

Ontario Energy Board

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Commission de l'Énergie de l'Ontario

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Compliance Office

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Compliance Bulletin 200605

To: All Licensed Electricity Distributors

Re: Compliance with section 71(1) of the *Ontario Energy Board Act, 1998*

This Bulletin is intended to provide guidance to licensed electricity distributors in relation to compliance with section 71(1) of the *Ontario Energy Board Act, 1998*.

Under section 71(1) of the *Ontario Energy Board Act, 1998* (the "Act"), a distributor may not, except through one or more affiliates, carry on any business activity other than transmitting or distributing electricity. The only exceptions to this general limitation on a distributor's permitted activities are those set out in legislation. These exceptions include those identified in section 71(2) of the Act and in the *Definitions and Exemptions Regulation, O. Reg. 161/99*.

It has come to the attention of the Compliance Office that distributors may have different views as to the nature of the activities that are permitted under section 71(1) of the Act.

It is my view that the business activities authorized by section 71(1) are limited to distribution activities. I consider distribution activities to be those that enable the conveyance of electricity *for distribution purposes*. Such activities must be conducted within the distributor's licensed service area and include, but are not limited to, the operation and maintenance of the distribution system, meter reading services, and services for billing and collecting electricity charges.

I do not consider the following to be distribution activities and, as such, these would not be permitted business activities for a distributor under section 71(1) of the Act (this list is not intended to be exhaustive):

- Contracting out of distributor employees to a third party, including an affiliate.
- Services for billing and collecting charges other than electricity charges (such as billing for water heater rentals or sales).
- Street lighting services.
- Sentinel lighting services.
- Provision of engineering and construction services, where such services are provided outside the scope of a distributor's obligations (for example, in relation to privately-owned electrical infrastructure).

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 Compliance 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.