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Factsheet: Natural Gas Marketing

What is gas marketing?

In 1985, the federal government deregulated the natural gas industry. Up until that time consumers were required to purchase their gas supply directly from the local distribution company serving their area (Enbridge Gas Distribution Inc. or Union Gas Limited). Since 1985 consumers have had the opportunity to contract with any gas marketer from among a number of companies competing to sell gas to consumers. Effective March 1, 1999, these gas marketers who sell to low volume consumers must be licensed by the OEB. You have the option of purchasing their natural gas supply from a licensed gas marketer or from your local gas distributor.

Who can apply for a marketer licence and what steps are involved?

Any individual over 18 or a company can apply for a marketer licence. Application forms and information regarding licences are available [here](#) or by contacting the Ontario Energy Board's Customer Service Centre at 1-877-632-2727. Parties applying for a licence will have to satisfy certain requirements such as credit worthiness before a licence is issued. A list of licensed marketers is available [here](#).

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How are gas marketers regulated?

Since the Ontario government passed the *Energy Competition Act, 1998*, gas marketers must be licensed by the Ontario Energy Board. They must also follow a code of conduct set out by the Board.

How do I know if the person at the door is licensed?

A list of licensed marketers is available [here](#). Information on licensed gas marketers can also be obtained by calling the Board's Customer Service Centre at 1-877-632-2727. If the gas marketer is licensed the sales person at the door must be able to provide you with the licence number as well as proper identification.

Do I have to sign up with a gas marketer?

No. Consumers are not obliged to change natural gas suppliers, and those who choose not to will continue to receive gas from their existing supplier (eg, their local distribution company or existing gas marketer). The distribution utility purchases its gas supply in a competitive market. The natural gas commodity rate on a consumer's bill is an estimate of the price the distribution utility will pay for the gas it purchases each month.

Differences between the estimated rate billed to consumers and the actual price paid by the distribution utility are periodically credited or debited to the consumer. Many marketers offer fixed price contracts, which means the commodity portion of your bill does not fluctuate with market prices.

Can I cancel a contract with a supplier once I have signed it?

As a result of the Energy Consumers' Bill of Rights passed in July 2002, gas marketers must

adhere to a new set of rules when entering into and renewing contracts with consumers. Now, a number of steps are required for a contract to remain in effect.

First, marketers are required to provide a written contract at the door or within 40 days after the consumer initially signed the contract. After receiving the contract, the consumer has a 30-day period in which they can cancel the contract with the company. You must send written notice to the marketer that you wish to cancel the contract.

Secondly, the marketer must contact the consumer between the 15th and 30th day to reaffirm the contract. You can choose to reaffirm or not to reaffirm when you are contacted by the marketer. However, once you have reaffirmed the contract, you may not be able to cancel without penalty.

What do I need to know before I sign a contract with a gas marketer?

Before you sign a contract, read the contract carefully so you're aware of all of the terms and conditions. Ask questions if there is anything that is unclear, and ensure that the gas marketer is licensed by the Ontario Energy Board.

What questions should I ask before I sign a contract?

Before you sign a contract with a gas marketer you should ask questions like:

- Does the marketer have a licence from the Ontario Energy Board and can they provide proof?
- What is the price of natural gas being offered?
- Is it fixed or subject to change in the future?
- How does it compare with

my current service provider or other suppliers? (It's important to note marketers' offers only cover the cost of the gas itself and do not include delivery charges which will still be billed by the local distribution utility.)

- What is the duration of the contract? Can it be terminated early or transferred to another marketer and are there any charges?
- How is the contract renewed?
- What are your and the marketer's obligations under the contract?
- What happens if the marketer is unable to fulfill its contractual obligation?
- How are the savings calculated and paid out?
- What happens if you move?

How does my gas contract get renewed with the marketer? Can I cancel my contract if I don't want it renewed?

Under new regulations passed in 2003, natural gas supply contracts can be automatically renewed for one year. Energy marketers are required to send customers a detailed renewal package including the new term and price of the renewed contract. Consumers have 30 days to cancel, in writing, after receiving the renewal notice. Consumers may also cancel within 35 days of being sent their first bill after the renewed contract takes effect. If the consumer does not respond to the renewal notice, and does not cancel after receiving the first bill, the contract is renewed for one year.

Consumers are advised to carefully consider all offers for natural gas supply to ensure you know the terms and conditions of the contract.

Who do I call if I have a service problem or emergency?

You would call your local distribution company which still owns the pipelines and is responsible for delivering natural gas to your home.

What happens if I physically change residence or move after I have signed with a gas marketer?

You should review your contract to see if the contract moves with you when you move. If you are uncertain, contact your gas marketer.

Is the rate charged for natural gas by my gas marketer regulated?

The rate that the gas marketer charges is not regulated and will be the price determined by your contract. If the price is not stated in your contract you should contact your marketer. Should the cost of natural gas increase or decrease you will continue to pay the amount determined by your contract for the life of the contract.

Is the rate charged for natural gas by my local distributor regulated?

The distribution, transmission and monthly customer charges appearing on your bill are regulated, but the cost of gas is not.

Although the Board approves the commodity cost of gas that is included in rates, the Board does not set the price at which the utility purchases its gas supply. This price is determined in a competitive market and if the Board is satisfied that the utility's purchasing strategy was appropriate, the gas costs paid by the utility are included in the rates charged to customers, without markup. It is important to note that the Board does not allow the utility to profit on its gas purchase with the result that the utility has no profit incentive to increase the cost of gas to its customers. The utility charges

its customers the price that it pays to obtain the gas for the customers' consumption. This charge is approximately 50 per cent of the total bill.

How much of my monthly bill is covered by the contract price?

On average, the commodity cost of natural gas comprises approximately 50 per cent of your total gas bill. As transmission and distribution rates are regulated whether or not you sign with a gas marketer, the contract you sign will only involve the commodity cost of natural gas and not the regulated transmission or distribution charges.

What happens if my gas marketer goes out of business?

If a gas marketer fails to provide you with natural gas, you will not be left without natural gas. Your local distribution company will supply natural gas to you at their Board-approved rate. There may be additional costs associated with provision of these backstopping services by the local distribution company to cover additional costs associated with providing gas service on short notice.

Who will bill me if I've signed a contract with a gas marketer?

Depending upon the arrangement between the marketer and the local distribution company, you may receive either one or two gas bills. The bill from the local distribution company will contain the regulated fixed customer service charge, transportation and distribution charges, respectively. The bill from the marketer will contain only the gas service charge.

If only one bill is received from the local distribution company it will show the name of your marketer and

the amount of the bill that is being remitted to the gas broker by the utility for the gas service charge.

What do I do if I am having problems with my gas marketer?

You should first contact your gas marketer and attempt to resolve your problem with them. If necessary write to them and keep notes of people that you have spoken to. If you are unable to resolve your complaint with your gas marketer, contact the Ontario Energy Board's Customer Service Centre at 1-877-632-2727.

The Board will encourage you to attempt to resolve your complaint with your gas marketer. Failing that, all licensed gas marketers have to subscribe to a dispute resolution service appointed by the Board. If you cannot resolve your concern contact the Board, either in writing or by phone. Your concern will be forwarded to the mediation service provider who will investigate and mediate your complaint with the gas marketer. If the complaint cannot be resolved to your satisfaction it may be forwarded to the Board's Director of Licensing for review.

This information is provided as a public service. Although we endeavor to ensure that the information is as current and accurate

as possible, errors do occasionally occur. Therefore, we cannot guarantee the accuracy of the information.

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