



Ontario
Energy
Board

Holding Utilities to Account

OEB Compliance and
Enforcement Activity
Report

April 2020 – March 2021

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INTRODUCTION

Holding Utilities to Account – OEB Compliance and Enforcement Activity Report (April 2020 – March 2021) chronicles how the Ontario Energy Board is fulfilling its mandate to hold utilities to account, protect consumers and deliver value to the people of Ontario. Our rules are intended to ensure utilities and other regulated entities serve the interests of customers while maintaining an appropriate balance between consumer protection and their ongoing operational needs.

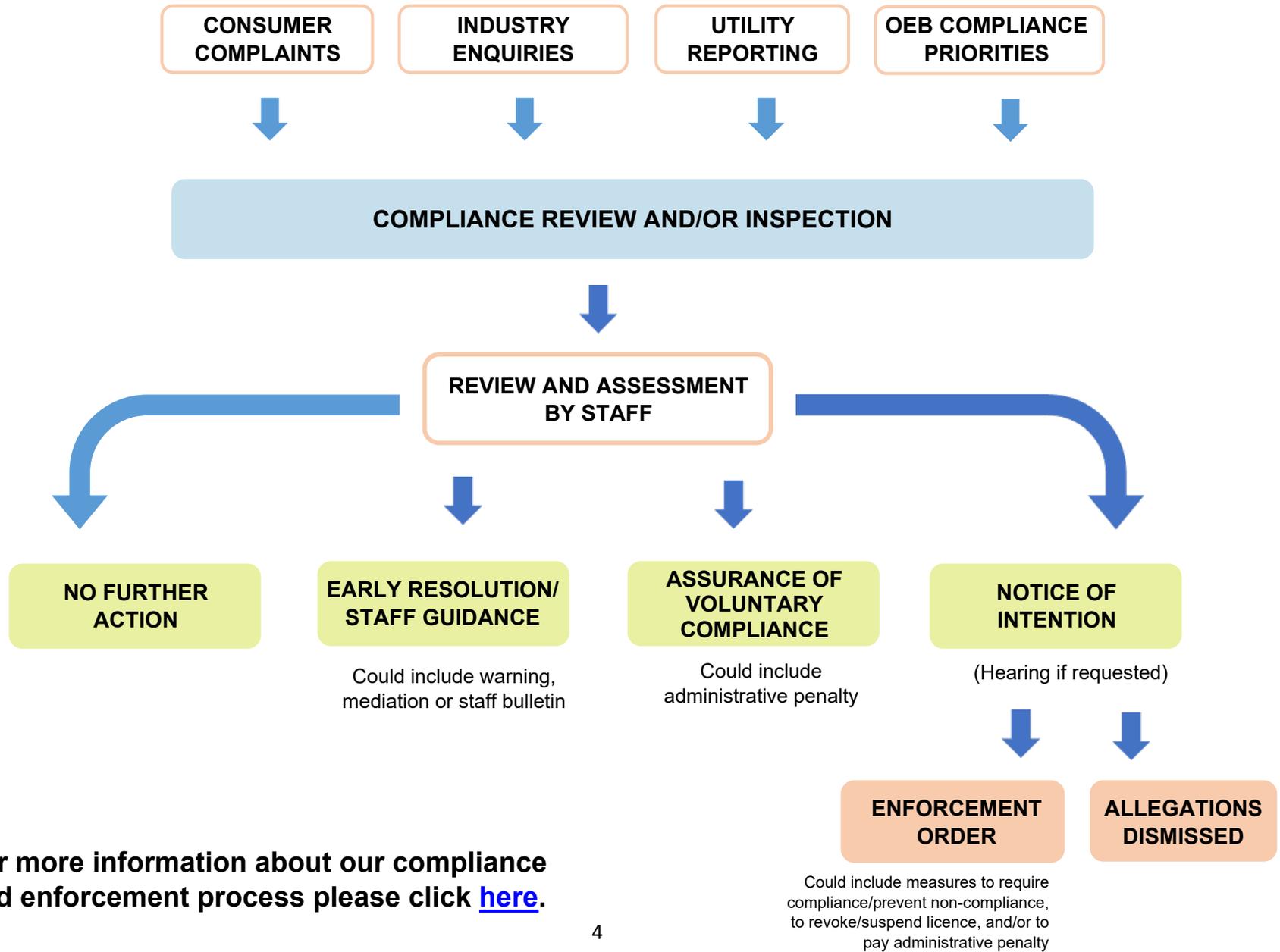
Our key compliance highlights for the last fiscal year are summarized here. The report also provides summaries of compliance cases to assist regulated entities in understanding how the OEB has addressed compliance with legal and regulatory requirements that the OEB enforces.

This report demonstrates our work to foster a culture of compliance among all regulated entities including: energy distributors, energy retailers and unit sub-meter providers. It's also key to our ongoing effort to report on our modernization efforts and on the steps we are taking to provide certainty to the sector, demonstrate effectiveness and efficiency while operating with independence.

