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Ontario Energy Board Looking to Simplify Rate Applications for Smaller Distributors

By David Stevens

On December 17, 2020, the Ontario Energy Board (OEB) issued a letter inviting “smaller electricity distributors” to participate in a meeting to identify opportunities to improve regulatory efficiency for their rate applications. The OEB indicates that this is “an initial step in enhancing the efficiency of [its] applications process.” It is part of the OEB’s modernization efforts, which include finding process improvements to increase value for energy consumers.

The “smaller electricity distributors” invited to participate in this new process are those with fewer than 20,000 customers. The OEB lists 31 such distributors (which is about half of the licenced electricity distributors in Ontario). Through this process, the OEB seeks to obtain information about challenges faced by smaller distributors in preparing their cost of service rate applications, and how the OEB’s Filing Requirements could be amended to address those challenges. The first meeting will be on January 28, 2021. Any changes to the Filing Requirements for smaller distributors are expected to be in place for 2022 applications.

As a later step, the OEB plans to extend its review of Filing Requirements for all electricity distributors. Any resulting changes would be in place for 2023 applications.

It is not clear from the OEB’s December 17 letter whether the current initiative is intended to be supplementary to the OEB’s previous “proportionate review” process. That process was aimed at electricity distributors who have demonstrated strong performance in relation to the OEB’s “expected outcomes” under the Renewed Regulatory Framework for Electricity Distributors (RRFE). The “proportionate review process” (described in a previous post) was intended to recognize that where a distributor’s results (financial, operational, organizational and service) are strong, less review and oversight is required. The OEB piloted its proposed proportionate review framework on a limited basis in 2018, applying it to rate applications for two of the “smaller electricity distributors” (see here). There does not appear to have been any further guidance since that time about whether and how the proportionate review framework might be used by the OEB on an ongoing basis.

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