

What Works? Identifying and scaling up successful innovations in Canadian energy regulatory decision making

Survey Results

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August 2020

POSITIVE **ENERGY**

CANADA'S ENERGY FUTURE IN AN
AGE OF CLIMATE CHANGE



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Research Approach

This survey is a part of the **CAMPUT / Positive Energy** collaborative research and engagement project to identify innovative approaches and success factors in energy regulatory decision-making in an age of climate change. The project is focused on identifying innovation and best practices for two issue areas:

1. **Two-way interaction in policy/regulatory relations**, focused on mechanisms to strengthen both policy and regulation while maintaining regulatory independence.
2. **Public engagement**, including collaborative mechanisms that help to ensure diversity in information and viewpoints considered in decision-making processes and oversight.

Based on the survey results, case studies will be completed to identify what can be learned from existing and emerging best practices in interaction and engagement.

Participation

- **The findings are based on results collected from 50 online survey participants in June 2020.**
- **Survey participants include representatives of:**
 - Stand-alone regulators
 - Utilities
 - Environmental and other non-government organizations
 - Large and small customers
 - Policymaking authorities
 - Indigenous organizations
 - Law firms
 - Academia

Summary

This survey reveals broad agreement that innovation in regulatory decision-making is needed, both in interactions between regulators and policymakers and in regulators' public engagement. While most survey participants see the need for these types of innovations, fewer participants reported experiencing them in their work.

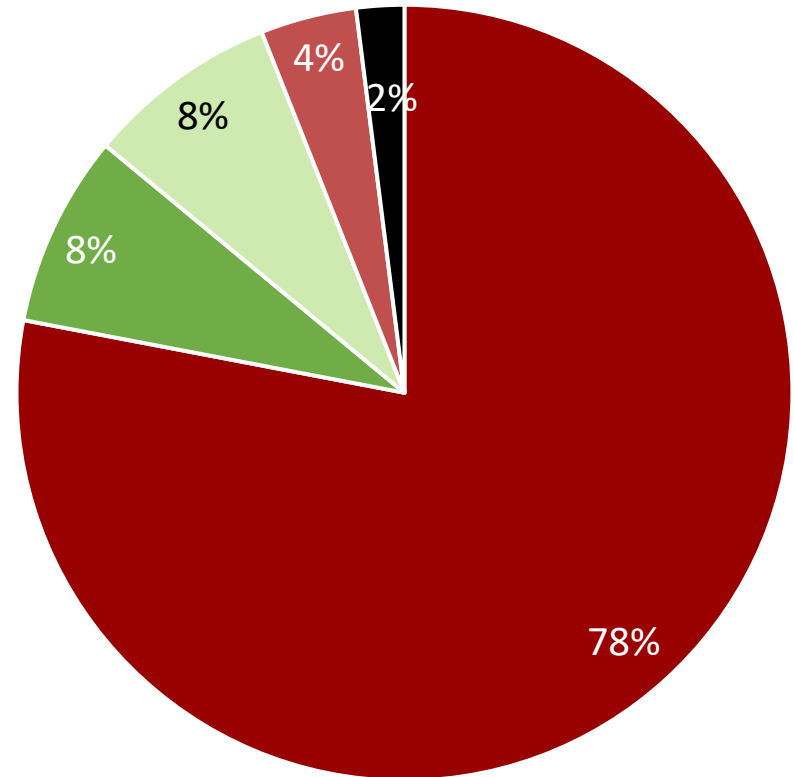
According to survey participants from across Canada and those representing different stakeholders in energy regulation:

- **Evolving social and environmental goals** are seen as a very important driver for innovation in energy regulatory decision-making in recent years.
- **The lack of shared understanding for respective roles and responsibilities of policymakers and regulators** is seen as an important driver for innovation in the relationship between regulators and policymakers.
- **The need to address public trust and understanding in energy decision-making** is seen as a key driver for innovation in regulators' public engagement.

Jurisdiction of Participants' Work

Where is your work most focused?

