

ASSURANCE OF VOLUNTARY COMPLIANCE

Pursuant to s. 112.7 of the
Ontario Energy Board Act, 1998

HUDSON ENERGY CANADA CORP.

Licence No. ER-2020-0117

OEB File No. EB-2021-0102

November 8, 2021

I. INTRODUCTION AND SUMMARY

Ontario Energy Board (OEB) staff conducted an inspection of Hudson Energy Canada Corp. (Hudson Energy), a licensed electricity retailer, under the authority of Part VII of *Ontario Energy Board Act, 1998* (OEB Act). The inspection determined that four specific contracts entered into by Hudson Energy with condominium corporations during the period from October 2018 to April 2019 did not have valid customer authorization.

In response to the inspection, Hudson Energy has provided this Assurance of Voluntary Compliance to the OEB, under section 112.7 of the OEB Act. Through this Assurance, Hudson Energy acknowledges that it did not have valid customer authorization to enrol and charge the identified customers for electricity related to contracts obtained by one of two independent sales brokers (salespersons), M.P. and P.K., acting on its behalf. This constituted a failure by it to comply with certain enforceable provisions under the Electricity Retailer Code of Conduct and the Retail Settlement Code (the Codes). Hudson Energy confirms its understanding of, and commitment to comply with, its legal and regulatory obligations, and has provided a refund to those customers impacted by the contracts.

II. STATEMENT OF FACTS

Hudson Energy operates as an electricity retailer in Ontario under OEB licence ER-2020-0117. Hudson Energy provides electricity retailer services for low volume consumers and large volume consumers.

During the period from October 2018 and April 2019, Hudson Energy entered into retail electricity contracts with four condominium corporations, which were

signed on Hudson Energy's behalf by one of two salespersons, identified as either M.P. or P.K.

For the purposes of this Assurance, the four condominium corporations are collectively referred to as the "Customers", and the related subject energy contracts as the "Contracts".

In October 2019, the first of the Customers contacted Hudson Energy to advise that its Contract had been entered into without its valid customer authorization. The Contract was cancelled in November 2019. The remaining three Customers contacted Hudson Energy in January 2020 to advise that their Contracts were entered into without their valid authorization. The Contracts were cancelled in January 2020. Until it had been contacted by the Customers, Hudson Energy believed that the Contracts were validly entered into.

In March 2020, three of the Customers filed formal complaints with the OEB against Hudson Energy with respect to their Contracts. (The OEB became aware of the fourth Contract through the course of the inspection.)

OEB staff commenced an inspection in June 2020 to determine whether Hudson Energy's actions with regard to the Contracts were compliant with its legal and regulatory obligations. The information gathered through the inspection showed that each Contract was not entered into by the Customer in accordance with the requirements of the Codes. As stated above, and confirmed through the inspection, Hudson Energy promptly cancelled each of the contracts upon realizing that it did not have valid authorization to transfer the supply of electricity to the retailer. In addition, Hudson Energy terminated its relationship with M.P. and P.K. In order to mitigate the damage caused by its actions, and accepting responsibility for the salespersons' actions, Hudson Energy entered into

settlement discussions with, and provided refunds to, each of the Customers with respect to their Contracts.

In January 2020, Hudson Energy amended a number of its sales processes. Hudson Energy now requires a certified copy of a board resolution of the condominium board prior to enrolling a condominium on retailer supply, so as to further mitigate against the potential for its salespersons to conduct unfair business practices.

III. ASSURANCE OF VOLUNTARY COMPLIANCE

Hudson Energy understands that in retailing electricity to a consumer who is not a low volume consumer (i.e. a large volume consumer):

- i. Hudson Energy must comply with its licence, the Electricity Retailer Code of Conduct, and the Retail Settlement Code;
- ii. in accordance with section 1.7 of the Electricity Retailer Code of Conduct, any acts of a salesperson acting on behalf of Hudson Energy shall be deemed to be the acts of the retailer;
- iii. in accordance with section 3.4 of the Electricity Retailer Code of Conduct, Hudson Energy must ensure that it has obtained the consumer's written permission prior to submitting a request to the consumer's electricity distributor for a change in electricity supply to competitive retail service; and,
- iv. in accordance with section 10.2 of the Retail Settlement Code, Hudson Energy has an obligation to obtain the consumer's written authorization

prior to submitting a service transaction request to the distributor to change the consumer's electricity supply to its competitive retail service.

Hudson Energy acknowledges that it failed to obtain valid authorization from the Customers to effect service transaction requests with their distributors and that, therefore, the Contracts represent four instances of non-compliance with section 3.4 of the Electricity Retailer Code of Conduct and section 10.2 of the Retail Settlement Code.

Hudson Energy refunded the Customers in the amounts agreed to by OEB staff and Hudson Energy, representing the difference between the price charged to each Customer under the Contract, and the applicable distributor's standard supply price that would have been charged had there been no service transaction from system supply to retailer supply.

Hudson Energy understands that it has ultimate responsibility over the actions of its salespersons. Hudson Energy assures the OEB that it has taken all appropriate measures to ensure that its processes for enrolling customers, and in remedying unauthorized enrollments, are in compliance with all of its statutory and regulatory obligations.

IV. ADMINISTRATIVE MONETARY PENALTY

Hudson Energy agrees to pay an administrative monetary penalty to the OEB in the amount of \$12,000.00. Payment will be made electronically with notice sent to the Registrar, within two weeks of Hudson Energy having received notice of the acceptance of this assurance by the OEB.

V. CONSUMER RIGHTS

Nothing in the Assurance of Voluntary Compliance affects any rights a consumer may have under any applicable laws.

VI. FAILURE TO COMPLY

This Assurance of Voluntary Compliance has the same force and effect as an order of the OEB pursuant to section 112.7(2) of the OEB Act and any failure to comply with its terms shall be deemed to be a breach of an order of the OEB.

VII. EXECUTION OF ASSURANCE

I have the authority to bind Hudson Energy Canada Corp. to the terms set out in this Assurance of Voluntary Compliance.

Name: Jim Brown
Title: Chief Commercial Officer
Company: Hudson Energy Canada Corp.
Signature: 

Dated this 8th day of November, 2021.