

Electricity Marketing: What Consumers Should Know

Fair Trading Act

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

This tipsheet outlines the rules that electricity marketers must follow, under the *Fair Trading Act* and the Electricity Marketing Regulation. It tells consumers what their rights and responsibilities are when dealing with an electricity marketer.

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Note: an electricity marketer is an independent electricity marketing company whose rates are not regulated by any provincial or municipal government or agency. These companies are not affiliated with the Government of Alberta. Any rebates or special offers made to encourage you to sign a contract are not part of any government program.

Who is affected by the regulation?

The regulation defines a consumer as a person who enters into a marketing contract to

purchase less than 250,000 kWh of electricity in a year. This would include households and small industrial and commercial businesses like office buildings, stand-alone restaurants and small shopping centers. The average household uses 650 kWh of electricity a month.

City of Medicine Hat

If you live in the City of Medicine Hat, you do not have the option of buying electricity from a marketer. The City will continue to provide and deliver your electricity.

If a marketer, other than a representative from the City of Medicine Hat contacts you, call Alberta Government Services.

Rural Electrification Association (REA)

If you are a member of an REA, you are able to choose an electricity supplier that has been approved to operate in your area. Your REA may establish a separate retail affiliate to sell electricity and electricity services. REAs will continue to deliver electricity using their wires or they may also choose to contract delivery to others. Your REA will also provide a regulated rate. (see page 2)

Tenants

If you are a tenant and pay the utility company directly for electricity, you can choose to purchase your electricity from a marketer. Make sure you read the contract carefully. It will tell you when and under what conditions you can cancel the contract. Find out what happens if you move to premises where electricity is included in the rent.



What's happening and when?

The way consumers buy electricity has changed. Independent electricity marketers now compete in the marketplace to provide electrical services to Alberta consumers*. (*See *City of Medicine Hat* on page 1.) These marketers are regulated under the *Fair Trading Act* and the *Electricity Marketing Regulation*. They must be licensed and post financial security. They must also follow a code of conduct and provide consumers with specific information in the contract. If you do not wish to sign a contract with a marketer at this time, you will continue to receive electricity from your existing supplier at a regulated rate.

What is the regulated rate?

If you haven't signed a marketing contract you are currently receiving electricity from the regulated rate provider in your area. You can continue to purchase your electricity at a regulated rate. However, you can leave your regulated rate provider at anytime but you may have to give notice and/or pay your utility an exit fee.

Because each regulated rate provider is permitted to take a different approach in developing and delivering its regulated rate, the regulated rate may vary depending on the area in which you live. However all regulated rates require approval from the appropriate regulatory authority. This could be the Alberta Energy and Utilities Board (EUB), a city council or a Rural Electrification Association (REA) board of directors.

Electricity marketers cannot offer you the regulated rate. They purchase electricity on the open market so the price they offer will vary depending on the market conditions at the time and the length of your contract.

To give consumers an opportunity to become familiar with the changing marketplace and to explore the options offered by marketers a transition period was set up.

This transition period has changed. All:

- residential consumers;
- farm consumers; and
- small business's and industrial consumers

can continue to use the regulated rate until July 1, 2006.

When a marketer contacts you

When first contacting you salespeople must:

- tell you who they are;
- identify that they are selling electricity; and
- show you their identification upon request.

Get the company's name. Check with Alberta Government Services to find out if the company is licensed as an electricity marketer. Call Edmonton 427-4088, toll free in Alberta 1-877-427-4088 or check the Alberta Government Services' Web site at www.gov.ab.ca/gs under "Search for a Licensed Business".

Read the contract and advertising material carefully. Make sure you understand what you are buying and how much it will cost. Salespeople must not mislead you or misrepresent the facts.

Salespeople cannot collect any money from residential consumers until after they have received electricity under the contract.

A salesperson may not disclose any information about you to a third party without your written or electronic consent.

Comparing prices

Take the time to compare prices of electricity and other services offered by each company.

If you need more information before making a decision, ask the marketer to explain what the cost of electricity and electricity services will be, based on your past consumption of electricity.

