



# GETTING TO KNOW THE Ontario Energy Board

Resource Guide for Regulated Entities

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*This publication is for information only  
and does not constitute legal advice.*

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- The OEB is the regulator of Ontario's natural gas and electricity sectors.
- The OEB envisions a healthy and efficient energy sector with informed consumers served by responsive regulatory processes that are effective, fair and transparent.
- Our key regulatory functions include:
  - issuing codes, rules and guidelines for firms to follow in their operations;
  - licensing market participants;
  - monitoring and enforcing compliance with regulatory obligations;
  - approving and setting delivery rates for natural gas distribution and electricity distribution and transmission;
  - approving major facilities, including those for natural gas storage and the transmission of electricity; and
  - authorizing amalgamations, acquisitions, divestitures and mergers.
- To conduct many of our regulatory functions, such as approving rates and the construction of facilities, we mainly operate as a quasi-judicial (court-like) tribunal. Through oral and written public hearings, as well as other, more informal processes such as technical conferences, working groups and written consultations, we strive to balance the needs of all our stakeholders, including energy consumers, the firms we regulate and society overall.
- The OEB reviews and processes hundreds of applications annually – ranging from routine licensing requests that can be processed quickly to complex rate-change applications that require lengthy processes, including public hearings, that can take up to a year to complete.
- Based in Toronto, the OEB is an independent, self-financing Crown corporation.

### Welcome to the OEB Resource Guide

We've developed this Resource Guide as part of our commitment to work with you, our stakeholders, to be a helpful and responsible regulator. It is a plain-language reference tool outlining why, what and how we regulate. Our goal is to help you better understand the OEB and our processes so you can manage the regulatory requirements you face in the most efficient and effective way.

Ontario's energy sector has undergone dramatic changes in the past decade, particularly in the electricity field. A series of new laws and regulations were put in place to help our province better respond to energy challenges and build a stronger, more viable and dynamic sector. These measures have meant significant changes for all involved. For example:

- We at the OEB have been given much broader powers and new responsibilities by the Government of Ontario;
- Market participants must comply with a host of new rules and processes required by provincial legislation; and
- Consumers have been given the opportunity to choose among energy commodity options.

It is also a pivotal time in our province's energy history, where conservation is taking a more prominent role and new technologies are being explored and implemented.

This is a new experience for everyone in the industry as well as us here at the OEB. We know there are many questions about our expanded role and what it means to you. And we're sensitive to the demands that being regulated places on your organization; in particular, the requirements of dealing with an adjudicative process.

This Resource Guide is designed as a regulation "primer" that you can turn to as a quick resource, and our Web site provides more comprehensive information. We hope you find the Guide useful – please let us know what you think by emailing us at [Market.Operations@oeb.gov.on.ca](mailto:Market.Operations@oeb.gov.on.ca).

The Government of Ontario, through the Minister of Energy, sets the legal and policy framework – passing legislation and regulations – that govern the energy sector. The OEB has been given responsibility for implementing and overseeing this framework, ensuring that market participants comply with their regulatory obligations. In doing so, we balance various objectives, including protecting consumers' interests and ensuring the viability of Ontario's natural gas and electricity industries. A key part of achieving this balance is ensuring that the rules and regulations are fairly and consistently applied.

### Mandate of the OEB

To regulate the province's electricity and natural gas sectors and provide advice on energy matters to the provincial government.

## How have the OEB's role and energy sector regulation evolved?

Ontario's energy sector has been regulated in some form or another since the early 1900s. However, the regulatory framework has changed dramatically in recent years.

For almost the entire 20th century, the publicly owned (Crown corporation) Ontario Hydro was the major force in Ontario's electricity sector. Ontario Hydro dominated all aspects of the province's electricity sector, serving as the dominant generator and transmitter of power. It also had the authority to regulate and set the rates at both the wholesale and retail levels. The OEB was created in 1960 with a limited mandate to set rates for the sale, distribution and storage of natural gas.

In the late 1990s, the government decided to embark on the restructuring of the electricity sector. Among the regulatory reforms were the breakup of Ontario Hydro, the creation of a wholesale electricity market and giving the OEB responsibility for regulating part of the sector.

The natural gas industry has been evolving since the federal/provincial agreement in 1985 that deregulated the priced supply at the wellhead. In recent years the growth of natural gas marketers in the wholesale and retail markets has meant more choice for consumers when purchasing their natural gas commodity. The delivery of natural gas remains regulated by the National Energy Board and, within Ontario, by the OEB.

## Why is the energy sector regulated?

Most, if not all, industries in Canada are subject to some form of regulation governing what they can and cannot do. The energy sector, however, is more closely regulated than many other industries because of the unique characteristics surrounding energy supply and delivery.

In a fully competitive market, there are numerous companies selling products and services. The drive to maintain or attract consumers not only motivates companies to keep their prices in line with other firms, but also to innovate and/or continually offer new products and services.