- Provincial/territorial
- National
- Combined jurisdiction
- Municipal
- International

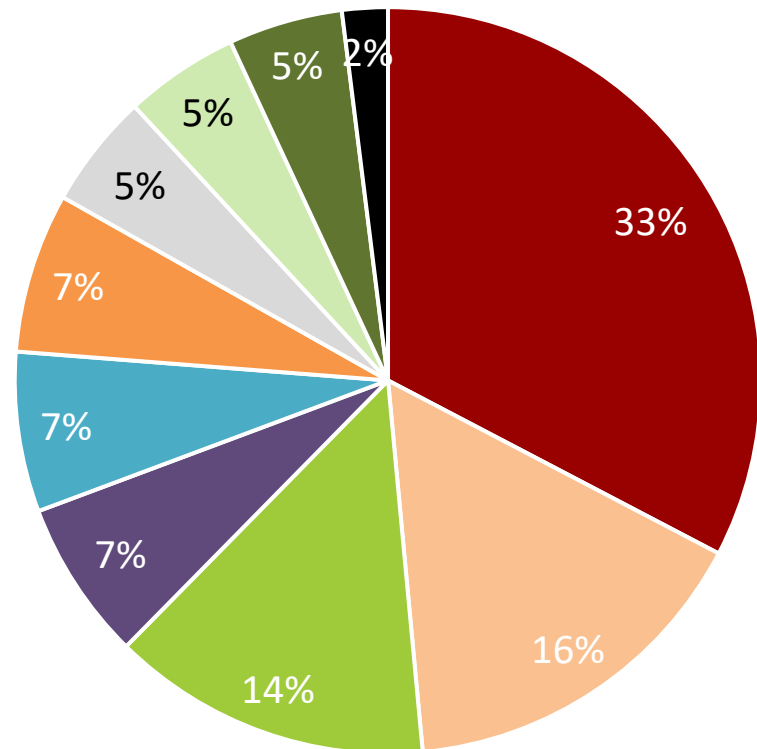


The majority of participants (78%) work mostly at the provincial level

Jurisdiction of Participants' Work

If provincial/territorial, where is your work most focused?

- Ontario
- Nova Scotia
- British Columbia
- Alberta
- Quebec
- Saskatchewan
- Manitoba
- New Brunswick
- PEI
- Northwest Territories

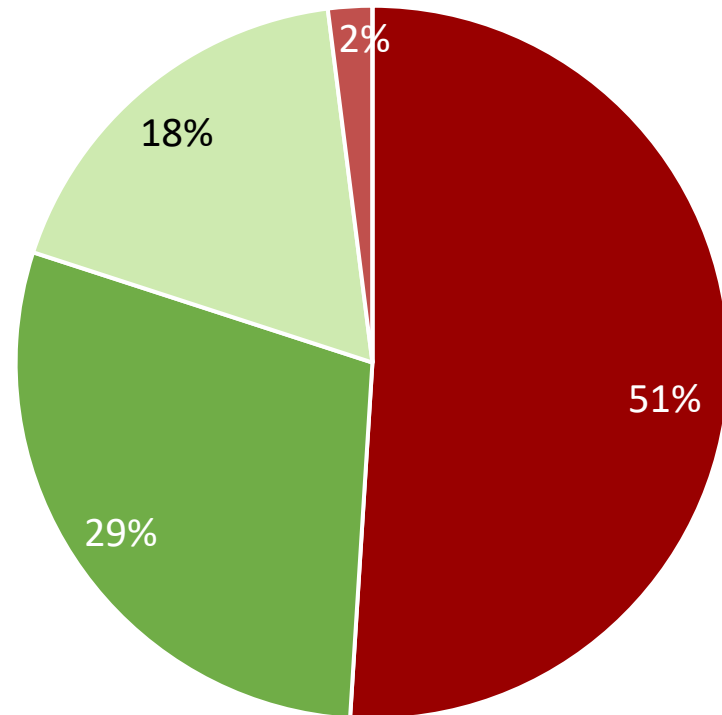


Focus of Participants' Work

What is your work mostly focused on?

- Rate regulation
- Other
- Safety and environmental regulation
- Resource production regulation

