



Ontario  
Energy  
Board

# Compliance Report



April – September 2022



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# INTRODUCTION

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The Ontario Energy Board's (OEB) mid-year Compliance Report (April - September 2022) demonstrates how the OEB, as an independent regulator for the energy sector, is fulfilling its mandate to protect the interests of consumers and deliver public value.

The report provides an overview of the activities undertaken by the OEB to ensure regulated entities comply with their legal and regulatory requirements and includes related statistical data. The report also highlights select cases that best illustrate how the OEB has addressed compliance issues over the indicated period.

This report is an important tool for the OEB to inform stakeholders and the public of our consumer protection activities and to foster a culture of compliance among regulated entities. It also demonstrates transparency and supports the OEB's vision of being recognized as a trusted regulator by the public it serves, the representatives to whom it is accountable, and the regulated community.

# COMPLIANCE APPROACH

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As the independent regulator for the energy sector, the OEB oversees the conduct and operations of a number of energy sector participants including those that generate, transmit, distribute, and retail energy across the province, and protects the interests of millions of electricity and natural gas consumers. Through independent adjudication and prudent regulation, the OEB makes decisions and rules that ensure consumers are receiving the right level of service at the right rate, and the energy sector remains reliable and sustainable. In addition, most energy sector participants require an OEB licence to carry out their business activities. It is also the OEB's role to ensure that regulated entities meet legal and regulatory requirements that are set out in relevant legislation, OEB licences, codes, rules and orders. We carry out this role in a number of ways including:

**Providing Information to the Public and Addressing Complaints:** We provide consumers with the information they need to better understand the rules that protect them, their energy choices, and changes that may impact them. We also address consumer complaints against regulated entities to ensure that appropriate resolutions are reached. The OEB may initiate a compliance review if the initial review of a complaint identifies potential issues requiring further analysis.

**Providing Regulatory Guidance:** We foster improved compliance in the sector by providing guidance to regulated entities about the legal and regulatory requirements. We review and respond to Industry Relations Enquiries (IREs) from energy sector participants to help them understand what is required and expected of them. We also provide guidance to regulated entities through bulletins and letters in relation to issues with broader implications and where there are new regulatory requirements. The OEB may also initiate a compliance review or a policy review, as appropriate, based on issues identified through IREs.

**Conducting Compliance Reviews:** We conduct compliance reviews both proactively and as a result of consumer complaints or IREs to assess regulated companies' compliance with legal and regulatory requirements. The process involves a review and assessment of issues based on information available to OEB staff and/or provided by the involved parties. Compliance reviews may conclude in any of the following ways:

