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General Information on Natural Gas Customer Choice

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What is customer choice?

Customer choice provides you with the right to either purchase natural gas from a gas marketer, or to purchase gas from your local gas utility company. Under either option the gas will be delivered to you by your gas utility company.

Is customer choice available to all consumers in Alberta?

No, although most consumers in Alberta have access to customer choice. Investor-owned gas utility companies, who serve most Alberta residential and commercial consumers are required to provide consumers with the option of purchasing gas from a marketer. The two main investor-owned gas utilities in Alberta are ATCO Gas and AltaGas Utilities Inc. While customer choice is available in the AltaGas service territory, no retailers are currently serving any residential customers in the communities served by AltaGas.

Municipally owned gas utility companies may offer this option to consumers, but are not required to do so. On rural gas co-operatives this option is available to larger consumers, typically non-farm consumers that use more than 10,000 GJ of gas annually.

Is choice available in the AltaGas Utilities service area?

Consumers in the AltaGas Utilities service area have the right to choose their natural gas supplier. However, at this time retailers are not offering contracts in this area.

Refinements to natural gas customer choice enacted by the

Government of Alberta through legislative and regulatory changes in Spring 2003 are expected to enhance retail competition on the AltaGas system.

The following Q and A's are only applicable to customer choice on investor owned utility systems.

How long have I been able to purchase gas from a marketer?

Large industrial consumers have been able to purchase natural gas from marketers and gas producers since the 1970s. Small industrials have had this choice since 1988. This option became available to many Alberta residential and commercial consumers in 1996.

What is a gas marketer?

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A gas marketer is a company (other than the utility company) that sells natural gas. Gas marketers may also be referred to as an agent, marketer, broker, ABM (agent, broker or marketer), retailer, direct marketer, gas marketer, retail marketer, etc. A marketer can choose to market natural gas and electricity together. Marketers must meet requirements as described in the section on [Consumer Protection](#).

Do I have to buy from a gas marketer? Can I continue to purchase natural gas from my local utility company?

You are under no obligation to enter into a contract with a marketer. If you do not sign a contract with a marketer, you will continue to buy natural gas from your local utility company.

How has the role of my gas utility changed with the implementation of customer choice?

Prior to customer choice, natural gas utility companies provided a "bundled" service that combined (1) the purchase of the natural gas commodity and (2) the delivery of the gas to you. Both of these services were provided to you at rates regulated by the Alberta Energy and Utilities Board.

Under customer choice, you still have the option of receiving

bundled service from your utility at regulated rates as before, or you may choose to purchase the natural gas commodity from a marketer at an unregulated price. In both cases the actual delivery of gas is still regulated and handled by your gas utility company.

Customer Choice Options		
	Purchase gas from utility	Purchase gas from marketer
Natural Gas Commodity Purchases	Provided by utility , regulated by the Alberta Energy and Utilities Board	Provided by marketer at unregulated price
Natural Gas Delivery Service (cost of installing and maintaining pipelines, billing, metering, etc.)	Provided by utility , regulated by the Alberta Energy and Utilities Board	Provided by utility , regulated by the Alberta Energy and Utilities Board

Can I save money by signing up with a marketer?

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It depends on market conditions and the terms of the contract you sign with a marketer. As natural gas is a commodity, like coffee or crude oil, the market price of natural gas varies daily with market conditions. If you sign a fixed price contract with a marketer for the supply of natural gas, your price of gas over time could end up being higher or lower than the price of gas you would have paid if you had continued to purchase gas from your utility. Marketers may also offer incentives and rebates that could provide value to you.

Your Gas Bill under Customer Choice

How will buying from a marketer affect my gas bill?

The arrangements you make with an energy marketer will affect only the Cost of Gas portion of your gas bill. If you buy gas from a marketer, you will avoid paying the utility's cost of gas but will pay the marketer's cost of gas instead.

Delivery and other charges are not affected by your gas supply purchase

choice.

