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Ontario

Compliance Office Quarterly Activity Report

Third Quarter 2007-08 Fiscal

The Ontario Energy Board (OEB) is committed to publishing quarterly 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 resolved between October 1 and December 31, 2007.

The quarterly report is separated into three sections dealing with each role of the Compliance Office: compliance management, consumer dispute resolution and providing information to market participants.

A highlight of other compliance activity undertaken in the third quarter includes:

- Amendments to the Electronic Business Transaction Standards (EBT Standards) were authorized by the Board with an implementation date of January 21, 2008.

- At a quarterly meeting of all retailers and marketers, the Chief Compliance Officer (CCO) discussed his concerns with recent reports from consumers regarding retailer / marketer activity. These included allegations of agents misrepresenting their affiliation, agents not leaving behind a business card as required, inappropriate smart meter price comparisons and poor reaffirmation calls. The CCO advised retailers and marketers that the Compliance Office will be looking at what action is possible if it is proven that these practices continue.

1. COMPLIANCE MANAGEMENT

Compliance Management refers to allegations of non-compliance which are 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 Phase 1 compliance cases under review during the third quarter, including those that have been completed and the number on-going. Phase 1 cases encompass activity up to, and including, a determination of compliance or non-compliance by the Chief Compliance Officer (CCO).

Table 1 – Compliance Cases (Phase 1)		
Report for Q3 (October 1 – December 31)		
	Natural Gas	**Electricity**
Open from Q2	1	21
Opened in Q3	3	19
Phase 1 Completed in Q3	1	19
Open at end of Q3	3	21

A synopsis of selected compliance cases underway or completed during the quarter follows. These summaries are provided to help inform regulated energy companies about their compliance obligations and potential broader application.

- A distributor agreed to resolution for several individual compliance cases involving concerns with its generation connection processes.

- The Compliance Office closed three disputed signature cases against an electricity retailer and one disputed signature case against a natural gas marketer. Both companies confirmed they would be contacting all customers enrolled by the agents against whom the allegations were made to verify the status of customers' contracts.

- The CCO was presented by an electricity retailer with an action plan for contacting over 7,500 customers for whom the retailer was unable to prove that contract terms and conditions were received. The action plan is under consideration by the CCO.

- Following a compliance review, the CCO requested an electricity distributor negotiate a fair settlement of an outstanding amount with a customer that was incorrectly billed the regulated commodity rate after signing a contract with an electricity retailer. The CCO stated it would be reasonable that any payment arrangement allow the customer to pay its share of the outstanding amount over two years, the same period of time that the billing error occurred.

- Following a review of a retailer's marketing material the Compliance Office met with the retailer to communicate its view that the material was misleading. The retailer discontinued use of the material and is in the process of reviewing new marketing material with staff in the Compliance Office.

- In a letter to a market participant, the CCO provided his view that the participant would meet the requirements for an exemption from a distribution licence, rate regulation and other distribution related statutory requirements in its provision of electricity distribution services to a nearby industrial facility. The CCO's view was informed by the fact that the distribution facilities will be located entirely land on which one of the types of buildings or facilities listed in the section are also located. In order for this exemption to be applicable, the participant must ensure that it also meets the condition that it distributes electricity for a price no greater than that required to recover all reasonable costs.

2. CONSUMER DISPUTE RESOLUTION SERVICE

Consumer Dispute Resolution Service (CDRS) refers to the activity of the Compliance Office in reviewing allegations of non-compliance filed by consumers against regulated energy companies. Review of the complaint includes bringing the complaint to the attention of the regulated energy company, assessing level of compliance or non-compliance and following up to ensure any resolution of the matter is reasonable. Table 2 shows the number of new CDRS issues/complaints that were reviewed and closed in the quarter.

Table 2 – CDRS - Complaints Reviewed

Report for Q3 (October 1 – December 31)

	Natural Gas	Electricity	Business Plan Performance Metric Achievement*
Reviewed and Closed in Q3	57	118	91%

* resolution for 90% of complaints facilitated within 90 days

The CDRS complaints typically involve the following types of issues:

Natural gas and electricity distributors – billing practices such as: estimation practices, meter readings, late payment charges and security deposit calculations.

Electricity retailers and natural gas marketers – contract management and processing issues as well as sales agent conduct complaints.

3. PROVIDING INFORMATION TO MARKET PARTICIPANTS

The Compliance Office promotes increased awareness and understanding of regulatory processes for regulated entities to help prevent market participants from unknowingly failing to meet their obligations. Market participants are encouraged to direct questions regarding legal and regulatory obligations to the Board through a dedicated 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 in the third quarter.

Table 3 – Market Participant Enquiries		
Report for Q3 (October 1 – December 31)		
	Standard	Non-Standard
Open from Q2	11	7
Opened in Q3	266	10
Closed in Q3	274	15
Open at end of Q3	3	2

Market participants should expect a response to a standard enquiry within 5 business days. During the third quarter, the Market Participant hotline responded to 274 enquiries, 98% of which were responded to within 5 business days. Of the 15 non-standard enquiries closed during the quarter, 100% were responded within the 45 business day metric.

The principal areas of enquiry included:

- Renewable Energy Standard Offer Program and distributed generation
- 2008 IRM (Incentive Rate Mechanism) Applications
- Licensing requirements
- Smart Meters / Sub-metering