



Ontario
Energy
Board

Holding Utilities to Account

OEB Compliance and
Enforcement Activity
Report

April 2021 – September 2021

TABLE OF CONTENTS

Introduction	3
Overview of OEB Compliance and Enforcement Processes	4
Key Highlights for April 2021 - September 2021	5
Statistics on Complaints and Compliance Reviews	6
Information on Inspection – Statistics	8
Select Case Summaries	9
Information and Guidance to Industry	12
Providing Information to Consumers and Customer Service Issues Raised	13
Raising Awareness of the OEB’s Compliance and Enforcement Activities	15

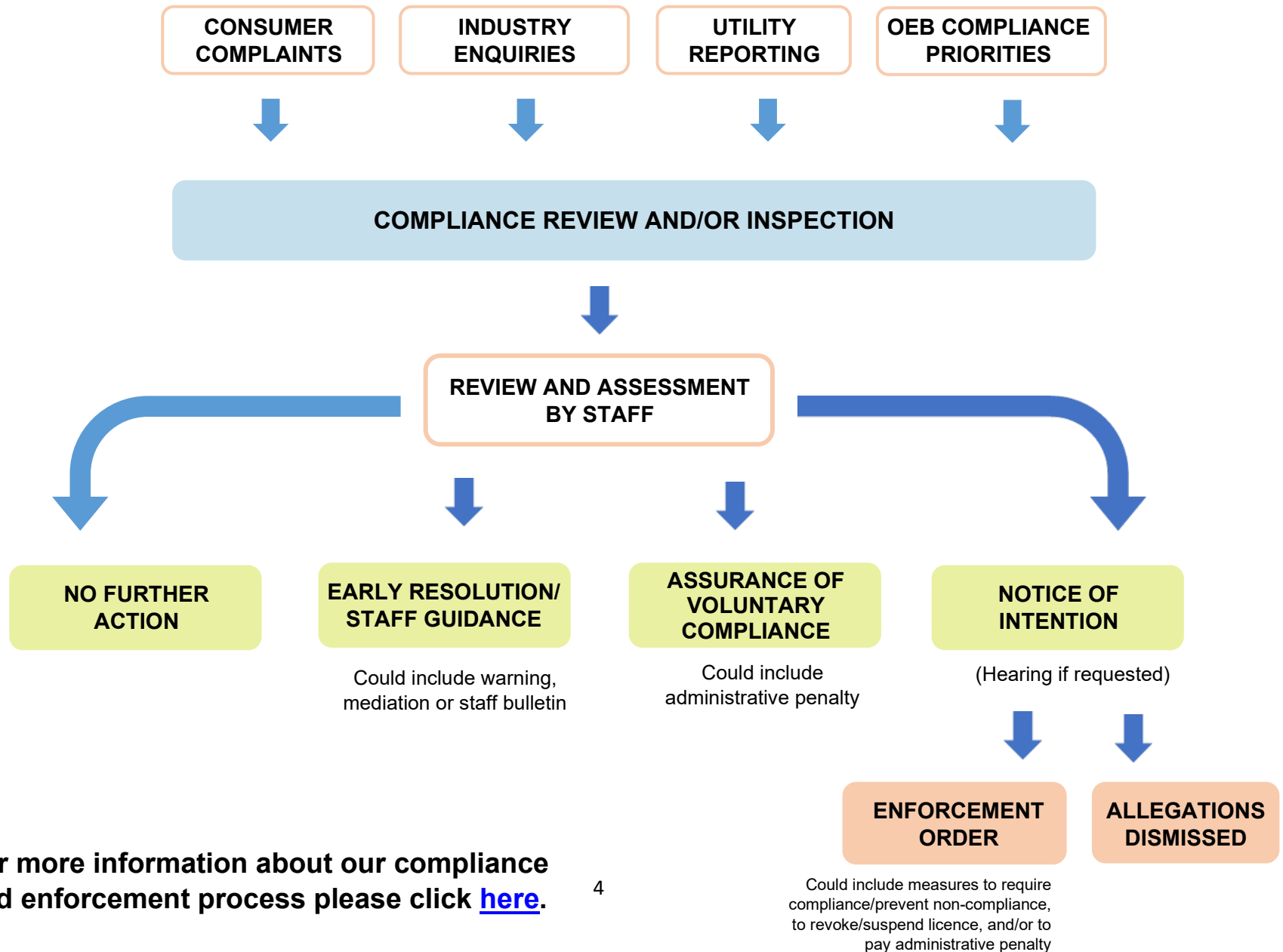
INTRODUCTION

The Ontario Energy Board (OEB) is pleased to publish Holding Utilities to Account – OEB Compliance and Enforcement Activity Report (April 2021 - September 2021), chronicling how, through the first half of fiscal year 2021/22, the OEB has been fulfilling its mandate to hold electricity and natural gas utilities to account, protect consumer interest, and deliver public value that contributes to Ontario’s economic, social, and environmental development.

Through prudent regulation and independent adjudicative decision-making, the OEB makes decisions and rules that ensure consumers are treated fairly, and the electricity and natural gas sectors remain reliable and sustainable. This includes enforcing the rules for energy companies operating in Ontario.

In keeping with a very deliberate and purposeful approach to modernization, this report showcases key accomplishments, highlights cases that best illustrate how the OEB has addressed compliance issues, demonstrates its progress in fostering a culture of compliance among regulated entities and, as a result, supports its vision of being recognized as a trusted regulator by the public it serves, the representatives to whom it is accountable, and the regulated community.

