



## **Ontario Energy Board**

2300 Yonge Street  
Toronto, Ontario, M4P 1E4  
Tel: 416-481-1967  
Fax: 416-440-7656

# **Rationales for the proposed Natural Gas Reporting and Record Keeping Requirements:**

## **An OEB Background Policy Paper**

# Contents

## **A. Introduction**

1. What this paper does
2. How to read this paper

## **B. Background**

1. Why the proposed RRRs were developed
2. How the process unfolded
3. Why the requirements look the way they do

## **C. Discussion of the general rationales**

1. General benefits
2. Board benefits
3. Industry benefits
4. Ratepayer benefits
5. Analysis of costs
6. Flexibility of the regulation

## **D. Discussion of the specific provisions**

1. How to read the table
2. Table

# **A. Introduction**

## **1. What this paper does**

The Ontario Energy Board (the Board) is publishing this Background Policy Paper along with its package of proposed Natural Gas Reporting and Record Keeping Requirements (RRRs) for regulated natural gas utilities and licensed natural gas marketers. This paper sets out the policy rationales underlying the proposed RRRs. By releasing this paper, the Board hopes to make its rule-making process more transparent to stakeholders. The paper is important reading for stakeholders who wish to comment on the proposed RRRs as part of the upcoming public consultation.

## **2. How to read this paper**

This paper has two major parts:

1. A general discussion of the rationales underlying the development of the proposed RRRs.
2. A detailed table describing the rationales for each of the provisions of the draft rule and draft licence requirements that make-up the proposed RRRs.

The first part of the paper is written in very broad terms. It should not take long to read. The second part of the paper, on the other hand, is quite technical. You can read it all the way through, if you are interested, or you can refer to parts of it, as needed.

# **B. Background**

## **1. Why the proposed RRRs were developed**

### **A desire to consolidate**

The existing reporting and record keeping requirements for gas utilities and marketers are not located in one place. To find them, you must look to various Board decisions and rules and to industry practices. The Board sees the benefits of consolidating these requirements. The proposed RRRs pull previously disparate requirements into a draft rule that applies to gas utilities and draft licence requirements that apply to gas marketers.

### **A desire to update**

The Board also wishes to update and tailor the reporting and record keeping requirements to the modern regulatory environment. Among other things, the proposed RRRs are intended to account for the issuance of GDAR, changes in rate-making methodologies, and recent legislative changes. Although gas regulation is currently in a state of flux, the Board believes it is an appropriate time to introduce new RRRs. There are no regulatory changes on the horizon that would give us cause to delay this process.

## **A desire for symmetry**

The Board recognizes the need for a measure of symmetry with the reporting and record keeping requirements for electricity utilities and marketers. Gas and electricity are not vastly different from each other in the eyes of ratepayers and they should, therefore, be regulated in a similar manner. The proposed RRRs are designed to be consistent with, though not identical to, the Electricity Reporting and Record Keeping Requirements, issued on October 23, 2002.

## **2. How the process unfolded**

Board staff took the following steps when developing the proposed regime. They:

- Studied what other regulators are doing.
- Met with various working groups to develop draft requirements, which were then screened by staff managers.
- Put the draft requirements before a Board panel for review and obtained input from Board technical committees.
- Consulted with industry stakeholders and redrafted the requirements to incorporate the input received.
- Consulted a second time with industry stakeholders and redrafted the requirements to incorporate the input received.

This process resulted in the proposed RRRs. Some of the existing requirements or practices have been clarified, changed or dropped altogether. New requirements have also been added.

## **3. Why the requirements look the way they do**

The proposed RRRs appear in two documents:

1. The Natural Gas Reporting and Record Keeping Draft Rule (for utilities)
2. The Natural Gas Reporting and Record Keeping Draft Licence Requirements (for marketers)

These two documents are necessary to implement the RRRs because the Board has different powers over utilities and marketers. Gas utilities are subject to the Board's rule-making power and so, in this case, the Board has opted for a draft rule imposing the RRRs. In contrast, gas marketers are licensed entities. The Board's rule-making power does not extend to licensees, but the Board can make compliance with the RRRs a condition of licensing. It should be noted that the conditions of licensing for marketers are far narrower than the rules for utilities.

