



Business Plan

Safely Powering Tomorrow:
The Journey Towards Becoming
a Modern Regulator

April 2021 to March 2022



Vision:

An Ontario where people can live, work and play safe from electrical harm.

Mission:

To improve electrical safety for the well-being of the people of Ontario.

Mandate:

To promote and undertake activities which enhance public electrical safety including training, inspection, authorization, investigation, registration, enforcement, audit, and other regulatory and non-regulatory public electric safety quality assurance services.

– ESA Objects of Corporation, 1999

Purpose:

ESA anticipates, understands, and mitigates electrical related harms to improve safety for the well-being of Ontarians.

Values:

Safety

We can and will make Ontario a safer place for all citizens.

Accountability

We hold ourselves to the highest standards of responsibility and ethical behaviour.

Leadership

We will always strive to do better, challenge assumptions, and welcome new ideas.

Collaboration

We work best when we work together.

Integrity and Trust

We will take the high road.

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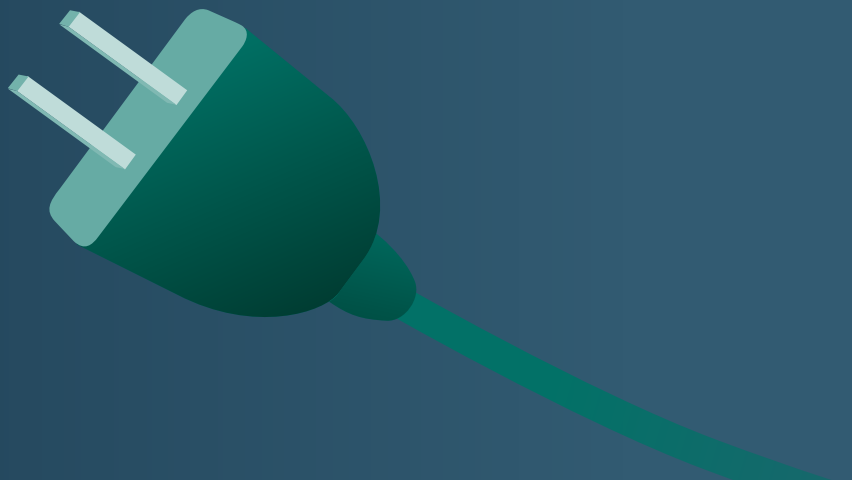
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Introduction





Introduction

Role

The Electrical Safety Authority (ESA) is mandated by the Government of Ontario to enhance public electrical safety in the province. We are both a safety regulator and an advocate.

Our powers and duties derive from The Electricity Act and The Safety and Consumer Statutes Administration Act including responsibility for four regulations:

- The Ontario Electrical Safety Code (Regulation 164/99) which defines how electrical work will be done;
- Licensing of Electrical Contractors and Master Electricians (Regulation 570/05) which sets requirements for those doing electrical work;
- Electrical Distribution Safety (Regulation 22/04) which defines safety accountabilities for Ontario's Licensed Distribution Companies (LDCs); and
- Electrical Product Safety (Regulation 438/07) which addresses approval of electrical products before their sale, and response to unsafe industrial and commercial products in the marketplace.

ESA's primary activities are: identifying and targeting leading causes of electrical safety risk; ensuring compliance with regulations; promoting awareness, education and training; and collaborating with stakeholders to improve the state of electrical safety in Ontario. ESA is a private, not-for-profit corporation headquartered in Mississauga, Ontario with staff deployed across the province.

Relationship to Government

ESA is an administrative authority of the Government of Ontario. Our mandate is to administer its designated legislation and regulation with the purpose of public safety, consumer protection, and advancing the principle of a fair, safe and informed marketplace, which supports a competitive economy.

The Ministry of Government and Consumer Services retains responsibility for legislation and regulations. ESA is responsible for ensuring implementation and enforcement of legislation and regulations.

The roles and obligations of ESA and the Ministry are detailed in an Administrative Agreement.

Scope of Powers & Responsibilities

ESA's mandate is detailed in the corporation's Letters Patent. The objects or purposes are:

- to promote and undertake activities which enhance public electrical safety including:
 - » training;
 - » inspection;
 - » authorization;
 - » investigation;
 - » registration;
 - » enforcement;
 - » audit; and
 - » other public electrical safety quality assurance services;
 - » to act in any capacity under all legislation and regulations designated and delegated to the Corporation under the Safety and Consumers Statutes Administration Act, 1996, S.O. 1996, C.19 as amended from time to time and any other legislation or regulations under which responsibilities are delegated to the Corporation in the future;
 - » to inform, educate and work with industry, government and the public;
 - » to promote and undertake activities which enhance the competitiveness of the Ontario and the Canadian economy;
 - » to promote and undertake activities that encourage the harmonization of electrical safety standards and compliance practices; and
 - » to encourage industry to responsibly enhance electric safety.

The objects establish a broad scope of tools which can be applied to enhance electrical safety, ranging from inspection to training and registration and others. In addition, ESA has the ability to use other "safety quality assurance services" which gives the organization significant flexibility. These can include non-regulatory services providing ESA meets requirements in its [Administrative Agreement](#) with government.

The Letters Patent also oblige ESA to:

- work collaboratively with industry, government and the public;
- support competitiveness;
- support harmonized standards and practices; and
- ultimately encourage industry to take accountability for the improvement of electrical safety.