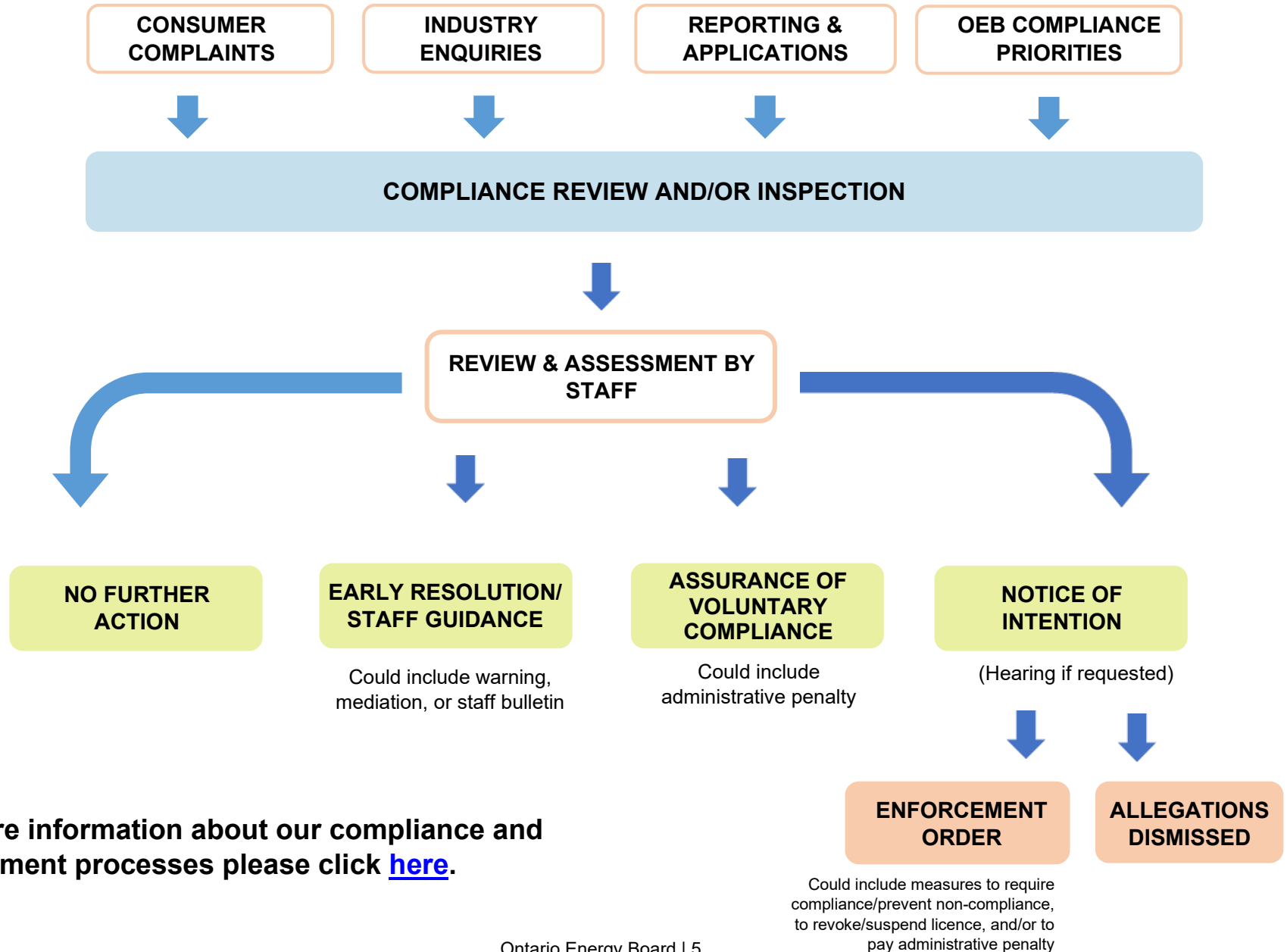
- **No further action:** No further action will be taken if the review does not reveal any compliance issues.
- **Informal resolution:** Issues are resolved by assisting regulated entities in understanding their legal/regulatory obligations and compliance requirements. This may include informal mediation, or other voluntary measures. In some cases, it may involve OEB staff issuing a warning or publishing an interpretive bulletin.
- **Policy review:** A recommendation for a policy review to clarify an existing policy or develop a new policy relating to applicable regulatory requirements.
- **Inspection:** A recommendation that an inspection be conducted.

**Conducting Inspections:** Inspections are a formal process for assessing regulated companies' compliance with legal and regulatory requirements. The OEB conducts inspections as a result of complaints, compliance reviews, issues identified through reporting by regulated companies and decisions of the OEB in relation to applications by utilities. OEB inspectors can require regulated entities to provide documents, records or information. Similar to compliance reviews, an inspection may result in no further action where there is no compliance issue or a form of informal resolution where the company agrees to make changes to its practices. Other possible outcomes include:

- **Assurance of Voluntary Compliance (AVC):** A regulated entity may give the OEB a written AVC and, once accepted by the OEB, it will have the same force and effect as an OEB order. The assurance may include a commitment by the regulated entity to pay an administrative penalty.
- **Recommendation for Enforcement:** Enforcement actions could result in an OEB order that imposes an administrative penalty and/or other sanctions including licence revocation or suspension.

**Self-Reported Non-Compliance:** The OEB encourages regulated entities to consistently review their business practices with a view to ensuring their compliance with legal and regulatory obligations, and to report to the OEB any possible instances of non-compliance with those obligations. Self-reported non-compliance will have a greater likelihood of being resolved quickly and a self-report will be considered a mitigating factor by the OEB when assessing the appropriateness of an administrative penalty.

