

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
27th. Floor
Toronto ON M4P 1E4
Telephone: (416) 481-1967
Facsimile: (416) 440-7656
Toll Free: 1-888-632-6273

Commission de l'Énergie de l'Ontario
C.P. 2319
2300, rue Yonge
27e étage
Toronto ON M4P 1E4
Téléphone: (416) 481-1967
Télécopieur: (416) 440-7656
Numéro sans frais: 1-888-632-6273



Compliance Office

June 16, 2006

Compliance Bulletin 200603

To: All Licensed Electricity Distributors and Licensed Electricity Retailers

Re: Final RPP Variance Settlement Amount

This Bulletin contains important information for licensed electricity retailers and licensed electricity distributors regarding the final RPP variance settlement amount (FVSA) in relation to consumers that are enrolled by a retailer but remain on or return to the Regulated Price Plan (RPP).

The Compliance Office has become aware of three situations where a consumer enrolled by a retailer ultimately returns to or remains on the RPP but, due to processing of the enrolment, is charged the FVSA. These situations are:

- where the contract with the retailer is not reaffirmed and therefore ceases to have effect;
- where the contract has been reaffirmed but the retailer agrees to cancel the retail contract at the request of the consumer (often triggered by the appearance of the FVSA on the consumer's bill) and so notifies the distributor before the first bill is issued to the consumer as a retail customer; and
- where the retailer has enrolled the consumer in error, in which case the application of the FVSA is a billing error.

In each of these cases, the consumer will continue to receive his or her electricity under the RPP, and the consumer will settle his or her share of the RPP variance as part of the RPP price. If the consumer is also required to settle the FVSA, the consumer will effectively be paying or receiving the RPP variance twice. In my view, this is inconsistent with the Board's rationale for and approach to the FVSA.

I therefore expect that, in each of the situations identified above, the retailer will immediately inform the consumer's distributor that the consumer does not wish to purchase electricity from the retailer. Where a distributor receives such notification from either the consumer or the retailer, I also expect that:

- the distributor will not charge or credit the FVSA to the consumer if it has not already done so; and
- if the distributor has already applied the FVSA to the consumer's bill, the distributor will reverse the transaction (this can be done by means of a credit (if the FVSA was a charge) or charge (if the FVSA was a credit) on the next bill issued to the consumer, by cancelling the bill that applied the FVSA and issuing a new one or by issuing a cheque to the consumer (if the FVSA was a charge)).

A number of issues that have arisen in relation to the application of the FVSA have highlighted that consumers are not always aware of the FVSA and, in particular, of the fact that it will be applied in circumstances where the consumer chooses to enter into a contract with a retailer. Each retailer should therefore notify each prospective customer that, if the customer enters into a contract with the retailer, the customer will be charged or credited (as applicable) the FVSA. Prospective customers may be referred to the Board's website for further information about the FVSA.

Please direct any questions you may have on this matter to the Market Participant hotline at 416-440-7604 or by e-mail at market.operations@oeb.gov.on.ca.



Brian Hewson
Chief Compliance Officer
Compliance Office

No statutory power of decision has been delegated to the Chief Compliance Officer, and the views expressed in this Information Bulletin are not binding on the Board. The Chief Compliance Officer may seek enforcement action by the Board under Part VII.1 of the *Ontario Energy Board Act, 1998* in relation to non-compliance.