



**Diane Roy**  
Director, Regulatory Affairs

16705 Fraser Highway  
Surrey, B.C. V4N 0E8  
Tel: (604) 576-7349  
Cell: (604) 908-2790  
Fax: (604) 576-7074  
Email: [diane.roy@terasengas.com](mailto:diane.roy@terasengas.com)  
[www.terasengas.com](http://www.terasengas.com)

November 23, 2010

Regulatory Affairs Correspondence  
Email: [regulatory.affairs@terasengas.com](mailto:regulatory.affairs@terasengas.com)

British Columbia Utilities Commission  
6<sup>th</sup> Floor, 900 Howe Street  
Vancouver, BC  
V6Z 2N3

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

**Re: Terasen Gas Inc. ("TGI", "Terasen Gas" or the "Company")**

---

**Customer Choice Program – 2010 Program Summary and Recommendations**

---

On April 13, 2006, Terasen Gas filed with the British Columbia Utilities Commission (the "Commission" or "BCUC"), an Application for a Certificate of Convenience and Necessity ("CPCN") for the Residential Unbundling ("Customer Choice") Program (the "Program"). In the Application, Terasen Gas recommended completing regular post implementation reviews to assess the effectiveness of the implemented solution. This Report is part of that ongoing process. On October 16, 2009, Terasen Gas filed with the Commission the Customer Choice – 2009 Program Summary and Recommendation, in which Terasen Gas noted it expects annual reviews to continue in the future, designed to address stakeholder concerns and to identify and discuss potential improvements to the Program. This Report focuses on technical and system issues regarding consumer protection. The overarching business rules, as defined by the Essential Services Model ("ESM"), remain the cornerstone of the Program and should not be compromised.

On September 8, 2010, the Customer Choice Annual General Meeting ("AGM") was held to discuss the concerns and suggestions of interested parties to move the Program forward. At the AGM, Terasen Gas reviewed the system enhancements implemented since the fall of 2009, as well as recent and planned Program communication activities. Commission staff requested that Terasen Gas file this 2010 Program Summary and Recommendations Application (the "Application") in order to provide a summary of these items, and recommend any necessary changes to the Program, as we have done in the past.

With this Application, Terasen Gas identifies several recommendations that the Company believes will improve the Program. Specifically, Terasen Gas has identified a number of opportunities to improve consumer protection. It is important that customer confidence in the product offering is re-established to ensure the Program's long-term viability. The falling rates of customer participation are summarized in Section 3, the Annual Program Summary of the Application. Terasen Gas believes consumer protection activities must be reinforced and adhered to in order to mitigate further erosion of consumer confidence. Thus, Terasen Gas recommends extending several of the existing Residential Unbundling program rules to commercial customers.

When the Commercial Unbundling rules were developed in 2003 and implemented in 2004, it was assumed that business customers were more sophisticated energy buyers than residential consumers. It was also assumed that because of this greater sophistication, any dispute faced by a commercial customer would be resolved by turning to the courts. When the Program was made available to residential customers in 2007, new consumer protection measures were adopted to safeguard residential customers, who were considered less sophisticated than commercial customers. New protection measures included confirmation letters, an extended cancellation period, and an independent dispute resolution process. After the introduction of the Program to residential customers, consumer protection was further enhanced to address a considerable number of complaints by residential customers about Gas Marketer selling tactics. A key improvement made in 2007 was the requirement to complete Third Party Verification Calls ("TPV").

It is now evident that commercial customers would also benefit from these same consumer protection mechanisms. Some Gas Marketer sales representatives selling to commercial customers fail to communicate contract terms and conditions adequately, or submit duplicate contracts. Additionally, anecdotal evidence suggests that some Gas Marketer sales representatives enter fraudulent enrolment requests to Terasen Gas. In an effort to dissuade these practices, make the Program easier to manage, and to improve the understanding of the business rules for all Program participants, Terasen Gas believes the recommendations to extend certain protection activities to all customers are practical and sensible changes.

If there are any questions regarding the content of this letter or Customer Choice Program Summary and Recommendations Application, please contact Scott Webb at 604-592-7649.

Yours very truly,

TERASEN GAS INC.

***Original signed by Shawn Hill:***

***For: Diane Roy***

Attachments

cc: (email only): BCOAPO  
Licensed Gas Marketers,



# Customer Choice 2010 Program Summary and Recommendations

November 23, 2010

Application pertaining to the Customer Choice Program's Annual General Meeting held on September 8, 2010.

## Table of Contents

<b>1. Purpose .....</b>	<b>1</b>
<b>2. Executive Summary.....</b>	<b>2</b>
2.1. Customer Choice in BC .....	4
2.2. Customer Choice Information Systems .....	6
2.3. Conclusion.....	8
<b>3. Annual Program Summary .....</b>	<b>9</b>
3.1. Customer Enrolment Activity .....	9
3.2. Disputes.....	12
3.3. System Performance .....	14
3.4. Reporting .....	20
<b>4. Consumer Protection .....</b>	<b>25</b>
4.1. Confirmation Letter .....	26
4.2. TPV Calls.....	26
4.3. Cancellation Period .....	26
4.4. 3.4 Independent Dispute Process .....	27
4.5. Summary .....	28
<b>5. 2010 AGM – Summary of Issues and Recommendations .....</b>	<b>30</b>
<b>6. Next Steps .....</b>	<b>35</b>

## **List of Appendices**

Appendix A: 2010 Annual General Meeting – Issues and Recommendations

Appendix B: Background and Regulatory History

Appendix C: 2010 Customer Education Content

Appendix D: Marketer Supply Requirement (“MSR”) Calculation

Appendix E: Annual General Meeting, Minutes – September 8, 2010

Appendix F: 2010 Customer Choice Market Research

Appendix G: 2010 Annual General Meeting

Appendix H: Five Year Contracting Rule

Appendix I: Essential Services Model

Appendix J: Evergreen Research Results

## 1. Purpose

This Application is part of an ongoing process to monitor and evaluate the Customer Choice Program offered by Terasen Gas. It summarizes Program activity since the last Customer Choice Application submitted on October 16, 2009, and makes suggestions designed to address stakeholder concerns and improve the Program for the benefit of customers. Through this process, Terasen Gas remains committed to continuing to improve the Customer Choice Program, so that it remains attractive to customers who prefer a fixed-price commodity alternative.

This Application contains the following sections that summarize our evaluation of the operation of the Program over the past year and present our recommendations:

1. **Executive Summary**
2. **Annual Program Summary** – This section describes enrolment and dispute activity since the residential Program began in 2007. It also looks at the information systems supporting the Program, including a status update related to the system enhancements approved in 2009.
3. **Consumer Protection** – This section reviews the development and implementation of consumer protection activities since the launch of the Commercial Unbundling Program in 2004. Outlines the primary reasons why several safeguards in place for residential customers should be employed to help protect commercial consumers.
4. **2010 Annual General Meeting – Summary of Issues and Recommendations** – Stakeholder views regarding the issues discussed at the 2010 Annual General Meeting are summarized and Terasen Gas recommendations are highlighted. Additionally, more detailed information is presented in Appendix A.
5. **Next Steps** – This section summarizes Terasen Gas's recommended Program changes and outlines the suggested regulatory process for this Application.
6. **Appendices**
  - Appendix A: 2010 Annual General Meeting – Issues and Recommendations
  - Appendix B: Background and Regulatory History
  - Appendix C: 2010 Customer Education Content
  - Appendix D: Marketer Supply Requirement (MSR) Calculation
  - Appendix E: Annual General Meeting, Minutes – September 8, 2010
  - Appendix F: 2010 Customer Choice Market Research
  - Appendix G: 2010 Annual General Meeting
  - Appendix H: Five Year Contracting rule
  - Appendix I: Essential Services Model
  - Appendix J Evergreen Research

## 2. Executive Summary

Terasen Gas believes that the Customer Choice Program is important because it facilitates the delivery of a fixed-rate commodity offering to natural gas customers. The Essential Services Model ("ESM") that underpins the Program continues to work as expected, as do the Program's supporting information systems.

Terasen Gas is concerned about declining enrolments. Anecdotal evidence suggests that one factor that may have contributed to this market decline is some Gas Marketer sales practices. Another factor is the price disparity between the fixed rates the Gas Marketers are offering and the Terasen Gas variable rate. Consumers are experiencing buyer's remorse mid-way through their contracts and employ the dispute process to cancel their contracts early.

This Application highlights several consumer protection improvements that should be made to mitigate the erosion of consumer confidence in the product. These recommendations build on the mechanisms already in place.

Terasen Gas believes that existing and proposed consumer protection activities should be strictly adhered to by Gas Marketers and enforced by the BCUC. Other recommendations include addressing a decreasing consumer awareness of the Customer Choice Program name, and minor adjustments to the dispute process.

In the April 13, 2006 CPCN Application, Terasen Gas recommended that post implementation reviews of the Residential Unbundling Program be undertaken to assess the effectiveness of the implemented solution. This report is part of that process, and incorporates a review of enhancements identified by Gas Marketers, the British Columbia Public Interest Advocacy Centre on behalf of the British Columbia Old Age Pensioners Organization et al ("BCOAPO"), Commission staff and Terasen Gas.

On October 16, 2009, Terasen Gas filed a Customer Choice Post Implementation Review Report, and Application for Program Enhancements. The report affirmed the role and effectiveness of the ESM in the delivery of the unbundled gas commodity product to BC consumers.

Consistent with last year's Application, this report summarizes sales and dispute activity, discusses notable information systems issues, and recommends changes that enhance the overall Commodity Unbundling Program for all stakeholders<sup>1</sup>. In Commission Order No. A-3-10, dated February 22, 2010, the BCUC approved the Program and system related changes. All approved system and Program changes approved in the Order have been implemented.

On September 8, 2010, the Customer Choice Annual General meeting was held to discuss the concerns and suggestions of interested stakeholders. These stakeholders included BCUC staff, the BCOAPO, and representatives from many of the Gas Marketers that participate in the Program. Included in the discussion was a review of both the 2010 communication activities and those planned for 2011, as well as a discussion of the information system enhancements that have taken place since 2009. Commission staff requested that Terasen Gas file this Application in order to summarize these items and recommend any necessary changes to the Program or supporting processes.

---

<sup>1</sup> Stakeholders to include the Gas Marketers, BCUC Staff, BCOAPO, and Terasen Gas.

During the Annual General Meeting Terasen Gas provided an update describing outstanding system enhancements that are scheduled for implementation; informed stakeholders of restrictions in place because of the implementation of the new Customer Information System ("CIS") project; and identified recommendations for system and Program enhancements to be implemented in 2011.

### **Approvals Sought and Regulatory Review Process**

Terasen Gas requests approval to implement the following recommendations:

- Adopting several of the existing residential consumer protection practices for commercial customers. The estimated system costs are \$16,000. See Appendix A, Section 2.1 for details.
- New reports: Expenditure of approximately \$15,000 to implement two new premise detail reports and make improvements to the Marketer Supply Requirement. See Appendix D for details.
- Elimination of the Evergreen transaction code. The anticipated system impact costs are estimated to be \$10,000. See Appendix A, Section 2.3.1 for details.
- Gateway for Energy Marketers ("GEM") changes: Dispute ruling page changes. Expenditure of \$5,500 to adjust page so that it includes effective dating for reimbursements; adds a field to capture additional evidence from the customer; and introduces new functionality to block enrolments dated greater than 10 years in the future. See Appendix A, Section 3.1 for details.
- The Customer Education Funding for 2011 is \$300,000. Terasen Gas has proposed changes to meet this reduction to budget from 2010 levels. Terasen Gas will continue to publish price comparison ads eight times per year. Proposed changes include eliminating the newspaper wrap and display ads, and allocating all savings to radio. This change will help re-establish awareness of the "Customer Choice" name, which has deteriorated since 2008, when radio and TV were abandoned as media channels.
- Terasen Gas requests a ruling by the Commission on the business practice of setting up \$0 Marketer Groups. These unusual enrolment requests serve to secure the customer in a five-year contract to prevent another marketer from enrolling the customer. The Gas Marketers then re-negotiate the \$0 Consumer Agreement with the customer prior to subsequent anniversary dates. See Appendix A, Section 3.2 for details.

Terasen Gas is of the view that a written regulatory process is appropriate to review the recommended changes described in this Application. In addition, the timetable to reach a conclusion should be established by the Commission.

Terasen Gas is seeking approval to implement the items listed above. These changes will improve consumer protection by building on existing safeguards that further mitigate the possible use of sales tactics that contravene the Gas Marketer Code of Conduct; enhancing dispute processes to allow customers the opportunity to respond to Gas Marketer evidence; and by increasing consumer awareness of the Customer Choice Program and name through education funding.



Terasen Gas is concerned with declining enrolment levels. Consumer Agreement cancellations are higher than expected and anecdotal evidence suggests many consumers are unhappy with Gas Marketer performance. The recommendations made in this Application will better safeguard residential and commercial customers from deceptive sales practices. However, Terasen Gas expects one of the factors that will determine the long-term market take-up of this Program is largely dependent upon each Gas Marketer's commitment to both the letter and spirit of the Code of Conduct. Continued breaches of the Code of Conduct undermine stakeholder efforts to ensure that the existing fixed-rate product remains attractive to BC consumers.

In general, the Customer Choice Program and the ESM that the Program is based on, are working as designed. The daily workings of the Program, generation of the Gas Marketer delivery requirements, gas scheduling, and payment processes are running smoothly with few issues.

### ***2.1. Customer Choice in BC***

Commercial Unbundling rolled out to Terasen Gas customers in 2004. The ESM underpinned the product's successful introduction remained largely unchanged when the Customer Choice Program was subsequently introduced to residential customers in May 2007. The model is designed to meet the unique demands of the BC marketplace. Moreover, all stakeholders, including Gas Marketers, understood that adherence to the model was necessary to expedite the introduction of the unbundled product to residential customers in 2007. Sales in the residential market have slowed down, while courtesy drops and anniversary drops continue. This has resulted in a 4.5% reduction from June 2009-June 2010 in the number of customers with fixed-rate contracts. Terasen Gas surmises that a primary factor is the dramatic change seen in the natural gas commodity marketplace, and Gas Marketers' focus on the sale of five-year rather than shorter term contracts.

For customers currently enrolled in fixed-rate contracts, the disparity between Terasen Gas' rate and their contracted fixed-rate may raise concern. As of June 2010, the average price consumers paid for their fixed-rate product was \$9.03 per Gigajoule. Comparably, the average price residential consumers have paid for the regulated variable rate is \$5.40 per Gigajoule. This price differential represents a 60% price variance between the average fixed-rate contract and Terasen Gas' variable rate.

Terasen Gas believes that this price disparity may often result in "buyer's remorse," especially for customers who believed that a fixed-rate contract would result in dollar savings, rather than price protection and stability. Under the circumstances, a customer may desire to terminate their Gas Marketer's Consumer Agreement. Terasen Gas surmises that this price disparity is the driving force behind the 4.5% drop in the number of customers being billed on fixed-rate contracts compared to 2009.

Supporting this contention is information gathered from a system change that took place in May 2009. The change allowed Terasen Gas to track disputes by type so it can now be determined whether disputes were uncontested or required adjudication. Results indicate that 58.3% of disputes are 'cancellations', or rather, disputes that were submitted but uncontested by Gas Marketers. Terasen Gas believes that many of these cancellation disputes are associated with customer dissatisfaction in the significant price disparity that typically exists in Consumer Agreements compared to the regulated variable rate.

To address the situation, Gas Marketers voiced interest at the Annual General Meeting for the introduction of new Program measures that would permit them to re-negotiate signed Consumer Agreements. Specifically, Gas Marketers requested the ability to change or break customer contracts, and reduce commodity charges outside of the anniversary date. Gas Marketers agreed to and understood the business rules surrounding the Unbundling Program in BC when it was developed in 2003 (Residential) and revisited in 2006 (Commercial). Implementing such a change would result in violation of the Essential Services Model, which requires a minimum 12-month fixed price for all contracts. Terasen Gas dealt with this issue extensively in the 2009 Customer Choice Program Summary and Recommendations Application. See Section 4.3 of that report for more information.

Terasen Gas is of the view that Gas Marketers have the ability within the ESM to address customer concerns regarding contract prices. Terasen Gas believes the most important way in which Gas Marketers can mitigate the need to renegotiate signed Consumer Agreements is to adhere consistently with the existing Code of Conduct. Sales representatives should refrain from positioning fixed-rate Consumer Agreements as assured ways of saving money on heating bills. Establishing this expectation in the consumer's mind can lead to discontent and frustration. Other tactics Gas Marketers can employ to address customer requests to cancel Consumer Agreements during the year include:

1. The use of rebate programs to allay customer concerns regarding the price gaps that might exist between their product and Terasen Gas' default offering. Gas Marketers may use their own systems and processes to compensate customers for what may be perceived as excessive price variances between fixed and variable rates.
2. The use of anniversary date drops to migrate customers into new, lower rates.
3. The Introduction and active selling of shorter one- to two-year contracts that better address the current market uncertainty and depressed natural gas prices.

At the 2010 Customer Choice Annual General Meeting, some Gas Marketers voiced their concerns about adding to their costs. Terasen Gas is in agreement with the BCOAPO in that some of these items represent costs of doing business. A review of the Unbundling deferral account indicates that the current charges are nearly covering the Program's operational costs, with the exception of education related expenses.

Commission staff remain concerned with continued high dispute levels, however they are encouraged by the drop in dispute levels by 38% in the first 6 months of 2010 compared to 2009. Terasen Gas believes that this positive trend may be attributed to the new TPV call script requirements implemented at the beginning of the year.

Commission staff desired greater 'price competition' between Gas Marketers, including more rates at different terms as well as lower rates. Commission staff suggested that rates that are more competitive would help decrease the number of customer disputes. In 2010, Terasen Gas started publishing the Gas Marketer rates in local newspapers as one way to stimulate competition. The price comparison ads have resulted in some Gas Marketers adopting rates that are more competitive. This was seen immediately after the introduction of the ads when one Gas Marketer introduced a one-year rate that was lower than the Terasen Gas variable rate. Other Gas Marketers followed suit and Terasen Gas has seen a noticeable reduction in Gas Marketer rates, especially in the one- and three-year rate categories.

It is important that customers understand the specifics of fixed-rate contract offers; their responsibilities with respect to formalizing an agreement; and their rights should they choose to cancel or dispute an agreement. The most important role in the Customer Choice education process is the Gas Marketer sales representative. This individual interacts directly with the customer. He or she has the most significant opportunity to explain the product offering to the consumer, even though his/her efforts are supported by a variety of educational materials, including the Standard Information Booklet, and advertising. Unfortunately, a sales representative who is determined to sell a contract at any cost can quickly circumvent the intent of this educational material.

The established Code of Conduct and consumer protection activities safeguard customers from deceptive sales practices. Adherence to the Code of Conduct ensures customers may confidently choose a valued, fixed-rate commodity product when the time is right for them. Eliminating undesirable sales practices help restore consumer confidence in the product and help ensure the Program's long-term success. When Gas Marketers fail to adhere to these safeguards, the Code of Conduct should be rigorously enforced and fines levied that are sufficient in magnitude to stop inappropriate behavior and stem further infractions. Terasen Gas does not believe that the answer to improving consumer protection is to change the systems or business rules. Business rules are already in place to protect the consumer, and they need to be respected.

## 2.2. Customer Choice Information Systems

The table below summarizes the Customer Choice system enhancements that were presented in the Customer Choice Post Implementation Review Report filed in July 2008 and approved by Commission Order No. G-140-08, dated September 25, 2008, and Commission Order No. G-181-08, dated December 12, 2008. The fourth and final release of system enhancements was completed in February 2010. The time stamping of transactions was removed from Release 4 and implemented separately in May 2010. This delay was due to complications that arose from sourcing the correct timestamp information. Extensive research and testing was required to determine where to source the time of enrolment from. The date information was readily available but it was more complicated to source the correct time of enrolment. It was decided to proceed with the Release 4 implementation in February 2010 and implement the timestamp enhancement later.

**Figure 1: System Enhancements – Completion Timeline**

Release No	Description Item as per July 2008 Application	Status	Timeline
1	2 - Display related disputes before a new dispute is created.	Completed	May 2009
1	3 - Move the "Other" field display associated with question two to the left of the page.	Completed	May 2009
1	5 - Add the full name of the filer logging a dispute for a customer to the "Filed By" field.	Completed	May 2009
1	6 - Display the cooling-off deadline (referred to as the "cancellation deadline") for each disputed enrolment.	Completed	May 2009
2	1 - Add ability to classify a new dispute by "Dispute Type."	Completed	May 2009
2	4 - Change the list of questions asked when logging a new dispute.	Completed	May 2009

Release No	Description Item as per July 2008 Application	Status	Timeline
2	7 - Add a field to the "File Ruling" page to allow the BCUC to enter a record number.	Completed	May 2009
2	8 - Add a "Reconsideration Request" button to the "View Ruling" page that automatically logs a reconsideration request when clicked.	Completed	May 2009
2	9 - Automatically "lock" documents uploaded to a dispute when the dispute is closed. PDF converter.	Completed	May 2009
2	Customer Choice Testing to Support Energy CIS Version Upgrade.	Completed	October 2008
2	SQLite Conversion.	Completed	May 2009
3	7.2.7.4 – View Details of Dispute Ruling - Allow Gas Marketers to view dispute ruling.	Completed	May 2009
3	7.2.7.8 – Multiple Disputes - Display related disputes.	Completed	May 2009
3	7.2.7.5 – Moving Between Disputes Pages - Set fields to remain populated with a customer's information when the "Back" button is used.	Completed	May 2009
3	7.2.7.6 – Delayed Viewing of Disputes - Add ability to view uploaded dispute documents immediately.	Completed	May 2009
3	7.2.7.7 – Improve Dispute Searches - Add options to specify and sort by dispute status and dispute type.	Completed	May 2009
3	7.2.5.1 – Voice Contracting - Conduct performance tests to determine impact of increased voice files on application performance.	Completed – No changes required to accommodate additional voice files (i.e., contract renewals only)	June 2009
3	7.2.7.18 (.19) – XML and Different File Formats - Add option to download reports as Excel and XML file formats by Gas Marketers.	Completed	February 2010
4	7.2.5.2 – 90-120 Day Rule & 7.2.5.8 – Validity of Contract Start Dates - Add validation to enforce the five-year contracting rule.	Completed	February 2010
4	7.2.5.3 – Courtesy ("Operational Correction") Drops - Add new operational correction drop code (Enrolment Database). Create new report to monitor use of the code	Completed	August 2009
4	7.2.5.7 – Confirmation Letters - Add Gas Marketer email address to the confirmation letter.	Completed	February 2010
4	7.2.7.2 – Receiving Files - Improve delivery of enrolment response files.	Completed	February 2010
4	7.2.7.21 – Time Stamping Transactions - Add a time stamp field to all enrolment responses.	Completed	May 2010

The funding of Release 1 and Release 2 enhancements was approved by Commission Order No. G-140-08 dated, September 25, 2008; and funding for Releases 3 and 4 enhancements were approved in Commission Order No. G-181-08, dated December 12, 2009. Some delays were experienced due to corporate infrastructure changes (firewall and Microsoft patches). As well, our system developer changed in summer 2009 and the new developer required time to understand the Customer Choice existing system architecture. These delays were summarized in detail in the Terasen Gas "Review of Actual versus Estimated Costs: Release 1 and Release 2 Customer Choice Program Enhancements," submitted to the BCUC on April 1, 2009.

The total costs for the Release 1-4 implementation were \$947,531, representing savings of 23% of the original cost estimate of \$1,226,800. Release 4 was implemented in February 2010 with the exception of the "Time Stamping Transactions (7.2.7.21)" as more analysis was required to determine the best place to extract the time stamp information from. As a result, the costs associated with implementing the time stamping transactions came out of the general maintenance budget. Changes were made to the requirements to accommodate voice contracting as it was determined that it would only be used for contract renewals, thus requiring no infrastructure changes at this time. Another factor that lowered the actual cost of the Release 4 implementation was that a lower cost solution was developed for the enhancement "Receiving Response Files (7.2.7.2)." The total cost for Release 4 came in at \$49,400 compared to the estimate of \$298,200.

### **2.3. Conclusion**

The information systems supporting the Customer Choice Program have remained reliable and stable since the residential unbundled product was introduced to consumers in 2007. Changes have been made since the Program went live in 2007, in order to provide better service to Gas Marketers, Commission staff, and ultimately to customers. The most significant system change requests arose in relation to the Customer Choice Post Implementation Review Report and Application for Program Enhancements and Additional Customer Education Funding, submitted to the BCUC on July 18, 2008. The necessary changes were implemented in four staged Releases (Release 1-4). Terasen Gas reports that these changes are now complete.

The ESM represents the foundation of both Commercial and Residential Unbundling programs. It has proven robust, enduring two Gas Marketer failures in 2008; and Program fees essentially cover off Program costs (excluding consumer education), despite reduced Consumer Agreement sales. The model recognizes the unique supply infrastructure inherent in BC.

For those residential customers who have signed Consumer Agreements, Terasen Gas suspects that the significant disparity between many fixed-rate contracts and the regulated variable rate have resulted in many unhappy consumers. For this or other reasons, many consumers continue to cancel their fixed-rate contract. Terasen Gas believes one factor that will determine the long-term success of the Program is largely dependent upon each Gas Marketer's commitment to the Code of Conduct and ethical selling practices. The sale of long-term contracts purported to save consumers money, yet feature significant price disparity compared to the variable rate, will erode consumer faith in the value of the fixed-rate commodity option. To counteract this situation, Terasen Gas recommends further changes to the consumer protection activities already adopted.

### 3. Annual Program Summary

This section describes enrolment and dispute activity since the residential Program began in 2007. It also looks in detail at the information systems that support the Program, including a status update related to system enhancements approved by Commission staff in 2008 and 2009.

#### 3.1. Customer Enrolment Activity

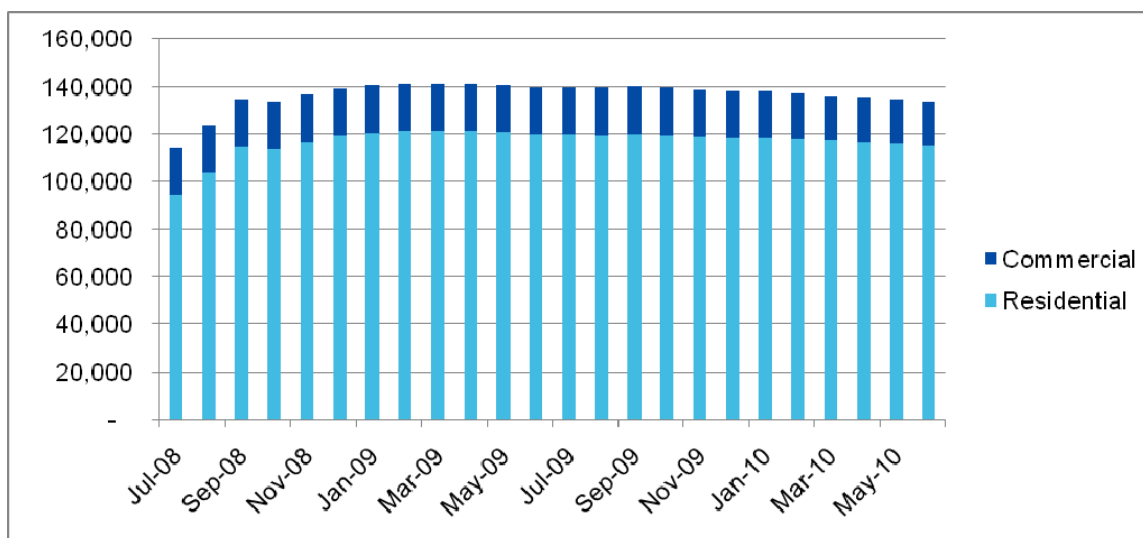
When the Customer Choice Program rolled out on May 1, 2007, Terasen Gas had 741,000 Rate Schedule 1 residential customers eligible for the Program. By the October 1, 2007 deadline for the November 1, 2007 entry date, approximately 85,000 customers had enrolled. Thirteen Gas Marketers were licensed to sell Consumer Agreements adding to the five existing commercial Gas Marketers. By June 30, 2009, approximately 124,000 residential and 24,000 commercial customers for a total of 148,000 were signed to fixed-rate contracts with 14 licensed Gas Marketers.

As of June 30, 2010, approximately 117,000 residential customers and 21,000 commercial customers for a total of 138,000 were enrolled on current and future-dated fixed-price contracts. This represents 16% of the total customer base of more than 830,000 eligible customers. In an important trend however, enrolments have decreased by 7% from the 2009 figures due to a variety of contributing factors, including contract expiries and less Gas Marketer sales activity. As discussed in Section 1.1 of this Application, the significant disparity (an average 69% price premium) between typical five-year Consumer Agreements and the regulated variable rate has likely influenced this trend. Consumers are not renewing fixed-rate offers and many customers are trying to cancel existing contracts. Discussions with several Gas Marketers suggest that short-term contracts provide insufficient margin to re-coup associated sales costs. Unless the Terasen Gas variable rate sees a dramatic increase, or gas futures contracts fall, the trend is expected to continue. The forecasted growth rates for the end of 2010 have been adjusted down to 129,000 from earlier forecast estimates of 151,200. This adjustment reflects the marketplace situation and negligible contract renewals.

As shown in Figure 2: Unbundled Customers by Month (Billed), billed unbundled customers are decreasing by an average of over 900 per month between January and June 2010. The drop in billed unbundled customers is attributed to a decrease in contract renewals, customer account closures and dispute cancellation drops.



**Figure 2: Unbundled Customers by Month (Billed)**



**Figure 3: Unbundled Customers by Month (Billed)**

Date	Residential	Commercial	Total
Jul-08	94,397	19,882	114,279
Aug-08	104,143	19,699	123,842
Sep-08	114,808	20,080	134,888
Oct-08	113,878	19,919	133,797
Nov-08	116,814	19,997	136,811
Dec-08	119,102	19,935	139,037
Jan-09	120,416	20,080	140,496
Feb-09	121,253	19,957	141,210
Mar-09	121,154	19,912	141,066
Apr-09	121,051	19,869	140,920
May-09	120,814	19,918	140,732
Jun-09	119,763	19,991	139,754
Jul-09	119,590	20,135	139,725
Aug-09	119,519	20,307	139,826
Sep-09	119,587	20,579	140,166
Oct-09	119,081	20,573	139,654
Nov-09	118,597	19,899	138,496
Dec-09	118,323	19,861	138,184
Jan-10	118,285	19,912	138,197
Feb-10	118,009	19,137	137,146
Mar-10	117,143	19,009	136,152
Apr-10	116,631	18,831	135,462
May-10	116,301	18,146	134,447
Jun-10	115,533	17,974	133,507

From the original 19 Gas Marketers in the Program, 13 are currently licensed to sell Consumer Agreements. Of the 19, 10 Gas Marketers are actively enrolling new customers. Seven Gas Marketers have left the Program since 2007 including Tahoe Energy, Intra Energy, CEG Energy Options, Planet Energy, Wholesale Energy, Nexen, and Universal Energy. In the past year, Nexen sold their customers to Access Gas, Direct Energy combined its commercial and residential businesses into Direct Energy Marketing Ltd and Just Energy finalized their purchase of Universal Energy. Bluestream Energy, Connect Energy, and Cascade Energy applied for licenses as new Gas Marketers in 2010. Bluestream Energy started marketing contracts in the fall of 2010 while Connect Energy plans to start enrolling commercial customers in the second quarter of 2011. Cascade Energy was just received their license approval November 1.

Figure 4 below displays a table listing the Gas Marketers, their status in the market and their sales focus.

**Figure 4: Gas Marketer Activity by Customer Segment**

	Gas Marketer	Status	Residential	Commercial
1	Access Gas Services Inc	Owns Nexen, Planet Energy contracts. Active	Yes	Yes
2	Active Renewable Marketing Ltd	Active	Yes	Yes
3	Bluestream Energy	New Marketer June 2010. Active	No	Yes
4	Cascade Energy	New Marketer Nov. 2010	Yes	Yes
5	CEG Energy Options	Purchased by Energy Savings BC in 2008		
6	Connect Energy	New Marketer October 2009	No	Yes
7	Direct Energy Marketing Ltd	Combined DEBS and DEML in April 2010. Active	Yes	Yes
8	Firefly Energy	Owned by AG Energy. Active	Yes	Yes
9	Intra Energy	Withdrew from Program in 2007		
10	Just Energy (formerly Energy Savings BC)	Changed name to Just Energy in 2009. Active	Yes	Yes
11	MXEnergy (Canada) Ltd	Not Active	Yes	Yes
12	Nexen Marketing	Sold customers to Access Gas and withdrew		
13	Planet Energy	Sold customers to Access Gas in April 2008 and withdrew		
14	Planet Energy (New)	Re-entered the market in February 2010	Yes	Yes
15	Premstar Energy – ECNG	Owned by Alta Gas.	No	Yes
16	Smart Energy (BC) Ltd	Active	Yes	Yes
17	Summitt Energy BC L.P.	Active	Yes	Yes
18	Superior Energy Management Gas L.P.	Active	Yes	Yes
19	Tahoe Energy	Withdrew from Program June 2007		
20	Universal Energy	Purchased by Just Energy effective July 1, 2009		
21	Wholesale Energy	Purchased by Universal Energy		
22	Wholesale Energy Group Ltd	Purchased by Universal Energy in 2008		



The Customer Choice Program is now in its third year. The number of customer enrolments increased throughout 2008 as Gas Marketers were actively selling contracts, but the activity leveled off in 2009. For the first half of 2010 the enrolment levels dropped each month as contracts expired and customers chose not to renew fixed-rate Consumer Agreements. The Terasen Gas commodity rate remained relatively low, which was likely a factor in motivating many consumers to return to the regulated variable rate.

On November 2, 2010, Terasen Gas conducted a focus group to investigate consumer perceptions regarding a variety of Customer Choice and commodity pricing issues. This report is available for review in Appendix J. Six customers were randomly selected, three of whom were currently enrolled in Customer Choice. This format allowed Terasen Gas to understand some of the issues faced by those people who signed Consumer Agreements, as well as those who did not. The research moderator summarized a key finding as follows:

All (participants) felt pressured into signing contracts by Gas Marketers, who used the fear of future price increases and aggressive sales pitches to get them to sign multi-year contracts. Only one attendee knew the term of their contract, and no one was aware of when or how the contract would be renewed.

Terasen Gas suggests that this sales approach is not sustainable. As customers learn what to expect, they will become progressively wary of signing a Consumer Agreement. Notable customer quotes from the focus group included the following:

*"I felt pressured by the Gas Marketers that came to the door, who said that Terasen Gas rates were going to double."*

*"All your neighbors have signed up. This will be the best rate for you moving forward... That led me to believe that they offered the best rates."*

*"I didn't get options for one or five years. They automatically signed me up for 5 years. They used scare tactics as to how much the prices were going to go up."*

*"They told me I'd save money in the long run."*

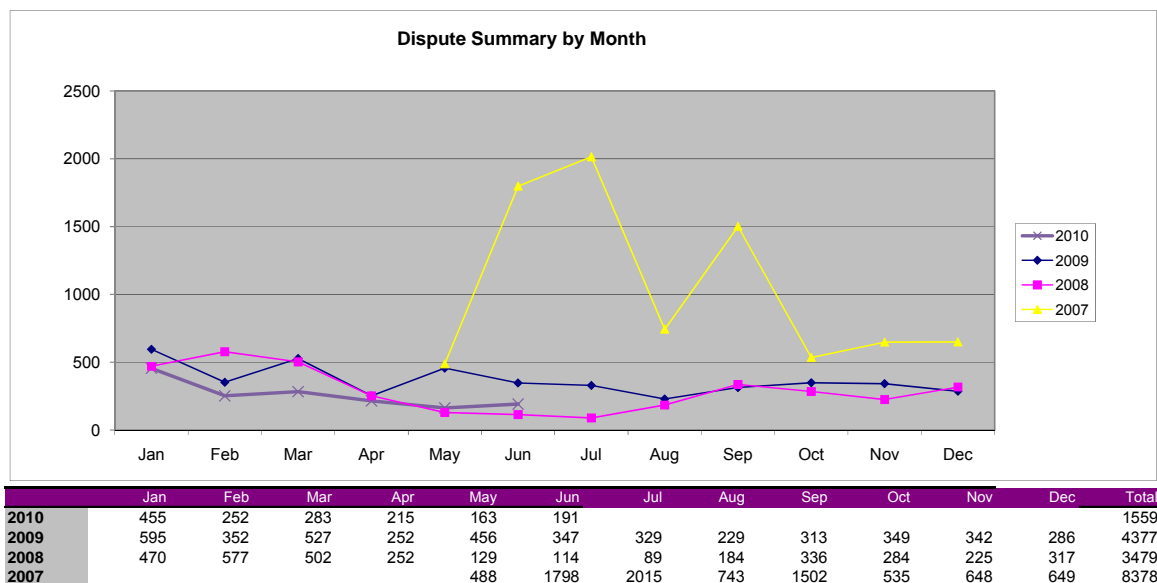
Due to the fact that this study was qualitative rather than quantitative, Terasen Gas does not suggest that results from this focus group are necessarily representative of the typical point of view; however, the feedback obtained is consistent with contact centre experiences.

### **3.2. Disputes**

Customer disputes rose throughout 2009 even as sales levels declined. The Terasen Gas commodity price continued to fall, and customers experienced price dissatisfaction with the long-term contracts they had committed to. In May 2009, Terasen Gas implemented the Dispute Type categories to track the nature of disputes by Standard, Cancellation or Reconsideration Requests. The Gas Marketer or Terasen Gas contact centre staff log standard disputes, evidence is provided, and the Commission adjudicates the merits of the dispute. The decision can be either in favour of, or not in favour of, the Gas Marketer. The Gas Marketer logs cancellation dispute requests. These disputes are not contested; the Gas Marketer provides no evidence and they unconditionally agree to cancel/terminate the contract. The Commission logs reconsideration disputes only if the customer writes the request and it meets the reconsideration

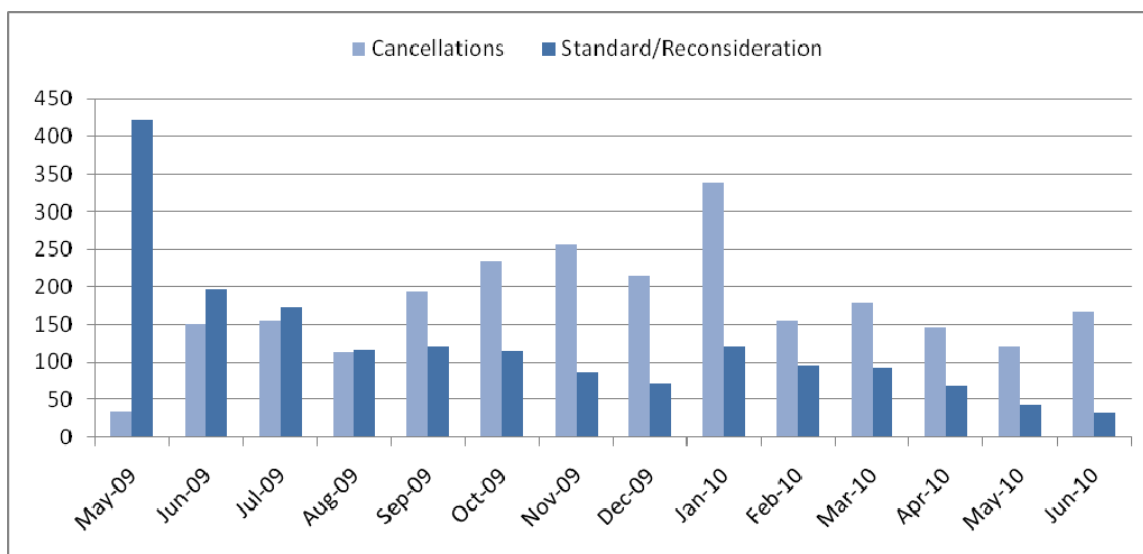
criteria. Gas Marketer sales activity has slowed in the past year by 7%. Compared to the first 6 months of 2009 there were 971 fewer disputes filed in the first half of 2010. This represents a 38% reduction in disputes. Figure 5 **Error! Reference source not found.** displays the number of disputes recorded per month to June 2010.

**Figure 5: Dispute Summaries by Month and Year**



Currently, the majority of disputes processed through Gateway for Energy Marketers (“GEM”) are dispute cancellation requests submitted by the Gas Marketers. Figure 6 displays the types of disputes recorded since May 2009. For example in the month of June 2010, there were 159 cancellation disputes filed, 31 standard disputes and a single reconsideration request. Terasen Gas emphasizes that the use of cancellations violates the Essential Services Model. These infractions may result in additional midstream costs, which are inappropriately passed on to other customers.

Figure 6: Dispute Types



Terasen Gas believes that customers may be contacting their Gas Marketers and expressing dissatisfaction with the contract price they are paying, perhaps pleading hardship in some cases. Gas Marketers' response is to allow customers out of their contractual obligations, employing cancellation drops before the contract's anniversary or end date. In some cases, customers renegotiate a new, lower rate or the Gas Marketer simply drops the contract as a goodwill gesture.

Whether disputes are coined standard, or cancellation, Terasen Gas maintains that both represent evidence that Gas Marketer sales practices can be improved. Gas Marketers must endeavor to portray the Consumer Agreements accurately. These fixed-rate commodity contract offers shield consumers against unforeseen commodity price fluctuations. There is no guarantee that customers will save money.

Terasen Gas suggests that if Gas Marketers signed customers to shorter-term, more competitively priced contracts, the need to use cancellation drops outside of the one-year anniversary date could be minimized. This would help reduce the number of ESM violations. Gas Marketers can also employ marketing sales tactics such as rebate programs and trailer fees where commissions are paid to sales agents throughout the contract instead of at contract sign-up, to ensure Consumer Agreements are legitimate and thoroughly understood by the Gas Marketers' customers. Gas Marketers have the tools they need to operate within the Essential Services Model and address customer concerns with pricing without resorting to cancellation drops.

### 3.3. System Performance

Since 2007, when Customer Choice was first launched, Terasen Gas has endeavored to improve and optimize the information systems that support the Program. The information systems performed well in 2009, and further adjustments have been introduced. The enrolment processing system performance improved this past year as updates were made to the GEM database architecture, GS Interface service, memory and hardware. These updates were rolled out during Release 4 in February 2010 and were part of the larger suite of enhancements that

were recommended in the Customer Choice Post Implementation Review Report and Application for Program Enhancements and Additional Customer Education Funding, submitted to the BCUC on July 18, 2008. There is now a shorter delay to view new disputes and dispute supporting documents. Database queries have been optimized, resulting in shorter enrolment response times. Gas Marketers will generally receive the D1 enrolment response file within an hour of uploading the enrolment request file via GEM compared to up to 30 hours before the upgrades were implemented. These changes assist Gas Marketers, providing them with timely enrolment information at speeds much faster than previously possible.

As discussed at the Annual General Meeting held this past September 2010, Terasen Gas is repatriating a number of activities from Accenture Business Services for Utilities. This includes the company's billing infrastructure and contact centre. An aspect of this effort includes the transition to a new SAP Customer Information System. These changes are scheduled to go online January 1, 2012. This substantial effort requires a system freeze through the launch date. Changes already in process, for example the pending bill change that will feature Gas Marketer contract information, will proceed. Minor changes to GEM, which will interface with the new SAP CIS, may also proceed. However, even these limited changes are dependent upon an impact review. The implementation of Terasen Gas' new service infrastructure including billing and contact services will not be compromised. Terasen Gas will therefore be unable to address many or all changes to the Customer Choice information systems until post January 1, 2012, unless otherwise noted in this Application.

As the Customer Choice Program matures, business rules change, and software patches are introduced (i.e., database software upgrades, network patches etc.) the occasional system processing issue arises. This is characteristic of any information system, and is especially the case given the complexity of the Customer Choice Program interfaces. Terasen Gas meets regularly with our technical support team to log issues, address maintenance requirements and coordinate system changes between the several teams that support Customer Choice information systems. Below is a discussion of the issues that have arisen since the submission of the 2009 Customer Choice Program Summary and Recommendations through June 30, 2010. The discussion includes the changes implemented to resolve each issue.

### **Evergreening in Error**

It was discovered that some of the enrolment codes (i.e., code 1900, 1510, 1310, 1970) contained the evergreen provision logic and were automatically renewing in error. It was determined that when the Customer Choice enrolment processing system was designed, all system-generated and manual enrolment codes were programmed to automatically renew for a one-year term if a new enrolment code or Gas Marketer non-renewal cancellation code (3320) was not received by the entry date deadline. The logic was removed from the affected codes, preventing the contracts from rolling over for another year when their terms end. Terasen Gas investigated and manually corrected any customer accounts that were affected by this auto-generated evergreen renewal. Subsequently, Terasen Gas installed a permanent solution in May 2010.

### **GEM Mailing Lists**

To address the issue of frequent Gas Marketer staff turnover, Terasen Gas has developed additional functionality to record contact information in GEM. This will allow Gas Marketers to update their contact information directly in GEM. This information will provide Terasen Gas with accurate Gas Marketer contact lists so that important information regarding GEM outages and

changes will reach the appropriate individual in each company. This change will be implemented during a maintenance release before the end of 2010.

### **Impact of HST**

The daily enrolment details ("ED\_a") file contains all accepted enrolment and drop transactions. ED\_a was not re-programmed to recognize a new premise consumption type (Residential Multi-Unit (RM)) that was created to differentiate commercial/industrial partial HST-exempt (7%), multi-unit premises (e.g. strata buildings, seniors homes) for tax purposes, effective July 1, 2010. As a result, over 2000 records (approximately 1300 premises) were not reported in the daily ED\_a file sent to Gas Marketers starting July 2, 2010. Another aspect of this premise consumption-type change was that new enrolments were not being accepted for this type of customer. The problem was discovered when a Gas Marketer called to report that their enrolments were failing. The situation was confirmed by analyzing the Supply Variance report.

To resolve this issue, the rate class mapping was changed in July 2010. It is now based on the tariff linked to the premise instead of the premise consumption type. A mapping update was made to the enrolment database so the Residential Multi-Unit (RM) consumption type would default to a commercial account. This allows multi-unit premises to enrol and it accurately captures the 1300 premises in the daily ED\_a report.

### **Logoff button for GEM**

Terasen Gas is in the testing phase of adding a logoff button to the GEM website to enhance the security of the system. Currently, Gas Marketers login to the GEM website with their secure id and password but just close the Internet Explorer window when they have finished their business. Terasen Gas believes that adding the logoff button will ensure the GEM website is exited from correctly and prevent any security breaches. If the user has Internet Explorer 7, the tab that GEM was opened in will close, but not the whole IE program. This change will be implemented during a maintenance release before the end of 2010.

### **Operational Correction Drop Code**

The operational correction drop code (2410) was implemented in August 2009 for residential customers and in November 2009 for commercial customers. The operational correction drop code allows a Gas Marketer to terminate an enrolment where the Consumer Agreement cancellation deadline has passed but before it is included in any final Marketer Supply Requirement on the 13<sup>th</sup> of each calendar month. During the period of August 2009 to July 2010, 127 drops were recorded.

The Commission receives the monthly Reason Code Analysis report that tracks the operation correction drops for the current month and the rolling year. Thus far, it appears that Gas Marketers are using the operational correction drop code as intended. As noted in Figure 6: Dispute Types, the majority of drops are dispute cancellation type drops which are requested after the contract is flowing but before the 12-month anniversary date.

### **Poaching Issues**

The poaching problems that arose in November 2008 and August 2009 have been corrected and a permanent solution implemented. This is a situation where Gas Marketers experience inadvertent customer contracts dropping from their marketer groups and assigned to different Gas Marketers. The 250 poaching occurrences from 2008 were restored to their rightful Gas

Marketer in spring 2009 and the approximately 350 poaches in 2009 were re-enrolled with their correct Gas Marketer group by January 2010.

A new drop code called the Poaching Reversal Enrolment code (1330) was introduced in December 2009 to re-enroll contracts where portability had occurred on the account. This new code was required to correct situations where the customer had ported their account to a new premise during the contract term, and effective dating needed to be used. The logic behind the code is similar to the Portability Enrolment code (1310).

The 2330 poaching drop code remains a valid reason code. The poaching drop code is required in the following two scenarios:

- Accounts with Portability Enrolments (1310) and Standard Enrolments (1110) created on the same day – Since a 1310 is created in the enrolment database during the Peace CIS synch (scheduled to run at approximately 5 p.m., daily), an 1110 created on the same day may pass validation. The enrolment database can then create a Poaching Drop on the 1110 the next day once it sees that the 1110 conflicts with the term of the 1310.
- Accounts with multiple enrolments created on the same day – An account may receive multiple and identical enrolments. The first enrolment is accepted and any subsequent enrolments trigger a poaching drop response.

In June 2010, Terasen Gas added a third phase to the validation process that enrolment requests undergo. The enrolment system has proven it is prone to exceptions that allow poaching of Gas Marketer contracts. Therefore, Terasen Gas implemented a system block to prevent the duplicate enrolment attempts at the beginning of the process. Enrolment attempts that are, in many cases, mistakes that contravene the Marketer Code of Conduct, are blocked when the enrolment request file is uploaded in GEM. The new front-end logic that has been designed will scan for duplicate customer enrolments in GEM. During the upload step of the Enrolment Request file, the system checks if a customer account has a current or future Gas Marketer contract with overlapping dates. If there is an existing enrolment, the system displays an error message on-screen and sends the error file to the Gas Marketer inbox. Once the erroneous records are removed, the enrolment request file can be uploaded again and it will process through the system.

When a file that contains customers with existing or future-dated enrolments is uploaded, the system will reject the upload file until those customers are removed. GEM will provide a table grid view to show the Gas Marketer which line(s) of the file contain duplicated enrolments as displayed in Figure 7: Screen Print of GEM Error Message. Figure 8 displays the enrollment response, which appears in the Download tab, enrollment response. The Gas Marketer should remove the customers with "FAIL" in the record from the Customer Enrolment Request file before uploading the file again as displayed in Figure 9.

This new blocking mechanism will protect the data integrity of the enrolment database. It prevents any occurrences of inadvertent poaching drops that are time-consuming and costly to fix.



Figure 7: Screen Print of GEM Error Message

**Upload**

To complete the customer enrollment process, select the pipe delimited file that adheres to the pre-defined file specification.

Click Browse to select the file, or type the path to the file in the box below:

Select File:

**ERROR: The yellow highlighted rows are not available for enrollment. Please remove the rows and re-submit the file.**

ContractNo	GroupCode	EnrollmentID	TrxID	BatchID	StartDate	EndDate	ReasonCode	CustomerName	DebtorNo	PremNo
10999UNBUNDLING	TER007	1095434	E19846	1000	20091201	20101201	1230	SHANE CHOW	2345678	181818
10999UNBUNDLING	TER023		E19838	1000	20091201	20101201	1230	MIGUEL VELOZ	2345679	181819
10999UNBUNDLING	TER020		E19845	1000	20101201	20141201	1230	JAMES DEAN	2345680	181820
10999UNBUNDLING	TER007		E19846	1000	20091201	20101201	1230	MIRO BRKIC	2345681	181821
10999UNBUNDLING	TER020	1095433	E19847	1000	20101201	20141201	1230	FUJI YAMA	2345682	181822
10999UNBUNDLING	TER022		E19852	1000	20091201	20101201	1110	DAVID LUDWIG	2345683	181823

Figure 8: Screen Print of Error File in Enrolment Response Screen

 Terasen Gas Get comfortable.

GATEWAY HOME CONTACT US

News Download Transaction Report Dispute Help

Enrollment Response Enrollment Status Customer Usage Forms

**Enrollment Response**

<input type="checkbox"/>	File name	Date	Size
<input type="checkbox"/>	ERROR_UPLOAD_GEM Duplicate Enrollment_20100507_135716.txt	2010/05/07 02:58:33 PM	1KB

Figure 9: Screen Print of Enrolment Records Identifying Duplicates with Fail

GEM Duplicate Enrollment.csv - Notepad

	ContractNo	GroupCode	EnrollmentID	TrxID	BatchID	StartDate	EndDate	ReasonCode	CustomerName	DebtorNo	PremNo
	10999UNBUNDLING	TER007	1095434	E19846	1000	20091201	20101201	1230	SHANE CHOW	2345678	181818
FAIL	10999UNBUNDLING	TER023		E19838	1000	20091201	20101201	1230	MIGUEL VELOZ	2345679	181819
FAIL	10999UNBUNDLING	TER020		E19845	1000	20101201	20141201	1230	JAMES DEAN	2345680	181820
	10999UNBUNDLING	TER007		E19846	1000	20091201	20101201	1230	MIRO BRKIC	2345681	181821
	10999UNBUNDLING	TER020	1095433	E19847	1000	20101201	20141201	1230	FUJI YAMA	2345682	181822
FAIL	10999UNBUNDLING	TER022		E19852	1000	20091201	20101201	1110	DAVID LUDWIG	2345683	181823

Terasen Gas has requested BCUC approval to introduce another way to protect the data integrity of the Customer Choice enrolment database. Specifically, Gas Marketer contract details will be printed on the customer bill starting February 2011 so the information is available to the Gas Marketer sales representative and the customer when the Consumer Agreement is filled out. This will ensure the available contract dates are known prior to submitting the enrolment request file in GEM. Currently, when a customer calls the Terasen Gas contact centre, the customer service representative is unable to see any future-dated contracts. This lack of information has proven to be problematic for some customers, especially in the commercial sector.

Some customers may have previously signed a future-dated Gas Marketer Consumer Agreement; meanwhile, another employee is attempting to sign a contract with a different Gas Marketer. The estimated cost to implement this bill change is \$37,000 as requested in the response letter to Commission Order No. A-12-10, dated October 25, 2010. Below is a sample of the proposed additions to the customer bill that would provide the customer with their current and future Gas Marketer contract details.

**Figure 10: Test Bill Showing Enhanced Information Regarding Contracted Consumer Agreements**

**Name:** JOHN Q. SAMPLE 000017  
**Service address:** 1234 ANY STREET PREMISE 001  
**Rate class:** ANY CITY  
**Billing date:** Small commercial  
 Aug 26, 2010

**Customer service**  
 1-888-224-2710  
 7 am - 8 pm Mon - Fri  
 9 am - 5 pm Sat, Pacific time  
 www.terasengas.com

**Account number** 154883 **Due date** Sep 17, 2010 **Amount due** \$48.80 **Amount paid**

**Previous bill** 91.40  
 Less payment - Thank you 91.40 CR  
 Balance from previous bill 0.00

**Delivery charges**  
 Basic charge 24.84  
 Delivery (12 GJ at 2.604 per GJ) 3.12  
 27.96<sup>3A</sup>

**Commodity charges**  
 Midstream (12 GJ at 1.668 per GJ) 2.00  
 Cost of gas (12 GJ at 9.290 per GJ) 11.15  
 Just Energy BC - Agreement ends Nov 1'10 13.15<sup>3A</sup>  
 Call 1-866-587-8674 for commodity related inquiries

**Other charges and taxes**  
 Franchise fee (3.09% of <sup>3</sup> amounts) 1.27<sup>A</sup>  
 Carbon Tax 1.19<sup>A</sup>  
 HST (12% of <sup>3</sup> amounts) 5.23

**Please pay** \$48.80

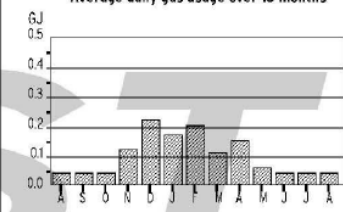
The provincial government is implementing the Harmonized Sales Tax (HST) on July 1, 2010. HST combines Provincial Sales tax (7%) with the Federal Goods and Services tax (5%). For all questions related to HST, the Clean Energy Levy, or the B.C. administered credit for contact the B.C. Ministry of Finance at: Toll-free in B.C. CTBTaxQuestions@gov.bc.ca or visit www.terasengas.com

Premise number 221270: Your commodity supply contract with your gas marketer will expire 2010/11/01, subject to any automatic renewal provisions you may have agreed to. Please contact your gas marketer at 1-866-499-9439 before 2010/10/01 to determine your renewal options.

**Gas usage calculation** (Meter WDT429394)  
 Present reading - Previous reading x Conversion factor = Gas used in gigajoules (GJ)  
 Aug 26 '10 4,154 Jul 27 '10 4,142 Est 0.1019422 1.2  
 Premise number: 221270

**Comparison to previous year**  

Billing period	Number of days billed	Average daily temp.	Average daily usage GJ	Total billing period usage GJ
Aug '10	30	20°C	0.04	1.2
Aug '09	30	21°C	0.04	1.4

**Average daily gas usage over 13 months**  


The Carbon Tax charge on your bill is calculated at a rate of \$0.9932 per GJ, effective July 1, 2010.