It also underscores our renewed commitment to transparency and accountability. This, as we strive to be recognized as a trusted regulator by the regulated community, the public we serve and the public representatives to whom we are accountable.

Publication of the *Holding Utilities to Account* – OEB Compliance and Enforcement Activity Report (April 2020 – March 2021) represents a further step in fulfilling that commitment.

OVERVIEW OF OEB COMPLIANCE AND ENFORCEMENT PROCESSES



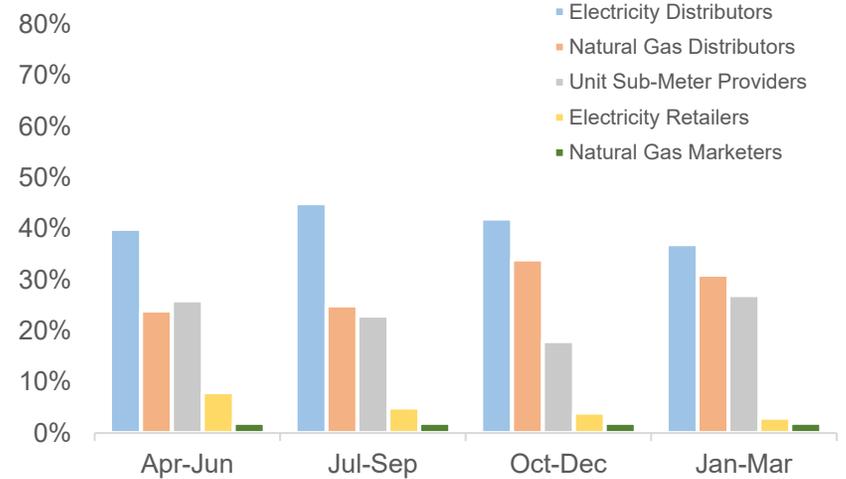
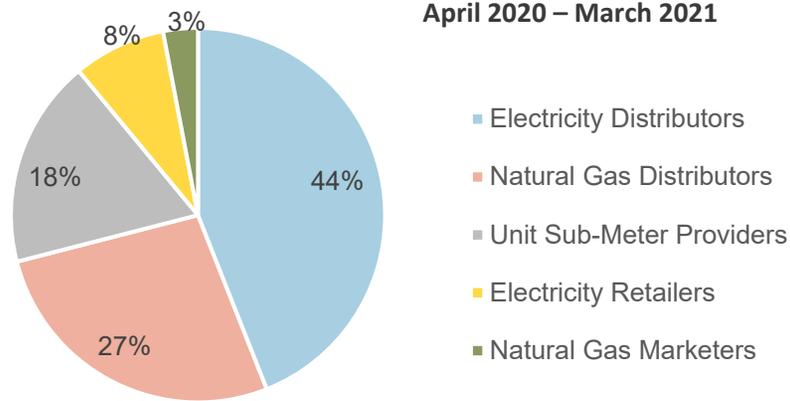
For more information about our compliance and enforcement process please click [here](#).

