

CODE OF CONDUCT
for
AGENTS/BROKERS/MARKETERS
engaged in
DIRECT PURCHASE OF NATURAL GAS
IN THE PROVINCE OF BRITISH COLUMBIA

INTRODUCTION

Direct purchase of natural gas and related services takes place usually, though not exclusively, in a consumer's place of business or home through personal contact. Direct purchase may involve several parties, including sellers or marketers, producers, lawyers, consultants, brokers, agents, utilities and the consumer of the natural gas and/or related services offered. The relationship between the various parties must be based on fair and ethical principles.

SCOPE

The purpose of this Code is to foster and uphold a sense of responsibility towards the consumer and towards the general public by all those engaged in direct purchase of natural gas and related services in the Province of British Columbia.

The Code applies to sales practices used in the marketing of direct purchase.

The Code is to be applied in spirit as well as to the letter, bearing in mind the varying degrees of knowledge, experience and discriminatory ability of those to whom direct purchase is directed.

BASIC PRINCIPLES

All direct purchase arrangements shall conform to the principles of fair competition as generally accepted in business, with particular regard to:

- the terms of the offer and the methods and form of the contact with the consumer;
- the methods of presentation and the information on the supply and services relating to natural gas;
- the fulfillment of any obligation arising from the offer of direct purchase of natural gas or any operation connected with it.

Direct purchase activities shall be carried out in conformity with the laws of Canada and its provinces, where applicable.

Sellers shall voluntarily assume responsibility towards the consumer with respect to fair sales methods and product value, and shall make every reasonable effort to ensure consumer satisfaction.

Sellers shall ensure that their salespersons are fully informed as to the characteristics of the gas supplies and/or services offered to enable them to give the consumer all necessary information to make informed decisions.

DEFINITIONS

For the purpose of this Code:

- the term **direct purchase** refers to a sale of natural gas and/or related services to end-users in which the seller or the salesperson solicits a sale, with or without an invitation by the buyer, in which the offer to purchase, the agreement to purchase, or the sale, are made at a place other than the place of business of the seller;
- the term **seller** refers to any firm, company or individual offering natural gas and/or related services for sale by means of direct purchase, either directly or through an intermediary, and may include marketers, brokers, agents, producers, consultants and lawyers as the same are more fully described in Appendix A to the Code;
- the term **salesperson** refers to any person conducting selling activities on his own behalf or on behalf of a seller;
- the term **consumer** refers to any firm, company, family or individual to whom direct purchase activities are directed;
- the term **offer** refers to any solicitation or representation relating to direct purchase by a seller or a salesperson either in writing or verbally, and any agreement of purchase and sale arising from such a solicitation.

THE TERMS OF THE OFFER

Accuracy

Article 1

The terms of any offer shall be clear, so that the consumer may know the nature of what is being offered and the commitment and risks involved in agreeing to contract for natural gas and/or any related services. In particular, but without limiting the generality of the foregoing, any offer shall be accurate and truthful as to any representation made as to price, delivery arrangements, payment terms and conditions, quality and value of services, source(s) of supply and quantity and performance and warranty conditions.

Price and Other Terms

Article 2

Whether an offer is on a cash or any other basis, the offer shall clearly state the price and terms of payment and interest provisions, including any deposit requirement, allocation of cost savings and/or services, and the nature and amount of any additional charges.

All offers shall contain clear statements as to the natural gas supplies, quantities of natural gas to be purchased, intended start-up and delivery dates, and the term of the agreement.

If the price or any other term or condition is subject to redetermination, indexation or arbitration, the offer shall so state.

No offer shall require a sign-up fee to be taken in order to initiate a direct purchase contract.

Obligations and Liabilities

Article 3

The offer shall state the respective obligations, liabilities and risks of the seller and consumer in clear and understandable terms so that the consumer may be sufficiently informed to understand them prior to executing the agreement.

Protection

Article 4

This Code shall be interpreted in accordance with all applicable federal and provincial consumer protection and business practice legislation.

Guarantees

Article 5

Offers may contain the words “guarantee”, “guaranteed”, “warranty” or “warranted”, or words having the same or similar meanings, only if the terms of the guarantee as well as the remedial action open to the consumer are clearly and succinctly set out in the offer. Any such guarantee shall in no way diminish the rights which a purchaser would otherwise enjoy under Canadian or applicable provincial laws. The name and address of the guarantor shall be clearly and fully stated.

After-Sales Service

Article 6

When an agreement between a seller and consumer provides supply and/or services for the duration of the term of an agreement, details and limitations of such supply and/or services shall be clearly stated in the offer.

PRESENTATION OF THE OFFER

Identity of the Seller

Article 7

The name, permanent address, main provincial office address and the telephone number of the seller shall be clearly and fully disclosed in any sales document or other sales literature distributed to the consumer, so as to enable the consumer to remain in touch directly with the seller. Sales documents and other sales literature containing only an accommodation address or a post office box number are not acceptable.

Article 8

All salespersons shall immediately, truthfully and fully identify themselves and provide proof of licensing and bonding, to prospective consumers. They shall also truthfully and fully indicate the purpose of their approach to the consumers, identify the seller with whom they are associated and indicate that they are selling direct purchase and/or related services.

Article 9

Neither a seller nor any salesperson shall mislead or otherwise create any confusion in the mind of a consumer about the identity of the represented seller, its promotion campaigns or trade mark, or those of competitors and/or LDCs.