ESA's 5 Year Strategic Plan

ESA launched its 5 Year Strategy which spans from April 2020 to March 2025. It reflects ESA's journey towards becoming a Modern Regulator. This Strategy follows through on the effort to augment ESA's evolution and a new Risk Based approach is now implemented. To view it click [here](#).

The following are its key elements.

Our Approach

We begin with ESA's new purpose statement, developed to explain the philosophy ESA will use to operationalize against electrical harm.

ESA **anticipates, understands,** and mitigates electrical related harms to improve safety for the well-being of Ontarians.

It is important to clarify two key words in the above stated Purpose; **anticipates** and **understands**.

Anticipates is defined as proactively identifying and getting in front of harms before they adversely affect Ontarians. To sense future harms in this way will require us to be more nimble than we historically have been in the way we deliver our mandate.

Understands is defined as researching and studying emerging and existing technologies on a global scale and quantitatively measuring risk in Ontario.

By relying on this Purpose statement as the cornerstone of ESA's operations moving forward, we will be able to evolve the way we work to continue to lead the world as a modern electrical safety regulator.

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ESA will:

- continue to execute modern, risk-based regulation by embedding these operational concepts (such as risk-based inspection) throughout our organization;
- prioritize its resources and efforts to allow for a broader impact with the resources we already have;
- work to serve our stakeholders and be accountable to them;
- meet the greater need for effective and efficient operations, further applying the concept of risk-based prioritization through using a harm lifecycle approach;
- develop the organizational capabilities (primarily agility and adaptability) required to facilitate this operating environment;
- benefit from increasing the digital services we provide to internal and external stakeholders;
- facilitate accountability within industry, and with the broader public;
- work to better understand the largest components of unlicensed underground economy activity as we continue our efforts to reduce it;
- continue to use regulation to ensure a safer Ontario; and
- be fiscally responsible and always operate with the best interests of all Ontarians in mind.

The Lasting Impact of 2020

There were two significant events that took place in 2020 which will have a lasting impact on ESA. The first was the COVID-19 pandemic. The second was the Ontario Auditor General's Value for Money Audit (OAGO VFM), which ran the course of the whole year.

ESA's Response to COVID-19

Temporary emergency healthcare facilities and temporary residential facilities are examples of new specialized environments where ESA stepped in to ensure electrical safety was in place for those occupying or utilizing these sites. ESA is gathering and analyzing data on how shifts in our environment and society due to the pandemic have changed the risks associated with electrical systems. ESA will use this information to understand if a shift in where ESA focuses its resources will be needed to further augment electrical safety. These new sites demonstrate that electrical risks in Ontario are evolving.

Pivoting to offering remote inspections via photo and video became more prominent during lockdowns. This method of inspection is propelling ESA and stakeholders to move forward together, using modern tools to evolve inspection procedures while ensuring safety and keeping the lights on. ESA will be exploring ways to improve this process and continue to improve organizational effectiveness.

Ontario Auditor General's Value for Money Audit (OAGO AFM Audit)

ESA welcomed the Audit to highlight areas where we can continuously improve electrical safety value for Ontarians. Overall, the report explains that electrical safety has improved over the last 10 years. 25 Recommendations were provided to ESA for further improvement with approximately 50 items to action. The report can be viewed [here](#).

A follow up audit will take place in FY2023 to review progress ESA will make on implementing the recommendations.

A report will be publicly tabled to validate ESA's progress.

The Audit highlighted areas where ESA can increase its impact and be more efficient. It also focused on ESA's compliance efforts. For the next 4 years, we will augment our approach under the compliance pillar in the Strategy to focus more closely on the contractor licensing and product safety programs.

Despite the challenges this fiscal year, ESA's Strategy stays steadfast and supports the organization's efforts to continue to move forward on its journey towards becoming a modern regulator. ESA has demonstrated it is an agile and adaptive organization and will continue to build this capability over the coming years.

Strategic Goals:

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Safety Goal	Compliance Goal	Organizational Excellence Goal:	Public Accountability Goal:
Further reducing electrical related harm	Creating a regulatory environment that enables electrical safety	Operating with excellence to maximize the electrical safety of Ontarians	Being a publicly accountable regulator

The new five-year strategy has four main goals centered around: safety, compliance, organizational excellence and public accountability.

GOAL: Safety

Further reducing electrical related harm.

True to our mandate, we will seek to reduce the number of electrical related critical injuries over the next four years in Ontario, while maintaining the already low rate of electrical related fatalities. In this plan, ESA will continue to track the number of electrical-related fires in Ontario and work towards reducing them.

Given the growing population in Ontario and the ever-expanding potential for electrical harms as a result of technological innovation and changing electricity demands, ESA will continue to monitor the low rate of electrical related fatalities which occur in Ontario, preventing that rate from increasing.

Strategy to Improve Safety:

To achieve this objective, ESA will continue to evolve the way it operates and continue on its journey to broadly apply the concepts of risk-based prioritization across the organization. Risk prioritization is key to effective and efficient risk mitigation. As ESA's operating environment continues to change, we will change with it. We will target our efforts to focus on where we can have the greatest overall reduction in harm that is expected to impact Ontarians. Such an approach must also be flexible and agile to meet the needs of electrical harm related emergencies.

Our 5 year safety goal is to achieve a 10 percent decrease in the combined rate of electrical fatalities and critical injuries (based on the five-year rolling average) between 2020 and 2025.

In the second year of the strategy, the target will continue to be a 2 percent decrease (represents a portion of the 10 percent over the 5 year strategy) building on the first year's progress.