Your future Consumer Agreement details:  

Commodity Supplier	Terms of Contract
Smart Energy	Nov 1'12-Nov 1'13
Planet Energy	Nov 1'13-Nov 1'14
Direct Energy	Nov 1'14-Nov 1'15
Universal Energy	Nov 1'15-Nov 1'16
Nexen Marketing	Nov 1'16-Nov 1'17

HST/GST #R100431592



## **Setting Date Limitations**

As the design phase progressed for the 2012 implementation of the new Customer Information System, an enrolment was discovered in the database that was set to start in the year 2044. This date was submitted in error and was corrected but it brought to light that there are currently no date limitations in the enrolment database. Terasen Gas plans to set a date limit of ten years in the future to prevent enrolment errors. This change will be implemented during a maintenance release in early 2011.

## **Single Account to Manage Multiple Gas Marketers**

A request for funding of \$11,500 was approved in Commission Order No. A-3-10, dated February 22, 2010, in response to the 2009 Customer Choice Program Summary and Recommendations Application, Section 3.3.2. The intention was to create a single account to manage multiple Gas Marketers in a parent/child relationship. Since that time, Terasen Gas has embarked on the Customer Care Enhancement project to bring billing and customer contact services back in-house. The plan to upgrade the functionality in GEM and related infrastructure has been put on hold until it is determined by the Customer Care Enhancement Project development team how the new SAP system will address this requirement. In the meantime, Terasen Gas will move forward with addressing any reporting issues that arise with Gas Marketer mergers to ensure statistical reporting accuracy.

Completion of the Customer Choice Release 4 program enhancements marked the end of the major system changes required to GEM and the supporting architecture. System issues that arose during the year were investigated and brought to quick resolution by our system support team.

### **3.4. Reporting**

In September 2009, Terasen Gas automated the weekly reporting that is sent to the Commission. Each report has been scheduled on the server to run on Monday mornings and is delivered to BCUC's email box.

The reports received weekly are:

- Detailed Enrolment and Dispute Report – provides a list of individual Gas Marketer enrolments processing in GEM.
- Dispute Summary Report – provides a weekly count of all open disputes for the current week and the past week, who logged the dispute and the change from the prior period.
- Open Dispute Report – provides details of all the open disputes logged in GEM.

The following report is sent to the BCUC on the first Monday of the month:

- Customer Count Report – provides a summary of enrolments, disputes and cancellations by Gas Marketer.

## **Marketer Supply Requirements & Details Report**

In an effort to assist Gas Marketers with their forecasting requirements, Terasen Gas updated the Marketer Supply Requirements report in April 2010 to provide three months of supply

requirements versus one month. Figure 11 shows Gas Marketers' changes in customer enrolments, enabling them to adjust their buying needs accordingly. A second detailed report named the Marketer Supply Requirements Details report was also added. Figure 12 displays the same information as the Marketer Supply Requirements report except in Excel format to facilitate data manipulation (e.g., pivot tables).

**Figure 11: Updated Marketer Supply Requirements Report**

Terasen Gas		CUSTOMER CHOICE Program									
Terasen Gas		Marketer Supply Requirements									
Marketer: ABC Marketing LTD		Print Date: 2010-Apr-22									
MSR created 4/21/2010											
Marketer Group	Region	Rate	Tuesday, June 01, 2010			Thursday, July 01, 2010			Sunday, August 01, 2010		
			Supply Requirement Total (GJ)	Enrollment Total	Supply Status	Supply Requirement Total (GJ)	Enrollment Total	Supply Status	Supply Requirement Total (GJ)	Enrollment Total	Supply Status
ABC001	IN	002	13.43	20	P	5.84	9	P	5.51	7	P
		003	9.19	1	P						
Sub-total			22.62	21	P	5.84	9	P	5.51	7	P

**Figure 12: Marketer Supply Requirements Details Report**

Terasen Gas		CUSTOMER CHOICE Program									
Terasen Gas		Marketer Supply Requirements Details									
Marketer: ABC Marketing Ltd.		Print Date: 2010-Apr-23									
MSR created 4/21/2010											
Contract Key	Marketer Group	Region	Rate	Month	Supply Requirement Total (GJ)	Enrollment Total	Supply Status				
10123	ABC001	IN	002	01-Jun-2010	13.43	20.00	P				
10123	ABC002	IN	002	01-Jul-2010	5.84	9.00	P				
10123	ABC003	IN	002	01-Aug-2010	5.51	7.00	P				
10123	ABC004	IN	003	01-Jun-2010	9.19	1.00	P				
10123	ABC005	CO	002	01-Jun-2010	0.88	1.00	P				

## Distribution Summary Report

Figure 13 was added to the news page of GEM in February 2010 as an add-on to Release 4 in response to Gas Marketers' request for more detailed supply requirement information. The report will be updated yearly in the fall and will display the average daily use rate by region and rate class. Customers that were not allocated a premise factor because the premises are new or there is no consumption history are allocated the average daily use rate for their region and rate class. This information should assist Gas Marketers in their development of sales and consumption forecasts.

**Figure 13: Distribution Summary Report**

Distribution Summary		
Forecast: 2009/2010 GAS YEAR		
Region Code	Rate Class	Average Daily Use Rate
LML	RATE1	0.27
	RATE2	0.88
	RATE3	7.60
		8.75

### Marketer Performance Report

Funding for a new report titled the Marketer Performance report was requested in the 2009 Customer Choice Program Summary and Recommendations, Appendix A, Section 1.5, filed in October 2009; and the request was approved by Commission Order No. A-3-10, dated February 22, 2010. The Marketer Performance report was designed in collaboration with a working group consisting of Gas Marketers, BCUC and Terasen Gas staff to develop a new report to evaluate the number of contract disputes by Gas Marketer. The new monthly report was designed to replace the Customer Count report on BCUC's website. Terasen Gas delivered the new report in May 2010 to BCUC with suggested options for improvement. Due to a decline in Consumer Agreement sales for many Gas Marketers, very few disputes are recorded within 90 days of enrolment. Figure 14 reflects this situation and as currently programmed, is not useful. After further analysis this summer, Terasen Gas presented another option (Figure 15) at the annual general meeting in September.

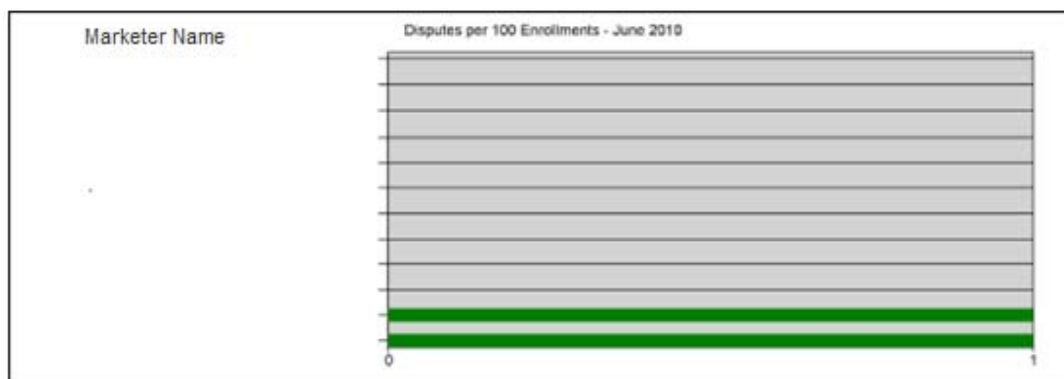
**Figure 14: Marketer Performance Report – Existing**

Reporting Period: July 2009 - June 2010

Rate Class: Residential Only

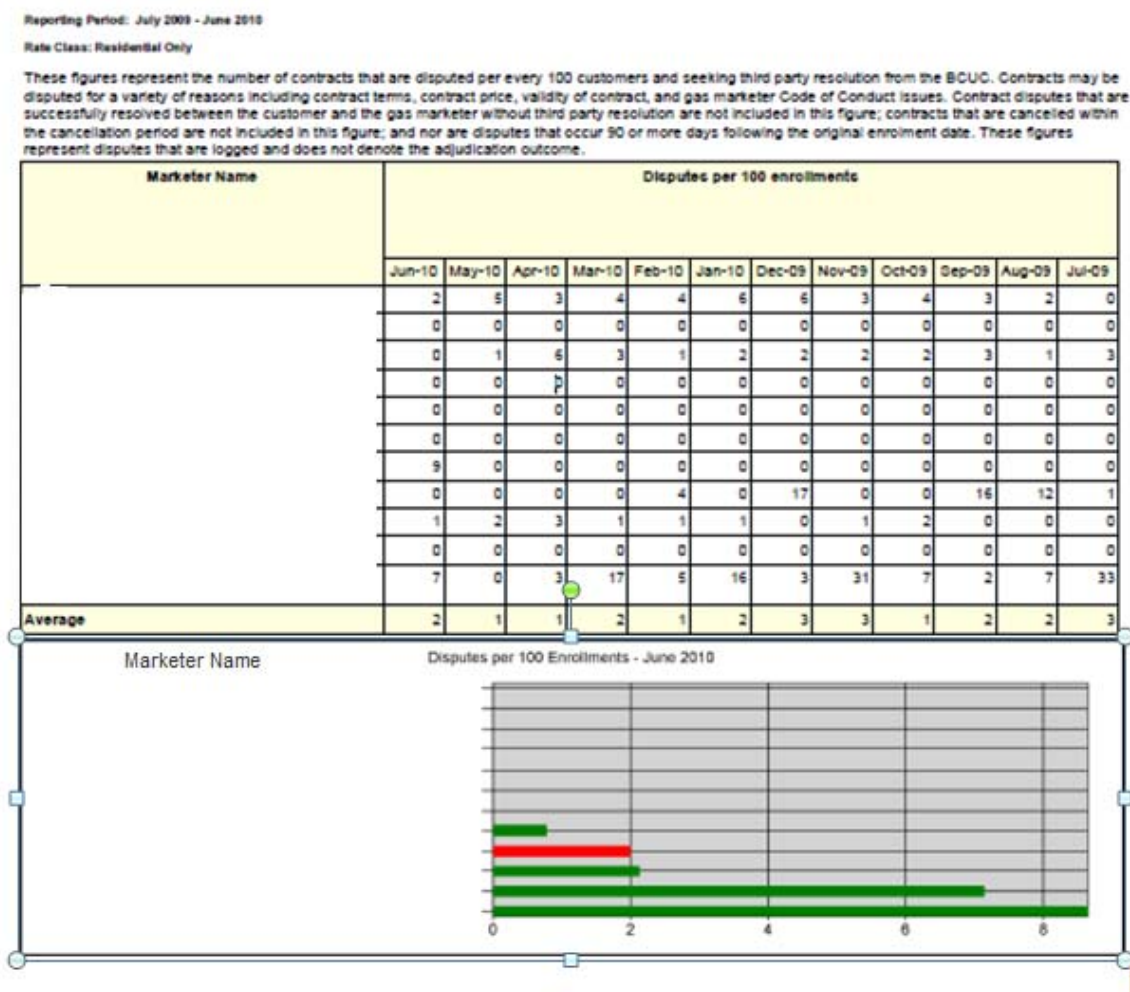
These figures represent the number of contracts that are disputed per every 100 customers and seeking third party resolution from the BCUC. Contracts may be disputed for a variety of reasons including contract terms, contract price, validity of contract, and gas marketer Code of Conduct issues. Contract disputes that are successfully resolved between the customer and the gas marketer without third party resolution are not included in this figure; contracts that are canceled within the cancellation period are not included in this figure; and nor are disputes that occur 90 or more days following the original enrolment date. These figures represent disputes that are logged and does not denote the adjudication outcome.

Marketer Name	Disputes per 100 enrollments											
	Jun-10	May-10	Apr-10	Mar-10	Feb-10	Jan-10	Dec-09	Nov-09	Oct-09	Sep-09	Aug-09	Jul-09
	1	1	1	1	0	0	0	0	0	1	0	0
	0	0	0	0	0	0	0	0	0	1	3	1
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	3	4	1	1	0	1	0	0	0	23
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	1	1	2	2	1	2	3	1	1	1	0	0
	0	1	1	2	1	2	0	1	2	2	1	1
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	1	1	0	0	0	0	0	0	0	2
Average	0	0	1	1	0	0	0	0	0	0	0	2



Option 1: Includes only standard disputes raised within 90 days of enrolment compared to the yearly net enrolments. This option does not provide much data, as most disputes raised currently are cancellation dispute requests.

**Figure 15: Marketer Performance Report – Option 2**



Option 2: Include all types of disputes (standard and cancellation) raised within 90 days of enrolment compared to the monthly net enrolments. Terasen Gas recommends this option as cancellation disputes should be recognized as an issue with the original contract terms even though the Gas Marketer has decided to drop the contract without arbitration. These disputes represent contraventions of the ESM and as such, negatively impact midstream costs.

For the most part, GEM and the system interfaces continue to perform well with short windows of downtime to accommodate system upgrades and vendor patches. There will be no significant changes made to the system infrastructure in 2011 as Terasen Gas prepares to introduce a new Customer Information System on January 1, 2012.

## 4. Consumer Protection

Licensing and the Gas Marketer Code of Conduct represent the heart of all Customer Choice consumer protection activities. Licenses may be revoked or withheld for inappropriate behavior and fines may be levied for breaches of the Code of Conduct. These cornerstones of consumer protection represent the first and best line of defense against deceptive business practices. Unfortunately, contraventions of the ESM as exhibited by the use of cancellation disputes continue unabated. Cancellation disputes represent violations of the ESM and supplementary consumer protection activities like confirmation letters or third-party verification calls cannot influence their rate of incidence. Terasen Gas emphasizes that the uncontrolled use of cancellation disputes should be disallowed. Gas Marketers continuing to breach the ESM in this way should be fined.

When Commercial Unbundling was introduced in BC in 2004, it was believed that mechanisms such as the Code of Conduct, licensing of Gas Marketers and Customer Education would provide adequate consumer protection. Contractual disputes were to be resolved by the Gas Marketer and customer, or the matter could be escalated to the courts if necessary.

On April 13, 2006, The CPCN Application for Commodity Unbundling for Residential Customers was submitted to the BCUC. The Application reinforced the need to review and adjust consumer protection mechanisms as necessary to ensure the safeguards in place were adequate. It was also noted that consumer protection was paramount to promoting and achieving a functional and competitive business environment.

Further consumer protection mechanisms, in addition to those noted above were introduced when Customer Choice was rolled out to residential customers in 2007. These enhancements included confirmation letters, a formal and verifiable cancellation period, as well as an independent disputes handling process. Soon after the Program went live, Third Party Verification calls were introduced.

Despite the enhanced protection for residential customers, the safeguards in place for commercial customers did not change. This inconsistency in consumer protection mechanisms has caused some confusion amongst Program participants, including Gas Marketers, Terasen Gas contact centre staff, and customers. For example, many commercial customers have logged disputes with the Terasen Gas contact centre. Terasen Gas contact centre representatives have often entered these disputes on behalf of customers; however, Terasen Gas finds no evidence that the independent dispute resolution process has been specifically adopted for commercial customers. Likewise, Terasen Gas is often requested by Gas Marketers for clarification regarding under what circumstances and which customers receive confirmation letters.

The following Sections 4.1 through 4.4 describe the consumer protection activities that Terasen Gas believes should be rationalized. Unless otherwise noted, Terasen Gas recommends adopting existing residential safeguards for commercial customers. For a detailed review of each item, including stakeholders' positions, please refer to Appendix A.



#### **4.1. Confirmation Letter**

Confirmation letters provide customers with an additional level of consumer protection by providing visibility to account holders of the pending changes. Following the receipt of an enrolment request from a Gas Marketer, Terasen Gas mails a confirmation letter to each residential<sup>2</sup> customer within two business days. The confirmation letter includes a summary of the Consumer Agreement, including the name of the Marketer, the contract term, and the price the customer will pay. The letter also indicates the end of the contract cancellation period and the Gas Marketer's contact information in case they decide to cancel. Confirmation letters are not currently being generated by Terasen Gas for commercial customers.

Discussions at the AGM suggest that many Gas Marketers already send similar letters to commercial accounts, and there was minimal opposition to formalizing the practice. Terasen Gas recommends that confirmation letters be sent to all customers upon Program enrolment.

#### **4.2. TPV Calls**

Third Party Verification is a digitally recorded telephone call between the Gas Marketer and the residential customer. The call is intended to confirm the customer understands the Offer, their Consumer Agreement, as well as the confirmation letter and their cancellation rights.

TPV was instituted at the request of the Commission for residential customers in 2007. Residential customers who signed up for a Gas Marketer contract receive a call within 24 to 96 hours to voice their understanding and acceptance of the contract terms, on record. Currently, TPV calls are not part of the enrolment process for commercial customers.

Several Gas Marketers suggest they already use a callback process to validate commercial account Consumer Agreements. Terasen Gas recommends a formal TPV process be adopted for commercial sales. To address Gas Marketer concerns, the TPV call should feature some minor differences in script and timing versus the callback process used for residential sales transactions. Specifically, Terasen Gas believes that fewer questions are needed in the approved TPV script and the calls for large commercial customers (i.e., Rate 3) may take place immediately following sale. See Appendix A for detailed specifics of this recommendation, including a summary of stakeholder positions.

#### **4.3. Cancellation Period**

The cancellation period is the period within which the consumer can cancel the Consumer Agreement with no penalty incurred.

For residential customers, the cancellation period begins when Terasen Gas receives the enrolment request. The residential customers have ten days in which they may choose to cancel the Agreement without penalty after the enrolment request is received by Terasen Gas. Then Terasen Gas mails the customer a confirmation letter. This letter serves to verify the customer's intention to switch commodity suppliers.

For most commercial customers, cancellation rights include a mandatory 10-day cancellation period that occurs before the enrolment request is submitted to Terasen Gas. Gas Marketers must not submit enrolment requests to Terasen Gas for processing until the 10-day cancellation

---

<sup>2</sup> Commercial customers do not currently receive a confirmation letter from Terasen Gas.

period has expired. The 10-day cancellation period may not apply in the case of a single commercial consumer whose aggregate annual volume exceeds 2,000 gigajoules per year at one or more premises and who has provided written consent to the Gas Marketer to waive the 10-day cancellation period.

Annual gas consumption for Rate Schedule 2 customers is below 2000 GJs per year. In many instances, these small commercial customers have usage patterns similar to residential consumers. Gas Marketers voiced the concern with change in cancellation period rules for this customer class. Terasen Gas recommends that the cancellation period for Rate Schedule 2 customers should be consistent with the practice used for residential Consumer Agreements. The cancellation period begins when Terasen Gas receives the enrolment request and mails the customer a confirmation letter.

To accommodate Gas Marketer concerns voiced at the recent AGM, Terasen Gas is recommending that the existing rules should remain in place for large commercial customers (i.e., Rate Schedule 3). This recommendation recognizes the significant gas volumes associated with Rate Schedule 3 customer contracts, allowing Gas Marketers to complete suitable contract agreements with both their customers and commodity suppliers.

#### **4.4. 3.4 Independent Dispute Process**

The purpose of the independent dispute resolution process is to provide customers and Gas Marketers with a simple, repeatable and independent means to resolve disputes. An efficient dispute resolution process also helps to build confidence in the retail natural gas market. The independence of the arbitrator is a key element of the process that should provide customers with assurance that their complaints will be handled fairly. It should be noted that use of the independent dispute resolution process is the last step, not the first step, in settling disputes.

The independent dispute process was implemented for Residential Unbundling when it began in 2007. However, the process was not employed for commercial customers, who were deemed more knowledgeable about commodity prices and contracts. In the 2006 CPCN Application, it was noted that commercial customers should be capable of handling disputes, either directly with Gas Marketers or through the courts.

In Commission Order No. G-45-07, dated April 19, 2007, the Commission approved changes to the Code of Conduct. The Order suggested that all contracts between a Gas Marketer and a consumer must include a provision that all contract disputes between the Gas Marketer and a consumer should be referred to and resolved by arbitration. Arbitration was to be administered by the Commission or an alternate body appointed by the Commission. The Order also outlined applicability of a dispute resolution fee for each dispute referred to the Commission. The \$50 fee was to be paid for by the Gas Marketer except in those instances where the Commission determines that the consumer will be solely responsible for the dispute resolution fee.

Despite this amendment to the Code of Conduct, the appropriate method of initiating the arbitration process has not been well defined for commercial customers. In most instances, including Customer Choice education material it was suggested that commercial customers must forward disputes to the BCUC in writing. Terasen Gas recognizes that in many instances commercial customers have registered disputes through the Company's contact centre. Terasen Gas recommends the formal adoption of this practice for commercial customers. This will clarify rules for all participants; all but eliminate the need for commercial customers to refer dispute issues to the courts; and ensure all customers are afforded access to the same



straightforward dispute resolution process consistently used by residential customers. Gas Marketers voiced no concerns with this recommendation.

#### 4.5. Summary

Terasen Gas recommends that most of the consumer protection mechanisms introduced for the Residential Unbundling program should apply to commercial customers as well. This practice will help simplify rules for customers and other stakeholders, add consumer protection for commercial customers, and make the Program easier to manage. Only minor exceptions related to the cancellation period and confirmation letter for Rate Schedule 3 customers are suggested. A summary of suggested changes are shown in Figure 16. Details of each recommendation can be found in Appendix A.

**Figure 16: Consumer Protection Mechanisms**

Consumer Protection Mechanism	Date Implemented	Residential Rate Class 1	Commercial Rate Class 2	Commercial Rate Class 3
Code of Conduct	2004	●	●	●
Licensing of Gas Marketers	2004	●	●	●
Customer Education	2004	●	●	●
Confirmation Letter	2006	●	▲	■
Cancellation period begins after enrolment	2006	●	▲	
Independent dispute handling	2006	●	▲	▲
TPV Calls	2007	●	▲	▲

Safeguard currently in place

Proposed to begin in 2011

Revised Confirmation Letter - advice only



Commercial customers will benefit from the additional safeguards outlined in Figure 16, since dispute evidence suggests that some Gas Marketer sales representatives fail to clearly articulate the details of the contracts, or obtain contract approval from unauthorized personnel. Information systems related evidence indicates that many Gas Marketers submit multiple contract requests for customers already contracted with a competitor. It seems unlikely that these Consumer Agreements have been appropriately completed. Lastly, evidence indicates some Gas Marketer sales representatives enter fraudulent enrolment requests. For example, Terasen Gas was recently made aware of a contract that was signed by a company's namesake who had been deceased for several years; the Commission also has recently investigated the sales activities of one Gas Marketer and has found similar occurrences.

Terasen Gas believes there are three primary reasons the consumer protection rules for residential and commercial customers should be the same, including:

1) Increased protection for commercial customers:

By implementing the Confirmation letters, adopting cancellation requirements comparable to the Residential Unbundling program, employing Third Party Verification Calls, and using Terasen Gas call centre to log disputes Terasen Gas believes commercial customers will be better protected and have a greater understanding of their contract and commitments.

2) Program will be easier to manage:

With one set of rules for Commercial and Residential Unbundling, it will make the program easier to manage for the British Columbia Utilities Commission, Gas Marketers, customers and Terasen Gas. Communicating a consistent approach to these issues is simpler to manage and easier for participants to remember.

3) Increase clarity of business rules for the customer:

Currently, customers that have both a residential account and a commercial account are required to learn two sets of rules. With the proposed changes this will no longer be the case.

Terasen Gas believes that aligning the commercial and residential business rules will help protect customers from fraudulent sales activity. Moreover, the changes will reduce the number of rules to help simplify the Program, thus improving the clarity of rules for customers and other program participants. Specific business rules that should be aligned, include TPV calls, confirmation letters, cancellation requirements, and the independent dispute resolution process. Minor differences are recommended for Rate Schedule 3 customers with respect to cancellation requirements. Comprehensive analysis and stakeholder positions each of these recommendations are discussed in detail in Section 2.1 of Appendix A.

## 5. 2010 AGM – Summary of Issues and Recommendations

On September 8, 2010, the Customer Choice Annual General Meeting was held pursuant to Commission Order No. C-6-06 item 13 on the Terasen Gas 2006 CPCN Application for Commodity Unbundling for Residential Customers, dated August 14, 2006. The meeting objective was to discuss the concerns and suggestions of interested parties, and identify potential enhancements to the Program. The following table summarizes each issue and Terasen Gas' subsequent recommendation. Please see Appendix A for a detailed discussion of each issue, including the positions of Gas Marketers, the BC Public Interest Advisory Council, Commission staff, and Terasen Gas.

**Table 1: Summary of Terasen Gas Recommendations by Section Number**

	Issue Description	Terasen Gas Recommendation
2.1	<b>Consolidated Business Rules (Terasen Gas)</b> 1) TPV Calls 2) Confirmation Letters 3) Cancellation Period 4) Disputes Handling	<p>Terasen Gas recommends aligning several Commercial Business Rules with existing residential rules. The three key reasons for this recommendation include simplicity and clarity for customers and other stakeholders, added protection for business customers, and the belief that the program will be easier to manage.</p> <p><b>1) TPV Calls</b>            TPV calls should mandatory for all Consumer Agreements. TPV calls for large commercial customers (Rate Schedule 3) do not need to be as rigorous as they are for the residential customers. Specifically, TPV calls for Rate Schedule 3 customers can take place at time of sale. Terasen Gas is primarily concerned that these customers indicate their job title, and verify that they may authorize the contract.</p> <p><b>2) Confirmation Letters</b>            Confirmation letters, currently sent only to residential customers, should also be sent to Rate Schedule 2 commercial customers. Confirmation letters for Rate Schedule 3 customers should be advice only, notifying the customer that the commodity supply will switch to the Gas Marketer. The 10-day cancellation period should not be extended to Rate Schedule 3 customers, who must also consent in writing to waive this right if Gas Marketers choose to process the enrolment request immediately.</p> <p><b>3) Cancellation Period</b>            Terasen Gas believes the 10-day cancellation period should start from the date the enrolment is received for both residential and Rate Schedule 2 commercial accounts. Gas Marketers can use the Operational Correction Drop for Rate Schedule 3 customers that decide to withdraw (i.e., as long as their decision occurs before the contract's gas requirements are finalized in the Marketer Supply Requirements).</p> <p><b>4) Disputes Handling</b>            All program disputes should be via the Terasen Gas Contact Centre (i.e., entered in and ruled on using GEM).</p>

	Issue Description	Terasen Gas Recommendation
2.2	Dispute procedures (BCUC) Commission is concerned with the different practices by customer segment.	<p>Revise the Customer Choice Information booklet to include more instructions on the dispute process.</p> <p>The deferral account indicates that the fees collected from Gas Marketers are very nearly covering the O&amp;M Program costs, excluding customer education expense. Program fees are currently appropriate and do need not change. Terasen Gas will evaluate Program costs and recoveries on an annual basis to ensure adherence to cost causality.</p> <p>Interim: Terasen Gas suggests sending customers a letter with a preliminary ruling that will be made final unless additional customer evidence is provided by a deadline.</p> <p>System solution: Improvements suggested for the Dispute Ruling Page in GEM.</p>
2.3.1	Evergreen provision (Terasen Gas)	<p>Terasen Gas proposes to discontinue evergreen contracts for three reasons, including:</p> <ul style="list-style-type: none"> <li>• to improve consumer protection;</li> <li>• because evergreen contracts are perceived negatively by customers; and</li> <li>• to eliminate associated processing errors and resultant costs to correct underlying data.</li> </ul> <p>Currently, most Gas Marketers are able to offer a more competitive rate upon renewal. The current evergreen process does not allow the price to change. Terasen Gas agrees with the BCOAPO that pricing adjustments necessitate new contract terms and agreements, and the full breadth of consumer protection activities.</p> <p>It is not permissible to adjust the price on an evergreen contract. These agreements must be cancelled and a new enrolment request must be entered. .</p> <p>Existing contracts should be grandfathered, while future Evergreen enrolment requests will be blocked. Grandfathered contracts will only be allowed to renew once.</p>

	Issue Description	Terasen Gas Recommendation
2.3.2	Renewal notices (BCUC)	<p>If Item 3.3.1 is denied, a standard renewal notice should be developed per Commission staff recommendations. Terasen Gas suggests updating the confirmation letter and bill message wording to improve customer understanding of evergreen renewals and related procedures. Moreover, these contract renewals should be concluded through positive customer affirmation. Rather than processing the renewal if the customer does not contact the Gas Marketer, Terasen Gas proposes that the renewal should only continue if the customer returns a signed renewal confirmation letter back to the Gas Marketer.</p> <p>Terasen Gas is amenable to adjusted rates should this practice be deemed appropriate. However, Terasen Gas cautions that the necessary system changes could not be completed until after the implementation of the Company's new CIS system slated for January 1, 2012.</p> <p>Terasen Gas will translate and print new copies of the Standard Information Booklet in Chinese and Punjabi.</p>
2.3.3	Contract renewals & Blend and Extend offerings (Summitt)	<p>Terasen Gas maintains that, "Blend and Extend" is a term coined by Gas Marketers. It does not represent an existing enrolment code. Blend and Extend options essentially cancel one enrolment, and replace it with a new one. This practice is only acceptable on the anniversary date because it otherwise breaches the ESM.</p> <p>Terasen Gas does not recommend changing the existing business rules to accommodate this request.</p>
2.4	Authority to sign contracts (BCUC) Limit signatories to account holders.	<p>Terasen Gas opposes limiting the signatories to the account holders because it would be difficult and expensive to implement. The change would necessitate system changes, and would require ongoing efforts to maintain updated/validated customer account holder information. The issue is particularly complicated for commercial contracts for which a suitable contact is not listed. Terasen Gas is not in a position to police the validity of third party agreements. The Company suggests that existing practices are in place to protect customers.</p>
2.5	Additional line item on Terasen Gas bill (Just Energy)	<p>Terasen Gas position as indicated in Appendix A of the 2009 Annual General Meeting-Issues and Recommendations has not changed. Terasen Gas opposes an additional line on the Terasen Gas bill to allow Gas Marketers to invoice for other product offerings including non-energy items. Terasen Gas will continue to accommodate products that can be expressed as single fixed price per Gigajoule as indicated by the Gas Marketer.</p> <p>The additional line is inconsistent with the original energy policy objective, and the change in the Utilities Commission Act that culminated in Customer Choice. An additional line would result in significant additional costs for customers, but minimal customer benefit.</p>

	Issue Description	Terasen Gas Recommendation
2.6	Update on the Whistler and TGVI Markets (Just Energy)	Terasen Gas will proceed with the necessary regulatory applications to enable Unbundling in the TGVI and TGW markets post-2012. As with all regulatory processing and application to the BCUC, the path forward and timetable for these program offerings to customers are subject to change.
2.7	Retrieval of customer usage information (Just Energy) – Request customer's historical consumption via fax.	<p>Terasen Gas opposes this request. Terasen Gas incurs additional cost to retrieve, and send information. Gas Marketers did not use this practice when it was available in the past. Customers can obtain the information via our contact centre or Account Online.</p> <p>Terasen Gas will levy a \$10 charge per request if the change is reinstated. Additional system costs may materialize to track and allocate associated costs.</p>
2.8	<p>Price Point Charges (Just Energy)</p> <p>Questions why Terasen Gas charges Gas Marketers a monthly fee for each individual price point. It also suggests that there should not be a charge for the creation of new price points.</p>	Terasen Gas opposes changing the current fee structure. Existing fees approximately cover Program overhead and administrative costs. Accenture, our billing service provider, analyzed and verified the fee in 2006. It accurately reflects the cost to manage this process. Moreover, eliminating or reducing the fee would result in an unfavourable impact on midstream costs.
2.9	<p>Voice Contracting / Signatures (Just Energy)</p> <p>Just Energy is of the view that sufficient time has passed to allow the use of voice contracting for new contracts without the requirement for a wet signature.</p>	Terasen Gas is in agreement with Commission staff's suggestion that sufficient time has elapsed to evaluate this change. Terasen Gas agrees it is the Gas Marketers' issue so they should submit the associated application.
2.10	<p>Internet Enrolment (Just Energy)</p> <p>Just Energy requests clarification if a wet signature is required to sign up for natural gas using the internet.</p>	Existing Program rules permit internet enrolment but signatures must conform to the BC Electronic Transactions Act.
2.11	<p>Contract maximum term of five years (Just Energy)</p> <p>Just Energy requests clarification on the maximum five-year contract term provision and how a partial year should be accommodated.</p>	<p>Terasen Gas has provided documentation to all of the Gas Marketers to clarify the processes. The documentation was sent via e-mail on Friday Feb 5, 2010 titled Release 4 GEM enhancements. It is contained in Appendix H. Information is also available in the GEM user guide, the Flat File Specifications and the Code of Conduct.</p> <p>Changes to the Terasen Gas bill to include the contract start and end dates will be implemented in February 2011.</p>

	Issue Description	Terasen Gas Recommendation
2.12	<p>MSR (Terasen Gas, Just Energy, Superior)</p> <p>Just Energy maintains that the forecast methodology used to determine the Marketer Supply Requirements must be transparent and easily replicated to ensure the MSR number has been calculated correctly. Superior Energy request that Terasen Gas' proposed discussion of MSR calculations and suggested reporting changes address consumptions at the customer level to provide greater transparency (especially as it applies to changing consumption trends of residential versus commercial customers)</p>	<p>Terasen Gas believes the MSR calculation is as transparent as it can be. Gas Marketers are not provided some forecast information filed in confidence with the BCUC (i.e., total volume for region/rate class).</p> <p>Terasen Gas will supply two additional MSR reports that will provide supply requirement information at the premise level to allow for improved reconciliation and forecasting activities.</p> <p>Gas Marketers are sent billed consumption information, while the allocation of supply is based on weather normalized forecast information. Subject to Terasen Gas retaining the right to undertake an adjustment of the premise factors outside of the annual update process, Terasen Gas is amenable to providing Gas Marketers with consumption information if desired.</p>
2.13	Communication Plan (Terasen Gas)	<p>In 2011, Terasen Gas suggests eliminating the newspaper wrap and display ads. Price comparison ads should continue to be placed but with less frequency while savings should be allocated to radio. This change will re-establish name awareness of "Customer Choice," thereby facilitating website navigation, and enhance consumer ability to search for information on the Internet. The existing print strategy reaches too few consumers, too infrequently to build and sustain adequate name awareness. Recognition of the Customer Choice name and logo is important because it triggers consumers to recall base knowledge about the Program, including what it is all about, and Gas Marketers' role in the BC natural gas industry.</p>
2.14	<p>Billing Issues (BCUC)</p> <p>How should Program expenses be handled? i.e. should Gas Marketers compensate for Program requirements, rather than all ratepayers?</p>	<p>Terasen Gas' position has not changed on this issue. Operating costs should be recovered from Gas Marketers where possible, via fees. Existing fees should remain and be subject to adjustment to ensure Gas Marketers fund the Program.</p> <p>Currently, the Marketers are covering most of the Program costs (with the exception of the Communication plan expenses).</p>
2.15	<p>Standardized TPV Call Script (Just Energy)</p> <p>Outline issues that have arisen since the implementation of the new standardized TPV script and time line.</p>	<p>The BCUC provided an update. Terasen Gas is of the view that the TPV Call Script is appropriate and recommends no changes at this time.</p> <p>Terasen Gas is amenable to extending the upper time limit for TPV calls.</p>

## 6. Next Steps

This Application offers suggestions designed to address stakeholder concerns and improve the Program for the benefit of all customers. Through this process, Terasen Gas helps ensure the Customer Choice Program improves over time and remains attractive to customers that want a fixed-price commodity alternative.

A primary objective of this Application is to demonstrate the possible benefits of extending several residential consumer protection mechanisms to commercial customers. The Code of Conduct for Gas Marketers, licensing, and a variety of communications for commercial customers were the initial consumer protection mechanisms established when the Commercial Unbundling Program was introduced in 2004. When the Residential Unbundling Program was launched in 2007, additional mechanisms were initiated for the benefit of residential customers. These new activities included confirmation letters, a 10-day cooling off period in which consumers could cancel a contract without penalty, and an independent dispute handling process. Soon thereafter, TPV calls were introduced. Terasen Gas believes that many of these consumer protection mechanisms first created for residential consumers have applicability in the commercial marketplace.

Funding requests for program enhancements total only \$46,500. Terasen Gas suggests expediting the regulatory process since very few items appear unresolved. Stakeholders, including Terasen Gas representatives, Commission staff, Gas Marketers and the BCOAPO agreed on many issues discussed at the September 8, 2010 AGM. Divergent positions relate to the potential discontinuation of evergreen codes, contract terminology such as "renewal" and "blend and extend," the adoption of several residential consumer protection activities into the commercial marketplace, and suggested MSR reporting changes.

Terasen Gas suggests rather than employing the information request process used in past years as a first step to resolve the outstanding issues, Terasen Gas recommends that Gas Marketers and the BCOAPO submit their positions and evidence on any of the issues raised in this Application. Terasen Gas will respond to those positions and comments in a final submission, and the Commission can issue a final decision.



## **Appendix A**

---

### **2010 ANNUAL GENERAL MEETING ISSUES AND RECOMMENDATIONS**



# Appendix A

## **2010 Annual General Meeting Issues and Recommendations**

## Table of Contents

<b>1. INTRODUCTION .....</b>	<b>1</b>
<b>2. 2010 ANNUAL GENERAL MEETING ITEMS.....</b>	<b>2</b>
2.1. CONSOLIDATED BUSINESS RULES .....	2
2.1.1. <i>Third Party Verification Calls.....</i>	<i>3</i>
2.1.2. <i>Confirmation Letters.....</i>	<i>5</i>
2.1.3. <i>Cancellation Period.....</i>	<i>8</i>
2.1.4. <i>Disputes Handling.....</i>	<i>10</i>
2.2. DISPUTES AND CANCELLATIONS.....	11
2.2.1. <i>Cancellations and Courtesy Drops .....</i>	<i>12</i>
2.2.2. <i>Dispute and Cancellation Fees .....</i>	<i>17</i>
2.2.3. <i>Dispute Procedures .....</i>	<i>19</i>
2.3. CONTRACT RENEWALS .....	22
2.3.1. <i>Evergreen Provision.....</i>	<i>22</i>
2.3.2. <i>Renewal Notices for Evergreen Contracts.....</i>	<i>30</i>
2.3.3. <i>Contract Renewals and Blend &amp; Extend Offering.....</i>	<i>33</i>
2.4. AUTHORITY TO SIGN CONTRACTS .....	37
2.5. ADDITIONAL LINE ITEM ON THE TERASEN BILL .....	39
2.6. UPDATE ON THE WHISTLER AND VANCOUVER ISLAND MARKETS.....	43
2.7. RETRIEVAL OF CUSTOMER'S USAGE INFORMATION .....	44
2.8. PRICE POINT CHARGES (GROUP FEE) .....	45
2.9. VOICE CONTRACTING FOR NEW CONTRACTS.....	47
2.10. INTERNET ENROLMENT .....	48
2.11. CONTRACT MAXIMUM TERM OF FIVE YEARS .....	49
2.12. MARKETER SUPPLY REQUIREMENT (MSR) CALCULATION.....	51
2.13. COMMUNICATION PLAN/CUSTOMER EDUCATION PLAN .....	58
2.14. BILLING ISSUES (PROGRAM COSTS AND THEIR RECOVERY).....	61
2.15. STANDARDIZED TPV CALL SCRIPT .....	63
<b>3. OTHER RECOMMENDATIONS.....</b>	<b>65</b>
3.1. DISPUTE RULING PAGE IMPROVEMENTS .....	65
3.2. \$0 MARKETER GROUPS.....	68

## 1. Introduction

Commission Order No. A-3-10, dated February 22, 2010, which described the Commission decision regarding the Company's Application called, "Customer Choice – 2009 Program Summary and Recommendations<sup>1</sup>," set September 8, 2010 for the 2010 Customer Choice Annual General Meeting with Gas Marketers and other stakeholders. The purpose of this meeting was to conduct an annual program review of Customer Choice. In addition, the meeting served as an opportunity to discuss potential program modifications including the Gas Marketer Code of Conduct as provided for in Article 33. The BCUC requested that program participants forward their suggested agenda items to Commission staff by August 3, 2010. A finalized Agenda was distributed on September 3, 2010 by BCUC staff. Based on the meeting, Terasen Gas was asked to summarize the meeting and to prepare recommendations to identify issues raised at the meeting for Commission consideration.

The Gas Marketers and interested stakeholders that attended the September 8, 2010 meeting included the following:

1. Access Gas Services Inc.
2. Active Renewable Marketing Ltd.
3. Bluestream Energy Inc.
4. Cascadia Energy Ltd.
5. Connect Energy Partnership
6. Direct Energy Marketing Limited
7. Just Energy (B.C.) Limited Partnership
8. Planet Energy (B.C.) Corp.
9. Smart Energy (BC) Ltd.
10. Summitt Energy BC LLP
11. Superior Energy Management
12. British Columbia Public Interest Advocacy Centre ("BCOAPO")
13. Terasen Gas Inc. ("Terasen Gas" or "TGI")
14. BCUC Staff

---

<sup>1</sup> Submitted to the BCUC on October 16, 2009

## **2. 2010 Annual General Meeting Items**

Sections 2.1 through 2.15 outline the positions of Gas Marketers, Commission staff and the British Columbia Public Interest Advocacy Centre on behalf of the British Columbia Old Age Pensioners Organization et al (“BCOAPO”) on each issue, as well as the position of Terasen Gas and its ensuing recommendation. Terasen Gas has done its best to capture the positions of Gas Marketers, Commission staff and BCOAPO correctly based on the transcripts of the meeting held on September 8, 2010. The order to which the parties positions are presented below is not consistent, as Terasen Gas followed the transcript from the meeting on each issue.

### **2.1. Consolidated Business Rules**

Currently, there are several different business rules related to consumer protection for commercial and residential customers. Terasen Gas recommends aligning the business rules for consumer protection by adopting some residential rules for the commercial sector (Rate Schedule 2 and 3).

When the Commercial Unbundling rules were developed in 2004, it was assumed that business customers were sufficiently sophisticated so as not to require additional consumer protection. Terasen Gas believes that commercial customers could benefit from safeguards that currently exist for residential customers (Rate Schedule 1).

BCUC Order # A-33-10 issued November 9, 2010 discussed recent evidence of non-compliance with the Gas Marketer Code of Conduct. In the order, the Commission advised that they had received customer complaints regarding alleged use of unauthorized signatures. Terasen Gas has received similar complaints from customers by e-mail, letter mail and phone calls through our contact center. Dispute details entered into GEM also suggest that on occasion, contracts may be signed by unauthorized individuals.

Terasen Gas would like to see more consumer protection mechanisms put in place for these commercial customers. By possibly extending four residential business rules to commercial customer contracts, commercial customers will see increased protection from possible unauthorized or inappropriate activity.

The four business rules for possible alignment include:

- Third Party Verification Calls (“TPV”);
- Confirmation Letters;
- Cancellation Periods; and
- Disputes Handling.
- Each item is further explored below.

### **2.1.1. Third Party Verification Calls**

Third Party Verification is a digitally recorded telephone call between the Gas Marketer and the residential customer. The call is intended to confirm the customer understands the Offer, their Consumer Agreement, as well as the Confirmation Letter and their Cancellation Rights.

TPV was instituted at the request of the Commission for residential customers in 2007. Residential customers who signed up for a Gas Marketer contract receive a call within 24 to 96<sup>2</sup> hours to voice their understanding and acceptance of the contract terms on record. Currently, TPV calls are not part of the enrolment process for commercial customers.

#### **Gas Marketers' Position**

Gas Marketers were generally amenable to an abbreviated TPV call for commercial contracts. However, they voiced concern with the introduction of mandated time restrictions similar to those imposed for residential customers. They see serious limitations with rules that mandate TPV calls be made no sooner than 24, and no later than 96 hours after signing. Their experience suggests it takes between 5 to 10 days to re-establish contact in the residential market once a Consumer Agreement is signed. Within the commercial market, Gas Marketers do not want time restrictions in place for the TPV call. Moreover, Gas Marketers state they must secure pricing for larger volume customers immediately and cannot afford to wait to secure the contract. There were comments from Gas Marketers that calls made to commercial accounts should be permitted within the first 24 hours of signing the agreement.

Some of the Gas Marketers have taken the initiative to perform their own TPV calls for commercial customers to verify contract legitimacy. Gas Marketers are incented to ensure that large sales are legitimate and confirmed as promptly as possible because there is considerable financial risk associated with the sizable commodity volumes purchased by large commercial customers.

Smart Energy notes that if the issue is to reduce or eliminate unauthorized sign-ups, then the focus should be to ensure that Gas Marketers have the right person to call.

#### **Commission Staff Views**

Commission staff is generally supportive of consolidating business rules for commercial and residential customers.

An abbreviated TPV call from the residential script is favoured, although Commission staff suggests the decision to employ TPV should perhaps be visited after an aligned confirmation letter process and cancellation period is implemented.

---

<sup>2</sup> Reference Commission Order No. A-3-10, dated February 22, 2010, page 6, section 4.7 (b), the Commission changed the 24-72 hour window to 24-96 hours.

## **British Columbia Public Interest Advocacy Centre (“BCOAPO”) Position**

BCOAPO takes no position on this issue.

## **Terasen Gas Response**

Terasen Gas recommends implementing the TPV process for commercial customers to ensure that an authorized individual has signed and approved the Consumer Agreement on behalf of the organization.

Terasen Gas believes that the TPV can be abbreviated for large commercial customers (Rate Schedule 3) and does not need to be as rigorous as it is for residential customers. Although Terasen Gas believes that commercial customers should be more knowledgeable about the energy costs related to their business, this knowledge is not typically pervasive throughout an organization. It is important that safeguards exist that ensure the correct individual is aware of, and agrees with any long term contract for commodity services.

An abbreviated TPV call should be made to all commercial customers who have signed a contract. Suggested questions should include the following (some are taken from the TPV instructions for residential customers in Commission Order No. A-11-10 dated June 17, 2010, Appendix A):

- Verification of customer’s name<sup>3</sup>
- Verification of customer’s title
- Confirmation that the customer is the account holder or authorized to enter into a contract/agreement for the premise<sup>4</sup>
- Confirmation that the customer understands that they may not save money<sup>5</sup>
- Confirmation that the customer has knowledge of the contract anniversary date
- Confirmation that the customer understands there will be costs, notice requirement, and that after the 10-day cancellation period the contract can only be cancelled on its anniversary date<sup>6</sup>

Rate Schedule 2 customers use less than 2,000 GJs per year. Besides the abbreviated TPV language for all commercial customers that is recommended above, Terasen Gas believes that the TPV process for Rate Schedule 2 and residential customers should otherwise be the same (i.e., confirmation letter and subsequent 10 day cancellation period). TPV calls should be made no earlier than the next calendar day following the signing of a Consumer Agreement. Terasen Gas is amenable to extending the period during which the TPV can be completed (i.e., currently 96 hours).

---

<sup>3</sup> Page 6, item 4.4.

<sup>4</sup> Page 6, item 4.5

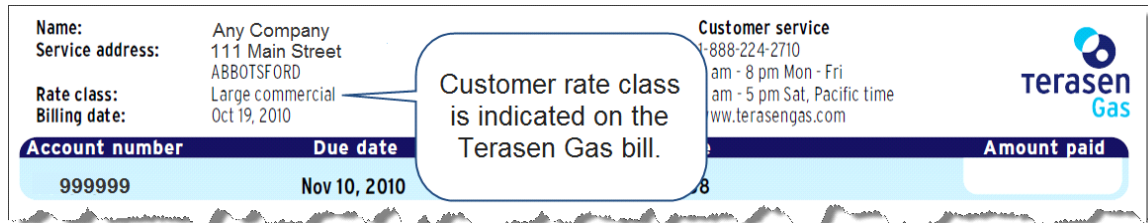
<sup>5</sup> Page 8, item 4.10

<sup>6</sup> Page 10, item 4.13



Gas Marketers are able to identify whether the customer is a Rate Schedule 1, 2 or 3 by looking at the customers' bill. Rate Schedule 1 is identified as Residential, Rate Schedule 2 is identified as Small commercial, and Rate Schedule 3 is identified as Large commercial.

**Figure 1: Rate Schedule Information on TGI Bill**



The image shows a portion of a Terasen Gas bill. A callout box points to the 'Rate class' field, which is 'Large commercial'. The bill also shows the 'Billing date' as 'Oct 19, 2010', the 'Due date' as 'Nov 10, 2010', and the 'Account number' as '999999'. The 'Amount paid' field is partially visible and shows '8'. The Terasen Gas logo is in the top right corner.

Name:	Any Company	Customer service	1-888-224-2710
Service address:	111 Main Street		am - 8 pm Mon - Fri
	ABBOTSFORD		am - 5 pm Sat, Pacific time
Rate class:	Large commercial		www.terasengas.com
Billing date:	Oct 19, 2010		
Account number	Due date	Amount paid	
999999	Nov 10, 2010	8	

To accommodate Gas Marketer concerns regarding the acquisition of gas supply to fulfill larger contracts, Terasen Gas proposes that the abbreviated TPV for Rate Schedule 3 customers (i.e., large commercial customers) can be made at the time of sale. As part of their sales processes, Gas Marketers must obtain written verification that the customer has agreed to waive any cancellation period. This document must be presented by the Gas Marketer as evidence should the agreement later be disputed.

Terasen Gas believes that the proposed TPV process for commercial customers would better safeguard commercial customers against the inappropriate sales practices used by some Gas Marketer sales representatives. It would improve the likelihood that the Agreement has been signed by an authorized signatory, and give small commercial customers more opportunity to review the nature and extent of the Consumer's Agreement that they have signed. The suggested approach addresses Gas Marketer concerns regarding the fulfillment of large contracts, and ensures an appropriate cancellation period is provided to Rate Schedule 2 customers. Lastly, aligning the policy for residential and commercial consumers will help program participants remember and adhere to business rules.

#### **TGI Recommendation**

***Implement an abbreviated TPV for all commercial customers (Rate Schedule 2 and Rate Schedule 3). Verify authorization to enter into agreement. Permit the TPV call at time of sale for Rate Schedule 3 customers. Apply the other residential TPV rules regarding call window, Cancellation Period and Confirmation Letter to Rate Schedule 2 commercial customer sales transactions. Terasen Gas will incur no costs to implement this change.***

#### **2.1.2. Confirmation Letters**

Confirmation letters provide customers with an additional level of consumer protection by providing visibility to account holders of the pending changes. Following the receipt of an enrolment request from a Gas Marketer, Terasen Gas mails a confirmation letter to

each residential<sup>7</sup> customer within two business days. The confirmation letter includes a summary of the Consumer Agreement, including the name of the Marketer, the contract term, and the price the customer will pay. The letter also indicates the end of the contract cancellation period and the Gas Marketer's contact information in case they decide to cancel.

**Gas Marketers' Position**

Gas Marketers are generally in agreement with the introduction of confirmation letters for commercial customers. Active Energy, in particular, has taken the initiative to enable a similar process this year and has received positive customer feedback.

Just Energy suggests sending an abbreviated letter that functions only to notify the account holder that their gas supplier has been switched from Terasen Gas to a Gas Marketer, and not to provide commercial customers with a 10-day cancellation period from the date of the confirmation letter.

**Commission Staff Views**

Commission staff agrees that confirmation letters should be sent to commercial customers who have entered into a Consumer Agreement. Commission staff suggests that the initiative taken by Active Energy has resulted in fewer disputes.

**British Columbia Public Interest Advocacy Centre Position**

BCOAPC takes no position on this issue.

**Terasen Gas Response**

Terasen Gas recommends sending each commercial customer a confirmation letter. Like residential customers, confirmation letters for Rate Schedule 2 customers would specify the Consumer Agreement details and the 10-day cancellation period and would be sent out once the enrolment is received via the GEM system. Since Rate Schedule 3 customers have the option to opt out of the 10-day cancellation period, the confirmation letters sent to them would only confirm the transaction. At their discretion, Gas Marketers could choose to use an operational correction drop before the Marketer Supply Requirement finalizes. The confirmation letter ensures that companies are given an additional opportunity to validate the contract terms and conditions signed.

Anecdotal evidence suggests that there are occurrences where contracts are signed by unauthorized employees. For example, Terasen Gas is aware of situations in which waiters in a restaurant chain signed multiple business locations to fixed rate contracts. The business owner discovered the issue only after a detailed review of his company's energy bill.

In another recent example, a commercial customer has refused to pay the commodity component of the bill due to an ongoing dispute with their Gas Marketer over contract legitimacy, stating that an unauthorized party signed the Consumer Agreement.

---

<sup>7</sup> Commercial customers (Rate Schedule 2 and Rate Schedule 3) do not currently receive a confirmation letter from TGI.

Confirmation letters would provide an added level of consumer protection for commercial customers, confirming the account holder's intention to leave the Terasen Gas variable rate in favour of a fixed-rate contract with a Gas Marketer. For Rate Schedule 2 customers the 10-day cancellation period should begin the date the enrolment is received and the confirmation letter is raised. Confirmation letters for Rate Schedule 3 customers would provide advice of the transaction only. Figure 2 displays a sample of the Rate Schedule 3 customer confirmation letter. The proposed changes ensure that low volume (Rate Schedule 2) commercial customers are given the opportunity to cancel the fixed rate contract without penalty, which is particularly important if unauthorized persons have signed contracts on their behalf.

**Figure 2: Rate Schedule 3 Confirmation Letter**

Terasen Gas  
16705 Fraser Highway  
Surrey, BC  
V4N 0E8  
[www.terasegas.com](http://www.terasegas.com)

Oct 10, 2010

ABC Enterprises  
1222 DEMPSEY ROAD  
NORTH VANCOUVER BC V7K 1S6

Re: CUSTOMER CHOICE program - Confirmation of Enrolment

Dear ABC Enterprises:

Terasen Gas has been notified that you have chosen to purchase your natural gas from Super Gas, an independent gas marketer. You will be enrolled in the CUSTOMER CHOICE program based on the following information:

Customer number: 790066  
Customer name: ABC Enterprises  
Premise number: 666489  
Premise address: 1222 DEMPSEY ROAD NORTH VANCOUVER BC V7K 1S6  
Gas marketer name: Super Gas  
Gas marketer telephone: 1-866-872-2323  
Gas marketer email: [sales@supergas.ca](mailto:sales@supergas.ca)

Effective Start Date	Effective End Date	Price (\$/GJ)
Dec 1, 2010	Dec 1, 2015	8.29

Terasen Gas will continue the safe and reliable delivery of natural gas to your home and provide the same quality of service as we have in the past.

If you have any questions or concerns about this enrolment, please contact Super Gas at 1-866-872-2323 or [sales@supergas.ca](mailto:sales@supergas.ca).

Please see reverse for further information about natural gas prices.

It is our pleasure to serve you and we look forward to working with Super Gas to meet your future natural gas needs.

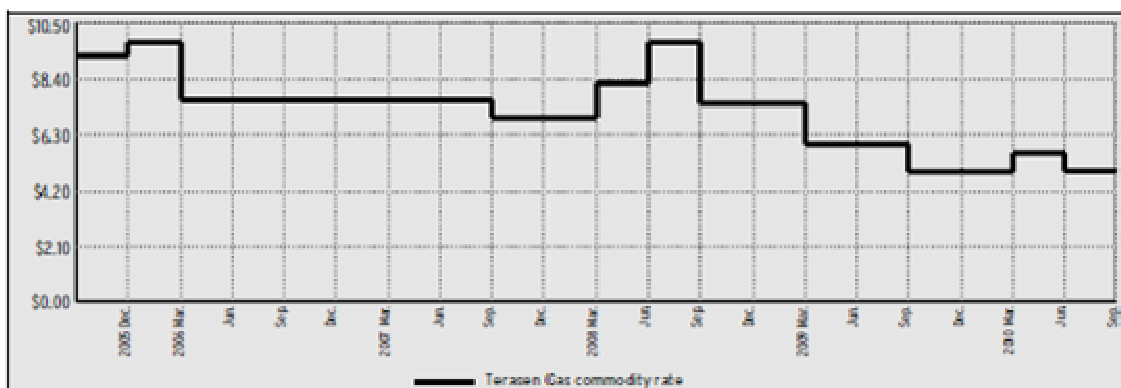
Sincerely,

Terasen Gas Inc.

## Natural gas commodity price information

Visit [www.terasengas.com/Homes/CustomerChoiceApply/RateGuide/](http://www.terasengas.com/Homes/CustomerChoiceApply/RateGuide/) for additional information about natural gas prices offered by other gas marketers.

Please note that Terasen Gas rates are subject to change. The commodity rate may change quarterly. The following chart illustrates historical natural gas commodity rates from Terasen Gas.



The above graph shows the commodity rate charged by Terasen Gas in dollars per GJ. Historical natural gas commodity prices are not indicative of future prices.

### TGI Recommendation

***Deliver confirmation letters to commercial customers. Letters for Rate Schedule 2 customers will be consistent with the current format used for Rate Schedule 1 customers.***

***Letters for Rate Schedule 3 customers will provide confirmation of the change, but will not afford a cancellation period.***

***The estimated cost for this change is \$9,600.00. Proposed changes to be implemented post 2012 after the Customer Care Enhancement project is completed and stabilized.***

### 2.1.3. Cancellation Period

The Cancellation Period is the period within which the consumer can cancel the Consumer Agreement with no penalty incurred and no impact to the Essential Service Model.

For residential customers, the cancellation period begins when Terasen Gas receives the enrolment request and mails the customer a confirmation letter. This letter serves to verify the customer's intention to switch commodity suppliers. The cancellation period begins when Terasen Gas receives the enrolment request and mails the customer a confirmation letter. Residential customers have ten days in which they may choose to cancel the Agreement without penalty.

