

Consumer Tips

# Electricity/ Natural Gas Contracts

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Consumer Protection Act

Service Alberta, Government of Alberta  
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Electricity and Natural Gas Contracts

This publication is intended to provide general information only and is not a substitute for legal advice.  
For more information regarding this content visit: <https://www.alberta.ca/consumer-protection.aspx> or phone 1-877-427-4088

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## Preamble

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 publication outlines the rules that electricity and natural gas marketers must follow under the *Consumer Protection Act* and the Energy Marketing and Residential Heat Sub-metering 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 Utilities Commission, 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 and Residential Heat Sub-metering 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 centers. 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 and Residential Heat Sub-metering 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.

Effective January 1, 2017, the Government of Alberta banned door-to-door sales of furnaces and related products and services including water heaters, air conditioners, windows, energy contracts and energy audits.

## 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 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.

## Security deposits

**18.1(1)** A marketer may collect a security deposit from a consumer at the time the consumer enters into a marketing contract

- (a) if the consumer has no credit history,
- (b) if, in the opinion of the marketer, the consumer has a poor credit rating, or
- (c) if the consumer's previous supply of electricity or gas was cancelled for non-payment.

Marketers may collect a maximum security deposit of 30 per cent of the consumer's yearly electricity bill and a maximum of 30 per cent of the consumer's yearly natural gas bill as estimated by the marketer.

Marketers are prohibited from collecting cash deposits. Marketers must fully refund deposits to consumers who cancel the contract during the regulated 10-day cooling off period for contracts over the Internet, and within 60 days after the consumer received first billing for consumers who sign up over the phone.

## Deposit return

Where a consumer has made all the required payments under the contract for one year, the marketer must refund the entire security deposit to the consumer within 15 days from the date the last payment for that year was made.

## Contracts

### 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.

**It is an offence to charge a tenant for heat using readings from an uncertified heat sub-meter.**

### 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 publication for more details.

### Contract requirements

The Energy Marketing and Residential Heat Sub-metering 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 and 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 an 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

### 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 only 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.**

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

## Heat sub-metering

The Government of Alberta introduced new rules for residential heat sub-meters on November 18, 2009 as part of the *Consumer Protection Act*. These rules apply to businesses, including landlords, who supply residential heat sub-meters. The rules require landlords to only use certified heat sub-meters and to disclose meter readings and billing details to their tenants.

A heat sub-meter is a device that measures the units of energy to a rental unit for the purpose of heating. It does not include a master meter for the whole building.

The Energy Marketing and Residential Heat Sub-metering Regulation does not allow anyone to charge a tenant for heat based on readings taken from a heat sub-meter unless the heat sub-meter is approved for use under Canada's *Weights and Measures Act*. It is an offence to charge a tenant for heat using readings from an uncertified heat sub-meter.

- If anyone uses a sub-meter that is approved under Canada's *Weights and Measures Act* there are rules that must be followed. They must disclose in writing to the tenant:
- sub-meter readings
- amount being charged from the sub-meter reading
- amount being charged for administrative or other fees
- the method used to calculate an amount from the reading, and calculate administrative or other fees.

## 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.

## For more information

For additional information about the *Consumer Protection Act* and Energy Marketing and Residential Heat Sub-metering Regulation or if you have concerns about a salesperson's activities, call:

### **Consumer Contact Centre**

Edmonton: 780-427-4088 Toll-free in Alberta: 1-877-427-4088 - [www.alberta.ca](http://www.alberta.ca)

### **Queen's Printer Bookstore**

You may purchase Acts and regulations from the Queen's Printer Bookstore. 10611 - 98 Avenue, Edmonton, Alberta T5K 2P7 Edmonton: 780-427-4952 Toll-free in Alberta: Dial 310-0000 then 780-427-4952

These are also free for you to download in the "pdf" or "html" formats at [www.qp.alberta.ca](http://www.qp.alberta.ca)

The publication "Sub-meters for Rental Units" has additional information about sub-metering": <https://www.alberta.ca/consumer-protection.aspx>.

### **For more information about electricity and natural gas**

#### **Department of Energy**

Edmonton 780-427-0265 Toll-free in Alberta dial 310-0000 first [www.energy.gov.ab.ca](http://www.energy.gov.ab.ca)

For more information about your rights and responsibilities as an energy consumer

#### **Alberta Utilities Commission (AUC)**

AUC regulates investor-owned electric, gas and water utilities, and some municipally owned electric utilities, ensuring safe, affordable and reliable utility service. Edmonton 780-427-4901 [www.auc.ab.ca/Pages/Default.aspx](http://www.auc.ab.ca/Pages/Default.aspx)

#### **Office of the Utilities Consumer Advocate**

UCA provides information, advice, and represents consumer interests in Alberta's electricity and gas markets. Toll-free in Alberta: 310-4UCA (310-4822) [www.ucahelps.alberta.ca](http://www.ucahelps.alberta.ca)