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Compliance Office Quarterly Activity Report

**Second Quarter
2009-10 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, 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.

Table 1 – Compliance Cases (Phase 1)			
Report for Q2 (July 1 – September 30)			
	Natural Gas	Electricity	
Open from Q1	5	5	Year to Date Business Plan Performance Metric Achievement*
Opened in Q2	9	3	
Phase 1 Completed in Q2	11	3	96%
Open at end of Q2	3	5	

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

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.

- On August 4, 2009, the Board issued a notice of its intention to make an Order under section 112.3 of the *Ontario Energy Board Act, 1998*, requiring an electricity distributor to comply with a number of enforceable provisions as defined in section 112.1 of the Act. This Notice and Order concerns the distributor's conduct relating to smart metering and smart sub-metering in new condominiums. For the purposes of the Order, the enforceable provisions are: section 28 of the *Electricity Act, 1998* (the "Electricity Act"); section 53.17 of the Electricity Act; section 2.4.6 of the Distribution System Code (the "DSC"); section 3.1.1 of the DSC; and section 5.1.9 of the DSC.
- Eleven of the cases closed in this period involved allegations of disputed signatures. All the cases involved three natural gas marketers. Two cases were dismissed as the allegation could not be validated. 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.
- In two cases staff reviewed the fees that an electricity retailer was, or was considering, charging customers through the use of distributor consolidated billing. In one case, the retailer ultimately decided not to offer the product and as a result the issue was no longer relevant. In the other case, it was determined that similar approaches to determining customer commodity charges were being utilized by almost all retailers. As a result, it was decided that the matter be addressed on a market-wide basis and the case against the specific retailer was closed.
- During this quarter, retailer/marketers reported compliance activities resulted in the cancellation of 236 customer contracts with reimbursement amounts in excess of \$140,000.

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.

Table 2 – CDRS – Complaints Reviewed		
Report for Q2 (July 1 – Sept 30)		
	Electricity	Year to Date Business Plan Performance Metric Achievement*
Level 2 Investigated and Closed	30	98%

*resolution for 90% of complaints facilitated within 90 days

Staff monitored 1,187 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.

Table 3 – Market Participant Enquiries				
Report for Q2 (July 1 – September 30)				
Standard Enquiries	July	August	September	Total
Received	66	64	83	213
Closed	66	64	83	213
Metric Met	62	61	79	201
% Metric Met	94%	95%	95%	94%

Non- Standard Enquiries	July	August	September	Total
Received	0	7	6	13
Closed	0	7	6	13
Metric Met	0	7	6	13
% Metric Met	N/A	100%	100%	100%

The principal areas of enquiry included:

- Licensing Requirements
- RPP Charges
- Incentive Rate Mechanism