The characteristics of electricity and natural gas distribution and transmission are different. They are "natural monopolies." Infrastructure industries, such as electricity and natural gas delivery, water, sewage and telecommunications, are all capital-intensive and vital services. There is a significant economic "barrier to entry" in initially constructing the infrastructure. Once one such firm is established, the economic barrier to entry becomes even higher. That firm could probably forestall others' entry by enlarging its capacity, and at a cheaper cost. A firm in a natural monopoly position could also price its products and services significantly above costs since there is no competition.

The primary goal of energy sector regulation, therefore, is to ensure that the public good is served in a marketplace that is not fully competitive.

## What is "economic regulation"?

Regulation of the energy sector is considered a form of "economic regulation." Laws, regulations and other requirements have been designed to address the natural monopoly position of companies, acting as a substitute for the discipline that economic forces would typically exert on them in a competitive market. Economic regulation is also designed to provide oversight of the markets to protect consumers.

The OEB's role as an economic regulator is to balance the interests of regulated firms, consumers and society:

- **The public is well served if both the pricing and the standard of service being provided are fair and reasonable.** In this regard, the OEB's objectives include regulating prices to levels that are "just and reasonable" for consumers and setting standards of conduct and conditions of service for firms to follow in their operations.
- **The regulated firms are well served if they are viable businesses, so that they can sustain these pricing and service levels in the longer term.** Firms must have a reasonable opportunity of recouping costs and earning a fair return for the significant financial investment they make in the supply and delivery of energy to consumers.

Economic regulation plays additional roles in terms of ensuring appropriate treatment of all consumers. In a competitive market, consumers dissatisfied with a firm's products or services have remedies for dissatisfaction. They can complain, switch to a competitor or do without. This is not really available to them for electricity or natural gas distribution. The OEB, therefore, also serves as a forum for hearing and attempting to resolve consumer complaints.

## What are the benefits of regulation to energy firms?

- Regulation helps foster market integrity and public confidence.
- It provides legitimacy in matters such as rate increases because the public can be confident that such increases have been fully vetted, fully justified and fully explained.
- Regulation also helps to reduce the business risk of firms through, for instance, the setting of rates and standards of conduct.

***Understanding the OEB’s role as your regulator – what we regulate, our regulatory approach and so on – can help you better meet your regulatory obligations and simplify your dealings with us.***

Our responsibilities can be grouped into three main areas:

- (1) Market regulation;
- (2) Representing consumers’ interests; and
- (3) Policy initiatives.

In carrying out these functions, we use a number of processes. These are summarized in the chart below and discussed in the following pages.

## OVERVIEW OF OEB ROLES AND FUNCTIONS

	1. Market Regulation	2. Representing Consumers’ Interests	3. Policy Initiatives
<b>What We Do</b>	Regulate and monitor Ontario’s energy sector	Inform and safeguard consumers on energy matters	Contribute to the regulatory policy framework of the energy sector
<b>Why We Do It</b>	To promote an efficient, viable and sustainable energy sector and uphold the public interest	To help energy consumers make informed decisions and ensure their interests are protected	To meet emerging energy trends and challenges in the most effective way
<b>How We Do It</b>	<ul style="list-style-type: none"> <li>• Applying codes, rules and guidelines</li> <li>• Licensing market participants</li> <li>• Helping firms manage regulatory requirements</li> <li>• Monitoring and enforcing compliance (e.g., audits, investigations)</li> <li>• Adjudication (e.g., rate applications, facilities approvals)</li> </ul>	<ul style="list-style-type: none"> <li>• Publishing consumer information</li> <li>• Maintaining a Consumer Relations Centre and complaint resolution process</li> <li>• Ensuring firms meet their customer service obligations</li> </ul>	<ul style="list-style-type: none"> <li>• Advising the government on energy matters</li> <li>• Implementing government reforms and policy initiatives</li> <li>• Soliciting stakeholder input on significant energy issues</li> <li>• Reporting by the Market Surveillance Panel</li> <li>• Developing codes, rules and guidelines</li> </ul>
<b>Who Is Responsible at OEB?</b>	<ul style="list-style-type: none"> <li>• Market Operations</li> <li>• Legal Services</li> </ul>	<ul style="list-style-type: none"> <li>• Communications &amp; Public Affairs</li> <li>• Market Operations</li> <li>• Legal Services</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic Planning &amp; Policy Development</li> </ul>

## 1. Market Regulation

The OEB regulates firms in Ontario’s energy arena with the goals of promoting an efficient, viable and sustainable sector and upholding the public interest. We’re committed to maintaining, and continually improving, our regulatory processes to ensure that they are effective, fair and transparent. The integrity of the markets and consumer confidence in those markets are essential elements for a healthy energy sector.

We perform our market regulation role in several ways:

### ***Applying codes, rules and guidelines***

To ensure an adequate level of consumer and market participant protection, as well as responsible, fair and accountable conduct, the OEB issues rules and codes that firms must adhere to in their operations. The codes establish the responsibilities and obligations of licensees to consumers and other licensees. We also issue non-binding guidelines to assist those we regulate in preparing their applications for approvals.