For most commercial customers, cancellation rights include a mandatory 10-day cancellation period that occurs before the enrolment request is submitted to Terasen Gas. Gas Marketers must not submit enrolment requests to Terasen Gas for processing until the 10-day cancellation period has expired. The 10-day cancellation period may not apply in the case of a single commercial consumer whose aggregate annual volume exceeds 2,000 gigajoules per year at one or more premises and who has provided written consent to the Gas Marketer to waive their 10-day cancellation period.

While the residential process facilitates third party verification that the 10-day cancellation period was adhered to by the Gas Marketer, there is currently no mechanism to monitor commercial cancellation periods.

### **Gas Marketers' Position**

There is general agreement among Gas Marketers that large volume commercial customers (Rate Schedule 3) should not be subject to the same consumer protection rules as small volume commercial customers (Rate Schedule 2).

Gas Marketers disagree with extending the cancellation period beyond the current 10 days post-sign-up for large volume commercial customers. Indeed, they contend that their negotiated deals are contingent upon immediate procurement, and that it would be impossible to provide aggressive pricing if contracts were left open for two weeks.

Bluestream Energy further suggests that large volume commercial customers have the option of waiving the cancellation period on a contract. Access Gas adds that the current Code of Conduct allows customers consuming a minimum of 2000<sup>8</sup> GJ annually to waive the cooling-off period, and would like to maintain that.

Planet Energy proposes that there be a gas volume cut-off point to differentiate between small and large commercial customers.

### **Commission Staff Views**

Commission staff concurs with implementing a cancellation period that ties into the confirmation letter for all customers.

In concept, Commission staff agrees with providing the larger commercial customers with competitive pricing, and recognizes the difficulty in achieving this if there is an extended cancellation period. Therefore, Commission staff agrees that there should be a gas volume cut-off point for differentiation, and the cancellation period rules for those deemed small commercial customers could be aligned with what is in place for residential customers.

---

<sup>8</sup> Commission Order No. A-11-10, Appendix B, page 10 says, "For Commercial Consumers, a 10 day Cancellation Period will not apply in the case of a single Commercial Consumer whose aggregate annual volume exceeds 2,000 gigajoules per year at one or more premises and who has provided written consent to the Gas Marketer to waive the 10 day Cancellation Period."

Commission staff further comments that there may be some changes to the Code of Conduct regarding the requirement for Gas Marketers to hold contracts for 10 days before submission to Terasen Gas, to ensure that the grace period has passed prior to enrolment.

### **British Columbia Public Interest Advocacy Centre Position**

BCOAPO takes no position on this issue.

### **Terasen Gas Response**

Terasen Gas recommends that the cancellation period for Rate Schedule 2 customers should be applied in a fashion consistent with current practice used for residential customers. Specifically, the cancellation period should begin when Terasen Gas receives the enrolment request and the confirmation letter is sent out. Consistent with Gas Marketer and Commission recommendations, Terasen Gas agrees that Rate Schedule 3 confirmation letters should only act to confirm the transaction; these customers will not be afforded a subsequent 10 day cancellation period. Gas Marketers are reminded to obtain a written confirmation of the customer's agreement to waive this cooling off period.

Aligning these rules as much as possible for both residential and commercial customers will help simplify the consumer protection steps in place and result in more consistent program messaging. Adjusting the cancellation period for all small volume customers to occur after the confirmation letters have been sent out by Terasen Gas will ensure the 10-day cancellation period is consistently adhered to by Gas Marketers.

### **TGI Recommendation**

***Consistent with Rate Schedule 1 customers, the cancellation period for Rate Schedule 2 commercial customers begins the date the enrolment is received by TGI and the confirmation letter is sent out. The cancellation rules for Rate Schedule 3 customers do not change. The estimated cost for this change is \$6,400.00.***

### **2.1.4. Disputes Handling**

The purpose of the independent dispute resolution process administered by the BCUC is to provide customers and Gas Marketers with a repeatable, straightforward method to resolve disputes. Confusion prevails with respect to the dispute process for commercial customers. Some customers write a letter to the Commission. Other commercial customers call the Terasen Gas contact centre where their complaints are logged in GEM the same way they are for residential customers.

As explained in Section 2.0 of this Application, when Commercial Unbundling was established in 2004, an independent dispute resolution process was not established. Commercial customers were believed to be sufficiently sophisticated to resolve any complaint directly with their Gas Marketer, or through the court system. When Residential Unbundling was introduced in 2007, the current independent dispute resolution process was instituted for consumer protection; however, no explicit rule

change was ordered for commercial customers at that time. Currently, the Code of Conduct seems to indicate that *all* contracts are to follow the independent dispute process. As a result of the different dispute handling rules for commercial and residential customers, the preferred dispute handling process for commercial customer is unclear.

A common dispute handling process is being proposed to align commercial and residential rules, thereby affording all customers the opportunity to raise their disputes simply by calling the Terasen Gas contact centre.

#### **Gas Marketers' Position**

Gas Marketers have no objections to implementing common dispute handling rules for all customers.

#### **Commission Staff Views**

Alignment of the dispute handling process for both commercial and residential customers is desired by Commission staff, who also note that most disputes appear to have been raised through GEM.

#### **British Columbia Public Interest Advocacy Centre (BCOAPO) Position**

BCOAPO takes no position on this issue.

#### **Terasen Gas Response**

Terasen Gas advocates the use of the Company's contact centre for disputes handling. Using the same dispute mechanism will eliminate an unnecessary inconsistency that causes extra work for commercial customers and the Commission. The change will simplify the rules for all market participants.

#### **TGI Recommendation**

***Log all Consumer Agreement disputes in GEM to facilitate their timely adjudication by Commission staff. Terasen Gas does not anticipate any additional costs for this change.***

In summary, adopting several of the consumer protection activities for the commercial market will help safeguard commercial customers from deceptive sales practises, streamline management of the Customer Choice program, and increase clarity for all parties by reducing confusion that arises from inconsistent rules. ***The total costs to implement the system changes required to consolidate the business rules for residential and commercial (i.e., as summarized in Section 2.1.1 through 2.1.4) are estimated at \$16,000. Costs cover associated system changes to the cancellation period rules and confirmation letter processing.***

## **2.2. Disputes and Cancellations**

The dispute process is available for Customers who have signed an agreement or contract ("contract") with a Gas Marketer, and wish to dispute the contract. In some cases the dispute is resolved between the Gas Marketer and the Customer, and the Gas



Marketer enters the dispute as an uncontested dispute also known as a Cancellation drop (Courtesy drop). In other cases where resolution is not achieved, the Commission is available to adjudicate unresolved disputes. These two procedures will be examined.

### **2.2.1. Cancellations and Courtesy Drops**

For residential customers, cancellations occur at any time during the 10-day period that immediately follows the customer's enrolment. During this time, customers can cancel their Consumer Agreement with no penalty. Currently, Gas Marketers are required to provide commercial customers with a 10-day cooling off period prior to the marketer's enrollment request, unless the customer formally waives the 10-day period in writing.

Gas Marketers can also employ an operational correction drop code to process cancellations after the cancellation period, but before the contract is included in the final marketer supply requirement. This code allows Gas Marketers to drop contracts right up to the 13<sup>th</sup> of the month prior to the flow date, even if the cancellation period has ended. These cancellations are permissible because they comply with the ESM and have no adverse impact on midstream costs.

Alternatively, "courtesy drops," occur after the 10-day cancellation period. Courtesy drops have been referred to as "cancellation drops," in program reporting. Regardless of terminology used, these drops represent disputes; they are merely uncontested by the Marketer and do not require adjudication. Marketers are still levied the \$50 dispute fee and may levy the fee to the customer. All drops that occur between the effective date of the contract and its next anniversary date contravene the Essential Services Model ("ESM"). The dispute fee is in place to motivate Gas Marketers to employ forthright sales practices.

Any terminations outside of the anniversary date may result in Terasen Gas recovering less revenue from customers than it has paid to the Gas Marketer. Terasen Gas stresses that these types of disputes ("courtesy drops") still contravene the ESM, and as such may adversely affect midstream costs.

#### **Gas Marketers' Position**

Just Energy maintains that an additional dispute category needs to be created for courtesy drops of valid contracts. Just Energy explains that there are situations where customers are dropped for hardship reasons that arise during the contract term. Customers may also be dropped at the discretion of the Gas Marketers, which is not necessarily in acknowledgement that a customer is correct in their dispute on the particular issue.

Gas Marketers support Just Energy's position that without the addition of a courtesy drop code, dispute numbers skew higher when customers are released from contracts for compassionate reasons. Higher dispute counts give the appearance that Gas Marketers have been non-compliant, and they do not wish for compassionate/courtesy cases to be held against them statistically.

Gas Marketers also perceive the \$50 cancellation fee for these courtesy drops as an issue. It is viewed as a penalty in cases where a valid contract is in place. This adds to the Gas Marketers' costs. Just Energy does not see an issue with transferring this cost back to the customer.

As an alternative, Smart Energy suggests including a code that would allow a mid-year rate reduction rather than perform a complete customer drop.

Regarding Terasen Gas' subsequent alternative for Gas Marketers to offer rebates to help customers meet their contract obligations, Gas Marketers state that they would be placed in a negative cash position. This is because Gas Marketers would be issuing rebates based on monies that are not actually collected. That is, Gas Marketers collect their revenue stream from Terasen Gas based on deliveries (same amount per month), while customers expect rebates based on gas consumption (higher in winter, lower in summer). Gas Marketers would be in a negative revenue position if customers cancel their contracts after winter, yet expect rebates based on their payments to Terasen Gas.

### **British Columbia Public Interest Advocacy Centre Position**

BCOAPO distinguishes two separate issues: i) customer drops and impact on ESM, and ii) reporting optics.

With regard to the first issue, BCOAPO agrees with Terasen Gas' position and firmly believes that it is of paramount importance to keep costs contained from spilling onto non-program participants, especially as the Customer Choice program was not initiated by consumers.

That there may be customers who find themselves locked into contracts they can no longer afford is a legitimate concern. BCOAPO suggests shortening the maximum term of the contract, such as elimination of 5-year terms, as a more appropriate remedy to address potential changes in people's circumstances.

With regard to reporting optics, BCOAPO believes the public is entitled to the true statistics regardless of the nature of the dispute drop. Consumers have the right to the information to make an informed decision on whether they want to participate in the Customer Choice program. BCOAPO is firmly opposed to limiting the reporting statistics on the BCUC website to only include standard dispute numbers.

In response to Gas Marketers bearing the \$50 cancellation fee, BCOAPO regards it as a normal and expected business risk of being a Gas Marketer. There will be customers who enter into long-term contracts that later become unaffordable due to changes in circumstance. A consequence of being in the business is to bear the cost of that risk.

### **Commission Staff Views**

Commission staff recognizes the problem identified by Just Energy and supported by other Gas Marketers. The dilemma is to create a functioning marketplace while being governed by the ESM. Commission staff is concerned that the ESM is limiting in some respects, but it also brings a lot of benefits to Gas Marketers with 100% load factor gas.

The Commission may be taking action to reduce the amount of hedging that Terasen would do in the future, and if that were the case, the Commission staff were wondering if 10-day cancellation period may be extended for up to 30 days under some circumstances, without a large cost impact.

**Terasen Gas Response**

Terasen Gas does not recommend any changes to cancellation or courtesy drop rules. The Company's position is consistent with the agreed-to Essential Services Model and business rules.

Terasen Gas recognizes that complaints and disputes will always exist in this type of program. At best, these issues should be minimized but not at implementing solutions that erode the ESM or require changes to the business rule that drive IT enhancements and costs. In Terasen Gas's view, the Gas Marketers and Commission have the tools necessary to improve this issue without eroding the principles of the ESM. All participants and stakeholders within the unbundling program need to recognize that no matter what the business model is, each model will have benefits and drawbacks. The Essential Service Model is the best business model to deal with the BC supply infrastructure constraints, while balancing IT system costs, driven from the business rules of the program. The model has effectively delivered customers an alternative to the default offering from Terasen Gas. Gas Marketers should be using the dispute cancellation drop process as a last alternative in their efforts to resolve customer issues, not as a quick fix to promote customer satisfaction.

Any additional code (e.g. courtesy drop, mid-year rate change) that would allow a consumer to be dropped within the 12-month period would violate the ESM. The Commission Order No. A-3-10, dated February 22, 2010 (page 11, item 4.15), states that, "A key business rule of the ESM is that the customer must remain enrolled in the Program for at least 12 months, and in 12 month increments to a maximum of five years at any one time for the same fixed price..." Terasen Gas dealt with this issue extensively in the 2009 Application to demonstrate that price changes outside of an anniversary date adversely affect all customers' midstream costs. See Appendix I: Program Implementation and the Essential Services Model for full details.

Revenues collected from customers only balance to the costs paid to Gas Marketers, on the anniversary date in a normal year. Any differences caused by price or volume changes are necessarily absorbed in midstream costs and borne by all customers. Any violation of the ESM model resulting in a cost to midstream should be paid by Gas Marketers. If these costs (i.e., dispute fees) are passed on to customers, Gas Marketers have little incentive to ensure their sales practises abide by the Code of Conduct and accurately portray their product offering to consumers.

The addition of a new code is also unnecessary as several options already exist to cancel contracts once they are signed. In addition, the Commission may choose to increase fines when Code of Conduct issues occur to shape Gas Marketer behaviour.

There are four ways that Gas Marketers are able to cancel contracts once they are signed, the 10-day cancellation window, the operational correctional drop, anniversary

drop, and the dispute drop. The first three options are done before the MSR is finalized. The dispute drop occurs after the MSR is set and therefore violates the ESM and is only to be used as a final option in specific cases.

The first option is the penalty-free 10-day cancellation window, already discussed in Section 2.1.3. The second is the operational correction drop code that was implemented in August 2009, providing Gas Marketers more flexibility to process cancellations after the cancellation period, but before the contract is included in the final marketer supply requirement. This code allows Gas Marketers to drop contracts right up to the 13<sup>th</sup> of the month prior to the flow date, even if the cancellation period has ended.

Anniversary drops allow Gas Marketers to cancel contracts after a contract has started flowing, but before their expiry date. Anniversary Drops can be submitted at any time and will take effect on the next calendar anniversary date of the contract. Anniversary drops gives Gas Marketers the ability to provide their customers with options to re-sign at a lower rate if the market has changed since the initial contract was signed.

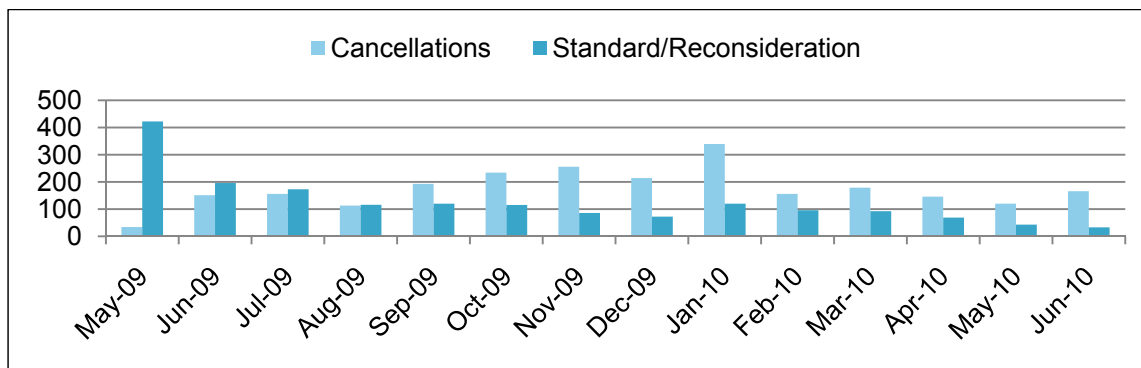
Gas Marketers often choose to process uncontested dispute drops in order to cancel the contracts immediately. The \$50 dispute cancellation fees are then applied against the Gas Marketer's monthly settlement, the amounts being deducted from Terasen Gas' remittance. However, Terasen Gas is aware of some cases where this fee is passed onto the customer as a service charge; the fee may even be defined in the Consumer Agreement that the customer signs. This should not occur. The purpose of the \$50 fee is to incent honest sales practices, and therefore, Terasen Gas believes it is a cost that should be borne by Gas Marketers.

Figure 3 describes the trend of dispute types logged since May 2009. Note that the numbers of uncontested dispute drops (labelled here as "cancellations") now dramatically exceed the numbers of "standard/reconsideration" disputes. These results are concerning to Terasen Gas, as the widespread use of uncontested dispute drops violates the ESM model and suggests Gas Marketers are shifting the business risk away from themselves. Since the program began in 2007, Gas Marketers could process "courtesy drops," however it was not possible to quantify their use. Terasen Gas facilitated the system changes necessary in May 2009 to differentiate dispute types so as to understand Gas Marketers practises, rather than offering them an easy way of contravening the ESM.

Terasen Gas believes that the data collected should be used to track Gas Marketer dispute activity, and provide Commission staff with the information needed to help shape Gas Marketer business practices. This could be accomplished with the use of fines for breaches of the Code of Conduct or temporary license suspensions. Consumer Agreements should only be dropped on the anniversary date. In rare cases, an uncontested dispute drop may be legitimate for compassionate reasons, but these should be rare exceptions. Consumers have signed contracts, consumer protection steps including the Code of Conduct, licensing, confirmation letters and TPV calls are in place to ensure the signee understands the breadth of the commitment. The Independent Dispute Process should be relied upon to fairly adjudicate disputes. Customers should fulfill their contractual commitment, or Gas Marketers should be

impressed to use other methods to settle disputes with customers in a fashion that does not contravene the ESM. Uncontested dispute drops are currently relied upon to evade ESM rules. If the fee is passed onto customers, or uncontested disputes are excluded from dispute statistics there is little incentive for Gas Marketers to change their existing practise.

**Figure 3: Dispute Types Recorded in GEM**



Gas Marketers also have within their means the ability to offer customers rebates, in order to keep contracts whole and to comply with the ESM. Although there is a financial impact to the Gas Marketers, Terasen Gas agrees with BCOAPO that it is a reasonable risk of doing business. Terasen Gas believes that the impact will be minor as the marketer will continue to receive the guaranteed revenue stream from Terasen Gas monthly for the allocated volume of gas and in turn provides the customer a rebate until the contract can be dropped at the anniversary date. Terasen Gas also agrees with BCOAPO that Gas Marketers can offer shorter terms such as one or two year rates. Another consumer friendly practice that Gas Marketers may consider is to alter contract rates or forego penalty fees, permitting customers to easily withdraw from the program on the anniversary date of the contract.

Regarding the Commission staff's comment on the possibility of Terasen Gas current hedging strategy changing, this will be dealt with in a different proceeding before the Commission. The current hedging strategy primarily impacts Terasen Gas commodity or CCRA function, rather than a midstream function. However, there is some hedging done within the midstream. The hedging strategy that the Gas Marketers are competing against impacts Terasen Gas' default offering or CCRA; therefore any potential changes from the review currently underway will primarily impact the CCRA rate and not the midstream. When contracts are broken that circumvent the ESM, the midstream rates absorb any volume and price variance that deviate from the normal annualized load. Thus, any changes that result to the CCRA hedging strategy will not resolve the issues inherent with the ESM.

Further, Commission staff suggests that the 10-day cancellation window could be extended to 30 days in some circumstances, "without a large cost impact." From a technical perspective, extending the cancellation window would involve changes in the enrolment validation logic and business rules. The necessary system changes could not be contemplated until after the roll-out of the new Customer Information System ("CIS"),

post 2012. Terasen Gas believes that extending the cancellation window would provide minimal consumer benefit. An analysis of dispute activity reveals that contracts typically flow for an average of 117 days before a dispute is raised. As well, an average of 33% of residential customers cancel contracts within the 10-day cancellation period window. This suggests that very few disputes would be avoided by extending the cancellation window by 20 days. Any changes to the MSR process and timeline would necessitate additional costs to design, test and implement a new solution. These costs would be shifted onto all customers who would likely receive little benefit.

Calculating and setting the Marketer Supply Requirement (“MSR”) timetable, including the 10 day cancellation window, was reviewed and specified as part of the original unbundling design. The solution that was chosen was deemed the best option available. The MSR needs to be run after the cancellation period has expired to account for any incremental enrolment changes.

#### ***TGI Recommendation***

***Terasen Gas maintains that the Essential Services Model should continue to govern the Customer Choice program and that an abiding principle should be to limit non-participants’ exposure to program costs. Terasen Gas does not recommend any changes to cancellation or dispute drop rules.***

***Rather than changing business rules or process, TGI recommends that the Commission consider aggregate fines for continued Gas Marketer breaches of the Code of Conduct, Gas Marketers should employ marketing strategies to provide customer satisfaction instead of dropping contracts outside the anniversary date.***

### **2.2.2. Dispute and Cancellation Fees**

The current dispute cancellation fee is \$50. It is payable by the Gas Marketer, but is sometimes charged back to customers as a service charge, depending on Gas Marketer contract terms.

#### **Gas Marketers’ Position**

Gas Marketers believe that the \$50 fee should remain unchanged, and that they should generally pay the fee, rather than pass it through to customers.

Gas Marketers believe that if the fee were increased to \$500, it would be incumbent upon Gas Marketers to release customers, regardless of whether the contract was valid. In reference to a Commission staff statement regarding dispute fees in Manitoba (see Commission view below), Just Energy clarified that the example refers to costs associated with actual hearings of formal complaints, which may be the rationale for the high fee.

As discussed last year, if such fees were to be applied to customers when adjudication is not in their favour, there might be a disincentive for people to raise issues.

## **British Columbia Public Interest Advocacy Centre Position**

BCOAPPO have no position on this issue.

### **Commission Staff Views**

Commission staff is considering increasing the \$50 fee to a higher amount, to ensure that dispute resolution costs are adequately covered, and to incent Gas Marketers to resolve customer complaints before they are escalated to the Commission. As an example, Commission staff cites the jurisdiction of Manitoba having significantly raised its dispute fee to \$500. However, the fee may be so punitive that no disputes are coming forth. Commission staff's intention with the dispute resolution fees would be to charge them to the customers, if the cases were to be adjudicated against them.

Commission staff is also exploring the option to waive the dispute resolution fee on the anniversary date. Increasing flexibility in this way should not impact the ESM.

### **Terasen Gas Response**

Terasen Gas does not currently recommend an increase in dispute fees because Gas Marketers can simply pass these costs on to customers. As such, adjusting the fee structure may have negligible impact on Gas Marketer behaviour and Code of Conduct compliance. Moreover, the higher fees may end up harming the customers that the penalties are designed to protect.

Fees recovered from the marketers for dispute resolutions are intended to deter marketers from violating the Code of Conduct for Gas Marketers. While an incremental adjustment to the dispute fee may be inadequate to influence Gas Marketer behaviour, Terasen Gas suggests employing more stringent penalties for violations and continued ESM breaches, for example, as represented by higher than acceptable disputes (i.e., standard and cancellation dispute drops). Consideration should be given to the temporary suspension of licenses, or aggregate fines should be levied for violations of the Code of Conduct or continued activities deemed inconsistent with the ESM.

Terasen Gas remains unconvinced that levying customers with a dispute fee would reduce fixed-rate product abandonment rates. Making the dispute process more onerous would likely elicit consumers to search for other, less visible ways to break their Consumer Agreement.

Terasen Gas notes that there is no need to formally waive the dispute resolution fee on the anniversary date as suggested by Commission staff. Marketers can currently submit anniversary drops to avoid dispute charges. Customers are encouraged to negotiate a settlement with their Gas Marketer before a dispute is raised by Terasen Gas contact centre representatives. Gas Marketers can use this option in their negotiation with customers. Lastly, Commission staff can currently choose to return customers to the regulated Terasen Gas rate on the contract's anniversary date, and select, "No dispute fee," on the Dispute Ruling page in GEM.



#### **TGI Recommendation**

***No change required for the dispute and cancellation fees. As per Item 2.2.2 above, TGI recommends that the Commission consider temporary license suspensions or punitive fines for continued Gas Marketer violations of the Code of Conduct, or use of business practises inconsistent with the ESM.***

### **2.2.3. Dispute Procedures**

The current dispute procedure for residential customers is as follows: i) customers call in their dispute to their Gas Marketer and/or the Terasen Gas contact centre; ii) the Gas Marketer or Terasen contact centre representative will log the dispute in GEM; iii) disputes are available for Commission review via GEM; iv) Gas Marketers submit their responses and supporting documents to the Commission via GEM; v) Commission rules and communicates decisions to all parties. Rulings in favour of the customer are electronically processed through GEM to return the customer to the regulated variable rate. Currently, customers are not given an opportunity to respond to the Gas Marketer's dispute submission before adjudication occurs. Commercial disputes initiated by customer letter are currently handled off-line by Commission staff, or contractual matters may be taken to the courts.

A document entitled, "The Customer Choice Program: Complaint and Dispute Processes," is readily available from the Commission's website under the Customer Choice Section. This document summarizes consumer rights and responsibilities with respect to Customer Choice Consumer Agreements. As of August 2010, this document has also been included with the dispute ruling letters sent to customers from the Commission.

#### **Gas Marketers' Position**

Gas Marketers are not opposed to allowing customers a final say in the dispute process. Indeed, this is how some inquiries (not disputes) have been handled—the Commission asks Gas Marketers for input, which will then be shared with the customers for further feedback. Gas Marketers ask that a revised dispute process be streamlined so that the timing and effort required do not become difficult to manage. For example, if customers initiate disputes by submitting information in a standard format, that may minimize any follow-up documentation required.

#### **British Columbia Public Interest Advocacy Centre (BCOAPO) Position**

BCOAPO strongly supports Commission staff's suggestion to allow customers a second opportunity for input in the dispute procedures. BCOAPO comments that the current process is fundamentally unfair to customers. Virtually every kind of legal process allows people to know the case details and to have an opportunity to respond to them. Customer Choice program disputes are legal disputes over a contractual liability and fairness should be fundamental to the process.

In terms of the mechanics of incorporating this additional step, BCOAPO suggests that the Commission has the obligation to ensure that customers are fully informed of dispute details. In addition, the Commission should solicit the customer's rebuttal and/or supplemental information in response to the Gas Marketer's response.

### **Commission Staff Views**

Commission staff proposes providing customers with a second opportunity in the dispute process to respond to Gas Marketer comments before a ruling is made. This amendment would make the Unbundling program's dispute procedure similar to a small claims application—the claimant (customer) files a dispute, the defendant (Gas Marketer) has a rebuttal option, the claimant can reply to that, and finally a decision is made. This issue was identified by the Ombudsman's Office after a review of the current dispute procedures.

In response to Terasen Gas' question about the process to collect customers' final input, Commission staff suggested that customers should make a final submission in writing. It could be a form that gets sent to Terasen Gas for logging, then forwarded to the Commission and BCOAPO.

Commission staff also advocates providing customers with information about their rights regarding the dispute process as early as possible. The Commission's document containing this information could be made into a brochure, and Terasen Gas could direct customers to the appropriate website location to find it. In response to Terasen Gas' suggestion that an existing booklet containing other standard Customer Choice information be modified to incorporate the relevant complaints and disputes parameters, Commission staff is in agreement.

### **Terasen Gas Response**

Terasen Gas generally supports the Commission staff's proposal to provide customers with a second opportunity in the dispute process to respond to Gas Marketers' comments, prior to adjudication. Consistent with BCOAPO's views, the Commission would take responsibility to ensure that customers are fully informed of all details, and would solicit customers for their final input. However, modifications would be required in GEM in order to support the Commission's suggested change so implementation may be delayed post 2012. In the interim, Terasen Gas recommends using the reconsideration process, to facilitate the Commission's proposal.

In order to gather additional evidence from customers, a long term systems solution several changes to GEM, including:

1. Adding a text field to the Log Dispute page. This would allow the Commission to capture customers' final comments in the dispute procedures.
2. Adding an upload function. This would allow the Commission to upload customers' final documents in their rebuttal to the information provided by Gas Marketers.
3. Automating the process to manage the additional dispute phases, including: the collection of the additional input from the customer; and the design or adjustment of existing reports to assist Commission staff in the timely review and adjudication of disputes.

These changes need to be fully scoped and costed, and change items 2 and 3 cannot occur until post 2012. Therefore, Terasen Gas proposes revisiting this agenda item at

the 2011 Annual General Meeting. If there is continued interest in proceeding with supporting system changes, Terasen Gas will recommend a suitable strategy at that time.

In the interim, Terasen Gas suggests the infrastructure already exists within the reconsideration process to accommodate the Commission's proposal. Currently, the Commission receives information from customers and Gas Marketers, and makes an adjudication to settle disputes. Customers are informed of the Commission's decisions by letter, and are invited to submit a written request for reconsideration if there is disagreement.

Terasen Gas suggests that the Commission modify their decision letter. In those instances in which the Gas Marketer's position is supported, inform the customers that the Consumer Agreement will be upheld unless a rebuttal is sent by a given deadline. This would provide customers their opportunity for second input, prior to the Commission's processing of their decision. The Commission could close the dispute if the customer fails to respond by the stated deadline, or alternatively, staff could close the dispute and enter the new evidence through the reconsideration process.

Terasen Gas will review and modify the Customer Choice booklet to include expanded information regarding the dispute process and customer rights. The existing booklet will be reviewed for clarity, and key parameters from the Commission's complaints and disputes document will be incorporated. Terasen Gas recommends that Commission staff review the proposed changes in advance of circulation to Gas Marketers for their input. Appropriate changes will be incorporated at each stage, and rejected changes will be summarized. Final approval will be made by Commission staff. Upon approval, Terasen Gas will print and distribute the revised booklet.

**TGI Recommendation**

***The Commission seeks a simple, repeatable process that affords customers an opportunity to rebut Gas Marketer evidence submitted through the dispute process.***

***Interim: Terasen Gas suggests modifying the Commission decision letter sent customers. In instances that favour the Gas Marketer, letters should present a preliminary ruling and include Gas Marketer evidence (i.e., attachments). Letter should indicate that the ruling will be made final unless additional customer evidence is presented to Commission staff by a given deadline.***

***System Solution: Terasen Gas has included an estimate for additional GEM system changes in Section 3.1, Dispute Ruling Page Improvements. This proposed solution may be delayed until post 2012.***

***Terasen Gas will update the Customer Choice booklet to inform customers of their rights with respect to the dispute process.***

## **2.3. Contract Renewals**

Evergreen provision, renewal notices, and contract renewals and blend and extend offerings are examined in this section.

### **2.3.1. Evergreen Provision**

The contract term “evergreen” refers to a Consumer Agreement that will automatically roll-over for an additional 12-month period at the same rate per GJ if a new enrolment or non-renewal drop is not received before the entry deadline of the term end. This definition was the basis for the processes defined and programmed into the system infrastructure during development of the Customer Choice program.

Customers receive a confirmation letter when they are first enrolled in the program, a renewal notice 90 days prior to the renewal date, and a bill notification 75 days prior to the expiry date of their evergreen contract. If customers do not wish to renew their contracts or change their renewal terms, they must contact their Gas Marketers within 30 days after receipt of written notice. Otherwise, their contracts are automatically renewed. This renewal process continues indefinitely until the Gas Marketer enters an evergreen cancellation code (3320) into the GEM system.

#### **Gas Marketers’ Position**

Superior Energy would like to consider hybrids of the existing evergreen provision, rather than eliminating it on the basis of operational constraints. In other jurisdictions, evidence suggests that evergreen contracts benefit customers. Superior Energy suggests increasing the time allotted for customers to respond, if that is indeed an issue. Customer communications could be reviewed. Contract information could be presented on the bill. Superior Energy feels that customers generally have access to their current information more so now than in the past, which might suggest that knowledge is present and available.

Just Energy disagrees with likening evergreen provisions to negative option billing, stating that the latter is a different legal issue from an automatic renewal. Other consumer services (e.g. cell phone, Internet service, mortgage) automatically renew and Customer Choice should be no different. If the price at time of renewal is unfavourable toward the customer, the objections are understandable. However, if the price can be adjusted downward going forward, customers should continue to be given the convenience of renewing without further action (i.e. making a positive election). Just Energy believes that the real issue is the mechanics of how the system handles renewals when there is a price change, and not whether to offer customers the convenience of automatic renewals.

Planet Energy’s opinion is that customers elect to have their gas supplied by a specific Gas Marketer by signing a Consumer Agreement. They should remain with that choice (i.e. fixed rate option, but adjusted to a current rate at renewal), unless they positively elect otherwise. The existing evergreen provision facilitates this process. There is, unfortunately, a perception that Gas Marketers are bad and that the regulated utility is where customers should always return to by default. Planet Energy suggests that this sentiment may be the underlying reason for objections to automatic renewals.

In summary, Gas Marketers would be opposed to removing the evergreen provision. Some cite years of evergreen provision experience in other jurisdictions, with no issues. The arrangement can be a very convenient, cost-effective mechanism that benefits both Gas Marketers and customers. Gas Marketers suggest that they should be allowed to lower the fixed rate offering upon renewal, without entering into a new contract. They agree that consumer protection is important, and generally feel that the current packaging of information provides sufficient protection. Nevertheless, some suggestions to address concerns include extending the window of time for customers to cancel when the original contract end date is reached; including the evergreen provision in the TPV script to ensure customers' understanding of it; and tasking Terasen Gas with sending the renewal letters if there is concern that Gas Marketers are not doing so.

**Commission Staff Views**

Commission staff believes that the evergreen provision should be discontinued. The core reason for opposition is the negative optioning. It is inappropriate for consumers' contracts to be automatically renewed, simply because they do not communicate with their Gas Marketers in the given timeframe. Consumers' silence does not necessarily indicate their desire for an automatic renewal, because the possibility exists that they have not received proper notification, or that they have failed to read or to understand it.

**British Columbia Public Interest Advocacy Centre Position**

BCOAPPO staunchly opposes the evergreen provision. Automatic renewals or default rollovers, without affirmative action by customers, are completely objectionable. It is reminiscent of the cable TV companies' negative option billing a few years ago. BCOAPPO also comments that evergreening is an intensely anti-competitive practice, and not in any party's interest.

BCOAPPO feels that if Gas Marketers are prepared to lower the price at renewal time (if competitive pricing were the concern), they should be prepared to renegotiate the entire contract at the end of the term. Gas Marketers' suggestions for other fixes, such as changing the contract language to be clearer about automatic renewals, are not solutions. The core problem is the existence of default rollovers and BCOAPPO is firmly entrenched in its position on this issue.

BCOAPPO has great concerns with grandfathering all existing contracts, and instead, proposes only to grandfather those with the evergreen provision to allow for a one-year renewal.

**Terasen Gas Response**

Terasen Gas recommends phasing out evergreen contracts mainly because the practice fails to adequately protect consumers. Specifically, evergreen contracts are inconsistent with consumer protection goals, are often perceived as a deceptive business practice, and can necessitate costly manual corrections in Terasen Gas back office. As noted by the BCUC, silence does not necessarily indicate the customer understands that their contract will automatically renew. Terasen Gas proposes grandfathering all existing evergreen contracts for one year, and removing the evergreen enrolment codes (1130 and 1230) from the GEM system, effective March 31, 2011. Only 9.5% of all Consumer

Agreements are evergreen contracts. As of June 30, 2010, only 19% of eligible evergreen contracts exercised the roll-over option. The remaining 81% either cancelled or signed new consumer agreements.

The evergreen provision originated with the commercial unbundling program where all commercial contracts contained the automatic renewal clause. When the business rules and system processes for the BC residential unbundling program were designed, the evergreen provision was included as a contract option. The system was programmed to automatically roll-over an evergreen contract (enrolment codes 1130 and 1230) for a one-year term at the same contract rate if a cancellation (code 3320) or new enrolment was not received by the entry date deadline. What Gas Marketers are looking for with automatic renewals, is different than the current definition of evergreen contracts. Gas Marketers wish to retain their customers on contracts with the flexibility to change the terms. This was not the intent of the evergreen provision. As the Customer Choice system is designed currently, this would represent substantial process and system changes.

Terasen Gas believes that evergreen contracts are generally inconsistent with consumer protection goals. The evergreen process is automatic, and it is up to customers to initiate a cancellation. Thus, if they are unaware that their contracts are renewing, and do not react to the renewal notice, they will be re-enrolled automatically. Some consumers perceive this form of automatic contract renewal as a deceptive business practice.

Although customers receive a renewal letter from their Gas Marketer and a renewal message on their Terasen Gas bill, some customers are still requesting cancellations *after* the deadline has passed. This indicates that the communications may be unclear, unread, or that customers may not have sufficient time to make a decision and respond (e.g. due to illness, vacation, etc.). Depending on the language in the evergreen contract, renewed customers may not be able to extricate themselves from the contract without paying a penalty fee. This business practice is not in the best interest of customers.

Terasen Gas contracted a local research company, Ideba, to conduct a focus group on November 4, 2010 with six residential natural gas customers. The six customers were randomly selected, three of whom were currently enrolled in Customer Choice. This format allowed Terasen Gas to understand some of the issues faced by those people that signed agreements, as well as those that did not. The three participants enrolled in Consumer Agreements were not aware of their contract's specific renewal terms. The participants had no comprehension of the term "evergreen," often confusing it with an environmental program. Terasen Gas encourages Gas Marketers to refrain from using the term "evergreen," in any contractual material. When described as an automatic contract renewal, participants immediately grasp the nature of the offer. Consumer agreements and other customer facing material including educational material like the standard information booklet should use this consumer friendly terminology.

When the automatic contract renewal process was explored more thoroughly with participants, several suggested the process should feature an opt in rather than opt out policy. The focus group moderator concluded<sup>9</sup>:

*“Customers saw the automatic renewal clause in contracts as somewhat convenient, but overwhelmingly preferred the option of “opting in” versus “opting out”, putting the onus on the company rather than the customer.”*

*“Customers would prefer to start a new contract and “start afresh” upon completion of their contract, feeling that the current process needs to provide them with more protection.”*

Only one of the six participants suggested they preferred the convenience of an opt out automatic renewal process. This customer did not happen to be currently enrolled in a consumer agreement. In general, as noted by the moderator's comments above, the participants found the practice of auto-renewals to be unfavourable and not in the customer's best interest.

Terasen Gas acknowledges that the focus group results only offer directional information. While this type of qualitative research fails to provide the same types of results offered by quantitative research (i.e., percentage of customers voicing specific preferences), focus groups are appropriate to explore “why” customers have the feelings they do. It has been established through this research process that at least some customers feel the existing automatic renewal process is not in the best interest of customers. Terasen Gas shares this point of view and recommends that the practice should be discontinued. All results from the study are in Appendix J.

Evergreen contracts evoke the same types of concerns that many consumers have about “negative option billing.” These service arrangements are typical in contracts for gym memberships and DVD clubs. They are ongoing without a clear end to the contract or opportunity to renew. Consumers are expected to inform the company when they wish to cease the service. Technically, the existing evergreen process is an “automatic contract renewal.” The contracts renew unless customers specifically decline the renewal. Both practices are legal in Canada, although some provinces have banned negative option billing. Although the practices are widespread, Terasen Gas does not believe either practice is in the best interest of consumers. If buyers do not fully understand the terms and conditions of the renewal, problems often arise. This leads to another concern with evergreen contracts, namely that frequent cancellations of evergreen contracts outside of the cancellation window create re-work for Terasen Gas' back office.

As noted above, despite written communications advising of automatic renewals, some customers identify their desire to cancel *after* contracts have been evergreened. Terasen Gas has also received requests from Gas Marketers to drop contracts that have

---

<sup>9</sup> Ideba, David Sly, principal, Customer Choice and Commodity Pricing, Qualitative Research Findings, conclusion page, November 8, 2010.



evergreened in error because they forgot to submit the cancellation drop code before the deadline. This was the case in June 2010, when over 60 commercial accounts had to be manually dropped from the database after their contracts had rolled over for another year. These instances require additional back office work to cancel the contracts and to ensure that the billing is adjusted accordingly.

For these reasons, Terasen Gas is of the opinion that evergreen contracts should be phased out. The evergreen codes should be disabled by March 31, 2011. There are existing evergreen contracts in the database scheduled to flow from November 1, 2011 to November 1, 2016. Existing evergreen contracts would be allowed to renew for one more year up to the end of 2017.

#### Potential Alternative

As an alternative to eliminating evergreen contracts, in response to Superior Energy's request for hybrids, Terasen Gas suggests that the current "opt out" evergreen process could be replaced with an "opt in" approach. This would entail customers signing the renewal letter and returning it to their Gas Marketer. This active process in which the consumer has verified they have read the renewal letter, would adequately confirm their desire to remain in the existing contract. If this approach is adopted instead of the preferred option to eliminate evergreen contracts, Terasen Gas believes that several communication activities also should be adjusted to improve consumer protection.

Terasen Gas suggests adjusting three communication touch points to better inform consumers about their rights and responsibilities in relation to evergreen contracts, including:

1. the confirmation letter upon initial enrolment;
2. bill message notification; and
3. Gas Marketer renewal letters.

Confirmation letters and bill messages can be improved to include information about the evergreen clause. A request for customer signature acknowledging their intention to retain the contract for an additional year should be added to the renewal letter, and a business reply envelope should be included in the mailing as well. Lastly, Terasen Gas suggests that the Commission review Gas Marketer renewal letters to ensure messages being delivered to customers are clear and accurate.

Confirmation letters are sent by Terasen Gas to customers when they initially enrol with a Gas Marketer. The letters confirm the agreed upon commodity rate, contract start date, and contract end date of the original term. Figures 4 and 5 show an example of the current confirmation letter.

Figure 4: Current Confirmation Letter (Front)

Terasen Gas  
16705 Fraser Highway  
Surrey, BC  
V4N 0E0  
www.terasegas.com

TEST

1 00000000 00000000  
**ANNE BIRDSTONE**  
**2420 MCLEARY CRES N**  
**CRANBROOK BC V1C 5Z5**

Feb 23, 2009

Re: CUSTOMER CHOICE program - Confirmation of Enrolment

Dear ANNE BIRDSTONE:

Terasen Gas has been notified that you have chosen to purchase your natural gas from ABC Energy Management Gas, an independent gas marketer. You will be enrolled in the CUSTOMER CHOICE program based on the following information:

Customer number: 164389  
Customer name: ANNE BIRDSTONE  
Premise number: 218928  
Premise address: 2420 MCLEARY CRESCENT N CRANBROOK BC V1C 5Z5  
Gas marketer name: ABC Energy Management Gas  
Gas marketer telephone: 1-888-555-4545

Effective Start Date	Effective End Date	Price (\$/GJ)
Apr 1, 2009	Apr 1, 2014	9.69

Terasen Gas will continue the safe and reliable delivery of natural gas to your home and provide the same quality of service as we have in the past.

If you have any questions or concerns or wish to cancel the above supply arrangement, you may do so by contacting ABC Energy Management Gas at 1-888-555-4545 on or before Mar 5, 2009.

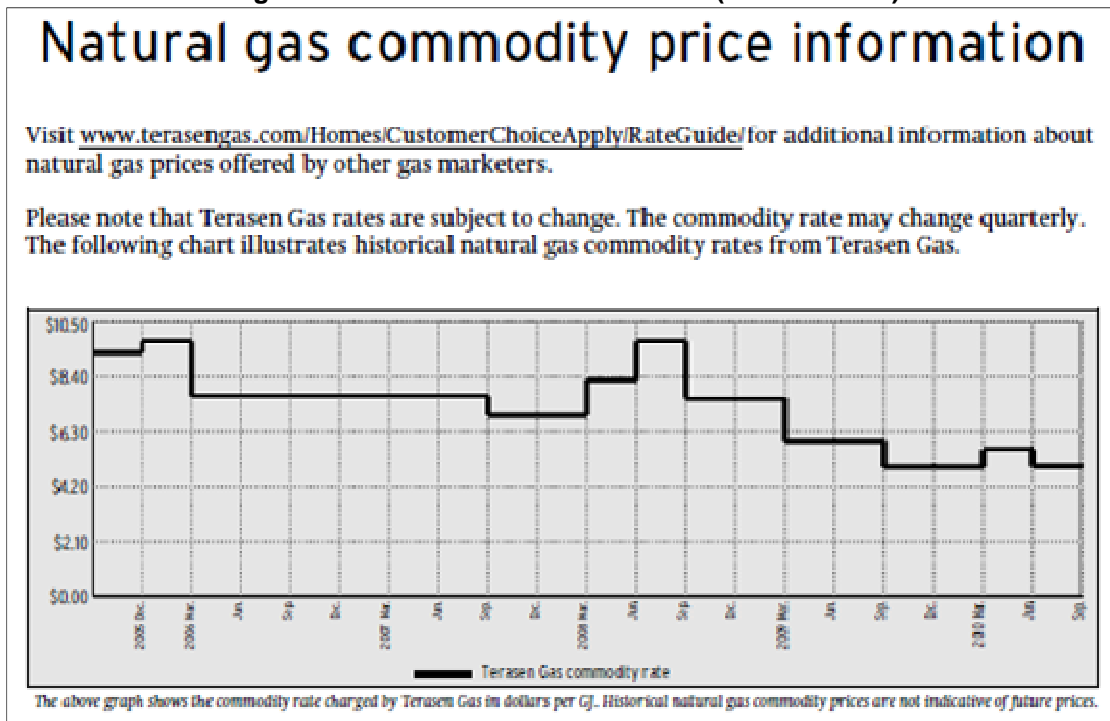
Please see reverse for further information about natural gas prices.

It is our pleasure to serve you and we look forward to working with ABC Energy Management Gas to meet your future natural gas needs.

Sincerely,

Terasen Gas Inc.

Figure 5: Current Confirmation Letter (Reverse Side)



Currently, confirmation letters do not indicate if the consumer has signed an evergreen contract. Although it is very unlikely that a consumer will recall the information from a letter they read as much as five years ago, adding clarity to the specifics of the contract they signed is an appropriate safeguard. In instances of evergreen contracts, Terasen Gas suggests adding the following wording to the confirmation letter as an opt-in approach:

*The contract you have with your Gas Marketer may be renewed for an additional 12 months, if you elect to do so near the end of your contract term. Otherwise, your natural gas supplier will revert to Terasen Gas, and you will pay the regulated rate for natural gas that is approved by the B.C. Utilities Commission.*

The bill message that is printed on consumer bills 75 days before the expiry/renewal date can be adjusted to provide more urgency to the issue. Bill notifications are printed directly onto customers' bills and sent by Terasen Gas. Figure 6 is an example of the evergreen notice that is printed on customers' bills 75 days prior to the renewal date. It states the contract expiry date, and that it *may* be subject to automatic renewal provisions.

**Figure 6: Current TGI Bill Message**

Premise number 221974: Your commodity supply contract with your gas marketer will expire 2010/10/01, subject to any automatic renewal provisions you may have agreed to. Please contact your gas marketer at 1-866-872-2991 before 2010/09/01 to determine your renewal options.

Terasen Gas suggests revising the wording for opt-in evergreen contracts as follows:

*IMPORTANT: Your Gas Marketer Consumer Agreement for premise 221974 will soon expire. ABC Gas Company recently sent you a renewal letter about this Agreement. Please sign and return the letter before 2010/08/01 to extend the commodity contract for an additional year. If you do not make other arrangements, your natural gas supply will automatically revert to the Terasen Gas regulated variable rate on 2010/10/01.*

Lastly, Terasen Gas recommends eliminating the reference to “evergreen.” Renewal letters sent out by Gas Marketers and customer education material should reference, “automatic contract renewal” and explain that the contract will be renewed at the current contract price for an additional 12 months

In summary, while it is clearly in the best interest of Gas Marketers to bind customers to the longest term possible, Terasen Gas suggests that the evergreen process is seemingly inconsistent with consumer protection goals. The current opt out approach is reminiscent of negative option billing, and the enrolment code creates re-work for Terasen Gas when cancellations are entered late by Gas Marketers. For these reasons, Terasen Gas recommends discontinuation of the evergreen provision, and feels that it is incumbent upon Gas Marketers to re-sign customers through a more active sales process.

Should the BCUC decide to retain the evergreen enrolment code, Terasen Gas advises to adopt an opt-in contract renewal approach. This would require customers to sign and return the renewal letter to affirm they want to retain the existing contract. Customer communications should be improved to help reinforce the importance of the renewal process. And lastly, references to evergreen should be avoided. Instead, customer communications should refer to “automatic contract renewal.”

**TGI Recommendation**

***Remove the evergreen enrolment codes (1130 and 1230) from the enrolment database, effective March 31, 2011.***

***Grandfather evergreen contracts signed before this date for one year. The last evergreen contract would end in 2017. The estimated cost to disable the evergreen provision in the Customer Choice system is approximately \$10,000.***

### **2.3.2. Renewal Notices for Evergreen Contracts**

For evergreen contracts, the current process calls for Gas Marketers to send out renewal notices to its customers 90 days prior to the renewal date. There is no standardized format or set of requirements for these notices.

#### **Gas Marketers' Position**

Gas Marketers support setting standards for components of the renewal letter or package, but oppose creating a standard letter for all Gas Marketers to follow. They argue that a standard format removes the ability of each Gas Marketer to craft tailored letters to their customers. In the Gas Marketers' opinion, the renewal package is their marketing package, and although all agree that there should be common, pre-defined elements, some flexibility for customization should also exist.

Gas Marketers reject the idea of sending renewal packages by registered mail, citing its high cost, which would be built into the commodity price. Superior Energy and Just Energy have recently dealt with this issue in the Ontario market and Commission staff requests that they update the meeting attendees with a follow-up on the resolution in Ontario. Planet Energy suggests that renewal packages be sent through email, particularly if customers have signed up to receive email.

To address concerns about customers not receiving renewal notices, Just Energy says that they retain records of pieces that go out in the mail, which should provide sufficient proof of mailing if customers were to claim lack of receipt. Furthermore, Access Gas suggests that Terasen Gas could send separate letters to customers, informing them that their contracts are up for renewal.

In terms of the renewal package content, there is some resistance from two Gas Marketers. Specifically, Just Energy does not see value in providing a copy of the original terms and conditions, and suggests that two sets of similar terms and conditions would confuse consumers (as seen in Ontario, in Just Energy's opinion). Similarly, Bluestream Energy believes it would be redundant to provide a copy of the existing contract.

Just Energy and Smart Energy describe situations where customers sign two concurrent contracts for the future, and where the Terasen Gas system only recognizes the first one. While customers are in a current contract, they may be approached by another Gas Marketer and may sign a future-dated contract that takes effect after the current one expires. As the current contract approaches expiry, customers may then sign a new contract with their current Gas Marketer, if they find it more advantageous. However, Terasen Gas' system rejects the second and most recent contract, as it sees an overlap with the first, future-dated one. Just Energy believes that the system should allow the most recently signed contract to prevail.

#### **British Columbia Public Interest Advocacy Centre Position**

BCOAP is amenable to Gas Marketers inserting their own marketing materials in the renewal package, but is in agreement that the Commission should approve the content.

Order and primacy of messages, such that the significant ones appear first and in legible font sizes is important.

As a general observation, BCOAPO points out that the contract and renewal process depend very much on *informed* consent. With materials available only in English, the assumption is that all customers are literate in English, yet this is not the case. To assume that everyone's interests have been protected, because they received a letter, is incorrect. BCOAPO believes that materials should be made available in a variety of languages other than English. Multi-lingual messages about how to receive these translated information pieces should be included in the English language communications (i.e. letters, brochures, websites).

Additionally, BCOAPO has serious concerns about customers being signed to contracts well in advance of the current contracts' expiry dates. A maximum time period that a contract can be signed in advance should be further discussed and defined.

### **Commission Staff Views**

In the interest of consumer protection, Commission staff proposes to set renewal notice standards for all Gas Marketers to follow. Commission staff recommends that evergreen customers receive an informative renewal package that would include the following documents:

1. Two copies of a standard renewal notice: This would be newly-developed and Commission-approved; it would contain the new term and price, and include the option to cancel the current contract on its expiration date.
2. Clear, written notice of process, that in the event of no response from customers their contracts will automatically renew.
3. Customer Choice Standard Information Booklet.
4. Copy of the original, signed contract, accompanied by the original set of terms and conditions.
5. Copy of the new contract with the new term and price, accompanied by the new set of terms and conditions.

Commission staff further proposes sending renewal packages by registered mail to ensure that customers receive them.

In response to Gas Marketers' question regarding type of the signature that would be acceptable (wet or electronic, per the *Electronic Transactions Act*), Commission staff states that either might apply, however emphasizes that the authorized signatory for renewals *should* be the account holder on record with Terasen Gas.

### **Terasen Gas Response**

As per Section 2.3.2, Terasen Gas believes that evergreen contracts should be discontinued. If the BCUC chooses to retain an evergreen option, Terasen Gas recommends that positive customer affirmation should be implemented. Gas Marketers would be obliged to cancel contracts for which no signed renewal letter was obtained from the customer. This opt-in process will ensure that customers read the Gas Marketer's renewal letters. Terasen Gas is of the opinion that this approach eliminates

the need for items 1 through 5 suggested in the BCUC position above. The approach incentivizes the Gas Marketer to ensure the renewal letter reaches each affected customer. As noted in Section 2.3.2, it is recommended that Commission staff review renewal letters; however Terasen Gas does not anticipate that a single format is necessary. This approach will allow each Gas Marketer to customize their marketing materials as appropriate, yet provide the BCUC the opportunity to ensure that the letter the customer has signed is clear and appropriate.

With respect to BCOAPO's concerns related to multilingual messages, Terasen Gas suggests that Gas Marketers share responsibility to ensure their potential customers are appropriately informed about the Customer Choice Product. If Gas Marketers choose to target different ethnic markets, Gas Marketers must take the necessary steps to ensure their sales process accounts for any language barrier. In 2011, the customer choice education budget falls to \$300,000. This amount is small, in relation to the nearly one million customers served by Terasen Gas. Terasen Gas therefore believes, that these funds should be used to continue education efforts necessary for the overall market, most of who either speak English or have someone in the household that does. Terasen can arrange for the translation and publication of the revised Standard Information Booklet in Punjabi and Chinese. These additional publications can be made available to the Gas Marketers for no additional charge, as Terasen Gas foresees existing fees sufficient to cover related costs. Terasen Gas estimates an approximate \$15-\$20,000 annual investment to maintain and print these publications in the additional languages.

Just Energy voiced concerns at the Annual General Meeting that existing customers can be signed to a future dated contract by a competitor. Specifically, incumbent Gas Marketers are blocked from signing their existing customer to a new rate when the customer is enrolled in a future dated contract with a different marketer. The Terasen Gas information system allows any Gas Marketer to enrol a future dated contract if it falls within the five year rule. The Terasen Gas information systems then blocks enrolment requests if a future dated contract already exists. Terasen Gas reminds marketers, that this process was agreed to during the program design phase preceding the introduction of the residential unbundling program in 2007. Terasen Gas is amenable to changing the business rule, and encourages Gas Marketers to clarify their position on this issue. Changes can be considered further at the next AGM. The current implementation of the Company's new customer information system, preclude Terasen Gas from adjusting this business rule until post-2012.

BCOAPO raised a concern about customers signing contracts well in advance of the current contract's expiry date. This issue was addressed with the implementation of the 90 Day Renewal Rule as part of Release 4 in February 2010. This enhancement enforces the five year contracting rule so that the contract term or new requests plus time remaining on an active contract must be less than or equal to five years. If the combined contract time is greater than five years, the new enrolment will be rejected with the validation code (39) – '5-Year Contracting Rule Violation'.

Terasen Gas also recommends new GEM functionality to block enrolments dated greater than 10 years in the future. See Section 3.1 for details.

#### **TGI Recommendation**

***As per Section 2.3.1, TGI recommends evergreen contracts should be discontinued.***

***If the BCUC chooses to retain evergreen options, then the process should switch to an opt-in approach. Contracts will only renew if customers send their Gas Marketer the signed renewal letter. BCUC staff should review and approve renewal letters. Commission staff can also implement a random audit process to ensure the letters are signed by the customers.***

***Terasen Gas will translate and print new versions of the Standard Information Booklet in Chinese and Punjabi. Estimate cost is approximately \$20,000.***

### **2.3.3. Contract Renewals and Blend & Extend Offering**

The Code of Conduct currently defines contract renewals as those that replace existing contracts with the same Gas Marketers. Renewals may have a new term, a different price, and may also include revisions as a result of changes in law, the Code of Conduct or Rules for Gas Marketers.<sup>10</sup>

Blend & Extend offerings represent a marketing term coined by Gas Marketers. These offers allow customers the opportunity to pay a lower, blended rate, for a revised term beginning on their next contract anniversary date.

Summitt Energy requested clarification/guidance on the following questions:

- a) Does the Commission differentiate between a renewed contract and a blend and extend contract?
- b) Is the Gas Marketer required to complete a TPV call if a customer renews or extends a contract at the door?
- c) Is the customer entitled to receive a confirmation letter from Terasen Gas when his/her renewal or blend and extend enrolment request is successfully processed?
- d) Can the Gas Marketer renew the contract at the price and term outlined in the renewal package if the customer does not respond to the renewal package (where the renewal price is different from the original contract price)?
- e) What cancellation rights does a customer have after he/she has signed a renewal and/or blend and extend contract?