KEY HIGHLIGHTS FOR APRIL 2020 – MARCH 2021

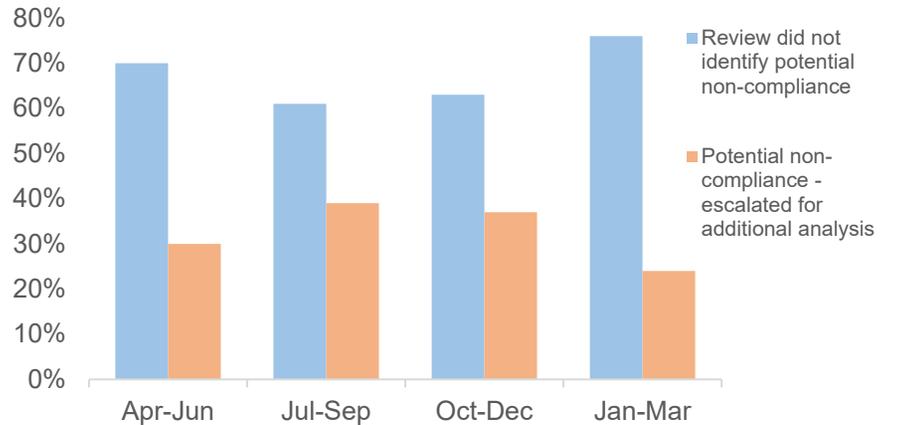
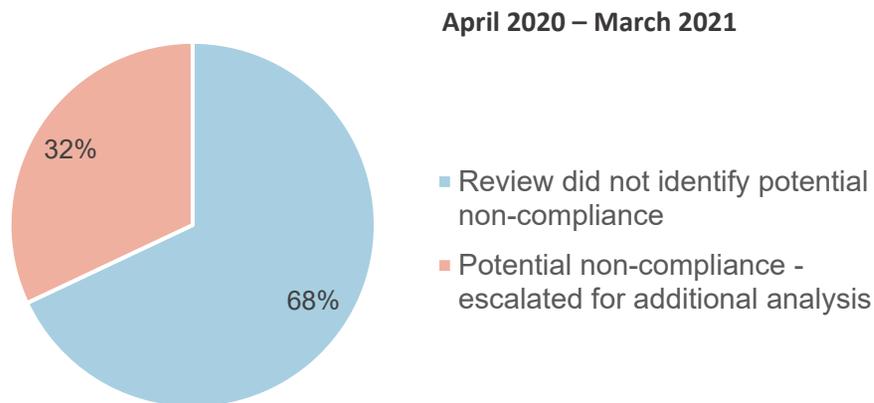
- 751 consumer complaints received against utilities and other regulated entities
- 380 consumer complaints escalated for additional review and detailed analysis where initial review identified potential non-compliance issues
- 43 compliance reviews initiated where potential non-compliance with regulatory requirements was identified
 - o Key areas of focus: disconnection notice and related processes, requirement to hold a licence
 - o Over half of the compliance reviews were initiated following a consumer complaint to the OEB
- 24 inspections initiated
 - o 21% of inspections were initiated further to information reviewed following a consumer complaint to the OEB
- 25 inspections completed, with 14 resulting in:
 - o \$263,500 in administrative penalties paid under Assurances of Voluntary Compliance
 - o \$605,215 returned to directly consumers
 - o \$76,748 in additional utility funds paid into the utility's Low-income Energy Assistance Program - Emergency Financial Assistance (LEAP) funding for low-income consumers facing disconnection or already disconnected
 - o None of the above amounts were recoverable from the utility's ratepayers

STATISTICS ON COMPLAINTS AND COMPLIANCE REVIEWS

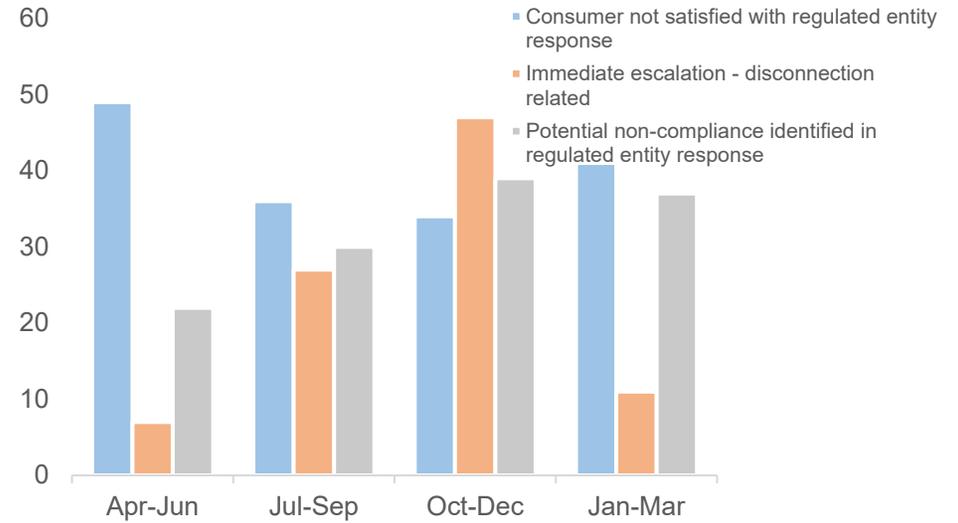
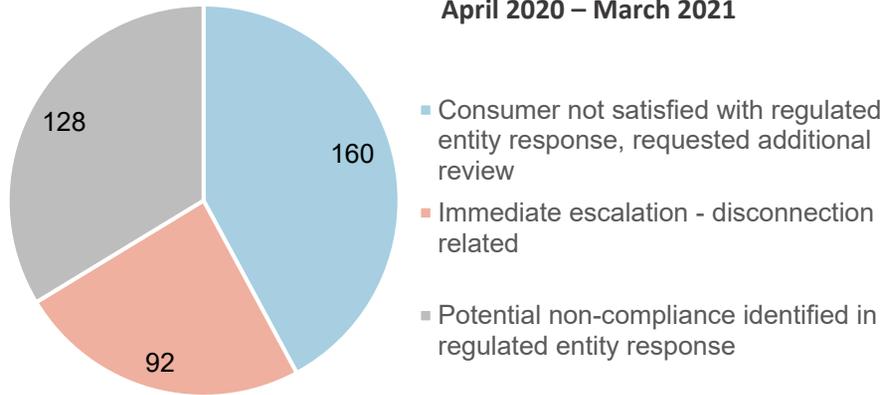
Consumer Complaints Received (751) – By Regulated Sector