### ***Licensing market participants***

The OEB licenses:

- Natural gas marketers who sell to low-volume consumers (residential and small commercial consumers); and
- Most participants in the electricity sector, which include:
  - Generators;
  - Transmitters;
  - Distributors;
  - Wholesalers;
  - Retailers;
  - The Independent Electricity System Operator; and
  - The Ontario Power Authority.

A licence from the OEB provides your firm permission to operate and outlines your regulatory requirements. Licensing is also an important tool the OEB uses to protect energy consumers.

### ***Helping firms manage regulatory requirements***

It can be a real challenge knowing what the various laws, regulations and rules are and how to comply with them. At the OEB, we believe that if you understand your regulatory obligations, it will be easier to ensure you’re in compliance.

Our goal is to work with you – and all the firms we regulate – to help you learn, plan and manage your regulatory requirements. For us that means providing useful tools and information (refer to examples in box on page 8), as well as regulating in an open and transparent manner.

### **Monitoring and enforcing compliance (market surveillance)**

The OEB is responsible for monitoring how well the energy markets are working and for ensuring that regulated entities are following laws, regulations and other requirements.

How do we monitor compliance of your firm? We may do so by:

- Gathering information about your company;
- Conducting audits;
- Carrying out compliance reviews;
- Investigating allegations of non-compliance; and
- Monitoring various aspects of financial operating performance.

The OEB's Compliance Office promotes education and understanding to help prevent regulated firms from unknowingly failing to meet their obligations. In the event of a compliance-related concern or problem (a potential violation of any applicable legislation, regulation, rule, order or other requirement), as a general practice our goal is to work with you to resolve the issue. We may, when appropriate, enforce compliance in various ways, including by:

- Establishing compliance plans;
- Imposing financial penalties, which can be as high as \$20,000 per day;
- Suspending or revoking your licence; and
- Issuing compliance orders.

### **Adjudication**

The OEB carries out many of its regulatory functions – such as licensing, approving applications for rates and the construction of transmission lines – through an adjudicative (court-like) process. We examine evidence via oral or written public hearings, then render and communicate our decision to all affected parties. The adjudication process is discussed further in the section “Understanding the Adjudication Process” on pages 11–16.

### **What the OEB is doing to assist you with regulatory issues:**

- We issue bulletins that provide information and direction on how to meet your regulatory obligations.
- We have set up a dedicated OEB hotline (416-440-7604) and email (Market.Operations@oeb.gov.on.ca) specifically to address any compliance-related questions and concerns you may have.
- Handbooks, filing procedures and other strategies have been created to help you understand what you need to do for different processes. For instance, our Electricity Distribution Rate Handbook outlines the policies and procedures for distributors to follow in applying for distribution rates.
- Our online Regulatory Calendar provides you with up-to-date information on scheduling of major applications, rules, codes and consultative policy initiatives. This provides a clear sense of the OEB's timing and provides you with a better understanding of the OEB's progress on key initiatives and processing of applications.
- We have established “performance standards” for regulatory applications that outline our obligations to you.

### **What does the OEB not rate regulate?**

The OEB does not regulate the prices charged for competitive services:

- In the gas sector, these include the sale of gas by marketers and water heater rentals and repair or maintenance services. These products and services can be obtained from various companies.
- In the electricity sector, these include all business activities other than distribution, transmission and providing Standard Supply Service.

## **2. Representing Consumers' Interests**

Another key role of the OEB is to inform and safeguard the public on energy matters. We do so in several ways, including:

### **Publishing consumer information**

To help the public better understand energy matters and make informed energy decisions, the OEB provides a broad range of information – through our Web site and print materials – about electricity and natural gas in Ontario.

### **Maintaining a Consumer Relations Centre and complaint resolution process**

The OEB has a dedicated Consumer Relations Centre (toll-free 1-877-632-2727 or 416-314-2455) to address the energy-related questions and concerns of Ontarians. We've also established a complaint resolution process for consumers who are experiencing a problem with their energy supplier. We always recommend to consumers that their first step should be to attempt to resolve the matter directly with the company involved. If they are unsuccessful in resolving the issue, then we tell them that they can file a complaint with the OEB.

### **Ensuring firms meet their customer service obligations**

Our compliance program (compliance monitoring and enforcement) is the cornerstone of the OEB's role to protect consumers and a fundamental responsibility we take very seriously. Every market participant is required to adhere to regulatory obligations for serving consumers.

### 3. Policy Initiatives

The OEB contributes to the overall policy framework of the energy sector in an effort to ensure that the province stays on top of emerging trends and meets new challenges in the most effective manner. We do so in the following ways:

#### **Advising government on energy matters**

The OEB provides advice on energy matters referred to it by the provincial government.

#### **Implementing government reforms and policy initiatives**

The OEB is responsible for implementing energy sector reforms and major initiatives formulated by the Government of Ontario.

#### **Soliciting stakeholder input on energy issues**

For significant emerging issues affecting Ontario’s energy landscape, the OEB consults widely with stakeholders in both the natural gas and electricity industries, as well as other interested groups and associations, to ensure that we understand and appreciate the issues, concerns and priorities of those we serve and regulate. Such input helps the OEB develop strategies to better address key challenges and opportunities.