OVERVIEW OF OEB COMPLIANCE AND ENFORCEMENT PROCESSES



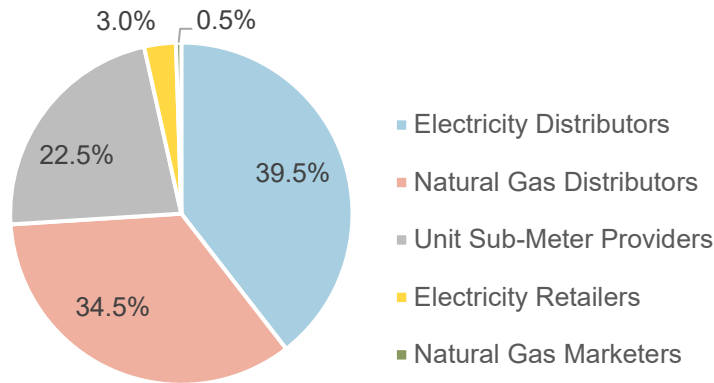
For more information about our compliance and enforcement process please click [here](#).

KEY HIGHLIGHTS FOR APRIL 2021 – SEPTEMBER 2021

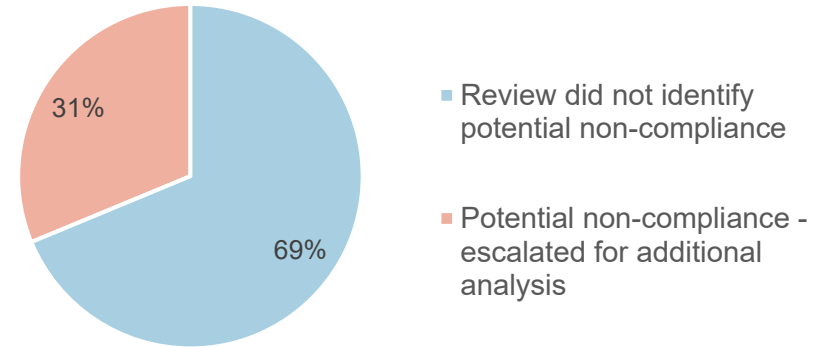
- 464 consumer complaints received against utilities and other regulated entities
- 240 consumer complaints escalated for additional review and detailed analysis where initial review identified potential non-compliance issues
- 32 compliance reviews initiated where potential non-compliance with regulatory requirements was identified
 - o Key areas of focus: disconnection notices and related processes, requirement to hold a licence
 - o 72% of the compliance reviews were initiated following a consumer complaint to the OEB
- 16 inspections initiated
 - o 25% of inspections were initiated further to information reviewed following a consumer complaint to the OEB
- 13 inspections completed, with 7 resulting in:
 - o \$128,200 in administrative penalties paid under Assurances of Voluntary Compliance
 - o \$12,610 returned to directly affected consumers
 - o \$85,000 in additional utility funds paid into the utility's Low-income Energy Assistance Program - Emergency Financial Assistance (LEAP) funding for low-income consumers facing disconnection or already disconnected
 - o None of the above amounts were recoverable from the utility's ratepayers