It helps to understand the components of your gas utility bill. When you buy gas from a utility, the following charges are included:

- A Fixed Charge covering a portion of the costs of delivering gas to your home. This charge includes the design, installation and financing of pipelines and meters.
- A Variable Charge recovering the remaining portion of the utility's delivery costs. This includes capital and operating costs, including labor, materials, suppliers and other capital-related costs. The Variable Charge is calculated by multiplying the Variable Charge rate per gigajoule by the quantity of gas used in gigajoules.
- A Cost of Gas charge based on the actual monthly cost of gas. This is also known as the "Gas Cost Recovery Rate".
- A Municipal Franchise Fee. This fee is negotiated between your utility and your municipality to compensate the municipality for allowing the utility to operate in its area. The fee is collected by your utility and passed on to your municipality. Not all municipalities charge a franchise fee.
- Goods and Services Tax (GST). This tax is collected by your utility and passed on to the federal government.
- Rate adjustments covering the benefits of utility owned storage facilities and utility owned gas production. For more information see www.eub.gov.ab.ca/bbs/public/utilities/gas.htm.

If you purchase gas from a marketer, the utility's cost of gas charge will be replaced with the marketer's cost of gas charge. You may also receive two bills (see next question).

What is the role of the EUB in setting natural gas rates?

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For more information see

www.eub.gov.ab.ca/bbs/public/utilities/gas.htm.

How many gas bills will I get?

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If you choose to purchase natural gas from a marketer, the marketer and the utility company may bill you separately. Your billing arrangements will depend on the arrangements made between your marketer and your gas utility company. A proposal has been set forth to have only one bill.

Benefits and Risks of Buying Gas from a Marketer

What benefits can I receive from buying gas from a marketer?

A marketer may be able to provide you with the combination of price, terms and services that suit your needs better than other options available to you. The price you pay could be lower or higher than the price of gas charged by your utility. Marketers may offer other incentives that could provide value to you.

Your actual benefits will depend on factors such as:

- the pricing arrangement and services you select;
- how the gas price under the contract compares over time with gas prices from your utility;
- the value of incentives provided;
- the terms and conditions of your contract; and
- the amount of natural gas you use.

When considering offers from marketers, all of the above factors should be considered.

Selecting a Gas Marketer

If I decide to purchase gas from a gas marketer, how do I choose a marketer?

We can't advise you as to whether one company is better than another, but we can tell you if a marketer is licensed to operate in Alberta. Licensed marketers must also abide by [standards of conduct](#). Click here for a list of [licensed marketers in Alberta](#). You may also want to check with the Better Business Bureau for additional information on marketers.

How do I make an informed decision?

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To make the most of the options available, you may find the following tips useful:

Shop around

- Contact several marketers for details on current pricing, features, options and terms so you can compare them.
- Ask friends and neighbours about their experiences.
- Do not let yourself be hurried into making a decision.

Ask the marketer questions and make sure you understand the contract before you sign.

- Are you licensed to operate in Alberta?
- How long have you been in business? Is a credit report available? Can you provide references from other customers?
- What are the terms of the agreement such as any fixed charges, the rate per gigajoule (\$/GJ) or any other charges, and billing options?
- Am I buying anything other than natural gas?
- Are your administration charges included in the price or do I have to pay additional amounts now or in the future?
- How does your price offer compare to the regulated price offered by my utility?
- If the market price of natural gas increases or decreases in the future, how will it affect me?
- If a discount or rebate cheque is offered, how is it calculated, and what are the conditions for receiving it?
- How long is the agreement in effect and what are the cancellation provisions? What happens if I move? Does my contract continue at my new address, or is it cancelled?
- If I wish to change gas marketers in the future, what are my rights and obligations? Are there any costs or termination fees?
- Is there a basic service that is less expensive?
- Are there other services offered to help me use energy more efficiently?
- When will you bill me? When will my payment be due? If I pay late are there extra charges and how much are they? Can you bill me at a regular date of my choice?
- If I sign a contract with you and am not satisfied with the arrangement, am I obligated to continue purchasing gas under the contract?
- Who do I call if I have a problem with my service or questions about my bill? How are complaints dealt with?
- If you do not meet the terms of the contract, could I face additional costs?