#### **Reporting by the Market Surveillance Panel**

The OEB is responsible for the Market Surveillance Panel (MSP), formerly part of the Independent Electricity System Operator (IESO). The function of the MSP is to monitor the wholesale electricity market for efficiency and abuse of market power and make recommendations regarding redesign of the market. Where the MSP makes a report recommending action related to market power, the OEB may conduct a review to determine whether market rules or licenses should be amended.

#### **Developing codes, rules and guidelines**

Codes, rules and non-binding guidelines are key regulatory tools. Developments in government policy or legislation and the need for changes arising from OEB monitoring and compliance activities, as well as OEB policy initiatives, may result in the development of codes, rules and guidelines or amendments to existing ones.

***The OEB operates through an adjudicative process, sometimes involving public hearings, to review and approve various types of applications.***

As an economic regulator, the OEB sometimes operates through an adjudicative process. We act as an adjudicator in reviewing applications presented to us by regulated entities and make a decision based on the evidence presented by all affected parties.

Why is adjudication necessary? Why are energy firms subject to a hearings process for approvals? The OEB is required by law to hold public hearings for applications made to it. The law gives the OEB responsibility for balancing the interests of all stakeholders: business proprietors, energy consumers and the public as a whole. Public hearings provide an opportunity for regulated firms (“applicants”) to outline their needs (i.e., make their case) and for individuals or groups of individuals with concerns to have a voice in the hearing process.

For the OEB, our role as adjudicator is based mostly on requests and applications made to us. We can also play a proactive role by initiating an adjudicative process leading to a decision; that is, moving on our “own motion.”

#### **THE ADJUDICATION PROCESS**

Input	Output
<ul style="list-style-type: none"> <li>• Information collection</li> <li>• Information processing</li> </ul>	<ul style="list-style-type: none"> <li>• Response to application made by regulated entities</li> <li>• Public notices</li> <li>• Decision based on evidence presented</li> </ul>

### When is OEB approval required?

Under provincial law, regulated firms are required to make an application to the OEB to undertake a variety of activities. Refer to the chart on the following page for a complete list.

We assess applications based on various factors. For example, when reviewing applications for natural gas pipeline construction projects, the OEB considers whether the proposed construction is in the public interest by considering need, safety, economic feasibility, community benefits, security of supply and environmental impact. On an electricity transmission project, the OEB reviews the effect on consumers with respect to prices, reliability and quality of electricity service. The OEB does not have authority to review or approve environmental issues related to electricity transmission. That is the responsibility of the Ontario Ministry of the Environment.

### How are public hearings conducted?

Hearings are conducted in a court-like manner, but are not as formal as a court of law. Our objective: rendering a decision, after reviewing all the information and facts presented. The following parties can participate in public hearings: 1) the applicant; 2) the public – in an “intervenor” and/or “observer” capacity; and 3) the OEB.



### WHAT REQUIRES OEB APPROVAL?

	Electricity Sector	Natural Gas Sector
<b>Licences</b>	A licence from the OEB is required to operate.	Gas marketers selling to low-volume consumers need a licence from the OEB to operate.
<b>Delivery Rates</b>	The law requires that the OEB review rates to be charged for the distribution and transmission (the “delivery”) of electricity and rates that natural gas utilities propose to charge consumers.	
<b>Facilities Construction</b>	OEB approval is required to construct or reinforce transmission lines that are to be more than 2 km in length or to expand a transmission line by more than 2 km.	OEB approval is required to construct a major hydrocarbon (including gas) line. OEB approval, in the form of a Certificate of Public Convenience and Necessity, is also required to construct any works to supply gas in a municipality that is not currently served by the utility. Approval is granted where public convenience and necessity support extension of the service.
<b>Storage Facilities</b>	Not applicable.	Natural gas may be injected into a geological formation in Ontario only where the area is designated by the OEB. The OEB decides on areas suitable for designation, with the goal of facilitating rational development and safe operation of gas storage facilities, and authorizes a storage area’s use. The OEB also determines the compensation payable to land owners where storage pools are situated if the parties cannot agree among themselves.

	Electricity Sector	Natural Gas Sector
<b>Franchise Agreements</b>	Not applicable.	Each municipality may grant a gas utility the right to deliver gas and use road allowances for utility easements within its border. The specific terms and conditions of the Municipal Franchise Agreement require OEB approval.
<b>Ownership Changes</b>	<p>OEB approval is required:</p> <ul style="list-style-type: none"> <li>• For amalgamations between an electricity distributor and another company;</li> <li>• When any person wishes to acquire or hold more than 20% of the voting securities of an electrical utility or where a person wishes to obtain control of any corporation that owns more than 20% of the voting securities of an electrical utility if such voting securities are a significant asset of that corporation;</li> <li>• For disposal of electricity transmission and distribution assets;</li> <li>• For acquisition of electricity transmission or distribution assets by an electricity generation company or affiliate (notice is required, then the OEB decides whether or not a review is necessary); and</li> <li>• For acquisition of electricity generation facilities by an electricity transmission or distribution company or affiliate (notice is required, then the OEB decides whether or not a review is necessary).</li> </ul>	<p>A natural gas utility must obtain approval from the OEB:</p> <ul style="list-style-type: none"> <li>• To sell, lease or dispose of its system;</li> <li>• To amalgamate with another company; and</li> <li>• When any person wishes to acquire or hold more than 20% of the voting securities of a natural gas utility or where a person wishes to obtain control of any corporation that owns more than 20% of the voting securities of a gas utility if such voting securities are a significant asset of that corporation.</li> </ul>

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## How can the public participate?

