

The Progressive Conservative Government introduced *Bill 87, Fixing the Hydro Mess Act* which received Royal Assent on May 9, 2019. The major changes in this Bill include the following:

- Overhaul of the Ontario Energy Board (OEB)
- Upload of electricity conservation programs to the Independent Electricity System Operator (IESO)
- Hold residential electricity bills to the rate of inflation

Overhaul of the Ontario Energy Board

The amendments put forward through this Bill, modify the OEB's governance structure and its operations. Most of these changes were recommended in the OEB's Modernization Report released in March of 2019. These include:

- The creation of a board of directors, led by a chair, who would be responsible for governance and strategic oversight of the organization, interfacing with the Minister and the provincial government. The chair would ultimately be accountable to the Minister of Energy, Northern Development and Mines for ensuring the independence and effectiveness of the OEB's adjudicative process.
- The creation of the role of CEO, separate from the Chair, who would provide executive leadership for all operational and policy aspects of the organization.
- The creation of the role of commissioners, who would assume an adjudicative role in hearing and determining matters within the OEB's jurisdiction.
- The creation of the role of chief commissioner, accountable to the CEO, who would be responsible for assigning casework and ensuring the timeliness and dependability of the regulatory process.

The legislation would also include amendments for immediate changes to the OEB's mandate to improve functioning, enhance performance, and reduce regulatory burden, by:

- Amending the OEB's objectives to remove the requirement to promote the education of consumers, and instead include education as a consumer interest that the OEB should protect.
- Requiring the OEB to include a section in its annual report on its efforts to simplify regulatory requirements.
- Requiring the OEB to accept the outcomes of the IESO's competitive procurement process as it relates to price and include the related costs in transmission rates. The OEB would still review the need for the project and compare it to alternatives through the leave to construct process.



The Ontario Society of Professional Engineers (OSPE) welcomes these governance changes to the Ontario Energy Board, and strongly believes that the government is making the right decision in implementing most of the OEB Modernization Panel's best practice recommendations.

Upload of electricity conservation programs to the IESO

The government estimates that moving to central program delivery by the Independent Electricity System Operator (IESO), as opposed to a local distribution company (LDC) delivery model, would reduce the costs of program oversight.

With such changes, the government also plans to discontinue some programs and incentives. These include the following:

- Business Refrigeration Incentive: provides businesses incentives for the direct installation of product refrigeration equipment upgrades
- Audit Funding Program: provides funding for a portion of the cost of a facility energy audit
- High Performance New Construction: provides design assistance and incentives for building owners and planners who design and implement energy efficient equipment within their new space
- Existing Building Commissioning: provides incentives for improving the efficiency of the chilled water system, including, audit, purchase and installation of equipment
- Monitoring and Targeting: provides incentives to purchase and install a monitoring and targeting system operational Incentives
- Instant Discounts: provides point of purchase incentives at participating retailers for qualifying energy efficient products, including LED light bulbs, light fixtures and power bars
- Heating and Cooling Incentive: provides rebates for purchasing and installing new qualifying energy-efficient heating and cooling equipment (central air conditioners and furnaces), including smart thermostats and air sourced heat pump/system
- Residential New Construction: provides incentives to improve energy performance and install energy efficient products in new builds.

Minister Rickford mentioned that by uploading the delivery of conservation programs to the IESO, the province is ensuring a consistent approach to conservation across the province and avoiding unnecessary duplication in administration costs.

OSPE believes that conservation programs provide Ontario a great opportunity to achieve its climate change targets. Overall these programs were achieving results that were much better than the intended target. Successful programs like these should be kept. Decision making should be evidence-based and programs that are successful in reducing greenhouse gas emissions should be financed properly.

Hold residential electricity bills to the rate of inflation

Bill 87 also includes changes to the Fair Hydro Plan that will amend how it is financed (by moving the costs to the Province's debt), with the intention of saving interest costs. The amounts removed from customers' electricity bills will apparently not change, though the government promises to change the way that customer savings are displayed on customer bills.

The government announced that the passing of Bill 87 intends to keep the promise of stabilizing residential hydro bills and reduce electricity bills by 12%. There is still no detail about how this will be done, though there is a reiteration of a campaign commitment to limit the increases to the average residential electricity bill to the rate of inflation, apparently through "regulatory initiatives."

OSPE welcome the intention of holding residential electricity bills to the rate of inflation. However, the lack of a concrete plan on how to achieve this, as well as the reduction of electricity bills by 12% is worrisome. OSPE will continue to engage with government to ensure engineers are appropriately consulted through this process, as they are able to provide the technical expertise required.

Sincerely,



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