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Retail Markets and Compliance Management Third Quarter Quarterly Activity Report

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 October 1 and December 31, 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.

<i>Table 1 – Compliance Cases (Phase 1)</i>			
<i>Report for Q3 (October 1 – December 31)</i>			
	Electricity	Natural Gas	
Open from Q2	3	5	Year to Date Business Plan Performance Metric Achievement*
Opened in Q3	2	1	
Phase 1 Completed in Q3	4	2	95%
Open at end of Q3	1	4	

*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.

- Five of the cases closed in this period involved allegations of disputed signatures. One of the cases involved one electricity retailer and four cases involved two 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.
- As a result of a complaint by an energy consultant, staff reviewed the billing practices of an electricity distributor in regards to a condominium property. As a result of this review, it was determined that the distributor should have been applying the consumption tier threshold for each unit in the complex. The distributor agreed to make the billing change and provide any necessary reimbursement. It was also determined that since the condominium was not a residential property, it should not have the seasonal threshold applied. No further action was required.
- During this quarter, retailer/marketers reported compliance activities resulted in the cancellation of 165 customer contracts with reimbursement amounts in excess of \$166,000.

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.

<i>Table 2 – CDRS – Complaints Reviewed</i>		
<i>Report for Q3 (October 1 – December 31)</i>		
	Electricity	Year to Date Business Plan Performance Metric Achievement*
Level 2 Investigated and Closed	45	98%

*resolution for 90% of complaints facilitated within 90 days

Staff monitored 1,290 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 Q3 (October 1 – December 31)				
Standard Enquiries	October	November	December	Total
Received	84	65	58	207
Closed	84	65	58	207
Metric Met	79	62	56	197
% Metric Met	94%	95%	97%	95%

Non- Standard Enquiries	October	November	December	Total
Received	5	5	4	14
Closed	5	5	4	14
Metric Met	5	5	4	14
% Metric Met	100%	100%	100%	100%

The principal areas of enquiry included:

- Licensing Requirements
- Deferral Accounts
- Generator Connection