## OVERVIEW OF OEB COMPLIANCE AND ENFORCEMENT PROCESSES



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

## COMPLIANCE AT A GLANCE (April – September 2022)

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**605** consumer complaints were received

**306** consumer complaints were escalated for detailed review and analysis where initial screening identified potential non-compliance issues

**47** compliance reviews were started, most of which were initiated due to a consumer complaint

**34** compliance reviews were completed

**26** inspections and **17** enforcement cases were started, most of which were initiated following an initial self-report by a regulated entity

**20** inspections and **8** enforcement cases were completed, resulting in:

- \$303,000 in administrative penalties paid under Assurances of Voluntary Compliance
- \$487,620 returned directly to affected consumers
- \$3,000 in additional utility funds paid into the Low-income Energy Assistance Program - Emergency Financial Assistance (LEAP EFA), meaning more support for low-income consumers facing disconnection or already disconnected

None of the above amounts were recoverable from utility ratepayers

**168** enquiries were received from industry participants (i.e., IREs)

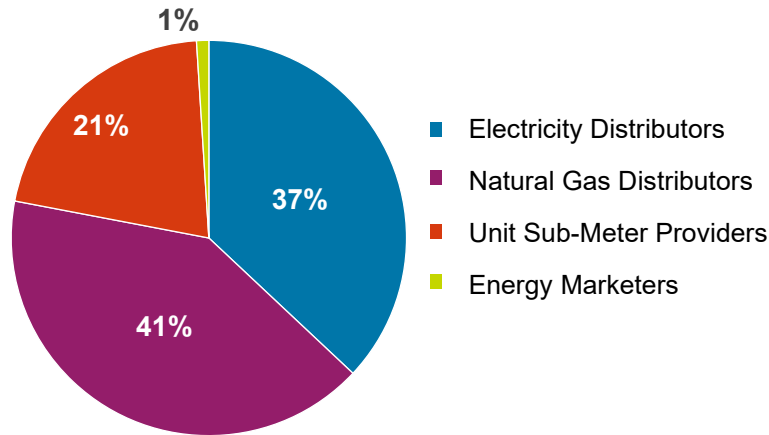
**Three** compliance-related guidance documents were issued to regulated entities, including interpretive bulletins

**2,488** requests for information and customer service-related enquiries were received from consumers

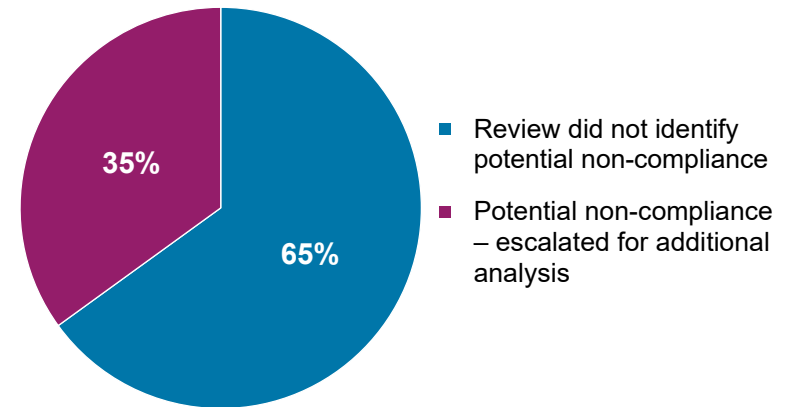
**Four** press releases and a number of warnings about energy scams across a variety of platforms were issued

# STATISTICS ON COMPLAINTS AND COMPLIANCE REVIEWS (Apr – Sep 2022)

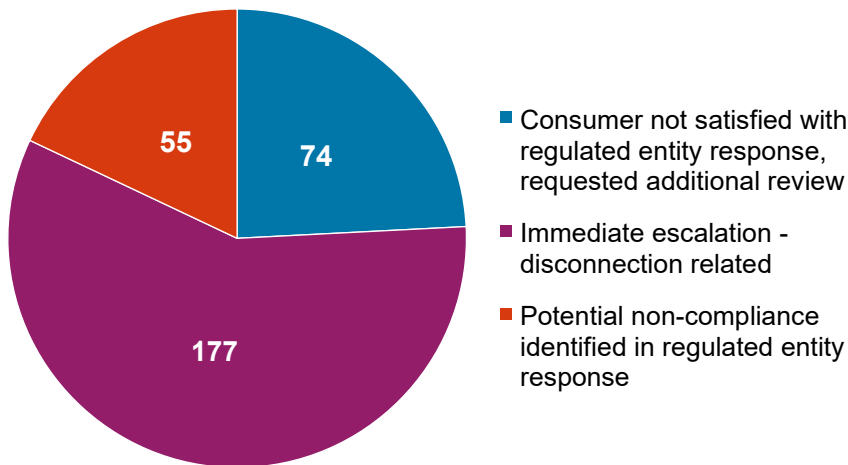
## Consumer Complaints Received (605) – By Regulated Sector



