

Backgrounder:

Bill 23: Self-regulation of the Ontario Energy Board:

Private sector to get control of Ontario's energy supply

On May 6, 2003, the Conservative government introduced Bill 23, the Act to transfer the Ontario Energy Board from the Ontario government to a self-regulatory agency.

The Ontario Energy Board is a quasi-judicial tribunal that regulates electricity and natural gas industries in the Ontario market. The Board licenses energy distributors, regulates the construction of gas pipelines, electricity transmission lines and oversees franchise agreements with consumers.

The Conservative government claims that Bill 23 enhances protection for consumers. In fact, the opposite is true: Large utility companies will have greater control and consumers will have less protection from high energy prices, environmental problems, and energy shortages.

Bill 23 hands over the regulation of the industry to the companies that are supposed to be regulated. It places the public at risk. Here's how:

1. 'Self-regulation' gives greater control to private sector industry.

Bill 23 provides private sector industry increased control over energy policy. Under Bill 23, the OEB becomes a corporation. Neither consumer groups nor environmentalists have an obvious place on the new OEB advisory committee.

Self-regulation puts the agenda of electricity and gas companies ahead of the public interest.

2. Bill 23 opens the door to industry pressure on OEB members to grant favourable decisions to companies or adopt pro-corporate strategies.

Bill 23 legislates that the new management committee in consultation with the new advisory

committee establish "performance standards" for the Board. The pay and bonuses of full-time Board members will be based on achieving these standards. But Bill 23 doesn't set out what those performance standards will be -- it leaves that up to the new industry-dominated advisory committee.

This means the OEB members will have their pay and bonuses tied to standards set by the very industry they are supposed to regulate. This will leave them open to conflict of interest and pressure from industry lobbyists.

No other Board members of a quasi-judicial tribunal have their pay and bonuses tied to performance standards.

3. Bill 23 provides little real protection for consumers.

Any regulatory agency needs to be accountable directly to the public, not the industry. To ensure consumers are fully protected, the OEB should be kept inside the Ontario Public Service and thereby directly accountable to the elected leaders of the province.

4. Bill 23 paves the way for cutbacks in inspections.

Bill 23 eliminates the position of Energy Returns Officers with in-house expertise in financial auditing and replaces it with generic inspectors. The new inspectors will be required to do the jobs of two positions - both financial and technical audits. This work may also be contracted out to other agencies.

5. Self-financing won't ensure expansion.

Under Bill 23, the OEB changes to a "self-financing" agency outside of the crown. Private sector natural gas or electricity producers now pay licenses and fees and these are transferred to the government's consolidated revenue fund. Under Bill 23, the OEB will be totally dependent on these fees.

Rather than making it self-funding, the government should improve the funding of the OEB to ensure it does the best job for consumers.

6. Reduced regulations with shortened decision-making time lines.

Bill 23 provides a new 60 day timeline for Board decisions. The

Tories claim that shortening the timelines will help protect consumers. It's a false picture. The OEB makes decisions on complex legal matters sorting out very different interests. For full protection, consumers need a publicly controlled electricity system with adequate opportunities for representation from consumer groups. Faster decision-making doesn't necessarily mean better decisions..

7. Direct employees lose out.

Bill 23 legislates OEB employees out of the Ontario Public Service. They stand to lose benefits and their current pension plan, in the name of "flexibility".

Concerned?

Here's what you can do:

Call the Minister of Energy, John Baird at 416-327-6351.

Give him the message:

- 1. Withdraw Bill 23:** Bill 23 doesn't improve the electricity system. It further privatizes the system.
- 2. Hold public hearings on Bill 23.** Holding closed-door consultation prior to drafting the legislation isn't the same as public hearings.
- 3. Fully-fund the OEB within the Ministry of Energy** to do its job to protect consumers.

Authorized for distribution by Leah Casselman, president OPSEU.
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