---

<sup>10</sup> Gas Marketer Code of Conduct,  
<http://www.terasengas.com/documents/CodeofConductforGasMarketers.pdf>, page 3.



**Commission Staff Views**

Commission staff's corresponding responses are presented below:

- a) The Code of Conduct defines “renewal” as the replacement of an existing contract with a new contract, with the same Gas Marketer. The renewal will have a new term, potentially a different price than the previous contract, and include legal revisions governing Gas Marketer conduct and rules. Commission staff considers a “blend and extend” contract to be the same as a “renewed contract,” and notes that it should occur on the contract anniversary date, unless there is proof that mid-year changes do not pose a problem for the ESM.
- b) All contracts renewed or extended through the door-to-door channel require a TPV, particularly to address the concern over the potential for undue coercion at the door. Commission staff invites Gas Marketers to explain why TPV would not be necessary for other methods of renewal such as via Internet.
- c) Customers are entitled to receive a confirmation letter from Terasen Gas upon successful processing of renewals and blend and extend contracts.
- d) Gas Marketers cannot renew the contract at the new price and term outlined in the renewal package if customers do not respond. Refer to Article 27 of the Code, which states that:

“Where no instructions are received by Terasen from the current Gas Marketer of record prior to the cut-off date for the applicable renewal contract, and where a valid enrolment for the same customer is not received by Terasen from another Gas Marketer, the Consumer's Agreement will be evergreen with the same fixed price for the 12-month period.”

Commission staff reiterates that the evergreening referred to in the definition above should occur just once before being discontinued, per discussion in Section 2.3.1.

- e) The 10-day cancellation rights would also apply on renewals.

**British Columbia Public Interest Advocacy Centre Position**

BCOAPPO believes that the offer of a different price, in renewals and blend and extends, equates to a new contract rather than an extension of an existing contract. The same consumer protection mechanisms (i.e. TPV, confirmation letter, 10-day cancellation period) should be in place as if the Gas Marketers were dealing with the customers for the first time. BCOAPPO interprets that the blend and extend option in the original contract merely gives customers the right to enter into a *new* contract, earlier than at original expiry.

**Gas Marketers' Position**

Gas Marketers' corresponding responses are presented below:

- a) Summitt Energy accepts the Commission staff's application of the “renewal” definition to all renewal contracts and blend and extend contracts.
- b) Summitt Energy questions the need for TPV in the case of blend and extend contracts. Blend and extend options are part of the terms and conditions of

existing contracts, allowing customers to pay lower, blended rates for extended terms.

Planet Energy clarifies that should customers cancel their new blend and extend contracts, the original contracts would remain in effect.

- c) Gas Marketers do not directly comment on the Commission staff's opinion that confirmation letters should be provided on all renewals and blend and extend contracts.
- d) Just Energy contends that Gas Marketers *can* indeed offer customers a lower price on automatic renewals, but separates that right from the *process* of informing Terasen Gas correctly of the new price (in reference to Article 27). Just Energy and Direct Energy do not consider renewals to be brand new contracts or new acquisitions, since those customers have already selected their respective Gas Marketers at time of original contract.
- e) Just Energy concurs with the Commission that customers offered automatic renewals at a different price from the original contract should also be afforded the 10-day cancellation opportunity.

### **Terasen Gas Response**

Terasen Gas agrees with the position stated by BCOAPO; enrolling a customer in a Consumer Agreement that features a different price equates to a new contract rather than an extension of an existing contract. Terasen Gas maintains that only one type of contract “renewal” exists within the systems that support the Customer Choice Program, namely evergreens, which is a “renewal” of the existing contract for one year at the existing price. As noted in Section 2.3.1 Terasen Gas recommends discontinuing the use evergreen contracts to provide better levels of customer protection.

In response to BCUC items c) and e), above, Terasen Gas offers the following information on confirmation letter and cancellation data processing rules.

#### Confirmation Letter – Additional Information

Terasen Gas believes that the confirmation letter process is working as intended. Customers receive confirmation letters from Terasen Gas when the following enrolment codes are processed in the enrolment database:

- 1110 Standard enrolment
- 1120 Standard enrolment with ESM
- 1130 Standard enrolment with Evergreen
- 1140 Standard enrolment with ESM and Evergreen
- 1210 Batch Enrolment
- 1220 Batch Enrolment with ESM
- 1230 Batch Enrolment with Evergreen
- 1240 Batch Enrolment with ESM and evergreen

The system processes the enrolments according to the codes that are submitted. The term “blend and extend” is a marketing term used by the Gas Marketers and Terasen Gas does not recognize it as a type of enrolment. The only time a confirmation letter is not generated is on a 1320 evergreen enrolment (New 1 year enrolment as a result of an evergreen extension). Terasen Gas asserts that these evergreen enrolments are the only technical instances of contract “renewals.” Other enrolment codes result in fixed term contracts that end. Any subsequent Consumer Agreement represents a new contract therefore the consumer protection mechanisms for new contracts are followed.

In the case of batch enrolments, the confirmation letter will only be generated when the initial enrolment is received. Additional confirmation letters are not generated for each subsequent leg of the contract.

If the BCUC chooses to continue the use of evergreen contracts Terasen Gas points out the confirmation letters are not currently sent out upon renewal. Activating confirmation letters for evergreen contracts would require different processing rules and content changes to existing confirmation letters. The necessary changes to implement will not be feasible until after the new customer information system is launched in 2012. Customers are notified through a bill message that the contract will soon expire and may be subject to automatic renewal. This is discussed further in Section 2.3.1.

#### Cancellation Rights – Additional Information

Cancellation rights are the same for all new enrolments. Residential customers are provided a 10-day cancellation window, or an operational correction drop may be used by the Gas Marketer to cancel the contract before the flow date. Once the contract has started flowing, an anniversary drop or dispute cancellation request may be submitted to cancel the contract before the contract end date.

Automatic renewal contracts (i.e. evergreens) are not considered new enrolments. Currently, customers have 30 days after receiving their Gas Marketers’ renewal notices to cancel the automatic renewal at the time their existing contract expires. As per Section 2.3.1 and 2.3.2, Terasen Gas recommends that evergreens are discontinued. Alternatively, customers should have 30 days to *elect* an automatic renewal. If no positive affirmation is made customers should revert back to Terasen Gas for their commodity supply at the current variable rate.

#### Summary

This agenda item was largely addressed as a point of clarification only. Discussions related to a variety of customer protection activities. Importantly and given the financial significance of long-term fixed rate commodity plans, Terasen Gas is of the opinion that repeat customers should be protected by the same rights and safeguards that are afforded new customers.

**TGI Recommendation**

***Blend and extend agreements represent new contracts that require the same consumer protection provisions (i.e. TPV, confirmation letter, 10-day cancellation period) as any other new contract.***

**2.4. Authority to Sign Contracts**

Gas Marketers are currently under no obligation to obtain signatures of current account holders on contracts. Thus, the signatories may or may not be those who can appropriately bind the account holders to Gas Marketer contracts. As a result, the Commission has received a number of complaints and disputes relating to unauthorized signatories on residential and commercial contracts.

In Order no. A-33-10 issued November 9, 2010 the Commission stated that they had received six complaints against a Gas Marketer related to unauthorized signatures or allegations of forgery.

**Commission Staff Views**

Commission staff seeks methods to reduce or eliminate complaints regarding unauthorized persons in the household or business signing Gas Marketer contracts. Commission staff suggests limiting authorized signatories to account holders and/or requiring Gas Marketers to conduct their TPV calls only with the account holders (for residential contracts).

With commercial contracts, Gas Marketers must be extra diligent to ensure that the people signing contracts do indeed have the authority to bind their companies to the agreement. Through the sales process, Gas Marketers should obtain the signatory's job title and ascertain if the individual has sufficient authority to sign a Consumer Agreement. Commission staff appears to endorse the safeguards described by Just Energy where signatories' titles are included on the contract, and those titles are verified as reasonably acceptable to authorize the transactions.

**British Columbia Public Interest Advocacy Centre Position**

For residential contracts, BCOAPO contends that the issue is about ensuring that contracts are legally enforceable against the appropriate account holders. From a legal standpoint, evidence should be required to show that account holders have consented to be bound, so that they are personally liable under contract. BCOAPO sees that the most effective way to routinely do this is to collect signatures directly from the account holders.

**Gas Marketers' Position**

Regarding residential contracts, Gas Marketers generally feel that account holders *and* their spouses should be acceptable signatories. Planet Energy describes a provisional law in Ontario that says a spouse can bind the other spouse for certain necessities of life, and questions whether a similar law exists in BC. While Gas Marketers see a benefit to direct TPV calls to account holders, they also point out the benefit of calling the same person who signed the contract. The signatory's knowledge of the contract details would facilitate the TPV call.

For commercial contracts, Gas Marketers agree that account holders would be difficult to establish, particularly as there may be accounts with no designated individual named. Notwithstanding, Gas Marketers assert that the onus rests with them to ensure that the people signing contracts have the appropriate level of authority to do so. Two Gas Marketers already include the signatories' titles directly on the contract, and verify the titles against an acceptable list. The TPV call script, if adopted for commercial contracts, should also include verification of signing authority.

Planet Energy reprises the idea of establishing a break point that separates small volume commercial from large volume commercial customers. This would be useful in determining which commercial customers should be covered by residential rules or large volume customer rules.

### **Terasen Gas Response**

While Terasen Gas acknowledges the potential benefit this change, the Company does not believe that contract enrolments should be limited to account holders at this time. The Customer Choice system was not designed to validate the enrolment based on the account holder name. Any system change would prove to be costly and could not be accommodated until post 2012. Moreover, Terasen Gas should not be placed in a position to police third party agreements, and continued evidence of inappropriate sales activity should be curtailed through stiffer penalties.

Limiting signatories to account holders for commercial customers would severely endanger the viability of the Customer Choice program by hampering sales efforts with validation processes Terasen Gas cannot currently support. Existing computer systems are designed to validate two pieces of information: the customer's account number and premises number. Several changes would need to be made in system infrastructure in order to accommodate Commission staff's suggested rule change. Ratepayers would have to bear the cost of these computer changes, which Terasen Gas feels is unwarranted because the potential benefit is possibly negligible.

Many commercial accounts do not indicate a named account holder on file. For those accounts that *do* have a named account holder, Terasen Gas is concerned with its accuracy, as that information can change with employee turnover. Therefore, restricting Gas Marketers to access and sign only the named account holders on commercial accounts could result in Gas Marketers attempting to find individuals who are no longer employed with the businesses. The change would also fail to protect commercial customers from those instances in which Gas Marketer sales representatives falsified consumer agreements because no one in the company targeted would have actually signed the Consumer Agreement.

Account holder information for residential customers has its own complications. While residential accounts may be kept more current than commercial accounts (i.e. no frequent employee turnover to contend with), some residential customers are registered only by their first initial/last name. There are households where spouses may share the same first initial. In those instances, the Gas Marketers cannot know which spouse is the correct one to authorize the Consumer Agreement.

There are currently three mechanisms in place that help protect residential customers against fraudulent behavior. Firstly, residential Consumer Agreements are validated through a rigorous TPV call in which respondents are asked to verify that they have the authority to sign (these same rules should be applied to commercial customers as discussed in 2.1). Secondly, account holders receive a confirmation letter advising them of the upcoming supplier change to a Gas Marketer at a fixed rate. Lastly customers are given 10 days' grace to cancel the contract from the date the confirmation letter is sent out. These extensive consumer protection mechanisms help to shield residential customers from inappropriate behavior. The Company recommends adopting many of the same safeguards for the benefit of commercial customers (See Section 2.1).

Terasen Gas' role is to manage the Customer Choice Unbundling Program, including supporting Gas Marketer enquiries, maintaining the computer systems, and reporting to the BCUC. It is not, however, Terasen Gas' role to police third party agreements between customers and Gas Marketers. Individual consumers need to take responsibility and be accountable for their commitment.

Terasen Gas believes that any proven fraudulent activities should be met with penalties issued by the Commission to deter further infractions. The Code of Conduct specifies that fraudulent contract activity will not be tolerated. The Standard Information Booklet advises customers to keep their billing information confidential until they decide to enter into a contract with a Gas Marketer. Additionally, in the event of fraudulent contracts being processed, residential customers are protected by the program's dispute process.

In response to Commission staff's suggestion that residential TPV calls be placed with account holders, Terasen Gas is concerned that the requirement will make it very difficult for the Gas Marketer to validate each sale within the mandated TPV window. For commercial contracts, Terasen Gas concurs with Commission staff's suggestion that Gas Marketers validate the individual's role inside the organization and their ability to appropriately authorize the transaction.

**TGI Recommendation**

***Terasen Gas disagrees with the Commission staff's suggestion to limit authorized signatories to account holders.***

***Terasen Gas believes the current consumer protection rules are sufficient to protect both residential and commercial customers once the consumer protection activities are aligned (see Section 2.1). However, more stringent fines should be levied on Gas Marketers who breach the Code of Conduct by submitting a fraudulent contract.***

***Gas Marketers need to verify signatory job descriptions to ascertain whether they are authorized to sign their company to a Consumer Agreement.***

**2.5. Additional Line Item on the Terasen Bill**

Terasen Gas is responsible for billing all Gas Marketer customers for the consumption of natural gas per Gigajoule according to their contracted fixed price. A cornerstone of the

ESM has been Terasen Gas' ongoing responsibility to provide billing services for all customers whether they chose a fixed rate product from a Gas Marketer or remain on the Terasen Gas regulated variable rate. This business requirement was affirmed by Gas Marketers when the Commercial Unbundling Program was introduced in 2004, and again when Customer Choice was rolled out to residential customers in 2007.

Just Energy proposes an additional line item on the Terasen Gas bill to include charges for other Gas Marketer products and services, such as green offsets, demand side management/conservation products (including high efficiency water heaters), and energy efficient products and/or services.

### **Gas Marketers' Position**

Just Energy revisits the issue from last year's AGM, of billing for non-commodity supply services through Terasen Gas. Just Energy proposes a reconsideration of this issue.

In its opinion, Just Energy sees a value-added benefit to consumers if Gas Marketers were to expand their product offering to other related products and services (e.g. carbon offsets, water heaters, energy efficient furnaces). Bundling new offerings with the commodity could result in better natural gas rates, which would benefit consumers.

Planet Energy adds that the Terasen Gas billing system is a regulatory asset that belongs to the ratepayers. To the extent that more revenues can be generated, it would seem like a good idea. If Gas Marketers could bill for their related offerings through Terasen Gas, and pay for that service, the ratepayers would receive an end benefit.

### **Commission Staff Views**

Commission staff retains its position and does not support the use of the Terasen Gas invoice to market or collect monies for non-utility or non-gas items. Commission staff recognizes the dichotomy for Gas Marketers. On the one hand, the Commission has commented that Gas Marketers should differentiate themselves and add more product or service offerings. On the other hand, the Commission has been reticent to allow the use of an extra line on the Terasen Gas bill to charge customers for the additional products/services. Commission staff invites Gas Marketers to continue building their future cases for further discussion.

### **British Columbia Public Interest Advocacy Centre (BCOAPO) Position**

BCOAPO reminds Gas Marketers that Terasen Gas cannot promote its non-utility services in the billing materials either. From the consumers' perspective, then, it is a level playing field between Gas Marketers and the Utility.

### **Terasen Gas Response**

Terasen Gas strongly opposes the Gas Marketer proposal for an additional line on the Terasen Gas bill. This has been an ongoing issue raised by Gas Marketers and Terasen Gas' position on this subject has not changed. There would be significant incremental costs incurred by the program and minimal consumer benefit. The products and services proposed by Gas Marketers to date are currently available to consumers through alternative channels. In the Customer Choice 2009 Program Summary and

Recommendations Application, dated October 16, 2009<sup>11</sup>, Terasen Gas presented our position on this issue, and it is recapped below.

The objective originally defined in the 2002 *“Energy Plan for Your Future: A Plan for BC,”* Policy Action No. 19 stated that “natural Gas Marketers will be allowed to sell directly to small volume customers, and will be licensed to provide consumer protection.” Under Section 27.1(c) of Terasen Gas’ General Terms and Conditions<sup>12</sup>, Terasen Gas may currently bill the customer for the single fixed price per gigajoule, as indicated by the Gas Marketer, but cannot charge a customer for amounts payable by the customer to the Gas Marketer for services other than the natural gas commodity cost. This condition appropriately fulfills the energy policy. Providing Gas Marketers increased access to the Terasen Gas bill to invoice for other product offerings including non-energy items is seemingly inconsistent with the original energy policy objective.

Moreover, incorporating an additional line item would result in significant incremental costs to the program, including the following:

- Adding new database fields to our Customer Information System.
- Acceptance testing to verify that the coded changes work correctly.
- An increased occurrence of two page bills.
- Additional Terasen Gas overhead to accommodate and maintain the Gas Marketers’ messaging.
- Collections processes related to bad debt for non-energy purchases.
- Potential impact on customer goodwill.
- Increased call centre activity.

As specifically detailed in Terasen Gas’ response to Just Energy’s Information Request (IR) No. 1, dated December 3, 2009 (IR 1.4.3, pages19-20), incorporating an additional line on the Terasen Gas bill would necessitate several costly changes that would impact the following systems and functions:

#### Customer Information System

- New fields to accommodate the type and source of data for the bill item.
- Designing the type of interface to be used.
- Support functions for managing the different systems.

#### Billing Process

- Changes to accommodate the type of charge.

---

<sup>11</sup> Appendix A, page 21-23.

<sup>12</sup> Terasen Gas General Terms and Conditions, BCUC Order G-90-03, dated January 1, 2004, page 27-1.



- Tariff-setting.
- Payment processing.
- Redesign of the bill.
- Tax processing.
- Account management.

#### Collections Process

- Changes to the current collections process – this includes separating gas commodity debt and Gas Marketer offerings. This is necessary so that customers' partial payment could be applied to the gas commodity amount owed first.
- Bad debt treatment – Terasen Gas would need to undertake a long-term evaluation of the bad debt loss by customer segment, and add a bad debt component to the Gas Marketer remittances. Otherwise Terasen Gas would be absorbing the bad debt for Gas Marketers' non-gas commodity bill items.

#### Call Centre Operations

- Handling the expected increase in call volume.

#### Additional Overheads

- Increased administrative services provided by other groups within Terasen Gas.
- More administrative work to manage the process.

A thorough and detailed scoping of requirements would be required to fully understand the required changes and costs to accommodate an additional line on the Terasen bill. However, Terasen Gas opposes any changes to the Terasen Gas bill to accommodate the sale of Gas Marketers' non-gas commodity products or services. Terasen Gas customers should not have to pay to support the sale of Gas Marketers' non-gas commodity related offerings. Terasen Gas has been consistent with its position on this topic since the inception of the Commercial Unbundling Program in 2004.

In summary, changing the billing infrastructure at Terasen Gas is inconsistent with original program objectives and it would be prohibitively costly to implement. The current billing structure presents no obstacles to real commodity rate competition, and this is exemplified everyday at the [terasengas.com](http://terasengas.com) Price Depository that lists a variety of marketer commodity rates. Gas Marketers have regular access to post relevant information for customers to view.

Terasen Gas will continue to work with Gas Marketers to address their need to differentiate their rates, so long as these variations are consistent with existing Terms and Conditions and ESM rules. Product offerings outside of these parameters like rebate offers, bonus points or other affinity programs like Air Miles, should be addressed

by Gas Marketers using their own systems and processes. Marketers may consider billing their customers separately for non gas commodity products if they so choose.

**TGI Recommendation**

***No change required for the Terasen Gas bill.***

**2.6. Update on the Whistler and Vancouver Island Markets**

Customer Choice became available to Rate Schedule 2 and Rate Schedule 3 customers in November 2004 and to residential customers in 2007. Currently, it is a program that is only offered to customers under the Terasen Gas Inc. tariff structure (i.e. Lower Mainland, Inland and Columbia regions, excluding Fort Nelson and Revelstoke). Accommodating Customer Choice within the existing Terasen Gas (Vancouver Island) tariff structures is not yet possible.

The Terasen Utilities (TGI, TGVI, and TGW) are open to moving forward with Customer Choice and Transportation-only offerings on Vancouver Island and in Whistler in due time. However, there are regulatory hurdles, Customer Information System (CIS) platform issues, and customer education issues to overcome, before these programs can move forward.

**Commission Staff Views**

Commission staff comments that the earliest an Unbundling program could be introduced on Vancouver Island would be after 2011, when the royalty relief program ends.

Commission staff questions whether Unbundling could be quickly implemented in the Vancouver Island and Whistler markets if the Commission were to approve Terasen Gas providing the same tariff structure in those markets as for the Terasen Gas service area.

**British Columbia Public Interest Advocacy Centre Position**

BCOAPO has no comment on this issue.

**Gas Marketers' Position**

Gas Marketers have no comment on this issue.

**Terasen Gas Response**

In spring/summer of 2011 and 2012, the Terasen Utilities will be submitting Revenue Requirement and Rate Design applications to begin addressing the regulatory issue that must be resolved before introducing unbundling and transportation only programs to the Vancouver Island and Whistler markets. The applications will address amalgamation of the different operating utilities under a single rate base, cost of service and rate design model.

Related to the regulatory issue is the introduction of the new CIS platform, to be implemented January 1, 2012. Attempting to implement unbundled rates Vancouver Island and Whistler concurrent to establishing the new system is not a desirable outcome. Thus, it will be post-2012 before the new CIS can accommodate the changes

required for commodity unbundling in the two additional markets. The more likely date to implement unbundled rates for Vancouver Island and Whistler would be 2013. This timeframe and path forward is dependent on the amalgamation and rate redesign applications that will be made to the BCUC in 2011 and 2012.

Additionally, there would be a period of time required for customer communication and education. Terasen Gas recommends that the introduction of the unbundled product to both Whistler and Vancouver Island should occur at the same time. This approach will minimize customer costs and ensure the introduction is accomplished as efficiently as possible. Vancouver Island customers are accustomed to seeing bundled rates on their gas bill. We recommend separate line items for six to 12 months in advance of a Customer Choice launch in these regions to familiarize customers with the distinction between the natural gas commodity rate, delivery charges and midstream charges.

**TGI Recommendation**

***TGI will proceed with the necessary regulatory applications to enable unbundling in the TGV and TGW markets post-2012. As with all applications to the BCUC, the path forward and timetable for these program offerings to customers will be subject to change. Educational dollars to introduce the product offering to TGV and TGW customers will request at a later date.***

## **2.7. Retrieval of Customer's Usage Information**

Just Energy proposes to revive the former process of receiving consenting commercial customers' historical consumption from Terasen Gas by facsimile or alternate channel (i.e. Gas Marketer request by fax authorization form). This process was first introduced in 2004 with Commercial Unbundling. It was later abandoned after Residential Unbundling was launched, due to lack of use.

### **Gas Marketers' Position**

Some business customers are reluctant to allow a Just Energy representative direct access to their historical consumption data via the [terasengas.com](http://terasengas.com) Account Online service. Just Energy suggests that an alternate means of retrieval would be beneficial, specifically by requesting Terasen Gas to release consumption information with the commercial customer's consent.

### **Commission Staff Views**

Commission staff has no comment on this issue.

### **British Columbia Public Interest Advocacy Centre Position**

BCOAPC agrees with Terasen Gas, that should the facsimile process be re-introduced for commercial customers only, costs should be recovered through attached service fees to Gas Marketers.

### **Terasen Gas Response**

Terasen Gas sees little customer benefit to re-introducing the facsimile process of transmitting commercial customers' historical consumption data. It is an administrative

burden when there are automated processes available, and the practice was seldom used in the past.

Terasen Gas provided Gas Marketers facsimiles of customers' historical consumption history beginning in 2004 when Commercial Unbundling was rolled out. The practice was abandoned shortly after the launch of the residential program for the following reasons:

- Gas Marketers made no requests for faxed consumption information after the implementation of GEM. Gas Marketers are now automatically sent two years of consumption information upon customer enrolment.
- The practice was administratively onerous. Each fax request took approximately 10 minutes to process (i.e. take the request, pull up the account information in CIS, print and fax the information back to the requesting Gas Marketer).
- Gas Marketers can ask prospective customers to obtain the information via the Company's Account Online service, or the customer can phone our contact centre and have the information emailed.

Using facsimile incurs additional costs that provide customers with little additional benefit, while alternative means of obtaining the information already exist. However, Terasen Gas would be amenable to reviving the process for commercial customers, with the incorporation of a \$10 fee per request, and a change in delivery mode to email rather than fax. Several GEM changes would be necessary to track and summarize the additional charges on the Gas Marketer Settlement Report. The estimated cost of the change is \$7,500.

**TGI Recommendation**

***Terasen Gas does not support this request due to the additional cost, estimated at \$7,500. Commercial customers can obtain their historical consumption data via Account Online or the Terasen Gas contact centre. TGI is amenable to providing commercial customer consumption history for a \$10 fee per request subject to Commission approval of the cost of system changes.***

## **2.8. Price Point Charges (Group Fee)**

Terasen Gas charges Gas Marketers a Marketer Group Administration fee (i.e. price point charge) of \$150 on a monthly basis. The fee is based on the number of Marketer Groups in effect for each Gas Marketer as of the first of that month. This fee has been in place since the commercial program was first introduced in 2004.

### **Gas Marketers' Position**

Just Energy requests clarification for why the price point fee is so high. It also suggests that there should be no charge for the creation of new price points. Just Energy claims that a high fee is not conducive to Gas Marketers offering a number of price points. For example, when commodity prices fall, Just Energy would like to offer customers a lower price. However, paying \$150 per month, per price point fee is a tangible barrier.

### **Commission Staff Views**

Commission staff has no comment on this issue.

### **British Columbia Public Interest Advocacy Centre Position**

BCOAPC has no comment on this issue.

### **Terasen Gas Response**

Terasen Gas maintains that the existing fee structure accurately reflects the costs to add and maintain Gas Marketer groups, and as such, the fee should not change at this time. Terasen Gas charges Gas Marketers a variety of program fees necessary to support the Customer Choice program. These fees, including the group fee, are just currently sufficient to cover the administrative costs and O&M costs.

These charges should be left in place and adjusted as necessary to ensure that the operating costs incurred by Terasen Gas to facilitate the Customer Choice program are primarily paid for by Gas Marketers via transaction fees. This is consistent with the principles established for the Commercial Unbundling program in 2004. At that time Terasen Gas recommended that Gas Marketers cover program operating costs where possible.

Specifically, the group fee is designed to offset the cost to set up and maintain rates in the Energy CIS. Terasen Gas reviewed group fee charges during the scoping phase of the Residential Unbundling program in 2006. At that time, Terasen Gas confirmed that the \$150 monthly fee was still necessary and accurate (it is a flow-through charge from Accenture). Recovering a monthly fee in its entirety is consistent with the cost causality principle that Terasen Gas believes is fundamental to having a successful Residential Unbundling program. Reference page 61 of the Terasen Gas commodity unbundling project for residential customers, CPCN dated April 13, 2006.

Gas Marketers can effectively manage their group fees by allowing unattractive price points to wind down as contracts end, or actively engage customers to transition into new contracts via anniversary drops into a consolidated group of price points.

Terasen Gas can review this group fee in 2012, after it has repatriated contact center services from Accenture.<sup>13</sup> However, the summation of transaction fees charged to Gas Marketers should essentially offset all operating costs necessary to deliver the program on an ongoing basis. Therefore it is likely that if the group fee can be lowered, additional charges or adjustments may be necessary.

### **TGI Recommendation**

***Maintain the \$150 Gas Marketers group fee per price point, which accurately recovers the cost to set up and maintain price points in the Energy CIS.***

---

<sup>13</sup> The pricing structure may change at this time, i.e., computer maintenance costs are expected to drop after stabilization. The Terasen Gas contact centre charges may require adjustments as well. Terasen Gas will review costs in the next application, and again in 2012, post-launch.

## **2.9. Voice Contracting for New Contracts**

Currently, voice contracting may only be used to renew expiring contracts. Discussions at the 2009 Annual General Meeting concluded that the Program was not mature enough to permit voice contracting for new contracts. This issue was revisited in the AGM for 2010.

### **Gas Marketers' Position**

Just Energy believes that sufficient time has passed to allow the use of voice contracting for *new* contracts without the requirement for a wet signature. Opening this additional sales channel would offer an alternative method to contact customers and would be beneficial to customers in outlying areas. Voice contracts would be more exact as they would accurately capture the conversation. Similar to renewals done by voice contracts, new contracts could also follow a Commission-approved script and documentation process.

### **Commission Staff Views**

Commission staff agrees with Gas Marketers that the introduction of voice contracting for new contracts may be appropriate at this time. Advantages may include reduced potential for coercion (e.g., than inherent with door-to-door sales), and access to a full script and tape of the sales transaction. Commission staff also comments that Whistler could be considered for trial testing in the future, since Customer Choice is not yet available there.

Commission staff suggests that Gas Marketers collectively submit a formal application to the Commission, which would likely include a hearing process. The introduction of voice contracting for new contracts, to potentially reduce or replace door-to-door activity, is regarded as a substantial decision. Hence, a proper review and approval process that would address the details and consumer safeguards should be followed.

Commission staff asks that all parties make comment on their agreement to a separate process for voice contracting on new contracts, in their review of Terasen Gas' application.

### **British Columbia Public Interest Advocacy Centre Position**

BCOAPO generally opposes voice contracting for new contracts, and instead, references Article 12 of the Code, second paragraph, which indicates that Gas Marketers may contact consumers by phone, then send them the paperwork to return with a wet signature. BCOAPO believes that this mechanism provides greater protection for consumers than simply having a voice over the phone. This requirement should be maintained.

If Gas Marketers would like to pursue the issue, BCOAPO agrees with Commission staff that they should bring forward an application. BCOAPO believes this is a serious issue and there may be consumer groups and others who would want to participate in the review process.

**Terasen Gas Response**

Terasen Gas is in agreement with the Commission staff's position. Gas Marketers should submit an application to the Commission for due consideration. Terasen Gas will intervene should such an application be submitted to the BCUC. Ensuring that consumer protection safeguards are present (e.g. structured scripting), and evidence that the market is sufficiently mature are elements that Terasen Gas would seek to verify through that process.

**TGI Recommendation**

***Terasen Gas concurs with Commission staff that a separate process should be initiated by Gas Marketers if they would like to pursue voice contracting for new contracts.***

**2.10. Internet Enrolment**

As per Order No. A-11-10, dated June 17, 2010 (Appendix B, Article 12, page 8), Gas Marketers and consumers may take advantage of Internet enrolment into the Customer Choice program, in accordance with these parameters:

“The Gas Marketer shall forward a written agreement to sign-up for service by Internet marketing and obtain from the Consumer a signed agreement in return or obtain an electronic signature which complies with the B.C. Electronic Transactions Act. The Gas Marketer shall direct the LDC to switch the Consumer's Gas supply only once the Gas Marketer is in possession of the signed agreement from the Consumer. Electronic signatures which comply with the B.C. Electronic Transactions Act shall be accepted for Consumers committing to new agreements and for the renewal of existing agreements.”

**Gas Marketers' Position**

Just Energy requests clarification from Commission staff on the definition of a web/wet signature. Just Energy provides the example of consumers signing a deal on an iPad and asks whether that is considered a wet signature or a web signature.

**Commission Staff Views**

Commission staff identifies that in Article 12 of the Code, “either a wet signature or a signature that complies with the BC *Electronic Transactions Act*,” would be acceptable. The Act says that, “an electronic signature means information in electronic form that a person has created or adopted in order to sign a record and that is attached to or associated with the record.”

Commission staff feels that web signatures obtained through the Internet should be that of the account holders.

Commission staff also requests that Gas Marketers transmit readable copies of signed contract packages, for compliance and in the event of disputes. Currently, the transmitted web pages are unreadable. Commission staff suggests that Gas Marketers be prepared to identify any difficulties with presenting readable text, and to propose suitable solutions to enable the Commission to review signed contract packages.

### **British Columbia Public Interest Advocacy Centre Position**

BCOAPO has no comment on this issue.

### **Terasen Gas Response**

Terasen Gas is of the view that the current Code of Conduct (Order A-11-10, dated June 17, 2010, page 8) is clear that electronic signatures in compliance with the BC *Electronic Transactions Act* shall be accepted for consumers committing to new agreements, and for the renewal of existing agreements.

### **TGI Recommendation**

***No further action is required.***

## **2.11. Contract Maximum Term of Five Years**

Just Energy requests confirmation that Terasen Gas will be introducing the contract start and end dates on the bill, and clarification of how far into an existing contract Gas Marketers can successfully enrol those customers into a new, five-year contract.

### **Gas Marketers' Position**

Just Energy points out that knowledge of contract start date, if shown on the bill, would be helpful. Understanding the term remaining on an existing Consumer Agreement will allow Gas Marketer sales representatives to structure viable contract terms (i.e., contract durations). Just Energy questions whether customers into the fourth year of a contract can only sign a new contract for another four years, or whether they could sign one for five years. Or, would the customers need to be four and a half years into the contract before they can be signed to a new five-year contract? Additionally, how can Gas Marketers ascertain whether customers have already been signed up? Would the bill portion reveal this?

### **Commission Staff Views**

Commission staff has no comment on this issue.

### **British Columbia Public Interest Advocacy Centre Position**

BCOAPO has no comment on this issue.

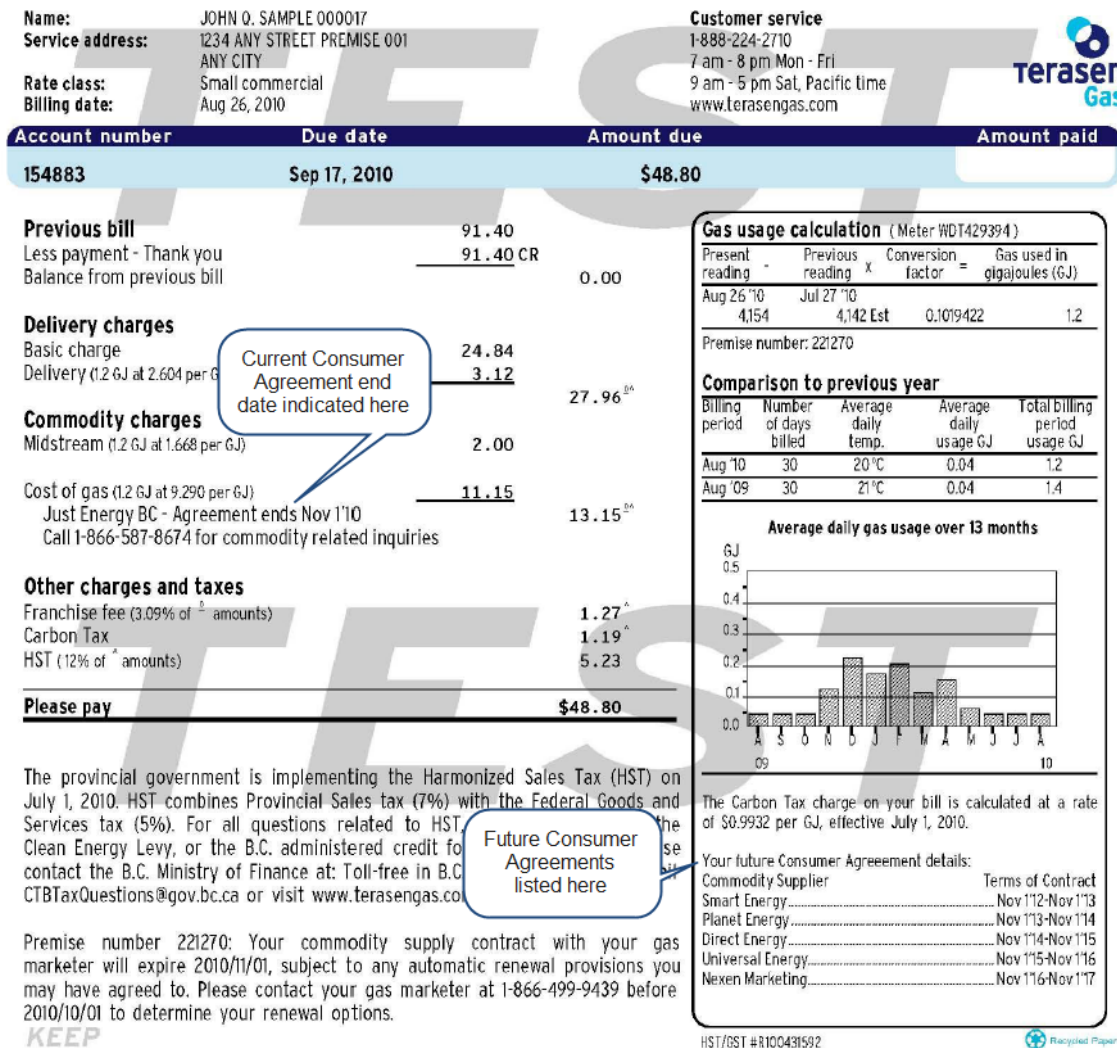
### **Terasen Gas Response**

Terasen Gas is working to incorporate the Gas Marketers' names, and contract start and end dates, directly onto the Terasen Gas bill. Planned implementation is for February 2011. These additional details will:

- give customers information so that they do not sign multiple contracts with multiple suppliers;
- give Gas Marketers the correct information needed to properly complete the Consumer Agreement and enrolment process; and
- reduce the number of back-office corrections that Terasen Gas must make.



**Figure 7: Proposed Bill Change**



Terasen Gas has received approval from the Commission in Order A-34-10 dated November 15, 2010 to proceed with the proposed changes to the Terasen Gas bill. The implementation is scheduled for February 2011.

Regarding the five-year contracting rule, Terasen Gas provided documentation to Gas Marketers after the recent AGM to demonstrate how the system processes contract requests under different scenarios. This documentation is included as Appendix H.

#### **TGI Recommendation**

**Proceed with incorporating contract start and end dates on the Terasen Gas bill. Gas Marketers are encouraged to request TGI assistance at any time if they are unclear of technical program issues and/or processes.**

## **2.12. Marketer Supply Requirement (MSR) Calculation**

The MSR is a fundamental component of the Essential Services Model that underpins the Terasen Gas Customer Choice program. A separate monthly MSR is calculated for each Gas Marketer participating in the program that sets out the daily volume of natural gas commodity each Gas Marketer is required to deliver to Terasen Gas in its role as midstream services provider (“Terasen Gas Midstream”). For the purposes of the MSR determination, Terasen Gas, in its role as a commodity provider, is considered a marketer and therefore an MSR is calculated for Terasen Gas as well. Marketers make deliveries to Terasen Gas Midstream at three different supply hubs on a 100% load factor basis. This gas is then delivered by Terasen Gas to customers who have contracted with a Gas Marketer for their supply of the natural gas commodity.

### **Gas Marketers’ Position**

Just Energy maintains that the forecast methodology used to determine the marketer supply requirements must be transparent and easily replicated to ensure the MSR number has been calculated correctly.

Superior Energy requests that Terasen Gas’ proposed discussion of MSR calculations and suggested reporting changes address consumption at the customer level to provide greater transparency (especially as it applies to changing consumption trends of residential versus commercial customers).

Terasen Gas gathered further feedback on this issue via an email sent to Gas Marketers after the AGM on September 29, 2010. In the email, Terasen Gas requested Gas Marketer feedback on the proposed enhancements to the MSR reporting. Terasen received the following comments from Active Energy, Connect Energy, and Just Energy:

Active Energy believes the items below should be provided to Marketers. The additional information will make the existing MSR process more transparent, easily replicated, and enables the marketer to better forecast future obligations (required for hedging purposes). In their email to Terasen Gas, Active noted the following:

- 1) *24 month historical consumption for an account as soon as an account is successfully enrolled with the marketer (we are currently getting this today);*
- 2) *Updated consumption on a monthly basis after we receive the accepted enrolment (we are currently receiving this data today, however it seems that there are sometimes gaps in the data because of missing few monthly consumption updates);*
- 3) *Updated annual premise factors based on region and rate class (Terasen started publishing this data recently); and*
- 4) *Actual locked volume in Jul/Aug of every year at an account level (Proposed report by Terasen at AGM 2010).*

*Using the historical data described in points (1) and (2) and the premise factors (3), a marketer should be able to replicate the locked volumes per account after weather normalizing historical consumption data based on heating degree days using the weather normalization methodology published by Terasen. This is why continuing to receive historical consumption data is crucial for a Gas Marketer.*

*Also, using the locked volumes (4) and premise factors (3) for one year, a marketer can strip the normalization factor from the locked volumes provided at an account level and therefore be able to forecast future gas obligations which will make the hedging process for a Gas Marketer more accurate.*

Connect Energy asked the following questions:

- 1. Under the current reporting, what information other than historical billed consumption information is available to help marketers forecast the MSR supply requirements for a premise?*
- 2. Can you tell me at what stage in the enrolment process would the "Enrolment Details by Premise Report" be available (i.e. how long from the time of enrolment)?*

Just Energy ("JE") appreciates the changes that Terasen Gas is proposing to the MSR reporting; however, Just Energy is unclear how it will be of assistance at a monthly level. Just Energy believes these changes may help when trying to forecast new yearly MSRs. By knowing the premise types to which JE customers belong and by knowing which premise types will have changes to their forecast, JE will be better able forecast the yearly MSR changes.

JE doesn't agree with a claim made by Terasen Gas's suggesting that most of the confusion regarding the MSR calculation is due to the lack of detailed premise level supply information and historical consumption not being normalized. *JE already normalizes its customer level historical consumption, so we don't believe this is an issue. JE's biggest concern/issue has to do with Terasen's overall market wide forecast (which is then divided up by premise type). As there is no transparency to this forecast methodology it doesn't give insight into why overall forecasts change on a year to year basis.*

JE also requested clarification on two separate issues, including:

1. How often is the new Enrolments Details Report going to be provided?
2. Is there any plan to complete reconciliation between the actual consumption by customers and the volume requirements at the end of year?

### **Commission Staff Views**

Commission staff asks Gas Marketers to identify any problems with the MSR calculation/reporting directly to Terasen Gas so that they can be addressed in the application.

### **British Columbia Public Interest Advocacy Centre Position**

BCOAPO has no comment on this issue.

### **Terasen Gas Response**

Terasen Gas believes that the MSR calculation is as transparent as it can be (see Appendix D for an explanation of the calculation). Terasen Gas' market-wide forecast by region and rate class, along with justification for changes, is filed with the Commission as part of the Terasen Gas Revenue Requirement. This information is available to Gas Marketers online on the BCUC website. For background, the allocation approach used to calculate the MSR was established through a consultation process with Gas Marketers prior to the introduction of the Commercial Unbundling program in 2004. Furthermore, the approach was revisited prior to the launch of the Residential Unbundling program in 2007. Any changes to the model now would result in significant cost implications to customers.

Among the proposed reporting changes, Terasen Gas suggests providing Gas Marketers with premise level supply allocations rather than consumption information, to facilitate Gas Marketers' forecasting of new yearly MSRs. The premise level supply allocations are based on normalized forecast information, and should be the inputs used in Gas Marketers' hedging strategies. Terasen Gas is amenable to continue providing historical consumption data (based on billed consumption); however, cautions Gas Marketers with respect to using it for forecasting purposes. The estimated cost to implement the new MSR reporting changes and supporting infrastructure is \$15,000.

### **Proposed Changes to MSR Reporting**

#### *Current Issues*

- Gas Marketers are unable to reconcile their customer information with allocated supply requirements using the existing reports. Specifically, no premise level supply requirements are provided.
- The historical billed consumption (actuals) that are provided for enrolled premises are misleading and should not be used for forecasting.

#### *Recommendations/Proposed Reporting Improvements*

1. Replace historical billed consumption information with premise level supply requirements
  - a. Historical billed consumption information is used to create a proration factor (premise factor) that is then used against normalized forecast information.
  - b. These proration factors fluctuate based on customer count and volume changes seen in the region/rate class.
  - c. Historical billed consumption is not used as inputs to any other MSR calculations, and is unsuitable information for Gas Marketer forecasting or estimating premise supply requirements.
2. Replace historical billed consumption information with two new reports:
  - a. Enrolment Details by Premise Report
  - b. Shows Gas Marketer supply requirements by premise and Marketer group, including contract and enrolment start & end dates.

- c. Provides supply requirements necessary to forecast for enrolled premises.
  - d. Supply requirements reconcile to the MSR report, MSR Details by Marketer Group report and the Marketer Demand Details report.
3. MSR Details by Marketer Group Report
- a. Marketer supply requirements by marketer group, region and rate class are included.
  - b. Allows Gas Marketers to reconcile by Marketer group (price point).
  - c. Supply requirements reconcile to the MSR report, Marketer Demand Details report and Marketer Settlement report.

**Figure 8: Enrolment Details by Premise Report & Reconciliation**

Enrollment Details by Premise Report for MarketerA for Entry Date: Nov 1, 2010						
Marketer Group	Premise	Supply Requirement	Contract Start Date	Contract End Date	Enrollment Start Date	Enrollment End Date
MktrA-Grp1	P1	300	November 1, 2010	October 1, 2015	November 1, 2010	
MktrA-Grp2	P2	288	November 1, 2010	October 1, 2012	November 1, 2010	
MktrA-Grp2	P3	270	November 1, 2010	October 1, 2012	November 1, 2010	
Total Supply		858				

MSR Details by Marketer Group		Contract Year: 2010/2011		
		Tuesday, November 01, 2011		
		Supply Requirement Total	Enrollment Total	Supply Status
MarketerA	MktrA-Grp1	300	1	P
	MktrA-Grp2	558	2	P
MarketerA Total		858	3	P

Supply requirements  
balance across all reports

**Figure 9: Marketer Demand Details**

Marketer Demand Details						
Marketer:	MarketerA					
Contract:	xxx					
Effective Date:	1-Nov-10	Preliminary				
Receipt Point Delivery Variance						
Station	Delivery Requirement (GJ)	Amount \$	WAP \$	Fuel Requirement	Obligated Quantity (GJ)	
Compressor Station 2	300	\$ 2,250.00	\$ 7.50	2	302	
Huntingdon	288	\$ 2,160.00	\$ 7.50	2	290	
Inventory Transfer	270	\$ 2,025.00	\$ 7.50	2	272	
Total:	858	\$ 6,435.00	\$ 7.50	6	864	
Marketer Group Delivery Requirement						
Marketer Group	Delivery Requirement (GJ)	Amount(\$)	Price(\$)			
MrktrA-Grp1	300.00	\$ 2,250.00	\$ 7.50			
MrktrA-Grp2	558.00	\$ 4,185.00	\$ 7.50			
Total	858.00	\$ 6,435.00				

#### 4. Provide enrolment change information between entry dates

##### a. New Enrolment Change Report

- Helps Gas Marketers understand supply differences between entry dates.
- Provides enrolment and volume differences between entry dates.
- Provides premise level information.
- Supply variance will reconcile to existing Supply Variance report.

**Figure 10: Enrolment Change Report**

Enrollment Change Report From Entry Date Oct 1, 2010 to Nov 1, 2010					
Type	MarkterGroup	Rate Class Id	Premise Count	Premise	Supply Requirement
In Nov, not in Oct		1	3		858
	MktrA-Grp1			P1	300
	MktrA-Grp2			P2	288
	MktrA-Grp2			P3	270
In Oct, not in Nov		2	2		1,075
	MktrA-Grp2			P10	550
	MktrA-Grp2			P11	525
Net Difference			1		-217

5. Reconcile enrolment changes to Supply Variance report:

**Figure 11: Supply Variance Report**

Supply Variance report

Marketer:

MarketerA

Contract:

xxx

To:

2010-Nov-01

Preliminary

From:

2010-Oct-01

Final

Receipt Point Delivery Variance

Station	Customer Count (#)			Obligated Quantity (GJ)		
	1-Nov-10	1-Oct-10	Variance	1-Nov-10	1-Oct-10	Variance
Compressor Station 2	1	1	0	300	550	-250
Huntingdon	1	1	0	288	525	-237
Inventory Transfer	1	0	1	270	-	270
Total:	3	2	1	858	1,075	-217

Marketer Group Delivery Variance

Marketer Group	Customer Count (#)			Obligated Quantity (GJ)		
	1-Nov-10	1-Oct-10	Variance	1-Nov-10	1-Oct-10	Variance
MrktrA-Grp1	1	0	1	300		300
MrktrA-Grp2	2	2	0	558	1,075	-517
Total:	1	0	1	858	1,075	-217

6. Provide better future supply requirements information

- New Contract Year Supply (CYS) information should be made available to marketers as soon as the forecast is approved by the Commission, and the next Contract Year Supply is calculated.
- Develop a premise level contract year change report.

*Benefits of Proposed Improvements*

- Provides Gas Marketers with better supply requirement information:
  - Historical billed consumption data that is currently provided is misleading and is used only to create a proration factor (premise factor).
  - Replace current billed consumption data with premise level supply requirements.
- Better supply requirement information provides marketers the ability to:
  - Reconcile customers (premises) and supply requirements.
  - Better forecast future premise supply requirements.
- New reports will help Gas Marketers to understand enrolment and volume changes between enrolment periods.
- All Gas Marketer reports will reconcile:
  - New Enrolment Details Report balances to the MSR.
  - MSR balances to the Marketer Demand Details Report.

- Marketer Demand Details Report balances to the Supply Variance Report.
- Supply Variance Report balances to the new Enrolment Change Report.

Terasen Gas responds to Connect Energy's questions from page 52:

1. Marketers try to use the billed consumption history to forecast future requirement. Terasen Gas only uses the billed consumption information to create the premise factors – the allocation factors Terasen Gas uses to pro-rate the weather normalized forecast volumes for the entire region and rate class. Since marketers don't have this volume to work with, basing forecast requirements on the billed data provided is erroneous.

The Enrolment Details by Premise Report will be updated daily and posted to the Gas Marketer inbox in GEM. New enrolments will be added to the report during overnight processing and available the next day after the enrolment is accepted.

Terasen Gas responds to Just Energy's questions from page 52:

1. The new Enrolment Details by Premise report will be produced daily and posted to the marketer inbox in GEM
2. There is no plan to reconcile actual consumption by customers and the volume requirements at the end of the year as the Essential Services model does not include a true-up process.

In response to Just Energy's concerns about the proposed changes to the MSR reporting, Terasen Gas responds that the proposed information will be in addition to what is already provided to Gas Marketers. The reports will give the Gas Marketer more detailed premise level information to understand monthly changes in enrolments and the associated volume adjustments.

There are yearly forecast changes for all premises in all rate classes. The methodology incorporates many factors such as consumer trends. This information is provided to Gas Marketers in the late spring/early summer to advise them of changes to the MSR for the new gas year starting in November. The historical consumption volumes are the actual consumption per premise whereas the MSR (premise level details) are the Terasen Gas forecasted volumes for the premise.

**TGI Recommendation**

***If supported by Gas Marketers, proceed with the proposed MSR reporting changes to provide Gas Marketers with better supply requirement information at the premise level. The new reports will increase understanding and allow for improved reconciliation of forecast supply requirements.***

***Terasen Gas is amenable to continuing to provide the billed consumption data and reviewing again at the 2011 AGM if desired.***



### **2.13. Communication Plan/Customer Education Plan**

Terasen Gas has designed and placed all Customer Choice related customer education materials in agreed upon media channels (i.e., newspapers, radio stations etc.) since the residential unbundling program launched in 2007.

The 2010 communication activities included a bill insert, newspaper display advertising, a newspaper wrap, and price comparison ads. The varied print advertisements were featured in community newspapers across the Customer Choice service area. The total education budget for the year was \$500k.

In 2011, the communication budget decreases to \$300k.

#### **Commission Staff Views**

The Commission Approved \$300,000.00 in customer education for 2011 in BCUC Order G-181-08 dated December 12, 2008. The Commission recognizes that there is a decrease in funding for 2011 and suggests that Terasen Gas allocate the funding to maximize value.

#### **Gas Marketers' Position**

The Communication plan proposed for 2011 was well received by the Gas Marketers.

#### **British Columbia Public Interest Advocacy Centre Position**

BCOAPPO requests to be among the recipients to receive and review Terasen Gas' proposed communication plan.

#### **Terasen Gas Response**

Terasen Gas recommends adjusting the Communications Strategy used to educate consumers about the Customer Choice Program. The Commission's stated objectives of the Customer Choice Communication Plan were first listed in Order G181-08, dated December 12, 2008. The objectives included:

- to inform gas customers that there is a value distinction between a variable rate and a fixed rate for the gas commodity;
- to provide customers with information concerning the issues they could consider to determine which rate plan represents best value in their circumstance; and
- the strategy should identify the gas commodity marketplace as a competitive market and provide information on where and how the various product offerings may be compared.

Terasen Gas believes that 2011 communication should be adjusted to increase consumer awareness of the Customer Choice name and product offerings. Consistent with previous goals, advertising should continue to support consumer protection by providing information to consider when selecting a supplier, and to promote a competitive marketplace.

In the following, Terasen Gas will review the tactics used in the existing Communication Plan, recent research findings, and the recommended education approach for 2011.

The 2010 Communication Plan, approved by the Commission in Order A-3-10 on February 22, 2010, included the use of various print media including newspaper display advertising, a newspaper wrap, a bill insert, bill messages, and the monthly publishing of Gas Marketer rates for comparison in community papers. The added requirement to have Gas Marketer rates published necessitated the reduction in the budget for one newspaper wrap, one bill insert and six monthly display advertisement placements. For reference, examples of advertising are included in Appendix B.

The table below summarizes the previously approved 2010 Customer Education Plan and forecast 2010 education expenditures.

		<b>Proposed</b>	<b>Forecast</b>
<b>Media</b>	Newspaper (Wrap & Display Ads)	\$385,000	\$309,900
	Monthly Rate Comparison Ads	\$50,000	\$153,000
	Sub-total	\$435,000	\$462,900
<b>Production</b>	Newspaper	\$25,000	0
	Bill Insert	\$35,000	\$36,835
	Terasen Gas Labour charges	\$5,000	0
	Sub-total	\$65,000	\$36,835
<b>Total</b>		<b>\$500,000</b>	<b>\$499,735</b>

In June 2010, Terasen Gas conducted a survey in order to measure awareness and understanding of “Customer Choice”. TNS Canadian Facts conducted this study in consultation with the management of Terasen Gas. A total of 400 telephone interviews were conducted among Terasen Gas customers. The main findings of the *Customer Choice* study were as follows:

- about 75% of customers know that they can buy gas from companies other than Terasen Gas;
- generally customers are knowledgeable about natural gas choices and the role that the BCUC and Terasen Gas play in the industry; and
- unaided awareness of the term Customer Choice has dropped from a high of 77% in October 2007 to 43% in June, 2010. This is only slightly higher than the 36% unaided awareness level that existed before customer education began in the spring of 2007.

The challenge is to improve awareness of the Customer Choice name so that consumers can find information about the program quickly, and understand the key elements of the program by brand association. Terasen Gas recommends eliminating newspaper wraps and display advertising from the media mix in 2011. Retained tactics should include bill inserts and the price comparison ads, which encouraged several Gas

Marketers to introduce more competitive rates. Terasen Gas recommends switching to simple one panel bill inserts that can be produced inexpensively and delivered to customers twice per year. Terasen Gas also suggests reducing the frequency of price comparison ads to seven or eight per year to allow for a minor radio campaign. The change would permit one or possibly two radio ads designed to improve unaided awareness of the Customer Choice name and program. Terasen Gas recommends that the 2011 customer education funds should be allocated as follows:

- Rate Comparison Ads: \$170,000
- Bill Inserts (2): \$20,000
- Radio: \$110,000

Eliminating the newspaper wrap and display ads would allow for three or four, one week radio campaigns. Limiting the frequency of the price comparison ads to seven or eight monthly insertions will allow for a minor radio ad campaign. Placing 12 monthly price comparison advertisements would require about \$255,000, and consume the vast majority of the available education budget. All advertising would be branded as Customer Choice. The recommended advertising approach would help re-establish name awareness of “Customer Choice,” thereby facilitating website navigation and enhance customers’ ability to search for information on the internet. The limited 2011 budget is insufficient to adequately meet existing education plan objectives. Newspaper advertising opportunities within the mandated budget constraints will simply reach too few people, and the message will be delivered too infrequently.

Terasen Gas believes that changing the existing Communication Strategy will increase awareness of the Customer Choice name. Re-establishing the program name will help consumers link the information they have already internalized (i.e., Gas Marketers sell natural gas contracts; marketers are independent of Terasen Gas, etc.). This association ensures that customers can find information quickly by program name, rather than by describing or thinking about what the program entails.

The current advertising strategy has failed to maintain consumer awareness of the Customer Choice name. If Commission staff decides to use print advertising exclusively in 2011, Terasen Gas recommends the phase out of the Customer Choice name. For example, the Terasen Gas website should reference “Fixed-Rate Contracts,” “Gas Marketers,” or suitable alternate. Accordingly, program advertising should abandon use of the Customer Choice logo in favour of education materials that focus on program description, rather than program name.

Terasen Gas believes ongoing customer education is an important component of consumer protection. It supplements licensing and the Code of Conduct; and in the apparent absence of Gas Marketer consumer education, Terasen Gas sponsored communications helps alert consumers to their program rights and responsibilities. Funding should continue to support consumer protection by providing information to consider when selecting a supplier, and to help promote a competitive marketplace. The price comparison advertisements, in particular, have been effective in influencing more

price competition in fixed rate offers. In Order G-181-08 dated December 12, 2008, the BCUC specified a three-year education budget for the customer choice program. Budget expenditures were limited to \$750,000 in 2009, \$500,000 in 2010, and \$300,000 in 2011. Terasen Gas will apply to the BCUC for 2012 customer education funding at a future date. There will also be a requirement for additional funding if the unbundling and transportation only products are made available to Vancouver Island and Whistler customers.