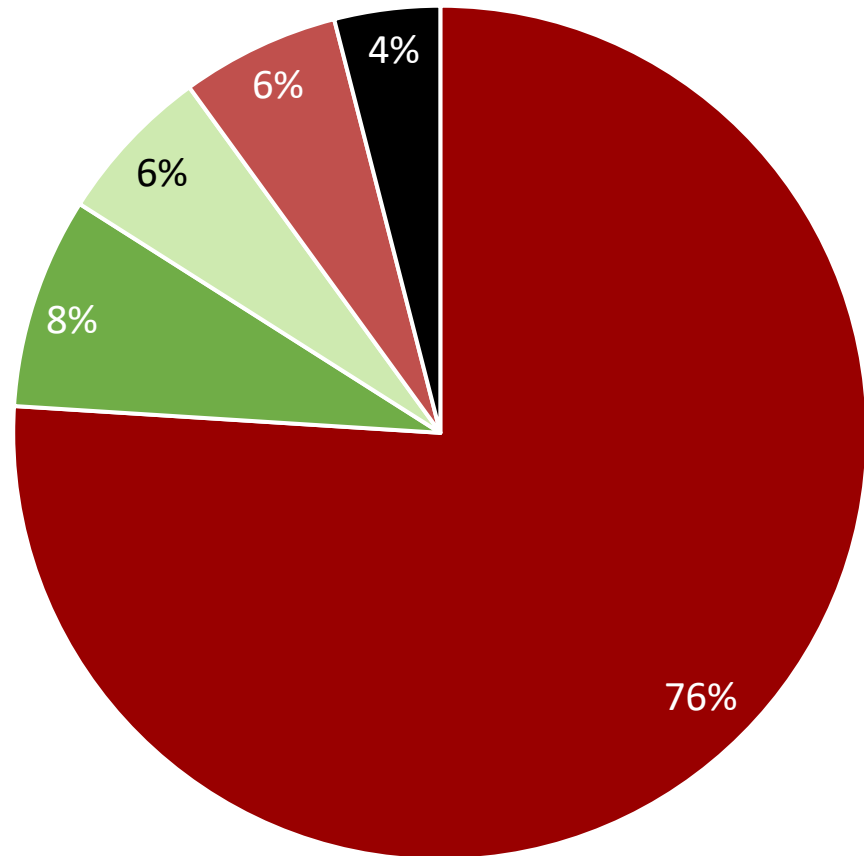
Other: Both rate and infrastructure regulation, non-government organizations, municipal utility, executive training or management



Focus of Participants' Work

What is the geographical scope of your work?

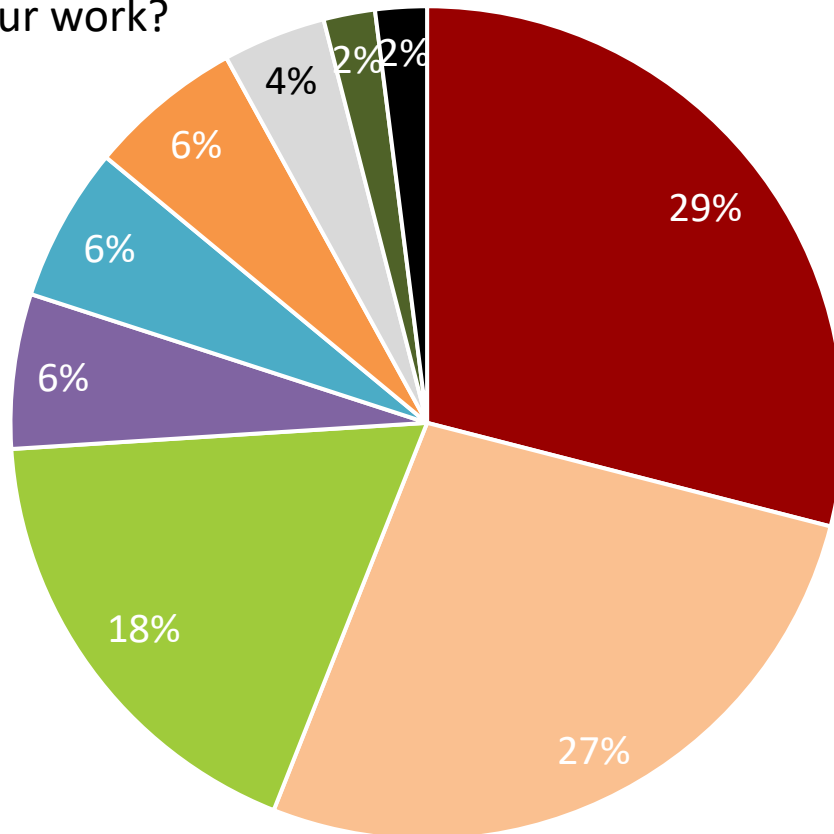
- All
- Rural/Small town
- Remote and North
- Combined scope
- Urban centres



Outcomes and Interactions of Participants' Work

What are the outcomes of your work?

- Other
- Tolls-tariffs-rates
- Project approval
- Operations
- Research-analysis
- Public engagement
- Indigenous engagement
- System access
- Evaluation



Other: Combination of all options, applied research

Outcomes and Interactions of Participants' Work

Who do you mostly serve or interact with?

