

**Ministry of Energy,  
Northern Development  
and Mines**

Office of the Minister

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October 1, 2020

Mr. Richard Dicerni  
Chair  
Ontario Energy Board  
2300 Yonge Street, 27th Floor  
PO Box 2319  
Toronto ON M4P 1E4

Dear Mr. Dicerni:

Congratulations on your appointment as Chair of the Ontario Energy Board (OEB) Board of Directors. As required by the Ontario government's Agencies and Appointments Directive established by Treasury Board/Management Board of Cabinet, I am writing to provide a mandate letter to set out my expectations with respect to the OEB's service and performance priorities for the coming year. I will continue to use mandate letters to update you on the government's priorities for the energy sector and my expectations for the OEB in the years ahead.

Provincial agencies like the OEB are expected to act in the best interests of Ontarians by conducting their work in a manner consistent with broad government priorities. This mandate letter is my opportunity to share these priorities with you, which are intended to promote good governance and performance in the following areas:

- Competitiveness, Sustainability and Expenditure Management;
- Transparency and Accountability;
- Risk Management;
- Workforce Management;
- Data Collection; and
- Digital Delivery and Customer Service

More details about the government's priorities will be shared with the Chief Executive Officer.

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These broad priorities align with the transformation that the OEB will undertake and the recommendations of the OEB Modernization Review Panel (the Panel). Your leadership on the Panel sets the foundation for the work upon which you, together with the incoming Board of Directors, Chief Executive Officer, Chief Commissioner and OEB staff, will now embark.

Informed by the work of the Panel, this mandate letter is my opportunity to share with you my vision for a modernized OEB: one that has the trust of the regulated community, the public it serves and the public representatives to which it is accountable. The OEB must focus on enhancing public trust, promoting transparency and accountability in decision making, reducing regulatory burden and delivering value for money for the people of Ontario while maintaining the integrity of the independent adjudicative process. I know that the OEB will be guided by the Panel's report in the period ahead. In moving forward, the OEB must also consider how to enhance its planning and responsiveness for emergency situations such as COVID-19.

Since the March 2019 introduction of Bill 87, *Fixing the Hydro Mess Act*, the government has given considerable thought to, and heard extensively from stakeholders about, specific operational and policy matters that we collectively are eager to see the OEB address. The Panel's *What We Heard Report* itemizes many of these policy interests. In the Appendix of this letter, I have provided more detail as to what I view as the priorities for a modernized OEB. As Chair, you will determine how best to guide and support the Chief Executive Officer through this necessary work. The new leadership will assess its available resources and consider the priorities articulated in this letter, determining appropriate timeframes and approaches for moving forward. Together, we have an ambitious agenda for the OEB.

I anticipate that the first Business Plan adopted by the Board of Directors, covering the 2021-2024 planning period, will only be a starting point. I understand and expect that the Board of Directors and the Chief Executive Officer will need to make choices as you proceed to develop your path forward, and that not all of these priorities can be addressed at once. I suggest that the early adoption of meaningful key performance indicators, effective stakeholder engagement, and the development of human capital plans could assist the Board of Directors in understanding the current operations of the OEB and in setting expectations as the OEB works towards a longer-term path for modernization.

I will be interested to hear, from time to time, about the progress that the OEB is making, particularly regarding changes brought forward by the Chief Commissioner to improve the efficiency and effectiveness of the adjudicative process. Stakeholders will also need similar updates and must be consulted in a meaningful way as the OEB goes about this work. They will have advice and suggestions for addressing these priorities, and I encourage you and your team to draw on their expertise.

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I have tasked my staff at the Ministry of Energy, Northern Development and Mines (the Ministry) to provide support to the OEB as your organization undertakes the work ahead. The OEB and the Ministry will need to work closely to refresh the Memorandum of Understanding between the OEB and the Ministry, as required by the Agencies and Appointments Directive. I will be asking Ministry staff for quarterly updates on the OEB's progress and am counting on the OEB to maintain open lines of communication.

As the Panel recognized, prudent regulation of the energy sector is not only about setting fair rates and authorizing appropriate capital investment. It is also about serving Ontarians, protecting the interest of consumers, and ensuring the energy system remains sustainable and reliable. Those objectives are now more important than ever.

I look forward to working with you in your capacity as the OEB's Chair. Please accept my best wishes.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Rickford". The signature is fluid and cursive, with a large initial "G" and "R".