**TGI Recommendation**

**Continue placement of rate comparison advertising in community newspapers, but limit the frequency to 7 or 8 monthly ads (i.e., April –November). Use one panel (double-sided) bill inserts twice per year and bill messages as often as space permits. Remaining budget of approximately \$110,000 should be used for radio advertising to re-establish name awareness of the program to help customers find information about the program on the Terasen Gas website.**

**2.14. Billing Issues (Program Costs and Their Recovery)**

Commission staff questions how program expenses should be handled and whether Gas Marketers should bear more of the program costs, including the customer education component.

**Commission Staff Views**

Commission staff is pleased to learn that the majority of the program costs are already being paid for by Gas Marketers through the various fees. Commission staff brings forth for discussion, the question of whether Gas Marketers should also bear some or all of the customer education costs. Commission staff requests that Terasen Gas include in its application, the table that identifies who pays for the specific program components.

**Gas Marketers' Position**

Access Gas clarified that Gas Marketers already bear their share of the program costs through fees.

**British Columbia Public Interest Advocacy Centre Position**

BCOAPO is very pleased to see that the amount spent by Terasen Gas on education is being significantly reduced. BCOAPO would prefer that ratepayers not bear any of the education costs, but concede that cost-sharing may be acceptable. Likewise, it would be reasonable for Gas Marketers to pay a share of the education costs as they receive a direct benefit from the expenditure.

**Terasen Gas Response**

Operating costs should be recovered from Gas Marketers where possible, via fees. Any unrecovered operating costs continue to be accumulated in a deferral account so that they can be recovered from all eligible residential customers through the use of a rate rider. Terasen Gas is of the opinion that all customers should be responsible for the approved \$300,000 education plan costs designed to promote program awareness, consumer protection rights and where more information about the program can be found.

To ensure adequate consumer protection, it is important that all customers remain aware of the Customer Choice Program and their individual rights with respect to Consumer Agreements, not just those choosing to participate in the program at any given point in time. As such Terasen Gas believes these costs should be shared by all customers.

Those customers that choose to participate in the Customer Choice Program will likely change over time. Although many customers are not enrolled in a fixed-rate commodity plan at this time, they may in the future as their life situation changes. For example those consumers moving from an active work life to retirement may seek security of a fixed-rate to avoid any unforeseen price spikes in natural gas. These individuals become more risk averse over time and would benefit from information on the fixed-rate option.

In the original program design suggested by Terasen Gas, the company outlined principles which it felt were imperative to ensure an effective recovery mechanism of program costs. These principles included the following:

- Cost causality – the allocation should be equitable such that the costs are borne by those for which they were incurred.
- Administrative simplicity – the cost recovery mechanism should be simple to administer.

In Letter No. L-25-03 dated June 6, 2003 the Commission provided direction on the allocation of costs to commercial customers eligible to participate in the Commercial Unbundling program and to the Gas Marketers involved. The Letter stated “The implementation and maintenance costs will be recovered from customers in those rate classes that are eligible for the service. Annual operating costs (fixed and transactional related costs) should be recovered, to the extent possible, from marketers.” Terasen Gas proposes to follow this same direction in the treatment of implementation and operating costs for the Residential Unbundling program.<sup>14</sup>

Operating costs include fixed costs and variable costs that are based on activity levels. The variable costs scale directly with activities that are processed manually. Other costs scale with certain Gas Marketer transactions. Transaction fees, which are charged monthly and netted against remittances made to Gas Marketers each month, recover operating costs directly from Gas Marketers.

There are currently four fees that Gas Marketers are responsible for, including the group fee, customer bill fee, confirmation letter fee, and dispute resolution fee. To ensure that the original principles regarding cost causality and administrative simplicity are retained, Terasen Gas suggests maintaining the current fee structure. Deferral account costs are currently tracking such that the fees may completely offset all program costs starting in 2011 or 2012.

---

<sup>14</sup> 2006 CPCN, dated April 13, 2006, page 84.

**Figure 12: Deferral Accounts Status**

Category	2008	2009	Jan-Jun 2010
Customer Choice Recoveries	-\$944,122	-\$877,039	-\$657,589
System Operating & Support Costs	\$386,985	\$426,485	\$193,594
Unbundling Customer Education Costs	\$2,987,404	\$747,642	\$41,677
Program Administration & BCUC Costs	\$421,769	\$326,397	\$508,838
<b>Total Costs</b>	<b>\$2,852,036</b>	<b>\$623,485</b>	<b>\$86,520</b>

Terasen Gas suggests that a review of deferral account activity be incorporated into the annual review process, at which time the company will recommend any necessary adjustments to the fees being charged to Gas Marketers.

In summary, Gas Marketers should be responsible for the operating costs of the Customer Choice program; these costs are currently being recovered through the various Gas Marketer fees. Consistent with our long-standing position, Terasen Gas firmly believes that the education costs should be recovered from *all* eligible customers of the program, because Customer Choice is available to them if they currently choose not to participate.

#### **TGI Recommendation**

***No change required. The current fee strategy is consistent with the original program design, and recognizes the cost causality and administrative simplicity principles. Fee structures can be reviewed within the annual review process and adjusted each year to reflect cost of service changes.***

***Customer education costs should continue to be borne by all customers who are eligible to participate in the Customer Choice program. One of the benefits of Terasen Gas' recommended communication strategy for 2011 is increased awareness of the program for all customers.***

### **2.15. Standardized TPV Call Script**

Third Party Verification (TPV) is a digitally recorded telephone call between the Gas Marketer and the Residential Consumer to confirm the Consumer's understanding of the Offer, Consumer's Agreements, Confirmation Letter and Cancellation Rights.<sup>15</sup>

"At the 2009 AGM, the Commission proposed the use of standardized scripting as a result of reviewing a number of Third Party Verification (TPV) calls for disputed contracts since the inception of the TPV in 2007; some of which, although compliant to the letter, are not compliant with the spirit of the Code of Conduct for Gas Marketers (Code of Conduct). The Commission also suggested that the contract signing process and the

<sup>15</sup> Gas Marketer Code of Conduct, Appendix B To Order A-11-10, June 17, 2010; page 3.

TPV should be separate so that the customer has a full opportunity to review the contract before confirming their understanding of the key elements of the agreement.”<sup>16</sup>

A draft standardized TPV call script was developed by the Commission. After input was gathered from Terasen Gas and Gas Marketers, a final version was approved by the Commission for Gas Marketers to implement within 30 calendar days of the Order date (i.e. standardized TPV became effective in mid-July 2010). The standardized script is intended to address not only the topics canvassed in the script, but also the pace, tone, and clarity of the Gas Marketer representative conducting the TPV. Gas Marketers are invited to submit requests for amendments to the standardized TPV call script as the need arises.<sup>17</sup>

### **Commission Staff Views**

Commission staff wishes to review any issues that have arisen since the implementation of the standardized TPV call scripts, and explore revision to the timeframe that the TPV calls need to be completed within.

Commission staff believes that the standardized scripts are working quite well. There have been some small deviations from the script, but not material. Gas Marketers have the right to apply to the Commission for amended TPV scripts if necessary.

Commission staff suggests introducing some flexibility in terms of the upper limit for when TPV calls must be completed. Currently, TPV calls must fall between 24-96 hours, or between one and four business days after contracts are signed. Commission staff invites discussion on increasing the upper limit to, for example, six days, which would still be within the 10-day cancellation timeframe. Commission staff is, however, adamant that Gas Marketers continue to observe the 24-hour wait period before conducting TPV calls. This is to allow sufficient time for customers to read the documentation, particularly the Standard Information Booklet that Gas Marketers must provide to customers.

### **Gas Marketers' Position**

Gas Marketers are fine with extending the timeframe for TPV calls. Access Energy just notes that the customers' cancellation period would effectively be increased by the same number of days.

### **British Columbia Public Interest Advocacy Centre Position**

BCOAPO sees no issue with extending the timeframe for TPV calls.

### **Terasen Gas Response**

Terasen Gas is amenable to extending the period available to the Gas Marketers, past the 96 hours, as long as it adheres to the MSR finalization dates that are in place.

---

<sup>16</sup> Order No. A-11-10, dated June 17, 2010, Appendix A, page 1.

<sup>17</sup> Amendments have been made, as per Order Nos. A-13-10, dated July 22, 2010; A-14-10, dated August 12, 2010; and A-15-10, dated August 12, 2010.

**TGI Recommendation**

***Terasen Gas is amenable to extending the upper time limit for TPV calls.***

### **3. Other Recommendations**

The following items were not discussed at the recent annual general meeting. Terasen Gas seeks a BCUC decision with respect to these two outstanding items, including: possible changes to the dispute ruling page, and a ban on the use of \$0 marketer groups.

#### **3.1. Dispute Ruling Page Improvements**

Terasen Gas proposes several changes to the Dispute Ruling page in GEM. The first suggested adjustment is to add a text box at the end of the page to record the customer's final comments related to the dispute. This would afford customers an opportunity to respond to evidence submitted by their Gas Marketer and make the dispute procedure similar to a small claim's application. The customer files the dispute, the Gas Marketer submits their response, the customer can then submit final comments and the Commission rules on the dispute. Proposed processes to obtain these comments are discussed in Section 2.2.3.

Terasen Gas also proposes a change to the Dispute Ruling page that would provide additional information regarding compensation responsibility (i.e., Gas Marketer or Terasen Gas) and the effective dating for reimbursement. Currently, the effective date for reimbursement is typically set as the date the dispute was filed or maximum six months prior. There is no mechanism in GEM to identify the customer reimbursement period to the Gas Marketer. The Commission has to contact the marketer separately and provide them with a date. The change would provide the Commission staff with more options to set multiple effective dates for the dispute ruling. The estimate to complete these changes to the Dispute Ruling page in GEM is 45.5 hours of work at a cost of \$5,460. Figure 13: Proposed Log Dispute Page displays the proposed changes to the Dispute Ruling Page in GEM. Three additional fields would be added to the Dispute Ruling page, including the following:

- Does the customer require a reimbursement from the Gas Marketer?
- What is the date range?
- Final Comments

The benefit to this change would be that Commission Staff can set two effective dates, as follows:


- the date the contract should be dropped in the enrolment database and the date Terasen Gas should reverse and rebill the customer; and
- the effective date the Gas Marketer is required to reimburse the customer.



The scenario where two effective dates are required happens when a Gas Marketer is required to reimburse the customer back to the start of their contract. For example, the Commission rules a contract is invalid and the period between the enrolment and dispute is extensive, such as two years or more. It would be unfair for Terasen Gas to bear the cost and effort required to reimburse the customer so the onus is on the Gas Marketer. Currently, the Gas Marketer has to calculate this amount owed to the customer manually by reviewing the customer usage and Terasen Gas rates during the period. Terasen Gas plans to capture the date range from the Dispute Ruling Page. The amount owed to the customer will then be included in a GEM report such as the Marketer Settlement Report.

Terasen Gas believes the proposed changes to the Dispute Ruling page in GEM will create clarity for responsibility of the customer reimbursement and allow for automated calculating of the dollar amount to be included in the Marketer Settlement Report.

Figure 13: Proposed Log Dispute Page



Get comfortable.

[GATEWAY HOME](#) | [CONTACT US](#) | [LOGOUT](#)

NewsDownloadTransactionReportDisputeHelp

Customer DisputeLog Dispute

Customer Dispute Details

Dispute #:

22735

Caller:

Jan Smith

Caller Identification:

owner

Contact Number:

604-671-8622

Date Filed:

2010/07/28

Cancellation Date:

No Cancellation Date

Date Resolved:

Filed By:

10331 (Access Gas Services Inc.)

Status:

Opened

Days Outstanding:

20

Marketer Name:

Access Gas Services Inc.

Customer Number:

1754562

Customer Address:

2710 MAIN STREET VANCOUVER V5T 3E8

Dispute Type:

Cancellation

Who is the next marketer?

1

Access Gas Services Inc.

\$9.79

☐

2

Terasen Gas

☐

When is the effective date?

Who is responsible for dispute resolution fee?

1

Marketer

☐

2

Customer

☐

3

N/A

☐

Does the dispute require the marketer and customer to resolve it offline?

☐ Yes

☐ No

Does the customer require a reimbursement from the gas marketer?

☐ Yes

☐ No

What is the date range?


From

To

Final Comments

Submit

Back



© 2007 Terasen Gas A Fortis Company

[Privacy Policy](#)

[Terms of Use](#)

[Site Map](#)

**TGI Recommendation**

***Add three new fields to the Dispute Ruling page in GEM to clarify the responsibility of refunds and effective dates and allow for customer final comments. The proposed solution may be delayed until post 2012 due to the Customer Care Enhancement project.***

**3.2. \$0 Marketer Groups**

Terasen Gas has begun to receive requests from marketers to setup \$0 marketer groups. Terasen Gas strongly opposes the tactic. These unusual enrolment requests serve to secure the customer in a five-year contract. The marketers then re-negotiate the \$0 Consumer Agreement with the customer each year.

Currently, the customer receives a confirmation letter from Terasen Gas stating they will pay a fixed rate per GJ for the first year and then \$0 for the remaining four years. This setup is problematic from a systems perspective and to the customer. From a process point of view, the second leg of the batch must be dropped before each anniversary date and a new contract enrolment submitted with an actual rate to charge. The Customer Choice program was not designed to accommodate this type of price structure and would require significant changes to the system infrastructure to accept this change properly. The confirmation letter sent to customers who sign these type of batch contracts appears confusing as well. The letter states the first year of the contract is at a certain dollar amount and the remaining years are at \$0 GJ. Gas Marketers should employ marketing strategies to promote customer loyalty not rely on contract blocking techniques to keep other marketers from taking their customers. In addition, signing short-term contracts will eliminate the need for the \$0 rate to address market uncertainty.

Terasen recommends that \$0 marketer group requests should not be accepted as Gas Marketers could use more appropriate sales strategies that work within the business rules of the Customer Choice program to promote customer loyalty. Terasen requests that the Commission make a ruling on this business practice by Gas Marketers.

**TGI Recommendation**

***Terasen Gas recommends banning the use of \$0 Marketer Groups to hold customers under contract.***

## **Appendix B**

---

# **BACKGROUND AND REGULATORY HISTORY**

## **Background**

This section provides a review of recent Regulatory proceedings related to the Customer Choice program

### ***Regulatory History***

The implementation of Customer Choice is preceded by considerable effort that laid the foundation for the program. Following the release of the provincial Energy Plan in 2002, the Commission by Letter No. L-49-02 dated December 13, 2002, directed Terasen Gas to update and reassess the Unbundling program that was developed previously and to file a report to the Commission by February 28, 2003 with the intent of making the Commodity Unbundling service option available to small volume residential and commercial customers in time for November 2004. In Commission Letter No. L-14-03, dated April 16, 2003, the Commission directed that Unbundling for small volume customers should be implemented in two phases. Commercial customers were to have an unbundled option effective November 2004 ("Phase 1") with Unbundling to be provided to residential customers in the second phase at some time in the future ("Phase 2"). The Commission directed Terasen Gas to proceed with Commercial Unbundling generally as described in the March 28, 2003 filing. In addition, the Commission directed the provision of a Stable Rate Option ("SRO") for residential customers. Serving as a pilot program to assist in the implementation of the larger residential program, Terasen Gas implemented the proposed Commodity Unbundling service for small and large commercial customers in 2004. Process changes and system development were completed allowing eligible customers to begin enrolling in the program starting May 2004. Gas flowed to customers who elected a Gas Marketer to provide the commodity on November 1, 2004.

### ***Commercial Unbundling***

Much of the foundation on which the Customer Choice program rests was established as part of the Phase I of the Commodity Unbundling program for commercial customers, which was implemented in 2004. The Essential Services Model and the business rules for Commodity Unbundling were approved by the Commission as Appendix A to Commission Letter No. L-25-03 dated June 6, 2003. Terasen Gas, in its July 18, 2003 Report, outlined an implementation plan for Commodity Unbundling to meet the November 1, 2004 target start-up date for Phase I.

The first significant step in the implementation plan was the need for Tariffs and Agreements, a Code of Conduct for Gas Marketers, Rules for Marketers and a Customer Education Program that were the subject of the Terasen Gas Application dated October 27, 2003 and in the Terasen Gas Revisions to the October 27, 2003 Application, dated December 4, 2003. These items were approved by the Commission in Order No. G-90-03, dated January 9, 2004. Terasen Gas then filed an Application dated January 16, 2004, for approval of the Midstream and Commodity Cost Recovery methodology and the setting of rates, as well as outlining the process for a post implementation review. This application was approved in Commission Order No. G-25-04.

### ***Customer Choice (Residential) – Pre launch***

In Commission Order No. 6-66-05, dated July 7, 2005, the Commission approved deferral account funding for Terasen Gas to complete the review and validation of the business model rules for the Residential Unbundling program, as well as the timeline leading to a Certificate of Public Convenience and Necessity ("CPCN") application by March 2006.

In Commission Order No. 6-10-05, dated October 31, 2005, additional funding was approved to complete the scoping and business systems analysis required to enable the filing of a CPCN application for the Residential Unbundling Program by March 2006. Work on the Scoping Phase of Residential Unbundling commenced in late November 2005. The primary focus of this work involved a review of existing processes and systems used by the Commercial Unbundling program with the aim of identifying improvements and changes needed to support a Residential Unbundling program, as well as the existing Commercial Unbundling program. This review was completed in early March 2006 and resulted in Terasen Gas filing an Application for the approval of a CPCN for the Commodity Unbundling Project for Residential Customers pursuant to Section 45 of the Utilities Commission Act on April 13, 2006.

On August 14, 2006 the Commission approved the CPCN for the Residential Unbundling program by issuing Order No. C-6-06. Terasen Gas implemented the Residential Unbundling Program as the Customer Choice program through the fall of 2006 and into the spring of 2007. The new commodity unbundling systems were implemented in mid April 2007, a process that included the conversion of all commercial customers enrolled in the previous program to the new systems. On May 1, 2007, Gas Marketers were allowed to begin marketing to residential customers for the first time. The first enrolment requests made by Gas Marketers were successfully processed early on May 1, 2007 and by the end of the month over 50,000 residential customers were enrolled in the program. By November 1, 2007 over 85,000 residential customers were enrolled and the first fixed rate contracts came into effect and customers were billed for the first time with the natural gas commodity supplied by an independent Gas Marketer.

### ***Customer Choice – Post Residential Launch***

On March 3, 2008 Gas Marketers submitted a report to the commission that identified market design, operational and processing issues within the GEM system. Commission staff held a general meeting on April 8, 2008 to review the Application and other issues. The meeting was open to representatives from Terasen Gas, registered intervenors, and all licensed Gas Marketers operating in British Columbia. On July 18, 2008 Terasen Gas filed with the Commission the Customer Choice Post Implementation Review Report and Application for Program Enhancements and Additional Customer Education Funding. By Order G-113-08 the Commission established a regulatory process to consider the Report and Application.

On April 23, 2009 the Commission staff held the Customer Choice Annual General Meeting pursuant to Commission Order C-6-06, Item 13 on the Terasen Gas 2006 CPCN Application for Commodity Unbundling for Residential Customers. The Application dealt extensively with the Essential Services Model that underpins the

Customer Choice program in BC. Further to this filing, the Commission released Order A-3-10 on February 22, 2010.

This year, the Customer Choice Annual General Meeting was held on September 8, 2010. Consistent with previous years, the meeting objective was to discuss the concerns and suggestions of interested parties, and review communication activities and system enhancements.

**Appendix C**

---

**2010 CUSTOMER EDUCATION CONTENT**



## Newspaper Listing

### ***Publication***

100 Mile House Advisor Community Wrap  
Grand Forks Boundary Weekender Community Wrap  
Boundary Creek Times Mountaineer Community Insert  
Cariboo Advisor Community Wrap  
Cranbrook Daily Townsman Daily Wrap  
Creston Valley Advance Community Wrap  
Fernie Free Press Community Wrap  
Kamloops Daily News Daily Wrap  
Okanagan Saturday / Sunday Daily Wrap  
Merritt News Community Wrap  
Prince George Citizen Daily Wrap  
Quesnel Advisor Community Wrap  
Squamish Chief Community Wrap  
West Kootenay Weekender Community Wrap  
Chetwynd Echo Community Insert  
North Valley Echo Community Insert  
Abbotsford Mission Times Community Wrap  
Burnaby Now Community Wrap  
Chilliwack Times Community Wrap  
Coquitlam Now Community Wrap  
Delta Optimist Community Wrap  
Langley Advance Community Wrap  
Maple Ridge Pitt Meadows Times Community Wrap  
New Westminster Royal City Record Community Wrap  
North Vancouver North Shore News Community Wrap  
Richmond News Community Wrap  
Surrey North Delta Now Community Wrap  
Vancouver Courier East/West Combo Community Wrap  
Lumby Valley Times Community Insert  
Mackenzie Times Community Insert  
Peachland View Community Insert  
Similkameen News Leader Community Insert  
Winfield View In Lake Country Community Insert  
Ashcroft Cache Creek Journal Community Insert  
Keremeos / Okanagan Falls Review Community Insert  
Agassiz Observer Community Insert  
Aldergrove Star Community Insert  
Hope Standard Community Insert  
Oliver Chronicle Community Insert  
Osoyoos Times Community Insert  
Salmon Arm Observer Community Insert  
Summerland Review Community Insert  
Vernon Morning Star Community Insert

Bill Insert- Page 1

### Do your homework— compare all your options

By signing an agreement with a gas marketer, you are committing to buying natural gas at a fixed price for one to five years. It's important to be sure that you are making a decision that's right for you.

There are many different gas marketers, each with a different agreement to offer. The following list of questions to ask marketers may help you get the information you need to make an informed decision.

- What is their price per gigajoule of gas?
- How long is the term of the agreement?
- What are the renewal provisions of the agreement?
- What are the rights and penalties for early termination of the agreement?
- If you move to a new home, what information do you need to provide your gas marketer and the natural gas utility?

### Terasen Gas variable rate

\$5.609 per GJ effective April 1, 2010



Customer Choice Bill Insert 07/09 06-2010



### For more information

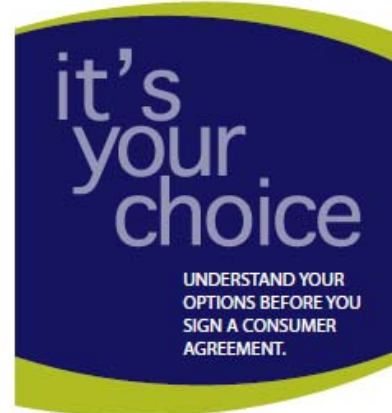
If you have any questions, please contact us.  
We're here to help make your choice an easy one.

Call 1-888-224-2710 or visit [terasengas.com](http://terasengas.com)

#### Before you sign

Entering into a Consumer Agreement is a contractual commitment and before you sign, please take the time to inform yourself about your choices. For complete program information and a list of licenced gas marketers, visit [terasengas.com/choice](http://terasengas.com/choice)

This publication is produced on behalf of the BC Utilities Commission. The Customer Choice name and logo is used under license from Terasen Inc.



**SIGNING A CONSUMER  
AGREEMENT IS VOLUNTARY.**

Before you sign an agreement, visit [terasengas.com/choice](http://terasengas.com/choice) to view what each of the gas marketers have to offer.



## before you **sign** explore your options

Customer Choice offers you the freedom to choose who you buy your natural gas from, an independent gas marketer or your local natural gas utility. Independent gas marketers offer natural gas at long-term fixed prices. Your local natural gas utility offers natural gas at a variable, market-based rate. How you choose to buy your gas is your choice.

**For more information on Customer Choice visit [terasengas.com](http://terasengas.com)**

Terasen Gas residential rate (per GJ)\* \$5.609 per GJ effective Apr. 2010

### Gas Marketers' Residential Fixed Rates (per GJ)

Supplier Name	1 Yr Term	3 Yr Term	4 Yr Term	5 Yr Term
Access Gas Services Inc. 877-519-0862 <a href="http://www.accessgas.com">www.accessgas.com</a>	\$7.59			\$8.79
Active Renewable Marketing Ltd. 1-866-628-9427 <a href="http://www.activerenewable.com">www.activerenewable.com</a>				\$8.99
FireFly Energy 888-780-3298 <a href="http://www.fireflyenergy.ca">www.fireflyenergy.ca</a>	\$5.33	\$7.49		\$7.49
Just Energy 866-587-8674 <a href="http://www.justenergy.com">www.justenergy.com</a>			\$8.24	\$8.24
MXenergy (Canada) Ltd. 800-785-4373 <a href="http://www.mxenergy.com">www.mxenergy.com</a>	\$8.79			
Smart Energy (BC) Ltd. 604-415-3599 <a href="http://www.smartenergybc.com">www.smartenergybc.com</a>			\$8.70	\$8.70
Summitt Energy BC LP 877-222-9520 <a href="http://www.summittenergy.ca">www.summittenergy.ca</a>				\$8.75
Superior Energy Management 866-872-2991/866-398-2011 <a href="http://www.superiorenergy.ca">www.superiorenergy.ca</a>		\$8.29		\$8.29

\*Chart shows gas marketers' rates for a range of fixed terms. Terasen Gas rate may change quarterly.



## **Appendix D**

---

# **MARKETER SUPPLY REQUIREMENT (“MSR”) CALCULATION**



# Marketer Supply Requirements

---

## Proposed Reporting Changes

**September 29, 2010**

Addendum to Terasen Gas Customer Choice Program, Annual General Meeting held at BCUC offices on September 8, 2010.

## Table of Contents

<b>1. OVERVIEW.....</b>	<b>3</b>
<b>2. ISSUES.....</b>	<b>3</b>
A. MARKETERS ARE UNABLE TO RECONCILE CUSTOMERS & VOLUMES .....	3
B. MARKETERS ARE UNABLE TO FORECAST WITH CURRENT INFORMATION.....	3
<b>3. RECOMMENDATIONS.....</b>	<b>4</b>
A. PROVIDE PREMISE LEVEL VOLUME REQUIREMENTS.....	4
B. PROVIDE ENROLLMENT CHANGE INFORMATION BETWEEN ENTRY DATES .....	4
C. REPORT EXAMPLES AND FLOW .....	5
D. RECOMMENDATION SUMMARY .....	5

## **1. Overview**

The current Marketer Supply Requirement (MSR) methodology, including the detailed factors employed to determine each MSR is not being changed. The MSR calculation has remained unchanged since its inception in 2004.

## **2. Issues**

The Essential Service Model (ESM) and the MSR calculations are unique to BC unbundling program and there is an ongoing education process for players within the programs. Therefore, TGI has continually looked for ways to improve the understanding of the MSR calculation. For example, last year we did the detail report on the MSR calculation.

Most of the current issues Marketers and Terasen are experiencing do not appear to be because of the ESM model that differs from other gas markets or because of the existing MSR methodology. They appear to stem from a lack of detailed premise level supply information and from the misleading historical billed consumption information provided to marketers.

The following issues have been identified:

### **a. Marketers Are Unable to Reconcile Customers & Volumes**

The current information provided to marketers does not give them enough information to reconcile individual customer (premises) to the MSR supply requirements. Marketer reporting provides enrollment summaries at the Marketer Group, region, and rate class level. This makes it difficult to understand what premises are in what grouping and what the supply requirements are for each premise.

### **b. Marketers Are Unable to Forecast with Current Information**

Currently, when marketers submit a valid enrollment, a 2-year billed consumption history is provided back to the marketer. It appears that some marketers are using historical billed consumption information to forecast future gas consumption. In addition, it appears some marketers are using the billed consumption to attempt to reconcile to their Marketer Supply Requirements volumes. This method cannot reconcile since the MSR is normalized and the billed is actual consumption.

The historical billed consumption is used as an input to the premise factor calculation and is only relevant when you have the billed consumption for all premises in the region rate class for the premise factor. The reconciliation between the billed consumption and the MSR volumes are not possible. The Contract Year Supply (forecasted data) is allocated to premises based on the calculated premise factor, and this is the volume that marketers need to reconcile to. The billed consumption information is very misleading and insufficient for marketer forecasting.



### **3. Recommendations**

To address the issues as identified above, TGI makes the following recommendations which provide better information for marketers that would allow them to reconcile premises to the MSR supply, Marketer Demand Supply requirements Report, Supply Variance Report and invoicing. It would also allow for marketers to do more accurate forecasting for enrolled premises. In turn, this should reduce the current volume of questions from marketers to the Customer Choice Program team, and allow for better analysis of data.

#### **a. Provide Premise Level Volume Requirements**

Premise level supply information should be provided to marketers. This means two new reports for marketers, a new Marketer Supply Requirements report and an Enrollment Details Report. The New Marketer Supply Requirements report would look and feel the same as the existing ODS MSR report, but has the region, rate class level of the reporting removed. The new report then allows marketer group level reconciliation to the Marketer Demand Details report. The new Enrollment Details Report would provide premise level information by marketer group. The report will detail Marketer Group, Premise, effective entry date volume, contract start and end dates and enrollment start and end dates. The marketer group subtotals and report grand totals would reconcile to the MSR and the Marketer Demand Details reports.

#### **b. Provide Enrollment Change Information between Entry Dates**

Enrollment Change Report by Premise, Region, Rate Class (Net Difference).

An Enrollment Change Report would provide marketers useful information to help them understand volume differences caused by enrollment changes between entry dates. For example, a marketer may have lost 50 Rate Schedule 2 customers and gained 75 Rate Schedule 1 customers for a net enrollment gain of 25. However, the volume would likely be a net loss in this scenario because Rate Schedule 2 premises have higher supply requirements than Rate Schedule 1 premises.

## c. Report Examples and Flow

Enrollment Details by Premise Report for MarketerA for Entry Date: Nov 1, 2010						
Marketer Group	Premise	Supply Requirement	Contract Start Date	Contract End Date	Enrollment Start Date	Enrollment End Date
MktrA-Grp1	P1	300	November 1, 2010	October 1, 2015	November 1, 2010	
MktrA-Grp2	P2	288	November 1, 2010	October 1, 2012	November 1, 2010	
MktrA-Grp2	P3	270	November 1, 2010	October 1, 2012	November 1, 2010	
Total Supply		858				

MSR Details by Marketer Group			
Contract Year: 2010/2011			
Tuesday, November 01, 2011			
Supply Requirement Total		Enrollment Total	Supply Status
MarketerA	MktrA-Grp1	300	1 P
	MktrA-Grp2	558	2 P
MarketerA Total		858	3 P

Marketer Demand Details						
Marketer: MarketerA						
Effective Date: 1-Nov-10 Preliminary						
Receipt Point Delivery Variance						
Station	Requirement (GJ)	Amount \$	WAP \$	Fuel Requirement	Quantity (GJ)	
Compressor Station 2	300	\$ 2,250.00	\$ 7.50	2	302	
Huntingdon	288	\$ 2,160.00	\$ 7.50	2	290	
Inventory Transfer	270	\$ 2,025.00	\$ 7.50	2	272	
Total:	858	\$6,435.00	\$ 7.50	6	864	

Marketer Group Delivery Requirement			
Delivery Requirement			
Marketer Group	Requirement (GJ)	Amount (\$)	Price (\$)
MktrA-Grp1	300.00	\$ 2,250.00	\$ 7.50
MktrA-Grp2	558.00	\$ 4,185.00	\$ 7.50
Total	858.00	\$6,435.00	

Enrollment Change Report From Entry Date Oct 1, 2010 to Nov 1, 2010					
Type	MarkterGroup	Rate Class Id	Premise Count	Premise	Supply Requirement
In Nov, not in Oct		1	3		858
	MktrA-Grp1			P1	300
	MktrA-Grp2			P2	288
	MktrA-Grp2			P3	270
In Oct, not in Nov		2	2		1,075
	MktrA-Grp2			P10	550
	MktrA-Grp2			P11	525
Net Difference			1		-217

Supply Variance report						
Marketer: MarketerA						
To: 2010-Nov-01 Preliminary						
From: 2010-Oct-01 Final						
Receipt Point Delivery Variance						
Station	Customer Count (#)			Obligated Quantity (GJ)		
	1-Nov-10	1-Oct-10	Variance	1-Nov-10	1-Oct-10	Variance
Compressor Station 2	1	1	0	300	580	-250
Huntingdon	1	1	0	288	525	-237
Inventory Transfer	1	0	1	270		270
Total:	3	2	1	858	1,075	-217

Marketer Group Delivery Variance						
Marketer Group	Customer Count (#)			Obligated Quantity (GJ)		
	1-Nov-10	1-Oct-10	Variance	1-Nov-10	1-Oct-10	Variance
MktrA-Grp1	1	0	1	300		300
MktrA-Grp2	2	2	0	858	1,075	-217
Total:	1	0	1	858	1,075	-217

## d. Recommendation Summary

The recommendations offered in this document should provide the following:

1. Better information for marketers. Marketers should be able to more accurately forecast gas futures for their enrolled customers. Also, this tells marketers who their customers are and what volume they are supplying for them.
2. Marketers will be able to reconcile supply volumes and dollars by enrollment (premise). All the marketers' reports reconcile to each other.

**Appendix E**

---

**ANNUAL GENERAL MEETING, MINUTES  
SEPTEMBER 8, 2010**

1

**CAARS**

2

VANCOUVER, B.C.

3

September 8, 2010

4

**(PROCEEDINGS RESUMED AT 9:00 A.M.)**

5

**1.0 WELCOME AND INTRODUCTION**

6

MR. GRANT: ... here with us. I'll work down from my way

7

here. It's Bob Brownell has done a lot of the early

8

work in terms of the development of the program.

9

Erica Hamilton, you've all been writing her letters as

10

the Commission secretary. And the ones that you

11

really focus on is the person who administers the

12

program at this time, Ms. Jenelyn Torres. And Kristen

13

Olsen, who's joining us at least for a while this

14

morning.

15

And then as the *eminence gris* of gas

16

matters at the Commission is Brian Williston. See,

17

that's just before you get kicked out because somebody

18

young has --

19

Anyways, for ease of going around, I think

20

we'll do introductions. I was going to point out that

21

after the Terasen presentation I'll probably get the

22

Commission staff to move up to the front, so that we

23

can speak with everyone.

24

Before we go through the introductions,

25

though, Keith has advised me that we are having

26

transcripts done of this, and there are some mikes in

1 the ceiling as well as the mike here. So he thinks  
2 he's going to get things. But I think people should  
3 speak fairly loudly anyways. And when we do get into  
4 the discussions, it would be quite helpful for the  
5 transcript that's going to be developed if people, as  
6 they start into whatever they're going to say, to just  
7 say your name, say your company, and then carry on  
8 with that. We can move along fairly quickly.

9 So, before carrying on with the  
10 introduction further, why don't we go around the room,  
11 in terms of introductions --

12 MR. QUAIL: Jim Quail. I'm with the B.C. Public Interest  
13 Advocacy Centre. We represent seniors' organizations  
14 and other community groups that collectively speak for  
15 the interests of ratepayers.

16 MR. WEBB: Good morning. Scott Webb with Terasen Gas. I  
17 manage the customer choice program.

18 MR. HILL: Good morning. My name is Shawn Hill. I work  
19 in the regulatory department at Terasen Gas, and I  
20 work with Scott and giving him some support as we make  
21 applications ingenious to the program.

22 MR. BAINS: Mike Bains, Terasen Gas. I work in gas  
23 supply.

24 MS. KRITKOS: Sandra Kritkos. I'm with Terasen Gas. I  
25 support the customer choice program.

26 MS. MACKENZIE: Stacy Mackenzie. And I work with Terasen

1 Gas, and I support the customer choice program as  
2 well.

3 MR. HAJABED: Moe Hajabed, gas manager at Active Energy.

4 MS. WASNEY: Judy Wasney, Superior Energy Management,  
5 operations (inaudible).

6 MS. RUZYCKI: Nola Ruzycki, Just Energy.

7 MR. POTTER: Gord Potter, Just Energy.

8 MS. SINSOM: Tamara Sinsom, Summit Energy.

9 MR. BUCKLE: Daniel Buckle, marketing manager at Smart  
10 Energy.

11 MR. PEGORARO: Jeff Pegoraro, Smart Energy.

12 MR. GAFFNEY: Chris Gaffney, Planet Energy.

13 MS. JESKE: Maureen Jeske, Direct Energy.

14 MS. SEVERSON: Corinne Severson, Direct Energy.

15 MR. CAUMANN: Nick Caumanns with Cascadia Energy.

16 MR. MAGNESON: I'm Roger Magneson with Connect Energy.

17 MS. WYMAN: I'm Tecia Wyman with Connect Energy.

18 MR. GRANT: Great. Thank you, everyone. We've got a  
19 very long agenda, as you saw when the gentlemen sent  
20 it out to you, to get through today. In terms of the  
21 plan for the day, our plan is that we do want to  
22 complete the agenda today. We recognize people  
23 probably have places to go after today, and so we're  
24 anxious to get through that. So hopefully we can be  
25 as pointed in our discussions as possible. We'll try  
26 and do that.

1                   The next item after this one on the agenda  
2           is a presentation by Terasen, and I think we'll take a  
3           coffee break after that presentation by Scott. And  
4           then carry on through the day. We would expect to  
5           take about an hour lunch at a convenient time, in  
6           around noon. And probably take an afternoon break at  
7           around three. Maybe around four o'clock, if we aren't  
8           done by then, we'll talk about what we should do, and  
9           what timing we should proceed with, whether we carry  
10          on through the afternoon and evening, if necessary, or  
11          what. Anyways, hopefully that won't be necessary.

12                   We do have the transcript being produced,  
13          and that's because it will be helpful to Terasen. We  
14          hope, like last year, to have Terasen present a report  
15          and application to the Commission following this  
16          proceeding. In fact, talking with the Chair of the  
17          Commission yesterday, he is hopeful that we will deal  
18          with this more quickly than last year. So we would  
19          probably be asking Terasen to create that report and  
20          application by, say, mid-November. We would want to  
21          then get input from all of the marketers with respect  
22          to that, which we would hope to do before Christmas.  
23          And then after that, the Commission could work forward  
24          in terms of dealing with that early in the new year.  
25          So, that's kind of the long-term plan that comes with  
26          a follow-up to this AGM this year.



1                   In thinking about last year, many of you  
2                   were here last year, and you will recall me ranting  
3                   and raving about the theme that we were working with  
4                   of informed choice and real competition. And in  
5                   looking at where we've been and some of the statistics  
6                   that TGI will be going through today, able to be  
7                   generally pleased, I guess, is the way the Commission  
8                   feels about it, that there has been progress on both  
9                   of those. For example, the creation and publication  
10                  of the pricing page, the Commission feels, has been  
11                  quite important to allow the public to see that both  
12                  that there are lots of alternative marketers out  
13                  there, and that there are prices that vary for that.  
14                  And we think that's been a major improvement in the  
15                  program.

16                 Equally, the new changes on the TPV call,  
17                 to have that occurring not at the same time that the  
18                 marketer is at the door of the person, we think, has  
19                 been quite helpful. And the statistics are showing  
20                 that the number of complaints and disputes are going  
21                 down. And so things are generally better, but I think  
22                 the Commission is not satisfied fully yet.

23                 This year I think the theme that is going  
24                 on from the Commission is, we'd like to see gas  
25                 marketers starting to take more responsibility for the  
26                 overall program, and the costs of the program as well,

1 so that the Commission will be looking at where there  
2 are new things to be done, should that be paid, or  
3 continue to be paid, by the ratepayers generally, or  
4 should those costs be costs that are related to the  
5 marketing program that should cover the marketers. So  
6 there are a number of items that we have on the agenda  
7 that we'll have some discussions, probably leading to  
8 components for that. But that's one of the sort of  
9 theme levels that has been given back to us in terms  
10 of coming to the meeting today.

11 I think that's generally it, before we get  
12 on to item number two on the agenda, which is the  
13 presentation by TGI. Are there any questions,  
14 comments, items that people want to say before we jump  
15 right into it?

16 Good, thanks. And Scott, on to you. And  
17 you'll recognize as you go on that, you know, when  
18 you're past, say, 10:15, that you are impeding the  
19 coffee break at that point. Not to put pressure on  
20 you, but --

21 MR. WEBB: Actually, Bill, did you want me to cover off  
22 all segments here, or we're just giving the  
23 presentation, and then we'll work through the other  
24 issues as we get to those agenda items?

25 MR. GRANT: Well, I think actually if you gave your full  
26 presentation for that, even though a number of them

1 are dedicated to the specific items that are on the  
2 agenda, I think then when we come back to the agenda  
3 what I'm planning for that is really a component to  
4 say, well, item number three, which is really the  
5 consolidation of the business rules, which is a TGI  
6 initiative, that you would speak to that at the start  
7 of it. Other people have raised that, and the  
8 Commission staff have some views that we'd like to get  
9 out.

10 I'll be coming back to ask people, would  
11 they like us, the Commission staff, to give our views  
12 ahead of other people's, so we can sort of comment on  
13 whoever has sponsored the issue plus the Commission  
14 staff's initial take on it, and then carry on. So,  
15 I'll canvass that when we get back. But I think since  
16 you have the full presentation, I think even though  
17 some of it you'll be coming back to in the individual  
18 items, maybe get through it.

19 MR. WEBB: And last point of clarification with regards  
20 to questions. Would you like me to take questions  
21 during the presentations? Or prefer me to hold those  
22 off until --

23 MR. GRANT: Well, I think for the ones that are going to  
24 be issues, again, that we're coming back to, so that  
25 we keep that compact around those issues, maybe people  
26 can absorb the presentation at this point and then

1       when they have a discussion perhaps on the next item,  
2       which was the amalgamation of the commercial or  
3       residential business rules, then they've heard the  
4       presentation, they've thought about it, and they bring  
5       that back in terms of questions on that specific item.

6       **2.0 PROGRAM OVERVIEW AND REVIEW (TERASEN GAS)**

7       MR. WEBB:    Okay, excellent.   Good morning, everyone.

8       It's a pleasure to be here.   Last year when I drove  
9       in, I was -- I told a couple of people here, I was  
10      talking earlier -- I left at seven o'clock.   I live  
11      out in the valley, and I got here just, like, two  
12      minutes before nine.   We hit two car accidents.   This  
13      time, of course, we left an hour earlier, breezed  
14      through here.   So I've been here for three or four  
15      coffees.   So I'm actually pretty ready to go.

16                 Building on Bill's comments, I think we're  
17      very keen on seeing some of the progress we've made  
18      with regards to consumer protection issues.   And we  
19      have a number of recommendations that we'd like to  
20      bring forward with regards to, again, having to build  
21      on some of the improvements that have been made over  
22      the last couple of years.

23                 So I've got three primary presentations  
24      here to give you.   The first one is going to be a  
25      program summary just to give you an update since the  
26      last time we met, which was about 17 months ago, with

1        regards to enrolments and dispute activity, things  
2        that we've seen inside the program. I also wanted to  
3        talk to you about the MSR calculation, which was  
4        something that we were asked to review at this meeting  
5        today.

6                    Our primary goal around the MSR discussion  
7        is to try to deal with some things that I think are  
8        causing marketers some concerns with it, and give you  
9        some additional tools to help you provide -- or create  
10       better forecasting.

11                   The last area that I'm going to go over  
12       that's a primary presentation is really around our  
13       communications strategy. So, we've been doing this  
14       for several years now, and we've learned a lot. I  
15       think we've made better progress, I think, in many  
16       respects than I had expected we would, from a  
17       communications' perspective. But we have some  
18       recommendations moving forward into 2011.

19                   Has gone to sleep now.

20       (DISCUSSION OFF THE RECORD)

21       MR. GRANT: While Keith is looking at that, I think one  
22       thing that I think I failed to mention was that he  
23       says his microphones are pretty good, so when you're  
24       leaning over to the person beside you, to state just  
25       what a jerk I really am, that bear in mind it may be  
26       showing up on the transcript. There you go. There's

1 your one warning.

2 MR. QUAIL: That'll shorten the day.

3 MR. WEBB: So I'm going to have to hop back and forth  
4 here until we get that little remote control working.  
5 The program summary, I want to touch on four areas.  
6 So I'm going to talk about program participation -- I  
7 want to see if that works now.

8 So I'm going to talk about program  
9 participation rates, new system enhancements that  
10 we've designed since the -- essentially the 2008  
11 application we had a significant number of changes  
12 that we were asked to make, and it's actually just  
13 this past spring that we completed all those changes.

14 Customer care enhancement project, I want  
15 to give you a bit of an update with regards to some  
16 things that are happening inside Terasen Gas that are  
17 going to impact our ability to deliver some of the  
18 system changes that might come out of this meeting.  
19 And the last area I want to cover off is just give you  
20 a bit of an overview with regards to deferral account.

## 21 2.1 PROGRAM PARTICIPATION

22 So let's start with program participation.  
23 So, we've gone from a point of about 114,000  
24 customers, I think, in 2007, we jumped up to about  
25 140,000 -- actually, 144,000 last year and this year  
26 we're back down to about 138,000 customers enrolled.

1        So, we've got a bit of a lull here in terms of sales,  
2        from a marketer perspective. About 16 percent of our  
3        total customer base are currently enrolled in fixed-  
4        rate contracts. And you can see that we've got -- see  
5        if that works here, yeah. Obviously most of the  
6        customers are in the Lower Mainland and the inland  
7        area, and then the smaller area of the Columbia  
8        region.

9                Now, this slide actually is an enrolment  
10        slide. So it actually talks about customers who are  
11        actually enrolled in the program. They may not be  
12        billed at this -- they may not have contracts that are  
13        flowing at this stage. So the next slide actually  
14        shows billed customers by month. So, it's slightly  
15        lower. These are customers that are actually going  
16        with contracts that are valid. The light blue is the  
17        residential and the dark blue are the commercial  
18        customers currently enrolled in programs.

19                So one thing that we did notice since last  
20        November, the first five-year contracts for commercial  
21        customers were expiring. We did see a number of  
22        commercial customers choose not to re-enroll in fixed-  
23        rate contracts, so that was something that was  
24        certainly evident in the data that we were seeing on  
25        that year-over-year basis.

26                This slide talks about drops versus

1 (inaudible). So approximately one out of every three  
2 customers right now are choosing to cancel during that  
3 ten-day cancellation window. So it's still higher  
4 than we'd like to see, and TGI would express again  
5 probably an interest in ensuring that marketers, sales  
6 reps endeavour to ensure that customers know what  
7 they're signing before they sign it, and hopefully we  
8 can continue to try to drive that number down. One in  
9 three cancellations during the cancellation window is  
10 still higher than what we'd like to see.

11 In terms of the slide itself, the dark blue  
12 represents the numbers from last year. Oh, I'm sorry,  
13 the other way around. The light blue is 2008/2009,  
14 and the dark blue is this year's numbers. So we find  
15 about 10 of the 13 gas marketers that are currently  
16 licenced or are currently active in the B.C.  
17 marketplace, and the average rate per GJ signed right  
18 now is \$5.03 per GJ.

## 19 2.2 NEW SYSTEM ENHANCEMENTS

20 So, I'm going to quickly cover off the  
21 completed system enhancements, and I'm really going to  
22 do these quickly. They're simply listed and we've  
23 done a lot of work over the last two years with  
24 changes that resulted from the 2008 application. I  
25 guess a key one that I probably want to point out is  
26 the dispute types. We broke those into three



1 categories for tracking purposes. So we've got our  
2 standard, cancellation and reconsideration disputes  
3 that we now track separately.

4 Some more changes -- let me finish off.  
5 The operational correct drop code was implemented, I  
6 believe, earlier this year. And it's being used  
7 seldom, because I think there's only over 160 or so  
8 uses of that over the last few months. It's not being  
9 used widely by gas marketers.

10 The 2010 enhancements that we've completed  
11 this year, the 90-day rule which -- the five-year rule  
12 we be included in our system. The rules around  
13 accepting and rejecting enrolment requests pertaining  
14 to the five-year rule.

15 GEM report changes, they're now available  
16 in XML, Excel and PDF formats.

17 We also added the time stamp, so that  
18 marketers can identify the sequence of files as  
19 they're returned. So another change that was made  
20 this year.

#### 21 **2.2.1 Poaching Blocker**

22 So, this is a recent change that we've just  
23 incorporated. This is the poaching blocker. You  
24 folks probably won't have seen this, but the people  
25 that are working on the data on a daily basis probably  
26 have. When enrolment requests are made, and there are

1 duplicate enrolment requests incorporated into the  
2 enrolment request file, they will pop back and this is  
3 what they'll see. They'll see highlighted lines with  
4 the yellow there that indicate that this enrolment is  
5 invalid. That there is already an enrolment for that  
6 customer during that time period. So, it's incumbent  
7 upon the gas marketer to make the correction or to --  
8 and then re-submit that information back to Terasen  
9 Gas. That's going to stop all the poaching issues  
10 that we've had over the last couple of years. So it  
11 was something that we went ahead with and implemented.  
12 We saw this very much as a maintenance issue, we  
13 wanted to get that rectified so that eliminated the  
14 poaching issues going forward.

15 All the information about this change is  
16 available in the flat file specifications, and those  
17 are available through the GEM website, or through the  
18 Terasen Gas website.

#### 19 **2.2.2 New Reports**

20 Another change that we made this year is in  
21 regards to the marketer supply requirements and  
22 details report. This used to show a single line at  
23 the time. We've expanded it. It now shows 90 days of  
24 preliminary information for gas marketers. It  
25 includes some key information and I think it's  
26 hopefully something that's providing some value to the

1 marketers, and helping them to forecast more capably.

2 Another change that we made this year was  
3 to the distribution summary report. We've now  
4 included this on our website. It identifies the  
5 average daily supply for a customer coming on-line  
6 with no consumption history, or a new premise. So,  
7 from a marketer perspective, again, this is kind of an  
8 amount that can be used as a proxy for a customer  
9 that's being brought on-line that again has no  
10 consumption history. That's what we would use.  
11 Because within the program, until we calculate the  
12 premise factors again, the following year and  
13 sufficient consumption history of that property.

#### 14 **2.2.3 Market Mergers**

15 So we have had our problems that were  
16 unforeseen, certainly, when the program was originally  
17 designed. One of them pertains to marketer mergers.  
18 So Just Energy made us very busy with regards to some  
19 of these issues. Some of the things that are  
20 happening largely relate to some of the reporting  
21 issues we see. We never foresaw the number of  
22 consolidations that have taken place within the  
23 marketplace. And as you can appreciate, as marketer  
24 groups shift from one organization to another, we  
25 don't have a database structure that allows us to  
26 track those changes adequately. The reporting kind of

1 goes wonky. And that's in fact what we've seen as  
2 other reporting issues especially related to disputes  
3 breaks down. So, we're looking at incorporating some  
4 changes that will give us a parent/child relationship,  
5 would allow marketers to essentially absorb marketer  
6 groups, and the reporting would remain whole.

7 So this is a little bit more detail with  
8 regards to the marketer mergers issue. One point that  
9 I wanted to make so that, again, the GEM application  
10 never was designed to cope with this. And in fact the  
11 original design coding for dealing with this type of  
12 situation was to actually drop all the existing  
13 contracts from the one marketer and then force the  
14 marketer to go out and re-enroll those customers with  
15 new contracts.

16 Well, obviously that wasn't a viable  
17 solution. When the program was originally designed,  
18 the marketers were buying an asset, their expectation  
19 that they're going to simply transfer that asset over  
20 to the new organization. So, again, we've dealt with  
21 it as a kind of piecemeal approach right now. It's  
22 working, at least from a revenue perspective and gas  
23 supply perspective, but reporting, that's another  
24 issue and that's why we're looking at making some  
25 changes with regards to handling marketer mergers.

26 **2.2.4 First Available Contract Date on the Terasen Gas**

1        **Bill**

2                    Another change that we've tried to expedite  
3        through the regulatory process relates to our bill.  
4        One of the issues that we've seen consistently is the  
5        number of failed entry requests, or enrolment requests  
6        from gas marketers. We actually see some marketers  
7        literally pop in one day after another with successive  
8        enrolment requests trying to find the right date to  
9        enable an enrolment. So, one of the things we thought  
10       was very important was to provide that type of  
11       information to both the customer and the gas marketer,  
12       so that when a contract is being signed, there is  
13       sufficient information there available for the  
14       marketer to know, well, this customer's actually  
15       available at this date. And that's the contract that  
16       would be attempted to be enrolled through our systems.

17                   So, originally we had talked about  
18       incorporating a line right here, just a parenthesis,  
19       that identified the end date of the last contract that  
20       was in place. The problem, and rightfully so, the  
21       Commission pointed out, well, that might be confusing  
22       for customers. So they had suggested expanding the  
23       text in that line. Our concern was that we were going  
24       to be pushing into likely another line item on there,  
25       or essentially pushing it into a second line, which we  
26       don't want to do. We're very cognizant of the amount

1 of space we use on our bill. We have things like  
2 disconnection notices, late payment charges, bill  
3 notices, rate change notices -- they all tend to add  
4 space there. We like to keep that as compact as  
5 possible. So, what we tried to do in taking the  
6 Commission's recommendation to heart was, how do you  
7 provide more value to the customer and ensure that we  
8 provide the information the marketer needs to enroll  
9 accurately?

10 So what we did, we've actually -- and this  
11 was Stacey's idea, I can thank her for this one, was  
12 to actually incorporate the actual contract periods  
13 somewhere in the bill. And we're proposing to include  
14 that in -- right at the bottom there, below the graph.  
15 So on this one it actually says your consumer  
16 agreement details, active removals, and it gives the  
17 date. Superior Energy, and it gives the date. So,  
18 that will give very specific information to anyone who  
19 is trying to sell this customer what's feasible for  
20 them to enter. And you can actually take into  
21 consideration the five-year rule as well. Right at  
22 the door. So that's an important change.

23 One of the things that this causes a little  
24 bit of a stumbling block with this one is that we do  
25 have limited space even here, and the problem is, is  
26 theoretically you could have six contracts at a given

1 time. So, that would push you into six lines, seven  
2 lines with the title, and end up expanding that space  
3 requirement. So, that's causing us a little bit of a  
4 headache here. I know that I just received today a  
5 new quote from the IT vendor that would build this  
6 change, so I'll be taking a look at that later today  
7 and hopefully they've resolved that issue.

#### 8 **2.2.5 Dispute Statistics Reporting**

9 So, let's push into disputes, just to give  
10 you a bit of an overview again as to how disputes have  
11 progressed through this time last year. I think it's  
12 interesting that -- and I'll -- the next slide will  
13 really depict this. Since we've incorporated the  
14 different types of disputes, there has definitely been  
15 a shift in the type of dispute we see, and it's  
16 shifting from standard to cancellation.

17 This year, I think we're down about 38  
18 percent from this time last year. So disputes have  
19 fallen, but I think it's also reflective of lower  
20 sales activity.

21 So this is the graph I was just referring  
22 to, and it does depict what's happening. The dark  
23 blue there is the standard reconsiderations and the  
24 light blue is the cancellations. So, we were up like  
25 this on the standard, down here with the  
26 cancellations. This time we're like this. It's

1 absolutely reversed. And there has been a slow  
2 progression of gas marketers more readily allowing  
3 customers out of contracts and essentially paying the  
4 \$50. And I do know anecdotally that some of the  
5 marketers are in fact charging the customer that \$50,  
6 which is a concern. From our perspective, this chart  
7 would give us suggestions that, you know, these are  
8 practices that are breaking essential services  
9 clauses.

10 So our intention is to keep those contracts  
11 whole for the entire 12-month period, and by simply  
12 switching to a more ready acceptance of a  
13 cancellation, there are potential financial impacts to  
14 the rest of our customers.

15 So, the marketer performance report is  
16 something that we designed as a team last year. Bob,  
17 Vivian, Baker and myself got together and as agreed  
18 during the last AGM, we designed what we thought was a  
19 brilliant concept for a new dispute report that was  
20 going to allow us greater insight with regards to  
21 what's happening. Well, we produced the first one for  
22 the Commission in May, and I think it was just a sea  
23 of zeroes. You guys were doing a great job according  
24 to that report, because there were no disputes at all.

25 So, the Commission has had the insight,  
26 obviously, not to bother publishing that report



1       because it's not providing very much information. We  
2       do have some recommendations with regards to making  
3       some minor modifications to that report that would at  
4       least provide us with some decent information around  
5       dispute activity.

6               So we won't be able to read this. However,  
7       again, this is the original report that was sent to  
8       the Commission in May, and all those little square  
9       boxes essentially almost all of them read zero. There  
10      is no dispute activity. Now, the way this report was  
11      working was, we were matching -- we were only looking  
12      at disputes that happened within 90 days of the  
13      original enrolment. The thinking being that after  
14      that period load, they were likely disputes related to  
15      price dissatisfaction. And that wasn't the intention  
16      of the whole program. We felt, and agreed, that those  
17      types of disputes probably should fall outside this  
18      report.

