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Compliance Office

Compliance Office Quarterly Activity Report

First Quarter
2007-08 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, 2007.

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 other compliance activity in the first quarter is below.

During the 1st quarter, the Compliance Office issued three compliance bulletins:

- Compliance Bulletin 200702 provided important information regarding legal and regulatory requirements associated with the reaffirmation of energy contracts with low-volume consumers.
- Compliance Bulletin 200703 provided important information regarding legal and regulatory requirements associated with metering, settlement and billing of embedded retail generation facilities.
- Compliance Bulletin 200704 provided guidance to licensed electricity distributors and licensed electricity retailers in relation to the effective date of service transfers

Other significant activities undertaken include:

- Posting the annual compliance plan for the 2007-08 fiscal year
- Announcing a review of electricity distributor's Conditions of Service documents to ensure that distributors have incorporated amendments to reflect the 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 1st quarter, including those that have been closed and those that are 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 2006-07	7	10
Open in Q1	5	18
Closed in Q1	8	9
Open at end of Q1	4	19

A synopsis of significant compliance cases closed during the quarter follows. These summaries are provided to help inform regulated energy companies about their compliance obligations.

- Compliance staff reviewed an unlicensed distributor's compliance with O.Reg 275/04 (simplified bill requirements). As a result of the review, the CCO determined that the distributor was not in compliance with the Regulation. The unlicensed distributor committed to revising its billing format in order to comply with the regulation.
- Compliance staff reviewed an unlicensed distributor's compliance with the licensing exemption requirements of the Act. Based on the review, the CCO determined that the unlicensed distributor was meeting the requirements of the Act with respect to the billing of the property.
- A concern was raised regarding the approach that an electricity distributor was using to apply the charges for the consumption tier thresholds of un-metered hot water heaters. Staff reviewed the distributor's methodology and determined that the approach was compliant.
- The Compliance Office issued a follow-up letter to a distributor regarding its action plan with respect to compliance with DSC timelines for connection of generation to the distribution system.

- The manner in which an electricity distributor was applying the Chapter 3 - Expansion provisions of the Distribution System Code was questioned. Specifically, the issue related to the calculation of the customer's capital contribution when the use of an alternative bid contractor had been chosen. Staff reviewed the matter and determined that the distributor did not breach any regulatory requirements. Staff also determined that the recent amendments made to Chapter 3 of the DSC would address the concerns raised by the customer in the future.
- A concern was raised that an electricity distributor improperly changed the service connection to a Condominium from a bulk meter service to individual customer services. Staff reviewed the matter and determined that the change of service was requested by the owners of the property. As a result, the distributor did not breach any regulatory requirements.
- An electricity distributor approached the Compliance Office to request guidance on the transfer of an affiliate's hot water rental business to a third party and access to the distribution bill in order to charge hot water tank rental fees. The distributor was instructed that it should cease providing access to its bill for hot water tank rental fees. The distributor is currently taking steps to end the provision of that service.
- Several retailer and gas marketer cases relating to business practices were closed. In all cases remedies were agreed to by the licensee which ensured consumers were appropriately treated and the business practices were changed to ensure compliance with all legal and regulatory obligations.

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 CDRS issues/complaints that were closed in the 1st quarter and those that are still being reviewed.

Table 2 – CDRS - Complaints Reviewed		
Report for Q1 (April 1 – June 30)		
	Natural Gas	Electricity
Open from 2006-07	101	16
Open in Q1	73	107
Closed in Q1	89	88
Open at end of Q1	85	35

The CDRS issues typically involve the following types of issues:

Natural gas and electricity distributors – billing practices such as: estimation practices, late payment charges and security deposit calculations.

Electricity retailers and natural gas marketers – contract processing issues and 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 1st quarter.

Table 3 – Market Participant Enquiries		
Report for Q1 (April 1 – June 30)		
	Natural Gas	Electricity
Open from 2006-07	0	4
Open in Q1	17	162
Closed in Q1	16	160
Open at end of Q1	1	2

Market participants should expect a response within 5 business days. During the 1st quarter, the Market Participant hotline received 182 enquiries, 99% of which were responded to within 5 business days.

The principal areas of enquiry included:

- Renewable Energy Standard Offer Program (RESOP) and distributed generation
- Licensing requirements
- Clarification on reporting requirements