## C. Discussion of the general rationales

### 1. General Benefits

#### **Light-handed regulation: less time and money and minimal intrusion**

The proposed RRRs are consistent with a move toward more “light-handed” regulation, such as performance-based regulation.<sup>1</sup> Traditional regulation is built around the hearing process, which has been criticized as time-consuming and expensive for all those involved.

The combination of monitoring and auditing under the “light-handed” approach gives the regulator assurance of compliance, while minimizing the resources required from both regulator and regulated.

The information provided for monitoring purposes would be high-level information. Board staff would review it, carry out a general analysis (looking at trends, ratios, rates of change, and making comparisons to other entities), and follow-up on any anomalies or inconsistencies. This follow-up could range from a telephone call to a full audit.

This approach balances a number of competing interests. It is effective (actual results are compared to regulatory forecasts), efficient (audit efforts are concentrated around suspected problems), and minimally intrusive. The Board expects this approach will be less expensive and time-consuming.

#### **What does “light-handed” regulation mean in this context?**

Under this approach, hearings would be less frequent - perhaps every three to five years. In the interim, regular monitoring keeps the regulator informed of the regulated entity’s condition.

As well, occasional audits are used to determine whether companies are in compliance with regulatory requirements.

Because both monitoring and audits are part of the approach, companies must report high-level information and keep records for audit purposes.

### 2. Board benefits

#### **More information**

The reporting and record keeping requirements will ensure the Board has better information readily available to it so it can effectively monitor and regulate the industry. The information made available to the Board via the RRRs will be of use to:

- The Licensing and Applications Branch. For example, this branch will be able to use reported information to discern whether the forecast on which the approved rates were based was realistic and whether the rate of return was in line with what was anticipated.

---

<sup>1</sup>

Under performance-based regulation, rates are structured to provide an incentive for the regulated entity to improve its productivity. The benefits of improved productivity are shared with consumers.

- The Audit/Compliance and Appeals Sections of the Regulatory Affairs Branch. These sections will both be aided in their work by the enhanced information available to them.
- The Strategic Services Section. The proposed RRRs will allow the Board to create a comprehensive database of basic regulatory information. This will permit quick analyses, benchmarking to other industries and, over time, an assessment of trends. The Strategic Services Section will be able to use this information to help it develop regulatory policy options, conduct research on current and emerging issues, and undertake strategic regulatory planning. For example, the Board has begun a review of natural gas supply and storage with the aim of improving regulation. Some of the required information under the proposed RRRs may prove helpful in analyzing and shaping the evolving gas markets.
- The Communications Section. Information on trends can be used to inform the public.

### **3. Industry benefits**

#### **More Certainty**

Gas utilities and marketers will have their reporting and record keeping requirements clearly spelled out for them in one place.

#### **Greater consistency**

Codifying the RRRs means that the requirements will be applied consistently across the industry. Today, it is conceivable that certain requirements could be applied inconsistently by different utilities because they have evolved from Board decisions. Consistency is generally desired.

### **4. Ratepayer benefits**

#### **Greater confidence**

As noted above, the Board will be able to use reported information to discern whether the forecast on which the approved rates were based were realistic and whether the rate of return was in line with what was anticipated. This will help it to better protect the interests of consumers with respect to prices and the reliability and quality of gas service.

### **5. Analysis of costs**

#### **Cost impact on utilities vs. marketers**

The cost impact of the RRRs on gas utilities and marketers will be different:

- Gas utilities are not expected to incur any significant costs under the proposed RRRs. Most of the proposed RRRs for gas utilities already exist, though perhaps in a slightly different form. This means the costs of compliance are already being incurred. Any new

requirements were developed with an eye to their costs. Furthermore, they were designed to be consistent with the Board's electronic regulatory filing (ERF) process and they will be integrated with rate applications.

- Although gas marketers have never formally filed information with the regulator, their one reporting requirement under the RRRs is not very onerous. This requirement is consistent with the electricity retailer requirement. The Board understands, based on our initial consultation, that the information is readily available to gas marketers.
- Again, the reporting requirement is designed to be compatible with ERF. This will improve the efficiency of information submission, storage, access and analysis. Many gas marketers are also electricity retailers and are already familiar with ERF.

## **Transition**

Both utilities and marketers will be given adequate time to implement the requirements. The Board expects the transition period will help them to manage their costs.