Prioritizing Harms

Once a harm is understood, ESA will work to prioritize resources to mitigate it based on the impact the harm reduction actions are expected to have on Ontarians and the impact we can make in reducing it. ESA will, at regular intervals, iterate on a prioritized list of harms to ensure we are having the maximum potential impact.

Harms within the five main categories are being considered for mitigation and prioritization. They include harms related to: worker safety, powerline safety, non-occupational electrical interactions, electrical product fires and aging infrastructure.

Addressing Harms

Over the course of this next fiscal year, ESA will continue to be attuned to our ever-changing environment and ensure that wherever new safety interventions are required to protect Ontarians against electrical harm, we will be there to provide support and guidance. ESA will work to address harms by leveraging an agile approach to creating harm reduction actions. To ensure that we are organizationally enabled to effectively manage the actions we take, we will need to ensure that we align the management of our resources with the harm lifecycle-based approach of managing and addressing harms. An important aspect

of being able to effectively and efficiently manage harms will be our ability to re-deploy resources where they can have the greatest impact. In some cases, this may mean that we scale back our active efforts when a harm has been sufficiently reduced, although we must monitor to ensure that harms do not re-emerge after we have reduced our actions. To mitigate this concern, it may mean that we increasingly work with our partners to take the lead with respect to various interventions while we maintain an oversight role.

Developing Partnerships

ESA will continue to develop its partnership network through the sharing of electrical safety expertise. Where we believe that others can enable a larger harm reduction impact, we will actively work to partner in the development of harm reduction actions. In our future, ESA aims to further our collaborations in the identification of potential harm solutions with both domestic and international partners in the global electrical safety network.

GOAL: Compliance

Creating a regulatory environment that enables electrical safety.

ESA is responsible for the administration and enforcement of Part VIII of the Electricity Act and its regulations. As always, ESA will look to improve our approach in overseeing the compliance to the Act and regulations by our licence holders, Licensed Distribution Companies as well as ensuring safety of electrical products sold in Ontario.

Leveraging risk-based prioritization efforts will raise the already high standard of electrical services received by those in Ontario. For this goal, our primary objective is to work with the contractor community to promote compliance, while working to reduce some of the efforts required from contractors to be compliant.

In the second year of this strategy, ESA will address recommendations from the OAGO VFM Audit. Many of the recommendations are aligned to ESA's compliance strategy. Actions to address the recommendations are underway and will continue into future years' business plans. These compliance actions will increase electrical safety value for Ontarians.

Strategy to Improve Compliance:

In line with our effort to optimize the impact we can make with our resources, ESA will make specific progress working through the Auditor General's recommendations. Of particular relevance are the recommendations regarding changes to the electrical contractor and master electrician licensing program, the product safety program and the utility regulations program. The actions to address these recommendations will improve compliance and support ESA's risk based oversight in these areas.

Recognizing and supporting Licensed Electrical Contractors and Master Electricians that operate in compliance with regulations.

ESA will work to acknowledge and recognize Licensed Electrical Contractors and Master Electricians that operate with a licence and are compliant with the duties and responsibilities associated with their licence to operate. Where we identify contractors who consistently deliver high quality electrical work, we will ensure the smoothest possible interaction with ESA as a key component in the delivery of their services. This effort was introduced in 2020 through the launch of risk based oversight. Throughout this process, ESA will maintain our oversight position and enforcement role. We will work to understand and anticipate the needs of the contractor community. We will collaborate with them to understand how we can jointly contribute to an Ontario that welcomes innovation and business growth post pandemic while stewarding a safety culture for which all can be proud.

Ensuring that contractors operate in accordance with their licence and reducing regulatory burden.

As part of this plan we will find ways to make compliance more efficient and less burdensome to make it easy for contractors to be entirely compliant with regulations. In doing so, we will ensure that being compliant is not burdensome, and is realistic for all to achieve.

ESA will continue to work with contractors to build the level of professional integrity found in the contractor community. ESA recognizes electrical contractors as critical partners in the delivery of a safety culture where all participants (including ESA, Licensed Distribution Companies, and end users) believe in the merits of delivering/ interacting with safe electrical systems and take the necessary actions required to do so. For ESA, it is imperative that we support the continued development of a 'safety culture' where all contractors have the desire, skills, and regulatory support necessary to ensure that all electrical work is completed safely.

ESA will support its contractors as they continue to raise the high bar established for professional integrity, compliance with regulations, and continuous development. By supporting contractors in their continuous journey towards offering better electrical contracting services, ESA will increase electrical safety in Ontario.

Reducing unlicensed electrical work to increase electrical safety and ensure a level playing field for all electrical contractors

ESA will work to better understand the largest components of the underground economy as we continue our efforts to reduce it. Transactions conducted without an electrical notification are those that are undertaken in breach of the law or regulation. In context of electrical installations, this could be work performed by unlicensed contractors or by persons who are authorized to perform electrical installations, but the work fails to comply with Ontario Electrical Safety Code or another regulation administered by ESA.

ESA has an interest in finding this type of transaction as it could be non-compliance, and could lead to a safety hazard depending on the nature of the work. By reducing this type of transaction, compliance should increase, ESA will be notified of a broader spectrum of work, and have a better opportunity to influence electrical safety.

From there, we will identify, prioritize, and act where we have the greatest opportunity to reduce underground economy activity in alignment with the concept of risk-based prioritization. ESA will continue our current enforcement activities against those who provide unlicensed electrical services, as authorized by the Act and Regulations. We will continue our efforts to seek out unlicensed electrical contractors and where required, take progressive and fair action against them.

