



# Electricity and Natural Gas Contracts

This publication is intended to provide general information only and is not a substitute for legal advice.

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In Alberta, you have options for how you buy natural gas and electricity for your home, farm or small business. You can sign a contract with an independent electricity and natural gas marketer or you can choose not to sign a contract and receive energy at a regulated rate.

This tipsheet outlines the rules that electricity and natural gas marketers must follow under the *Fair Trading Act* and the *Energy Marketing Regulation*. It also provides information about your rights and responsibilities as a consumer.

## KNOW WHAT YOU ARE BUYING

If you currently receive electricity or natural gas and have not entered into a contract for those services, you are purchasing energy at the regulated rate.

### The regulated rate

The regulated rate is the unit price of electricity or natural gas set by the Alberta Energy and Utilities Board (EUB), municipal councils, Rural Electrification Associations (REAs) or other local regulatory bodies. The regulated rate is different depending on where you live in Alberta and may change during the year.

### Marketing contracts

An energy contract is a legal agreement between you and a licensed energy marketer. It states the price you will pay for energy and the terms and conditions of your purchase.

Energy marketers sell two basic types of contracts:

- Contracts that can be cancelled without penalty on one month's notice to the marketer; and
- Contracts for a fixed period of time.

The term of these retail contracts cannot exceed five years except in the case of contracts that can be cancelled without penalty on one month's notice.

### WHO IS AFFECTED?

The *Energy Marketing Regulation* applies to consumers and marketers who enter into a retail energy contract to purchase less than 2,500 gigajoules (GJ) of natural gas or 250,000 kilowatt-hours (KWh) of electricity per year.

This includes most households, farms and small industrial and commercial businesses such as office buildings, restaurants and small shopping centres.

The average household uses 135 GJ of gas and 7,000 – 8,000 kWh of electricity per year.

#### Residents of Medicine Hat

If you live in the City of Medicine Hat, you do not have the option of buying electricity from a marketer. Electricity is sold and delivered by a municipal utility. You may however, buy natural gas from a marketer.

#### Rural Electrification Associations (REAs)

If you are a member of an REA, you can choose to purchase your electricity at the REA's regulated rate or in a contract from your REA or an electricity marketer operating in your area. REAs may deliver electricity using their wires or they may contract delivery to others.

#### Natural gas co-ops

If you buy your natural gas from a rural natural gas co-operative, you do not have the option of signing a contract unless you are a non-farm consumer who uses more than 10,000 GJ annually.

#### Tenants

If you are a tenant and responsible for paying the utility company for the electricity or gas you use, you can choose to buy your energy from a marketer. Pay close attention to the terms and conditions in the contract and make sure you know what will happen if you move.

### WHAT IS AN ENERGY MARKETER?

An energy marketer is an independent electricity or natural gas company whose prices are not regulated by any provincial or municipal government, REA or agency.

These companies are licensed by the Government of Alberta, but are not affiliated with government. Any rebates or special offers made to encourage you to sign a contract are not part of any government program.

The *Energy Marketing Regulation* requires marketers to be licensed and companies must post financial security. It sets out a code of conduct for marketers and lists specific information that must be included in a contract.

#### Shop around

You can shop for electricity and natural gas just as you would shop for other goods and services.

It is important to learn all you can about natural gas and electricity contracts before you sign to make sure you get the best value for your energy dollars.

Compare prices being offered by different marketers, including your own utility company. Remember, you can choose to stay with your existing supplier.

Like purchasing any other product, energy marketers may phone you, knock on your door or send you information about the products they sell. Regardless of how you are approached, you don't have to decide immediately. The salesperson must give you time to read any documents, must not pressure you to sign a contract and must accept that you may not make a decision on the spot.

When comparing options, be aware that some costs associated with buying energy are not included in a contract, e.g., delivery costs. Delivery costs will be the same whether you buy energy from a marketer or your current utility.

If you need more information before making a decision, ask the marketer to explain what your costs will be based on your past energy consumption.

## Internet contracts

Some electricity and natural gas marketers sell contracts on their websites. Before you purchase an Internet contract, you must be able to view and obtain a copy of the contract. The contract information must be prominently displayed on the marketer's website; it must be clear and understandable; you must be able to correct errors immediately before you enter into the contract; you must be given the opportunity to accept or decline the contract; and you must be able to retain and print the completed contract.