19             However, by the marketers shifting from  
20      standard cancellations -- or from standard disputes to  
21      cancellation disputes, what's happened is, again, it  
22      unfairly reflects or inadequately reflects what's  
23      actually happening from a dispute perspective. So  
24      what we want to do -- and again, you won't be able to  
25      read this -- is to incorporate both standard and  
26      cancellation disputes. And by doing that, we've

1       bumped the numbers up and you can actually start to  
2       see some trends by marketer with regards to what's  
3       happening.

4               So, just as a heads-up, I will send this  
5       entire presentation out to everybody in attendance  
6       after this, so if anybody wants to refer to the  
7       information that's too small to read, you'll be able  
8       to do so later on.

9               So I've just got a couple of slides left in  
10       this section. I quickly wanted to cover off the  
11       customer care project and the deferral account, and  
12       give you a heads-up with regards to some of the things  
13       that are happening at Terasen Gas.

#### 14   2.3 CUSTOMER CARE ENHANCEMENT PROJECT - SYSTEM IMPACT

15               So the customer care enhancement project  
16       was something that was accepted by the Commission  
17       earlier this year, and we are full-bore in the midst  
18       of repatriating our customer information system, which  
19       includes our billing and contact services. So that's  
20       something that's planned to go live on January 1<sup>st</sup>,  
21       2012. It's, as I said, a lot of work. And in order  
22       to accomplish it, it means that we basically have to  
23       freeze our systems. So we have to take a snapshot of  
24       the system, what it looks like, and we're planning on  
25       doing that at some time this fall, and then we  
26       replicate that process infrastructure for go-live on

1 January 1<sup>st</sup>, 2012.

2 Unfortunately, what that means is that some  
3 of the things that might come out of this meeting, if  
4 they involve our customers relation system and some  
5 aspects of GEM, may necessitate us to wait until  
6 January the 1<sup>st</sup>, 2012, to actually implement.

7 Obviously anything that can be implemented  
8 before that time will, but again, I just wanted to  
9 give you a heads-up that this is a major project at  
10 Terasen Gas, and obviously with all the customer  
11 information on the line, it has priority over these  
12 program changes.

#### 13 2.4 DEFERRAL ACCOUNTS

14 So the deferral account status, just wanted  
15 to give people a brief overview as to what the  
16 accounts look like in the program. And if you think  
17 of -- the bottom line is basically the amount that  
18 customers are picking up the tab. The first column --  
19 or the second column there, January to June, 2010,  
20 right now at the end of June it was a negative balance  
21 of 86,000. So customers are picking up 86,000, based  
22 on the fees that we collect from gas marketers and the  
23 costs it's taken to operate the program.

24 The big variance across each year is the  
25 customer communications. So, last year again we end  
26 up with 600,000 being picked up by the customers.

1 We're getting close, and have been in an position  
2 where we have roughly collected all the O&M costs that  
3 -- and admin costs it takes to look after the program,  
4 excepting the communication portion. So, that's what  
5 the fees that you pay were designed to do, and that's  
6 essentially what they are accomplishing.

7 So that's the first part with regards to  
8 program summary.

9 MR. HILL: You just might want to -- just for the -- just  
10 to add to the 2010 numbers, we would expect, based on  
11 prelim, that the difference between revenues and costs  
12 would be, again, roughly, the education dollars.  
13 Right? So basically, you know, not exactly 100  
14 percent, but in the ballpark, as the 2008 expenditures  
15 on education were the last big expenditure related to  
16 \$2.9 million on education, and then those were  
17 decreased over time for 2009, '10 and '11. And  
18 education dollars for 2010 is lower than it was in  
19 2009.

20 MR. WEBB: We've only -- right now, as at the end of  
21 June, it was only \$41,000 that had been charged to the  
22 education program. I know that I've approved in the  
23 neighbourhood of \$150,000 to \$200,000 just over the  
24 last few days. So, the advertising costs do come in  
25 slower. That will climb to the \$500,000 budget.

26 3.1 CONSOLIDATED BUSINESS RULES

1                   So, we're going to get to this item shortly  
2           as a group, but I wanted to cover off our position  
3           with regards to consolidated business rules. Some of  
4           the things that we've seen occur, that I've had phone  
5           calls with business customers that alarm me. I had  
6           one fellow that owned a chain of restaurants, and had  
7           suggested that several of his waiters had in fact  
8           signed up his different restaurants for contract  
9           service. Now, he was livid with me, and his point was  
10          that, you know, as an owner he does not see his bills,  
11          they go through his accounts payable department. He  
12          only happened through it by happenstance, coming  
13          across the fact that he wasn't paying Terasen Gas for  
14          his gas at several restaurants. And his concern was,  
15          well, there are likely hundreds or thousands of gas  
16          customers out there, commercial customers, that are in  
17          the exact same boat as me, and they don't know that  
18          they're on a contract. Maybe you guys should do  
19          something about it. And it's with that kind of input  
20          that Terasen Gas suggests we make some changes.

21                   Another issue that I see as a common area  
22          of concern, we do see turnover inside gas marketers.  
23          Obviously it happens in every organization. But when  
24          people leave the marketer companies and we're left  
25          with separate business rules for our commercial and  
26          residential customers, it causes confusion within the

1 industry. So our position is that there are several  
2 items that we should consolidate and align as much as  
3 possible. There might be some minor nuances or  
4 changes between the two, but largely we think we  
5 should be consolidating business rules as much as  
6 possible.

7 So four areas that we think make sense to  
8 align for commercial customers are TPV calls,  
9 confirmation letters, cancellation period and disputes  
10 handling.

#### 11 **3.1.1 TPV Calls**

12 So, the TPV calls are something that the  
13 Commission had requested for residential customers a  
14 couple of years ago, and then we modified it again  
15 last year. There were concerns from a marketer  
16 perspective with regards to the nature of the TPV  
17 calls. We do see a function for them. Certainly from  
18 a commercial perspective, or the TGI perspective, is  
19 they probably don't need to be as onerous as they are  
20 for residential customers. We grant that commercial  
21 customers are more or should be more knowledgeable  
22 about the energy costs related to their business. But  
23 we do feel it's absolutely vital that some principal  
24 inside the organization, either an operations manager  
25 or president, someone that has the authority to sign  
26 these contracts, has done so. And the TPV call,

1       that's something we'd like to see happen.

2       **3.1.2 Confirmation Letter**

3                   The confirmation letters are again  
4       something that's in place for the residential  
5       customers. We send them out when the enrolment is  
6       processed and ten days after that date, the customer  
7       has to have decided to cancel or the contract will  
8       start to flow. Again, this is an additional  
9       mechanism. In our mind, there's very little reason  
10      that the two programs should differ on this aspect.  
11      It's a very simple change for us to make, and that's  
12      to ensure that all customers get a confirmation  
13      letter.

14      **3.1.3 Cancellation Period**

15                   The cancellation period, again, it ties in  
16      to the confirmation letter. I think that it makes  
17      sense to align those two business issues so that  
18      they're working the same way for both business  
19      classes. It's simpler for gas marketers to remember  
20      and it's an easier story to tell all of our customers  
21      that these are the consumer protection steps that we  
22      have in place to protect you.

23      **3.1.4 Disputes Handling**

24                   And the last issue is disputes handling.  
25      Disputes handling is something that has differed since  
26      the commercial program was originally instituted in

1       2004 and the intention was that commercial customers,  
2       again being more knowledgeable about this, we didn't  
3       have an infrastructure to handle disputes at Terasen  
4       Gas at the time, disputes should be written -- in  
5       written form and submitted to the Commission.

6               Well, there has been some breakdown with  
7       regards to what exactly happens, and I know Accenture,  
8       who looks after our contact centre presently, will  
9       currently accept business customers' complaints or  
10      disputes and other times customers will be under the  
11      impression that they should send those disputes  
12      directly to the Commission. Well, our recommendation  
13      is to, again, align those two rules and ensure that  
14      all of our customers, if they have a dispute, the  
15      process is to call our contact centre, raise the  
16      dispute, the BCUC will adjudicate.

17              So, again, the key thing from our  
18      perspective on this issue, simplicity and consumer  
19      protection.

### 20   3.2 DISPUTES AND CANCELLATIONS

21              This relates to 3.2 on the agenda, disputes  
22      and cancellations. It's just a sidebar item. You  
23      won't be able to read that one either. But the key  
24      thing that we're planning on making a change to the  
25      GEM system is to actually identify for the Commission  
26      -- actually allow the Commission to identify the range



1 of time that the gas marketer is responsible for  
2 paying the customer. So, if a dispute gets  
3 adjudicated in favour of the customer, and there is  
4 compensation owed to the customer, this change would  
5 allow the Commission to be very specific with regards  
6 to who and what time period is responsible for it.

7 The change would automatically kick out an  
8 update to a summary report to the marketers that would  
9 identify, based on that time range and the difference  
10 between our rate and your rate, here is the amount  
11 owed that customer. So, it would simplify matters for  
12 the marketers, and we would all be more comfortable  
13 that we know that the customer is kept whole.

#### 14 3.12 MARKETER SUPPLY REQUIREMENT (MSR) CALCULATION

15 So the marketer supply requirement, and  
16 this is something we were asked to review last year at  
17 the end -- or actually, at the last AGM. We said we'd  
18 come back and look at this. Well, I don't think there  
19 is a lot of confusion with regards to the calculation  
20 itself. That's my -- in speaking with gas marketers,  
21 I think the major concern is the ability to reconcile  
22 the bill data with what we end up with as an MSR  
23 amount. So, I'm going to concentrate really on the  
24 recommendations we have in place to allow gas  
25 marketers to better forecast. Some information we'll  
26 present to them.

1                   The first thing I'd like to do in this  
2                   section is actually cover off the changing supply  
3                   requirements that we see in the residential and  
4                   commercial markets, just to give you a bit of a  
5                   background in terms of what we're seeing from a  
6                   consumption perspective.

7                   So then I'm going to talk about the actual  
8                   MSR calculation very quickly, and then I'll finish off  
9                   with a discussion on our recommended strategy going  
10                  forward.

11                  So, what's happening in the marketplace?  
12                  Well, the use rate on the residential is definitely  
13                  going down. And I think you can probably see this  
14                  across the board throughout North America. 1999, we  
15                  were over 120 GJs for a residential customer on an  
16                  annual basis. We're following -- we're probably in  
17                  the 98 range right now. And we attribute that to  
18                  improved efficiencies in appliances, largely furnaces,  
19                  and now customers have to install high-efficiency  
20                  furnaces in their home. So, that's a big change.  
21                  We're seeing a loss of some appliance types. We're  
22                  losing the battle in many homes on the hot water tank.  
23                  And we're also seeing smaller home footprints. So,  
24                  around 2004 we saw a dramatic shift in the types of  
25                  homes that were being built in B.C. and single-family  
26                  dwellings took a back seat to multi-family. And we

1 don't traditionally do as well in multi-family with  
2 regards to gas flow. Those are some of the things  
3 that are driving the changes in the residential  
4 market.

5 On the commercial side, you'll be happier  
6 with this slide. Things are progressing much more  
7 slowly and our current forecast is for consumption  
8 levels to remain reasonably steady over the next  
9 several years. Past that 2015 period, we are  
10 expecting efficiency programs, some of which we are in  
11 the midst of designing and implementing, will start to  
12 kick in, and impact consumption levels. We're also  
13 expecting that commercial customers will start to  
14 gravitate towards alternative energies. So past that  
15 2015 slide, or section, we are expecting that  
16 commercial consumption levels will also continue to  
17 trend down.

18 So that gives you a bit of a backdrop with  
19 regards to what you can expect for the marketer supply  
20 requirement going forward.

21 MR. HILL: So these -- I just want to make it clear here  
22 that that forecasted volumes for residential and  
23 commercial customers, the process for review of those  
24 use rates is done in our revenue requirements  
25 applications on a yearly basis. We did that for 2010  
26 and '11, we had those use rates for customer class

1 set. And the review of those programs, or the use --  
2 the agreed-upon methodologies to calculate those and  
3 the actual use rates that we use to determine delivery  
4 rates are done through that regulatory process. And  
5 so, in the end, we take those use rates to determine  
6 the MSR calculations as normalized use rates. Right?

7 So, I just want to be clear, we're -- you  
8 know, we're not changing use rates for -- specifically  
9 for the MSR calculation. They're defined by what's  
10 already approved by the Commission in our revenue  
11 requirements application to determine our  
12 methodologies for calculating those on a go-forward  
13 basis. So we have our use rates for 2010 and '11  
14 defined by that process. We'll be moving forward in  
15 the spring of 2011 to apply to the Commission for  
16 2012/13 rates, and the process for the review of the  
17 use rates will be done in that setting. I'm sorry.

18 MR. WEBB: Okay. Shawn is going right into my  
19 presentation. Which is okay.

20 MR. HILL: Sorry.

21 MR. WEBB: Yeah. The MSR process, it's been used in a  
22 commercial unbundled program since 2004. And as Shawn  
23 pointed out, it's been established in consultation or  
24 in concert with gas marketers and the Commission. So,  
25 this is the calculation summary in a nutshell.

26 Again, I'm not going to spend a lot of time

1 on this. We calculate the premise factors based on 12  
2 months of consumption history. We usually do that in  
3 the July time-frame. Once we have -- again, it's  
4 based on bill consumption information. Once we have  
5 that premise factor, that proration factor, we  
6 multiply that against the -- well, actually -- yeah,  
7 we multiply that against the contract year supply.  
8 And that essentially -- ultimately we end up with a  
9 daily supply requirement for each premise.

10 So, we've developed a rather extensive  
11 explanation of the MSR calculation. It's available,  
12 and if anybody would like another copy of it, I'm  
13 happy to send it out. I know Moe knows it very well,  
14 because he spoke to me about it yesterday. And again,  
15 if anybody wants it, just ask and we'll send that out.

16 I don't plan on spending any more time on  
17 MSR calculation. We can talk about it more later on,  
18 if there are questions. But I do want to talk about  
19 our recommendations, and the key points associated  
20 with MSR.

21 Key things, there's only two things we  
22 really want to touch on in this slide. The MSR, once  
23 it's calculated, remains unchanged for the entire  
24 contract year. And it's re-allocated each month. So,  
25 based on the enrolments and adjustments between  
26 Terasen and each marketer obviously, your MSR changes

1 and we're planning on giving you some information to  
2 analyze those changes more capably.

3 So what we see as the real problem for  
4 marketers related to the MSR is the difficulty in  
5 terms of reconciling the bill consumption history with  
6 what we end up with as an MSR amount. From the  
7 marketer perspective, maybe sometimes too much  
8 concerns that they don't jive. And again, I think  
9 we've got some recommendations here that are going to  
10 make it far easier for the marketers to do that.

11 The big thing to remember again is that,  
12 you know, once we've finished calculating the premise  
13 factors, which are based on the bill consumption  
14 history, we don't do anything more with that bill  
15 consumption history. So, we don't see it as being  
16 particularly valuable to give the marketers. What we  
17 want to do is start looking at a new way of providing  
18 you with information that's going to allow you to do  
19 your jobs more capably.

20 So we think that many of the problems  
21 related to the MSR are in fact associated with the  
22 lack of premise-level information that we provide gas  
23 marketers. So, the key thing that we'd like to do,  
24 and this again, I'm expecting we'll have lots of  
25 discussion on this item, is to replace bill  
26 consumption information with premise-level supply. So

1       you'd actually see at a premise level how much gas is  
2       being allocated to that specific location.

3               The other big change that we would suggest  
4       is providing you with a little bit more information  
5       around the adjustments in enrolments that have taken  
6       place between months.

7               So I've got some sample slides here. We'll  
8       go through this in a little bit more detail. To  
9       replace historical bill consumption -- again, I won't  
10      spend a lot of time on this. The key thing, though,  
11      is that -- well, again, from our perspective, the  
12      historical consumption information is providing little  
13      value to gas marketers. In fact, it causes more  
14      confusion than anything. And what we would like to do  
15      is to switch towards providing gas marketers with  
16      supply -- the premise-level supply information. So we  
17      propose introducing two new reports.

18              So, the new enrolment details by premise  
19      report would provide gas marketers with supply  
20      requirements by premise. They will not include -- or  
21      they will include marketer group information and  
22      start/end dates of the contract. So, that's  
23      information that would be all summarized and available  
24      too for your GEM mailbox. The supply requirements  
25      would allow for more accurate forecasts and,  
26      importantly, the MSR figures would reconcile across

1 all the different related reports.

2 This plan requirement by marketer group  
3 would allow you to reconcile by price point. So this  
4 is another report that we're proposing, and this one  
5 would just give you a different way of reconciling  
6 information by price groups or marketer groups.

7 So this is an example of the two reports.  
8 The top one is the enrolment details by premise  
9 report, and the bottom one is the MSR details by  
10 marketer group. So, in the top one, we'll be  
11 providing you with the marketer group information, a  
12 premise number, the supply requirements specific to  
13 that premise, and the contract start/end date.

14 Likewise, at the bottom chart, we would  
15 give you the marketer information, the marketer group  
16 information, and summarize it by marketer group.  
17 These two numbers, the marketer totals, would  
18 reconcile back and forth.

19 Did you have anything you wanted to add on  
20 that point, Shawn? No?

21 Likewise, capacity 58, that total amount  
22 would reconcile with existing reports that are already  
23 showing up in your mailbox. So in this case, we're  
24 showing you the marketer demand details, and again,  
25 this is going to provide you with the type of detail  
26 that your folks are going to be able to use to better



1 enable them to forecast ongoing requirements.

2                   So another problem for marketers relates to  
3 the supply differences that materialize. The new  
4 enrolment change report will show the enrolment volume  
5 differences that exist between entry dates. So, some  
6 of this information is presented already to marketers,  
7 but in a slightly different format, and not as  
8 explicit with regards to the premise-level detail.  
9 But you can see in this example, this is the October  
10 period, and the following month in November. You can  
11 see that there has been a drop in supply requirements.  
12 So it actually went from 1,075 in October and 858 in  
13 November, despite the fact we've actually got one more  
14 customer in November. This actually identifies the  
15 fact that you've actually, in fact, lost two  
16 customers, so customers with larger consumption  
17 amounts, and you've gained three Grade 1 customers or  
18 residential customers. So it very explicitly  
19 describes what's happening with your marketer group,  
20 and allows you to understand why you've got a variance  
21 month over month.

22                   Likewise, those amounts reconcile to the  
23 existing reports, the supply variance report that you  
24 already get in your GEM mailbox.

25                   One other report. This one is yet to be  
26 designed, that we're planning on designing, and would

1 actually look at the contract year difference. So,  
2 year over year contract difference. So, if you can  
3 imagine that, how important the total volume by region  
4 and rate class is to our overall proration of the  
5 contract year supply, we have lots of incremental  
6 adjustments in terms of the number of customers, both  
7 in that region and rate class, as well as the volume  
8 that is currently forecast for that region and rate  
9 class. This would actually allow you to see visually  
10 the changes that have occurred year over year. So  
11 each October versus November 1<sup>st</sup> of the next round, the  
12 November 1<sup>st</sup> pending, you'd be able to see how your gas  
13 requirements are changing and why they have changed.  
14 So that's another report, not yet designed, but we're  
15 planning on going ahead with if the change is  
16 approved.

17 So the current historical billing data  
18 provided is merely used to create a proration factor  
19 that we apply against normalized forecast information.  
20 The proration factors fluctuate based on customer  
21 count and volume changes seen in the region and rate  
22 class, to understand that the forecasting limitations  
23 of the current approach does present marketer -- we  
24 certainly acknowledge that. Our suggested approach  
25 will help the marketers reconcile premises with supply  
26 requirements to allow for better forecasting.

1                   Lastly, the reports reconcile and help you  
2                   understand the enrolment and volume changes that  
3                   materialize between each month. TG proposes to  
4                   incorporate these changes as soon as possible. Now,  
5                   again, we have the pending change with regards to our  
6                   customer care enhancement project, repatriation of our  
7                   customer information system, so some of these might  
8                   have to wait. But as far as they relate to GEM and  
9                   the supporting systems within our infrastructure, we  
10                  may well likely be able to get these installed upon  
11                  approval of the application.

12                  So this is certainly something that Terasen  
13                  Gas is looking forward to discussing with gas  
14                  marketers and we look forward to your feedback on the  
15                  proposed changes to the information that would --  
16                  we're proposing to send you.

17   3.13    COMMUNICATION PLAN/CUSTOMER EDUCATION PLAN

18                  Well, I'm closing in. This is the last  
19                  section, a communication plan. Just a brief overview  
20                  of what we've done over the last 12 months or so with  
21                  regards to advertising, and some of the things that we  
22                  think are working quite well and some of the things  
23                  that we think we could probably modify to get more  
24                  impact for our dollar.

25                  One of the things that really struck me  
26                  over the last little while, I had a discussion with

1 our web manager, and she has this fancy tool that  
2 analyzes the use of our home page, and tracks people's  
3 usage in terms of how they're navigating in our  
4 website. And she spoke to me about the customer  
5 choice section, which is prominent on our navigation.  
6 But she said, "I'm quite concerned that people are  
7 coming to the website and they're looking for  
8 information about customer choice, but they don't  
9 recognize the name 'customer choice', and they can't  
10 find the information." So, that kind of got me  
11 concerned as well.

12 We did -- you know, we have completed a  
13 minor research study just to get a basic understanding  
14 with regards to consumer awareness of some of the  
15 issues that we identified as common, or key, messages  
16 that we had to communicate successfully to customers  
17 when we started this program in 2007. So we can  
18 actually see the variance in terms of where we are  
19 today versus where we were. So, that's an important  
20 finds that you'll find interesting.

21 One other thing that happened to us earlier  
22 this spring, that none of us in this room, I think,  
23 are really happy about, and that's undesirable media  
24 attention. And that happened during some  
25 investigation earlier this year. Reporters were  
26 concerned with the number of disputes and the original

1 customer count report, which shows the dispute  
2 activity by marketers, gave some rather startling  
3 information to an untrained eye. And from our  
4 perspective, that information was somewhat  
5 misinterpreted, but an overriding issue, I thought,  
6 was the media's perception that, "Well, you guys  
7 aren't doing -- you're not out there. We don't hear  
8 about this customer choice program."

9 So despite the fact that we have been doing  
10 advertising, the media's perspective was, it's kind of  
11 out of sight, out of mind. And again, we have some  
12 recommendations with regards to modifying our 2011  
13 strategy which we think will assist us in deflecting  
14 negative publicity associated with the program.

15 MR. QUAIL: A trained eye might find this startling too.

16 MR. WEBB: A trained eye might, yes. I guess my point  
17 is, Jim, that I don't want to minimize the issues  
18 associated with disputes. We're concerned about those  
19 as well. The issue was -- is that I think that the  
20 customer count report has some flaws with regards to  
21 how it's pulling all that information together, and  
22 the types of disputes that are included on that  
23 report. But I agree with you, there is concern.

24 So, I'd like to summarize the 2010  
25 activities that we've undertaken, summarize the  
26 research that was conducted, and then discuss 2011 and

1 the recommended next steps. So let's start off with  
2 an advertising review.

3 So, just from a process perspective, the  
4 Commission delivered their Order in February of this  
5 past year. It asked us to obtain feedback from gas  
6 marketers on the recommended advertising, which we  
7 did. We sent that out to marketers in March, and took  
8 as many of those comments and recommendations that we  
9 thought were prudent, incorporated them into the  
10 advertising, sent the ones that we didn't agree with  
11 as well to the Commission so that they could see  
12 those. We sent that back to the Commission on April  
13 21<sup>st</sup>. With some minor modifications, the advertising  
14 was set and ready to go as of April 29<sup>th</sup>.

15 So, within the advertising mix this year,  
16 we had a billings -- or a billing search. We also did  
17 a newspaper wrap, or insert, depending upon the  
18 market, in most of the community newspapers throughout  
19 the service territory that have customer choice as an  
20 option. And we also started doing the rate comparison  
21 path upon approval. So this shows just a portion of  
22 the ad. Each marketer is left with a single line, and  
23 they can present a one-year, a three-year, a four-year  
24 or a five-year term on this wrap. And I was certainly  
25 pleased with the results, because we automatically are  
26 -- as soon as this started being published, we saw a

1 drop in marketer rates, at least it was certainly  
2 presented that way in information we were getting. So  
3 we felt that it had done what the Commission had  
4 expected it to, and that was to foster competition.  
5 So, it's something that Terasen Gas is very pleased  
6 with as well, and we think it's doing a good job.

7 We also -- when we sent the information out  
8 to marketers, we identified the newspaper blocking  
9 chart, just to give them the heads-up with regards to  
10 which weeks we'll be advertising. And we also  
11 presented them with a list of the community newspapers  
12 that we were going to be placed in as well. So,  
13 ideally that would give marketers the opportunity to  
14 tie into our advertising.

15 So, I wanted to talk to you about the  
16 research that we completed. We did 400 telephone  
17 interviews in late June with Terasen Gas households.  
18 So the questionnaire was developed in concert with T&S  
19 Canadian Facts and ourselves.

20 So here is what we found out. We found out  
21 that unaided awareness of customer choice was barely  
22 any higher than it was when we originally started the  
23 program in the spring of 2007. So, it kind of  
24 confirmed the web manager's thoughts that perhaps the  
25 customer choice name was causing us problems, because  
26 people don't remember it. And again, my interest is

1 ensuring that people can find the information about  
2 the program quickly and efficiently. And that's hard  
3 to do if you don't recall the name or associate it  
4 with fixed-rate contracts and gas marketers.

5 So, unaided awareness, the customer choice  
6 name jumped to about 77 percent, which is pretty much  
7 as good as we can expect to do when we completed our  
8 primary advertising phase in 2007 and 2008. And  
9 again, it's fallen back dramatically since that time.

10 This was actually a very good news slide,  
11 in my opinion. So this is aided awareness of the  
12 customer choice name and purchase options. So, people  
13 -- you know, 56 percent of people recall that we're  
14 doing advertising associated with the program, which  
15 is still pretty good considering the amount of money,  
16 I think, that we've been spending on promoting the  
17 program, or communicating about the program. I  
18 shouldn't say promoting it.

19 And very favourable result on the right-  
20 hand side, knowing about gas marketers and options.  
21 So 75 percent of respondents indicated that they  
22 understood they had an option to choose a fixed rate  
23 contract from a gas marketer or stay with the variable  
24 rate with Terasen Gas. So, again, that's pretty good.  
25 And trying to reach that additional 23 percent would  
26 be very, very expensive to do. So, that was the good



1 news piece of information.

2 So this one is going to be -- I'll read  
3 some of these, because it's pretty hard to see. It's  
4 actually pretty hard for me to see too. The B.C.  
5 Utilities is responsible for the gas marketing  
6 companies and their compliance code of conduct. So  
7 that's the first one. So, B.C. Utilities Commission  
8 and compliance code of conduct. Right now, 58 percent  
9 of respondents indicate, yeah, that's right. So  
10 that's pretty good.

11 Natural gas marketers are independent  
12 businesses that offer gas supply choices. 64 percent.  
13 So again, just differs slightly from the aided recall  
14 on a previous slide. But again, a strong awareness of  
15 that issue.

16 Some of the other messages that we thought  
17 were important to communicate to customers beginning  
18 in 2007 haven't fared as well. We thought that some  
19 of these issues were important then and continue to  
20 think that they are important aspects. Terasen Gas  
21 has no role in overseeing the actions of the gas  
22 marketers. 42 percent. Not bad, but I'd prefer that  
23 to be higher.

24 These middle two are more around Terasen  
25 Gas and delivery charges, and our commodity cost. So  
26 they're not as parallel. We feel that they're still

1 important communication objectives for the  
2 organization, and that by understanding our delivery  
3 cost and commodity cost structure it's of benefit to  
4 consumers. They can make better decisions when they  
5 understand those issues.

6 The last one, natural gas marketers are  
7 part of Terasen Gas, only 10 percent thought that.  
8 Still one in ten, we'd prefer it to be zero, but  
9 that's probably not likely ever to happen.

10 So, some interesting results from the  
11 research.

12 MR. QUAIL: But only 31 -- can you go back to that? So,  
13 the -- oh, that was 31 percent that don't know. Sixty  
14 percent recognize that that isn't true.

15 MR. WEBB: That's right.

16 So, recommendations. Next year, the budget  
17 falls from \$500,000 to \$300,000, and we'll have less  
18 money to work with next year.

19 What we'd like to do or what we would  
20 recommend is to eliminate the newspaper ads, the  
21 display ads, not the rate comparison ads, as well as  
22 the insert or wrap. One of the things that I think  
23 you can discern from that previous slide that showed  
24 the relative level of understanding of some of those  
25 issues is that, again, I think we're going to lose  
26 customers with too much detail going forward on some

1 of these communications, especially with a \$300,000  
2 budget. So our preference is to bolster people's  
3 awareness of the customer choice name, reinforce that,  
4 so again if they do have questions or want to find out  
5 more information about the program, they can find the  
6 information more readily on our website.

7 So, we'd like to maintain the rate  
8 comparison ads. We'd like to bump from one bill  
9 insert to two. And we'd like to put the balance into  
10 two or three short radio campaigns. The radio  
11 campaigns would be neutral in tone in terms of they  
12 wouldn't be Terasen Gas specific. In fact, in my  
13 mind, the only reference would likely be "Visit  
14 Terasengas.com/choice for more information about  
15 customer choice". But again, it would allow us to  
16 bolster people's awareness of the customer choice  
17 name, which I think is something that's missing in our  
18 current advertising mix.

19 Core messaging in the advertising from my  
20 perspective, we'd also want to continue to hammer home  
21 those first two spots, or those two communication  
22 issues with regards to the independence of gas  
23 marketers from Terasen Gas and the BCUC's role in the  
24 adjudication process.

25 So, that kind of summarizes where we'd like  
26 to go with our communications strategy for next year.

1                   Terasen Gas does see a continued need for  
2           consumer protection in advertising for the program.  
3           And it's something that we'll be looking at  
4           incorporating into a future filing, either our revenue  
5           application for next year's -- or following the next  
6           year's customer choice AGM.

7                   Thank you. I think that's it. I've  
8           covered off all of the material, and it's 10:15. Time  
9           for coffee. Thanks very much. Thanks Bill.

10   MR. GRANT:   Very good. Thanks, Scott. Yes, let's take  
11           15 minutes for coffee, until 10:30. And then come  
12           back and start ploughing through the issues. Thanks.

13   **(PROCEEDINGS ADJOURNED AT 10:15 A.M.)**

14   **(PROCEEDINGS RESUMED AT 10:29 A.M.)**

15   **3.0 ISSUES FOR DISCUSSION**

16   MR. GRANT:   So, our next item on the agenda is the great  
17           long list of issues under item 3. And again, to  
18           reiterate our thought or objective here, is to get  
19           viewpoints out at this stage that then hit the  
20           transcribing so that it gets to Terasen, so Terasen  
21           can provide that report. So marketers will get  
22           another opportunity to give views with respect to  
23           things when that report and application comes in from  
24           Terasen. So we'd like to have some good discussion on  
25           the issues today as we go through.

26                   So, on the agenda, Jenelyn has been good

1 enough to identify whose item particular things were.  
2 And so my thought is that, for example, on item 3.1,  
3 that I would ask TGI to make some comments. They've  
4 already gone through this with respect to the four  
5 sub-issues under item 3.1. Superior Energy, why don't  
6 we move to them next, because they had some commentary  
7 on wanting to understand the issues a bit, so their  
8 comments. And then I suspect it might be most helpful  
9 to parties if you heard what the Commission staff's  
10 thoughts were on something. Following that, sort of  
11 whoever is the lead issue on that, and then we'll go  
12 around the room in terms of getting comments from  
13 parties on the issue that again should be helpful to  
14 Terasen in terms of providing the report and  
15 application from that.

16 Does that sound okay to everybody?

17 MR. HILL: Well, Bill, comment on that timetable. That  
18 seems to work for us in terms of getting the report  
19 in, and stuff. So, does that mean we're talking,  
20 like, no later than November 15<sup>th</sup>, and hopefully  
21 earlier than that?

22 MR. GRANT: That would be excellent. And Len did seem  
23 quite keen to move this along quicker this year, which  
24 would be good. If we get things resolved in, say,  
25 early -- in a year, January or early February, from  
26 the Commission then everything is set out nicely for

1 sort of the start of the marketing season in the  
2 spring.

3 So with that, Scott, you identify a couple  
4 of the things again with respect to the TPV calls, and  
5 confirmation letters.

6 3.1 CONSOLIDATED BUSINESS RULES - CONSUMER PROTECTION

7 MR. WEBB: That's right here. Sure. So, this Scott Webb  
8 with Terasen Gas. Our position with regards to  
9 consolidating the business rules specifically around  
10 TPV calls, confirmation letters, a cancellation period  
11 and dispute handling.

12 **3.1.1 TPV Calls**

13 TPV calls, in our mind, it's something that  
14 was instituted at the request of the Commission and  
15 related to residential customers a couple of years  
16 ago. We think that it was a step in the right  
17 direction, that it tends to ensure that customers have  
18 voiced their understanding of the contract terms, and  
19 are accepting of them.

20 With regards to commercial customers, we  
21 don't believe that the TPV call needs to be quite as  
22 onerous or rigorous as it is for the residential  
23 customer. Our primary concern is that a principal of  
24 the organization has voice confirmation that they've  
25 agreed to the contract terms. So, again, it's  
26 probably something that could be shorter than it

1 currently is.

### 2 **3.1.2 Confirmation Letters**

3 Confirmation letters are another area that  
4 we think are important. We're currently using them  
5 for residential customers. And we believe by aligning  
6 that with commercial customers, it's just easier for  
7 people to understand and remember. It's simpler for  
8 marketing -- or marketers to remember their staff.  
9 And it provides greater consumer protection for  
10 commercial customers. It's another extra step in the  
11 consumer protection practice that would ensure  
12 customers have confirmed their understanding that they  
13 are leaving the Terasen Gas rate and are moving  
14 towards a fixed-rate contract with the gas marketer.

### 15 **3.1.3 Cancellation Period**

16 The cancellation period ties into the  
17 confirmation letter issue. From our perspective,  
18 there is no need to have it different than the  
19 residential customer. So we believe that the ten-day  
20 cancellation period should start from the date the  
21 confirmation letter is sent out.

### 22 **3.1.4 Disputes Handling**

23 And the last issue, the disputes handling,  
24 we'd like our contact centre to handle disputes for  
25 both commercial and residential customers.

26 So that's our summary position on these,

1 unless, Shawn, you have anything else to add?

2 MR. HILL: No.

3 MR. GRANT: Superior. Does anyone have -- got any

4 comments? Hi.

5 MS. WASNEY: I guess I --

6 MR. GRANT: Oh, name and Superior.

7 MS. WASNEY: Judy Wasney, Superior Energy. That's

8 certainly helpful, and helps to provide some clarity

9 as to what's generated the request.

10 I had been primarily concerned about the

11 TPV script and the communication to the customer,

12 reflecting the increased level of sophistication of

13 that customer, primarily to -- versus what's in place

14 now for residential with regard to the cancellation

15 letter and the TPV script. In terms of the cooling

16 off, that already exists. It's simply a matter of how

17 the marketer submits. As I understand it, we hold on

18 to the enrolment and absorb the cooling-off period

19 prior to enrolling with Terasen. So the customer

20 still continues to get the cooling-off period, simply

21 receives the letter before that takes place.

22 MR. GRANT: Well, from the Commission staff's viewpoint

23 at this stage, and if all these items are somewhat

24 tentative -- and I should also make people aware that

25 this is our discussions at the Commission staff level.

26 The Commissioners who will then look at the



1 application that will come in and make the decisions  
2 may or may not have the same views and probably will  
3 be more influenced by the commentary that they get  
4 through the application and the submissions coming in.

5 But as we were discussing this issue, we  
6 were generally supportive of the Terasen initiative.  
7 Earlier on, Scott had identified the potential  
8 confusion for new employees at the marketers' groups,  
9 and we wouldn't want to see that. And there is the  
10 issue about unauthorized sign-ups that has been  
11 troubling for the Commission over the past year. So,  
12 for those reasons we think it's a good idea.

13 We also think that as the marketing groups  
14 work their way down through the size of commercial  
15 customers, we're going to be getting down to customers  
16 that are not much different from a residential  
17 customer anyways, in terms of their wherewithal. So,  
18 the initiatives that have come in on the residential  
19 side would make some good sense.

20 We certainly agree with the aspect of the  
21 confirmation letters, and we've had this year one of  
22 the commercial marketers take the initiative of  
23 sending out confirmation letters, which seems to be  
24 helping quite a bit. So we like that.

25 On the cancellation period, the ten-day  
26 cancellation period, we agree that we think that

1       should be in place for customers. And with respect to  
2       the dispute handling, it has been mostly coming  
3       through GEM, making it clear that it's coming through  
4       GEM would be good, and having the same dispute  
5       handling.

6               The one part that we're kind of wondering  
7       about is again your point on the sophistication  
8       potential of the commercial customers, and so it comes  
9       back to the first item, the TPV call. And sort of  
10      wondering, okay, Scott's comments were helpful in the  
11      sense that maybe it's an abbreviated TPV call.  
12      Because we were wondering, "Well, gee, is there a  
13      middle ground here? Could we have the confirmation  
14      letters and the follow-up period?" We do like the TPV  
15      call, but if there was a lot of push-back on that,  
16      something for parties to consider when they're  
17      commenting on the TGI application, would be the aspect  
18      that -- could we start, perhaps, with the confirmation  
19      letters? And if we continue to get disputes, then  
20      require the TPV calls. We're not sure. Anyways, so  
21      there's some softening in terms of our view there, in  
22      terms of wanting to see things work well. But that's  
23      generally the viewpoint that we've been holding in our  
24      discussions.

25             Why don't we go around the room, then, as  
26      -- actually, is it Moe? Are you first? Or Stacey,

1       you're with the thugs over here? Too bad for you.  
2       Moe.

3   MR. HAJABED:    So, we're the marketer that took the  
4       initiative to send confirmation letters to customers,  
5       commercial customers. And we've seen a good feedback  
6       out of it. But the problem that we're having is, if  
7       we're going to have the same process as the  
8       residential customers, to contact the customer between  
9       24 and 72 hours, that's going to create a big problem  
10      for marketers, because what we've seen in individual  
11      markets, it takes up to five to ten days to contact  
12      those customers, and that's the biggest problem we're  
13      having with this process.

14   MS. WASNEY:    Judy Wasney, Superior Energy. Superior  
15      performs a quality call in Quebec for commercial  
16      customers, and the minimum volume for those customers  
17      is 7500 cubic metres. So you can have quite a range  
18      in the size of the commercial customer. We have a  
19      quality call that we perform before we enroll a  
20      customer, and it does cover all the pertinent aspects  
21      of the contract. And it has certainly assisted us to  
22      ensure that, when we enroll a customer, it minimizes  
23      the cancellation during the cancellation period.

24                    But I agree with Moe that having a 24-hour  
25      freeze on performing that call makes it difficult,  
26      because a lot of the sales agents that may be

1 performing a commercial sales role will be meeting  
2 with more senior people, would be in a better  
3 position, I think, to perform that call at the time.  
4 We record all those calls, so they're certainly  
5 available to review at specific request, and so I  
6 would suggest that that would be, I guess, a serious  
7 limitation if we were to consider the same timeline as  
8 the residential TPV calls.

9 MR. HAJABED: Can I add one more thing?

10 MR. GRANT: Sure.

11 MR. HAJABED: Well, commercial customers aren't --

12 MR. GRANT: You're Moe from --

13 MR. NAJABED: From Active. Commercial customers are  
14 (inaudible) for marketers. So, when we take those  
15 customers, we have to look at the risk that we take  
16 on. So, our part is just to make sure that detail of  
17 the contract -- and we do an in-bound affirmation call  
18 with probably -- with the account holder or with the  
19 authorized signee would be, in our view, more than  
20 enough, along with the confirmation letter, to make  
21 sure that the contract is legitimate.

22 At the end of the day, you should remember  
23 that we hedge gas supplies for those contracts. So,  
24 we take a lot of first interims off. If a customer  
25 defaults at the end of the day, we have to liquidate  
26 the gas into the market. So, gas marketers take a lot

1 of risk on taking on those commercial customers. And  
2 that's why we want to ensure that our contracts are  
3 legit and, at the same time, get an in-bound TPV or  
4 send a confirmation letter to the customer.

5 But an out-bound within 24 -- between 24  
6 and 72 hours is a big limitation, again.

7 MR. GRANT: And I think one of the things -- we're going  
8 to deal with it later, and let's deal with it later,  
9 but there is that issue around ensuring that it's the  
10 authorized person. So, really, your point is that if  
11 you really have the authorized person to sign that,  
12 then perhaps doing that call at that time makes sense.  
13 Okay.

14 MR. POTTER: Gord Potter, Just Energy. I won't  
15 reiterate, but agree with, in large part, what was  
16 already said. But I think it's -- I think protections  
17 or controls for small-volume consumers are important.  
18 I think businesses don't need those controls. I mean,  
19 I recognize the example Scott used, and that's  
20 unfortunate, but at the same time if they are a large  
21 business and their waiters are signing contracts on  
22 behalf of the business, there's an issue there as  
23 well.

24 We share Moe's point. We're naturally  
25 incented to make sure that a large deal is a good  
26 deal, because we're putting out a lot when we purchase

1 or procure that supply forward. So, some of us  
2 already do our own TPV calls. And it would be, I  
3 think, a little restrictive to have something mandated  
4 where -- especially if there was some period of time  
5 we have to wait, similar to what we put in for  
6 residential. I don't think it's necessary, myself.  
7 We're not against it, so long as it's reasonable, and  
8 there is no time-prescriptive limits, and that it is  
9 an abbreviated call, similar to what we already do.

10 The confirmation letter, I think that's  
11 good business either way. I think it's fine that a  
12 letter sent to the account holder, to the person that  
13 Terasen has on account, probably an abbreviated  
14 letter, not so detailed as what's sent out to  
15 residential, but something that just notifies them  
16 that Terasen's received notice that they're switching  
17 suppliers, and they'll continue to be billed, et  
18 cetera, and have the contact information. That's  
19 always good.

20 And the cancellation period, I don't think  
21 there's a need to extend it. I know that we doubled  
22 up in B.C., that we have the ten days under the  
23 *Consumer Protection Act*, or the -- I forget what it's  
24 called now, sorry, in B.C. And then we added that  
25 ten-day parallel, the receipt of the Terasen letter.  
26 A lot of the larger-volume customers, those are

1 negotiated deals or those deals are contingent on  
2 immediate procurement. So to provide them what could  
3 be up to a two-week cancellation period is -- I'm not  
4 sure is reasonable for a large-volume consumer.

5 So, those are just the comments we have.

6 MS. SINSON: Tamara Sinson, Summit. I'd just like to  
7 support the comments made by everybody here. Summit  
8 also conducts the courtesy call with commercial  
9 customers at the door, and we've found that to be  
10 effective. And so, I support everything that has been  
11 said so far.

12 MR. PEGORARO: Jeff, Smart Energy. It all sounds pretty  
13 good, especially if you're talking to the wrong person  
14 right from the get-go, that outgoing TPV is not going  
15 to do a peep of good if you get that same person  
16 again. If it's the stock boy, and you ask for him  
17 when you call, you're going to get the stock boy and  
18 you can go, "Sure, sounds good to me." I mean, what's  
19 the point?

20 MR. GRANT: So the focus, I think, is, well, later on on  
21 the one, how do we ensure we've got the right person?

22 MR. PEGORARO: Mm-hmm. Yes.

23 MR. GAFFNEY: Chris at Planet. I agree with Gord's  
24 comments, and just want to reiterate. I agree with  
25 all the measures, I think, proposed with respect to  
26 small volume commercial customers, but there -- I

1 think there is probably a point in which, you know, it  
2 shouldn't apply, and that the point that Gord made  
3 about immediate procurement, with -- you know, we have  
4 a small business in B.C. but a larger business in  
5 Ontario, and a lot of that is commercial customers  
6 through consultants. And they are, you know,  
7 constantly getting updates, quotes, quotes, quotes, so  
8 they can hit it when there is a market timing issue.  
9 And it's impossible to leave that price open for ten  
10 days and get a very large customer. You know, if  
11 there is a ten-day walk option, you can't really price  
12 that customer aggressively, knowing that that exists.  
13 And so I propose that maybe there is a cut-off point  
14 between large-volume and small-volume commercial  
15 customers.

16 MR. KRESNYAK: Peter Kresnyak with Bluestream Energy. We  
17 support the idea of confirmation letters and so on. I  
18 think the point just made, you know, we'd like to see  
19 or at least ask if there is the option for larger-  
20 volume commercial customers to have the option of  
21 waiving that cancellation period on a contract. I  
22 just wonder what the Commission's point on that is.

23 MR. GRANT: Yeah, well, that's one I was actually going  
24 to ask you guys, this differentiation between a small  
25 commercial customer and a larger commercial customer.  
26 You know, when we get into quite large commercial



1 customers, of course, we're into the transportation  
2 agreements that are separate from this program, but it  
3 might be helpful for Terasen's purposes if you thought  
4 about that break point, you know, that below this  
5 level the commercial customer is much more like a  
6 residential customer, and above this level, because of  
7 the issues that you're raising in terms of pricing of  
8 the other components, at what level should that break  
9 be, to allow for the more immediate action and lock-in  
10 for the parties, would probably be helpful for their  
11 reports. So maybe if you have ideas on that, maybe if  
12 -- we'll have a listing that we get as a group, you  
13 know, that we'll put out to parties and if you have  
14 continuing comments, you can put those in and those  
15 may be helpful to Terasen too.

16 But again, I think in concept we agree with  
17 the idea that we'd like to see these larger  
18 commercials get their opportunity to get the best  
19 price they can. And they have better wherewithal, we  
20 presumably have the right person dealing with the  
21 whole thing, so maybe things can be addressed in a  
22 more efficient manner there.

23 MS. SEVERSON: Corinne Severson, Direct Energy. We have  
24 nothing further to add.

25 MR. MAGNESON: Roger Magneson of Connect Energy. In the  
26 region where we're most active, we don't have a

1 requirement for either a TPV or a confirmation letter  
2 or a cooling-off period for commercial customers. We  
3 take the practice of doing a confirmation letter on a  
4 fairly timely basis, and with commercial customers  
5 we've never had a dispute.

6 I think if the Commission wants commercial  
7 customers to benefit from sharp -- get competitive  
8 pricing, imposing a cooling-off period certainly  
9 requires a marketer to take on a fair bit of market  
10 risk. So the two don't really go hand in hand. So, I  
11 guess our view is that, especially for larger  
12 commercial customers, there shouldn't be a requirement  
13 for a cooling off period, and Gordon's in favour of  
14 imposing a TPV script that's in place for residential  
15 customers on commercial clients. Glad to hear that a  
16 more abbreviated version of that is being considered.  
17 We you don't find it necessary for especially larger  
18 commercial customers.

19 MR. GRANT: And the market you are --

20 MR. MAGNESON: It's Saskatchewan.

21 MR. GRANT: Saskatchewan?

22 MR. MAGNESON: Yeah. So we're not active in B.C. at this  
23 point.

24 MR. GRANT: And in Saskatchewan, does Saskatchewan have  
25 marketing to residential customers, or just for --

26 MR. MAGNESON: The residential market is open, but there

1 are no marketers that are active in that segment.

2 MR. GRANT: Thank you.

3 MR. DIXON: Tom Dixon, Access Gas. We will agree -- we  
4 agree with TPV. We agree that it should be  
5 abbreviated. We don't like the requirement, the 24-  
6 to 72-hour timing. You know, business is a little  
7 different. Confirmation letters, we agree  
8 wholeheartedly with.

9 The cancellation period, currently the code  
10 of conduct allows a customer to waive a cooling-off  
11 period if they are -- if they consume 2500 gigajoules  
12 or above. We would agree that a cancellation period  
13 under that level is appropriate, but above that level  
14 would not be appropriate. So we would just maintain  
15 -- we would like to see that maintained, that 2500  
16 GJs. And the disputes, we're fine with that.

17 MR. QUAIL: Jim Quail. We represent residential  
18 consumers and take no position on this issue.

19 MR. GRANT: All right. Terasen, this was your issue.  
20 Any final comments?

21 MR. WEBB: We have one point. This is Scott Webb, again,  
22 with Terasen Gas. It was in relation to the existing  
23 confirmation period. The one issue that we have  
24 concerns with by not including the ten-day  
25 cancellation period after the confirmation letter goes  
26 out is that there is very little we can do, or the

1 Commission, to validate that the consumer has been  
2 afforded the ten-day protection period. So, that's  
3 the point I wanted to make.

4 MR. GRANT: Gord?

5 MR. POTTER: Are we allowed to respond?

6 MR. GRANT: Sure.

7 MR. POTTER: Oh, thanks. And that's a great point, but I  
8 think the point of the confirmation is not to provide  
9 them some protection and time after. They're a large  
10 commercial customer. I think it triggers -- if the  
11 underlying concern the Commission has is that the  
12 right party or authorized party signed it, then it  
13 does that. And if the marketer ends up incurring  
14 costs to have to cancel that transaction, so be it. I  
15 think the underlying point is, perhaps it's not to  
16 allow them time to cancel, it's to trigger that the  
17 right person who you're billing and who is responsible  
18 to pay that invoice, knows that somebody has switched  
19 that supply.

20 So I don't think there's a necessity -- I  
21 don't think that, because after the fact, where there  
22 are costs, the marketer if they're in the wrong, or  
23 the customer chooses, we're not giving him a right to  
24 cancel or change their mind, just tell them the right  
25 person that they've got to go -- I think. That's  
26 good.

1 MS. RUZYCKI: Sorry, Nola Ruzycki with Just Energy.

2 Maybe one other thing I can just comment, because the  
3 code does require that we hold that for ten days,  
4 right? I think that's what you were talking about.  
5 We have to hold it for the ten days before we enroll  
6 it?

7 MR. WEBB: Yes.

8 MS. RUZYCKI: So you'd be in violation regardless, if you  
9 didn't hold it.

10 MR. GRANT: Well, we are considering what to do, which  
11 could involve some changes to the code. So, like, you  
12 know, perhaps getting something out to the customer on  
13 that confirmation or not, you know, it is potentially  
14 a problem that if it isn't coming in till after the  
15 ten days, then the ten days are up. So, what do we do  
16 in terms of changing that, if we want to for that.

### 17 3.2 DISPUTES AND CANCELLATIONS

#### 18 3.2.1 Cancellation and Courtesy Drops

19 Okay, our second item is 3.2 on disputes  
20 and cancellations. And for 3.2.1, it was Just Energy  
21 that brought up issues here, so I think it's probably  
22 back to you, Gord, to lead this one off and then let's  
23 hear from Terasen after that, and then maybe we'll  
24 comment and then go around the room.

25 MS. RUZYCKI: Yes. Nola Ruzycki with Just Energy. Just  
26 Energy continues to believe that there is a need for a

1 different dispute category, those being courtesy  
2 drops, where the customer is dropped for hardship  
3 reasons, or they're dropped for a reason that we've  
4 decided, as a company, that we're going to drop the  
5 customer. We don't agree that the customer is right,  
6 necessarily. It's -- something has changed in their,  
7 you know, everyday life that's causing it, or other  
8 items like that. So we feel that there should be a  
9 category for those that aren't counted against you as  
10 a drop, and that you aren't paying for those customers  
11 either. Because you pay each time you drop those  
12 customers, even if they are a hardship situation.

13 So that's really the issue, that we still  
14 believe that a new category needs to be set up that  
15 designates these separate from a dispute or a drop.

16 MR. GRANT: Okay, and is that in or after the ten-day  
17 period?

18 MS. RUZYCKI: It's usually after the ten-day period.

19 MR. GRANT: After the ten-day period.

20 MS. RUZYCKI: It would typically be after the ten-day  
21 period. There's some that may happen within the ten-  
22 day period, but the majority would be after.

23 MR. GRANT: Okay. Scott?

24 MR. WEBB: Terasen's position is essentially that any  
25 additional code that would allow a consumer to drop  
26 within the 12-month period would violate the essential

1 services model. So the additional costs would  
2 necessarily be borne by midstream customers.  
3 MR. GRANT: Yeah. As we discussed this, we were  
4 concerned about that, that the essential services  
5 model is limiting in some respects, but it also brings  
6 a lot of benefits to the marketers with the hundred  
7 percent load factor gas. But what to do about that?

8 One of the things maybe for consideration  
9 or comment in the report, and then comment by parties  
10 afterwards, is we've toyed around with the idea that  
11 if Terasen -- the Commission may be taking action to  
12 reduce the amount of hedging that Terasen would do in  
13 the future, and if that were to be the case, we're  
14 wondering whether that ten-day period might be able to  
15 be extended somewhat, maybe up to 30 days for some  
16 things, without creating a lot of costs that -- the  
17 risk, of course, is that these costs would fall on all  
18 of the customers generally. But I guess we'll be  
19 interested if Terasen could think about that in the  
20 context of, if they were doing less hedging in the  
21 future, is there the ability to accommodate a little  
22 bit wider window in the 10-day or 30-day cancellation  
23 period?

24 We certainly see it as a problem, or  
25 recognize the problem, that Just Energy and others  
26 have identified before, and we'd like to see as

1 functioning a marketplace as could be, while  
2 recognizing that we are committed to the essential  
3 services model. So that's the dilemma that we're  
4 seeing and hopefully something can be done. But  
5 that's where we've come down in terms of viewpoints on  
6 this.

7 MR. HILL: Bill, Shawn from Terasen, just to respond  
8 there. Primarily the hedging strategy that is under  
9 review by the Commission today, that's primarily a  
10 commodity or a CPRA function, not a mid-stream cost  
11 function. So the essential services model, the 12-  
12 month rule has some hedging in that portfolio, but  
13 it's done differently for different purposes. And the  
14 changes of allowing marketers more flexibility post --  
15 you know, once they're enrolled, they're locked in for  
16 12 months. Any changes to that fall out in the mid-  
17 stream rate, and costs, and primarily the hedging  
18 strategy, which the marketers are competing against,  
19 is our default offering. So, just to be clear on  
20 that.

21 MR. GRANT: Yeah. Okay. Well, that will be helpful. I  
22 think in the report if you can address that in a way  
23 that will allow parties in their responses to better  
24 understand where there are costs or not costs, that  
25 may help the issue. Because I'm sure it's frustrating  
26 for the marketers as they're seeing disputes about



1 things that even they would be willing to deal with,  
2 if they could deal with them, sort of thing.

3 So, those points, but --

4 MR. HILL: I was just going to say, though, in the end if  
5 we want the disputes, whatever we call them, to be  
6 resolved, that's not our -- you know, the essential  
7 services model is what we agreed to. If we change  
8 from that all customers of the mid-stream are willing  
9 to absorb those costs, that's kind of the -- kind of  
10 the underlying principle that has to be addressed. We  
11 can put all the incremental drop codes or things, post  
12 the close of the ten-day window, that we want. But  
13 there is a consequence to the 12-month business rule  
14 there. And Terasen's position is that the existing  
15 customers who aren't involved with customer choice  
16 shouldn't be exposed to those costs. That's kind of  
17 our principle.

18 MR. GRANT: And certainly we agree with that part in that  
19 we're trying to limit the costs to the customers  
20 generally at the same time. So, our idea may not be a  
21 good one, but nonetheless we're sensitive to the  
22 issue. Moe?

23 MR. HAJABED: I have no further comments. I agree with  
24 Just.

25 MS. WASNEY: Judy Wasney, Superior Energy. This is  
26 always a tough balance for a marketer, to be able to

1        respond to a customer for compassionate reasons. I  
2        would suggest, though, that changing the cooling-off  
3        period, it would probably not address the bulk of  
4        these issues. They are usually, to Nola's point, life  
5        changes, and maybe hardship that the customer faces  
6        during the contract term, as opposed to at the outset.  
7    MR. PELEGRANO:    Was there -- oh, Jeff from Smart. Would  
8        there be a way to perhaps include a code that would  
9        allow you to reduce that customer's rate in mid-year,  
10       rather than drop them completely? Keep them retained  
11       with your company, but maybe reduce the rate without  
12       having to drop them back into Terasen's pool and ruin  
13       their day.  
14    MR. GRANT:    Well, we do have sort of a blend of the same  
15       kind of issue. We'll come to that later as well.  
16    MR. PELEGRANO:    Well, that's on the anniversary, usually.  
17    MR. GRANT:    Thank you.  
18    MR. PELEGRANO:    But if we drop them, they usually go back  
19       to Terasen for a month before we can bring them back.  
20    MR. GRANT:    Yeah.  
21    MS. JESKE:    Direct Energy supports Just Energy's point,  
22       and I also agree with Superior - it's Maureen Jeske,  
23       by the way, sorry - that it's not the ten-day cooling-  
24       off period that is our time frame that's the issue.  
25       It's always after the fact there, so should be looking  
26       long term.

1 MR. QUAIL: Jim Quail. We agree with Terasen's position  
2 quite firmly, and think that it's paramount importance  
3 that Terasen's customers not be saddled with the cost  
4 of this program, which wasn't initiated at the behest  
5 of customers. This was a policy that came down from  
6 Victoria, and we're not interested in seeing costs  
7 spilling out.

8 To the extent that there is concern, and  
9 there is legitimate concern, about people being locked  
10 into a contract that they can't afford, we suggest a  
11 more appropriate remedy is to shorten the maximum term  
12 of the contract so we don't see people locked in for a  
13 five-year term, and they lose their employment,  
14 whatever happens, and they're stuck for another four  
15 and a half years of paying a bill that they just can't  
16 meet.

