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Ontario

Compliance Office Quarterly Activity Report

Second 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 July 1 and September 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.

A highlight of compliance activity undertaken in this quarter includes:

- Retail Compliance Plan outlines the intent of the Compliance Office to conduct a review of retail company's compliance with the applicable legal and regulatory requirements pertaining to consumer protection. The first steps in the Retail Compliance Plan to review and audit the operation of gas marketers and electricity retailers were undertaken in September. Inspections were conducted in October with plans to have reports for review in November.

- A key component of the new Consumer Interaction Dispute Resolution Application (CIDRA) was rolled out on September 2nd. This new feature provides the ability of licensees to access their complaints through the external PIVOTAL portal. Some of the expected benefits of the new complaint process are:

    - Greater efficiency and increased timeliness in the processing of customer issues.
    - Encourage the relationship between the licensee and the customer.
    - Provide accountability of the licensees in resolving customer issues directly.
    - Early review by a licensee will improve the likelihood that customers will not call back with a second complaint.

  It is expected that all complaints receive thorough attention and investigation and that a complete and detailed response is provided to both the consumer and the

Compliance Office. The licensees have been very responsive to the change and find the system very helpful.

1. COMPLIANCE MANAGEMENT & ENFORCEMENT ACTIVITIES

Compliance management refers to the review of allegations of non-compliance to assess whether, and to what extent, a regulated energy company has breached a legal or regulatory obligation.

Table 1 shows the number of active (Phase 1) compliance cases under review during the quarter, including those that have been completed and the number on-going. "Open" cases refer to those cases which are still in the review stage. "Completed" cases refer to those cases in which a determination of compliance or non-compliance by the Chief Compliance Officer.

Table 1 – Compliance Cases (Phase 1)		
Report for Q1 (July 1 – September 30)		
	Natural Gas	**Electricity**
Open from Q1	21	23
Opened in Q2	3	10
Phase 1 Completed in Q2	12	10
Open at end of Q2	12	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.

- Sixteen of the cases closed in this period involved allegations of disputed signatures. Five of the cases involved three electricity retailers and eleven cases involved two natural gas marketers. Ten cases were dismissed as the allegation could not be validated. In the remaining six cases the licensees 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.

- Through the resolution of a customer complaint, it came to the attention of the Compliance Office that an electricity distributor had not performed a reconciliation of actual consumption for a significant number of budget billing accounts since 2003. Over 11,000 customers were affected. After working with the Compliance Office the distributor implemented a plan to notify each customer affected and allowed a 5 year interest free repayment plan for those customers who owed money and issue rebate cheques for those customers who had a credit balance.

- The Board received an anonymous complaint regarding the electricity billing practices of a distributor that owns and operates a distribution system that is entirely located on land owned by an unlicensed distributor, specifically a seasonal campground for recreational vehicles. An investigation found that (a) the distributor purchases the electricity as a standard supply service from a licensed electricity distributor and retails it at a price that is no greater than the price for which it is purchased; (b) the distributor distributes the electricity at a cost that recovers, in total, only the amount it is billed by the licensed electricity distributor; and (c) the distributor allocates the charges on a reasonable basis. It was concluded that the distributor qualified for exempt status and was not in violation of any legislation or regulatory instruments. The case was closed.

- The Compliance Office reviewed a complaint about the connection fees that an electricity distributor was charging a customer to service a new factory. Staff reviewed the offer to connect and determined that the charges were reasonable. The customer continued to refuse to pay the amount and the distributor decided to negotiate with the customer to resolve all concerns.

- During this quarter, retailer/marketers reported compliance activities resulted in the cancellation of over 110 customer contracts with reimbursement amounts in excess of $175,000.00.

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 Q2 (July 1 – September 30)

	Natural Gas	Electricity	Business Plan Performance Metric Achievement*
Reviewed and Closed in Q3	48	110	95%

* 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 quarter.

Table 3 – Market Participant Enquiries		
Report for Q2 (July 1 – September 30)		
	Standard	Non-Standard
Open from Q1	4	0
Opened in Q2	225	14
Closed in Q2	214	10
Open at end of Q2	15	4

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 96% 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:

- Generator Connection
- Licence Requirements
- Audit/Accounting Requirements

4. EBT WORKING GROUPS

Compliance staff supervise the meetings of the Electricity and Natural Gas EBT Working Groups. The Electricity Working Group met twice during this period. At the September 5th meeting, a proposal (GI 820) to add billing data to the EBT Transactions and allow access to designated 3rd parties (e.g. DR aggregator) was discussed. The Working Group determined that it had no authority to make these changes at current time. Drop Reason Codes (GI 821) were proposed to standardize the format in which reasons are appearing in the “reason text” field. Privacy concerns were raised by some utilities. A Sub-group will continue to develop the GI. Also, an update regarding utility amalgamations was provided.

During the September 19th meeting, Universal Energy advised that it had been assigned all WEG contracts. The switch from WEG to Universal will be effected through the enrol/switch process. Festival Hydro raised a question regarding the preferred treatment of a consumer that has a retail contract at one location, then opens an account at a second location without finalizing the account at the first location. It was suggested that Festival contact the relevant retailer to discuss the specific scenario and resolution. It was proposed that a process be standardized for the Invoice Settlement Detail when there is a zero Invoice Bill Ready. It was determined that such a process was not required at the current time because it did not impact many market participants, and would be a difficult challenge for some.

No issues arose for the Natural Gas EBT Working Group to discuss and therefore no meetings were held