## **Exemptions**

The Board may grant exemptions to the requirements in the RRRs under the exemption provision in the RRRs. Industry stakeholders who believe they would be unduly prejudiced by a requirement or who believe a requirement should not apply to them for other reasons may address utility-specific issues in an exemption application. This process will allow the Board to tailor its requirements to individual stakeholders as appropriate.

## **6. Flexibility of the regulation**

The proposed RRRs are designed to be flexible. Rate regulation methodology has moved from cost-of-service regulation<sup>2</sup> to performance-based regulation. The proposed RRRs are flexible enough to accommodate either form of regulation. The RRRs are not cast in stone. They will be a living document that can change as needed in response to new regulatory approaches.

---

2

Under cost of service regulation, rates are based on the cost incurred by the regulated entity and there is no direct incentive for the utility to improve productivity

## D. Discussion of specific provisions

### 1. How to read the table

The following table moves section-by-section through the substantive provisions of the RRRs. The table offers the following information for each provision:

- **WHO** (who the provision applies to): **U** (Gas utilities) or **M** (Gas marketers)  
The Board recognizes that some utilities are currently exempt from the existing requirements. They may wish to apply for exemptions from the new requirements. The Board will deal with this on a case-by-case basis.
- **FREQ.** (Frequency of reporting): **Q** (Quarterly), **A** (Annually) or **n/a** (not applicable)
- **NEW?** (Whether the requirement is new or is an existing requirement):  
**Y** (Yes),  
**N** (No) or  
**M** (Modification to existing requirement)  
Existing requirements and practices are also described here.
- **OBJ.** (the Board objective that will be met by the requirement):  
  
**1** (To facilitate competition in the sale of gas to users.)  
  
**2** (To protect the interests of consumers with respect to prices and the reliability and quality of gas service.)  
  
**3** (To facilitate rational expansion of transmission and distribution systems.)  
  
**4** (To facilitate rational development and safe operation of gas storage.)  
  
**5** (To promote energy conservation and energy efficiency in a manner consistent with the policies of the Government of Ontario.)  
  
**6** (To promote communication within the gas industry and the education of consumers.)
- **NOTES** (Detailed explanation of the intent behind each section)



**DRAFT RULE**

<b>SECTION and REQUIREMENT</b>	<b>W H O</b>	<b>F R E Q</b>	<b>N E W ?</b>	<b>O B J</b>	<b>NOTES</b>
2.1.1 To provide a detailed economic evaluation of the rolling distribution system expansion project portfolio.	U	Q	N	3	<p>Current requirement: EBO 188, Appendix B, section 3.1. Information currently sent to the Board as a single page letter including NPV and PI for the 12 month rolling project portfolio as a whole, concluded at the end of a quarter.</p> <p>This information is used by the Board to monitor portfolio performance and short term rate impacts.</p>
2.1.2 To provide information on non-gas supply deferral accounts, and, on an exception basis, gas supply information filed quarterly with the Board in connection with a quarterly rate application process in quarters when such a filing is not made.	U	Q	M	2	<p>This information allows the Board to:</p> <ul style="list-style-type: none"> <li>• determine whether variance/ deferral account amounts are insignificant enough to demonstrate that the methodologies employed and initial estimates factored into the approved rates were realistic, and action to reduce the amounts may be deferred;</li> <li>• review and follow up on unusual items or anomalies;</li> <li>• track the status / monitor changes in account balances at least once every twelve months as required by legislation for non-commodity deferral and variance accounts;</li> <li>• follow-up on account balance aberrations (i.e. changes greater than ‘x’ percent or other criteria) not a result of a previous Board order (i.e. ordered disposition of an account balance) and to allow the Board in making an order to determine whether and how amounts recorded in utility-specific accounts shall be reflected in rates (eg disposition earlier than 12 months done in conjunction with quarterly gas supply commodity deferral account disposition);</li> <li>• confirm that the quarterly rate application filing was not necessary</li> </ul>
2.1.3 To provide information on affiliate transactions including loans	U	Q	M	2	<p>This information allows the Board to:</p> <ul style="list-style-type: none"> <li>• understand the nature and extent of outsourcing;</li> <li>• understand which affiliate transactions should be at arms length;</li> <li>• review and follow up on unusual items or anomalies;</li> <li>• assess the overall magnitude of transactions between distributors and their affiliates and period to period deviations;</li> <li>• assess high-risk utilities for audit or review;</li> <li>• determine whether there is direct correlation between affiliate transactions and consumer complaints;</li> <li>• assess any limits the Board may establish on outsourcing; and</li> <li>• focus its examination during the rate setting process (ie recommend rate reduction if benefit being conferred on affiliate)</li> </ul> <p>This requirement creates symmetry with electricity RRR section 2.1.10.</p>