17 There is also a distinction to -- there  
18 seem to be two issues blended together in here, and  
19 one is the essential services model and dropping  
20 customers out of the program. And the other appears  
21 to be the optics of the reports. And I think those  
22 are very distinct issues, and that the public is  
23 entitled to the unvarnished truth, and it's not our  
24 concern that the optics may not necessarily look good.  
25 People need to be able to evaluate this program, and  
26 one of the sources of information legitimately

1       available to consumers, in making a decision whether  
2       they want to opt for this program, is the kind of  
3       information that's posted on the Commission's website.  
4       So we're firmly opposed to doing anything to sort of  
5       soften the blow to the extent that things aren't  
6       working very well.

7   MR. GRANT:   What about if -- I don't want to prolong this  
8       longer than necessary, but I'm wondering about, with  
9       Jim's comment there, that Brian also sent me a note  
10      down and maybe if we could get from the marketers just  
11      a very quick one on this one, of whether this is  
12      related to the compassionate issue with customers or  
13      is it related to the statistics and the \$50 issue for  
14      that, or is it a bit of both? But I guess I'd be  
15      interested in comments on this item, of whether it is  
16      one or the other. Moe, any comments?

17   MR. QUAIL:   If I can just -- I'm sorry, something that  
18      occurs and before I lose it. It's germane to that,  
19      that I meant to bring up, that Just Energy referred to  
20      situations where they don't necessarily agree the  
21      customer is right. We don't agree that that should  
22      create a different category, where a customer  
23      complains and you don't agree that they're right, but  
24      you accede to whatever it is that they're demanding.  
25      We don't think that that is a different category of  
26      dispute.

1 MR. GRANT: Okay. But now -- we'll get to you, Gord.  
2 How about from Moe?  
3 MR. HAJABED: Moe from Active. So, it's a combination of  
4 both. Because marketers are trying to take things  
5 into their own hands and resolve the issues that they  
6 have, and then we get penalized by the \$50  
7 cancellation fee, which adds up per customer, and then  
8 the other side of it is cancelling the customers for  
9 compassionate reasons, where we get penalized for  
10 cancelling those customers.  
11 MS. WASNEY: I would suggest for -- sorry, Judy Wasney,  
12 Superior -- it's a skewing of dispute numbers as well.  
13 Whether the customer is right or wrong, it's  
14 responding and releasing the customer in situations  
15 where there is no obligation to do so.  
16 MR. POTTER: Yeah, I'd just like to respond. I think  
17 there is clearly two separate issues, and I wasn't  
18 sure where the second one lies, but the first one is  
19 the compassionate issue, which is, you know, you can  
20 deal with commercial customers in a certain manner.  
21 When you're dealing with residential consumers, things  
22 come up in mid-term, whether it's a one-year contract  
23 or a five-year. And if somebody loses their job and  
24 they're on disability or something, whether they have  
25 to carry that extra cost for two years or seven  
26 months, it doesn't matter. They can't afford it that

1 day. So, our view, very clearly, is that as we see in  
2 other markets, is that you can -- there is really  
3 three issues to address. One is the compassionate  
4 issue, which is customer calls, the contract is valid,  
5 it's 100 percent valid, but the customer has run into  
6 an issue or a life issue. And you have two choices.  
7 You can either be the bad guy, which showed up on TV  
8 in the spring, and tell them you can't cancel them  
9 because we have this essential services model which  
10 doesn't allow us to do that. And the customer is in a  
11 hard time, and they have to be at a price cycle where  
12 they're paying more than what they could be with the  
13 utility, or with somebody else, for that matter, and  
14 they want out. And the second issue is where you  
15 have a cancellation where the customer just demands to  
16 get out, and wants out now. They don't want to wait  
17 ten months till their anniversary date. And then the  
18 third piece which is connected to that, which is the  
19 point to Jim's last point, is where I have a good  
20 valid contract and I'm not in the wrong, but we choose  
21 for, I think, the right reasons, morally or otherwise,  
22 to let somebody out. It currently skews and it looks  
23 like I've done something wrong.

24 And so that's that separate category to  
25 say, you know, there are issues where I have an  
26 invalid contract, or I did something wrong, or it's

1 not compliant, versus I was completely compliant,  
2 customer changed their mind, which is -- small-volume  
3 consumers, we all do every day, versus a customer who  
4 ran into a hardship and we're paying \$50 to let him  
5 out, to let them on their way, because it's the right  
6 thing to do.

7 So there's the three separate distinct  
8 issues which have come up each year for the last  
9 couple of years, and I recognize there is a balance,  
10 because to Shawn's point, and perhaps to Jim's, is  
11 that, you know, the rest of the system shouldn't pay  
12 for those compassionate cases. But I think there has  
13 to be some way to separate those so, one, they're not  
14 held against us, that looks like we have -- you know,  
15 we have a compliance issue versus what are the costs  
16 to the system that we have to incur.

17 And I think a point you made earlier, Bill,  
18 about -- or, I think Scott made it -- with respect to  
19 people that do let people cancel, and they charge the  
20 customer the \$50, which I'm not sure why that's an  
21 issue. So there's those three distinct issues.

22 MR. GRANT: Again, we'll clarify that at least.

23 MR. HILL: This is Shawn from Terasen again. One of the  
24 alternatives -- and we've made this point in the past  
25 -- is that once the customer is enrolled and we lock  
26 it in for the 12-month period, there is nothing to

1 stop the marketer from offering a rebate outside of  
2 the essential services model, right? So we do the  
3 billing on the gas commodity. That doesn't mean that  
4 -- one of the marketers could do a rebate to that  
5 customer directly and keep them whole and everything,  
6 and then ultimately the contract unwinds at a period  
7 of time in the future. So that's an alternative to  
8 what we're talking about here by providing a mechanism  
9 within the essential services model, or a fee or  
10 something. That's just another alternative.

11 MR. GRANT: Okay.

12 MR. HAJABED: Can I have one more comment? When you give  
13 rebates to customers, you're going to be giving your  
14 rebate for monies that you haven't been collecting  
15 from Terasen yet, because you collect based on  
16 deliveries and the customer expects a rebate based on  
17 consumption. So the marketer is not going to be more  
18 dependent today.

19 MR. HILL: But what I'm saying, Moe, is that you keep the  
20 existing contract in place, allow it to flow for the  
21 period of time of the contract, and you have your  
22 guaranteed revenue stream associated with that  
23 enrolment, but you cut a separate cheque outside of  
24 the deal because you're going to be getting your  
25 revenue stream from Terasen for that volume of gas.

26 MR. HAJABED: Let's say that the customer cancels after



1 the wintertime, or wants to cancel after the  
2 wintertime, and wants a rebate for his historical  
3 rebate since the start of the contract. We're going  
4 to be out the money, because you've paid him based on  
5 consumption, and you got remitted based on deliveries.  
6 So that amount of money that you dish out to the  
7 customer at this stage in time, either the marketer is  
8 going to be out of the money --

9 MR. HILL: I understand your point, yeah.

10 MR. QUAIL: One of the business risks --

11 MR. GRANT: In fact, that's the same point that you're  
12 facing on the other side. You know, who is going to  
13 bear the risk on that?

14 MR. QUAIL: Yeah. I was just going to say -- Jim Quail  
15 here -- that one of the business risks of being a  
16 marketer is that you'll have customers enter into  
17 long-term contracts they can't afford, or things  
18 change. You know, it's a risk of being in the  
19 business. And there is no reason for that risk, then,  
20 to flow back to Terasen's customers. So, you eat a  
21 bit of cost; that's the consequences of being in the  
22 business is our view.

23 MR. GRANT: Okay. I think that helps clarify that issue  
24 generally. Although a big issue going forward and a  
25 tough nut to deal with in terms of the DSM, and  
26 dealing with customers as flexibly as one would want

1 to be able to do.

2 **3.2.2 Dispute and Cancellation Fees**

3 The next issue is the dispute and  
4 cancellation fees. And Scott, I think it's over to  
5 you to lead this one off.

6 MR. WEBB: Gee, wasn't this a Commission issue, Bill?

7 MR. GRANT: That's fine, we can start off with that  
8 component. And so, really, we were wondering in terms  
9 of these ones, and in terms of covering the costs,  
10 including the cost to the Commission with respect to  
11 this, and we've been searching around in terms of,  
12 again, wanting ones that incent things so that we  
13 don't get disputes as well, and one of the things that  
14 we've heard about recently was that Manitoba had very  
15 significantly increased its dispute costs, I think to  
16 \$500. So -- compared to the \$50 component. And we're  
17 wondering a bit in this one about whether we might  
18 change the fee on the one hand to try and make sure  
19 that marketers are dealing with the customers. In  
20 fact it sounds in the Manitoba situation as if the fee  
21 is so punitive, it's causing no disputes because  
22 nobody wants to face the fee.

23 But the other part is on the anniversary  
24 date, whether perhaps we should be waiving the fee on  
25 the anniversary date if one is changing things at that  
26 point, is really from our point, the issues on -- you

1 know, does that matter to people? Certainly the  
2 aspect of having more flexibility at least at the  
3 anniversary date, which shouldn't impact the essential  
4 services model, should that be something that we  
5 should be considering?

6 Anyways, does Terasen have any views on  
7 that?

8 MR. HILL: Shawn from Terasen. In Scott's presentation  
9 there, the overall deferral mechanism in terms of  
10 costs for the O&M part of the program versus the  
11 education, we can see that on a rough basis the fees  
12 are covering the O&M costs. If the Commission is  
13 supportive of increasing fees for another matter for  
14 reducing disputes, we would be, you know, supportive  
15 of that. But generally the overall O&M costs are  
16 being recovered from the fees. The education part of  
17 the equation that falls out there is still the  
18 customer cost, and we still see that as being a  
19 customer cost. That's our position.

20 MR. GRANT: So we should have a good reason to do it, not  
21 because of cost, but because the fees are covering the  
22 costs, generally.

23 MR. HILL: Yes.

24 MR. GRANT: Okay, thanks.

25 MS. WASNEY: Judy Wasney, Superior Energy. I believe  
26 that there was a discussion last year about whether or

1 not consumers might have dispute charges referred back  
2 to them if the dispute was adjudicated against them.  
3 And I think everybody -- I think it was agreed at that  
4 time that, from a consumer protection standpoint, we  
5 wouldn't proceed in that direction. If the fee  
6 becomes \$500 versus \$50, it becomes incumbent on the  
7 marketer to potentially release the customer whether  
8 the contract is valid or not.

9 MR. GRANT: And so really in terms of an add-on to that,  
10 and I probably should have covered this, the aspect  
11 that if the fee were to be increased then probably an  
12 issue related to that is that it would be then more  
13 important that if it turns out that it's a complaint  
14 by a customer that's unfair, or is adjudicated against  
15 the customer, that the customer pay the fee. Whereas,  
16 even though it was an issue even with the \$50 level,  
17 it's certainly less of an issue with the \$50 level, I  
18 take it.

19 MS. WASNEY: Exactly.

20 MR. GRANT: Okay. Thank you.

21 MR. POTTER: Gord Potter, Just Energy. Just a  
22 clarification. The Manitoba reference you made is to  
23 -- it's an actual hearing that occurs for that  
24 dispute. They don't do them this way. Those -- what  
25 they consider informal complaints are managed without  
26 a system, but the dispute procedure you're referring

1 to is an actual hearing that occurs in response to it.  
2 So that might provide the rationale for why it costs  
3 so much.

4 Secondly, I think we talked last year, as  
5 Judy mentioned, that I don't think you apply the \$50  
6 to the customer, if the customer is determined to be  
7 wrong? No, because we thought that that might be a  
8 disincentive for somebody to step up and say that  
9 there might be an issue.

10 So, I mean, I think if Terasen has got the  
11 facts they put forward, that the program is working as  
12 expected and the costs are recovering, I don't think  
13 increasing the cost is going to do anything to change  
14 whether or not a consumer wants to issue a dispute or  
15 not. Because as we've all recognized, it seems from  
16 experience consumers are not always accurate in what  
17 their claims are or their allegations. So, I think,  
18 if we remember last year we talked about the fact that  
19 if we did have the \$50 charged against them, it would  
20 also help to weed out frivolous complaints, which has  
21 not happened. So, I will probably say that if the  
22 program is working as expected, then the \$50 shouldn't  
23 change.

### 24 **3.2.3 Dispute Procedures**

25 MR. GRANT: The dispute procedures. We put this one on.  
26 We feel that a review of the dispute procedures is

1 necessary to ensure they're consistent with procedural  
2 fairness. One of the ideas, or key ideas, that we've  
3 been bantering around here is the aspect that on the  
4 Commission's website there is a document that could be  
5 made into a brochure, or sort of brochure-like, that  
6 is provided to customers along with dispute ruling  
7 letters. And as of just August this year, that's  
8 being done. And we're wondering whether it won't make  
9 -- whether it doesn't make good sense that that  
10 brochure get into the hands of the customer right  
11 away.

12 So, perhaps when the things come into  
13 Terasen, that either they're pointed to the Commission  
14 website or maybe there's a link on the thing to the  
15 Commission website, so that they get that, and they're  
16 sort of signaled to look at this brochure so that they  
17 know what their rights are in terms of the dispute  
18 process. And we would be hopeful that this might  
19 streamline or at least make knowledgeable the process  
20 of the dispute process that the party will be going  
21 through with the Commission.

22 That's what we were bringing up with  
23 respect to that. Any comments on that?

24 MR. WEBB: This is Scott from Terasen Gas. I think it  
25 would make sense to modify the standard information  
26 booklet, which already exists, to cover off the

1 information as opposed to making a separate brochure.  
2 There is already some disputed language in that  
3 document. We might need to revisit that and see if we  
4 can improve it. And I might suggest that we could  
5 look at our website to perhaps add some sort of call  
6 out that would link back to the Commission page, so  
7 we'd make it more prominent on the Terasen Gas  
8 website.

9 MR. GRANT: And in terms of reviewing that document, to  
10 make it clearer and more user-friendly, who would take  
11 the initiative on that? Is that something you propose  
12 we would take the initiative on, and then get comments  
13 from parties before resolving it? Or would you guys  
14 take the initiative on that? Or --

15 MR. WEBB: Terasen Gas could take responsibility  
16 comparable to the way we handle our education  
17 expenditures. So, we would look at the existing  
18 complaints and disputes document on the BCUC website,  
19 look at the key parameters identified in that  
20 document, update the brochure as we feel fit. I would  
21 assume that it would make more sense to get the BCUC's  
22 comments at that stage, perhaps, before we send it to  
23 the marketers. Something like that would -- some  
24 process like that would probably work.

25 MR. GRANT: Yeah. Okay, well, combining -- actually,  
26 Erica, I don't understand your point here. Maybe you

1       could explain it to the parties.

2   MS. HAMILTON:     I think also something -- sorry, it's  
3       Erica from Commission staff. I think another point to  
4       incorporate into this and to get comments on is the  
5       actual process itself. The information going out is  
6       necessary and should be discussed as well. Currently  
7       the customer is limited to the input they have in  
8       their dispute, by logging it directly through Terasen.  
9       Having the comments come back around, the marketer's  
10      input isn't limited in any way. So having some way  
11      that we can get comments back from the customer within  
12      that period that it's reviewed on.

13   MR. GRANT:     So are you thinking there that we'd be  
14      interested, and after the marketer has given their  
15      comments, since it's initiated from the customer, that  
16      the customer sort of gets the last comment at that  
17      point? Is that what you're getting at?

18   MS. HAMILTON:   Yeah, I guess I'm imagining it a bit like  
19      a small claims application, where the customer is  
20      filing a dispute. The defendant would have the  
21      rebuttal option, or a reply to it, and then the  
22      claimant again can reply to that. And then there's a  
23      decision made.

24   MR. GRANT:     Okay.

25   MS. HAMILTON:   One of the issues that we have currently  
26      is when dispute processes are reviewed for our



1 procedures by the ombudsman's office. It doesn't have  
2 that element of customer input, it's very limited.  
3 And the information is -- you know, to a test of  
4 reliability when it's logged through a call centre,  
5 it's just not as strong. Not as strong.

6 MR. QUAIL: I think that's an excellent suggestion. I  
7 mean, the process now isn't really fundamentally fair,  
8 and it's a standard process of any kind. You know, in  
9 the Commission's own proceedings, you know, B.C. Hydro  
10 makes its argument, all the interveners jump all over  
11 it, but then B.C. Hydro gets to respond to that. And  
12 that's simply a matter of being fair, and that's the  
13 way every -- virtually every kind of legal process  
14 works, and this is a legal dispute over a contractual  
15 liability, and fairness requires that people know what  
16 the case is, and have an opportunity to respond to it.

17 MR. GRANT: Okay. So, really, as we go around, we're  
18 seeking comments on the two sides to it. One is the  
19 aspect of the creation of this brochure that would  
20 then be given out early in the process, through  
21 perhaps a link to the Commission's part or from  
22 Terasen. But developed first by Terasen, input by the  
23 Commission staff, final input from the marketers  
24 before it's resolved. And then the second part of the  
25 issue is the one that Erica and Jim are bringing up  
26 here, that in terms of procedural fairness, shouldn't

1 the person who has now logged the displaint [sic] with  
2 the Commission have their opportunity to have the  
3 final say.

4 MS. WASNEY: Judy Wasney, Superior Energy. On occasion  
5 we receive inquiries from the Commission outside of  
6 the dispute process, and to Erica's point, that's very  
7 much how that process works. The Commission will ask  
8 for input by the marketer, it will go back to the  
9 customer and the customer can submit further  
10 information. I would only ask that we can streamline  
11 it so that the timing and that the amount of effort  
12 that's submitted on the dispute doesn't get a little  
13 difficult to manage.

14 MR. GRANT: So you're not opposed to it, but just  
15 streamlining it is a good idea.

16 MS. WASNEY: Mm-hmm.

17 MR. GRANT: Thank you. You're pretty quiet, Tom. I  
18 expected more from you.

19 MR. DIXON: I know.

20 MR. GRANT: I'm somewhat thankful for it at the same  
21 time.

22 MR. WEBB: Bill? Excuse me, Scott from Terasen. One  
23 point of clarification is, is it your expectation that  
24 the information would be collected by Commission  
25 staff, or Terasen Gas at a call centre?

26 MS. HAMILTON: I don't have any thoughts on that right

1        now. I guess, you know, the way I imagine it, I think  
2        that rather than calling in the dispute to Terasen  
3        Gas, perhaps it could be submitted. I think the idea  
4        is really that it has to be very deliberate by the  
5        customer, the comments that they make, the allegations  
6        that they make, so, whether it's -- and as you know,  
7        we don't have very easy access to the calls to really  
8        get more context, other than what's submitted. So  
9        perhaps a form sent directly to Terasen that could be  
10       logged.

11    MR. QUAIL:    And this is a matter of the customer  
12       responding to the information that the marketer has  
13       provided to the Commission. So it seems to me that  
14       the Commission has an obligation to make sure the  
15       customer has all that information and has an  
16       opportunity to comment on it, and provide any  
17       documents.

18    MR. GRANT:    But I think as well for Scott's point, at  
19       that point it seems to me it would come to the  
20       Commission, maybe with a copy to you, but at that  
21       point the Commission take it.

22    MR. WEBB:      It would make sense.

23    MR. QUAIL:      That's what I'm suggesting.

24    MR. WEBB:      That's what we would suggest.

25    MR. QUAIL:      Really at this point it's between the  
26       Commission and the customer.

1 MR. WEBB: And I just wanted that as a point of  
2 clarification.

3 MS. HAMILTON: Yes, right.

4 MR. WEBB: From that perspective, we could certainly  
5 modify GEM to incorporate a text field which would  
6 allow you to capture the comments back from the  
7 customer.

8 MS. WASNEY: Judy Wasney, Superior Energy. If there is a  
9 standard format that the customer needs to submit at  
10 the initiation of the dispute, that may -- ought to  
11 minimize any follow-up documentation.

12 MR. GRANT: And I guess it's possible it would be a bit  
13 more transparent that way as well. Okay. Thank you.

14 3.3 CONTRACT RENEWALS

15 **3.3.1 Evergreen Provision**

16 MR. GRANT: Item 3.3, contract renewals, the first part  
17 of that is the evergreen provision. Terasen, do you  
18 have --

19 MR. WEBB: Sure. This is Scott with Terasen. Our  
20 position is, there is inconsistent use of the  
21 evergreen provision amongst the gas marketers. The  
22 evergreen provision allows gas marketers to enroll a  
23 customer into a five-year contract, or into as much as  
24 a five-year contract, and then the contract would  
25 simply renew itself at the term. There is some  
26 protection in place. The gas marketer is responsible

1       for advising the customer in advance of the due date  
2       that the contract will renew, and the customer has a  
3       limited window that's caused problems for us in the  
4       past. They have a limited window in which to inform  
5       Terasen and the gas marketer that they intend on  
6       cancelling that renewal process.

7               So, our position is that we'd like to  
8       discontinue the evergreen contract. Many gas  
9       marketers are in fact choosing to enroll standard  
10      contracts and then going back to the customer at a  
11      later date to re-enroll them. Five years is a long  
12      time for most of us, and it's very difficult.  
13      Certainly we send out one confirmation letter now at  
14      the beginning of the process that describes when your  
15      contract is going to end. We're making some  
16      improvements, potentially, on the bill that's going to  
17      give the consumer a bit more information. But we feel  
18      that the evergreen contracts are really adding very  
19      little value to the consumer. The gas marketer should  
20      be in a position to offer a rate competitive with what  
21      was offered through a renewal process.

22             So from our perspective we'd like to  
23      grandfather existing evergreen contracts; stop them  
24      for future enrolments. It will improve from our point  
25      of view consumer protection. We do see the evergreen  
26      contracts being very closely aligned with negative

1        billing options, largely because it is such a long  
2        time. Five years is a long time for a consumer and  
3        they're typically not going to be -- they're not going  
4        to recall what they signed five years ago, or the  
5        nature of the contract. And if they happen to not  
6        look at the letter that comes from the gas marketer,  
7        all of a sudden they've got a renewal -- a renewed  
8        contract. And we think it's incumbent upon the gas  
9        marketer to go back out and re-sign that customer  
10       through a more active sales process.

11                    There is also the opportunity that it will  
12       eliminate some system costs for us. We do on occasion  
13       have to process late cancellations from customers that  
14       didn't hit within the appropriate window, and we're  
15       hoping to eliminate those altogether by discontinuing  
16       the evergreen contracts.

17       MR. GRANT:    Okay. Maybe -- although we should go to  
18       Superior, but it's probably somewhat helpful if I give  
19       our viewpoints on that before, first, Superior and  
20       then go around the room. And I think for a lot of the  
21       reasons that Scott has raised in his one, generally  
22       the Commission staff view, as we've bantered it  
23       around, is that we think that the evergreen provision  
24       should be discontinued.

25                    But a little bit further than Scott's,  
26       instead of leaving the ones that are existing in

1       there, we think maybe there should just be one  
2       evergreening for existing contracts that they get  
3       renewed once more for 12 months, and then we phase it  
4       out, so that we get rid of that. But for the same  
5       reasons we think that the evergreening should be  
6       discontinued.

7                       So how about Superior first?

8 MS. WASNEY:     Judy Wasney, Superior Energy. I had wanted  
9       to understand what the logic was behind discontinuing  
10      the evergreen. I think in other jurisdictions there  
11      has been evidence that there is some customer benefit  
12      to the evergreening, and that we consider, maybe, a  
13      hybrid of the existing program, whether that be to  
14      Scott's point, if it is the limited time that the  
15      customer can respond to either increase that, review  
16      the communication to the customer, with the contract  
17      information on the bill. I think the customer has  
18      access to current information that they didn't have  
19      before, so that might suggest that the customer would  
20      know what their contract circumstances are.

21                    So I didn't want us to consider eliminating  
22      it, on the basis of operational constraints versus  
23      consumer convenience.

24 MR. POTTER:     Just a couple of things. Just to Scott's  
25      points, or discussion there, because you'd mentioned  
26      there is a lot of problems, but I wouldn't mind

1 understanding the problems, because I think if we  
2 separate -- what I think I've heard is that there is  
3 the opportunity to provide services to a customer, and  
4 then there is the technical or operational means of  
5 executing that. And I think the problems you might be  
6 referencing are related to the way it works within the  
7 model that's set up in order to be able to enroll or  
8 change a price, not the fact that you offer a customer  
9 the option to automatically renew or evergreen for a  
10 period of time at a different rate. Because the way  
11 things are set up, I think what you're referring to is  
12 the code says you provide them notice no less than 90  
13 days before. You have 30 days to accept. At a  
14 certain cut-off date they automatically renew. I  
15 think the challenge is that -- is not the fact of  
16 offering the customer a positive renewal for five  
17 years, an automatic renewal at a different rate, it's  
18 trying to operationalize, to get the different rate  
19 in, and to have it happen properly on the date. So,  
20 if you could maybe just before I go further just  
21 explain what the list of issues are with respect to  
22 offering the customer the convenience to automatically  
23 renew or positively renew versus pushing it through  
24 the system. Are the issues related to the way things  
25 work and the process? Or is that what you're relating  
26 to, is the ability to get the price change or to get



1       it to be put in properly, to go for another five years  
2       or three years, or --

3   MR. WEBB:   No, our systems-related issues are more  
4       concerned with regards to -- typically they're  
5       marketer issues with respect to -- they will have been  
6       advised that the customer wants to withdraw from the  
7       contract after that 30-day period has elapsed.  
8       Sometimes it creeps right into the time when the gas  
9       is finalized, the MSR is finalized. So --

10   MR. POTTER:   That's similar, though, to a new contract  
11       and the cancellation period there. So I don't see any  
12       difference.

13   MR. WEBB:   It is, but again, based on the number of  
14       evergreen contracts relative to all of the activity,  
15       they're not being used extensively by the marketers.  
16       Some marketers are using them, some aren't. So, it's  
17       causing some system issues, which I won't suggest that  
18       that's the primary reason we're suggesting to  
19       eliminate it. Our bigger concern tends to be that we  
20       just don't like the concept of evergreen contracts  
21       based on the fact that it can be associated with  
22       something you signed five years ago. The customer may  
23       neglect to read the letter from the gas marketer, and  
24       from that perspective we prefer the customer be  
25       engaged through a sales process, and re-sold the  
26       fixed-rate contract. So we just -- you know, that's

1       our preference. From a consumer protection  
2       perspective and a communications perspective, that we  
3       think that's fairer for the consumer rather than  
4       permitting ongoing renewed contracts through an  
5       evergreen process.

6   MR. POTTER:    Is it because the contract from --

7   MR. GRANT:    I wanted to reiterate our one that, where we  
8       were supporting the reasons that -- the reason that we  
9       were actually supporting was really the negative  
10      option aspect to it, that from the Commission staff's  
11      point of view, we think that the aspect that the  
12      person has failed to read, has not received, has  
13      whatever, but hasn't responded, and is now  
14      evergreened, is inappropriate. So, that's at the core  
15      of our opposition to it. Anyway, sorry.

16   MR. POTTER:    Okay. No, I appreciate it. But -- and just  
17      for clarity, it's not actually negative optioning,  
18      right? Negative optioning is a different legal issue  
19      from an automatic renewal. Your cell phone  
20      automatically renews. Your internet service does.  
21      Your mortgage does. Line of credit, those kind of  
22      things. A whole bunch of consumer services  
23      automatically renew. I think one of the issues which  
24      we see is that the way it's set up in the system is  
25      that -- and maybe this goes to your point, Scott, is  
26      that somebody signs a price five years ago, and that

1 price automatically renews for another five years or  
2 three years, or whatever, and what we're saying is,  
3 and I can recognize that if the price is not good, at  
4 the time, it's not great. But in theory you should be  
5 able to offer somebody an offer that's competitive at  
6 the time, and change that price going forward. And I  
7 think the issue from a systems perspective is that's  
8 difficult. Not that offering the customer that  
9 opportunity is difficult, it's trying to execute it  
10 within the system to get the different price in at the  
11 time. And that really --

12 MR. GRANT: (inaudible) a different price making a  
13 different term, isn't that just a renewal that should  
14 be done in the normal renewal process?

15 MR. POTTER: Well, it should just -- you should have the  
16 option. I guess from our perspective, Bill, you can  
17 offer people, like any other household service,  
18 options. You can offer them longer-term options or  
19 shorter-term, and you can provide them an opportunity  
20 to -- that if they're happy with the price, with the  
21 package, that they can automatically renew. Whether  
22 that's on a month-to-month basis, a yearly or a five-  
23 year period, I'm just -- I'm not seeing the  
24 connection, because virtually every other market  
25 that's deregulated has automatic renewals. And as I  
26 say, a whole bunch of services that people have

1        automatically renew.

2    MR. GRANT:    But maybe if I can pick at it a bit, is maybe

3        you are accommodating one of our -- one part of our

4        concern, anyways, and that's that we're opposed to the

5        idea of the renewal where the customer -- the renewal

6        at the previous price and conditions, where the

7        customer has just failed to look at, failed to

8        respond. But it seems to me there has to be a

9        response from the customer.

10   MR. POTTER:    Okay.

11   MR. GRANT:    But I'm sort of inferring from what you were

12        saying that you would be in agreement with that, that

13        the customer -- you know, you don't just renew because

14        the customer has given you no communication

15        whatsoever. But your one is, the customer should be

16        able to renew fairly simply on new prices and

17        duration, provided the customer has given that

18        response back to the marketer.

19   MR. DIXON:    Well, to Gordon's point, an evergreen, as I

20        understand it, is one year at the existing contract

21        rate. We can't change that rate without permission of

22        the customer. So, I think, you know, I'm guessing the

23        concern here is that a \$10 contract will get renewed

24        in a \$5 market. I mean, I'm guessing that that's the

25        issue.

26   MR. QUAIL:    The issue is that the marketing arrangement

1       -- this isn't like cellular phone service. You're not  
2       selling a service, you're selling a commodity, which  
3       is fairly significantly different. But I'm the last  
4       one who would defend the way that cellular phone  
5       service is being also about the telecommunications  
6       regulation. I'm not defending that. So you haven't  
7       chosen a very good --

8       MR. POTTER:    I thought it was pretty good.

9       MR. QUAIL:    -- a very good choice. What is objectionable  
10       is that the default arrangement is the renewal of a  
11       contract as opposed to an affirmative action by the  
12       customer to possibly confirm that they want to  
13       purchase another tranche of the service. If you've  
14       got a good product, then sell them another whatever  
15       number of years the project is, and it is an intensely  
16       anti-competitive practice I might add, although -- you  
17       know, which is another objection to it.

18                   And we have real concerns with the idea of  
19       grandfathering everything that's out there now. I  
20       mean, okay, maybe live with the ones that contain this  
21       kind of language, get a one-year renewal, and that's  
22       the end of it. But pay attention to the public  
23       reaction to this. You know, the marketplace coverage  
24       and so on.

25                   One of the issues that has tended to taint  
26       this whole adventure has been this kind of

1 arrangement. Somebody misses the window and they're  
2 stuck for another five years, without having any  
3 opportunity to go elsewhere. And it's very difficult  
4 to imagine any justification in principle to somebody  
5 not having that full opportunity that's based on their  
6 informed consent. But whether that -- some  
7 facilitation of renewal of the existing carrier, you  
8 know, is not a problem. What's a problem is the  
9 default rollover in the contract. That is totally  
10 objectionable.

11 MR. GAFFNEY: But isn't the converse true? Like, if the  
12 customer has chosen to say, "I don't like floating  
13 rates and Terasen rates. I want to lock in for five  
14 years, get stability, so I know what I can pay.  
15 That's how I want to choose my commodity, and how to  
16 pay for it." You know, we're sitting here saying,  
17 "Well," you know, where kind of the flavour seems to  
18 be, "Marketers are bad, because there's some bad  
19 experiences with door-knockers." You know, and  
20 because that's what people see in the press. But here  
21 the customer says, you know, "I want a fixed price, I  
22 don't like floating rates." Shouldn't there be a  
23 positive election and punt them back to Terasen?  
24 Maybe there is a good reason to have evergreening.

25 MR. QUAIL: What I'm talking about is what happens in  
26 year six and ten.

1 MR. GAFFNEY: Right, exactly.

2 MR. QUAIL: Where the customer has had five years of  
3 experience actually to form an opinion about it, is  
4 better informed, and it might be a good time for you  
5 to go and visit them again, or contact them again, go  
6 through a similar process and if you provide a good  
7 service, no doubt they'll want to sign up for another  
8 five years.

9 MR. GAFFNEY: But isn't that what the letter's for?

10 MR. QUAIL: They might see what gas prices are trending  
11 like out in the market, and they might change their  
12 mind. But that's not the customer's or utility's or  
13 the Commission's fault.

14 MR. GAFFNEY: But it's a choice for the customer either  
15 way, right? If they do nothing, something will  
16 happen.

17 MR. QUAIL: Yeah, but if there's evidence that they've  
18 addressed their mind to the situation at the end of  
19 their term, and elected to continue on with a similar  
20 arrangement, there is absolutely no quarrel with that.  
21 If it's a default arrangement --

22 MR. GAFFNEY: But if there is --

23 MR. GRANT: Hold on, Chris, you have to say your name and  
24 the company as well.

25 MR. GAFFNEY: Sorry.

26 MR. GRANT: But also I'd like to -- you know, I thought

1       some level of discussion, because this one is a  
2       significant issue.

3   MR. GAFFNEY:    Sorry, you know I didn't --

4   MR. GRANT:     It's good, but I do want to get back to going  
5       around the table. I chastise Jim, who was the first  
6       one who jumped out of queue here.

7   MR. QUAIL:     I'm not the first one, actually.

8   MR. GRANT:     No, I know, but you carry on at length.

9   MR. QUAIL:     Well, actually it's brief for me. So --

10   MR. GRANT:    Chris, one more comment and then let's get  
11       back around the room.

12   MR. GAFFNEY:   It's just, you know, maybe the fairest  
13       thing is the guy has to -- you turn off his gas unless  
14       he decides Terasen or a marketer. You know, we're not  
15       going to do that, obviously. But you know, the  
16       customer has made a positive decision to get it  
17       marketed one way. You know, maybe they should stay  
18       with that until they positively elect otherwise. It's  
19       just a balance. And you can offer them the renewal at  
20       the then-rate, and you do have to send out a letter.

21   MR. GRANT:    Let's get back to -- we were with Gord, I  
22       think. Recognizing as well, though, that, you know,  
23       in a more contentious issue like this, at a minimum we  
24       want to get viewpoints and information out that will  
25       help Terasen in providing the report and application,  
26       even though the marketing group will have a chance to



1 comment on that following that. But, so, we don't  
2 need to finally resolve an issue that may not be  
3 resolvable, but we do want to get at least that much  
4 information out.

5 So, back to you, Gordon. No?, sorry.  
6 We're going to go back to Judy first, and then to  
7 Gord.

8 MS. WASNEY: Judy Wasney, Superior Energy. I just -- I  
9 keep hearing everybody referring to five years. But  
10 in fact I thought the evergreen provision was the same  
11 rate for one year.

12 MS. MACKENZIE: Stacey Mackenzie from Terasen. Can I  
13 clarify a few points? From a systems perspective,  
14 yes, the evergreen contract they signed is usually a  
15 five-year term. If the customer or the marketer  
16 doesn't submit the drop, it will renew for one year at  
17 the same rate they were currently paying.

18 And from a stats perspective - I ran them -  
19 less than one percent of all the contracts in 2007  
20 have evergreened. So what marketers seem to be doing  
21 anyway is going back to the customer, signing new  
22 five-year contracts, or new terms at different rates,  
23 because the market has changed in that time period.  
24 So, it doesn't seem to us as Terasen to be an issue,  
25 because it's not being used the way it should. And  
26 from a systems perspective for processing, the

1 marketers are forgetting to contact us within the time  
2 period. Contracts are evergreening in error. Terasen  
3 has to back them out. Our billing group has to re-  
4 bill the customer. So from that part, it's causing  
5 system problems.

6 MS. WASNEY: Judy Wasney, Superior Energy. The bulk of  
7 our customer base wouldn't be coming up for evergreen  
8 yet, so we haven't had an opportunity to take  
9 advantage of that feature.

10 MR. GRANT: Gordon.

11 MR. POTTER: Yeah. Just, I guess, key points. There's  
12 one -- and again, I just want to emphasize that the  
13 mechanics of how you do it, I think, are the problem  
14 here, not the issue of whether or not you offer the  
15 customer that convenience. And I think with respect  
16 to this young lady's finding, it's probably because  
17 marketers are trying to provide more competitive  
18 rates. And in order to do that, what you see is a  
19 drop in enrolment, not that in fact it shouldn't have  
20 automatically evergreened if it had been able to do  
21 that.

22 So I think what we want to do is keep the  
23 end-use consumer in mind. I think protections are  
24 important. I think the package you send out ahead of  
25 time provides those protections, and I think it's very  
26 important to recognize, because as Chris had

1 mentioned, people tend to see things with a slanted  
2 view. They tend to look at it to say that the utility  
3 is where people should always go, because it's  
4 regulated. And just for the same reason that you may  
5 want to suggest that a customer shouldn't be left on  
6 an automatic renewal with the supplier they chose,  
7 possibly, by the way, however many years ago, if  
8 they're compelled to make a choice, it will be they've  
9 had five years and they're happy with the service. To  
10 Jim's earlier point, they're compelled to call you and  
11 say, yes, can you put me on for another five years.  
12 They'd also be just as compelled to cancel if they  
13 weren't happy, which would be a positive election back  
14 to the utility.

15 And what we're saying is, in the event they  
16 make no positive election, one, you want to make sure  
17 it's a convenient service for the customer, there  
18 should be the opportunity to allow them to continue  
19 for some period of time on some rate, or under some  
20 offer that you make to them, and allow them to take  
21 it. The same as I do with my line of credit at the  
22 bank. I don't call them every year. They send me a  
23 notice. If I like the interest rate, I don't call  
24 them. It renews. It's the same thing. Because I  
25 don't have time to call them. I don't want to have to  
26 call them.

1 MR. GRANT: Thanks. We can only get through one more  
2 issue after this one before we break for lunch. Any  
3 other comments?

4 MR. KRESNYAK: Is the concern Terasen has, is it more to  
5 do with the term of the initial contract? So whether  
6 it's five or three or one, would you have the same  
7 concern with evergreen?

8 MR. WEBB: This is Scott with Terasen. No, again, our  
9 concern is with respect to the appropriateness of the  
10 whole concept of renewal contracts. And our  
11 preference is to discontinue them. So, you know, we  
12 presented three different areas where we're concerned.  
13 There is some minor systems issues, there is consumer  
14 protection, and there is our concern that although we  
15 grant it's not exactly negative billing, that given  
16 the confines that most of these contracts are under  
17 five-year terms, that it becomes rather stale-dated  
18 from a consumer's perspective. That, you know, the  
19 annual renewals at least is somewhat timely. Five  
20 years. Most of us won't remember what we signed five  
21 years ago in that fashion. Not for something like  
22 natural gas contracts. That's our concern.

23 MR. GRANT: Maureen.

24 MS. JESKE: Maureen Jeske from Direct Energy. I think  
25 our position is that we believe that the packaging  
26 that goes out is enough to advise a customer what the

1 options are. We're larger, of course, in Alberta than  
2 we are in B.C. Evergreening is a large portion of our  
3 business. We have extremely small customer issues  
4 with that. I would also give both back to Gordon's  
5 point that we get an opportunity to keep working with  
6 that customer after they've selected us to see if we  
7 can get them onto a better contract and a better rate.  
8 So, we absolutely would be opposed to removing  
9 evergreening.

10 MR. MAGNESON: Roger from Connect Energy. We have used  
11 auto-renewal in our customer contracts for 20 years,  
12 and without difficulty. And it's very clear in the  
13 contract in the first place what's going to happen at  
14 renewal time. Maybe consideration needs to -- we need  
15 to -- instead of 90 days in advance of renewal, 120  
16 days, to get around some of the Terasen issues. But  
17 the arrangement can be a very convenient cost-  
18 effective way of -- you know, that both parties can  
19 benefit from. So we would be in favour of continuing  
20 with an auto-renewal provision.

21 We don't necessarily use it at the same  
22 price. I understand the way that this model defines  
23 an auto-renewal, it's continuing for another year at  
24 the same price. But our renewal provisions is that at  
25 least 120 days in advance of contract expiry, we give  
26 notice to a customer with options and one of the

1 options is default. If we don't hear from you, that's  
2 what will happen. It's often a one-year rate, and we  
3 just haven't experienced any issues with that.

4 MR. DIXON: I think being one of the marketers in this  
5 market who has written one-year deals, which is  
6 probably representative of the one percent that auto-  
7 renewed, we didn't -- did we have any issues with  
8 that? No issues with the auto-renewals. I echo, I  
9 think, Gord and Roger's point that a marketer should  
10 have the ability -- maybe it's the ability to lower  
11 the price for the customer on the renewal. So, you  
12 know, rather than having to renew a customer at \$10, I  
13 can lower his rate for him at \$7, and the auto-renewal  
14 gets -- I think that adding that type of feature would  
15 probably be used by everybody in the room.

16 In terms of, you know, the negative -- you  
17 know, the negative option, it's -- the customer is  
18 agreeing to an auto-renewal when he signs a contract.  
19 It's on the front page of our agreement. Possibly if  
20 Terasen is concerned, or if the Commission is  
21 concerned, maybe that should be included as part of  
22 the verification.

23 If Terasen is concerned that the letters  
24 aren't going out, maybe Terasen should send a letter.  
25 You know, just like they send a confirmation letter,  
26 send out a letter saying, "Your contract is up for

1 renewal, just to make you aware." But I think that  
2 the renewal is of value. It can be of value to both  
3 the marketer and the customer, and I don't think it  
4 should be taken away. You know, as we see in other  
5 jurisdictions, there is no problems with those  
6 processes. If the customer wants out, they're going  
7 to pay attention to the letter, and they're going to  
8 get out.

9 MR. QUAIL: If you're prepared to lower the price, you're  
10 prepared to renegotiate. So it seems to me you're  
11 arguing against your own position, and you should have  
12 to renegotiate at the end of the term. And we're  
13 absolutely not going to move on that. And just simply  
14 explaining this, you know, changing the language at  
15 the outset in the contract, is not a solution. The  
16 cable TV companies had very similar practices, and it  
17 is -- I mean, legally they might argue it's not the  
18 same as negative option billing. It has that flavour  
19 to it, and I don't see how it's in anybody's interest  
20 to maintain it. But as representatives of consumers,  
21 I can tell you we are staunchly opposed to this;  
22 totally unconvinced by anything that's been said to  
23 the contrary today.

24 MR. GRANT: Thank you. We're just about at noon, but I'm  
25 wondering whether this next one might be something  
26 that people might agree to generally, so let me give

1       it a go, and if we get bogged down in a lot of  
2       discussion, maybe we'll break and come back to it.

3       **3.3.2 Renewal Notices**

4       MR. GRANT: But in terms of the renewal notices, the  
5       Commission staff are thinking that there should be a  
6       standard renewal notice that's approved by the  
7       Commission, that that should be developed for use.  
8       And in terms of the kind of information that we think  
9       should be in that, first off we think two copies of  
10      written notice of all the options for selection by the  
11      customer for a new term and price, including the  
12      option to cancel the contract on its expiration date  
13      should be one of the things.

14               The second item that we think should be in  
15      there is that there should be a clear notice of  
16      process given to the customer in the event that no  
17      response is received from the customer to the gas  
18      marketer, and then that the customer should get the  
19      standard information booklet. They should get a copy  
20      of the original signed contract, and a copy of the new  
21      contract with the new term and the price.

22               And we're wondering, so that we know that  
23      the customer gets it, which has been an issue in this  
24      last one, whether should it be sent by registered  
25      mail, so that instead of -- you know, we're kind of  
26      cycling back a little bit into our one that we're



1 worried about the customer not taking action on things  
2 and then getting renewed, and at the previous term and  
3 price kind of component to it. So we're wondering  
4 whether, you know, registered mail, would that help to  
5 resolve that.

6 Anyways, we think that this area of the  
7 renewal process should be tightened up in this kind of  
8 way. So, wondering about comments about that from  
9 parties. Terasen.

10 MR. WEBB: This is Scott with Terasen. We're generally  
11 supportive of the Commission's position. If we were  
12 looking at improving renewal notice procedures, we'd  
13 suggest adjusting the confirmation, the original  
14 confirmation letter wording, to at least indicate that  
15 the contract will auto-renew. We're also suggesting  
16 an additional letter upon renewal. So, secondly, a  
17 second confirmation letter to the consumer. And  
18 lastly, adjusted bill message. We do notify the  
19 customer right now that their contract will be  
20 renewing with the marketer on the bill message, but we  
21 think that the wording could be tightened up and  
22 improved.

23 MR. GRANT: Oh, okay. All right. Let's go around. Moe,  
24 views.

25 MR. HAJABED: I have one question. Would the letter and  
26 a wet signature be sufficient for renewal? From a

1 customer? Any sort of wet signature?

2 MR. GRANT: Well, I think we'll be getting to some other  
3 things with that, but we're also thinking that this  
4 renewal should be done with the account holder for  
5 sure. And that there should be a signature in some  
6 form, whether it's a wet signature or there's, you  
7 know, *Electronic* something *Act* that might apply. But  
8 then we're also thinking that in terms of the package  
9 that the Commission -- that the customer gets, that it  
10 includes those other things that I ran through,  
11 including the standard information booklet, their copy  
12 of the original signed contract, and terms and  
13 conditions spelled out for them, including the right  
14 to cancel. So, we're thinking of that overall package  
15 being there.

16 MS. WASNEY: Judy Wasney, Superior Energy. Our renewal  
17 packages that we use in Ontario are quite well  
18 defined. We send out both current and the new terms  
19 and conditions. The requirements include the size of  
20 font to ensure that there isn't any small print. So  
21 from that standpoint, I don't see an issue. I think  
22 it always makes it a little difficult to just  
23 standardize in a letter, but, you know, in terms of  
24 the components of the letter, I would certainly  
25 support that versus a standard letter.

26 The question of registered mail is costly,

1 and so that would obviously be built into the price at  
2 some point, and I don't know whether it's always  
3 effective. So, I would certainly suggest that. But  
4 I'm also asking, are we talking about these changes in  
5 lieu of removing the evergreen, or in addition to  
6 removing the evergreen?

7 MR. GRANT: No, we see this applying to all renewals.  
8 Anyway, good points on that.

9 MS. WASNEY: Okay, no further comment.

10 MR. GRANT: Gord?

11 MR. POTTER: Oh, Gord Potter, Just Energy. A couple of  
12 quick points. Yeah, absolutely good to have a kind of  
13 an outline of what should be in a renewal package.  
14 Wouldn't support unless you made me, the standardized  
15 renewal, because I think that removes the ability to  
16 tailor it to each company. But I think having the  
17 Commission review and approve it would be good, and it  
18 should have certain elements within that package.

19 We just went through this similar exercise  
20 in Ontario, and once again providing a copy of the  
21 original terms and conditions I don't believe provides  
22 any benefit, except it's a lot of costs and it's  
23 confusing to consumers to see two sets of terms and  
24 conditions. If you're offering them something in the  
25 future, you should be offering them terms and  
26 conditions for that. I don't think it provides value,

1 and all it's done in Ontario for the last several  
2 years is confuse people, because they don't understand  
3 why they have two sets of documents which are almost  
4 identical.

5 The registered mail, same thing is in  
6 Ontario. Hugely expensive. I think most of us, or at  
7 least some of us, we send out our mail. We have  
8 records of what went out in the mail, and we have -- I  
9 forget what they call it, but there is some kind of a  
10 postage -- confirmation of the number of pieces, and  
11 there is a record of which pieces went out. I think  
12 that should suffice. For the very few times it's ever  
13 come up that somebody suggested they didn't get a  
14 renewal package, that can be worked out.

15 And the last piece, which I'll just leave,  
16 is this issue where we had parties in the market who  
17 started signing contracts to people, like, three years  
18 later. So they would be in a contract till the end of  
19 2012 right now, and somebody would come up and sign  
20 them from January 1<sup>st</sup>, 2013 for five years. And  
21 Terasen accepts the transaction currently, if I'm  
22 wrong, because your system doesn't see an overlap.  
23 And then some time close to 2012 we'll send a renewal  
24 notice. The customer will like that, perhaps that  
25 offer might be more advantageous, and they'll accept  
26 the offer even though two years previously they signed

1 with somebody else for a contract that starts in '13.  
2 If I try to submit that renewal or that new -- you  
3 know, for lack of a better words, the renewal, it will  
4 get bounced, because your system sees that three years  
5 ago they signed with somebody else.

6 And I think that has to be addressed, and  
7 that goes to my earlier point about separating the  
8 opportunity to offer the consumer versus the  
9 technical, and how you execute it technically.  
10 Because, in my view, the most recent authority should  
11 override. But at the same time, your system doesn't  
12 see that, because it's not set up to see that. So  
13 what it would do is, it would just kick out the  
14 customer's agreement, even though they just agreed to  
15 it. So I think that's something else that, whether  
16 it's tied to renewals that are automatic versus  
17 positive versus new contracts signed at the end of  
18 term that has to -- something has to be overcome in  
19 that technical specification, because it doesn't serve  
20 any longer.

21 MR. GRANT: I'm wondering, since both you and Judy  
22 brought up that this has recently been dealt with in  
23 Ontario, I'm wondering whether there is something not  
24 at this meeting, but maybe in the next week or so,  
25 that you could send back by e-mail to Terasen and to  
26 the other parties that will get e-mails and signatures

1       for people attending today, on that Ontario one, so  
2       that Terasen can take that into account as well. More  
3       comments?

4   MR. PELEGRENO:    I agree with Gord, with what he said --

5   MR. GRANT:       Jeff, who are you?

6   MR. PELEGRENO:    Jeff, Smart Energy. We just went through  
7       that. We had the previous management sign up a whole  
8       bunch of people, and those contracts just kicked in in  
9       February and again in June. And those were written  
10      three or four years ago. We actually did send out  
11      letters to these people that signed up at that high  
12      rate, offering them our lower current rates and if  
13      they didn't respond, we kind of took a middle ground.  
14      So that helped somewhat. Our new policy now is, we  
15      don't go six months out. That's it. So --

16   MR. GAFFNEY:     Chris at Planet Energy. I agree with the  
17      standard package, I think that's a good idea. I  
18      disagree with the cost of the registered mail  
19      component, and would also like that the package can go  
20      out, you know, through e-mail, especially if the  
21      customer has signed up on the internet that they can  
22      receive it on e-mail and either be linked into a  
23      portal or reply to the e-mail to confirm that, and  
24      complies with the *Electronic Transactions Act*.

25   MR. KRESNYAK:    Yes, Peter, Bluestream. Yeah, I think a  
26      standardized package is a good idea. I kind of echo

1        your comments, Chris. I think, you know, having a  
2        customer aware of what they're renewing, and so on, is  
3        a good idea. But that providing them with a, you  
4        know, or asking that the marketer provide a copy of an  
5        existing contract, or an original contract is  
6        probably, you know, a little redundant. But that's  
7        our thoughts.

8        MR. DIXON: Tom Dixon, Access Gas. I think that a  
9        renewal package, in my opinion, is a marketing package  
10       for us. I think that the Commission should be  
11       determining what needs to be included in there. But  
12       at the end of the day, it's a marketing tool for gas  
13       marketers. You know, in terms of the registered mail,  
14       and I don't see the point of that. If the Commission  
15       or Terasen is concerned that, you know, we're not  
16       sending out the renewal package properly, Terasen can  
17       send a letter to the customer saying, "You're up for  
18       renewal." And that's probably a more effective --  
19       sorry?

20       MR. GRANT: And I think they said they are doing it.

21       MR. WEBB: We do send out a bill message.

22       MR. DIXON: You're not doing it --

23       MR. WEBB: So we'd have no confirmation letter going out.

24       MR. DIXON: But maybe it's a separate -- I don't -- you  
25       know, I'm just talking out of my hat here, but, you  
26       know, if there's concerns about a customer not being

1       aware of renewal periods, or send out a letter, put a  
2       bill insert in, you know, that will make the customer  
3       aware of that. Our package goes out, it's a marketing  
4       package.

5                     The confirmation on an evergreen, you know,  
6       like that, or a confirmation on renewal, absolutely  
7       they should get a letter from, you know, we submit  
8       that enrolment. Absolutely, that a letter goes -- I  
9       assume right now a letter goes out.

10   MR. WEBB:     Not on renewals.

11   MR. DIXON:    Not on renewals?

12   MR. WEBB:     No. They get a --

13   MR. DIXON:    I would submit that it's probably a good idea  
14       to send that letter out. It should be treated no  
15       different than a brand-new contract. Evergreen is  
16       different. You know, evergreen is a different thing.  
17       But on a contract where you're changing the price --

18   MR. WEBB:     Oh, no. I'm sorry, Tom, it's actually -- yes,  
19       they are.

20   MR. DIXON:    Okay. And that's -- you know, they're  
21       getting a marketing package from the customer, they're  
22       agreeing to a rate, and then they're getting a  
23       confirmation letter. I don't think that registered  
24       mail and why do we need it? They can verify a letter  
25       was sent out.

26   MR. GRANT:     Jim, any comments?



1 MR. QUAIL: Yeah. First of all, I don't think we really  
2 have a position on whether -- well, you know, there  
3 certainly could be some latitude for the marketer in  
4 inserting their own stuff in it. But the Commission,  
5 I think, should be approving the content. That should  
6 include sort of the order and primacy of the messages,  
7 so that the stuff that's important, from our  
8 standpoint, isn't sort of small print on the last  
9 page. So as long as it's carefully reviewed by the  
10 Commission before it goes out, we don't really care.

11 I think the issue raised about contracts  
12 being signed well in advance on the expired existing  
13 one, from a consumer is also a very serious concern  
14 from a consumer standpoint. I think, you know, that's  
15 a very important issue. So, looking at some kind of a  
16 time -- defining the time frame was sort of a maximum  
17 period of time in advance of the operation of the  
18 contract, that it can be -- can it be signed, would be  
19 a very useful thing, probably, from the consumer  
20 standpoint. Whether that's six months, or whatever,  
21 we can talk about. But that sounds like a very useful  
22 thing.

23 One general observation is that a lot of  
24 what we talk about in consumer protections here assume  
25 that customers are all literate in English. And for a  
26 very large number of customers, that's simply not the

1 case. So, I think some thought should be given --

2 MR. GRANT: Kind of personal for me, isn't it, Jim?

3 MR. QUAIL: Well, take it any way you want.

4 But I'm thinking specifically of people  
5 whose first language is other than English, and  
6 perhaps in a lot of these materials, including  
7 material on the Commission's website, at a minimum  
8 there should be messages in a variety of different  
9 languages that tells people how they can access the  
10 information in a format that they can comprehend. So  
11 have, you know, commonly spoken or written languages  
12 within the service area, and have, you know, messages  
13 saying "Here is where you can call or write, and  
14 you'll get a brochure in your language and have that  
15 provided," would be very important. Because we're  
16 staking an awful lot on informed consent, and somebody  
17 gets something that to them is gibberish in English.  
18 Like if I move to almost anywhere else in the world,  
19 and I got, you know, a message coming to me in Swahili  
20 and somebody assumes that my interests have been  
21 protected because I got that letter is a bit of a  
22 fiction.

23 So I would urge that we develop mechanisms  
24 like that in all of these sort of key messages that go  
25 out to customers.

26 MR. GRANT: Great, thanks. You reminded me of having

1       just come back from the Yukon. They have ads there  
2       for bilingual people. They'd like German and English  
3       in the Yukon. Probably German first for the number of  
4       them up there.

5 MR. QUAIL: Yeah.

6 MR. GRANT: Anyways, why don't we break for one hour,  
7       come back at ten after one and we'll pound through the  
8       rest. Thank you.

9 (PROCEEDINGS ADJOURNED AT 12:05 P.M.)

10 (PROCEEDINGS RESUMED AT 1:10 P.M.)

11 3.3.3 Contract Renewals and Blend and Extend Offering

12 MR. GRANT: On item 3.3.3 and Summit's request for  
13       information there, I'm not sure, it's probably best  
14       off if we sort of get it going here with a bit of the  
15       Commission staff's points. So let's take each point  
16       as we go. The first one:

17       "Does the Commission differentiate between a  
18       renewed contract and a blend and extended  
19       contract?"

20       And Jenelyn has advised for me the aspect to identify,  
21       that the code defines renewal, and it is the  
22       replacement of an existing contract with a further  
23       contract with the same gas marketer, which will have a  
24       new term, may have a different price than the  
25       consumer's previous contract, and may also include  
26       revisions as a result of changes in law that go to

1           conduct and rules for gas marketers.

2                       The code doesn't define the blend and  
3           extend components there, but I think essentially the  
4           Commission Staff view is that the contract renewal,  
5           whether it's a blend and extend or a contract renewal,  
6           a renewal is a renewal basically, is our view on that.

7                       Does that help? Maybe the thing would be  
8           to ask Summit next and then go around the room,  
9           starting with TGI.