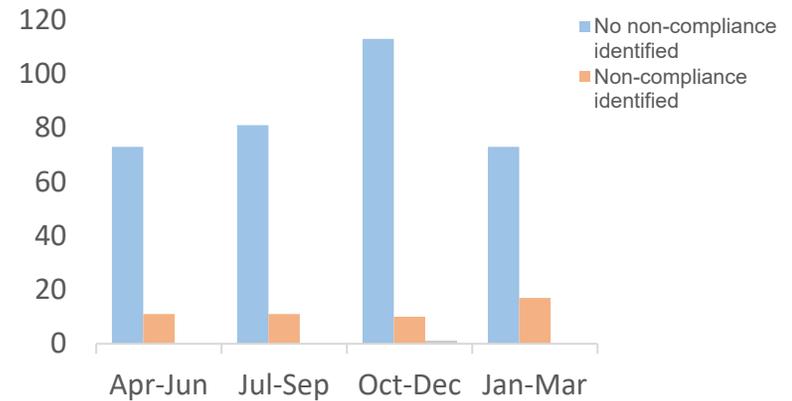
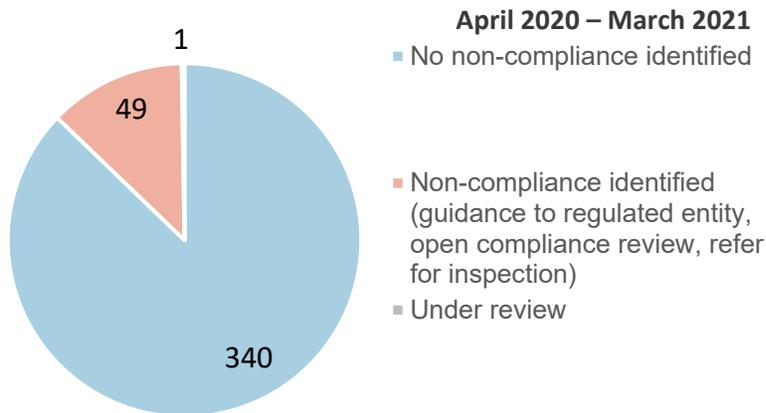
Review of Regulated Entity Responses to Consumer Complaints



Escalated Complaints (380)

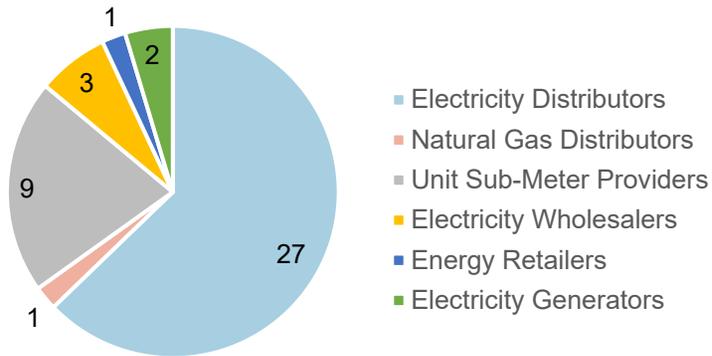


Escalated Complaints - Conclusions (390*)



* The 390 shown under “Additional Analysis Concluded” is not a subset of the number escalated and may include files escalated in a prior period

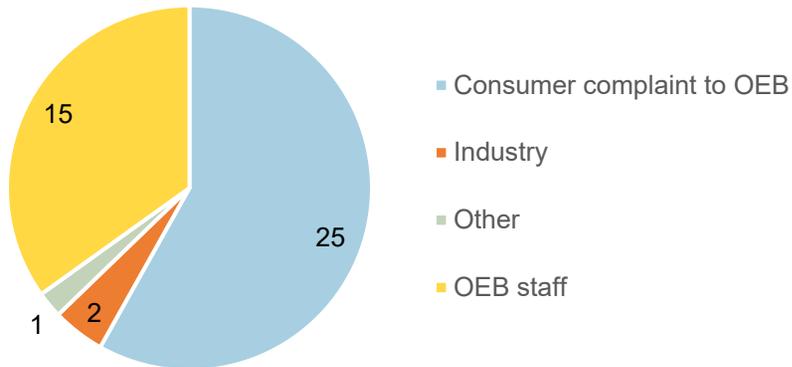
Compliance Reviews Opened (43) - by Regulated Sector



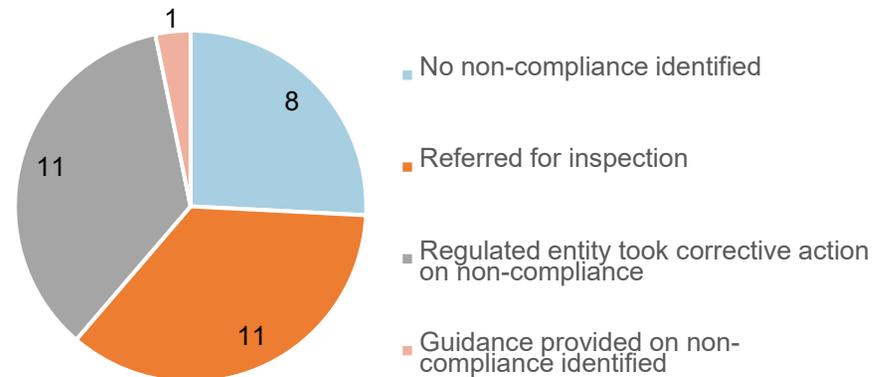
Select examples of compliance reviews opened:

- Operating without a required licence
- Applying carryover OESP credits to water charges
- Compliance with Affiliate Relationships Code
- Compliance with the Unit Sub-Metering Code
- Utility disconnection notices and related processes
- Compliance with new customer service rules (effective March 1, 2020)
- Dispute over ownership of utility assets
- Energy retailer price comparisons

Origin of Compliance Review



Compliance Reviews Closed (31*)



* The 31 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.

\$72,885 was refunded to consumers where the regulated entity took corrective action

SELECT COMPLIANCE REVIEW SUMMARIES

Monitoring Compliance with the Customer Service Rules – Review of Customer Disconnection Notices & Processes

OEB staff conducted a detailed review of 17 utilities to assess their compliance with various regulatory obligations relating to the issuance of customer disconnection notices and related processes. Staff identified issues of possible non-compliance with respect to ten of the utilities.

As a result of the review, the OEB commenced inspections against each of the three utilities whose potential non-compliance was deemed to pose the highest severity impact on consumers. Non-compliance identified included:

- Insufficient notice provided to the consumer – less than the minimum 14 days required
- Longer disconnection window referred to in the notice – more than the 14 days allowed
- Amount required to be paid to avoid disconnection of electricity service included outstanding amounts for other services (water/sewer)

OEB staff provided the other seven utilities with guidance on what was required of them in order to come into compliance with their regulatory requirements. Guidance provided included:

- Ensuring consumers are provided with clear information on methods of payment available and when payment is due to avoid disconnection

All utilities for which any level of non-compliance was identified were advised that any customer disconnection that followed a non-compliant disconnection notice or process is invalid and that any consumer disconnected as a result be automatically reconnected, with any reconnection fees refunded or waived.

Outcome: Following the Compliance Reviews, three files that identified the most severe compliance issues were escalated for inspections. For the seven files that did not proceed to an inspection, over \$72,000 in reconnection payments were refunded to consumers by utilities and compliance guidance was provided to the utilities.

Utility Billing Practices

OEB staff reviewed a utility's billing practices related to the Ontario Electricity Support Program (OESP). Where an OESP credit is greater than the electricity charges owing on the bill, utilities are required to carry over the excess OESP credit to offset future electricity charges. In instances where utilities also bill for other services on the electricity bill (e.g., water, sewer), the excess OESP credit should not be applied against these other services. A number of consumers complained to the OEB that when they closed their accounts with the utility, despite having paid all amounts for all utility services, they were issued a final bill stating that large amounts were still owing for water. OEB staff determined that, for these consumers, the excess OESP credit had previously been applied to water amounts owing, with the result that the consumer received bills showing an incorrect (i.e., lower) amount owing for all services. The final account bill was the first time the consumer became aware that there was an outstanding amount owed to the utility. The utility advised that while it did not allocate OESP to water, a "bill-masking" issue with its billing system led to the bill presentment underestimating the amount owing for water charges where there is an excess OESP credit. The utility also confirmed that when a consumer's account is closed, a reconciliation is done and a final bill is issued for the unrecovered water charges, and that any excess OESP credit is returned to the Independent Electricity System Operator, as required.

Outcome: Given the severity of the issues identified in the Compliance Review, the file was escalated for an inspection.

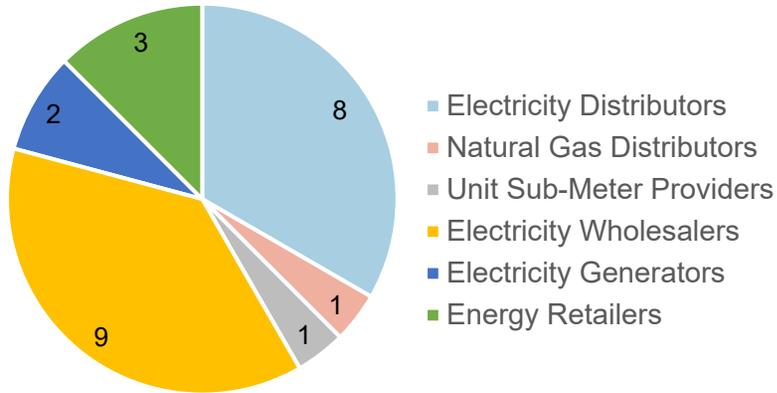
Requirement to Hold a Licence

Anyone engaged in the prescribed activities set out in section 57 of the OEB Act is required to hold a licence from the OEB, unless otherwise exempt. OEB staff reviewed two instances of entities conducting prescribed activities without a required licence. In one case, an electricity wholesaler had failed to renew its licence in December 2015 and had been operating in the market without a licence since then. In the other case, it was determined the entity had been operating as an electricity generator and electricity retailer without a licence since 2009.

