Compliance Office Quarterly Activity Report
2nd Quarter 2006 - 2007

The Ontario Energy Board is committed to providing regular public reports on the activities of the Compliance Office. This report provides details as to the level of activity as well as an overview of matters that have been resolved, during the period July 1 to September 30, 2006 (2006-07 second quarter).

The report is separated into three sections dealing with each of the Compliance Office's roles:

1. **Compliance Management** - ensuring regulated energy companies meet their legal and regulatory obligations.

2. **Consumer Dispute Resolution** - facilitating the resolution of, or mediating disputes between regulated energy companies and consumers.

3. **Market Participant Enquiries** – act as the primary point of contact for regulated energy companies to provide information and guidance regarding the implementation of regulatory obligations.

During the quarter the Compliance Office has continued to focus its attention on proactive compliance activities as well as activities identified in the Annual Compliance Plan. A synopsis of significant compliance cases that were closed in the quarter is provided under the "Compliance Management "section of the report. These cases have been reported on because of their potential broader applicability to the objective of informing regulated energy companies about their compliance obligations.

In order to create a culture of compliance, it is important that companies thoroughly understand what is expected of them. We are continuing to assist regulated companies in understanding the compliance process and the Board's compliance expectations.

During the second quarter of 2006-07, the Compliance Office issued 3 bulletins. The first and second bulletins provided guidance to licenced electricity distributors in relation to compliance with the Affiliate Relationships Code and Section 71(1) of the OEB Act and the last bulletin provided guidance to licensed electricity transmitters in relation to the allocation of costs for customer connections to the transmission system in accordance with the requirements of the Transmission System Code.

1. COMPLIANCE MANAGEMENT

Compliance Management refers to the review of an allegation of non-compliance which is reviewed to assess whether, and to what extent, a regulated energy company has breached a legal or regulatory obligation. Table 1 shows the number of compliance cases under review from July 1 to Sept 30, 2006, including those that have been closed and those that are on-going.

Table 1 – Compliance Cases (phase 1)		
Report for Q2 (July 1 – Sept 30)		
	Gas	**Electricity**
Open from Q1 (Apr 1 – June 30)	2	10
Open in Q2 (July 1 – Sept 30)	1	9
Closed in Q2	2	5
Open at end of Q2	1	14

<u>Compliance Cases Closed during Q2:</u>

- Following an allegation by a customer, the CCO determined that an electricity distributor's capital contribution and security request was not consistent with the Distribution System Code ("DSC"). In response to the CCO's determination the distributor provided a connection agreement to the customer that conformed to the DSC.

- Following a review of a retailer's marketing material for a new product; the Compliance Office determined that the material was potentially misleading. The CCO advised the company of the concerns and the licencee developed a new product description to be used on its promotional material and website.

- In response to an allegation the Compliance Office reviewed the allocation of cost associated with the connection of a customer to the transmission system. As a result of the CCO's determination the transmitter agreed to refund the capital contribution amount that had been overpaid for connection to the transmission system. This matter was the subject of bulletin 200606.

- Following a complaint by an industry participant that an electricity distributor was denying access to its power poles, the distributor was reminded of its obligation to provide unconditional access. This determination was made in accordance with the Board's Decision and Order in the RP-2003-0249 proceeding, and with Compliance Bulletin 200505. The distributor subsequently reported that it would comply by providing access to its poles.

- As a result of numerous consumer complaints alleging that electricity contract terms and conditions were not being received, the Compliance Office reviewed the conduct of an electricity retailer. Following a determination by the CCO the retailer provided the Compliance Office with an action plan to resolve the issues and ensure compliance with their regulatory obligations.

- A review was conducted of an electricity retailer's variable priced contract for low-volume consumers. The pricing terms did not appear to meet the price disclosure requirements of the Regulation. As a result of the CCO's determination the retailer committed to revising the pricing provisions.

- Following a complaint from an industry participant a review of a marketer's direct mail materials was completed by the Compliance Office. The CCO determined that the material was potentially misleading. The marketer responded to the concerns with a commitment to resolve the issue and revise any future materials.

2. CONSUMER DISPUTE RESOLUTION SERVICE (CDRS)

The Consumer Dispute Resolution Service (CDRS) refers to the activity of the Compliance Office in facilitating the resolution of a dispute between a regulated energy company and a customer. Resolution involves bringing the complaint to the attention of the regulated energy company and ensuring that the resolution of the matter is reasonable. Table 2 shows the number of CDRS issues/complaints that the Compliance Office helped to resolve, and those that are still being reviewed.

Table 2 – CDRS - Complaints Reviewed		
Report for Q1 (Jul 1 –Sept 30)		
	Gas	**Electricity**
Open from Q4 (Apr1 – Jun 30)	97	110
Open in Q1 (Jul 1 – Sept 30)	71	102
Closed in Q1	151	161
Open at end of Q1	17	51

The CDRS issues typically involve the following types of issues:

Gas and Electricity Distributors – Billing practices such as: estimation practices, late payment charges and security deposit calculations.

Electricity Retailers and Gas Marketers – contract processing problems and sales agent conduct complaints.

3. PROVIDING INFORMATION TO MARKET PARTICIPANTS

Market participants are encouraged to direct questions regarding legal and regulatory obligations to the Ontario Energy Board through the Market Participant hotline and e-mail. Table 3 shows the total number of such enquiries responded to by staff within all branches of the OEB.

Table 3 – Market Participant Enquiries		
Report for Q1 (Jul 1 –Sept 30)		
	Gas	**Electricity**
Open from Q1 (Apr 1 – June 30)	0	3
Open in Q2 (July 1 – Sept 30)	7	198
Closed in Q2	7	201
Open at end of Q2	0	0

Market participants should expect a response within 5 business days. During the second quarter the Market Participant hotline received 291 enquiries, 97% of which were responded to within 5 business days.

The principal areas of enquiry included:

- Generator licence requirements
- Clarification of Bulletin 200604 and 200605 regarding compliance with section 71(1) of the OEB Act and the Affiliate Relationships Code.