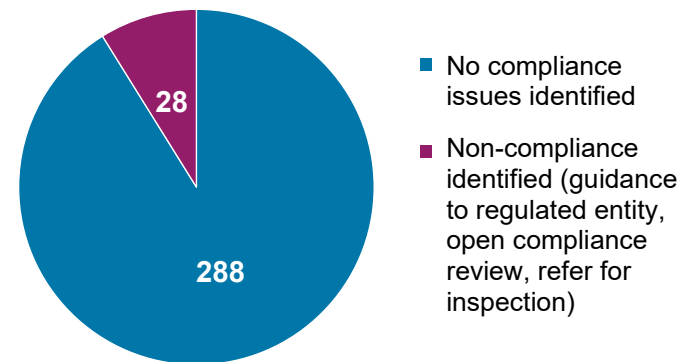
## Review of Regulated Entity Responses to Consumer Complaints



## Escalated Complaints (306)



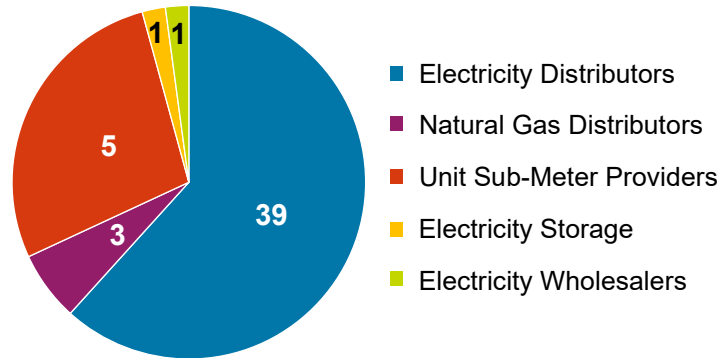
## Escalated Complaints - Conclusions (316\*)



\* The 316 shown under “Escalated Complaints - Conclusions” is not a subset of the number escalated and may include files escalated in a prior period.



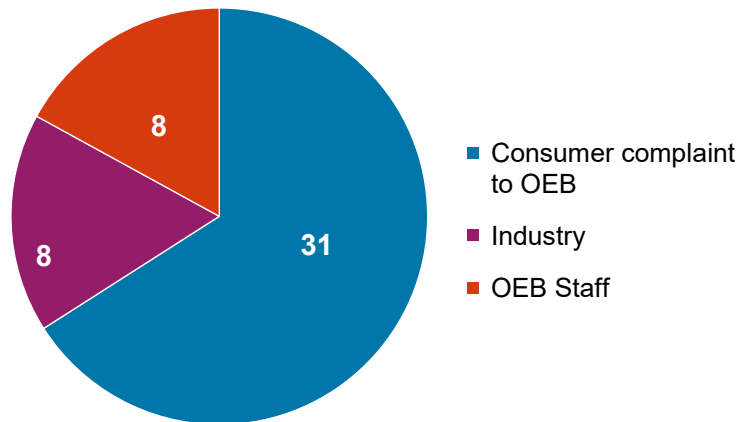
## Compliance Reviews Opened (47) – By Regulated Sector



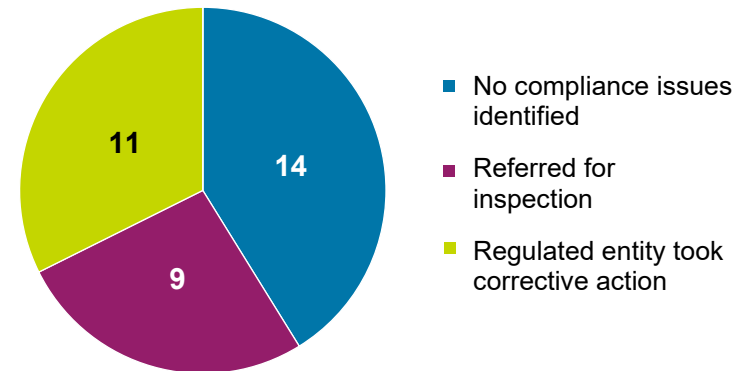
## Select examples of compliance reviews opened:

- Utility disconnection for non-payment notices and related processes
- Operating without a required licence
- Customer unable to access their unverified meter data
- Reliability and quality of electrical service to a community
- USMP customers not able to access Ontario Electricity Support Program (OESP)
- USMP failure to file required reports

## Source of Compliance Reviews



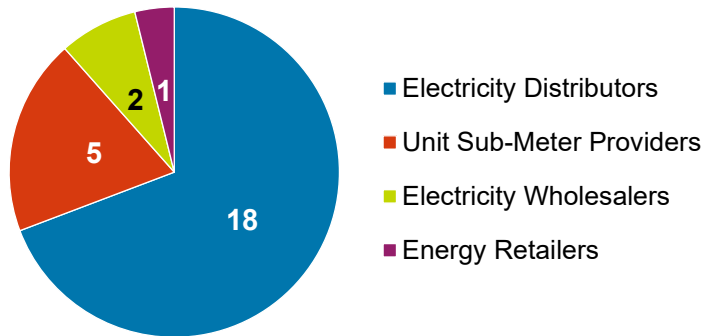
## Compliance Reviews Closed (34\*)



\* The 34 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.

# STATISTICS ON INSPECTIONS (Apr – Sep 2022)

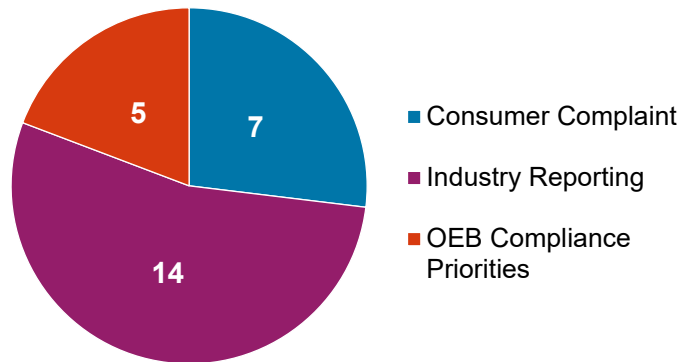
## Inspections Opened (26) – By Regulated Sector



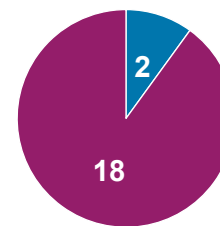
### Select examples of compliance inspections undertaken:

- Operating in the wholesale electricity market without a licence
- Operating in the retail market without a licence
- Errors in billing fixed charges to customers
- Errors in billing OESP and OER to customers

## Source of Inspections

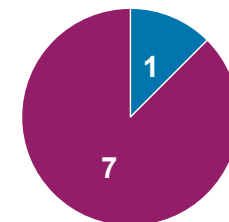


## Inspections Closed (20)



- No identified non-compliance
- Identified non-compliance, proceed to Enforcement

## Enforcement Cases Closed (8)



- OEB staff resolution
- Assurance of Voluntary Compliance

- \$303,000 in administrative penalties paid under AVC's
- \$487,620 returned directly to affected customers
- \$3,000 additional funds to LEAF EFA

## SELECT COMPLIANCE REVIEW & INSPECTION SUMMARIES (Apr – Sep 2022)

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In the first half of the fiscal year, OEB staff initiated **47** compliance reviews, **26** inspections and **17** enforcement cases (cases) and concluded **34**, **20**, and **8** respectively. Summaries of select cases that concluded between April 1 and September 30, 2022, are provided below to demonstrate the variety and range of issues that the OEB reviews and investigates and to illustrate the ways in which we do so. Regulated entity names are not disclosed where cases were resolved informally. The cases are organized by the following categories:

- Cases resulting from consumer complaints
- Cases resulting from applications by regulated entities and OEB decisions and orders
- Cases resulting from self-reported instances of non-compliance by regulated entities

# CASES RESULTING FROM CONSUMER COMPLAINTS

## Gas Distributor Service Quality Requirements



Following an increase in consumer complaints received by the OEB’s Public Information Centre relating to Enbridge Gas Inc.’s meter reading and estimated billing activities and its call centre wait times, OEB staff initiated a compliance review of Enbridge’s compliance with certain of its Service Quality Requirements (SQRs) set out in the Gas Distribution Access Rule (GDAR). In particular, the review focused on Enbridge’s compliance with sections 7.3.1 (Call Answering Performance) and 7.3.3 (Meter Reading Performance).