The Honourable Greg Rickford  
Minister of Energy, Northern Development and Mines

- c. Stephen Rhodes, Deputy Minister, Ministry of Energy, Northern Development and Mines  
Carolyn Calwell, Assistant Deputy Minister, Ministry of Energy, Northern Development and Mines  
Susanna Zagar, Chief Executive Officer, Ontario Energy Board  
Jennifer Kacaba, Corporate Secretary, Ontario Energy Board

## **APPENDIX: Priorities for a Modernized OEB**

In order to enhance public trust, promote transparency and accountability in decision making, reduce regulatory burden, and deliver value for money for the people of Ontario, the Minister of Energy, Northern Development and Mines expects that the Ontario Energy Board (OEB) will give priority to the actions listed below that promote the principles of regulatory excellence and the priorities of our government. In so doing, the OEB will endeavor to effectively allocate its resources to become a best in class energy regulator and operate in a manner consistent with the government's broad priorities for provincial agencies.

As the OEB moves forward on these priorities, it will do so while balancing efforts to overcome the challenges raised by COVID-19. The OEB will also embrace the practice of consulting with stakeholders on an ongoing basis regarding all aspects of the OEB's work. The OEB should ensure that stakeholders from both the electricity and natural gas sectors understand how the new governance structure will operate and should demonstrate that stakeholder input is a meaningful part of setting business plan priorities, developing OEB policies, and measuring performance.

### **Independence and Accountability – Strengthening Trust in the OEB through Implementing Governance Reform**

1. Promote openness and transparency, flexibility in approach, and responsiveness to input from stakeholder as key characteristics of the OEB's organizational culture.
2. Conduct strategic and business planning in a manner that supports the OEB's ability to address the challenges facing the energy sector, ensuring that initiatives described in future business plans are sufficiently detailed to make clear why the initiatives are being pursued, what their objective is, and how success will be determined.
3. Ensure that governance and operational roles and responsibilities are clearly defined, and that the Board of Directors, the CEO, and the Chief Commissioner use the tools available to ensure the effective adoption of the new governance structure.
4. Ensure the OEB conducts its operations in alignment with the attributes of a best in class regulator and with the broad government priorities for provincial agencies.
5. Reinforce effective operational and communication protocols within the organization that support the independence of adjudication.

**Certainty, Efficiency, and Effectiveness** – Promoting Operational Effectiveness, Finding Cost Efficiencies, and Reducing Regulatory Burden

6. Develop a plan to enhance the efficiency, effectiveness, and independence of adjudicative processes. The plan should include clear guidelines to assist Commissioners in administering efficient hearings while also ensuring that the rules of natural justice are considered. A forecast of expected case load and resource requirements should also be regularly maintained and updated.
7. Define robust and outcomes-based Key Performance Indicators (KPIs) in areas including but not limited to:
  - i. Decision cycle time, with a commitment to enforcing service standards and providing regulated entities with certainty on the time required to process an application;
  - ii. Stakeholder satisfaction with OEB processes such as consultation, adjudication and policy activities; and
  - iii. Organizational excellence, including financial efficiency and employee engagement.
8. Develop clear policies regarding when consultation processes such as generic hearings or “invite only” meetings are used.
9. Review intervenor processes to identify opportunities for operational efficiencies, ensuring that intervenor processes provide substantive value while representing the views of affected consumers in OEB proceedings.
10. Develop and maintain a human capital plan so the organization’s needs in staff expertise, experience, and skillset is identified.
11. Conduct a full financial review to ensure expenditures are appropriate for delivering on the OEB’s priorities. The review would examine current operations, identify opportunities to increase productivity and value for money, and assess the OEB’s public engagement activities, which may present an opportunity for cost reductions.
12. Reduce regulatory burden on licensees, namely the number of reporting requirements and corporate governance requirements for Local Distribution Companies (LDCs) and natural gas utilities.
13. Continue to adopt a digital-first approach to the OEB’s work, building on efforts to move towards online-only filing of OEB applications.
14. Consider pole attachment policy in the context of opportunities to better serve areas that are currently underserved.
15. Promote performance improvements for regulated utilities and enable the cost-effective adoption of innovation and new technologies.

16. Report publicly through the OEB's Annual Report on how the OEB has simplified and streamlined practices and procedures that reduce burden and bring greater value to consumers.
17. Reform processes for rule- and code-setting to include a greater role for stakeholders, including consideration of a cost/benefit approach.