## Telephone contracts

Energy marketers may sell or renew an energy contract over the telephone. To ensure there are no misunderstandings, the law requires marketers to digitally record telephone contract calls, and to keep

the recording for the life of the contract. It is the marketer's responsibility to tell you that your call is being recorded and you must give your consent. If you do not consent, the marketer is not allowed to sell you a contract over the telephone. The marketer is required to tell you the price you will pay for energy and to inform you of the contract terms and conditions. To agree to the terms and conditions and energy price, you will be asked to give your voice consent to the telephone contract. After your telephone contract is completed, the marketer will send a written copy to you. Telephone contracts have different cancellation provisions than other types of energy contracts. You can cancel a telephone marketing contract without cost or penalty up to 60 days after the first billing statement. Check the Cancellation Information section of this tipsheet for more details.

## CODE OF CONDUCT

Energy marketers and their sales staff must abide by a strict code of conduct in their dealings with consumers.

Energy marketers and their sales staff must:

- Tell you who they are
- Tell you that they are selling energy contracts
- Show you their identification card if you ask to see it
- Make timely, accurate and truthful comparisons
- Use reliable data to support claims
- Allow you to cancel your marketing contract if you move out of Alberta or to a location where the *Electricity Utilities Act* or the *Gas Utilities Act* does not apply
- Allow you to cancel your marketing contract if you receive gas distribution services from a utility not regulated by the *Gas Utilities Act*
- Tell you the circumstances under which your personal information can be disclosed to a third party

Marketers must not:

- Abuse your trust or take advantage of your lack of experience or knowledge
- Exert undue pressure
- Lie to you or mislead you
- Promise things that are not contained in the contract
- Induce you to breach a contract with another marketer
- Be intrusive or contact you between the hours of 9 p.m. and 8 a.m. for the purpose of soliciting a marketing contract'
- Show prices in a way that is misleading
- Represent savings or price benefits that do not exist
- Use print that makes it difficult to read your contract
- Switch your energy supply without your written consent

### CONTRACT REQUIREMENTS

The *Energy Marketing Regulation* establishes a number of requirements that must be met in energy contracts, including:

- The name, address and phone number of the marketer and consumer
- The marketer's e-mail address on Internet contracts
- The marketer's fax number, if available
- A specific date on which the supply of energy will begin
- The expiry date of the contract
- All charges associated with the contract
- Information about any provisions that will allow for automatic renewal of the marketing contract
- A statement about your cancellation rights
- A disclosure statement that acknowledges that you have read and understood the contract information (does not apply to contracts that can be cancelled on 30 days notice)

Plain language marketing contracts approved by the Government of Alberta must include an information package that contains standardized information about the terms and conditions and other information about energy marketing contracts.

Contracts that allow the consumer to cancel without penalty by giving the marketer one month's notice are not required to include:

- An expiry date
- A disclosure statement

### CANCELLATION INFORMATION

You can cancel an energy contract without cost or penalty within 10 days from when a marketer gets a signed copy.

If a marketing contract currently exists for the same property, you can cancel the new contract without cost or penalty. However, this cancellation right does not apply if the existing contract is to expire before services under the new one are to begin.

Telephone contracts have different cancellation provisions than other types of energy contracts. You can cancel a telephone marketing contract without cost or penalty up to 60 days after the first billing statement.

You may have up to one year to cancel a door-to-door, **Internet** or telephone contract from the date it was entered into if:

- The contract does not identify a specific date on which the supply of energy or services will begin
- You did not receive energy or services within 30 days of the start date stated in the contract
- The marketer was not licensed at the time the marketing contract was entered into

## RENEWING AN ENERGY CONTRACT

A marketer must get written or electronic consent from you to be able to renew an energy contract within six months before the start date of the renewed marketing contract.

Your renewed energy contract must include:

- The expiry date of the renewed contract
- The energy charges under the renewed contract
- Any changes to the terms and conditions of the original contract
- A statement that indicates the original terms and conditions will continue to apply unless any terms and conditions are changed

**If you agreed to an automatic renewal in your original contract, the marketer is required to send a renewal notice to you at least 30 days but not more than six months before the date the original contract will expire.**

## Automatic renewal of an energy contract

Some marketing contracts may include a provision that allows for automatic renewal of the original contract.

If you agreed to this provision in your original contract, the marketer is required to send a renewal notice to you at least 30 days but not more than six months before the date the original contract will expire.

You can expressly agree to accept the notice of renewal, but will have 10 days to cancel the marketing contract.

If you do not expressly accept or reject the renewal offer, the marketer will automatically renew the contract for one year at the price stated in the renewal notice.

The first bill you receive after the contract has been renewed must clearly and prominently state that the marketing contract has been renewed and state the price you will be charged for your supply of energy.

You have 30 days after receiving this first bill to cancel the renewed marketing contract without cost or penalty.