■ Combination of all options

■ Publicly owned utility

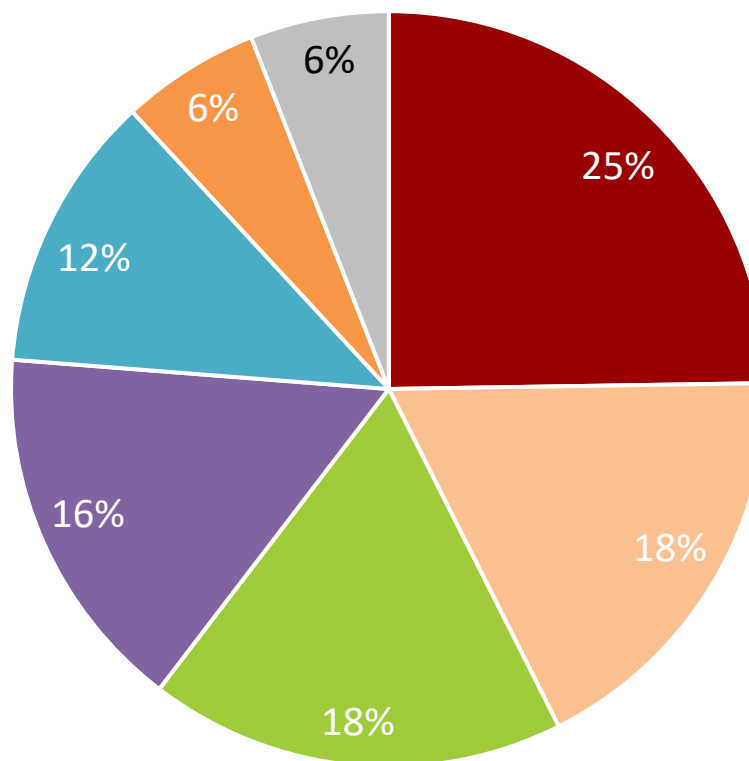
■ Regulatory agencies

■ Policymakers

■ Private sector

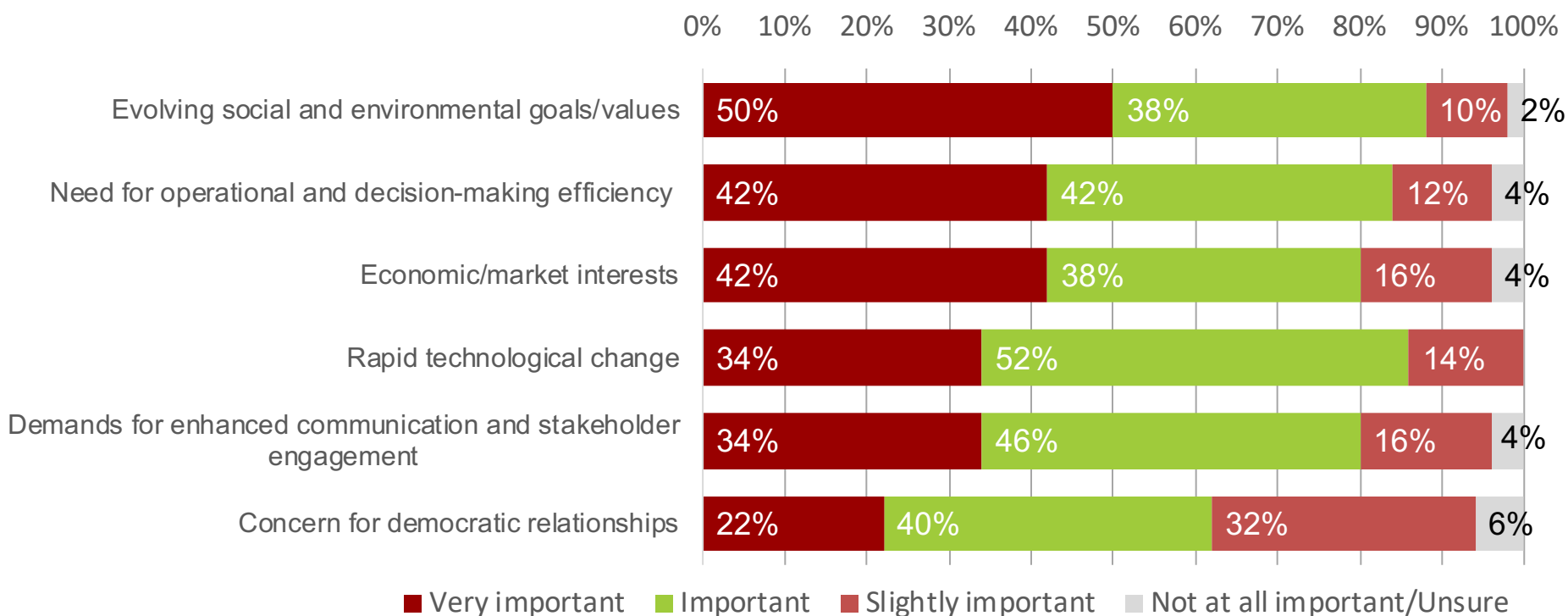
■ NGO(s)

