



August 14, 2013

Feedback – Proposed Compliance Plan under URICA’s Service Agreement with the Utility Consumer Advocate (UCA)

The UCA recently had discussions with the MSA regarding its participation in the Energy Price Setting Plans (EPSPs) of ENMAX and Direct. The UCA has contracted with Urica Energy Management Corporation (URICA) to assist it in certain interactions with the Independent Advisor, commencing August, 2013. The EPSPs call for daily target prices and volumes to be set for ENMAX and Direct. The UCA has a role to review the proposed prices and volumes with the Independent Advisor and URICA will perform that activity on behalf of the UCA. URICA is a small energy management company based in Calgary. The UCA wanted to be satisfied that authorizing URICA access to confidential information of this sort would not raise issues under the MSA’s mandate and is adequately dealt with in a proposed confidentiality protocol.

The MSA has reviewed the proposed Confidentiality Agreement between URICA and the UCA. It has also reviewed the proposed Compliance Plan developed by URICA. The main thrust of the Compliance Plan is to ensure that knowledge of the target prices and volumes do not leak to other parts of URICA’s business activities, essentially to prevent ‘insider trading’. The provisions appear to be commensurate to the risks of harm to the market and we are satisfied they will do the job.

The sharing of such information is not addressed in the *Fair, Efficient and Open Competition Regulation* (AR159/2009) or in the *Regulated Rate Option Regulation* (AR262/2005). Hence, any issues that the MSA might have with such insider trading by URICA, if it occurred, would be under s6 of the *Electric Utilities Act* (EUA) wherein market participants are required: “.. to conduct themselves in a manner that supports the fair, efficient and openly competitive operation of the market.”

Given the provisions in the proposed Compliance Plan and URICA’s size and the passive nature of its participation in the Alberta market, the MSA has no grounds to commence an investigation into a possible breach of s6 of the EUA.

*Note to reader: This feedback does not constitute a formal guideline or opinion of the MSA. However, within the parameters of the applicable facts and absent any superseding view, we consider ourselves bound by feedback given. Views expressed by the MSA do not supplant the role and authority of the courts, the Alberta Utilities Commission or other adjudicative body with jurisdiction over a given matter. Questions or comments regarding this feedback can be sent to the MSA through the Contact Us link on our website.*