The open forum provides individuals or groups of individuals who may be affected by the OEB's ruling with the opportunity to express their views and to participate meaningfully in the decision-making process. Public participation helps ensure that we make an informed decision. Participation can occur in several ways:

### **Intervenors**

These are interested groups or individuals who actively participate in the hearing. Intervenors may include consumers, consumer and trade associations, environmental groups, public interest groups and affected individuals.

Anyone intending to intervene in the proceeding, by submitting evidence, arguments or interrogatories (written questions) or by cross-examining a witness or witnesses at an oral hearing, must file a letter of intervention with the OEB and serve a copy to the applicant at the address specified in the application. Each letter of intervention must state:

- The interest of the intervenor in the proceedings and the grounds for the intervention;
- The affiliation of the intervenor, if any, and the full name, address, telephone number, fax or electronic access number of the intervenor for the purposes of service and delivery of documents in the proceeding;
- The intervenor's nature and scope of intended participation;
- Whether the intervenor intends to seek an award of costs (see our Web site for details of the Cost Award Process); and
- Whether the intervenor intends to participate in the French language at the hearing.

### **Observers**

Interested groups or individuals who do not want to actively participate in the proceeding, but who wish to monitor the progress of the proceeding by obtaining documents issued by the OEB may file a request with the OEB Board Secretary to receive Observer status in the proceeding.

### **Written Comments**

Without becoming intervenors, individuals or groups may provide written comments to the OEB Board Secretary. All such letters become part of the public record in the proceeding, and a copy will be provided to the Hearing Panel, as well as the applicant. A letter of comment is not sworn evidence and is not subject to cross-examination.

### **Oral Comments**

Comments at the oral proceeding can be arranged by the OEB Board Secretary, who will advise of a date and time for the comment to be heard before the OEB. We may determine whether a person who makes an oral presentation shall do so under oath or affirmation and be subject to

cross-examination by the parties to the proceeding or be unsworn. Those who provide oral or written comments will not be granted intervenor status and will not automatically be given any of the pre-filed evidence or allowed to cross-examine witnesses.

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## What are the rights of applicants and stakeholders?

Applicants and stakeholders are entitled to:

1. The right to be heard
  - The OEB must deal with all applications that are within its mandate.
  - The OEB must allow all parties with legitimate direct interests to participate.
2. The right to know the case
  - All parties must receive adequate notice.
  - All parties must receive all information on which the decision is to be based.
3. The right to have the decision made by persons who have heard the evidence
  - Nobody except panel members may make the decision.
  - Panel membership must not be changed after the panel begins hearing evidence.

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## How long does an application take to adjudicate/process in full?

The duration of this process – from the time an application is filed by an applicant to the time a decision is rendered and communicated by the OEB – varies depending on the type and complexity of application being made. Refer to the following page for some examples of timelines, as well as the steps typically involved in processing applications.

Our goal at all times is to render a decision as quickly and efficiently as possible, and we've developed new performance standards that are based on the number of business days required to complete the various types of applications. Within 10 days of receiving an application that complies with OEB requirements, we will tell you the estimated time it will take to process the application. Our online Regulatory Calendar provides up-to-date information on the timing of major applications and the OEB's progress processing them.

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## How long do the actual hearings take?

The duration of a hearing of the evidence is also dependent upon the type and complexity of the application. For example: a gas rates hearing is representative of a major hearing and may last as long as six weeks, depending upon how many of the issues are settled prior to the hearing. The hearing of a facilities application generally requires one week of sitting time. Franchise and certificate hearings are usually done in writing and are often completed in one or two days.

## How does the OEB issue its decision?

We may issue a decision either orally or in writing and we are required to provide reasons for the decision at the request of any party. The OEB's decisions are subject to various types of appeal and review processes. Visit our Web site ([www.oeb.gov.on.ca](http://www.oeb.gov.on.ca)) for details and instructions pertaining to appeals.

### WHAT IS INVOLVED IN PROCESSING APPLICATIONS?

#### Step 1

- Applicant files submission with OEB.\*
- \* Specific application forms can be downloaded from the OEB's Web site along with application details and instructions.

#### Step 2

- OEB receives application and supporting evidence from the applicant, confirms the application is complete and reviews the information.