STATISTICS ON COMPLAINTS AND COMPLIANCE REVIEWS

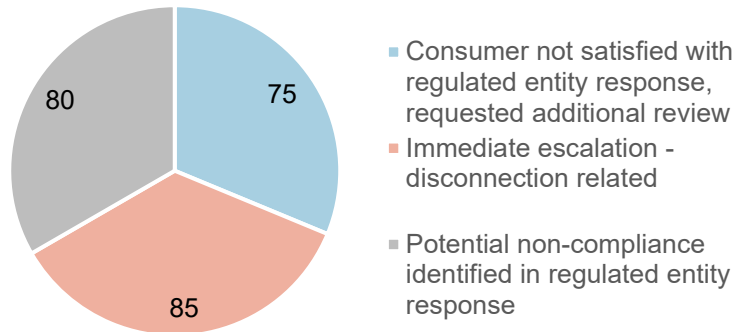
**Consumer Complaints Received (464)
– By Regulated Sector**



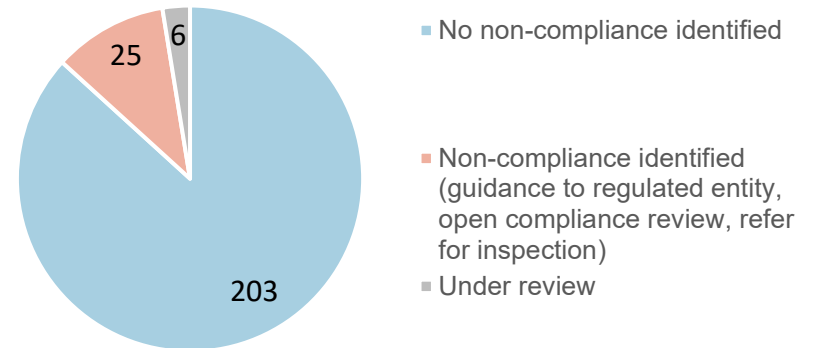
Review of Regulated Entity Responses to Consumer Complaints



Escalated Complaints (240)

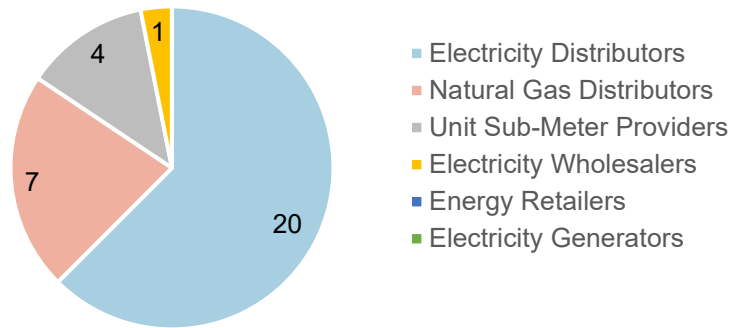


Escalated Complaints - Conclusions (234*)



* The 234 shown under “Additional Analysis Concluded” is not a subset of the number escalated and may include files escalated in a prior period

