As the OEB envisions that the work commissioned by LEI will be informative for the Staff Proposal, the OEB now anticipates that the Staff Proposal will be issued contemporaneously with the LEI reports. At that time, the OEB will determine if a further stakeholder forum will be held.

At this time, the OEB is also providing the [data](#) on the Account balances as of July 31, 2020, as reported to the OEB by electric utilities. Account balances for natural gas utilities will be provided shortly.

In addition to reviewing the Account balances reported by utilities, the OEB continues to monitor the impact of COVID-19 on the financial health of utilities based on their

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<sup>1</sup> For full details on the scope of work of the *COVID-19 Impact Study*, see Attachment A of the September 24, 2020 OEB announcement letter

monthly reporting to the OEB.<sup>2</sup> That reporting has not identified any acute financial issues for utilities. The OEB also notes that any individual utility that anticipates financial or operational viability issues should contact the OEB immediately to discuss their specific circumstances.

The OEB reminds stakeholders that they are encouraged to express their views on the process of the consultation through written comment.

Any questions related to this consultation may be sent to Fiona O'Connell at [fiona.oconnell@oeb.ca](mailto:fiona.oconnell@oeb.ca).

Yours truly,

*Original Signed By*

Christine E. Long  
Registrar and Board Secretary

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<sup>2</sup> May 12, 2020 [letter](#) to all licensed electricity distributors