The OEB’s review found that Enbridge was not in compliance with the SQRs that set minimum service levels in relation to meter reading performance and telephone answering performance. Enbridge acknowledged the non-compliance and that there have been negative impacts on its customers related to these issues. The impact on customers included receiving large “catch-up” bills once an actual meter reading was obtained, delays in the return of overpayments, credits owed to them and closing of accounts, and being left on-hold for extended periods of time or having to call for several consecutive days before having their call answered.

Enbridge committed to achieving compliance on call answering performance and for improvement in its meter reading performance in 2022 by taking various steps including the recruitment of temporary staff, working with meter reading vendors and customer outreach and education. Enbridge will provide monthly reporting to the OEB on progress against these mitigation plans.

***Outcome: The OEB accepted an AVC from Enbridge with its commitment to take all reasonable steps to meet the call answer performance measures and to establish and meet improved meter reading performance metrics for 2022. Enbridge agreed to pay an administrative monetary penalty of \$250,000***

## Disconnection for Non-Payment Reasons



Loss of electricity or natural gas service is one of the most serious and disruptive consequences a consumer may face. The OEB continues to place a high level of importance on ensuring that where a consumer is facing disconnection, or has been disconnected, for non-payment that electricity and natural gas distributors, and unit sub-meter providers (USMPs) - collectively "utilities", have followed the OEB's established disconnection rules.

During the April to September 2022 period, OEB staff undertook 19 compliance reviews as a result of consumer complaints relating to the residential customer disconnection practices of distributors as well as USMPs. The complaints generally related to the notice of disconnection provided by the utilities to customers prior to disconnecting them for non-payment. Issues of non-compliance with the rules of notice identified in the reviews included:

- Insufficient notice period provided to customers who received disconnection notices. Instead of the 14-day notice period, two utilities provided a 13-day notice period, and for another utility an 11-day notice period was provided
- Providing a longer disconnection window of 15 days instead of the maximum 14 days required
- Failure to provide customers with the required overdue notice prior to issuing a disconnection notice
- Including other service arrears (water) in the total amount due to avoid disconnection of electricity service for non-payment making it unclear as to what amount the consumer must pay to avoid disconnection.

### ***Outcome:***

- **12 resulted in no further action being taken, as there were no compliance issues identified**
- **Four were resolved informally, wherein clarification and guidance was provided to the regulated entities**
- **Three were referred for formal inspection**

## Disconnection Practices – Electricity Distributor



Through an OEB inspection, EPCOR Electricity Distribution Ontario Inc. (“EPCOR”), an electricity distributor, confirmed that approximately 2,200 disconnection notices sent between the period of August 1, 2020, to September 1, 2021, did not comply with all of the requirements of the Distribution System Code (DSC). As a result, 103 customers who received the non-compliant disconnection notices were disconnected on the basis of those disconnection notices.

The OEB’s DSC requires an electricity distributor to provide a minimum of 14 days’ notice to a customer prior to disconnection. The disconnection notices issued to the affected EPCOR 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, some of the disconnection notices provided a longer disconnection window of 15 days instead of the maximum 14 days required. These information requirements are mandated by the DSC for disconnection notices issued to residential customers. EPCOR confirmed that the issue of the unintentional miscalculation of days that led to the non-compliant disconnection notices was rectified. As well, EPCOR assured the OEB that it has taken all reasonable steps to ensure that staff involved in the disconnection process are properly informed of the OEB’s regulatory requirements and will receive on-going training to support compliance.

***Outcome: The matter was resolved following the acceptance of an AVC from EPCOR in which it agreed to pay an administrative monetary penalty of \$18,000 and also made an additional payment of \$3,000 to the social agency that runs the LEAP EFA in the areas served by distributors. In addition, as part of the AVC, the 103 customers that were disconnected were provided a bill credit of \$50***

## Distributor Communication with Landlord on Service Disconnection



A consumer complained to the OEB that their distributor shared personal information with their landlord when the distributor sent a letter to the landlord advising of a pending disconnection of service to the rental property.

OEB staff initiated a compliance review to assess the distributor's process in advising landlords of disconnections for their property.

In response to OEB staff's questions, the distributor confirmed that the letter is sent to the landlord following disconnection of the service with the option to have the service reconnected in their name. The distributor further advised that no personal information is disclosed to the landlord, including the reason for the disconnection.