Outcome: These two files were escalated for an inspection.

INFORMATION ON INSPECTIONS – STATISTICS AND SELECT INSPECTION CASE SUMMARIES

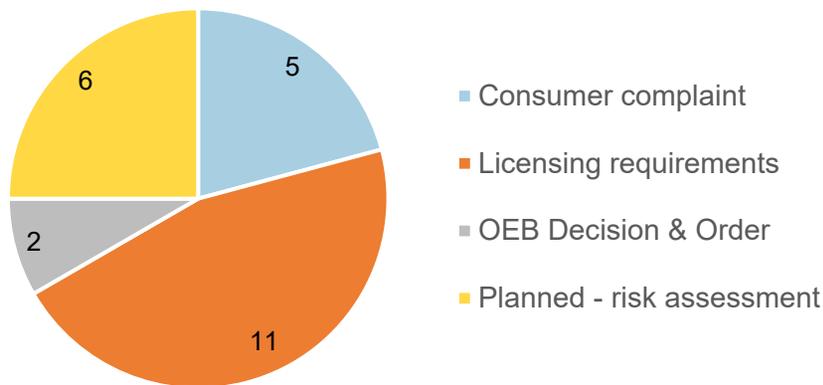
Inspections Opened (24) - by Regulated Sector:



Select examples of compliance inspections undertaken:

- Operating in the wholesale electricity market without a licence
- Operating in the retail market without a licence
- Enrolling consumers based on invalid contracts (allegation that contracts were not valid as signatures were not those of authorized individuals)
- Utility notices and related processes in disconnecting for non-payment
- Review of a utility's failure to comply with a rate order
- Expansion and connection costs

Source of Inspections:



Inspection Outcomes (47)

- \$263,500 in administrative penalties paid under Assurances of Voluntary Compliance
- \$605,215 returned to consumers directly
- \$76,748 additional funds to Low-income Energy Assistance Program - Emergency Financial Assistance

SELECT INSPECTION SUMMARIES

Residential Customer Disconnections

Several inspections were initiated regarding suspected non-compliance of electricity distributors with their regulatory obligations relating to residential customer disconnections for non-payment of amounts owing. Through these inspections, it was determined that the utilities failed to, among other things, provide customers with sufficient notice prior to their possible disconnection. In some cases, consumers were given misleading information with respect to the time periods in which they were at risk of being disconnected. In some cases, utilities also failed to include required consumer protection-related language on their disconnection notices. In further non-compliance with the OEB's rules, some utilities also incorrectly included amounts owing for other services (e.g., water) in the amounts owing for electricity arrears.

Outcome: Assurances of Voluntary Compliance (AVCs) were accepted resulting in \$133,000 in administrative penalties and \$47,998 paid to the social agencies that run LEAP in the areas served by the utilities in question.

Self-Reported Non-Compliance

A utility contacted the OEB to advise of its possible non-compliance with respect to its customer disconnection-related obligations (customers in arrears were disconnected without first being given sufficient notice, and then improperly charged reconnection fees).

Upon discovering the issue, the utility promptly reported it to the OEB. The utility reconnected customers who sought reconnection, and refunded customers who had paid reconnection fees. An inspection was commenced in which it was also determined that the non-compliant disconnection notices were based on an incorrect calculation of the earliest date on which disconnection may occur. The OEB's rules require a distributor to provide a minimum of 14 days' notice to a customer prior to disconnection, to identify in the disconnection notice the earliest date on which disconnection may occur, and to indicate in the disconnection notice the amount that is then overdue for payment. It was also determined that a large number of the utility's disconnection notices incorrectly included amounts for water and sewer arrears. The OEB does not allow utilities to disconnect a customer's electricity or gas service for non-payment of charges that do not relate to electricity or gas. Taking action to address the issue and self-reporting is an example of a compliance-oriented company, it determined the full extent of the problem and put things right.

Outcome: Inspection concluded following the OEB's acceptance of an AVC, where the utility credited \$9,500 directly to consumers whose electricity service was improperly disconnected, payment of an \$18,000 administrative penalty and \$4,750 paid to the social agencies that run LEAP in the areas served.

Compliance with Rate Orders

The OEB accepted an AVC from a utility following an inspection into the utility's accounting procedures and controls. The inspection included a review of certain rates that the utility had charged in 2017 and determined that these rates were non-compliant with an OEB rate order. The inspection found, and the utility admitted, that the utility had overcharged its customers by continuing to charge rate riders for one year past their expiry date. A rate rider is a temporary credit or charge approved by the OEB and listed on a utility's Tariff of Rates and Charges with an explicit expiry date. Through the AVC, the utility confirmed its understanding that it is ultimately responsible for ensuring that the rates it charges comply with the decisions and orders of the OEB.