#### Step 3

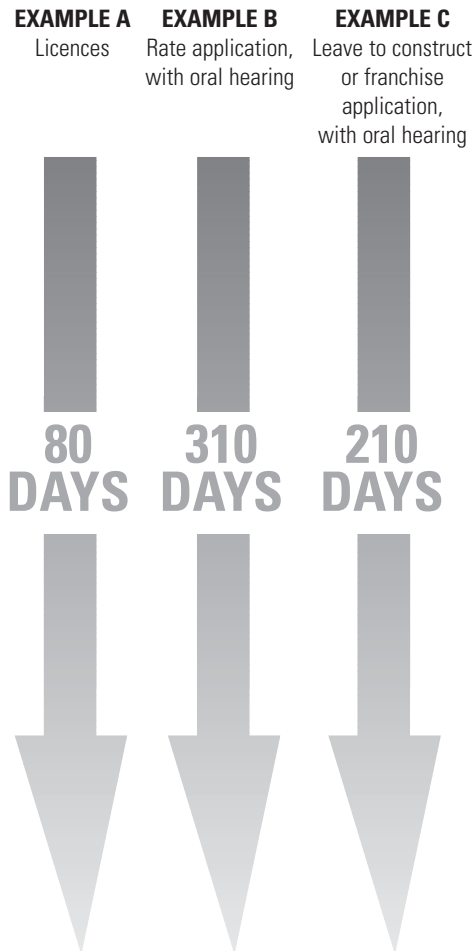
- A Notice of Application or a Notice of Public Hearing is published in newspapers or served on individuals. Such notices outline the subject matter to be determined at the hearing, whether the proceeding will be written or oral, and the steps required for a party to participate in the proceeding.

#### Step 4

- A series of procedures and hearings are arranged and held to review all submitted evidence. Variation in procedures is dependent upon the type of hearing: oral hearing versus written hearing.

#### Step 5

- Decision rendered and communicated.



*As your energy regulator, we want your experience with us to be as straightforward and efficient as possible.*

Dealing with any regulatory body can be a daunting task. It is often difficult to figure out who does what. To help you navigate the OEB, we provide a brief look below at how our organization is structured.

## Organizational Structure

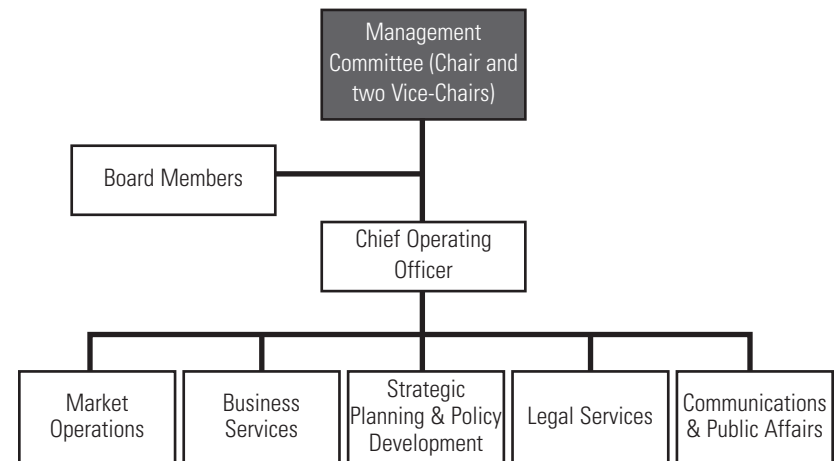
The OEB consists of Board members and staff:

### 1. Board Members

The OEB has full- and part-time Board members who are appointed by the Government of Ontario for a term of two years initially, renewable up to five years. The Chair and two Vice-Chairs are responsible for overseeing the management and operations of the OEB. They make up the Management Committee. The Chief Operating Officer develops, articulates and manages the OEB's strategic plans and oversees day-to-day operations. Board members are responsible for the majority of adjudication decisions and policy-making.

### 2. Staff / Business Areas

The OEB is structured into five main business areas: Market Operations, Business Services, Strategic Planning & Policy Development, Legal Services, and Communications & Public Affairs.



## OEB'S MAIN BUSINESS AREAS

	Market Operations	Business Services	Strategic Planning & Policy Development
<b>Role</b>	Oversees energy market licensees and rate-regulated utilities	Provides financial, human resources, IT and administrative support services to the Board	Provides strategic regulatory planning and policy formulation
<b>Functions</b>	<p><b>Applications Group</b></p> <ul style="list-style-type: none"> <li>Reviews, processes and advises on applications for rates, acquisitions, dispositions, facilities approvals and licence applications</li> </ul> <p><b>Audit Group</b></p> <ul style="list-style-type: none"> <li>Monitors ongoing financial operating performance of natural gas and electrical utilities</li> </ul> <p><b>Compliance Office</b></p> <ul style="list-style-type: none"> <li>Ensures compliance with OEB licences, rules, codes and legislation</li> <li>Assists stakeholders with regulatory issues</li> <li>Leads the enforcement function</li> </ul>	<p><b>Business Services &amp; Planning Group</b></p> <ul style="list-style-type: none"> <li>Provides business support services, including budgeting, financial accounting, facilities management and procurement activities</li> </ul> <p><b>Information Technology Group</b></p> <ul style="list-style-type: none"> <li>Manages and delivers office automation and technology-related services including electronic applications, security, telecommunications support, etc.</li> </ul> <p><b>Human Resources Group</b></p> <ul style="list-style-type: none"> <li>Payroll, benefit administration, recruitment, employee relations, health and safety, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Researches current and emerging issues</li> <li>Holds public consultations on key policy issues</li> <li>Develops and amends codes and rules</li> <li>Liaises with utilities, other stakeholders and regulatory and energy bodies outside Ontario</li> <li>Monitors markets to detect abuses of market power</li> <li>Advises on market efficiency and market power mitigation measures</li> <li>Co-ordinates the processing of appeals and other matters referred to the Board relating to market rules</li> </ul>

