

# PROPOSED REQUIREMENTS OF ELECTRICITY MONITORING CODE - RETAILER

## **F1 Audited financial statements**

**requirements** required annually for the preceding calendar year, by June 30

Audited financial statements

Provide (i) audited financial statements of the corporate entity. Where the financial statements of the corporate entity being reported contain material non-regulated businesses provide also (ii) unaudited financial statements for the licensed entity accompanied by (iii) a certificate attesting to the accuracy of the financial statements signed by two directors.

**else**

Where the financial results are reported on a consolidated basis as part of the financial results of a parent company, provide (i) the audited consolidated financial statements together with (ii) unaudited financial statements for the licensed entity accompanied by (iii) a certificate attesting to the accuracy of the financial statements signed by two directors.

In addition, if sufficient information is not included in the audited financial statements to determine the financial ratios provided in **Appendix A** it should be reported separately.

## **F2 Adverse material circumstances**

Electricity Retailer Licence s11.2

**requirements** required within 10 days of change

The licensee shall notify the Board as required.

S11.2 The licensee shall, within ten days, notify the Board in writing of any change in; any material change to the information which the licensee provided as part of the licence application process.

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<b>F3</b>	<b>Officer's certificate</b>
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**requirements** required annually for the preceding calendar year, by April 30

**Officer's Certificate**

To: The Ontario Energy Board (the "Board")

Re: Insert name of licensee (the "Licensee")  
Insert licence No. (the "License")

I, (insert name of officer), (insert title) of the Licensee certify that during the period (insert applicable fiscal year) the Licensee has complied with all terms and conditions of its License, including compliance with all applicable codes.

I acknowledge that it is an offence under the *Ontario Energy Board Act, 1998* to knowingly furnish false or misleading information to the Board.

\_\_\_\_\_  
Officer's Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**NB** This certificate shall be signed by the chief executive officer or chief financial officer of the Licensee

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### **A1 Corporate changes of licensee**

Electricity Retailer Licence s11.2

**requirements** required within 10 days of any change

The licensee shall notify the Board as required.

s11.2 The licensee shall, within ten days, notify the Board in writing of any change in:

- 1 the licensee's officers or directors if the licensee is a corporation;
- 2 the partners, if the licensee is a partnership; and
- 3 the licensee's address for service, if the licence holder provided an address for service in its application for the licence.

### **A2 Agent for service**

Electricity Retailer Licence s14.1

**requirements** required on appointment, and within 5 days of any change

The licensee shall notify the Director of Licensing as required.

s14.1 If the licensee does not have an office or other place of business in Ontario:

The licence holder shall file every appointment of agent for service in Ontario with the Director and shall, within five days of any change in the information filed, notify the Director in writing of the change.

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## Q1 Complaints made against retailers

Electricity Retailer Code of Conduct - s2.9

**requirements 1** required annually for the preceding calendar year, by April 30

Prepare a report on written complaints against the retailer for each of the categories indicated below.

- 1 number of complaints received in the reporting period (i.e. January 1 to December 31)
- 2 number of complaints received in the reporting period resolved/ not resolved within 21 calendar days (received on day 1 and resolved on or before day 22)
- 3 number of complaints received in the reporting period, not resolved within 21 calendar days, and referred to the Board specified complaints resolution process
- 4 number of complaints received in the previous reporting period, unresolved at the end of the current reporting period
- 5 other - give details

**requirements 2** record keeping requirement

Maintain for a period of six years a record of all complaints and responses, including in each case:

- 1 the name and address of the existing or prospective consumer;
- 2 a description of the nature of the complaint including copy of written complaint;
- 3 a description of the remedial action taken; and
- 4 a copy of any correspondence received and/or sent with respect to each specific complaint.

## Q2 Forgery

Licence Bulletin 200202 (dated February 13, 2002)

**requirements** notify the Director of Licensing within 48 hours of confirmation

Electricity retailers are to investigate immediately any complaint of forgery. Effective immediately retailers are required to notify the director of licensing within 48 hours of confirmation of a forged contract signature. In instances of confirmed forgery it will be presumed that other non-valid contracts have been sold by the offending agent or employee. In such cases retailers will be required to contact all potentially affected customers, inform the presumed customer of the forgery and ask that the customer positively confirm the contract. Retailers are required to review such contact plans with the director of licensing before they are undertaken.

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### Q3 Sales contact

Electricity Retailer Licence s 11.1

#### requirements

record keeping requirement

Retain the following information on file (by salesperson) for six years:

- 1 salespersons;
- 2 sales contacts (i.e. municipal addresses and dates);
- 3 number of sales; and
- 4 number of complaints against each specific salesperson.

NB The information retained should show the various areas covered by each salesperson daily. Then other agreements entered into at the same time and in the same area as the complaints, could be tracked.

### Q4 Sales personnel and customer records

Electricity Retailer Code of Conduct s2.3

#### requirements

record keeping requirement

Maintain a list of salespersons who act for the marketer including:

- 1 name; and
- 2 serial number

Maintain on file the following customer related records:

- 1 a list of its customers;
- 2 permission from each customer, in writing, to submit a request to a distributor to allow the electricity retailer to supply electricity to the customer;
- 3 agreement from each customer, with the customer's signature, to purchase electricity from the electricity retailer; and
- 4 a copy of the contract which the electricity retailer has with each customer.

