

# CUSTOMER CHOICE

## Backgrounder

In 2002, the BC provincial government laid the groundwork for increased consumer choice in its 2002 Energy Policy with a statement about its desire to provide more choice for small volume natural gas consumers. Small volume consumers include residential and commercial users. Around the same time, research conducted by Terasen Gas revealed that customers want help to manage their gas costs with options that included long-term, fixed-rate contracts.

In 2004, a portion of BC's natural gas market was opened to competition, allowing commercial customers to purchase gas from companies other than Terasen Gas. In 2006, the BC Utilities Commission took the final step to greater customer choice by allowing residential customers to purchase natural gas from companies other than Terasen Gas. Residential customers will be able to sign contracts with gas marketers starting on May 1. Natural gas signed under these contracts will start to be delivered to customers' homes beginning November 1, 2007. Residential and commercial customers are not obliged to buy their natural gas from gas marketers and retain the right to continue to buy their natural gas from Terasen Gas.

### **Ask a gas marketer the following questions before you sign a long-term supply contract:**

Gas marketers are independent companies that sell natural gas directly to other businesses. They make money by selling natural gas under different pricing terms and conditions related to pricing. They use a variety of buying strategies to source their gas at the most advantageous price then sell the gas using different pricing arrangements that allow them to earn a profit.

#### ***Cover the basics:***

- What is the marketer's price in Canadian dollars per gigajoule of gas?
- How long is the term of the contract?
- Is the price per gigajoule of gas fixed over the entire term of a contract or can it vary?
- What is the marketer's track record supplying natural gas?
- What will happen to my gas supply contract if I move?

#### ***Understand the terms of the contract:***

- What is the start and end date of this contract?
- What are the contract's renewal provisions?
- Who do I call if I want to cancel this contract?
- If I change my mind, how long do I have to cancel this contract without penalty?
- Does this contract end at the expiration date, or will it rollover into another one or multi-year term if you receive no further direction from me?
- What are the penalties for early termination?
- What are the benefits of signing a fixed-term contract?

#### ***Clarify what you're committing to:***

- Does signing this contract commit me to receive other utility services, such as electricity, telecom or cable?
- What are the financial obligations I'm committing to when I sign this contract?
- What are the additional charges that could potentially arise from signing this contract?
- What happens to my gas supply if your business fails?