

PROPOSED REQUIREMENTS OF ELECTRICITY MONITORING CODE - WHOLESALER

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 Wholesaler Licence s10.2

requirements required within 15 days of change

The licensee shall notify the Director of Licensing as required.

s10.2 The Licensee shall notify the Director of any material change in circumstances that adversely affects or is likely to adversely affect the Licensee's ability to comply with the conditions of the Licence as soon as practicable, but in any event within fifteen days of the date upon which such change occurs.

PROPOSED REQUIREMENTS OF ELECTRICITY MONITORING CODE - WHOLESALE

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 wholesalers 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 wholesaler
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, wholesalers 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 wholesaler in the different pricing areas.

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

Appendix A		
Financial Analysis of Audited Financial Statements - Details of Ratios		
<u>TYPE</u>	<u>RATIO</u>	<u>FORMULA</u>
LIQUIDITY	Current Ratio	Current Assets /Current Liabilities
	Acid Test	(Current Assets less Inventories) / Current Liabilities
DEBT	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
PROFITABILITY	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
VALUE	% of Earnings Paid as Stock	(Total dividends (Preferred + Common)/Net earnings before extraordinary items) x 100
	Earnings per Common Share	(Net earnings before extraordinary items - preferred dividends) / # of common shares outstanding