Integrity

Article 10

Salespersons shall assist consumers to evaluate the nature of the sale. Sales shall be organized and operated so as not to:

- create confusion in the mind of the consumer;
- mislead the consumer or misrepresent any aspect of the offer;
- abuse the trust of the consumer; or
- exploit the lack of experience and knowledge of the consumer.

Clarity

Article 11

Sellers and salespersons shall ensure that all terms of any offer are communicated to the consumer in writing in a clear, complete, accurate and understandable manner. Print which by its size or other visual characteristics is likely to materially negatively affect the legibility or clarity of any offer, shall not be used.

Truthful Presentation

Article 12

The characteristics of any transaction and the supply and/or services offered, including:

- price, deposit, credit and rebate terms;
- identity of and accessibility to the seller;
- delivery terms and conditions, during-and after-sales services;
- sources and reliability of supplies;
- terms of guarantee and warranty;
- liabilities and obligations of seller and consumer;
- benefits/risks to consumer;
- awards, bonuses and prizes with respect to the offer;
- any other information required to be provided to the consumer by Canadian or applicable provincial laws; and
- all other terms of the offer.

shall be presented completely, accurately and truthfully.

Telephone Marketing

Article 13

When conducting a telephone marketing program, all telephone contacts must be made during reasonable hours. Salespersons must immediately, truthfully and fully identify themselves to the prospective consumers. They shall also immediately, truthfully and fully indicate the purpose of their approach to the consumers, identify the seller with whom they are associated and indicate that they are selling direct purchase and/or related services. The caller must first personally obtain the consent of the recipient to play a recorded offer.

Complaints

Article 14

Should any consumer complain that a seller or salesperson has engaged in any improper course of conduct pertaining to direct purchase and/or related services, the seller shall promptly investigate the complaint and take all appropriate and necessary steps in the circumstances to redress any and all wrongs disclosed by such investigation.

SALESPERSON OPERATIONS

Respect of Privacy

Article 15

Sales shall not be intrusive. The right of a consumer to refuse further discussion shall be scrupulously respected.

Honesty, Fairness and Veracity

Article 16

A salesperson shall not abuse the trust of individual consumers or exploit their lack of experience or knowledge, nor play on ignorance or on fear, thereby exerting undue pressure on consumers. All offers must, therefore, be clear and honest and all rebates should be sent out in a timely fashion.

A salesperson shall not make any statement or take any measure which, directly or by implication, omission, ambiguity or exaggeration, is likely to mislead a consumer with regard to the terms of the offer or any other matter.

A salesperson shall, to the best of his knowledge and ability, give complete, accurate and clear answers to a consumer's questions concerning the offer or any other matter.

Information

Article 17

A salesperson shall ensure that the consumers clearly and thoroughly understand the information given. The demonstration or explanation of the transaction involving the direct purchase shall, as far as possible, be adapted to the needs and enquiries of the consumers.

A salesperson shall give sufficient time for consumers to read the entire contract form thoughtfully and without interruption or harassment.

Testimonials and Endorsements

Article 18

A salesperson shall not refer to any testimonial or endorsement which is:

- not authorized by the person quoted, if in a private capacity;
- not genuine or unrelated to the experience of the person giving it;
- obsolete or otherwise no longer applicable;

- taken out of context; or
- used in any way likely to mislead the consumer.

Comparisons and Fair Competition

Article 19

A salesperson shall refrain from using comparisons which may mislead and which are incompatible with the principles of fair competition. Points of comparison shall be fairly selected and shall be based on facts which can be substantiated.

Article 20

A salesperson shall not discredit any competing company, firm or individual, or any supplies or services provided by such parties, directly or by implication. Accurate, complete and truthful comparisons, however, are acceptable. When price comparisons are used, they must be factual, complete and verifiable. All statements or promises made in any promotional material must be complete and in accordance with actual conditions, situations and circumstances existing at the time the promotion is made. Any data referred to must be competent and reliable and support the specific claim for which it is cited.

Article 21

A salesperson shall not induce any consumer to breach a contract with another seller.

Article 22

A salesperson shall not take unfair advantage of the goodwill attached to the trade name or symbol of another seller or product.

Article 23

An agent/broker/marketer shall not engage in any false or misleading advertising or publish any material which may have the effect of misleading potential customers.

Responsibility for Code Observance

Article 24

The prime responsibility for the observance of the Code towards consumers rests with the seller. Failure to comply with the Code may result in revocation of the seller's license for a period to be determined by the British Columbia Utilities Commission.

Article 25

The utility will refrain from conducting business with anyone who is not licensed in the province of British Columbia and does not strictly adhere to the Code.

Modification to the Code

Article 26

The Code will be reviewed and modified if required at an annual meeting to be held prior to May 1 of each year. All changes will require the approval of the British Columbia Utilities Commission.

Attch: Appendix A

Appendix A to Code of Conduct

DEFINITIONS

“agent” is a person who is appointed by the end-user to act on his behalf with respect to direct purchase agreement with utilities and/or gas suppliers.

“broker” is a person who arranges the sale of natural gas on behalf of both the seller and the end-user without taking title to the gas.

“consultant” is a person who is knowledgeable in natural gas matters and who advises or assists with respect to direct purchase arrangements.

“end-user” is a person who utilizes natural gas either as fuel or a raw material.

“lawyer” is a person who is qualified in legal matters and who advises with respect to the legal and contractual aspects of direct purchase arrangements.

“local distribution company” or “LDC” is a person enfranchised to distribute gas within a defined territory.

“marketer” is a person who acts as a principal, buying gas from one or more sources for sale to end-users or other buyers.

“producer” is a person who owns natural gas reserves and operates production facilities.