

OEB Fines Summitt Energy Management for Contraventions of the Ontario Energy Board Act

TORONTO, Nov. 18 /CNW/ - Today the Ontario Energy Board ("Board") issued an administrative penalty and costs totaling up to \$299,000 against Summitt Energy Management ("Summitt") related to sales agent activities that contravened the *Ontario Energy Board Act, 1998*.

The case against Summitt involved allegations that five of its sales agents had engaged in unfair practices while signing customers on to energy contracts.

A Panel of the Board ruled on the case following an extensive hearing and determined that Summitt and its sales agents contravened the requirements of the applicable legislation, regulation and Codes of Conduct.

An administrative penalty of \$234,000 is intended to address the contraventions and is in accordance with Ontario Regulation 331/03, which sets out the criteria for determining the amount of the penalty set by the Board.

The Board also ordered Summitt to procure an independent review and audit of the revised sales practices of its retail salespersons and ordered Summitt to file the result of the review and audit with the Board by January 15, 2011.

In cases where the Board made a finding of non-compliance, Summitt must cancel, without penalty or cost, the electricity or natural gas supply contracts entered into by each of the complainants, and to compensate them.

The Board did not believe that suspending Summitt's door-to-door sales activities was the appropriate approach at this time but the Board could reconsider this issue if it is not satisfied with the result of the review and audit.

The funds received by the Board will be used to support activities that are in the public interest.

The Board's ruling is available at www.oeb.gov.on.ca.

The Ontario Energy Board regulates the province's electricity and natural gas sectors in the public interest. It envisions a viable and efficient energy sector with informed consumers served by responsive regulation that is effective, fair and transparent.

For more information on the Board, please visit our website at www.oeb.gov.on.ca or contact the Consumer Relations Centre at 416-314-2455 or toll-free at 1-877-632-2727.

Ce document est aussi disponible en français.

Backgrounder

November 18, 2010

Compliance and Enforcement

The Ontario Energy Board's (the "Board") compliance and enforcement process helps protect the interests of consumers to ensure a fair and efficient marketplace.

The Board received numerous complaints regarding the conduct of sales agents acting on behalf of Summitt Energy Management ("Summitt"), a licensed gas marketer and electricity retailer.

Board staff completed an investigation of several complaints it received over the last two years and determined that Summitt contravened its legal and regulatory obligations as set out in

legislation, regulations and codes. (The *Ontario Energy Board Act, 1998*, Ontario Regulation 200/02 - *Consumer Protection* (made under the Act) and the Code of Conduct for Gas Marketers and the Electricity Retailer Code of Conduct.)

On January 21, 2010, the Board issued a public notice that it intended to impose an administrative penalty and suspend Summitt's licence until the company satisfied any terms and conditions that the Board may order and issue.

On June 17, 2010, the Board issued an Interim Order requiring Summitt to comply with a number of enforceable provisions.

Hearing

The Board held a hearing between August 30 - September 8, 2010 to hear testimony from consumers with respect to acts of non-compliance by 5 Summitt sales agents, as well evidence from Summitt and its agents in response to the allegations. After considering the evidence the Board issued a Decision and Order today.

OEB Decision

The Order today by the Ontario Energy Board includes the following stipulations:

- Summitt Energy Management ("Summitt") shall pay to the Board an administrative penalty in the amount of \$234,000 plus up to \$65,000 in proceeding costs.
- Summitt's door-to-door sales activities will continue but the Board ordered Summitt to conduct an independent review and audit of the sales practices of its retail agents and to file the results of the audit with the Board.
- In cases where the Board made a finding of non-compliance, Summitt must cancel, without penalty or cost, the electricity or natural gas supply contracts entered into by each of the complainants, and to compensate them.

In the Decision, the Board found that Summitt contravened various provisions of the *Ontario Energy Board Act, 1998*, Regulation 200/02, and the Board's Code of Conduct for Gas Marketers and the Electricity Retailer Code of Conduct in respect of 17 specific incidents of misconduct by its door-to-door sales agents.

The Board determined that Summitt was responsible for the agents' conduct in that there did not appear to be a predictable, standard practice for retail salesperson training. The Board's Decision found 25 separate violations of the OEB Act on the part of five individual Summitt sales agents that utilized a number tactics intended to get customers to sign a contract with Summitt, including:

- In some cases, the agents did not present themselves clearly as representatives from Summitt, an independent retailer/marketer nor did they explain to consumers whether the supplier of electricity or gas would change.
- In some cases, the contract had been presented as a price-cap or a routine supply contract without mention of the actual price of the commodity or the duration of the contract.
- In some cases, the agent claimed that consumers had to sign a contract in order for their smart meter to take effect.
- In other cases, the consumers were not provided with a copy of the terms and conditions of the contract signed with Summitt.

Future measures

Under the new [Energy Consumer Protection Act](#), 2010, [new rules](#) intended to ensure energy retailers and marketers follow fair business practices and provide more information to residential and small business consumers take effect January 1, 2011.

These new rules will help ensure that Ontarians receive basic information about retail contracts so they can make better informed decisions about what signing a contract means.

In the coming months, the [Ontario Energy Board will help inform](#) Ontarians about these new rules that will require energy retailers to:

1. Disclose how the contract price they are offering compares to the price offered by the local utility.

2. Provide training programs to their staff to ensure they know, understand and abide by the new rules.

3. Cancel a consumer's contract without penalty in a number of circumstances, and limit the cancellation fees that retailers can charge consumers.

**Previous
Enforcement
Action**

Last year, the Board ordered penalties totalling \$272,500 for various instances of non-compliance (Universal Energy, \$187,500; Summitt, \$70,000; Direct Energy, \$15,000).

**For more
information**

For a summary of the energy market and how the OEB works to ensure a fair marketplace for consumers, please visit the [Consumer Report section](#) of our website.

Ce document est aussi disponible en français.

For further information:

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