***Outcome: OEB staff closed the compliance review with no further action required***

# CASES RESULTING FROM APPLICATIONS BY REGULATED ENTITIES AND OEB DECISIONS AND ORDERS

## Operating without a Licence



Through the licence application process, the OEB identified that three entities had undertaken prescribed activities without an OEB licence, contrary to the requirements of the *Ontario Energy Board Act, 1998*.

Algoma Generation, Compass Minerals Canada Corp. and Trilliant Networks (Canada) Inc. were found to have been operating in the electricity wholesale market after their electricity wholesaler licences had expired. In each instance, the matter was resolved following the OEB's acceptance of an AVC from the non-complying entity, under which each of the entities committed to complying with all regulatory requirements relating to licensing. In response to the inspection, each of the entities assured the OEB that it had instituted or strengthened internal controls.

***Outcome: The OEB accepted an AVC from each entity, and a total of \$29,000 was paid in administrative penalties***



# CASES RESULTING FROM SELF-REPORTED INSTANCES OF NON-COMPLIANCE BY REGULATED ENTITIES

## Overcharging Customers



Electricity distributors are required to bill customers based on its tariff of rates and charges approved under section 78 of the *Ontario Energy Board Act, 1998*. In our last report we highlighted the Greater Sudbury Hydro (GSH) self-report of noncompliance with a rate order resulting in customers being overcharged. Since then, two additional electricity distributors reported the same issue. Specifically, these distributors have been incorrectly prorating their OEB-approved fixed monthly charges into daily charges, which resulted in customers being overcharged. Their billing systems translated these monthly charges into a daily charge for application to customers' bills; in the translation from monthly to daily charge, the daily charge was calculated based on there being 30 days in every month (or 360 days in a year) but customers were actually billed for 365 days a year. Upon discovery of the issue both distributors put measures in place to prevent further overcharging.

Charging an amount that is more than what is approved in a rate order is a breach of an “enforceable provision” within the meaning of the *Ontario Energy Board Act, 1998* that may give rise to compliance action.

To resolve the issue of noncompliance the OEB accepted an AVC from each of the distributors: Halton Hills Hydro Inc (HHHI) and Chapleau Public Utilities Corporation (CPUC), under which each distributor paid an administrative monetary penalty and committed to providing affected customers with a refund of overcharged amounts through a one-time bill credit and an explanation for the refund.

**Outcome: The OEB accepted an AVC under which HHHI and CPUC paid an administrative penalty of \$5,000 and \$1,000 respectively and refunded approximately \$450,000 and \$33,000 respectively to affected customers**

## INFORMATION AND GUIDANCE TO INDUSTRY (Apr – Sep 2022)

The OEB received **168** IREs and provided guidance about legal and regulatory requirements through issuance of **two** staff bulletins and **one** letter.

### Key Areas of IREs

- Licensing requirements and processes relating to obtaining, renewing or amending a licence
- Ontario Electricity Rebate (OER) - eligibility, retroactivity, and other related issues
- OEB Reporting and Record Keeping Requirements – information to be reported and associated timelines
- Industrial Conservation Initiative - load aggregation, eligibility, and facility ownership change
- Global Adjustment – Eligibility, co-generation, storage, special rules related to conservation and PDF calculation
- Net metering questions – credit calculations, net metered billing, and third-party net metering
- General cost of connection queries – system upgrades, capital contributions, and residential customer basic connections
- LEAP EFA eligibility criteria
- Winter Disconnection Rules - ban on disconnection of service for non-payment during certain periods
- Price Comparison – clarifying questions from energy retailers

### Guidance to the Industry

- [Letter](#) providing guidance to licensees regarding changes to the implementation of the OER including an updated notice form
- [Bulletin](#) clarifying the circumstances under which regulated electricity transmitters should allocate costs associated with network facility upgrades
- [Bulletin](#) clarifying that a local community may choose an alternative solution to the optimal (i.e., most cost effective) solution identified to meet a need determined through a distribution planning or regional planning process, based on local preference

# PROVIDING INFORMATION TO CONSUMERS AND CUSTOMER SERVICE ISSUES RAISED (Apr – Sep 2022)

The OEB received **2,476** consumer enquiries and provided information that consumers needed to better understand the rules that protect them, their choices, and changes that may impact them. The OEB also received **12** consumer concerns related to the regulated entities' customer service issues (CSIs) that are not covered by OEB rules. These issues are forwarded to the regulated entities to respond to the consumer directly.

