

WHAT WORKS? IDENTIFYING AND SCALING UP SUCCESSFUL INNOVATIONS IN CANADIAN ENERGY REGULATORY DECISION-MAKING

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Study in Brief

A research collaboration with Canada's Energy and Utility Regulators (CAMPUT), this study uses two case studies to explore the benefits, barriers, trade-offs, and success factors for regulatory innovation in two areas: formal policymaker-regulator interactions, and regulators' public engagement processes. The study comprises a survey of those in the regulatory community about regulatory innovation, along with interviews with senior executives representing regulatory and stakeholder organizations that created, implemented, use, or are affected by innovations in policymaker-regulator interactions or regulatory public engagement processes. The results are of relevance to regulators planning, implementing, or evaluating innovative practices. Importantly, the study finds that identifying and scaling up successful innovations in energy regulatory decision-making needs to be done in an informed way ('informed reform') that strikes a durable balance between multiple energy imperatives.

Key Findings

The research on policymaker-regulator interactions focused on five formal agreements or agreement types between policymakers and regulators (one agreement was between a regulator and an Indigenous group). The research on public engagement undertook a case study of two engagement processes related to distributed energy resources: the Alberta Utilities Commission's Distribution System Inquiry and the Ontario Energy Board's Responding to Distributed Energy Resources consultation.

This study finds that revisiting or crafting new formal agreements between regulators and policymakers key to relationship building. An agreement creates the opportunity for mutual assistance to meet mandated requirements and, as put forward by one interview participant, "supports the entire system to move in the same direction." An agreement may also encourage a policymaker and regulator to move along the "interaction" continuum sooner – from basic information sharing and coordination, to discussing more substantive policy issues at an earlier stage. Case study findings strongly suggest agreements are time well spent. The research delves into success factors for the development and implementation of formal agreements as an innovation in policymaker-regulator interactions.

IN BRIEF

The research finds that public engagement can involve trade-offs or tensions. For example, on the one hand, it may satisfy communities' requests for involvement but, on the other, it may not meet investor and other stakeholder expectations about timeliness. The study also underscores that regulators' attention to [the principles of informed reform](#) will help secure durable balance in decision-making outcomes. Innovations have the potential to be more durable with a commitment to informed reform when planning, implementing, or evaluating them. This in turn will encourage governments to stand behind the energy system and be seen as having confidence in the system.

Relevance for Decision-Makers

This study proposes a suite of questions that regulators might ask themselves as they embark on innovations in policymaker-regulator interactions and public engagement.

For formal agreements, key topics include:

1. **Success factors for internal operations**
 - a. Role of senior leadership in signaling commitment
 - b. Prior experience and longevity of staff
 - c. Participation and buy-in of all internal departments
 - d. Effort to uphold schedules and commitments
 - e. Funding and resources
2. **Success factors for policymakers and regulators working together**
 - a. Mutually signalling importance and commitment to work together
 - b. Agreed intention and goal setting
 - c. Clarity and understanding of priorities
 - d. Demonstrated flexibility and respect for informed opinion
 - e. Clear roles and responsibilities / leads / contacts

IN BRIEF

Question areas for regulators to promote success in public engagement include:

1. **Success factors for the regulator's process**

- a. Provide a vision and an objective for the engagement
- b. Provide a process roadmap, schedule, and timelines in advance, albeit with some flexibility
- c. Coordinate with other public authorities engaged in the same issue
- d. Use a third-party facilitator with expertise in engagement processes
- e. Let stakeholders speak and hear each other directly
- f. Leverage stakeholder expertise and connections to broaden reach
- g. Include opportunities for stakeholder consensus-building
- h. Complete a process evaluation

2. **Success factors for engagement content**

- a. Start with the viewpoint of the customer or consumer
- b. Link engagement with what is evolving in other processes
- c. Provide opportunities to talk about benefits, not just risks and costs
- d. Encourage openness and transparency

3. **Success factors for participant representation**

- a. Ensure stakeholder inclusivity and diversity
- b. Include utilities, customers, non-government organizations, and Indigenous groups
- c. Include the regulator's associated policymaker
- d. Provide adequate funding, including for organizational capacity

4. **Success factors for reporting**

- a. Identify areas with more or less agreement
- b. Demonstrate how information is used or not in reaching conclusions
- c. Provide clarity, with agenda and timelines for next steps

Next Steps for Positive Energy

In the coming months, Positive Energy will release additional studies on how Canada can strengthen public and investor confidence in infrastructure project decisions, and effectively clarify and strengthen the relationships between policymakers, regulators and the courts on energy and environmental decisions.

[Link to the full report](#)