**DRAFT RULE**

SECTION and REQUIREMENT	W H O	F R E Q	N E W ?	O B J	NOTES
2.1.4 To provide comparative financial information: . income; . income taxes; . rate base; . capitalization; . rate of return; and . volumes and revenues by class of service <b>Forecast Portion will be treated as confidential.</b>	U	Q	N	2	This information allows the Board to: <ul style="list-style-type: none"> <li>• determine whether the forecast in conjunction with which the rates were approved was realistic; and the rate of return is in line with that anticipated;</li> <li>• understand significant variances and be aware of any changes in the forecast to the end of the financial year;</li> <li>• review and follow up of unusual items or anomalies;</li> <li>• monitor performance in periods the Utility is not before the Board (eg in a hearing);</li> <li>• analyze rate impact on utility rate base, rate of return, etc;</li> <li>• assess the financial impacts of deferral/ variance accounts dispositions and rate riders;</li> <li>• monitor potential off ramp or contingency plan impacts, or potential gaming of the rate of return;</li> <li>• make better informed policy decisions;</li> <li>• provide information to consumers and stakeholders (one of the Board’s core business functions); and</li> <li>• to call a utility (under cost of service regulation) in for a rate hearing because their rates appear too high.</li> </ul>
2.1.5 To provide information necessary to effect the earnings sharing mechanism	U	A	N	2	This information allows the Board to: <ul style="list-style-type: none"> <li>• determine whether the forecast in conjunction with which the rates were approved was realistic;</li> <li>• review and follow up on unusual items or anomalies;</li> <li>• review calculations (assessed in light of financial information reported in 2.1.4 for consistency and reasonableness);</li> <li>• add transparency and accountability to the customer earnings sharing mechanism; and</li> <li>• provide information to consumers and stakeholders (one of the Board’s core business functions).</li> </ul>
2.1.5 To provide information on formula-based pass through items	U	A	N	2	This information allows the Board to: <ul style="list-style-type: none"> <li>• determine whether the forecast in conjunction with which the rates were approved was realistic - this includes gas costs, return on equity ROE, unaccounted for gas volumes (UFG) &amp; gas storage inventory carrying costs;</li> <li>• review and follow up on unusual items or anomalies;</li> <li>• review calculations (assessed in light of financial information reported in 2.1.4 for consistency and reasonableness); and</li> <li>• assess potential future rate impacts when used in conjunction with other financial information.</li> </ul>

**DRAFT RULE**

<b>SECTION and REQUIREMENT</b>	<b>W H O</b>	<b>F R E Q</b>	<b>N E W ?</b>	<b>O B J</b>	<b>NOTES</b>
2.1.6 To provide audited financial statements for the corporate entity regulated by the Board	U	A	Y	2	This information allows the Board to: <ul style="list-style-type: none"> <li>• determine whether the forecast in conjunction with which the rates were approved was realistic and the rate of return in line with that anticipated;</li> <li>• determine the financial condition of the utility;</li> <li>• review and follow up on unusual items or anomalies;</li> <li>• meet some requirements for customer review and/or rate application;</li> <li>• distribute a convenient summary of recent financial performance and financial position used by financial regulators and private sector industry analysts alike;</li> <li>• obtain more reliable information because of the independence of external auditors, and the audit itself;</li> <li>• obtain an expert (by the auditors) assessment of financial viability (going concern nature of audited entity) at the date of the audit report implied in an unqualified audit report;</li> <li>• obtain audited operating segment information which should easily be reconcilable with line of business reporting included in 2.1.5, adding validity to utility reporting;</li> <li>• determine the financial integrity and reliability of the utility’s regulatory accounting system (USoA) including trial balance information (noted below) because of the level of assurance provided by the independent auditor’s opinion on the statements)</li> <li>• identify unusual practices, identify and assess notes to the financial statements for major contingencies, and note any indication of matters related to environmental labelling;</li> <li>• follow-up and initiate any audit or review action as needed; and</li> <li>• determine compliance with generally accepted accounting practices (GAAP) (including a reservation of or a qualified audit opinion)</li> </ul> This requirement creates symmetry with electricity RRR section 2.1.6