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### Q5 Staff training material

Electricity Retailer Licence s 11.1

#### requirements

record keeping requirement

Retain on file for a period of six years a copy of all staff training materials related to Retailer Code of Conduct compliance including:

- 1 training manuals and other print material;
- 2 training videos;
- 3 codes of conduct;
- 4 newsletters, bulleting, updates, circulars, notices and instruction sheets etc.;
- 5 scripts used for door-to-door solicitation of existing or prospective customers; and
- 6 certification by each sales employee that the training has been received.

### Q6 Details of marketing information

Electricity Retailer Licence s 11.1

#### requirements

record keeping requirement

Retain on file for a period of six years a record copy of all marketing material including:

- 1 offers (defined as a proposal to enter into a contract, agency agreement, or any other agreement or combination thereof, made to an existing or prospective consumer), including hard copies of Web pages containing offers;
- 2 promotional material including pamphlets, brochures, bill inserts, coupons and flyers
- 3 application/ registration forms;
- 4 form letters sent to existing and prospective consumers;
- 5 sample identity cards (including photograph), outerwear, business cards and contact information of sales representatives; and
- 6 reference material including utility bills, price comparisons with details of price offers and forecasts (of the retailer) and other energy suppliers quoted, shown (or carries so as to be seen) or provided to existing or prospective consumers (note: records shall be kept for each price change in the reference material).

NB The above-noted requirements apply to all forms of marketing information including materials used for door-to-door solicitation.

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## M1 Market monitoring information

Section 87 of the OEB Act, 1998 states that the Board shall monitor markets in electricity sector and may report to the Minister on the efficiency, fairness, transparency and competitiveness of those markets.

The information listed below will be used to examine changes in market share for different types of consumers (i.e. residential, commercial and industrial consumers) over time. It will also provide general information on products and services retailers are offering consumers as part of the basic market activities that need to be monitored under section 87 of the OEB Act, 1998. Also, this information will provide a greater understanding of participant behaviour and the changing market. Confidentiality policies are under development.

### requirements 1

monthly, by last day of the following month

- 1 Name of retailer
2. Number of consumers: number of signed consumers by distributor and sector (i.e. residential, commercial and industrial)
3. General contract information:
  - i) by sector (i.e. residential, commercial and industrial) what is the average length of the contracts and the range (e.g. the average length of a residential contract is 3 years but the contract's range is 1 year to 5 years in the length);
  - ii) type of product by sector (such as fixed price forward contracts, variable volume products such as options and swings, and green products); and
  - iii) type of service by sector (such as bill consolidation, monitoring & targeting systems, etc.).

### requirements 2

record keeping requirement

Maintain on file and available for Board review:

In addition to the above information, retailers must keep signed consumers by **postal code** on file for OEB queries. In anticipation of locational pricing in Ontario, postal code by consumer is needed to track market share of retailers in the different pricing areas.

**PROPOSED REQUIREMENTS OF ELECTRICITY MONITORING CODE - RETAILER**

<b>Appendix A</b>		
<b>Financial Analysis of Audited Financial Statements - Details of Ratios</b>		
<b><u>TYPE</u></b>	<b><u>RATIO</u></b>	<b><u>FORMULA</u></b>
<b>LIQUIDITY</b>	Current Ratio	Current Assets /Current Liabilities
	Acid Test	(Current Assets less Inventories) / Current Liabilities
<b>DEBT</b>	Asset Coverage	[Total Assets - Deferred Charges - Intangibles- (Current liabilities less short debt like bank advances/loans and current portion of long-term debt)] / Total Debt(short-term and long-term debt)/100
	Debt/Equity Ratio	{Total Debt ( Short-term + long-term debt)/Total Equity (Preferred Stock + Common Stock + Contributed Surplus + Retained Earnings)} x 100
	Cash Flow/Total Debt Outstanding	(Earnings before Extraordinary items - equity income - minority interest in earnings of subsidiary + deferred income taxes + depreciation + non-cash deductions e.g amortization, depletion)/Total debt outstanding) x 100
	Preferred Dividend Coverage	(Net earnings before extraordinary items) - equity income + minority interest in earnings of subsidiaries + all income taxes + total interest charges)/total interest charges + preferred dividend payments before tax
<b>PROFITABILITY</b>	Gross Profit Margin	{Net Revenue less Cost of Sale(Power/Energy)/Net Sales} x100
	Operating Profit Margin	{Net sales - (cost of sales + selling, administrative and general expenses)/ net sales} x 100
	Net Profit Margin	{Net earnings before extraordinary items - equity income + minority interest in earnings of subsidiaries/Net Sales} x 100
	Net Return (after tax) on Common Equity	{Net earnings before extraordinary items - preferred dividend/ Common Equity} x 100
	<b>VALUE</b>	% of Earnings Paid as Stock
Earnings per Common Share		(Net earnings before extraordinary items - preferred dividends) / # of common shares outstanding