

MEMORANDUM



DATE: June 29, 2015

TO: Peter Fraser;

CC: Viive Sawler;

FROM: George Dimitropoulos;

SUBJECT: **Hudson Energy Canada Corp.
Electricity Retailer and Gas Marketer Licence Applications
Board File No. EB-2015-0124/125**

1. ISSUE

To brief the VP of Industry Operations and Performance on Hudson Energy Canada Corp.'s applications for an Electricity Retailer Licence and Gas Marketer Licence.

2. BACKGROUND & APPLICATION

Hudson Energy Canada Corp. ("Hudson") filed an application to renew its Electricity Retailer licence and Gas Marketer licence ER-2010-0223 and GM-2010-0224, respectively.

Hudson is a part of Just Energy Group Inc. and provides business customers with electricity and natural gas programs that reduce or eliminate their exposure to changes in the price of these commodities. Hudson also provides environmentally friendly energy solutions to its customers. Hudson mainly markets its services in gas and electricity and green energy products to commercial customers. Hudson is affiliated with Just Energy Ontario LP, a licensed gas marketer and electricity retailer in Ontario.

Hudson's application is to renew its gas marketer and electricity retailer licences which expire on September 14, 2015.

Hudson intends to sell or offer to sell electricity to low and large volume consumers. Hudson also intends to sell or offer to sell gas to low volume consumers. On the electricity side, it markets green or alternative power and serves up to 7900 low volume customers and 4000 large volume customers. On the gas side, it expects to serve 2,815 low volume customers.

3. COMPLIANCE INFORMATION

Hudson provided complaint information for the past two years. There have been a total of 12 complaints for both gas and electricity as shown in the table below.

No. of Complaints		2013	2014	2015
	Q1	0	1	2
	Q2	0	4	-
	Q3	0	1	-
	Q4	1	3	-
Total		1	9	2

Hudson was assessed an Administrative Penalty by the OEB (EB-2012-0281) as a result of findings from an industry-wide compliance inspection. The OEB found that Hudson had contravened some enforceable provisions related to contract verification requirements for new contracts. Hudson was ordered to pay an administrative monetary penalty in the amount of \$11,000.

Staff requested additional information from the applicant through written interrogatories including the following:

- the accountabilities, directly and indirectly, of key individuals in the organization for ensuring compliance with legal and regulatory requirements; and,

- the policies, processes and procedures in place or to be put in place to ensure compliance with all legal and regulatory requirements including the names, titles and contact information of all individuals that will be accountable for compliance, complaint handling and quality assurance.

In response to Board staff interrogatories Hudson Energy provided the names, titles and work experience of individuals responsible for ensuring compliance with legal and regulatory obligations. Hudson Energy also outlined details on its Record Retention for Verification Representatives, Price Comparisons and Verification Calls. Hudson Energy provided information on its sales processes, complaint handling procedures and its client experience assurance and compliance. Hudson Energy indicated that all its Independent Contractors sign an Independent Contractor Agreement (“ICA”), have a criminal background check conducted, and successfully complete the required OEB training and testing before being badged.

Staff does not have issues with the above information.

4. FINANCIAL INFORMATION

Hudson provided its parent company Just Energy Group Inc.’s Annual Report for 2013 and 2014, as well as a quarterly report for 2015, along with a parental guarantor letter. The financial information provided for the parent company presents a healthy financial position. As the applicant has renewed its licences with the Board before and has been a market participant with a healthy financial standing for that period of time staff has no issues with the financial information.

5. TECHNICAL INFORMATION

Hudson provided the names and descriptions of employees with technical expertise in the energy market. The applicant also provided details on the key individuals experience in the energy market and past licences with the Board.

As the applicant has been participating in Ontario's energy market for a while staff does not have issues with its technical expertise to run an electricity retailing or gas marketing business.