**DRAFT RULE**

<b>SECTION and REQUIREMENT</b>	<b>W H O</b>	<b>F R E Q</b>	<b>N E W ?</b>	<b>O B J</b>	<b>NOTES</b>
2.1.7 To provide a trial balance  <b>CONFIDENTIAL</b>	U	A	Y	2	This information allows the Board to: <ul style="list-style-type: none"> <li>• obtain a more detailed breakdown of the numbers in the audited financial statements which often permits a more focussed and meaningful regulatory review, financial analysis of the utility, and comparative analyses amongst utilities, and serves also as a check on information contained in other reports filed by the utility;</li> <li>• review and follow up on unusual items or anomalies;</li> <li>• review and determine the utility’s financial situation including profitability, working capital and viability concerns;</li> <li>• provide information to consumers and stakeholders (one of the Board’s core business functions);</li> <li>• determine through detailed analysis whether the forecast in conjunction with which the rates were approved was realistic and the rate of return in line with that anticipated;</li> <li>• determine through detailed analysis whether other utility reported financial information is reliable; and</li> <li>• make better informed decisions on utility accounting policies and procedures.</li> </ul> This requirement creates symmetry with electricity RRR section 2.1.7
2.1.8 To provide a Service Quality Indicator of performance (SQI)	U	A	Y	2	This information allows the Board to: <ul style="list-style-type: none"> <li>• observe whether the utility has met the service quality standards set by the Board;</li> <li>• review and follow up unusual items or anomalies;</li> <li>• provide information to consumers and stakeholders (one of the Board’s core business functions);</li> <li>• obtain data to support policy development considerations; and</li> <li>• make better informed selections of utilities for service quality audits.</li> </ul> This requirement creates symmetry with electricity RRR section 2.1.4
2.1.9 To provide exceptions to the gas purchase policy	U	A	Y	2	This information allows the Board to: <ul style="list-style-type: none"> <li>• determine whether exceptions to the approved gas purchase policy affected gas customers adversely;</li> <li>• observe whether practice is in line with policy;</li> <li>• review and follow up unusual items or anomalies; and</li> <li>• understand the nature of the gas pass-through process and have a context in which to review utility gas purchase practices regarding pass-through costs.</li> </ul>

<b>DRAFT RULE</b>					
<b>SECTION and REQUIREMENT</b>	<b>W H O</b>	<b>F R E Q</b>	<b>N E W ?</b>	<b>O B J</b>	<b>NOTES</b>
2.1.10 To provide a summary of low volume consumer information  <b>Section (a) will be treated as confidential.</b>	U	Q	Y	2  1	<p>This information allows the Board to:</p> <ul style="list-style-type: none"> <li>• verify the accuracy of information provided under licence requirement 2.1.1 used to measure complaint volumes against overall market activity (the ratio will help determine seriousness and extent of the complaints, and be a factor in assessing further compliance action and administrative penalties);</li> <li>• provide information to consumers and stakeholders (one of the Board’s core business functions); and</li> <li>• observe retail activity and the operation of the market which, in turn, support policy development</li> </ul> <p>This requirement creates symmetry with electricity RRR section 2.1.2</p>
2.1.11 To provide customer additions to the rolling distribution system expansion project portfolio	U	A	N	3	<p>Current requirement: EBO 188, Appendix B, section 3.2A. Applies to gas distribution pipelines and facilities. The annual report shows, for each project - cost, forecast customer attachments, project Profitability Index &amp; rolling PI (for the expansion project portfolio). In comparison to 2.1.1 (which looks at the rolling portfolio as a whole) this is reporting on selected projects within the rolling portfolio. The reporting is on cumulative customer attachments, actual costs and revenues vs forecast attachments, costs and revenues for individual selected projects within the rolling portfolio.</p> <p>This information allows the Board to monitor the performance of utilities in meeting the regulatory financial requirements of their distribution system expansion project portfolios.</p>
2.1.12 To provide an audited report of actual demand side management results	U	A	N	5	<p>Current requirement: EBRO 499. The audited report compares actual results to the Board approved demand side management plan and explains the variances.</p> <p>This information allows the Board to:</p> <ul style="list-style-type: none"> <li>• monitor demand side management (DSM) program performance (utility compliance with policies and agreements) and financial results;</li> <li>• review and follow up unusual items or anomalies;</li> <li>• obtain more reliable information because of the independence of external auditors; and</li> <li>• allocate resources to higher risk areas by reducing the need for the Board to conduct financial reviews.</li> </ul>

