

**Ontario Energy
Board**

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Licensing and Applications Branch

**Commission de l'Énergie
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Licence Bulletin: 200201

To: Electricity Distributors

Re: Licence Compliance - Service Agreements

This bulletin contains important information regarding compliance with your electricity distribution licence.

The Retail Settlement Codes (RSC) requires a distributor to enter into a service agreement with any licensed retailer who wishes to provide electricity to consumers in the distributor's service territory.

On January 25, 2002, the Board's Market Readiness Project Manager sent a letter to all distributors reminding them of their obligations under chapter 12 of the RSC and the impact that not signing the agreements would have on preparations for market opening. That letter set February 15, 2002, as the milestone for completion of the agreements.

I am aware that licensed distribution utilities are being advised against signing agreements until the Independent Electricity Market Operator confirms that utilities will not be held accountable for the immediate payment of potentially uncollectible electricity costs related to retailer contracts.

The Board's Market Readiness Project team has set its milestones in order to ensure an orderly opening of the retail market on May 1, 2002. Delays in completing service agreements may affect the pre-market opening enrolment process and other activities of retailers. Disruption of contract implementation could adversely affect public confidence in the new market.

Section 13.6.1 of the RSC states a distributor shall expeditiously process requests to enter into service agreements with licensed retailers. Distributors are advised that the milestone of February 15, 2002 set by the Market Readiness Project team will be considered in determining compliance with the requirement to complete service agreements. Compliance action and/or the issuance of administrative penalties will be considered where complaints are received from licensed electricity retailers regarding long-standing requests for service agreements.

As we move toward market opening a number of difficult issues confronting stakeholders will require resolution. I encourage distributors to continue to work cooperatively with the Market Readiness Project team to resolve these matters.

Mark C. Garner
Director of Licensing
Ontario Energy Board