## Key Areas of Consumer Enquiry

- Distributor and unit sub-metering provider billing practices
- Assistance programs: LEAP EFA and OESP
- Customer service concerns for natural gas customers
- Gas customer concerns about estimated billing
- Electricity rates, and customer choice between Time-of-Use and Tiered electricity prices
- Targeted scams involving low-income support programs by unregulated companies
- Energy retailers' contract renewal documents, as well as renewal and cancellation processes
- Disconnection of service for non-payment reasons and the winter ban on disconnections
- Increases to electricity delivery charges
- Elimination of Hydro One Network Inc.'s seasonal rates
- Activities and services that are not regulated by the OEB such as propane services, municipal water charges, furnaces, and water heaters
- Unit sub-metering providers' billing practices

## Key CSIs Raised

- Frequent planned power outages
- Natural gas meter exchange processes including timing, issues with contractors, and need for visit to turn the service back on
- Third-party charges on natural gas bills
- Unresolved customer service matters and service quality
- Safety concerns

# RAISING AWARENESS OF THE OEB'S COMPLIANCE AND ENFORCEMENT ACTIVITIES

The OEB issued **four** news releases to promote broad awareness of its compliance activities. We have also issued a number of warnings about energy scams across a variety of platforms.

## Select News Coverage Arising from the OEB's Compliance Activities

- [Ontario Energy Board accepts Assurance of Voluntary Compliance from Enbridge Gas Inc.](#) 2022-09-15
  - Ontario Energy Board accepts Assurance of Voluntary Compliance from Enbridge Gas Inc. - [Cision](#) 2022-09-15
  - Ontario Energy Board accepts Assurance of Voluntary Compliance from Enbridge Gas Inc. - [Yahoo](#) 2022-09-15
- [Ontario Energy Board accepts Assurance of Voluntary Compliance from Halton Hills Hydro Inc.](#) 2022-09-12
  - Halton Hills Hydro customers were being overcharged for the past 4 years - [Toronto Star](#) 2022-09-14
  - Halton Hills Hydro customers were being overcharged for the past 4 years - [Independent Free Press](#) 2022-09-14
  - Halton Hills Hydro customers will get a credit on their November hydro bill - [Inside Halton](#) 2022-09-23
  - Halton Hills Hydro customers will get a credit on their November hydro bill - [Independent Free Press](#) 2022-09-23
- [Ontario Energy Board accepts Assurance of Voluntary Compliance from EPCOR Electricity Distribution Ontario Inc.](#) 2022-08-22
  - EPCOR gets \$18K penalty for improper disconnections - [Collingwood Today](#) 2022-08-25
  - Area power utility fined \$18K for improper disconnections - [Barrie Today](#) 2022-08-26
  - Area power utility fined \$18K for improper disconnections - [Midland Today](#) 2022-08-26

- [Ontario Energy Board accepts Assurance of Voluntary Compliance from Chapleau Public Utilities Corporation](#) 2022-08-18
  - Chapleau billing error will be corrected - [Timmins Daily Press](#) 2022-08-19
  - Chapleau billing error will be corrected - [North Bay Nugget](#) 2022-08-19

## Consumer Alerts Issued

We continue to update consumers about energy scams on a variety of platforms including:

- [End of Disconnection Ban](#) web feature 2022-04-22
- [What's new](#): The OEB has issued a letter raising awareness of a fraudulent email being circulated to entities we regulate. The sender is seeking financial information. Read below for more details about this scam and what to do if you receive a suspicious email from the OEB. 2022-04-05
- If you get an email saying 'Newmarket Power Alert,' it's a scam - [Newmarket Today](#) 2022-08-26
- Scam targets Newmarket Power customers with threat to disconnect - [Newmarket Today](#) 2022-08-12
- GrandBridge Energy warns about scams - [Cambridge Today](#) 2022-07-19
- Officials warn of Ontario Energy Board-related scams - [My Muskoka Now](#) 2022-07-19
- Officials warn of Ontario Energy Board-related scams - [Moose FM](#) 2022-07-20

Social Media:

- May 5 - LinkedIn and Twitter posts on scams 2022-05-05
- May 12 - LinkedIn and Twitter posts on scams 2022-05-12
- July 21 - LinkedIn and Twitter posts on scams 2022-07-21
- We have opened 164 interactions where OEB staff provided information and guidance to consumers about scams



[WWW.OEB.CA](http://WWW.OEB.CA)