Make sure the contract accurately reflects the offer you were made and that you understand what your obligations will be before you sign. Sales materials and contracts for sales to residential consumers must meet certain requirements. Among other things the contract must include the name, address and phone number of you and the marketer, a specified disclosure statement and cancellation rights. For further details click on "Contract Requirements" at the top of the [Consumer Protection](#) page of this website.

Finally, as with any contract, read the fine print before signing anything.

How do I compare offers from different marketers and my utility?

Comparing a marketer's pricing offer (typically a fixed price for one, two or more years) with current utility rates is much like comparing a one or two year fixed rate mortgage to a floating mortgage. Utility rates are adjusted monthly to match actual prices paid for gas purchased from producers.

Consumers who want to compare a marketer's price offer to their utility's current gas price, (also known as "cost of gas" or "gas cost recovery rate") can find the history of their utility's prices at the [Alberta Energy and Utilities Board](#) website.

If you purchase gas from a marketer, you will avoid paying the utility's cost of gas but will pay the marketer's cost of gas instead. You will still be expected to pay for other utility charges, such as the delivery of the natural gas, as you did before.

The average residential consumer in Alberta uses about 150 GJ of natural gas annually, and uses about 100 GJ of the gas over the winter season (from November 1 to March 31).

Gas prices have fluctuated considerably in the last few years, and there is no guarantee that any trends of increasing or decreasing prices will continue. Natural gas prices will continue to fluctuate in response to changes in market conditions.

What do I need to do if I want to purchase natural gas from a marketer?

In order to purchase gas from a marketer you must sign a contract with a marketer. Marketers usually sell gas through door-to-door sales, over

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the telephone, or by mail. The marketer will make the arrangements to deliver gas to you once you have signed a contract. Click here for a list of [licensed marketers](#) in Alberta.

Natural Gas Prices

How are natural gas prices determined and how stable are they?

Natural gas is a commodity that is freely traded in competitive markets throughout North America. The market price of natural gas changes continually in response to changes in gas supply and demand across North America.

Is the gas price my utility company charges stable?

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Gas prices charged by utility companies can change monthly with changes in the market price of natural gas.

Some utility companies offer an equalized billing plan, which allows consumers to pay a predetermined monthly amount for their gas utility bills. The amount charged under an equalized billing plan can change based on forecasts of expected gas prices.

Is the gas price charged by marketers stable?

A marketer could offer a fixed gas price over a period of time as long as five years, or a price indexed to market prices or utility prices, or some other offering which may include rebates and other incentives. Once you have signed a contract with a marketer, you are committed to purchasing gas at the price or price mechanism set out in the contract between you and the marketer.

Is the gas price charged by my utility company regulated?

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The rates charged by your utility for gas supply are regulated by the Alberta Energy and Utilities Board. Utilities pass through their actual costs of purchasing natural gas without any discount or mark-up. Utilities charge all their consumers the same gas price and do not offer

alternative pricing options. The monthly price of gas you are charged is based on forecast costs, which are reconciled with actual utility purchase costs over a three month period.

Natural gas prices charged by marketers are not regulated.

Consumer Protection and Changing Your Contract With Your Marketer

What rules do marketers need to comply with?

The conduct of marketers is regulated by Alberta Government Services. Gas marketers that sell to residential and commercial consumers must be licensed and bonded and comply with [standards of conduct](#) and other consumer protection measures. These requirements are set out in the [Natural Gas Direct Marketing Regulation](#).

Click here for a list of [licensed marketers in Alberta](#).

The prices marketers charge are not regulated. They are determined by the contract between you and the marketer. This gives you and the marketer more flexibility to tailor the contract to your specific needs, but also means you have to be careful to negotiate a contract that is favorable to you.

How do I resolve a complaint against a gas marketer? [Back to Top](#)

Call your marketer first. If you are a residential consumer and have a complaint that cannot be resolved directly with the marketer, call Alberta Government Services at 427-4088 from Edmonton, or 1-877-427-4088 outside Edmonton. Note that your utility company cannot cancel your contract with your marketer or resolve a dispute you may have with the marketer.

What should I do if a marketer misrepresents him or herself?