To help further reduce the potential demand for work done without electrical notifications, ESA will also increase public awareness of the benefits of, requirements to, and consequences of not using a Licensed Electrical Contractor or Master Electrician to complete electrical work. We will educate homeowners on the difference between certified electricians, Master Electricians and Licensed Electrical Contractors to ensure they operate in compliance with ESA's regulations. Through education, we hope to help Ontarians better understand the importance of their actions and decisions in ensuring their electrical safety.

GOAL: Organizational Excellence

Operating with excellence to maximize the electrical safety of Ontarians

Operating with excellence requires continuous improvement. As we continue to evolve, we seek to improve the ways in which we reduce harms. Over the next 4 years, we will continue to work to improve our tools, processes, capabilities and the culture of our team. This is planned to provide ESA with the resources it needs to be able to operate with the harm lifecycle methodology at our core. The harm lifecycle is a process of: understanding current and emerging harms and their contributors, prioritizing those harms, addressing them and also developing partners to enhance mitigation. By ensuring we have the tools and culture required to deliver this means of operation, we will be able to maximize our harm reduction impact. When we have successfully implemented these tools, ESA will be more efficient, modern, and productive in its ability to reduce electrical harms.

ESA's 5 year strategic goal is to achieve a 10 percent increase in the Corporate Excellence Index. The Corporate Excellence index is a set of data metrics that relate directly to ESA's operational effectiveness.

For the second year of the strategy, ESA's target continues to be to achieve an average 2 percent increase in the Corporate Excellence Index (a portion of the 10 percent each year, spread out over each of the 5 years of the strategy).

Strategy to Improve Organizational Excellence:

For ESA to continue to provide Ontarians with an effective electrical safety system, ESA needs to continue to develop the processes and tools we use to engage with our stakeholders and deliver our core services.

Beyond tools, ESA wants to further invest in our people and culture. We will continue to monitor the effects of COVID-19 on our stakeholders and our workforce. We will continue to develop the capabilities of our skilled team to ensure that they are prepared to thrive within a harm lifecycle based environment. By making strides towards increasing our effectiveness and efficiency in delivering services and engaging with stakeholders, we will be able to maximize electrical safety for Ontarians with our current team while decreasing burden for our stakeholders.

Implementing best in class productivity tools & processes

As technology evolves, ESA will benefit from increasing the digital services we provide to internal and external stakeholders and has developed a digital roadmap. By implementing these productivity tools, building and improving IT/ information systems and further elevating the efficiency of our processes, we will improve our stakeholder experience. Improved technology services will enable our resources to be more effective as they deliver on our harm reduction mandate. Our people can be more productive in the field, with our stakeholders, and in the planning and management of our internal resources.

Improving our ability to deliver an efficient electrical safety system for Ontarians will also remove barriers to great service and improve employee satisfaction. ESA recognizes the importance of people as we create and roll out new digital services and technologies. Our digital roadmap includes change management, training, and communication as we increase our digital maturity. The digital services will enable greater data analytics to inform our harm reduction areas of opportunity.

Developing our people and organizational capabilities while continuing our cultural evolution

ESA's people are our most valuable assets. Looking forward, we will evolve our culture and ensure that a diverse set of individuals are encouraged to experiment and learn as a means of identifying potential solutions to challenges. These cultural changes will contribute to our ability to attract, retain, and be inclusive of a diverse variety of industry leading talent. Attracting and retaining diverse talent remains a fundamental component of our continued success in reducing electrical harms and will allow us to continue to reflect the population we serve.

To enable the realization of our strategic ambitions, we know that we will need the dedication and support of the entire team at ESA. As we continue to evolve in the way we deliver our services, ESA wants to ensure that we enable our success by building on the already high skill base within our organization. By investing in the capabilities of our people, we will enable ESA to operate with greater organizational agility than ever before.

Beyond individual capabilities, ESA will also need to work to build organizational capabilities such as the effective deployment and management of cross-functional teams. As we continue to develop our organizational agility, we will be cognizant of the need to develop these enabling capabilities.

ESA recognizes the need for our organizational structure to be properly aligned to deliver the harm lifecycle. ESA will assess the impact that our organizational structure has on our ability to deliver in our evolving operating model. Where we observe structures that do not align, we will consider how we can evolve our structure to be consistent with our intent to operate as a modern, risk-based regulator.

Alongside the enhancements in the skills and capabilities of our team, ESA wants to embrace a more agile culture, which we believe will contribute to our continued success in being regarded as a world class and modern risk-based regulator. Specifically, we aim to continuously improve how we operate by utilizing risk-based approaches that will contribute to the development of an open and competitive market. To ensure we continue our advancement, ESA will seek to better understand and define our culture today and how we envision it changing to optimize our efforts as outlined in this strategic plan. Once defined, we will evolve our culture based on what is required for us to deliver a risk-based prioritization model of managing harms.

GOAL: Public Accountability

Being a publicly accountable regulator.

The government has delegated ESA significant powers including the ability to inspect electrical work, collect fees, audit work activities, license trades, order power disconnections. ESA must be fair, transparent, proportionate and responsible in the use of its authority. ESA wants to and should be viewed as being a publicly accountable regulator that provides Ontarians with a valuable electrical safety system. To ensure we continue delivering great service to the public of Ontario, we aim to further improve our stakeholder experience.