**DRAFT RULE**

<b>SECTION and REQUIREMENT</b>	<b>W H O</b>	<b>F R E Q</b>	<b>N E W ?</b>	<b>O B J</b>	<b>NOTES</b>
2.1.13 To provide an environmental monitoring report on completed natural gas system expansion projects	U	A	N	3	<p>Current requirement: EBO 188, Appendix B, section 3.2B. Applies to gas distribution pipelines and facilities not subject to leave to construct under OEB Act s91, non-certificate of convenience and necessity, and non-franchise agreement projects. The report is due on specific projects as determined by Board staff.</p> <p>This information allows the Board to monitor the performance of utilities in meeting the regulatory environmental requirements of their distribution system expansion project portfolios.</p>
2.2.1 To provide a certification on director independence	U	A	N	2	<p>This acknowledgement of direct accountability by senior management increases the assurance of the Board that utilities are in compliance with regulatory requirements.</p> <p>This requirement creates symmetry with electricity RRR section 2.2.1</p>
2.2.2 To provide a certification on sharing of information services	U	A	Y	2	<p>This acknowledgement of direct accountability by senior management increases the assurance of the Board that utilities are in compliance with regulatory requirements.</p> <p>This requirement creates symmetry with electricity RRR section 2.2.2</p>
2.2.3 To provide a certification on compliance with the Affiliate Relationships Code	U	A	Y	2	<p>This acknowledgement of direct accountability by senior management increases the assurance of the Board that utilities are in compliance with regulatory requirements.</p> <p>This requirement creates symmetry with electricity RRR section 2.2.3</p>
2.3.1 To retain written complaints and responses  <b>CONFIDENTIAL</b>	U	n/ a	Y	2	<p>Maintenance of records of written complaints and the utilities' response are a standard component of customer relationship management.</p> <p>The retention of documentary evidence strengthens the ability of a utility to substantiate its actions should the Board follow up a complaint.</p>

<b>DRAFT RULE</b>					
<b>SECTION and REQUIREMENT</b>	<b>W H O</b>	<b>F R E Q</b>	<b>N E W ?</b>	<b>O B J</b>	<b>NOTES</b>
2.3.2 To provide a customer complaint handling policy	U	n/ a	Y	2	<p>A standardized documented complaint handling policy is good business practice. If there is a customer complaint handling policy, the text would be available and in use.</p> <p>The retention of documentary evidence strengthens the ability of a utility to substantiate the reasonableness of its approach in handling complaints.</p>
2.3.3 To provide uniform system of accounts balances mapped and reconciled to the audited financial statements  <b>CONFIDENTIAL</b>	U	n/ a	Y	2	<p>Records of account balances mapped and reconciled to the audited financial statements are a standard component of a utility's accounting records and the USoA requires (in the 'Records' section) cross referencing between the USoA and the utility's account numbering system if different (USoA deemed to be a rule of the Board by section 130 of the <i>Ontario Energy Board Act, 1998, C. 15, Schedule B</i>).</p> <p>The retention of documentary evidence strengthens the ability of a utility to substantiate the accuracy of information filed under reporting requirement Rule 2.1.7. Firstly, the account balances filed agree to those in the accounting records. Secondly, the account balances in the accounting records agree to the numbers in the audited financial statements.</p>
2.3.4 To provide a purchasing and acquisition policy including policies respecting acquisitions from affiliates	U	n/ a	Y	2	<p>A standardized documented purchasing and acquisition policy is good business practice. If there is a purchasing and acquisition policy, the text would be available and in use.</p> <p>The retention of documentary evidence strengthens the ability of a utility to substantiate the economy with which it makes purchases and that affiliates are granted terms and conditions no more favourable than others</p>
2.3.5 To provide information to support entries to the gas supply commodity deferral account  <b>Section (a) will be treated as confidential.</b>	U	n/ a	Y	2	<p>The retained documentation should support monthly gas supply commodity deferral account entries sufficient to determine the amount associated with specific commodity purchases and transportation and storage obligations occurring in that month and details of all risk management transactions which would be required to support the authorization/ approval process for transactions recorded in the financial system.</p> <p>The retention of documentary evidence strengthens the ability of a utility to substantiate the accuracy of information filed with the Board in an application or hearing.</p>