■ General public



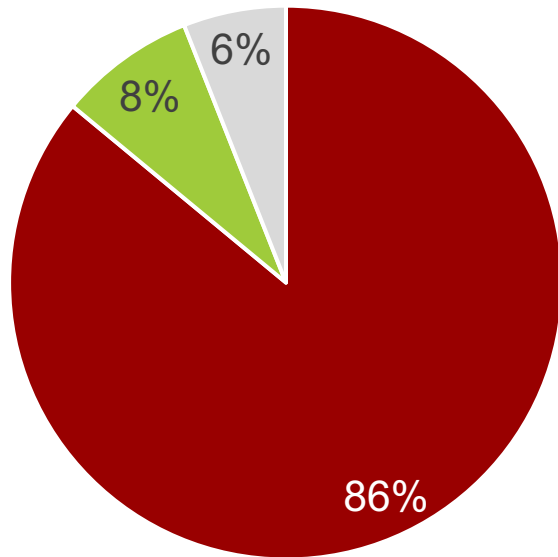
Drivers of Regulatory Innovation

Please rank the relative importance of drivers for innovation in energy regulatory decision-making in recent years.



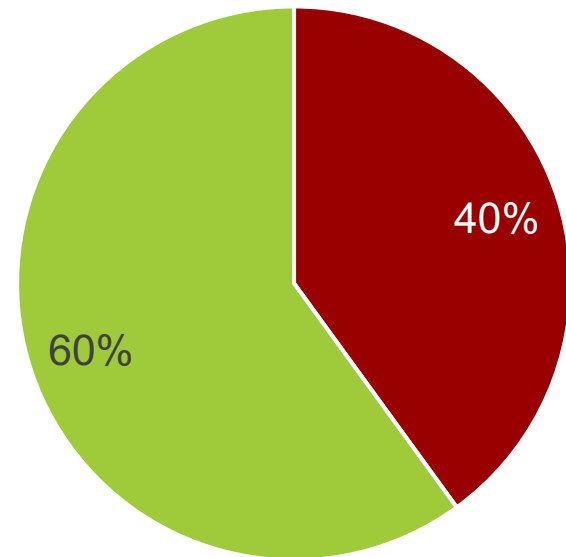
Innovation in the two-way interactions between energy regulators and associated policy-making authorities

Do you see or feel the need for this kind of innovation?



■ Yes ■ No ■ Not sure

Do you have experience with this kind of innovation?



■ Yes ■ No



Do you see or feel the need for innovation in two-way interactions between energy regulators and associated policy-making authorities?

A strong majority of participants (86%) say yes

- Support for this kind of innovation is high across participants from all regions of Canada
- Among regulators, 16 of 18 participants say yes (88%)
- Among utility, 6 of 7 participants say yes (86%)