ESA's 5 year strategic goal is to maintain or improve the stakeholder accountability index score 8.2 as measured through ESA's multi-stakeholder survey over the next 5 years.

In the second year of the strategy, ESA will hold its focus on effective stakeholder engagement to have a positive impact on this goal.

Strategy for maintaining public accountability:

Improving ESA Interaction

We strive to make sure that everyone can easily reach ESA through their channel of choice. To meet this objective, we intend to expand the ways in which our customers can connect with us.

Fundamentally, ESA wants our stakeholders to be able to engage with us as easily as possible. To facilitate this objective, we aim to better understand the 'customer journey' of our stakeholders when working with ESA. In doing so, we will be better able to understand and deliver the services which are uniquely required of our various stakeholder groups. We also recognize the importance of being able to deliver services through the channels that best suit the needs of our stakeholders. We will increase the pace of our digital transformation to ensure that our stakeholders can engage with us easily through an integrated multi-channel environment.

Improving our service delivery

To increase our ability to build relationships with our stakeholders, ESA intends to enhance its successful stakeholder engagement practices by developing processes that will allow us to better understand our stakeholders, their needs, and how we can better serve them. We aim to further collaborate, and make improvements in our service delivery. Increased collaboration will help to ensure that our clients' needs are both understood and addressed. Continued clarity and transparency with our partners will be critical enablers of our mutual success in improving our service delivery.

We also aim to better understand how we can move towards operating as a single point of contact through our processes and external relationships. Achieving these next steps and augmenting the way we deliver our service, allows us to become more transparent with our stakeholders while reducing burden for those whom we regulate.

Improving how our stakeholders view ESA

To improve outcomes and raise our profile in the eyes of the public, we will work to ensure that we consistently provide value to Ontarians in serving our mandate. ESA aims to increase our corporate profile as a means of increasing the level of impact we will be able to have in the communities we serve. To raise our profile, and subsequently our impact, ESA will continue to enhance our thought leadership at industry

events by leveraging our considerable electrical safety expertise. We continue to be seen as global leaders of electrical safety regulation both locally and globally. Fundamentally, ESA will maintain a high level of trust with Ontarians. To increase our effectiveness in communicating strategies, delivering services and helping to reduce electrical harm in Ontario.

Summary

Through ESA's evolution, we will maintain focus on realizing our purpose of anticipating, understanding, and acting to reduce electrical harms. Continuing to work in alignment with risk-based prioritization principles identified in our previous plan, helps us continue to improve electrical safety in Ontario.



2021/22

Business Plan

Environmental Context

While ESA's strategic plan defines our priorities for a five-year period, we monitor developments in the marketplace, technology, regulation and government policy, as well as other factors that could create opportunity or risk to achieving our strategy.

Environmental scanning efforts are ongoing and receive particular focus in the annual Board and executive strategic planning session, executive and senior management team meetings, staff planning sessions, and via our enterprise risk management system.

Key external factors that are expected to impact ESA and its mission in the years ahead include:

- **Continual assessment** of the external environment due to COVID-19 and its impact on administering electrical safety including changes to urbanization.
- **Fundamental changes** to the electricity system structure, in particular, installation of generation, distribution, storage and demand management technology on the customer side of the meter, which is typically under the scope of the Ontario Electrical Safety Code and ESA's regulatory oversight;
- **The changing legal environment** will likely lead to changes in the sharing of data and information;
- **Data analytics** are an area of focus with data driven operations, artificial intelligence (AI) to understand the nature of harms, increasing public demand for digital services and sharing of data between regulators and public, which results in the need to ensure we have appropriate quality, accuracy and data security;
- **With the increasing popularity** and use of smart technology such as electric vehicles, smart homes, micro-grids etc. there is a need for an increased understanding of how they may cause electrical harms;
- **Intensifying weather patterns** that threaten electrical infrastructure and access to the safe use of electricity as a result
- **International trade** changes may lead to an increase in collaboration activities at the National level to maintain product approval requirements to safety standards;

- **Retail shopping habits** shift from purchasing from brick and mortar stores to online retailers make it difficult for ESA to confirm compliance or seek enforcement with product approval requirements;
- **Renovations** are on the rise as home improvements are often more affordable than a move in the current housing market. As renovations increase, so do electrical installations and the corresponding risk of electrical harms;
- **Aging Infrastructures** and improperly maintained electrical systems continue to pose fire and electrical shock risk; and
- **Reducing the administrative and financial burden** on businesses is a key priority of the Provincial Government;

The major implication for ESA of these developments is the changing economic, legal, political and social landscape, and the work and installations that require oversight.

We must continually develop our technical expertise and ensure we have capacity to manage a broadening scope and complexity of electrical installations; hence the evolution to a more risk based approach for inspections.

At the same time, we are required to meet public expectations as a responsive regulator providing good customer service, effective education, awareness building, and timely support with emerging smart technology.



2021/22 Priorities

To progress against our five-year strategic goals, ESA has established the following priorities for the 2021/22 fiscal year.

Safety

ESA's mandate is to improve the state of electrical safety in Ontario. As noted on page 7, the five-year objective is to achieve a 10 percent decrease in the combined rate of electrical fatalities and critical injuries (based on the five-year rolling average) between 2020 and 2025.