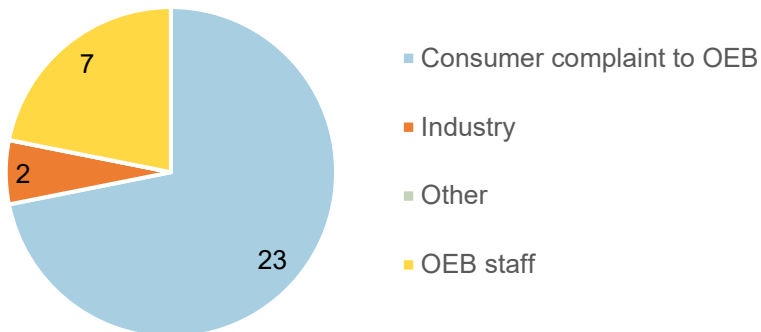
Compliance Reviews Opened (32) - by Regulated Sector



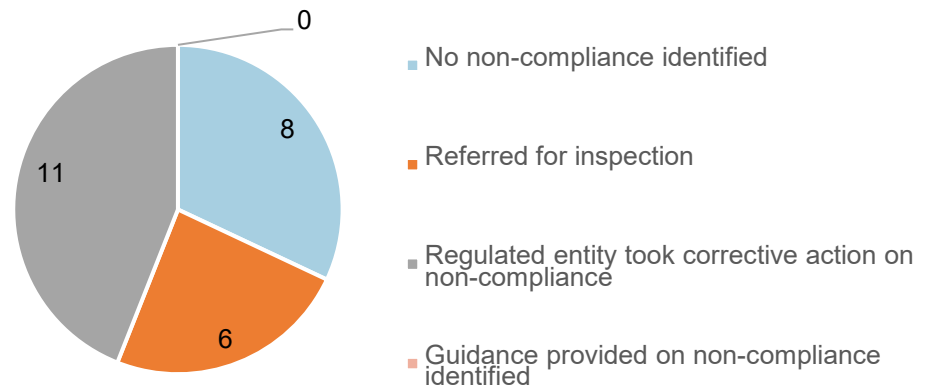
Select examples of compliance reviews opened:

- Utility disconnection notices and related processes
- Compliance with Affiliate Relationships Code
- Operating without a required licence
- Prorating tiered thresholds in rate change periods
- Utility charges for subdivision connection
- Early termination of Ontario Electricity Support Program credits
- Overbilling due to a miscalculation of monthly fixed charges

Origin of Compliance Review



Compliance Reviews Closed (25*)

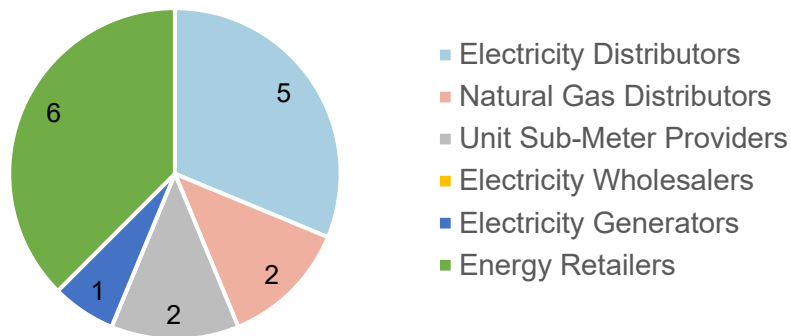


* The 25 shown under “Compliance Reviews Closed” is not a subset of the number opened and may include files opened in a prior period. Compliance reviews that remained open at the end of the period are not reflected.

\$61,173 was refunded to consumers where the regulated entity took corrective action

INFORMATION ON INSPECTIONS – STATISTICS

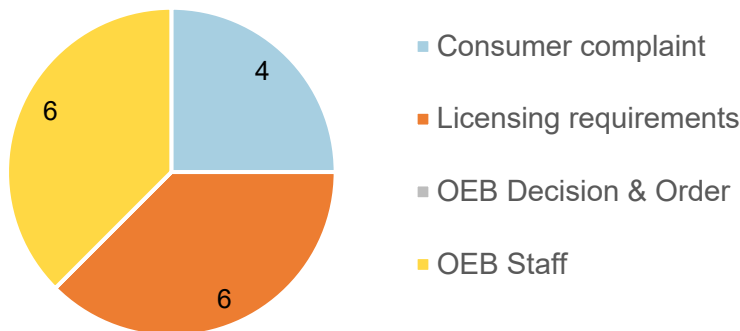
Inspections Opened (16) - by Regulated Sector:



Select examples of compliance inspections undertaken:

- Review of administration of Ontario Electricity Rebate for a sample of regulated entities
- Operating in the wholesale electricity market without a licence
- Operating in the retail market without a licence
- Enrolling consumers based on invalid contracts (allegation that contracts were not valid as signatures were not those of authorized individuals)
- Utility notices and related processes in disconnecting for non-payment
- Compliance with Regulated Price Plan (RPP) pilot program for select utilities

Source of Inspections:



Inspection Outcomes (13)

- \$128,200 in administrative penalties paid under Assurances of Voluntary Compliance
- \$12,610 returned to consumers directly
- \$85,000 additional funds to Low-income Energy Assistance Program - Emergency Financial Assistance

SELECT CASE SUMMARIES

Operating Without a Licence

The OEB took compliance action in relation to a number of entities found to be operating in the wholesale market after their licences had expired. In each instance, the matter was resolved following the OEB's acceptance of an Assurance of Voluntary Compliance (AVC) from the noncomplying entity. An AVC is a binding commitment by a regulated entity to take measures to rectify or prevent noncompliance, and failure to abide by the terms of an AVC can lead to enforcement action being taken by the OEB. Under the terms of their AVCs, each of the entities committed to complying with all regulatory requirements relating to licensing and assured that it had instituted or strengthened internal controls. As well, each licensee paid an administrative monetary penalty to the OEB in an amount ranging from \$3,000 to \$18,000.

Outcome: The OEB accepted AVCs from each of the licensees and a total of \$43,200 was paid in administrative penalties.

Entering Contracts Without Valid Customer Authorizations

A few licensed electricity retailers entered into electricity retail contracts, without valid customer authorization. As a result, these retailers did not have authorization to start supplying electricity to the customers. They were non-compliant with certain provisions of the OEB's Electricity Retailer Code of Conduct and Retail Settlement Code.

This matter was resolved following the OEB's acceptance of an AVC from the noncomplying entities. Through the AVC, the licensed electricity retailers acknowledged that they have ultimate responsibility over the actions of their salespersons, and that they did not have valid customer authorization to provide electricity supply to the customers involved. They also assured the OEB that they have amended several sales processes to further mitigate against the potential for its salespersons to engage in unfair business practices.

Outcome: Under the terms of the AVC, retailers paid an administrative monetary penalty of \$37,000, and provided a refund to the affected customers of \$192,000.

Ontario Electricity Rebate

A sample of electricity distributors were the subject of inspections to assess their compliance with the *Ontario Rebate for Electricity Consumers Act, 2016*.

OEB staff have issued several letters and Bulletins indicating the requirement to use the accrual method of accounting for Ontario Electricity Rebate (OER) transactions. Some distributors were found to be continuing to account and make settlement claims for OER using the billed method of accounting instead. This creates a one-month time lag in the settlement of OER claim amounts, as billed data relates to consumption of the prior month.

For other distributors who were correctly using the accrual method for OER transactions, OEB staff found that incorrect OER percentages were used when estimating the monthly OER settlement claims. The distributors' accrual process failed to account for the periodic changes to the OER percentage.

OEB staff expect distributors and unit sub-metering providers to review their processes for estimating monthly OER claims, particularly for the month following a change to the prescribed OER percentage, to ensure the accuracy of settlement amounts.

Outcome: Guidance was provided to electricity distributors where issues were identified. OEB staff will also be preparing a staff bulletin with guidance to the industry as a whole.

Billing Customers Based on Individually Metered Consumption Without a Licence

OEB staff undertook a compliance review further to complaints received by the OEB from customers of certain mobile home communities all owned by the same company. The complaints related to questions about electricity bills received by full-time residents of the park based on individually metered usage. Through its review, OEB staff found that the park was not compliant with the requirement to be licensed by the OEB as a unit sub-meter provider (USMP) in order to bill residential customers based on individually metered usage as per section 57 of the *Ontario Energy Board Act, 1998*.