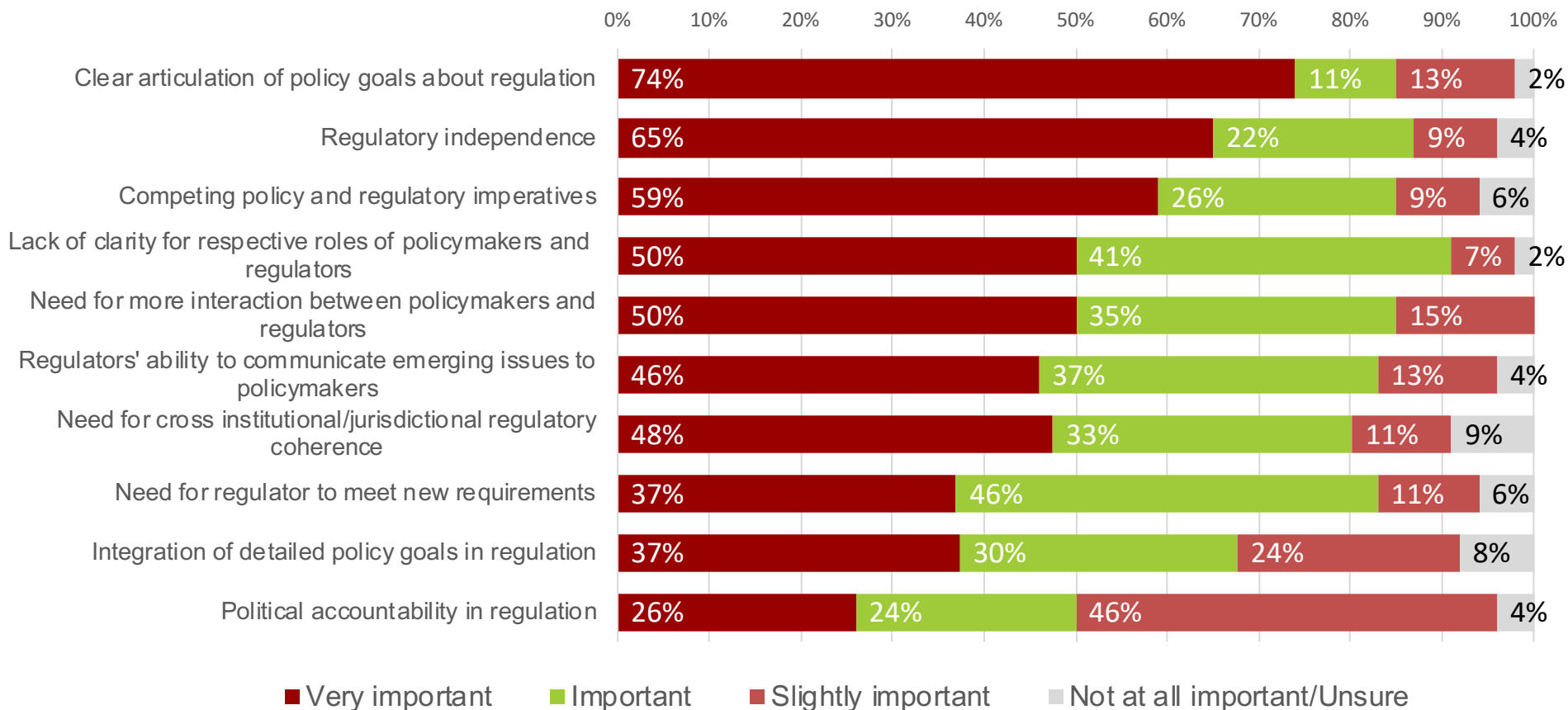
Have you had experience in innovation in two-way interactions between energy regulators and associated policy-making authorities?

Among regulators, 50% of participants reported having experienced innovation(s) in two-way interactions with policy-makers. Among those who work in utilities, 57% of participants reported having experienced this type of innovation.

Working at the national level, 50% of respondents reported having experienced this type of innovation. At the provincial level:

- British Columbia – 65% yes; 35% no
- Ontario – 35% yes; 65% no
- Nova Scotia – 60% yes; 40% no

Relative importance of drivers for innovation between regulators and associated policy-making authorities



Relative importance of drivers for innovation between regulators and associated policy-making authorities

The respondents viewed the factors below as the most important drivers overall

- The lack of shared understanding for respective roles and responsibilities of policymakers and regulators (91% say it is important or very important)
- The need for clear articulation of policy goals that drive regulation (85% say it is important or very important)
- Concerns for regulatory independence (87% say it is important or very important)
- Competing policy and regulatory imperatives (85% say it is important or very important)

Among regulators

- 100% say that the need for regulators to meet new or revised mandated requirements is important or very important as a driver
- 94% say that regulators' ability to deliver advice and intelligence regarding emerging issues to policymakers is important or very important as a driver

Concerns for political accountability in process or outcomes was viewed as a much less important driver for all participants.

Suggested innovations in policymaker/regulator interactions

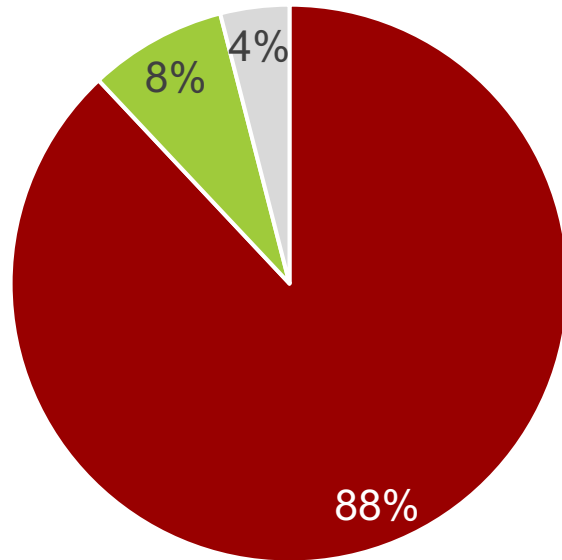
As examples, the goal of the interaction could be to inform public policy, general knowledge exchange, or relationship building.