**DRAFT RULE**

<b>SECTION and REQUIREMENT</b>	<b>W H O</b>	<b>F R E Q</b>	<b>N E W ?</b>	<b>O B J</b>	<b>NOTES</b>
2.3.6.1/2 To provide corporate relationships including the corporate organization chart and details of affiliates and related business practices	U	n/ a	M	2	Records on corporate relationships are required by the Affiliate Relationships Code for Gas Utilities subsection 2.8.2.  This information allows the Board to gain background knowledge needed when auditing activity with affiliates to determine compliance with regulatory requirements.
2.3.7.1/2 To provide transactions with a particular affiliate exceeding \$100,000 annually as required by the Affiliate Relationships Code for Gas Utilities subsection 2.8.3  <b>Section 2.3.7.2 will be treated as confidential.</b>	U	n/ a	M	2	Records of transactions with a particular affiliate exceeding \$100,000 annually are required by the Affiliate Relationships Code for Gas Utilities subsection 2.8.3.  This information allows the Board to obtain details of significant transactions, needed when the Board audits activity with utility affiliates to determine compliance with regulatory requirements.



**DRAFT RULE**

<b>SECTION and REQUIREMENT</b>	<b>W H O</b>	<b>F R E Q</b>	<b>N E W ?</b>	<b>O B J</b>	<b>NOTES</b>
2.3.8 To provide records substantiating the review(s) complying with the provisions of section 5900 of the CICA Handbook to ensure compliance with the access protocols and the services agreement  <b>CONFIDENTIAL</b>	U	n/ a	Y	2	Records substantiating the review(s) complying with the provisions of section 5900 of the CICA Handbook to ensure compliance with the access protocols and the services agreement are required by the Affiliate Relationships Code for Gas Utilities subsection 2.8.1.  The retention of documentary evidence strengthens the ability of a utility to substantiate the accuracy of the certification (rule 2.2.2) filed with the Board.
2.3.9 To provide records substantiating the self-certification statement confirming compliance with the Affiliate Relationships Code for Gas Utilities subsection 2.7.1  <b>CONFIDENTIAL</b>	U	n/ a	Y	2	Records substantiating the self-certification statement confirming compliance with the Affiliate Relationships Code for Gas Utilities subsection 2.7.1 are required by the Affiliate Relationships Code for Gas Utilities subsection 2.8.1.  The retention of documentary evidence strengthens the ability of a utility to substantiate the accuracy of the certification (rule 2.2.3) filed with the Board.

<b>DRAFT RULE</b>					
<b>SECTION and REQUIREMENT</b>	<b>W H O</b>	<b>F R E Q</b>	<b>N E W ?</b>	<b>O B J</b>	<b>NOTES</b>
2.3.10 To provide distributor service agreements with retailers as referenced in the Gas Distribution Access Rule subsection 3.2.4  <b>CONFIDENTIAL</b>	U	n/ a	N	2	Records of distributor service agreements with retailers are currently required under the Gas Distribution Access Rule subsection (GDAR) 3.2.4. This balances the flexibility provided by GDAR section 3.2.3 (own terms).  The retention of documentary evidence strengthens the ability of a utility to substantiate compliance with GDAR section 3.1.1 - that it is conducting all relations with gas vendors in a non-discriminatory manner (and no monopoly power has been exercised).
2.3.11 To provide records created by the utility in accordance with the requirements of the Gas Distribution Access Rule subsection 2.3.1, documenting the system configuration, operating limitations and compliance with the Rule	U	n/ a	N	3	Records created by the utility documenting the system configuration, operating limitations and compliance with the Rule are currently required under the Gas Distribution Access Rule subsection 2.3.1. GDAR concerns access and so the Board should be able to know if the system (infrastructure) is capable of providing incremental service. Therefore the reporting requirement concerns system configuration (to understand all possible supply paths) and operating limitations (to understand whether excess capacity exists and if it can meet a customer's needs).  The retention of documentary evidence strengthens the ability of a utility to substantiate compliance with GDAR, which compliance may be affected by operating limitations of the system configuration.
2.3.12 To provide a policy on financial security arrangements with gas vendors as referenced in the Gas Distribution Access Rule subsection 3.4.2.1	U	n/ a	N	2	The policy on financial security arrangements with gas vendors is currently required under the Gas Distribution Access Rule subsection 3.4.2.1.  The retention of documentary evidence strengthens the ability of a utility to substantiate compliance with GDAR section 3.4.1.1 - that the security arrangements are reasonable and that the agreement includes the required details - no misrepresentation by a gas vendor.

