



Regulation of Ontario's Energy Sector

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ONTARIO ENERGY BOARD
COMMISSION DE L'ÉNERGIE DE L'ONTARIO

Overview

- What Markets Expect of the Regulator
- OEB Vision
- Improving Regulation – Business Plan
- Improving Regulatory Processes
- Goal Oriented Regulation
 - Electricity
 - Natural Gas
- Interface between Gas and Electricity



What Markets Expect Of The Regulator

- Consistency and predictability
- Efficiency and timeliness
- Adequacy of returns



OEB Vision

- The Board envisions a healthy and efficient energy sector with informed consumers served by responsive regulatory processes that are effective, fair and transparent



Improving Regulation – Business Plan

- Building resources and expertise
- Using policy instruments within OEB control
- Provide sound regulation balancing consumer interests with need for a financially viable sector
- Improving regulatory processes to ensure they are effective, fair and transparent



Improving Regulatory Processes

- Open and public
- Timeliness is a performance measure
- Greater clarity and predictability
- Streamlining
- Reduce regulatory risk
- OEB is “..... demonstrating an improvement in the number and timeliness of regulatory determinations...”
 - (Standard & Poor’s Report, February 2005)

Goal Oriented Regulation

- Electricity sector is different than Gas sector
- Policy advice not advocacy
- Regulatory policy
- Problems can be tackled through use of regulation



Goal Oriented Regulation - Electricity

- Full rate setting regulatory process
 - review of revenue needs and cost allocation analysis
- Clean up backlog of issues
- Distribution rates plan
 - multi-year incentive rates beginning in 2007
 - alternatives to current rate design



Goal Oriented Regulation – Natural Gas

- Natural Gas Forum issues
 - Regulation options for gas storage
 - Rate-making models to encourage efficiency
 - Review role of utilities in gas supply and transportation
 - Infrastructure for gas-fired power generation



Interface between Gas and Electricity

- Gas and Electricity are interdependent
- Gas-Fired Generation
 - Gas-fired plants increase deliverability requirements
 - More gas infrastructure and flexibility needed
- Ontario Power Authority (OPA) Generation
 - OEB to review integrated power system plan and procurement process
 - OEB role in contracting



Conclusion

- OEB providing
 - Road Map
 - Framework
 - Timeline
- OEB engaging stakeholders in its work

For more information visit our website

www.oeb.gov.on.ca