- » **Objective:** In order to evolve ESA's risk based inspection in FY22 (and in line with the recommendation of the Auditor General) we will continue with the integration and enhancement of remote inspections. This is a progression of our COVID photo/video protocols to incorporate remote inspection as a mechanism for increasing ESA oversight in targeted areas, optimizing inspector resources to higher risk areas and gathering data that can be used to enhance compliance and safety

Compliance

ESA will maintain public confidence in its regulated programs for electrical contractor and master electrician licensing, product safety and utility distribution safety by implementing the recommendations provided through the Auditor General's Value for Money Audit conducted in 2020.

- » **Objective:** Implement the action items that focus on compliance in each of the three regulations: Licensing; Product Safety and Utility:
 - I. Recommendation 15: Dedicate sufficient resources to review and follow up on all reported cases of illegal electrical installations
 - II. Recommendation 19: Dedicate sufficient resources to review and follow up on all reported cases of unsafe electrical products being sold in Ontario.
 - III. Recommendation 10: implement all of the action items from the consultant reviews of the ESA's oversight of local distribution companies (distributors) that have not yet been implemented.

Organizational Excellence

ESA will realize a 10% improvement to the Corporate Excellence Index over our 5 year strategy, or in other words, an average 2% improvement each year.

- » **Objective:** Continue to deliver IT systems and services to reduce manual efforts, enable risk based decision making and support increased compliance through user friendly tools and processes.

Public Accountability

ESA continues to target maintenance or improvement to the stakeholder accountability index score 8.2. This will be measured again this year through the multi-stakeholder survey.

- » **Objective:** Effective stakeholder engagement while actioning the OAGO VFM recommendations to support achieving positive scoring on the multi-stakeholder survey.

ESA's Commitment to Sustainability

Financial

As a not-for-profit corporation ESA's financial sustainability is an ongoing priority. Revenues are generated by licensing fees, fees for safety oversight services in regulated and nonregulated areas, and investment income. ESA receives no tax revenue and is expected to be financially self-sustaining. ESA's financial outlook is updated annually to reflect changing financial circumstances and market conditions. The future projections on page 30 reflect the effects of COVID-19 as well as the necessary increased investment in the digital strategy. Additionally we will require augmenting resources to work on implementing the OAGO VFM recommendations. ESA expects to operate at a deficit over the next few years as the economy recovers from the impact of COVID-19 and the global distribution of the vaccine.

Environmental

ESA regularly assesses economic performance and factors that have changed due to COVID-19. The strategy since the pandemic began has been to reduce expenditures and limit any spending increases without compromising safety. While ESA has seen positive results from this strategy, the full effect of the impact of the pandemic has not been experienced yet. Additionally, ESA has been reviewing its impact on such areas as clean energy and climate change. In recent years we have experienced tornadoes and flooding. ESA is putting effort to understand its carbon footprint and the effect of compromised electrical infrastructure on the safety of Ontarians due to destructive weather.

Social

ESA is committed to being a trusted partner of Ontarians in ensuring that all are safe from electrical harm. Transparency of information to build trust with our stakeholders and provide quality service is paramount for the organization.

Organizational Capabilities to Achieve Success

To enable the 5 year strategy's priorities, ESA will need to develop the organizational capabilities required to facilitate our fast-paced operating environment. The capabilities required fall into 2 groups; those that are new to ESA, and those that

already exist at ESA but have the opportunity to be further developed. By demonstrating these capabilities, we believe we will foster an enhanced working environment that is able to deliver in a harm lifecycle based system of managing and mitigating electrical harms.

Agility and Adaptability

Looking forward, agility and adaptability will become the cornerstones for the way ESA operates. This way of thinking is critical in a dynamic electrical safety world and as such needs to be more pervasive at ESA. To further build this capability, we will work to solidify structures and processes that facilitate an agile organization. We will enhance our ability to make intuitive connections leveraging both our data, and expertise from the field. ESA will continue to develop its ability to learn through experimentation, always keeping the goal of maximizing our harm reduction impact at the forefront.

Adaptive Decision Making

A key component of developing organizational agility is the ability to make decisions based on continually changing information and being comfortable in changing decisions once new information becomes available. As such, ESA will continue to develop skills in adaptive decision-making. This behavior should be more broadly adopted across our organization by ensuring that our people are able to: understand risk, consider risk mitigation plans, be accountable for decisions they have made, and be able to pivot where and when required. To realize

this desired future, we will need to work toward enabling all leaders at ESA, ensuring that they are empowered to make decisions as appropriate. To build this organizational expertise, we will look to continue building our understanding of how ESA will collaboratively make decisions in this more agile environment.

Enabling Strategies

To ensure ESA has the organizational capabilities to achieve its strategic goals and annual objectives, and to fulfill our mandate and regulatory responsibilities, a number of enabling strategies will be employed.

Customer Experience

We will review our stakeholders' journey from first contact to last interaction to better the efficiency of their experiences. We will develop methods to create an experience for our stakeholders that makes it easier for them to comply and interact with us.

Culture and Capabilities

Evolving ESA's corporate culture to acknowledge and acquire the skills that will be needed to adapt to our fast changing world is a priority for the next 5 years. Succession planning for our aging workforce and ensuring we do not compromise our institutional knowledge and expertise is top of mind. A focus on change management for our employees and changes in our environment will be undertaken.

Digital Roadmap

5 year digital roadmap identifies opportunities to improve manual and inefficient tasks that impede stakeholders from having optimal interactions when working with us. We are developing the digital capabilities that ESA requires to move towards its goal of realizing itself as a modern regulator.

