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Compliance Office

Compliance Office Quarterly Activity Report

First Quarter 2008-09 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 April 1 and June 30, 2008.

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. This report also outlines the activities of the Electricity and Natural Gas EBT Working Groups.

A highlight of compliance activity undertaken in the first quarter includes:

- The initial development of a Retail Compliance Plan to review and audit the operation of gas marketers and electricity retailers. The objective of this Plan is to ensure that licensees are operating in accordance with their legal and regulatory requirements.

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 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 Q1** (April 1 – June 30)*		
	Natural Gas	**Electricity**
Open from Q4	2	15
Opened in Q1	36	30
Phase 1 Completed in Q1	17	22
Open at end of Q1	21	23

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.

- During the first quarter, three retailer/marketers reported compliance activities resulted in the cancellation of over 940 customer contracts with reimbursement amounts in excess of $185,500.00.

- The majority of the cases closed this period were disputed signature cases. Twenty eight of the cases involved three electricity retailers and three cases involved three natural gas marketers. In two cases, the allegation could not be determined but the company involved cancelled the contract and reimbursed the customer as a customer service gesture. In all other cases the companies involved confirmed they would be contacting all customers enrolled by the agents against whom the allegations were made to verify the status of customer's contracts.

- A review of one electricity retailer's reaffirmation scripts determined that the retailer's representatives made misleading statements during the reaffirmation attempt. The retailer has submitted an action plan to contact all affected customers and offer the opportunity to cancel the contract and receive full reimbursement.

- The contract and reaffirmation script of an electricity retailer were reviewed and found to be non-compliant due to a failure to disclose required information and to provide other information in the proper manner. The retailer has taken steps to correct the issues.

- It was determined that an electricity retailer was non-compliant due to the fact that some agents were identifying themselves as employees of a utility instead of representatives of the retailer. In response to this issue the retailer implemented a protocol to contact potential customers to confirm their intent to be supplied by the retailer. The company also made changes to their hiring practices.

- The Compliance Office reviewed two allegations that electricity distributors imposed improper customer connection charges. In one case it was determined that part of the costs should be shared between the customer and the distributor. The distributor in this case agreed to refund the customer part of the charges paid. In the other case it was determined that the distributor's charges were reasonable.

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 Q1 (April 1 – June 30)			
	Natural Gas	**Electricity**	**Business Plan Performance Metric Achievement***
Reviewed and Closed in Q3	65	115	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 – Disputed signatures, 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 quarter.

Table 3 – Market Participant Enquiries		
Report for Q1 (April 1 – June 30)		
	Standard	Non-Standard
Open from Q4	4	1
Opened in Q1	221	9
Closed in Q1	225	10
Open at end of Q1	4	0

Market participants should expect a response to a standard enquiry within 5 business days. During this quarter, the Market Participant hotline responded to enquiries within the requirement timeframe 99% of the time. Of the non-standard enquiries closed during the quarter, 100% were responded within the 45 business day metric.

The principal areas of enquiry included:

- Reporting and Record Keeping Requirements
- Licensing requirements
- Smart Meters / Sub-metering

4. EBT WORKING GROUPS

Compliance staff supervised the meetings of the Electricity and Natural Gas EBT Working Groups. The Electricity Working Group met 4 times during this period. During these meetings, the Working Group approved the EBT Standards Document v4.0, approved GI's relating to billing cycles and billing methods for implementation and discussed issues relating to IMP charges. Discussions on a long term "moves" solution continued. As well the Working Group discussed GI's relating to retailers and smart meters but it was determined the Working Group is unable to address the issues until it is determined whether retailers are entitled to hour smart meter data and from whom. No issues arose for the Natural Gas EBT Working Group to discuss and therefore no meetings were held.