Outcome: The matter was resolved following the OEB's acceptance of an AVC from the non-complying entity. Under the terms of the AVC, the company committed to contracting with a USMP for those locations with full-time residents as expeditiously as possible and refraining from billing or pursuing payment from full-time residents until such time as a USMP solution was in place. The company also committed to assume the cost of any electricity consumed by full-time residents prior to the implementation of the USMP solution in each location, and estimated the cost of this to be in the range of \$80,000 - \$100,000.

Disconnection Practices – Gas Distributor

Through an OEB inspection, a gas distributor confirmed that approximately 18,500 disconnection notices sent in August 2020 did not comply with all of the requirements of the OEB's Gas Distribution Access Rule (GDAR). Upon learning of the issue, the distributor immediately ceased any disconnection activity. As a result, none of the customers who received the non-compliant disconnection notices were disconnected on the basis of those disconnection notices.

The GDAR requires a gas distributor to provide a minimum of 14 days' notice to a customer prior to disconnection. The disconnection notices issued to the affected customers were based on an incorrect calculation of the earliest date on which disconnection may occur and, as a result, these customers were not given sufficient notice of their possible disconnection. In addition, the disconnection notices did not include information about OEB-prescribed arrears payment programs, reconnection fees and the amount of time customers have to make a payment to avoid disconnection. These information requirements are mandated by the GDAR for disconnection notices issued to residential customers.

The distributor assured the OEB that it has taken all reasonable steps to ensure compliance with its customer disconnection-related obligations and has put in place operational improvements to prevent recurrence of non-compliance.

Outcome: The matter was resolved following the acceptance of an AVC from the distributor in which it agreed to pay an administrative monetary penalty of \$40,000 and also made an additional payment of \$60,000 to the social agency that runs the Low-income Energy Assistance Program in the areas served by distributor. Under the AVC, the distributor also posted on its website a notice to customers informing them of the OEB's inspection and its resolution.

INFORMATION AND GUIDANCE TO INDUSTRY

OEB staff issues letters and bulletins to provide regulated entities with information or guidance about their legal and regulatory requirements and responds directly to sector participants' enquiries (referred to as Industry Relations Enquiries, or "IREs"). This guidance is intended to ensure that regulated entities are aware of and understand those requirements. The expectation is that this will promote compliance which, in turn, will enhance public confidence that the interests of consumers are being protected.

Key Areas of IREs (290 received)

- Licensing Questions – how to obtain, renew or change a name on a licence, LDC verification of generator licence
- Ontario Rebate for Electricity Consumers / Ontario Electricity Rebate (OER) – eligibility, retroactive credits once determined eligible, questions about OER eligibility for companies disputing utility decisions
- Winter Disconnection Rules
- OEB Reporting and Record Keeping Requirements – clarification about what information is to be reported and due dates
- Net Metering eligibility requirements
- Tiered Rates – Billing Cycle and Line Loss
- Interval Metering – impacts of hourly versus 15-minute interval billing
- Rebates and ownership issues relative to legacy connection lines on private property
- COVID-19 Energy Assistance Program (CEAP) criteria questions as well as CEAP funding questions
- Low-income Energy Assistance Program (LEAP) eligibility questions during winter disconnection ban and also if they have received CEAP

Compliance Guidance (1 issued)

- OEB staff issued guidance to electricity distributors related to the Global Adjustment "Peak Hiatus" and Eligibility for the Industrial Conservation Initiative for the 2021-2022 Adjustment Period

PROVIDING INFORMATION TO CONSUMERS AND CUSTOMER SERVICE ISSUES RAISED

OEB staff responds to requests from the general public for information on the energy sector and for information relating to OEB decisions and orders. Consumers may also raise customer service issues about their energy company in an area where there are no prescribed rules and, in these instances, OEB staff will forward the customer service issue (CSI) to the regulated entity to ensure they are aware of the issue and request that they respond to the consumer.