Remember, you don't have to decide immediately. The marketer must give you time to read the documents, must not pressure you to sign, and must accept that you aren't going to make a decision right away. You can stay with your existing supplier and pay for electricity at the regulated rate until you decide.

Code of Conduct

Electricity marketers must abide by a code of conduct. The key components of the code are that marketers must:

- identify themselves to you and show their identification card when requested;
- make timely, accurate and truthful comparisons;
- ensure all advertising materials reflect actual conditions;
- ensure data used to support a claim is reliable; and
- allow you to cancel the contract if you move out of Alberta or to a location in Alberta where the *Electrical Utilities Act* doesn't apply, such as the City of Medicine Hat. (see page 1)

Marketers must not:

- abuse your trust or take advantage of your lack of experience;
- exert undue pressure;
- lie to or mislead you;
- promise things not contained in the contract;
- counsel you to breach a contract with another marketer;
- be intrusive or contact you between 9 p.m. and 8 a.m.;
- say something is less expensive when it is not or when it can't be proven;
- show prices in a way that is misleading;
- use print that makes a contract difficult to read; or
- switch your electricity supply without your written agreement.

Contract requirements

All electricity marketing contracts must include:

- the name, address, and phone number of the marketer and consumer;
- the marketer's fax number and e-mail address if available;
- a specific or ascertainable date on which the supply of electricity and/or electricity service begins;
- the expiry date of the contract;
- all charges associated with the contract;
- information that says you can inspect any marketing contracts you have entered into with the marketer;
- information on the renewal of a contract that says it is only effective if you agree to the renewal in writing within 6 months of the renewal date; and
- a disclosure statement (see page 4).

Contracts must be in writing and marketers must give you a copy of your signed contract and disclosure statement. A marketer is bound by the terms of the contract when you sign it. However you may not amend the terms of the contract before signing it without the consent of the marketer.

You may cancel any electricity contract without cost or penalty within 10 days after you have been provided with a copy of your signed contract.

A contract cannot be longer than a term of five years.

Disclosure statement

Before you sign a contract you must acknowledge that you have read and understood the information contained in the disclosure statement. To do this you must date and sign the disclosure statement contained in the contract.

If you do not understand any parts of the document ask for clarification. If the disclosure statement hasn't been completed correctly by the marketer and signed by you, the contract is invalid.

The disclosure statement identifies:

- when you can cancel the contract and under what conditions;
- what happens to the contract when you move to another location in Alberta;
- a caution about pricing.

Cancellation Information

You may cancel your electricity contract without cost or penalty within 10 days after receiving your signed copy. The contract must include a statement about your cancellation rights.

If a marketing contract presently exists for the same property you may cancel the new contract without cost or penalty.

The disclosure statement in the contract will identify when and under what conditions you may cancel your contract. However, if you move out of Alberta or to a location in Alberta where the *Electrical Utilities Act* doesn't apply (for example, the City of Medicine Hat), you must be allowed to cancel the contract but there may a penalty charged.

Under certain conditions you may have up to one year to cancel the contract from the date it was entered into if:

- the contract does not identify a specific or ascertainable date on which the supply of electricity or services will begin;
- you did not receive electricity or electrical services within 30 days of the date referred to above.

If the marketer came to your home and the contract was signed in your home you may have up to one year to cancel from the date it was signed if:

- the marketer was not licensed; or
- the contract did not contain all the required information found in Section 35 of the *Fair Trading Act*.

For more information

For information about the Electricity Marketing Regulation or if you have concerns about salespersons' activities, call the Alberta Government Services Consumer Information Centre

Edmonton: (780) 427-4088

toll free in Alberta: 1-877-427-4088.

The Electricity Marketing Regulation is available on the Alberta Government Services' Web site at www.gov.ab.ca/gs

For more information about electricity check the Customer Choice Web site at www.customerchoice.gov.ab.ca or the Department of Energy site at <http://www.energy.gov.ab.ca>.

A current version of this tipsheet and other tipsheets are available at the Alberta Government Services' Web site at www.gov.ab.ca/gs.

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