Licensing Plan

Particular focus will be taken on the interaction of master electricians and electrical contracting businesses with ESA. ESA is developing methods to make it easier for these stakeholders to interact with ESA. We are also going to focus on acknowledging compliant contractors while delving further into reducing underground economy activity.

Enterprise Risk Management

ESA's enterprise risk management (ERM) system monitors strategic risk to the organization. Risk is assessed continuously and assessment and mitigation efforts change as events and circumstances evolve. ESA's ERM system features real-time reporting through a risk intelligence system which clearly defines monitoring and reporting responsibilities in various parts of the organization. It uses 52 tracking tools which roll up into 12 risk event segments. Those segments then fall into four major risk categories: financial, organizational, operational, and reputational. Risks are assessed based on potential impact, likelihood, and our mitigation capacity. The ERM system is used by management and the Board to identify and mitigate strategic risks on an ongoing basis.

Appeals Process

ESA is committed to providing individuals with the opportunity to request a review of orders or licensing decisions as they arise. In this regard, ESA established a fair and transparent appeals process to facilitate the right to appeal any orders or Directors' decisions. The appeals process, which can be reviewed at esasafe.com, defines specific steps and timelines to respond to an appeal pertaining to the Ontario Electrical Safety Code, licensing matters, electrical utility distribution and product safety.

Management of Non-Regulatory Business

ESA's Objects of Corporation allow the organization to operate non-regulatory services. In managing non-regulatory activities, ESA must do so in a manner that is consistent with promoting electrical safety in Ontario and within the conditions of our Administrative Agreement with the government. The Administrative Agreement defines specific principles and requirements such as: commitment to core responsibilities and regulatory integrity, fair business practice, fair competition, and financial independence; and reporting revenue and expenses for the non-regulatory lines of business separately in ESA's Annual Report.

Appendices





APPENDIX 1:

ESA's Strategic Plan, Business Plan, Operating Plan & Annual Report

As a requirement under ESA's Administrative Agreement with government, ESA's Strategic Plan, Business Plan and Annual Report are its three major public reporting documents. The Strategic Plan — Safely Powering Tomorrow: The Journey Towards Becoming A Modern Regulator — defines the major corporate goals for the five years April 2020 – March 2025 and the leading strategies which will be used to address them. It also includes the [measures that ESA will use across the period to track progress.](#)

The Strategic Plan is supported by this annual Business Plan which defines the various activities which will be implemented each year. It also addresses the essential corporate capabilities that are needed to fulfill everyday business needs as well as the goals of the strategic plan. The Business Plan is updated annually to reflect progress made and new insights generated. ESA's Annual Report describes progress made in the prior year against the commitments of the Strategic Plan and Business Plan.



APPENDIX 2:

Key Corporate Policies, Practices and Procedures

ESA continually reviews and renews its internal corporate policies, practices and procedures to comply with all legislative requirements.

ESA's Code of Conduct

ESA's Code of Conduct (Code) provides a framework within which all day-to-day activity takes place in alignment with ESA's mandate and values. The Code also provides ESA's Board of Directors and stakeholders with a concrete statement of standards of conduct against which our actions can be measured.

Complaints

ESA responds to complaints received from customers, stakeholders and the public.

Complaints are viewed as valuable opportunities to strengthen customer relationships. ESA provides information and encourages two-way communication at all levels to ensure it is continually improving service quality. Where possible, complaints are handled at the source. If a complainant is not satisfied at the initial stage, their complaint can be formalized and processed through two additional stages of resolution, ultimately resulting in a review and final response from the Chief Ethics Officer.

Privacy

ESA is committed to maintaining the accuracy, security and privacy of personal information in accordance with the terms of its Access and Privacy Code required by the Administrative Agreement with the Government of Ontario and applicable privacy laws.

ESA maintains a Customer Privacy Policy and has a Chief Privacy Officer who oversees policy and activity in this area. ESA collects personal information to support the delivery of services, understand individual needs, manage corporate operations, develop and enhance services, and meet legal and regulatory requirements. Due to the importance of information exchange in maintaining public electrical safety, ESA discloses and disseminates records in accordance with the request for information processes set out in its Access and Privacy Code. The Access and Privacy Code provides a right of access to records in ESA's custody and control unless one of the specific exemptions identified in the Code applies.

Appeals Process

ESA is committed to providing individuals with the opportunity to request a review of orders or licensing decisions as they arise. In this regard, ESA established a fair and transparent appeals process to facilitate the right to appeal any orders or Directors' decisions. The appeals process, which can be reviewed at esasafe.com, defines specific steps and timelines to respond to an appeal pertaining to the Ontario Electrical Safety Code, licensing matters, electrical utility distribution and product safety.