Legal Services	Communications & Public Affairs
Provides legal advice on all aspects of the Board's authority and responsibilities	Provides strategic communications planning and manages external communications
<p><b>Legal Services</b></p> <ul style="list-style-type: none"> <li>Advises on appeals and judicial reviews, legislation, administrative law and corporate matters including conflicts of interest</li> <li>Acts as counsel to the Board in hearings</li> </ul> <p><b>Board Secretary</b></p> <ul style="list-style-type: none"> <li>Performs all hearings-related and registrar functions (e.g., logistics for hearings, maintaining the public record, issuing regulatory documents)</li> <li>Provides case administration services to assist hearing panels and regulatory staff process cases</li> <li>Manages the Information Resources Centre and Public File Room</li> </ul>	<ul style="list-style-type: none"> <li>Strategic communications planning and advice</li> <li>Stakeholder and media relations</li> <li>Web site management</li> <li>Internal communications</li> <li>Correspondence management</li> <li>Consumer information and Consumer Relations Centre</li> </ul>

### DID YOU KNOW...?

The OEB has a hotline and email specifically for industry stakeholders. We can help clarify regulatory requirements and direct you to the right person.

#### Hotline:

**(416) 440-7604**

**Market.Operations@oeb.gov.on.ca**

The “basics” that guide the OEB are found in our enabling legislation and other provincial statutes. All of the following documents can be accessed on the OEB’s Web site at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca).

### General Statutes

#### ***Energy Competition Act, 1998 (Bill 35)***

- Composed of the *Electricity Act, 1998*, and *Ontario Energy Board Act, 1998*, and amendments to other statutes.
- Set the legal framework for restructuring the old Ontario Hydro into successor companies.
- Required municipally owned distributors to “corporatize” their businesses, transferring all assets and liabilities into a new incorporated entity and operating on a commercial basis.
- Provided for the opening of the competitive wholesale market in electricity, which occurred on May 1, 2002.
- Made the OEB the regulator of the electricity industry.

#### ***Ontario Energy Board Act, 1998***

- Outlined mandate of the OEB with respect to electricity and natural gas regulation.

#### ***Reliable Energy and Consumer Protection Act, 2002***

- Expanded the OEB’s mandate with enhanced powers to enforce compliance.
- Imposed new requirements on electricity retailers and gas marketers to enhance consumer protection.

#### ***Ontario Energy Board Consumer Protection and Governance Act, 2003***

- Modified governance structure of the OEB.
- Strengthened the OEB’s role to protect consumer interests with respect to prices and reliability and quality of gas service.

#### ***Statutory Powers Procedure Act***

- Governs the OEB’s processes in conjunction with the *OEB Act, 1998*.

### Electricity Sector Statutes

#### ***Electricity Act, 1998***

- Outlined the framework for Ontario’s competitive electricity marketplace.

#### ***Electricity Restructuring Act, 2004 (Bill 100)***

- Amended the *OEB Act, 1998*, and the *Electricity Act, 1998*.
- Reorganized Ontario’s electricity sector.

- Changed the OEB’s responsibilities in electricity market surveillance, with the OEB assuming responsibility for the Market Surveillance Panel from the Independent Electricity System Operator (IESO).
- Provided the OEB with greater oversight of market rule amendments by the IESO.
- Created the Ontario Power Authority (OPA) and assigned the OEB the oversight role of the OPA.

### Natural Gas Sector Statutes

#### ***Municipal Franchises Act***

- Provided for the granting of a franchise to a natural gas distributor to provide natural gas within a municipality.

### Codes and Rules

A number of codes and rules have been established, setting out standards of conduct and required practices for regulated firms.

#### ***Electricity Sector:***

##### **Affiliate Relationships Code for Electricity Distributors and Transmitters**

- Sets out the standards and conditions for the interaction between electricity distributors and transmitters and their respective affiliated companies.

##### **Distribution System Code**

- Sets out the minimum obligations that a licensed electricity distributor must meet in carrying out its obligations to distribute electricity within its service area under its licence.

##### **Electricity Retailer Code of Conduct**

- Sets out the minimum standards under which a licensed electricity retailer may retail electricity.