Outcome: The inspection concluded following the OEB's acceptance of an AVC, resulting in \$405,769 refunded to customers through rates and payment of a \$5,000 administrative penalty.

Operating without a Licence

The OEB took enforcement action against a number of entities found to be operating in the wholesale market after their licences had expired. In each instance, the matter was resolved following the OEB's acceptance of an AVC from the non-complying entity. An AVC is a binding commitment by a regulated entity to take measures to rectify or prevent non-compliance, and failure to abide by the terms of an AVC can lead to further enforcement action being taken by the OEB. Under the terms of their AVCs, each of the entities committed to complying with all regulatory requirements relating to licensing and assured that it had instituted or strengthened internal controls. As well, each licensee paid an administrative monetary penalty to the OEB in an amount ranging from \$3,500 to \$23,000.

Outcome: The OEB accepted AVCs from each of the licensees and a total of \$58,500 was paid in administrative penalties.

INFORMATION AND GUIDANCE TO INDUSTRY

OEB staff issues letters and bulletins to provide regulated entities with information or guidance about their legal and regulatory requirements, and responds directly to sector participants (referred to as Industry Relations Enquiries, or “IREs”). This guidance is intended to ensure that regulated entities are aware of and understand those requirements. The expectation is that this will promote compliance which, in turn, will enhance public confidence that the interests of consumers are being protected.

Key Areas of IREs (803 received)

- Licensing Questions – how to obtain, renew or change a name on a licence, utility verification of generator licence
- Ontario Rebate for Electricity Consumers/Ontario Electricity Rebate (OER) – eligibility, retroactive credits once eligible
- New Customer Service Rules – application of new disconnection timelines, coming-in-force dates
- OEB Reporting and Record Keeping Requirements – clarification on what information is to be reported and due dates
- Net Metering – eligibility requirements, use of bio-fuels for net metering
- Industrial Conservation Initiative– aggregation of industrial customer accounts
- Interval Metering – impacts of hourly versus 15-minute interval billing
- Connection Assets – rebates and ownership issues relative to Ontario Hydro legacy lines on private property
- COVID-19 Energy Assistance Program (CEAP) eligibility criteria questions as well as CEAP funding questions
- LEAP implementation questions related to COVID-19 pandemic and disconnection ban

Compliance Guidance (9 issued)

- Guidance provided to electricity and natural gas distributors and unit sub-meter providers on the OEB's expectations that utilities work to accommodate customers in arrears, increase awareness of support that may be available to customers during the COVID-19 pandemic and allowing for enhanced funding for LEAP
- Several letters were issued to provide guidance to ensure timely implementation of the Government's actions to provide relief to customers during the COVID-19 pandemic including with respect to electricity pricing, COVID-19 energy assistance programs and changes to the GA
- Following a review of utility disconnection-related consumer complaints in 2019 and the March 1, 2020, implementation of changes to the customer service rules, guidance was provided to utilities regarding customer service rules related to disconnection of service for non-payment
- A Bulletin was issued expressing the view that behind-the-meter storage assets may be considered a distribution activity if the main purpose is to remediate comparatively poor reliability of service

PROVIDING INFORMATION TO CONSUMERS AND CUSTOMER SERVICE ISSUES RAISED

OEB staff responds to requests from the general public for information on the energy sector and for information relating to OEB decisions and orders. Consumers may also raise customer service issues about their energy company in an area where there are no prescribed rules and, in these instances, OEB staff will forward the customer service issue (CSI) to the regulated entity to ensure they are aware of the issue and request that they respond to the consumer.

Key Areas of Consumer Enquiry (10,122 enquiries received)

- Customer choice between Time-of-Use and Tiered prices the biggest driver of new consumer enquiries
- Requests for information on emergency financial assistance programs by consumers impacted by the pandemic and end of the winter disconnection ban
- Called OEB to understand the contract renewal documents from their retailer/marketer
- Questions regarding disconnection of service and the winter ban on disconnections
- OER and electricity rates – concerns about the bill changes
- Targeted scams involving the OER and energy assistance programs
- Questions about Recovery Rates and electricity prices including various Regulated Price Plan changes
- Concerns with increases to electricity delivery charges
- Questions about the elimination of Hydro One's seasonal rates
- Confusion over Time-of-Use/Tiered prices

- How to apply to be considered for natural gas expansion
- Questions regarding the application of the federal carbon charge on natural gas bills
- Condo boards asking how to apply for the OER
- Questions about companies that are not regulated by the OEB (e.g., propane companies, municipal water charges, furnaces, charges for water heaters)

Key CSIs Raised (59 CSIs received)

- Consumers being moved from paper billing to e-billing by their distributor without consent
- Frequent planned outages by their utility
- Disagreement with third-party charges on their energy bills
- Questions regarding utilities access to property for tree trimming

RAISING AWARENESS OF THE OEB'S COMPLIANCE AND ENFORCEMENT ACTIVITIES

The OEB wants to raise consumer awareness of the OEB's compliance activities and issues news releases and consumer alerts to do so. Consumers deserve to know that regulated energy companies are being held to account.

