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## **Compliance Office Quarterly Activity Report**

**First Quarter  
2009-10 Fiscal**

The Ontario Energy Board (OEB) is committed to publishing quarterly reports on the activities of the Retail Markets and Compliance Management Group. This report provides details as to the level of activity as well as an overview of matters resolved between April 1 and June 30, 2009.

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.

### **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 was made by staff.

| <b>Table 1 – Compliance Cases (Phase 1)</b> |                    |                    |                                                                                       |
|---------------------------------------------|--------------------|--------------------|---------------------------------------------------------------------------------------|
| <b>Report for Q1 (April 1 – June 30)</b>    |                    |                    |                                                                                       |
|                                             | <b>Electricity</b> | <b>Natural Gas</b> |                                                                                       |
| <b>Open from Q4</b>                         | 8                  | 11                 | <b>Year to Date<br/>Business<br/>Plan<br/>Performance<br/>Metric<br/>Achievement*</b> |
| <b>Opened in Q1</b>                         | 13                 | 13                 |                                                                                       |
|                                             |                    |                    |                                                                                       |
| <b>Phase 1 Completed in Q1</b>              | 16                 | 19                 | 94%                                                                                   |
| <b>Open at end of Q1</b>                    | 5                  | 5                  |                                                                                       |

\*resolution for 85% of cases resolved within 150 days.

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

- In May 2009, the Board issued Orders pursuant to section 112.5 of the *Ontario Energy Board Act, 1998* to two energy retailers to pay administrative penalties in the amount of \$75,000. These penalties related to non-compliant activity in regard to agent conduct and misleading information.
- Sixteen of the cases closed in this period involved allegations of disputed signatures. These cases involved four natural gas marketers. Four cases were dismissed as the allegation could not be validated. In four other cases, the allegation of forgery could not be validated, but the contracts were cancelled. In the remaining 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.
- Staff completed an investigation into the connection practices of an electricity distributor. It was determined that the distributor was improperly requiring a mobile home community to remove individual distributor-owned meters and install a bulk meter. The distributor agreed to continue to provide service to the existing customers.
- The Board received allegations that three electricity distributors were refusing requests to have bulk meters installed in new condominiums so that the buildings could be smart sub-metered. Staff found no evidence that the distributors were implementing such policies.
- Staff received allegations of false or misleading statements being made by three electricity retailers to low-volume electricity consumers. Specifically it was alleged that the website content of the electricity retailers claimed savings for low-volume consumers and/or they presented an inaccurate price comparison. Staff reviewed the retailer's website content and identified that there was one electricity retailer whose content appeared questionable. The retailer agreed to modify its content.
- As a follow up to the previous case, staff initiated an internal review of the website content of seven additional electricity retailers. Specifically staff reviewed four main sections on each website: (i) Market Information; (ii) Electricity Retail Program and FAQ; (iii) Contract Enrolment; and (iv) Green Energy. No systemic issues or activity of non-compliance were found. Based on the review staff concluded that the information presented on the electricity retailer websites was adequate.
- Staff reviewed a complaint about the expansion and contestable-work policies of an electricity distributor in regard to the connection of new generators. As a result

- A customer complained to the Board about the retailer charges on his bill and the fact that the charges did not appear to relate to the stated contract price. As a result of staff's investigation, the retailer agreed to adjust the customer's bill and enter into an action plan to resolve issues related to how charges are calculated and communicated to customers.
- During this quarter, retailer/marketers reported compliance activities resulted in the cancellation of 259 customer contracts with reimbursement amounts in excess of \$150,000.

## 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 "Level 2" complaints includes direct staff involvement in investigating the complaint, assessing level of compliance or non-compliance and following up to ensure any resolution of the matter is reasonable. "Level 1" complaints involve issuing a Consumer Complaint Response ("CCR") directly to the company involved for resolution. Staff monitors all the results of all Level 1 complaints. Table 2 shows the number of new CDRS issues/complaints that were reviewed and closed in the quarter.

| <b><i>Table 2 – CDRS – Complaints Reviewed</i></b> |             |             |                                                                     |
|----------------------------------------------------|-------------|-------------|---------------------------------------------------------------------|
| <b><i>Report for Q1 ( April 1 – June 30)</i></b>   |             |             |                                                                     |
|                                                    | Electricity | Natural Gas | Year to Date<br>Business Plan<br>Performance Metric<br>Achievement* |
| <b>Level 2 Investigated and Closed</b>             | 25          | 13          | 95%                                                                 |

\*resolution for 90% of complaints facilitated within 90 days

Staff monitored 1,630 Level 1 complaints in the quarter.

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 OEB 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 OEB staff within all branches of the OEB in the quarter.

Parties contacting the Market Operations Hotline will received a complete response within five business days 85% of the time, and the remainder will received a complete response within 45 days.

| <b>Table 3 – Market Participant Enquiries</b> |       |     |      |       |
|-----------------------------------------------|-------|-----|------|-------|
| <b>Report for Q1 (April 1 – June 30)</b>      |       |     |      |       |
| Standard Enquiries                            | April | May | June | Total |
| Received                                      | 69    | 60  | 93   | 222   |
| Closed                                        | 69    | 60  | 93   | 222   |
| Metric Met                                    | 69    | 58  | 93   | 220   |
| % Metric Met                                  | 100%  | 95% | 100% | 99%   |

| Non- Standard Enquiries | April | May | June | Total |
|-------------------------|-------|-----|------|-------|
| Received                | 5     | 0   | 2    | 7     |
| Closed                  | 5     | 0   | 2    | 7     |
| Metric Met              | 5     | 0   | 2    | 7     |
| % Metric Met            | 100%  | N/A | 100% | 100%  |

The principal areas of enquiry included:

- Licensing Requirements
- RPP Charges
- Sub-metering Service Issues

### 4. EBT WORKING GROUPS

Compliance staff supervise the meetings of the Electricity and Natural Gas EBT Working Groups. The Electricity Working Group met two times during this period. Among the issues discussed were:

| Date         | Discussion                                                                                                                                                                                                                      |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| May 22, 2009 | <ul style="list-style-type: none"><li>• noted HST tax harmonization to be implemented July 1, 2010 – utilities that have tax option 2 encouraged to talk into their internal processes to determine potential impacts</li></ul> |

|              |                                                                                                                                                                                                                                                                                                                                              |
|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|              | <ul style="list-style-type: none"> <li>• reminder that LDCs are required to follow process outlined in GI 813 with regard to acquisitions, mergers and changes to consumer information</li> <li>• discussion regarding smart meters and time-of-use, and potential EBT system changes</li> </ul>                                             |
| Jun 19, 2009 | <ul style="list-style-type: none"> <li>• discussion regarding Historical Usage transactions; reminder that interval data should not be sent for non-interval consumers</li> <li>• discussion regarding application advice reject for usage transaction where the service period end date is later (greater) than the current date</li> </ul> |