Management of Non-Regulatory Business

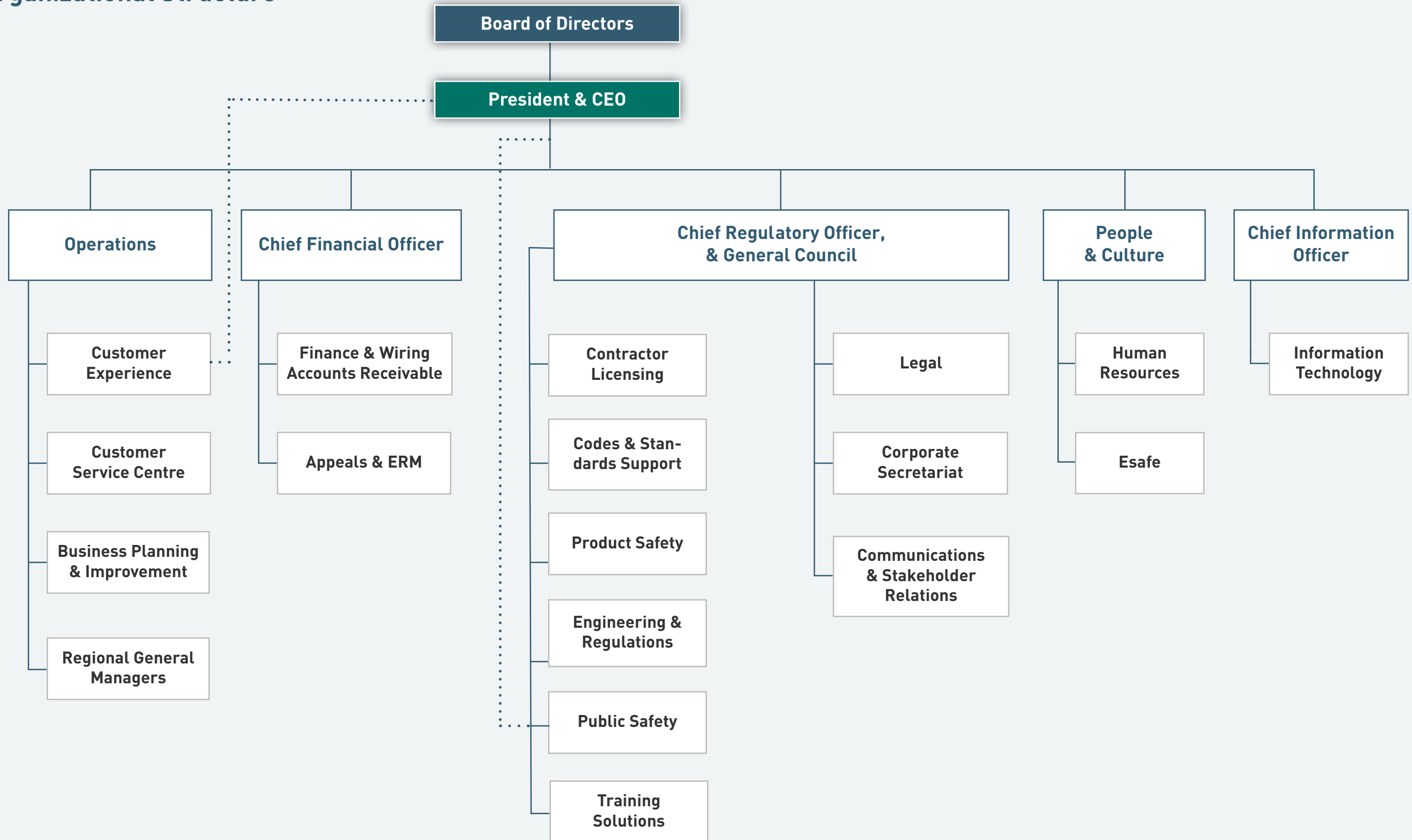
ESA can engage in other activities in accordance with its Administrative Agreement. Specifically, ESA has the ability to undertake non-regulatory business that is business, in addition to its statutory mandate. ESA will only engage in non-regulatory business ventures that promote and enhance electrical safety within Canada and are consistent with the Objects in its Letters Patent unless prior approval by government has been obtained in accordance with our Administrative Agreement. The Administrative Agreement (Schedule F) defines specific requirements and non-regulatory policy principles, such as commitment to core responsibilities and regulatory integrity, fair business practice, fair competition, and financial independence. In addition, ESA has internal policies and processes it follows when engaging in non-regulatory business ventures in order to meet its obligations and compliance reporting requirements as established under the Administrative Agreement. Internal policies and procedures include: Non-Regulatory Business Venture Policy, Non-Regulatory Business – Conflict of Interest Policy, and New Non-regulatory Business Ventures Procedure.

Other Information Available

More information can be found at esasafe.com including ESA's annual reports, the Ontario Electrical Safety Report, ESA's corporate policies and details about ESA's stakeholder engagement activities including advisory councils and consultations.

APPENDIX 3:

Organizational Structure



APPENDIX 4:

Financial Outlook

The following is a financial outlook based on current forecasts of performance and external economic factors. This outlook is reviewed annually and updated as required. ESA establishes detailed operating budgets in advance of each fiscal year.

Statement of Operations (\$000's)	<u>2022 Budget</u>	<u>2023 Projection</u>	<u>2024 Projection</u>	<u>2025 Projection</u>	<u>2026 Projection</u>
Revenue	110,187	118,177	124,084	129,048	132,919
Expenses	111,787	123,125	125,080	127,834	131,471
Surplus (deficiency) before depreciation	(1,600)	(4,948)	(996)	1,214	1,448
Depreciation	3,500	3,637	3,036	2,661	2,757
Surplus (deficiency) from operations	(5,100)	(8,585)	(4,032)	(1,447)	(1,309)
Other Income (loss)	4,777	5,067	5,815	6,118	6,544
OPEB-Interest Expense	(4,810)	(3,973)	(4,188)	(4,413)	(4,645)
Net Interest Expense	(33)	1,094	1,627	1,705	1,899
Surplus/(deficiency) for the year*	(5,133)	(7,491)	(2,405)	258	590

* The FY21 Budget includes RBO Transition costs as well as investment in ESA's Digital Roadmap and assumes a deficiency budget of \$3.5 million.



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