The interactions include one-off and recurring initiatives:

- Board member / staff outreach, meetings, briefings, non-government and industry forums
- Ad hoc review and assessment of legislative / project proposals
- Open and transparent hearings
- Use of Ministerial Directives or Memorandum of Understanding
- Active adjudication
- Workshops / events focused on specific proposals
- Single-window regulator institutional design

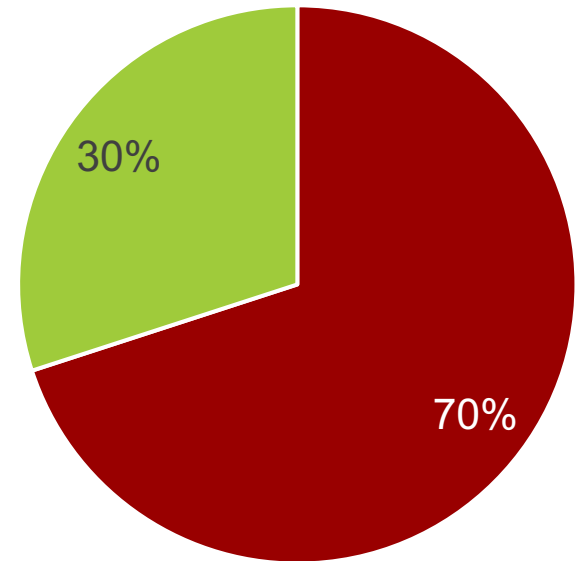
Innovation in public engagement during regulatory development, application process, or oversight activities of energy regulators

Do you see or feel the need for this kind of innovation?



■ Yes ■ No ■ Not sure

Do you have experience with this kind of innovation?



■ Yes ■ No



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Do you see or feel the need for innovation in public engagement during regulatory development, application process, or oversight activities of energy regulators?

A strong majority of participants (88%) say yes

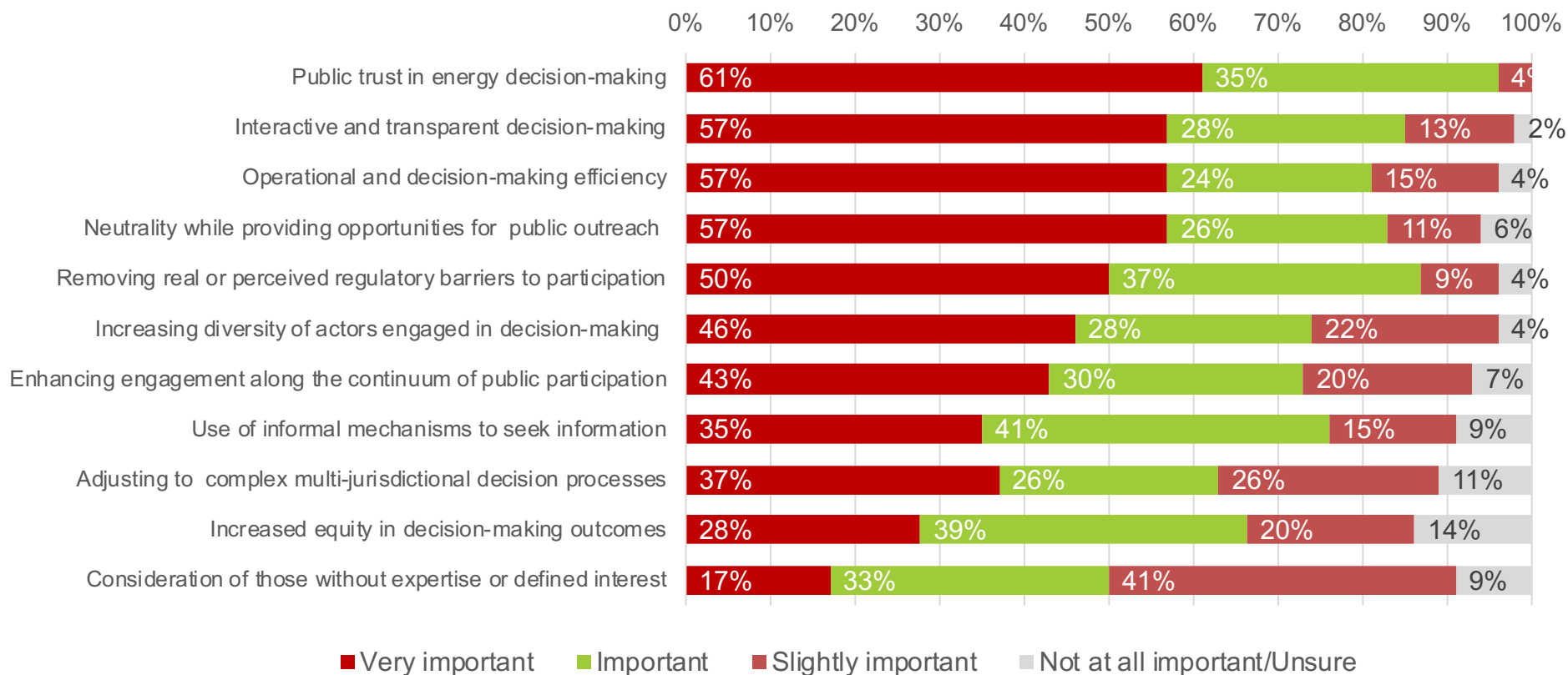
- There is strong support across regions; slightly less (79%) in Ontario (lowest level of provincial support, but still high)
- Among regulators, 15 of 18 participants said yes (83%)
- Among utilities, 7 of 7 participants said yes
- Among ENGOs, 5 of 5 participants said yes