##### **Retail Settlement Code**

- Sets out the minimum obligations that an electricity distributor and retailer must meet in determining the financial settlement costs of electricity retailers and consumers in facilitating service transaction requests where a competitive retailer provides service to a consumer.

##### **Standard Supply Service Code**

- Sets out the rules that govern the conduct of Ontario electricity distributors in the provision of electricity to consumers connected to their distribution system.

**Transmission System Code**

- Sets out the minimum standards that an electricity transmitter must meet in designing, constructing, managing and operating its transmission system. The code also sets out the requirements, standards, terms and conditions of a transmitter's obligations to connect consumers to the transmission system, including performance standards, technical requirements and expansions and connections.

**Natural Gas Sector:****Affiliate Relationships Code for Gas Utilities**

- Sets out the standards and conditions for the interaction between gas distributors, transmitters and storage companies and their respective affiliated companies.

**Code of Conduct for Gas Marketers**

- Sets out the minimum standards under which a licensed gas marketer may market natural gas.

**Gas Distribution Access Rule**

- Establishes conditions of access to gas distribution services provided by a gas distributor and sets out rules governing the conduct of gas distributors toward gas vendors, including gas marketers.

**Adjudication Process**

The process of reviewing evidence presented from a number of parties and pronouncing judgment based on the evidence.

**Commodity Cost**

The cost of the commodity (gas or electricity).

**Conservation and Demand Management**

Measures and activities undertaken by a distribution utility and/or consumers to affect the amount and timing of electricity demand. Usually this means decreasing the level of demand (through conservation or more efficient use of energy) or shifting consumption to some other time period when demand is typically lower.

**Distributors**

Local electrical utilities, also known as local distribution companies (LDCs). LDCs take power from high-voltage transmission lines, "step-down" the electricity to a low-voltage level and provide it to local consumers.

**Economic Regulation**

Regulation that is designed to act as a substitute for economic forces in a marketplace that is not fully competitive (i.e., where firms are not subject to fully competitive forces).

**Electric Utility**

An electric power company that operates a power transmission and distribution system and has the legal right to deliver electric power in a given geographic area. Usually involves some form of legal monopoly over electric services in the geographic area.

**Generator**

Generators produce the electricity that we use. The majority of Ontario's electricity is produced by Ontario Power Generation, a successor company to the former Ontario Hydro, and the Bruce nuclear station. Other smaller generators are generally renewable energy plants (e.g., wind) and industrial facilities that produce power on-site for internal use.

**Independent Electricity System Operator (IESO)**

Responsible for ensuring system reliability and the detailed design and implementation of the spot market. The IESO acts as a system controller, forecasting how much electricity will be needed and telling generators how much power they can send in, and when, to the province's transmission lines. The IESO also acts as the settlement agent for the wholesale spot market, collecting bills from distributors and direct consumers and paying generators and transmitters.

**Intervenor**

An individual or group who wishes to participate in a public hearing held by the Ontario Energy Board and has been granted intervenor status. Intervenor may include consumers, consumer and trade associations, environmental groups, public interest groups and affected individuals. Intervenor may, depending on the nature of the process, submit evidence, arguments or interrogatories (written questions) or cross-examine a witness at an oral hearing.

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**Market Surveillance Panel (MSP)**

The function of the MSP is to monitor and report on the wholesale electricity market for efficiency and the abuse of market powers.

**Monopoly**

A market in which one company has exclusive possession or control of a commodity, product or service.

**Observer**

An individual or group who does not wish to participate in a public hearing held by the OEB, but who wishes to monitor the progress of the proceeding by obtaining documents issued by the OEB.

**Ontario Power Authority (OPA)**

Agency responsible for planning the electricity supply system in Ontario, including forecasting electricity demand and supply adequacy and contracting for additional sources of supply or demand management if necessary.

**Public Hearing**

The OEB operates as an adjudicative tribunal and carries out its regulatory functions in proceedings through oral or written public hearings. These provide a forum for individuals or groups who may be affected by the OEB's ruling to express their views to the OEB and to participate meaningfully in the decision-making process.

**Regulatory Instruments**

Rules, codes, guidelines and handbooks are all examples of regulatory tools issued by the OEB to guide and regulate the conduct of market participants in the energy sector.

**Transmission**

Refers to the transmission of electricity over high-voltage transmission lines between the generating station and the local distribution area where the electricity is to be used. Hydro One, a successor company of the former Ontario Hydro, owns and operates most of the transmission lines in Ontario.

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**For Industry Stakeholders**

Market.Operations@oeb.gov.on.ca

Hotline: (416) 440-7604

www.oeb.gov.on.ca

Seeking clarification of a rule? Unsure whom to contact on a specific regulatory issue? Want to report an allegation of non-compliance? The above hotline and email were set up to be your central point of contact.

You will receive an initial response with an OEB reference number. Our goal is to provide an initial response no later than five business days after contact.

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**For the General Public**

Consumer Relations Centre

T: 1-877-632-2727, (416) 314-2455

F: (416) 440-7656

www.oeb.gov.on.ca

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**Mailing Address**

Ontario Energy Board

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