Key Areas of Consumer Enquiry (3,557 enquiries received)

- Request for information on emergency financial assistance programs (LEAP, OESP, CEAP)
- Questions regarding contract renewal documents from a retailer / marketer
- Questions regarding disconnection of service and the winter disconnection ban
- OER / electricity rates – concerns about the bill changes
- Targeted scams involving the OER and CEAP
- Concerns with increases to electricity delivery charges
- Disagree with the OEB's proposed changes to seasonal rates
- How to apply to be considered for natural gas expansion
- Condo boards asking how to apply for the OER
- Unregulated entities (e.g., propane companies, municipal water charges, furnaces, water heaters)
- Customer Choice options under the Regulated Price Plan
- USMP Billing issues
- Trailer Park issues

Key CSIs Raised (25 CSIs received)

- E-billing versus paper bills
- Frequent planned outages by a utility
- Concerns regarding the process for gas meter exchanges – timing, issues with contractor, need for visit to turn back on
- Issues with third-party charges on their natural gas bills
- Utility customer service quality
- Utility connection costs
- Confusion over time-of-use/tiered options
- Easement and land ownership questions
- Landowner questions for distributors including vegetation management / access to property

RAISING AWARENESS OF THE OEB'S COMPLIANCE AND ENFORCEMENT ACTIVITIES

Aligned with its mandate of holding electricity and natural gas utilities to account, protecting consumer interest, and delivering public value, and to further support the openness and transparency expected of an independent regulator, the OEB issues news releases and consumer alerts to promote broad awareness of its compliance activities

Select News Coverage Arising from the OEB's Compliance Activities (3 news releases issued)

- **Onit Energy Ltd. - OEB news release 2021-04-15**
 - [Cision](#) - Ontario Energy Board accepts Assurance of Voluntary Compliance from ONIT Energy Ltd. 2021-04-15
 - [Yahoo](#) - Ontario Energy Board accepts Assurance of Voluntary Compliance from ONIT Energy Ltd. 2021-04-15

- **PUC Distribution Inc. - OEB news release 2021-04-22**
 - [Cochrane Times Post](#) - PUC Pays Fine AVC 2021-04-23
 - [Soo Today](#) - PUC to pay \$45,000 fine for improper disconnections, notices 2021-04-23
 - [CTV Northern](#) - Sault Ste. Marie's power company fined \$20K by Ontario Energy Board 2021-04-23

- **Enbridge Gas Inc. - OEB news release 2021-07-22**
 - [Cision](#) - Ontario Energy Board accepts Assurance of Voluntary Compliance from Enbridge Gas Inc.
 - [Business Insider](#) - Ontario Energy Board accepts Assurance of Voluntary Compliance from Enbridge Gas Inc. 2021-07-22
 - [Radio-Canada](#) - Enbridge fined for non-compliant disconnections 2021-07 23

Consumer Alerts Issued

- **Consumer Alert: Beware Misleading Offers Regarding COVID-19 Energy Assistance Program 2021-04-28**
 - [Yahoo](#) - Consumer Alert: Beware Misleading Offers Regarding COVID-19 Energy Assistance Program 2021-04-28
- **Consumer Alert: Beware of rebate scams pretending to be from or endorsed by the Ontario Energy Board- 2021-06-25**
 - [Net News Ledger](#) - Ontario Energy Board Warns of Energy Assistance Rebates Pretending to be from OEB 2021-06-26
 - [Inside Halton](#) - Ontario Energy Board warns of scam offering hydro rebates 2021-07-11
 - [Toronto Star](#) - 'Jessica' caught me on a dull day — and I almost fell for her AI charm 2021-08-03
- **Consumer Alert: Beware of continuing email and online rebate scams pretending to be from or endorsed by the Ontario Energy Board 2021-08-12**
 - [Yahoo](#) - Consumer Alert: Beware of continuing email and online rebate scams pretending to be from or endorsed by the Ontario Energy Board 2021-08-12



Ontario
Energy
Board



WWW.OEB.CA