Have you had experience in energy regulators' innovation(s) concerning public engagement in regulatory development, application process, or oversight?

Experience with this type of innovation by group

- Among regulators, 94% said yes, compared with 70% overall
- Among those representing Indigenous organizations, both said yes
- Among ENGOs, 3 of 5 participants said yes (60%)

Relative importance of drivers for regulators' innovation in public engagement



Relative importance of drivers for regulatory-based innovation in public engagement

The need to address public trust and understanding in energy-related decision-making was rated as the most important driver overall (96% say it is important or very important).

- 100% of regulators say this driver is important or very important

Among regulators, 94% also rated these drivers as important or very important:

- The need to remain neutral and perceived to be neutral while providing opportunities for education and public outreach
- The need to remove real or perceived regulatory barriers to participation
- The need to enhance public engagement along a continuum of participation

The need to collect and consider views of individuals and organizations without expertise or defined interest was rated as the least important driver compared to others.

Suggested innovations for regulators' public engagement

The goal of engagement could be related to decision-making, dialogue / relationship building, general knowledge exchange, or to inform regulatory development.

Suggested innovations include:

- Examples of well-received Indigenous engagement
- Outreach and engagement pre-hearing for potentially affected communities
- Regulatory sandbox initiatives
- Website development
- Intervenor funding initiatives
- Engagement in regulatory development
- Non-regulator engagement with communities
- Survey research

Additional themes on institutional innovation in policy-regulatory relations and public engagement

- **Policymaker backdrop**
 - Concern for enabling legislation/role in framing public engagement process
 - Concern for corporate memory to advise on separation of policy and regulatory functions; need for policymaker/regulator transparency
- **Regulators' opportunity to be innovative within confines of regulatory independence and perception of poor relations/oversight amongst politics, policy, regulator, courts**
 - Enhance intra-jurisdictional relations e.g., economic and safety regulators' discussions
 - Create stable, predictable, equitable decisions, characterized by procedural fairness; confirm role of regulators in unresolved policy issues (e.g., Indigenous reconciliation, lack of policy alignment between environment, energy, economic development)

Additional themes on institutional innovation in policy-regulatory relations and public engagement, continued

- **Focus on ratepayers**
 - Effect of decision-making on low-income/vulnerable Canadians
- **More opportunities for meaningful engagement; ask how stakeholders wish to be engaged**
 - Strengthen intervenor participation, including funding as regulatory applications are complicated, with need to level the playing field
 - Enhance depth of stakeholder participation beyond outreach, education, ability to provide brief comments; possible use of layered approach for input in decision-making – provincial policy setting, regional land use planning, local project decisions

Relevance for decision-makers and next steps

The ‘*What Works?*’ project will support energy regulatory decision-makers in Canadian jurisdictions through:

- Improved understanding of shared challenges and opportunities
- Suggested actions that could enhance policymaker-regulator relationships and public engagement approaches

Based on two case studies, results will include a list of key success factors, offering decision-makers a roadmap and benchmarking tool for scaling up successful innovations within their organizations. The cases will investigate:

- Innovations in formal two-way interactions, drawing from examples across Canada
- Regulators’ public engagement practices in the context of decision-making for distributed energy resources, with application to other decision issues