The Standards of Conduct in the Natural Gas Direct Marketing Regulation clearly state, among other things, that a gas marketer must truthfully inform you of their identity, must not abuse your trust, and must not make any representation or statement or give any answer or take

any measure that is not true or is likely to mislead you. If you are concerned that a marketer has misrepresented him or herself, you can contact the marketer and advise of your complaint. If you are still not satisfied, you can contact Alberta Government Services and file a formal complaint against the marketer.

What should I do if I receive misleading literature from a marketer?

Literature used by marketers is not approved by Alberta Government Services or the Alberta Energy and Utilities Board before it is mailed out to consumers. However, marketing literature must be drafted in accordance with the [standards of conduct](#). If the literature is found to be in breach of the standards, Alberta Government Services will address the issue.

If you have any concerns about the literature, please contact the marketer first and explain your concerns. If you are not satisfied, call Alberta Government Services at 427-4088 from Edmonton, or 1-877-427-4088 outside Edmonton. Government Services will investigate your claim and take appropriate action.

What can I do to prevent slamming?

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Slamming is when a marketer attempts to sell you gas or other services which you do not want. To prevent slamming, do not provide the marketer with a copy of your gas bill or information from your gas bill (for example: account number, account name, and address). Under the standards of conduct, a marketer is not allowed to keep or make a copy of your utility bill.

Can I cancel my contract with a marketer if I change my mind?

If you sign an agreement for gas supply for your home, you have a 10-day cooling off period during which you can cancel the contract with no cost or penalty. The 10 days starts after you get your copy of the contract.

You have additional cancellation rights if the seller came to your home and the contract was signed in your home. For further details click on "Cancellation Rights" at the top of the [Consumer Protection](#) page of this website.

What if the cancellation periods have passed?

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Review the cancellation procedures in your contract. You can contact your marketer and ask to terminate your contract. Your marketer may be willing to grant your request. Notify your marketer by registered letter and keep a copy of your letter along with the registered letter receipt for your own files.

What happens if my contract cancellation is granted?

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If your marketer agrees to cancel your contract, the marketer will notify your utility. Your utility will implement the cancellation and you will then receive natural gas from your utility at their current rate. If you choose to buy gas from another marketer, that marketer will notify your utility company of the change.

Can I switch to another marketer or go back to my utility?

Check your contract. The terms and conditions of the contract with your marketer will determine when and under what circumstances you can cancel the contract and change to another marketer or buy from your utility company. If you return to your utility, you may need to buy gas from your utility for a period of time before you can switch back to a marketer.

What happens if another company buys out my marketer?

Marketers can and do periodically buy out another marketer's customer base. The new marketer must be licensed and takes over the obligations of the original marketer. You should be notified of the new marketer's address for service and telephone number. As long as the new marketer fulfils the terms you agreed to with the original marketer, the contract is valid.

I don't remember signing a contract with a marketer. How do I get a copy of the contract?

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A marketer is required to provide you with a copy of the contract when

you sign it. Keep this contract for your records. If you can't find your contract, contact the marketer and ask for a copy.

How do I make changes to the contract with my marketer after I have signed it?

If you wish to change your contract after you have signed it, contact the marketer directly. The name and phone number are on your contract. The terms of the contract will spell out under what conditions it can be changed.

Is my contract still valid if I move?

Your contract with your marketer should specify whether it is still valid if you move. Contact your marketer if you are unsure.

My contract will expire soon. Do I have to renew my contract?

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The Natural Gas Direct Marketing Regulation requires marketers to obtain your permission in writing within 6 months prior to the renewal date to renew a contract. At that time you can choose to remain with your marketer, choose a different marketer, or choose to purchase gas from your utility company.

When does gas start to be delivered under my contract?

Your contract will indicate the start date of the contract. If you have any questions regarding the start date, contact your marketer.

Ongoing questions

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If you have questions about the contract with your marketer, your gas bill or your service, please contact your energy marketer directly at the number on your bill.

If your marketer is unable to resolve your concerns, call Alberta Government Services at 427-4088 from Edmonton, or 1-877-427-4088 outside Edmonton.

If you have a complaint or inquiry regarding regulated utility service, call

your utility at the number on your utility bill. If your utility is unable to resolve your concerns, contact the Alberta Energy and Utilities Board at 780-427-4901 in Edmonton.

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