Select News Coverage Arising from the OEB's Compliance Activities (10 news releases issued)

- **Oshawa PUC Networks Inc.— [OEB news release](#) 2020-08-13**
 - [Durham Radio News](#) — Oshawa PUC agrees to penalty for improper disconnections 2020-08-13
 - [Oshawa Express](#) — OPUC fined for oversight in disconnections 2020-08-19

- **Newmarket-Tay Power Distribution Ltd.— [OEB news release](#) 2020-09-21**
 - [Orillia Matters](#) — Newmarket-Tay Hydro zapped with fines for disconnecting customers 2020-09-22
 - [Newmarket Today](#) — Newmarket-Tay Hydro zapped with fines for disconnecting customers 2020-09-22

- **ONIT Energy Ltd.— [OEB news release](#) 2020-09-23**
 - French — 3 media outlet reviews
 - English — 23 media outlet reviews

- **Rideau St. Lawrence Distribution Inc.— [OEB news release](#) 2020-10-29**
 - [Cornwall Newswatch](#) — South Dundas public utility fined for disconnection notices 2020-10-29

- **ENWIN Utilities Ltd.— [OEB news release](#) 2020-11-09**
 - [Windsor Star](#) — Enwin fined by OEB for improperly cutting off customers 2020-11-11
 - [Blackburn News](#) — Enwin fined for improper service disconnections 2020-11-12
 - [CTV Windsor](#) — Enwin Utilities and ELK Energy each fined by Ontario Energy Board 2020-11-18

- **E.L.K. Energy Inc — [OEB news release](#) 2020-11-16**
 - [CKLW](#) — E.L.K. ENERGY FINED \$23,000 (Vice-President, Consumer Protection & Industry Performance Brian Hewson interview) 2020-11-18
 - [CTV Windsor](#) — Enwin Utilities and ELK Energy each fined by the Ontario Energy Board 2020-11-18

- **InnPower Corp. — [OEB news release](#) 2021-01-05**
 - [Barrie Today](#) — Innisfil power utility to pay back \$405K it overcharged customers 2021-01-05
 - [Simcoe.com](#) — Ontario Energy Board finds that InnPower overcharged customers \$400,000 in 2017 2021-01-06
 - [Toronto.com](#) — Ontario Energy Board finds that InnPower overcharged customers \$400,000 in 2017 2021-01-06

- **Alectra Energy Services Inc. — [OEB news release](#) 2021-01-20**
 - English — 19 media outlet reviews covered the story on non-compliant disconnection practices
 - French — 18 media outlet reviews
 - [Business Insider](#) — Cision News release 2021-01-20

- **Provident Energy Management — [OEB news release](#) 2021-02-11**
 - English — 18 media outlet reviews covered the story on non-compliant disconnection practices
 - French — 3 media outlet reviews

- **Essex Powerlines Corp. — [OEB news release](#) 2021-03-08**
 - [Blackburn](#) — Essex Powerlines fined for error resulting in disconnection for some customers 2021-03-10

Consumer Alerts Issued

Consumer Alert: Beware of energy scams during COVID-19 emergency 2020-04-17

- [Lake Superior News](#) 2020-04-30

Consumer Alert: No home inspection required for COVID-19 Energy Assistance Programs 2021-02-03

Consumer Alert: ONTARIO RESIDENTS CONTINUE TO BE TARGETED BY INDIVIDUALS CLAIMING TO BE ASSOCIATED WITH THE ONTARIO ENERGY BOARD (OEB) 2020-12-21 (The OEB and the OPP Anti-Rackets branch have established an ongoing partnership to share information in our Consumer Alerts.)

Media stories

- [Inside Ottawa Valley](#) Ontario residents continue to be targeted by people claiming to be associated with Ontario Energy Board 2020-12-21
- [Muskoka Region.com](#) Have you been contacted by the Ontario Energy Board? OPP say it's a scam 2020-12-21
- [Orillia Matters](#) OPP warns of 'high-pressure' scammers promising energy rebates. The OEB does not engage and is not involved in any type of sales activity, police say 2020-12-21
- [Parry Sound.com](#) Have you been contacted by the Ontario Energy Board? OPP say it's a scam 2020-12-21
- [Simcoe News](#) Don't fall for this "high pressure" sales scam says OPP 2020-12-21
- [iHeart radio 610 CKTB](#) OPP WARN OF SCAMMERS POSING AS ONTARIO ENERGY BOARD REPS 2020-12-22
- [Kingstonist](#) OPP warns of scammers claiming to be with the Ontario Energy Board 2020-12-22



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