**DRAFT RULE**

<b>SECTION and REQUIREMENT</b>	<b>W H O</b>	<b>F R E Q</b>	<b>N E W ?</b>	<b>O B J</b>	<b>NOTES</b>
2.3.13 To provide information on all consumers who are provided gas distribution services by the gas distributor, as referenced in the Gas Distribution Access Rule subsection 5.1  <b>CONFIDENTIAL</b>	U	n/ a	N	2	<p>Records on all consumers who are provided gas distribution services by the gas distributor are currently required under the Gas Distribution Access Rule subsection 5.1.</p> <p>This information creates symmetry with the electricity Retail Settlement Code. An entity that both markets gas and retails electricity should have comparable information retained by the regulated service provider (eg the gas distributor)</p> <p>This is the information which, at a minimum, the Board considers necessary for identification, billing and payment purposes, and includes 24 months of consumption data to permit a review of trends.</p>

## DRAFT LICENCE REQUIREMENT

SECTION and REQUIREMENT	W H O	F R E Q	N E W ?	O B J	NOTES
2.1.1 To provide summarized new contracts with low volume customers  <b>CONFIDENTIAL</b>	M	Q	Y	2  1	Gas marketers have said that they have no concerns in providing this information.  This information allows the Board to: <ul style="list-style-type: none"> <li>• measure complaint volumes against overall market activity (the ratio will help determine seriousness and extent of the complaints, and be a factor in assessing further compliance action and administrative penalties);</li> <li>• provide information to consumers and stakeholders (one of the Board's core business functions); and</li> <li>• observe retail activity and the operation of the market which, in turn, support policy development.</li> </ul> This requirement creates symmetry with electricity RRR section 4.1.1.
2.2.1 To provide written complaints and responses  <b>CONFIDENTIAL</b>	M	n/ a	Y	2	Maintenance of records of written complaints and the utilities' response are a standard component of customer relationship management. The retention of documentary evidence strengthens the ability of a marketer to substantiate its actions should the Board follow up a complaint.
2.2.2 To provide records of sales personnel and customer information are required by the Code of Conduct for Gas Marketers subsection 2.3  <b>CONFIDENTIAL</b>	M	n/ a	N	2	Records of sales personnel and customer information are required by the Code of Conduct for Gas Marketers subsection 2.3.  The retention of documentary evidence strengthens the ability of a marketer to substantiate that it has a valid contract with each customer.  This information assists the Board in following up a complaint on a particular salesperson.
2.2.3 To provide records of staff training material  <b>CONFIDENTIAL</b>	M	n/ a	Y	2	The retention of documentary evidence strengthens the ability of a marketer to substantiate compliance with Code of Conduct for Gas Marketers 2.1.2 - that its salespersons adhere to the same standards required of the gas marketer as set out in the Code of Conduct for Gas Marketers.

**DRAFT LICENCE REQUIREMENT**

<b>SECTION and REQUIREMENT</b>	<b>W H O</b>	<b>F R E Q</b>	<b>N E W ?</b>	<b>O B J</b>	<b>NOTES</b>
2.2.4 To provide marketing information  <b>CONFIDENTIAL</b>	M	n/ a	Y	2	The retention of documentary evidence strengthens the ability of a marketer to substantiate compliance with certain aspects of Code of Conduct for Gas Marketers 2.1.3 by demonstrating that marketing material including promotional material, offers, application forms, letters, reference material, and anything used by salespersons, was not misleading.