10   MS. SINSON:    I'm okay with the Commission's definition.  
11                    So that's clear now. We just needed clarification on  
12           these items.

13   MR. GRANT:    I see, okay. So then for our second one we  
14           have:

15                    "Is the gas marketer required to complete a  
16           TPV call if a customer renews or extends a  
17           contract at the door?"

18                    And I think especially at the door, because we're so  
19           concerned about the potential for influence on the  
20           door-to-door sales. All contracts renewed or extended  
21           through the door-to-door channel, in our view, need a  
22           TPV.

23                    The third item, people can jump in if they  
24           have comments they want to add to that, but:

25                    "Is the customer entitled to receive a  
26           confirmation letter from Terasen Gas when

1           his or her renewal or blend or extend  
2           enrolment request is successfully  
3           processed?"

4       And our answer to that is yes.

5           And then the final one:

6           "What cancellation rights does a customer  
7           have after he/she has signed a renewal  
8           and/or blend or extend contract?"

9       And we view that as having -- the Article 27 for the  
10       agreements renewal says,

11           "Where no instructions..."

12       Am I on the wrong one? Oh yes. Have I skipped a  
13       question? Sorry.

14           Okay, so I'm on the:

15           "Can the gas marketer renew the contract  
16           at..."

17       Sorry, I apologize.

18           "...the price and term outlined in the renewal  
19           package if the customer does not respond to  
20           the renewal package."

21       And the answer to that one is "no". We got the yes,  
22       and now the no. And we refer to Article 27, which  
23       states that:

24           "Where no instructions are received by  
25           Terasen from the current gas marketer of  
26           record prior to the cut-off date for the

1 applicable renewal contract, and where a  
2 valid enrolment for the same customer is not  
3 received by Terasen from another marketer,  
4 the consumer's agreement will be evergreen  
5 with the same fixed price for the 12-month  
6 period."

7 And that goes in with our discussion on our viewpoint  
8 at this point that the evergreening should occur just  
9 once, and we terminate evergreening for future ones.

10 Sorry, Gord?

11 MR. POTTER: Gord Potter, Just Energy. So this goes back  
12 to my earlier point about the technical difference of  
13 versus not a renewal. The code I don't think says --  
14 it doesn't say that I can't offer the customer a lower  
15 price on an automatic renewal. What it says is that  
16 if I don't tell Terasen the price change, they'll  
17 continue to renew it for a year at the same price, and  
18 I think this just what was part of the discussion, and  
19 there might have been confusion this morning, is that  
20 if I renewed the guy at the same price and I don't  
21 send any other instruction to Terasen, then they'll  
22 just auto-renew it for a year at that same price. It  
23 doesn't mean that I can't automatically renew him at a  
24 completely different price. Nothing prohibits me from  
25 doing that, correct?

26 And this was the point, is my package to

1 the customer could be an automatic renewal for one  
2 year at five bucks, and then I would have to somehow  
3 send the right transactions to Terasen to change the  
4 price to five bucks. But they're not tied. Like the  
5 automatic renewal I offer to the customer and the way  
6 I do it are not exactly tied. I just wanted to make  
7 that clear.

8 So your answer to, "Could I renew it at a  
9 different price", I just respectfully would suggest  
10 that, you know, we would disagree that I could renew  
11 it at a lower price. It's just different transactions  
12 in order to make it happen. Would that be more  
13 accurate?

14 MR. GRANT: I think that is more accurate, but I guess  
15 the concern that we're wondering about a bit there is,  
16 now you're renewing at this different price, and so  
17 we're thinking of the protection of the customer in  
18 terms of -- I've forgotten, since I'm not involved  
19 with this as much as you guys are, does the customer  
20 then get all of the things that he needs in terms of  
21 cancellation rights, TPV call, or the other  
22 components? All in all if he does, then good, I guess  
23 would be the answer.

24 MR. QUAIL: Well, renewal at a different price means it's  
25 a new contract. It's recontracting --

26 MR. GRANT: Right.

1 MR. QUAIL: And so start from square one. So works for  
2 everybody, but all -- the same process protections  
3 should apply as in any new contract that's entered  
4 into.

5 MR. GRANT: Yes.

6 MR. QUAIL: It replaces an old one. It isn't really a  
7 renewal.

8 MR. GRANT: Yeah, well that's our point, but I was taking  
9 Gord's nodding of his head to be yes, that's true,  
10 that really all of those protections are in place for  
11 that one. Is that right?

12 MR. POTTER: I would say they should have all of the  
13 right things in place. They should have a  
14 cancellation opportunity.

15 MR. GRANT: Right.

16 MR. POTTER: I don't -- and I just respectfully don't  
17 agree that it's good for everyone. I think it's good  
18 for the customer if they want to conveniently renew  
19 it, whatever, and give them the package. But I do  
20 agree that that package should have some specified  
21 elements to it, such as cancellation rights, certain  
22 things clarified and spelled out, terms and  
23 conditions, the price, that I would agree with.

24 MR. QUAIL: I don't think we're saying the same thing.  
25 It isn't clear to me.

26 MR. POTTER: No?



1 MR. QUAIL: My understanding is in an arrangement like  
2 that, in effect basically it's a whole -- there's a  
3 new contract. They're in exactly the same position  
4 and have exactly the same protections as if you were  
5 dealing with them for the first time, because it isn't  
6 an extension of existing contract, it's a new contract  
7 with a new price. So everything applies.

8 Maybe we're saying the same thing. I just  
9 want clarification.

10 MR. POTTER: No, I think we're saying two different  
11 things. I'm saying it is not a brand new contract.  
12 All it changes is the price, and the rest of the  
13 contract, the terms and conditions stay the same.  
14 It's similar to other markets.

15 MR. QUAIL: It's totally boiler plate, but it's in fact  
16 -- that's all there is to the contracts.

17 MR. POTTER: Just for the purpose of today, I don't mean  
18 to continue the discussion, I think we all -- we don't  
19 all agree is what I'm saying.

20 MR. HILL: But I think -- Shawn from Terasen. I think  
21 what the understanding is is you have to define what  
22 you mean by "renew", and you have to define by what  
23 you mean by "evergreen". And it sounds like in the  
24 room we all have a different connotation of what that  
25 actually means to everybody, right? When I think of a  
26 renew, that's a new -- they're a Just Energy customer,

1 but they're renewing under a different terms and  
2 conditions. One of the facts is a new price. Right?  
3 So.  
4 MR. GRANT: For those we want to know what are the  
5 processes. Jim says, you know, has to be all the same  
6 process, but I guess as you look at the application,  
7 perhaps defining what the processes should be for  
8 these ones would be quite helpful for us.  
9 MR. POTTER: Yeah.  
10 MR. QUAIL: Third party verification and confirmation.  
11 MR. WEBB: This is Scott from Terasen. I generally agree  
12 with Jim's comments. From our perspective and  
13 certainly from a system's point of view they're  
14 treated as new contracts, and all the same provisions  
15 would be in place should one of those be submitted.  
16 MS. JESKE: Can I ask a question? It's Maureen Jeske.  
17 We've had conversations prior to lunch that there were  
18 new programs, had a package that went out to customers  
19 that gave them information in that package. So if  
20 they agree to the package, it's a renewed contract.  
21 It's my customer today, I'm sending him out our  
22 package and he's agreeing -- they're agreeing to the  
23 extension of terms or the price or the changes, and I  
24 agree that they should get a copy of the new terms and  
25 conditions, most definitely. But I don't see it as a  
26 brand new -- it's not a new acquisition. I've got the

1 customer and it's a renewed customer, so.

2 MR. QUAIL: But you're selling them a different thing.  
3 You've sold them let's say three-year supply of gas  
4 and now you're selling them a two-year supply of gas.  
5 The price is different. It's like I go to a merchant  
6 twice and I buy, you know, a bag of flour today and I  
7 buy another bag next week. Those are -- it's a new  
8 contractual arrangement. All the same provisions  
9 should apply, and just the fact that somebody got a  
10 package can't be deemed somehow they've consented to  
11 everything. They may not understand a word of it.  
12 Receiving a third-party verification, for example,  
13 should apply in all these instances.

14 MR. GRANT: Got that viewpoint. I recognize the aspect  
15 as well that, you know, from a marketing standpoint  
16 one wants to treat these customers as it's a renewal  
17 of the customer, and so there's a marketing component  
18 there.

19 I wonder, though, with the last question,  
20 that's sort of taking Scott's one as well, that it's  
21 treated essentially as a new contract as it comes in,  
22 and the last question was really about the  
23 cancellation rights on the renewal, and our staff view  
24 is that the 10-day cancellation would apply. Yes?

25 MS. SINSON: In regards to the blend and extend that is  
26 in this question, the second one, the blend and extend

1 program is actually part of our existing contracts,  
2 whereas the customer can contract within the term of  
3 the contract, which is within the five years. If  
4 we're offering a lower rate at that time, then we will  
5 blend in the rates and give the customer that lower  
6 rate for an extended term.

7 So I don't think that falls under a new  
8 contract and it doesn't fall under a renewal. So  
9 would TPV still be required in such instances?

10 MR. GRANT: I think as we've discussed it, the biggest  
11 stumbling point for us is the concern about what we  
12 thought was undue coercion at the door. So what we're  
13 talking about, you know, kind of doing the TPV call,  
14 we're kind of going, whatever that guy is at the door  
15 and might be coercing the person inappropriately,  
16 we're pretty adamant that a TPV call needs to follow  
17 that up. Thereafter we're going to get to some  
18 discussion about the telemarketing option and the  
19 internet marketing, and we're not so sure about TPVs  
20 necessarily in those ones. You know, we're sort of  
21 open for some discussion.

22 But here we have the aspect I think then,  
23 that you've sent out the package and people have  
24 mostly when we discussed 3.3.2 on the renewal notices,  
25 people were generally supportive of the fairly  
26 significant package of information that we were

1 speaking of. The consensus was generally that no,  
2 don't bother doing it by registered mail and -- but  
3 that there should be some of these protections  
4 involved.

5 And with respect to the aspect there, of  
6 the follow-up, whether that needs to be by a TPV call  
7 or not, we're not sure on that. We're really open to  
8 viewpoints or hearing the viewpoint before the  
9 Commission pronounces on that. So are we stuck in the  
10 mud in a position on that? We're not sure that we  
11 are.

12 But we do know, I guess, in our minds, that  
13 if it's happening at the door on a door-to-door basis,  
14 we're really concerned about that and we want the TPV  
15 call for anything that's door-to-door.

16 MS. SINSON: I'm still not clear, because the blend and  
17 extend in this case is actually part of the contract.  
18 So it's not like the contract has expired and we're  
19 renewing it or it's being extended for 12 months.  
20 We're saying to the customer that there's an option of  
21 five years program, if we are offering a lower rate  
22 within that term, then you have an option to contact  
23 us and we can negotiate a lower rate.

24 So what I'm saying is, this is part of the  
25 terms and conditions of the contract. Is TPV required  
26 once we offer that rate?

1 MR. GRANT: My answer to that one is, we're not so  
2 positive on that one. We would appreciate when  
3 Terasen puts in an application suggesting whatever  
4 they suggest, that when you comment on that -- perhaps  
5 they say a TPV should be required. When you're  
6 commenting on that, on the reasons why it is not  
7 necessary, I think taking into account that, yeah, our  
8 minds were somewhat open on that, but we are very  
9 concerned about the protection of the customer, so  
10 trying to explain to us why perhaps a TPV wouldn't be  
11 necessary or something else wouldn't supplant the TPV  
12 that's more easy to do.

13 You know, we are thinking, for example, on  
14 the internet, that perhaps the person can click off  
15 that I have read and done the other things on what  
16 would be the script components right there. So  
17 depending on how it comes in might be different as  
18 well.

19 MR. QUAIL: As far as that kind of reader goes though, I  
20 mean our interpretation would be that the original  
21 contract gives the customers the right to enter into a  
22 new contract. But it's a new contract. It's the same  
23 as if it occurred at the expiry of the term. It's  
24 just it's happening earlier than that and they're  
25 replacing one contract with another. It's a new deal  
26 and all the protections should apply.

1                   We'll get around to the question of whether  
2           the right person is signing, but indicate -- you know,  
3           we see that as a pretty good reason for the TPV, and  
4           just about every --

5   MR. GRANT:    Yeah. No, we have some views on that that  
6           are pretty consistent with -- or quite similar to what  
7           Terasen has on that one. But anyway, I think for the  
8           purposes of trying to explain that one, I think that  
9           covers it, does it?

10   MR. WEBB:    Just one point. This is Scott with Terasen  
11           Gas. We do have a concern with regards to blend and  
12           extends that -- again, we perceived them as a  
13           marketing term at this stage. There's no system  
14           infrastructure to support a blend and -- what  
15           marketers would perceive as a blend and extend, and we  
16           want to make a point that essentially they should be  
17           occurring at the 12-month period. So they should be  
18           associated with anniversary drops and not done mid-  
19           year.

20   MR. GRANT:    And I think all of that one turns on whether  
21           it is a real problem for the essential services model  
22           or not, and until it's decided that somehow it isn't a  
23           problem for the ESM, then the Commission Staff point  
24           of view is with you on that. That these blend and  
25           extends and renewals happen on the anniversary at this  
26           point. Okay.

1 MR. QUAIL: And we say it's a dodge to get around the  
2 limitations on evergreen. It's kind of a transparent  
3 dodge to avoid the time limit on evergreen extension.  
4 MR. GRANT: Well, our one still is the one on that at  
5 this point, that our view is that phase-out  
6 evergreening in the contracts --  
7 MR. QUAIL: The blend and extend would be a way of  
8 achieving the same applications  
9 MR. GRANT: Yes. I see.  
10 MR. QUAIL: It's a dodge. See what I mean? And it's why  
11 you've got the person locked-in in the existing  
12 contracts, so they're not even available, not fair  
13 game for a competitor either. So in a way it's even  
14 more anti-competitive than sort of standard  
15 evergreening.  
16 MR. GRANT: All right. Are we on to 3.4?  
17 MR. GAFFNEY: Just one last quick -- Chris at Planet --  
18 if a customer enters into a blend and extend and  
19 through whether it's TPV or the letter and that, then  
20 cancels, they just fall back under the original  
21 agreement because they're cancelling the blend and  
22 extend? So they don't --  
23 MR. GRANT: Yeah.  
24 MR. GAFFNEY: I just want it clarified.  
25 MR. GRANT: So they aren't getting out of the original  
26 contract. Good point.



1 3.4 AUTHORITY TO SIGN CONTRACTS

2 MR. GRANT: On the authority to sign contracts, and  
3 here's our one that we've had two problems, I guess.  
4 One is in the case of some commercial ones, and there  
5 was discussion from Terasen this morning of the  
6 difficulty of someone who doesn't have authority  
7 signing up. But equally we've had the problems in the  
8 past at the residential level, that someone may not be  
9 -- or the account holder may not be aware that the  
10 spouse or somebody else in the family has signed up.  
11 And one of our ones with respect to this is we think  
12 that the TPV call should then go to the account  
13 holder. I think currently the TPV call would go back  
14 to the same person who signed up, and we're concerned  
15 that it's the account holder is the one that's going  
16 to be responsible for it at the end of the day. And  
17 so that the TPV call should go back to that person if  
18 it was somebody else who was signing the contract.

19 Now, the other part that we're interested  
20 in, and -- is it active? We agreed to the finding out  
21 who the person is.

22 Well anyways, consistent with some of the  
23 things that Terasen was saying, that especially in the  
24 commercial ones where it may be a business rather than  
25 a person, that we think that it would be timely to  
26 start making changes, whether we do it through the

1 code or whatever is being done for the contract, but  
2 that there is an extra due diligence in the case of  
3 the commercial contracts to find out that the person  
4 does have authority to sign.

5 So rather than getting the waiter to sign  
6 the things, one is asked some questions of, you know,  
7 why do you have authority to bind this company to this  
8 agreement? You know, so that one ferrets out the  
9 aspect through that one -- through that process, of  
10 the person perhaps signing, what their position is in  
11 the company, but identifying that so that we get away  
12 from the complaints that we have had that Joe Blow  
13 from the front desk of a company was the person who  
14 signed on to this commercial contract and didn't have  
15 authority to do that.

16 Have I covered the issues? Yeah, those  
17 were our viewpoints with respect to authority to sign  
18 contracts. Maybe it's good to go around on this one.  
19 That sounds pretty consistent with what you were --  
20 the position you were taking this morning, Scott.

21 MR. WEBB: This is Scott with Terasen. We've got  
22 reservations with the suggested approach. One, it  
23 would likely be hard for the gas marketer sales rep to  
24 identify who the account holder is, for example with  
25 commercial companies. It may just be the company name  
26 on the bill. So that would pose a problem from a

1 commercial perspective. And even from a residential  
2 point of view, I'm concerned that it may cause even  
3 more significant problems in terms of getting the  
4 required TPV within the suggested window.

5 So, we think that there -- with some of the  
6 enhancements we've made on the consumer protection  
7 activities and the recommendations associated with the  
8 commercial side, that we've taken good steps to  
9 protect the customer. This additional step may be  
10 problematic to enforce.

11 MR. GRANT: And so I do take it, though, from your  
12 comments earlier today that with respect to phoning --  
13 the TPV in a residential phoning the account holders,  
14 that you're in agreement with.

15 MR. WEBB: Yes.

16 MR. GRANT: And with respect to the commercial, because  
17 of the problems of identifying who's actually paying  
18 the bill, are you saying then that the proposal that  
19 we have that as one tries to sign the person up, it's  
20 identifying what's your position and basically why are  
21 you allowed to bind the company would be a sufficient  
22 protection. Is that what you're --

23 MR. WEBB: Some sort of messaging or verbiage like that,  
24 that's attempting to validate the individual's role  
25 inside the organization and their ability to  
26 appropriately authorize that transaction.

1 MR. GRANT: Yes, good. Okay.

2 MR. POTTER: Gord, Just Energy, because I wouldn't want  
3 it to go by. It's like playing Euchre, I never let it  
4 go by.

5 Couple comments I guess we have is on the  
6 residential side, I think similar to other markets,  
7 that a spouse or the account holder should be allowed  
8 to sign. I think -- I can see your point about having  
9 the call with the account holder, but I have to stay  
10 neutral because I also see benefits to having the same  
11 person actually, if it was the spouse, had the  
12 contract and has read the contract.

13 On the commercial side, I think we already  
14 have a process in place where we verify the title of  
15 the person. We don't ask them why they think they  
16 have authority, because -- but I understand your  
17 point, and I'm hoping that you're not that literal as  
18 to what would be expected, because it's a -- it would  
19 be an awkward question to ask a vice president or a  
20 president of the company. But I think that the  
21 contracting party has an obligation or a diligence to  
22 make sure that the title of the person they're signing  
23 is high enough that it would satisfy generally -- who  
24 would be generally satisfactory, whether it's a  
25 director or VP or a controller or whoever.

26 MR. GRANT: So on your commercial one there's a person

1       who signs and then he puts his title at least, is that  
2       right?

3   MR. POTTER:    Yeah, on the contract they put their title.

4   MR. GRANT:     Yeah.

5   MR. POTTER:    And then in the verification column we  
6       verify the title and our verification reps have lists  
7       of titles. And as well we also ask if they've signed  
8       other similar type contracts for the company before.  
9       And then -- but I think again it gets to that issue as  
10      to what protection is needed for commercial customers.

11  MR. GRANT:     Right. But I think those ones are helpful to  
12      us in terms of the kind of thing. What we're trying  
13      to avoid is the complaints that we've had that the  
14      wrong person has been signing, and --

15  MR. POTTER:     The waiter.

16  MR. GRANT:     So the safeguards you have in there sound  
17      like they might be sensible ones for us to latch onto.

18  MR. PEGORARO:   Jeff, Smart Energy. Just an observation.  
19      I wonder how the waiter got a hold of the Terasen  
20      bills to show the sales person. The number of the  
21      premise and -- so at some point, you know, if somebody  
22      produces a Terasen bill it says, you know, got the  
23      authority to do it, I think if they have access to  
24      that information that ordinarily they would have some  
25      sort of authority. But I also agree with what you  
26      said on the --

1 MR. GRANT: So you wouldn't be opposed to the kind  
2 safeguards that Just Energy has --  
3 MR. PEGORARO: Not at all, not at all.  
4 MR. GAFFNEY: I agree with Gord's point again, on the  
5 commercial side, having that break point, as we  
6 discussed earlier, you know, small volume commercial  
7 versus larger volume and determining where that point  
8 is, I think would be important in the next step.  
9 MR. MAGNESON: Roger from Connect Energy. I support what  
10 Just Energy said. Onus can be on the marketer to  
11 ensure they're dealing with an authorized  
12 representative. We also have a spot on our contract  
13 to ensure that the person signing is authorized to do  
14 so, and as long as you have a spot there for their  
15 title, I think that suffices. It would be very  
16 difficult, as Scott alluded to, just for a marketer to  
17 establish who the account holder is, and the account  
18 holders change from time to time in the company as  
19 well. So, it's tough for the utility to keep up with  
20 that.  
21 MR. DIXON: Yeah, I agree. I just make the comment that  
22 I think that the TPV, with somebody saying they're  
23 authorized is vital, but I think that the biggest  
24 thing that's going to fix a lot of the problems you're  
25 seeing is actually sending out a confirmation letter.  
26 Because then the account holder is going to get the

1 information. You know, today you could have a  
2 divisional vice president sign a contract and it's  
3 paid out of head office. So if the bill goes to head  
4 office, that cancellation -- or sorry, the  
5 confirmation letter is going to go there, and that's  
6 -- to me that's the more important tool.

7 You know, we do a TPV as well, similar. We  
8 ask title. But the biggest challenge for us is  
9 insuring that our confirmation letter that we send out  
10 is going to the right place. And Terasen is the only  
11 one that has that information. We can't access it.

12 MR. GRANT: So a combination then between the two should  
13 do it for sure.

14 MR. DIXON: Correct.

15 MR. GRANT: Jim?

16 MR. QUAIL: On the residential side, what it's about is  
17 seeking to make an individual personally liable under  
18 a contract, and somebody else, unless you have  
19 evidence that they're authorized to bind the person,  
20 doesn't have the legal authority to do that. So as a  
21 matter of fact, a contract signed by a, you know, a  
22 19-year old son or spouse, somebody, is actually not  
23 enforceable legally against the account holder.

24 So from that point, in terms of legal  
25 standpoint, there's really no option but to get  
26 evidence that the account holder themselves has

1        consented to be bound. And I can't see any basis to  
2        routinely collect signatures from anyone other than  
3        the person you're seeking to bind on your contract.  
4 MR. GRANT:    Okay. Chris.  
5 MR. GAFFNEY:    Chris from Planet Energy. In Ontario,  
6        there's a provisional law that says a spouse can bind  
7        the other spouse for certain necessities of life, and  
8        I'm not sure whether B.C. has a similar type family  
9        law or matrimonial type Act. And so I think that's  
10       where Ontario -- and you can correct me if I'm wrong,  
11       Gord. That's where Ontario has landed is -- you know,  
12       what the OEB requires is that a spouse -- or account  
13       holder or the spouse of the account holder, and if  
14       it's anyone else you have to find out why that other  
15       person has the authority. Whether it's a power of  
16       attorney or something else. Why they can bind. And  
17       maybe it relies on that, you know, that part of the  
18       law to say the spouse can bind the spouse. But that's  
19       how it's --  
20 MR. GRANT:    We're still seeing that that residential TPV  
21       then still go back to the account holder, just to  
22       verify that problem.  
23 MR. GAFFNEY:    And I agree there's benefits with that, but  
24       also as Gord pointed out, there's benefits to the  
25       person who signed the contract being the TPV person,  
26       because, you know, he could just get someone in a good



1 mood, they just had dinner and a glass of Chardonnay,  
2 "Yeah, yeah, yeah, sounds great. You know, you talked  
3 to my husband? Oh, perfect, done." And I'm the  
4 account holder. Not that I have a husband, but.  
5 MR. QUAIL: You've got the spouse who's planning on  
6 moving out the next day signing up for the most  
7 expensive deal they can get.  
8 VOICE: We'll pay their \$50 cancellation.  
9 MR. GRANT: You're brutal. Remind me of my brother on  
10 his first divorce, is kind of going he was just happy  
11 that he'd never done the kitchen reno.  
12 3.5 ADDITIONAL LINE ITEM ON THE TERASEN BILL  
13 MR. GRANT: Anyways, Just Energy is the next one here  
14 with respect to the additional line on the Terasen  
15 bill. Gord, this was an issue last year. I thought  
16 the Commission essentially dealt with it in the  
17 decision, but over to you.  
18 MR. POTTER: Oh yes. We always address any issues that  
19 are brought up each year, but the purpose of the  
20 annual meeting is to review how the market has matured  
21 and changed and whether changes are needed. So I just  
22 put this back on. If it's a quick no, then we can  
23 just move on; but otherwise, we can go into the same  
24 thing as last year.  
25 VOICE: You have agreement on that one.  
26 VOICE: It's a quick no.

1 MR. GRANT: We think it's a quick no, but nonetheless it  
2 seems to me, you know, we were leaving it on on the  
3 basis that, you know, we're hoping the Terasen  
4 application will deal with it from their point of view  
5 and then we will get those opportunities to get the  
6 alternative viewpoints on that in. But, you know, at  
7 least last year, which wasn't all that long ago, in  
8 February, the Commission was fairly adamant.

9 MR. QUAIL: I don't believe that the utility can flog its  
10 non-utility services in its building materials either.

11 MR. GRANT: Well, we were a little bit worried about  
12 that. If you open it up to marketers to use that line  
13 for equipment and stuff, is Terasen then obligated to  
14 let the Joe Blow guy from the north shore who came by  
15 to replace my water heater a few months ago use it as  
16 well? I don't know, we see problems with the whole  
17 thing.

18 MR. POTTER: Yeah, I just think -- you know, Bill, it  
19 just goes to the point that the market, although we've  
20 done a lot of good things that have been very  
21 successful, it's been since I guess '04 now, and we're  
22 still only offering a fixed price. We're not able to  
23 offer other value added. Some of us have been able to  
24 let in carbon-neutral type products, those kind of  
25 things, and more flexibility in the billing. You  
26 know, at a cost, not for free. I think it would

1 benefit consumers, as well as the marketers, to be  
2 able to offer other natural gas related products or  
3 services.

4 MR. GRANT: We were concerned about, what happens when  
5 the equipment doesn't work, you've now got a dispute  
6 over it. Say you sold a guy a water heater and he's  
7 going to be paying for that on his Terasen bill, and  
8 the guy now says, "Well that was a crummy water  
9 heater, I want it out of here," but he doesn't have an  
10 option to stop paying the Terasen bill. He's going to  
11 get cut off if he does that. Isn't there a problem  
12 with that kind of thing, or how does that work in  
13 Ontario?

14 MR. POTTER: I know there's a no access agreement. Once  
15 that comes off, the utility will automatically stop  
16 the billing, for that portion of the bill.

17 MR. GRANT: But when the customer says he doesn't want to  
18 pay for that anymore?

19 MR. POTTER: No, when it comes out.

20 MR. GRANT: No, but I'm wondering, the customer now says,  
21 "It was crummy equipment, I want it gone," and the  
22 marketer's saying, "No no no, it was a good piece of  
23 equipment, you should keep paying." Does it only take  
24 the customer to tell Terasen to stop paying that or --

25 MR. GAFFNEY: It's Chris from Planet. Like the customer  
26 will contact the retailer or the water heater provider

1 or Enbridge and say, you know, whatever, "I didn't  
2 sign up for this water heater or it doesn't work,"  
3 Enbridge will contact the retailer and say, "There's a  
4 problem, fix it," and after a certain period of time,  
5 if it's not resolved, the customer's red locked or --  
6 I think that's what they call it. And then the  
7 charges don't go on the bill any more.

8 MR. POTTER: So there are options, but I'm just saying,  
9 just bring it up again, that at some point if we could  
10 have a reconsideration of it. Perhaps not this year,  
11 but soon, because it is very -- we're not really  
12 offering a lot of different value or different  
13 opportunities or offers to consumers. We're still  
14 offering the same thing, and I think what we're seeing  
15 is, you know, people have danced around today, is  
16 there's people that are at nine bucks or ten bucks a  
17 gigajoule, from old contracts. You know, other than  
18 trying to manage things to an anniversary date, we  
19 can't -- we don't have that ability to be able to  
20 respond or to, you know, to blend and extend offers or  
21 to change pricing mid-term or to offer, you know,  
22 water heaters or energy efficient furnaces or some  
23 kind of bundling where people can get a better gas  
24 rate if they've taken this service, that kind of  
25 stuff.

26 MR. GRANT: But I'm right, you can do that separately

1 from Terasen though, couldn't you? Or can you?

2 MR. POTTER: Yes.

3 MR. GRANT: Yeah, okay. Anyways, it's a hard sell, but

4 "Good luck with that," I guess, is the theme for that

5 one.

6 MR. QUAIL: Also the utility doesn't have that

7 flexibility either. Terasen can't do that either.

8 They can charge the rates that are approved by the

9 Commission for their vanilla service of providing

10 natural gas, and there's the new proposed offering for

11 the notionally green, but that's it. You know, it's

12 sort of a one-trick pony as far as Terasen utility

13 goes. So it's not like it's an uneven playing field,

14 you know, in terms of the customer's perspective.

15 MR. GAFFNEY: There's one point to add to that, though.

16 To Gord's point, you know, I guess the billing

17 platform and systems of Terasen is in a way a -- I

18 don't know what you call it in the regulatory field.

19 Like a regulatory asset that belongs to the

20 ratepayers, and to the extent that you can make more

21 money off that for the benefit of ratepayers, you

22 know, it seems like a good idea. And, you know, so

23 whether it's water heaters or carbon off-sets or what

24 -- you know, whatever the product is, that it's

25 related to natural gas, if that's something that goes

26 on the bill and Terasen can charge the billers another

1 million dollars, it just goes into the kitty for the  
2 ratepayers, it seems like a good idea.

3 MR. GRANT: Well, there's a bit of a dichotomy in, you  
4 know, things that I've heard from the Commission just  
5 out of the general discussions kind of things, where  
6 on the one hand the Commission is saying, you know,  
7 you marketers or marketers should be differentiating  
8 their stuff and adding more products and that's a way  
9 for them to expand their stuff into the market. That  
10 would all be good, on the one hand, but then on the  
11 other hand I think we've tended to have a relatively  
12 closed mind about the use of an extra line on the  
13 Terasen bill.

14 So I guess that at least outlines the  
15 challenge that you're facing as you put your pitches  
16 in on that.

17 MR. HILL: This is Shawn from Terasen. I just want to be  
18 clear that there's two distinct issues. One is, and  
19 according to last year's annual general meeting, one  
20 was an additional line on the bill and that had to do  
21 with the collection of revenues by the utility on  
22 behalf of market services that the marketer wanted to  
23 provide. And that's according to -- as Jim mentioned  
24 earlier, we have a provision under the Act that allows  
25 us to bill for a commodity, fixed price per GJ rates,  
26 right? So that's what we have in there.

1                   And then the other issue in terms of  
2           providing access to the bill, in terms of information  
3           or other products and services but not actually  
4           collecting revenue for it, that was a separate issue  
5           that was ruled on by the Commission last year as well.  
6           And our position hasn't changed on that as well, that  
7           we made distinct articulation between Terasen's role  
8           within the program, the role of the Commission and the  
9           role of the marketers in offering the fixed price  
10          offering to customers. And when we start offering and  
11          showing marketers' offerings on the customer bill we  
12          blur the lines there. And that was what we put last  
13          year in the AGM and our reasons, and that will be our  
14          answer again this year.

15 MR. GRANT: Well, while you're on the job then, how about  
16          an update on Whistler and Vancouver Island?

17 3.6 UPDATE ON THE WHISTLER AND VANCOUVER ISLAND MARKETS

18 MR. HILL: This is 3.6. So it's Shawn again from  
19          Terasen.

20                   Just to provide some background, we are  
21          open to moving forward with customer choice and  
22          transportation only offerings to TGVI and TG  
23          (Whistler) over time, but we do have some regulatory  
24          hurdles to overcome. And also CIS platform issues  
25          that Scott talked about as well here.

26                   So basically we do have some regulatory

1 applications that will be made in the spring of 2011  
2 and we'll start to deal with those regulatory hurdles  
3 to overcome, and those are such as rate design issues  
4 on TGVI, whether we amalgamate all three utilities  
5 under one brand, TGI, those are the things that we'll  
6 start to unfold on other regulatory -- through revenue  
7 requirement applications in the spring of 2011 to deal  
8 with post-2012 and beyond on how those things unfold.

9 But also related to that is then the CIS  
10 platform and when you can implement unbundled rates  
11 for TGVI and those types of things anyway. So those  
12 are some hurdles that we have to overcome before we  
13 can kind of get into the offering those products and  
14 services to those service territories.

15 I'm happy to take --

16 MR. GRANT: I think one in addition to that was the  
17 aspect that on Vancouver Island, because of the  
18 royalty relief program and the pricing comparable to  
19 electricity for that, that the royalty relief ends in  
20 2012. So that's the earliest time that one could  
21 consider it for Vancouver Island.

22 With respect to Whistler, I suppose there's  
23 the potential you could -- well, probably around 2012  
24 is perhaps about the earliest time you might be able  
25 to do it for that. Thinking of just the things to get  
26 in place.



1 MR. HILL: Yeah, and related to that is the  
2 implementation of -- effective January 1<sup>st</sup>, 2012 is the  
3 actual CIS project. So it's probably post-2012 when  
4 you could actually implement changes to whatever the  
5 -- you know, those things are being, as Scott said,  
6 being locked down as the services and rates and the  
7 services for those different utilities are being  
8 locked down in the fall here now. And so post-2012,  
9 we can't make those changes from a system perspective  
10 to go live January 1<sup>st</sup>, 2012 as well.

11 MR. GRANT: But I guess would it be that you could do it  
12 pretty quickly if it turned out to be the case that  
13 the Commission approved you basically offering the  
14 same tariffs to Whistler and/or Vancouver Island that  
15 you currently provide in the Lower -- well, in the TGI  
16 area. Then because it's all the same stuff that  
17 you've got opened up here, that would probably be  
18 pretty quick?

19 MR. HILL: So that's what we have to work through in the  
20 next year with the revenue requirement applications,  
21 and let's not assume that the Commission approves  
22 those types of things. Secondly, is ultimately we  
23 probably would have a communication issue on Vancouver  
24 Island, that they're used to bundled rates. So there  
25 would probably be a period of time where we'd have to  
26 show them on the bill, separate bill items, to allow

1       for customer education. That's just another something  
2       to consider there.

3 MR. GRANT:    Okay. Any comments on that? Good.

4   3.7 RETRIEVAL OF CUSTOMER'S USAGE INFORMATION

5 MR. GRANT:    Retrieval of customer's usage information,  
6       back to you, Gord.

7 MS. RUZYCKI:   This time I'm going to do it.

8 MR. GRANT:    Oh, perfect. I thought you two were a team,  
9       but I did notice some discussion there, that I wasn't  
10       sure it was team discussion or dissention discussion.

11 MS. RUZYCKI:   We won't say.

12                So with respect to this one, apparently  
13       some years back the ability to get historical usage  
14       via the fax machine was offered, and we're looking at  
15       seeing if that could be revised for especially  
16       commercial customers. We find that the GEM system  
17       might not be the most efficient method because  
18       typically people that interact through that are  
19       typically are head office people that would use it.  
20       So for businesses we're finding that a number of the  
21       businesses don't want to do it if it requires  
22       providing information through the GEM system to  
23       someone at head office.

24                So really what we're looking to do is have  
25       the old process brought back.

26 MR. WEBB:     Scott with Terasen. I've been looking after

1 the program for a couple of years now, Nola, and over  
2 the first year we still had that practice in place,  
3 but I don't recall any marketer actually taking  
4 advantage of it. So we eventually phased it out.

5 Our concern is it is an administrative  
6 burden, it does take time to collect that information  
7 manually. We have automated processes, and the  
8 information can be obtained by the customer through  
9 either account on-line or phoning their contact  
10 centre. So, there are some ways around it right now.  
11 I guess we'd be amenable to it, but we'd want to look  
12 at the incorporation of a fee to accommodate the  
13 retrieval of the information.

14 MR. GRANT: We don't have any views on this. Anybody  
15 else?

16 MR. QUAIL: As long as they recover the costs. And as  
17 long as we're only talking about commercial customers.

18 MR. WEBB: Yeah, we're exclusively talking about  
19 commercial customers.

20 MR. DIXON: Tom Dixon, Access Gas. I don't recall you  
21 ever offering that service to us. Is that because  
22 won't be referring to the transportation market  
23 segment? Because I recall we used to get our  
24 consumption data with a fax authorization form.

25 MS. RUZYCKI: Right, and that's what we're talking about,  
26 is the fax authorization form.

1 MR. WEBB: The original documentation for the program  
2 that dates back to the commercial program did specify  
3 that we would provide consumption information based on  
4 the fax form. But again, it dates back to 2004 and it  
5 disappeared because there was literally no pick-up on  
6 it. And now it's something that we'd be hesitant to  
7 re-introduce based on the fact that it is an  
8 administrative burden.

9 MR. GRANT: Now, what about the work-around for it? You  
10 know, somehow to my mind the facsimile sounds a little  
11 bit archaic nowadays. Is there -- does the  
12 communication come in a way, you know, that the thing  
13 you could just download and print, so it would be the  
14 equivalent of being a facsimile or is there a problem?

15 MR. WEBB: No, there's no problem with modifying the  
16 delivery if we choose to.

17 MR. GRANT: You guys got any other views? Other things  
18 you wanted to raise on that one?

19 Well, since you guys are now on the job,  
20 we're moving on to the price point chart.

### 21 3.8 PRICE POINT CHARGES

22 MS. RUZYCKI: So we think, you know, price points we're  
23 looking for sort of clarification as to why the price  
24 points are so high. The reason we were asking is it's  
25 \$150 a month per price point, and it may not be  
26 conducive to marketers offering a number of price

1 points. If the price goes down slightly you may not  
2 want to offer a different price point because you're  
3 going to be paying each month on that price point.  
4 And it goes quite costly to do that.

5 I think that -- I'm not sure if it was  
6 Scott had mentioned earlier, that the amount that  
7 they're recovering is the amount really to cover the  
8 program. So it seems like that cost might be the  
9 proper cost, but I'm not sure if each marketer gets  
10 charged the cost for each price point, if there's any  
11 room to move on that. Just because it is very costly  
12 and we obviously want to be able to provide customers  
13 with a price decrease if one happens, but we want to  
14 use -- right now we'd use the price point that already  
15 exists, but we'd have to create a new one.

16 MR. WEBB: Scott with Terasen. Right now the fee covers  
17 off the administrative costs associated with  
18 collecting the information with regards to setting the  
19 marketer fees up, the marketer groups up. So  
20 obviously if we decide to reduce the fee here, as you  
21 saw on that deferral account summary, we're roughly  
22 covering off the administrative costs, the O&M costs  
23 necessary to drive the program now. So if we reduce  
24 those ones, it would have to be borne by an additional  
25 fee somewhere else or some restructuring of fees.

26 Going back to the 2006 application, I went

1 in and looked at the content there. We did  
2 investigate the marketer group fee at that time with  
3 Accenture, who provides our billing services, and it  
4 was determined that that was in fact an accurate cost  
5 portrayal of the amount of effort that goes into  
6 manage that on a monthly basis.

7 3.9 VOICE CONTRACTING FOR NEW CONTRACTS

8 MR. GRANT: On the voice contracting for new contracts,  
9 and again for you guys to start off in terms of why  
10 you think it's time to do it, and then let's hear from  
11 Terasen or we can give our views and then Terasen,  
12 either way, and then go around.

13 MS. RUZYCKI: Well, I guess that we just feel that the  
14 market has matured enough and that we have the number  
15 of elements now that -- a voice contract is a lot  
16 clearer. You are saying there is issues with door-to-  
17 door contracts. A voice contract is clearer. You  
18 know exactly what was said. It provides another means  
19 to reach customers that might be in outlying areas,  
20 that you might not normally be able to offer the  
21 program to as efficiently.

22 We just felt that it's time that it was an  
23 option, and provided that the, you know, proper  
24 processes are in place. For example for the renewals  
25 right now, you have to have the Commission approved  
26 script that you use in telephone renewals. So it

1       could be something similar to that, where the script  
2       approved by the Commission. Everything that you send  
3       is approved by the Commission.

4   MR. GRANT:    Do you want us to go first?

5   MR. WEBB:     Sure.

6   MR. GRANT:    Okay. Well, we think you might be right.  
7       And certainly the Commission acknowledged in its last  
8       report that, you know, there are some advantages.  
9       Some of the things that we like about it is not having  
10      the guy at the door, because we've been so concerned  
11      about the potential for coercion there. One will have  
12      then a full script of what has occurred and a tape of  
13      that. So, that helps as well.

14                So there are certainly some benefits that  
15      we see with respect to that. We're wondering whether  
16      -- to flesh this out, though, whether the gas  
17      marketers might not band together to basically create  
18      an application to the Commission to expand this, and  
19      then deal with that in terms of, you know, how the  
20      safeguards would be there. I think you recognize all  
21      of our concerns there for the customers through this,  
22      so that we don't end up with the kind of jump in  
23      complaints that occurred when we had the guys banging  
24      door-to-door.

25                In fact, this might have a potential of  
26      reducing door-to-door activity. So, we're certainly

1 open to the idea, but we think it needs to be fleshed  
2 out a fair bit at this point, now that it's starting  
3 to sound like it might be timely to be looking at  
4 that.

5 We would think that that application would  
6 probably run through a hearing process on it. You  
7 know, that we view this as a big deal, even if it is  
8 the right time to do it. So that a common  
9 application, followed by a review process on it would  
10 be good. Gosh, I'm not sure whether it might even  
11 -- one of the comments I'm thinking of actually was  
12 yours, I think, Brian, was whether down the road  
13 whether Whistler might be a test thing for this. You  
14 know, that we don't have it currently in Whistler and  
15 Whistler being a new market and perhaps have a trial  
16 there of having the voice contracting instead of door-  
17 to-door contracting.

18 I don't know. Anyway, there's all sorts of  
19 ideas, but I think we're generally open to it but  
20 would want to be -- or to back up a little bit, even  
21 though we're open to the ideas, we think it's a big  
22 decision, and hence probably the thing of having a  
23 review process around it before approving it.

24 What do you guys think?

25 MR. WEBB: Scott with Terasen. We're in general  
26 agreement with the Commission's position.



1 MR. POTTER: Sorry, what's that, Scott?

2 MR. WEBB: We're in agreement with the Commission's  
3 position. We think that makes a lot of sense.

4 MR. POTTER: Just for my information, why would it not  
5 just sit under the same application, be dealt with  
6 there? You'd want a separate application, because  
7 it's a big --

8 MR. QUAIL: Because there's going to be consumer groups  
9 and others that will probably want to fight it pretty  
10 hard and we're sort of opposed to it. We like the  
11 wording in the existing second paragraph of Article  
12 12, and this isn't something that at least we're happy  
13 with sliding through some kind of written process.

14 MR. GRANT: I hadn't thought of that one. So --

15 MR. QUAIL: There's a mechanism provided for right now  
16 that meets your concerns, that we think provides far  
17 better protection for the consumer and that that  
18 should be maintained. You would make -- you know, talk  
19 to them on the phone, send them the paper to sign,  
20 they'll send it back. You want to lock me into a  
21 contract for a period of time, that's not an  
22 unreasonable process to have to go through. You've  
23 got good evidence then, you've got the right  
24 contracting party who's made the agreement, and we  
25 believe it's a much better mechanism than just a voice  
26 over the phone.

1 MR. GRANT: Well, there you go. Jim's always been a go-  
2 with-the-flow kind of guy anyway, so.

3 MR. POTTER: He just wants to see me back out here again.

4 MR. GRANT: Yeah, he wants to see you on the road, that's  
5 what he wants to see.

6 MR. QUAIL: No, seriously, this is a hot issue, to be  
7 frank.

8 MR. GRANT: Okay. Well, I think that reinforces our  
9 concern about it being a big decision for that. But,  
10 nonetheless, perhaps good idea.

11 Any other comments on this one?

12 MR. HILL: Just to clarify Gord's point, in terms of --  
13 Shawn from Terasen here. In terms of the application  
14 we make, do you want us to be -- like in the end we  
15 have some views of what it may look like and stuff,  
16 but I agree with your comment, Bill, is that it's the  
17 marketer application. If they want it, they can put  
18 an application together and bring it forward.

19 MR. GRANT: Yeah.

20 MR. HILL: I mean, otherwise we've got to go -- we've got  
21 to go to them and get their views anyway, to put a  
22 consolidated process.

23 MR. GRANT: Right. Well, I think with the transcript  
24 that you have here, I would think the application  
25 would be going along the lines of this was an issue at  
26 the annual general meeting, there was the request from

1 Just Energy that it seemed to be timely, which I think  
2 is generally supported by others, Commission staff had  
3 a -- what it's view was, which at least generally like  
4 the view of Terasen, and Jim had a somewhat different  
5 viewpoint.

6 MR. QUAIL: Somewhat different.

7 MR. GRANT: And probably leave it at that.

8 MR. HILL: Okay.

9 MS. HAMILTON: I could, I think -- sorry, it's Erica from  
10 Commission Staff. I think probably what we'll want to  
11 seek comments on in the application is the agreement  
12 that it would go through a separate process.

13 MR. HILL: Okay.

14 MS. HAMILTON: Rather than the actual issue itself.

15 MR. HILL: Okay.

16 MR. QUAIL: And also it's not suggested that Terasen's  
17 under any obligation to bring forward an application.  
18 The expectation is that if somebody wants it, then  
19 they're free to apply for it, which is always the  
20 case.

21 MR. GRANT: Thank you. The next issue was the internet  
22 enrolment, and I think this has to do with the web  
23 signature.

24 3.10 INTERNET ENROLMENT

25 MS. RUZYCKI: Oh, that might be us again. Yes. So I  
26 think on think on this issue that the code of conduct

1 indicates that a web signature is acceptable for an  
2 internet agreement. I think that perhaps this  
3 question we also had, what classifies or what is the  
4 definition of a wet signature. Because we had some  
5 other issues too, where, you know, you go to the bank  
6 now, you can sign on the little banking machines your  
7 signature and stuff.

8 So we're looking at, if you do stuff, for  
9 example, on Gord's iPad here and you sign a deal or  
10 you sign your name on it, is that considered internet  
11 or is that considered a wet signature if you're doing  
12 the signature there?

13 MR. GRANT: Yeah. So Jenelyn had identified that in  
14 Article 12 it has "either a wet signature or a  
15 signature that complies with the B.C. *Electronic*  
16 *Transactions Act*, and she's provided for me here one  
17 from that Act. It says that:

18 "An electronic signature means information  
19 in electronic form that a person has created  
20 or adopted in order to sign a record and  
21 that is in attached to or associated with  
22 the record."

23 So I think that includes -- or I would suspect, and  
24 certainly we're open to the idea that that includes  
25 the idea of that signature on -- when the courier  
26 brings me the package of work and we've signed that.

1        So those kind of signatures would seem to be a  
2        reasonable thing to do.

3                    We do think, though, that it should be the  
4        account holder that does the signing, in that case.  
5        And that --

6        MS. RUZYCKI:    Through the internet?

7        MR. GRANT:    Yes. And the final part there is then just  
8        one in terms of the Commission being able to receive  
9        information. Erica has identified that being able to  
10       see the full web page rather than just a bunch of  
11       gibberish information, so that we can -- you know, you  
12       see the contract that the person has been able to sign  
13       and his signature on there and stuff can be  
14       transmitted to the Commission in the case of a dispute  
15       so the Commission can actually look at that, would be  
16       important to us in the dispute resolution issues.

17       MS. RUZYCKI:    That's really all, we're just looking for  
18       clarification. There wasn't any, you know,  
19       requirement other than that.

20       MR. GRANT:    Okay. Any other views or comments that other  
21       parties want to bring up on this?

22       MR. GAFFNEY:    Chris at Planet. You know, I'll have to  
23       talk back with our systems guys about the -- like text  
24       versus gibberish dichotomy, because I think the way  
25       our systems capture it, when we forward internet --  
26       you know, evidence of internet contracts to the OEB,

1       it's more in the gibberish category, I think. Where  
2       it sets out sort of data, okay, you know, it comes  
3       from this IP address at this certain time, you know,  
4       and spells out certain details of what was inputted,  
5       but it doesn't -- it's not screen shots.

6               Like I don't think -- I'd be shocked if  
7       anyone's internet portals are set up to, like, capture  
8       screen shots of everything that the customer is seeing  
9       at that time. But rather, like information that's  
10      filled in in blocks. So I don't know that it's  
11      possible to do.

12   MR. GRANT:   I think that's one to look into before the  
13      report comes out, so that you're in a position to at  
14      least comment on, you know, this is what we want from  
15      the Commission Staff, dispute resolutions thing, and  
16      potentially you're identifying why it's difficult to  
17      do, and then I would hope that you would then go the  
18      one step further and to say, but here's what we can do  
19      and why it would suffice.

20   MR. GAFFNEY:   Well, I'll do that. Just to jump ahead,  
21      maybe it's the -- because I think most systems are set  
22      up that, you know, you capture that in your system,  
23      and then automatically an e-mail is generated with,  
24      you know, the full body of the contract and that,  
25      saying okay, here's the salient points that you've  
26      signed up to, and by the way, here's the terms and

1 conditions that you pointed and clicked. And so maybe  
2 a combination of that would make you happy.

3 MS. HAMILTON: I think that that's really what we're  
4 talking about for compliance, to be able to review it  
5 in the event of a dispute. We just need to have more  
6 than an IP address with a date stamp or something like  
7 that. Just some ability to see the terms agreed to in  
8 order to assess the dispute.

9 MR. GRANT: Yeah, those OEB guys may be into gibberish,  
10 but not us.

11 MR. GAFFNEY: Microphones are off.

12 MR. GRANT: No, I was hoping you would actually, you  
13 know, send a facsimile of that page too. Just for the  
14 baiting advantage that it has.

15 3.11, contract maximum term of five years  
16 from Just Energy.

17 3.11 CONTRACT MAXIMUM TERM OF FIVE YEARS

18 MS. RUZYCKI: That will be me again. Nola, Just Energy.

19 Here we're looking for two things. I think  
20 that Scott addressed this earlier with the changes  
21 that will be hopefully made to the bill to show when  
22 your contract is starting, because some of the items  
23 with the five-year correspond to that. Some of them  
24 are just -- at the point in time that you're  
25 conducting the new contracts, so say you're slightly  
26 into the fourth year, does that mean that you can only

1 do a four-year contract or you can do a five-year?  
2 We're just trying to figure out where the cut-off is.  
3 That the contract can be five years maximum, but I'm  
4 assuming there's a bit of overlap for renewals, et  
5 cetera that might happen.

6 So if you're four and a half years in, does  
7 that mean at that point in time you can do a new five-  
8 year contract? And how do you know that someone  
9 hasn't already signed the customer up? And I think  
10 that the bill portion will tell us that.

11 MR. WEBB: It will, and we did have some slides with  
12 regards to the five-year roll, but I'll send those out  
13 to everybody. They just give different scenarios and  
14 exactly how the system would process the contract  
15 request.

16 MR. GRANT: Anything else on this one? No, okay.

17 3.12 MARKETER SUPPLY REQUIREMENT (MSR) CALCULATION

18 The marketer's supply requirement  
19 calculation. Did the slides this morning help, I  
20 guess is the question.

21 MR. POTTER: I'll just say we have no comment. We'll  
22 take a look at what's coming and go from there. So  
23 thank you, Scott.

24 MR. GRANT: Now, I guess with that, though, thinking of  
25 the application part on that, it might be helpful  
26 again, and we have the sign-up going around, so if you



1 did identify that there was a problem that you wanted  
2 Terasen to give its viewpoint on in its application,  
3 then you could get back to Terasen so that they can do  
4 that. But otherwise, perhaps it'll be one that, you  
5 know, Terasen's taking these actions to improve the  
6 information and it looks like that's acceptable.

7 MS. WASNEY: Judy Wasney, Superior Energy. Yeah, I was  
8 very pleased to see that you were addressing it. I'm  
9 wondering whether it's possible to continue getting  
10 this historical usage in addition to the calculation  
11 by premise.

12 MR. WEBB: This is Scott with Terasen. We're still  
13 amenable to leaving the consumption information  
14 available. We have concerns, again, that it leads gas  
15 marketers to some false conclusions potentially, but  
16 again, if there's perceived value there and they'd  
17 like to still get that information, it can still be  
18 made available.

19 MS. WASNEY: Thank you.

20 MR. HAJABED: Moe from Active. I think even this  
21 information would help us replicate the data that you  
22 provided at an account and premise level.

23 3.13 COMMUNICATION PLAN/CUSTOMER EDUCATION PLAN

24 MR. GRANT: In terms of the communication plan and the  
25 customer education plan, Scott, anything more to what  
26 you've provided this morning?

1 MR. WEBB: No, just some minor suggestions with regards  
2 to modifying the expenditures for next year.  
3 Specifically eliminating the newspaper wrap, the  
4 display ads in the newspaper and switching those  
5 funding towards radio, which will give us a bit more  
6 prominence in the marketplace.

7 MR. GRANT: And I take it with that, that you're making  
8 these changes to get the most bang for the buck in the  
9 limited amount of money that the Commission's  
10 providing?

11 MR. WEBB: Absolutely.

12 MR. GRANT: Yeah. I certainly have a note here in terms  
13 of the theme, back to the theme of no more general  
14 money sort of thing is the theme that is coming  
15 through from the Commission on this.

16 Comments, questions with respect to  
17 communications? Gord.

18 MR. POTTER: Yeah, just on that slide, Scott, you had --  
19 there was talk about doing the radio ads and it said  
20 there were two key messages, and I scribbled and I  
21 think one -- do you recall what they were?

22 MR. WEBB: Yeah, they're the top two that we've done well  
23 at, and that's the BCUC's role.

24 MR. POTTER: Yes.

25 MR. WEBB: And gas marketers' independence from Terasen  
26 Gas.

1 MR. POTTER: And I was just -- I was going to say that as  
2 far as radio communications, I didn't know what you  
3 would say about the -- like an ad to say what the  
4 BCUC's role is in managing disputes.

5 MR. WEBB: Yeah, you're stepping way past where I've  
6 taken it. Yeah.

7 MR. POTTER: Okay.

8 MR. WEBB: That's very high level at this stage, and  
9 obviously anything that we do would be in consultation  
10 with the gas marketers and the Commission. So it may  
11 well change.

12 MR. GRANT: So are we thinking of a process like last  
13 year, where essentially you put something together,  
14 you talked to us and then when it started to look okay  
15 then sent it out for comments from all the gas  
16 marketers before committing to it?

17 MR. WEBB: Yeah, we'll put together a communication  
18 development plan in the application.

19 MR. QUAIL: Can you fire it to me as well?

20 MR. WEBB: Yes.

21 MR. GRANT: Perfect.

22 3.14 BILLING ISSUES

23 MR. GRANT: Billing issues. Our issue here is how should  
24 the program expenses be handled, and essentially this  
25 again is back to our theme here that we hope to see  
26 the gas marketers taking more ownership of the program

1       and the costs for the program starting to be shifted  
2       to the gas marketers. And we're interested in really  
3       the viewpoints from the gas marketers with respect to  
4       that.

5   MR. DIXON:   Tom Dixon, Access Gas. Don't we already  
6       contribute through paying for marketer groups,  
7       invoices, dispute resolution fees? What are we  
8       talking about here?

9   MR. GRANT:   I guess that's right. We had this one on  
10       before we saw the slide. But if I understand the  
11       slide correctly from Terasen, it's saying that really  
12       the fees that you're paying are covering everything  
13       except for the education costs. And so perhaps  
14       there's an issue now around should the education costs  
15       be -- which are now fairly limited, but should they be  
16       paid for by the customer group because all customers  
17       have the opportunity to choose to go in or not go in,  
18       and so it's education for all customers. Or should  
19       that cost now be started to be shifted over to the  
20       marketers, I suppose.

21                But I think we were -- or I was at least,  
22       not as knowledgeable as the numbers seem to show that  
23       the great bulk of the costs are actually being  
24       recovered from marketers already, with the exception  
25       of the education costs. So it may be that this really  
26       isn't much of an issue at all.

1                   Well, I think we had sort of a mind-set  
2           that a lot of costs were being absorbed by customers  
3           for this program and we wanted to see that changed.  
4           So it may be that our mindset was incorrect in the  
5           first place.

6   MR. QUAIL:   We were very happy to see the amounts being  
7           spent by the utility on this education program being  
8           reduced so significantly. Obviously we would prefer  
9           that ratepayers not bear any of the costs. Whether  
10          it's through some kind of cost-sharing -- the  
11          marketers benefit directly from the expenditure, for  
12          the benefit -- you know, we concede, to the general  
13          body of ratepayers because they gave information about  
14          the way the system works and about billing and the  
15          choice.

16                But it's also essential in the advertising  
17          the business of the product of the marketers. It  
18          would reasonable that they would pay at least a share  
19          of the costs.

20   MR. GRANT:   Well, certainly the bigger issue of the  
21           amount of costs is going to become a fairly small  
22           number to talk about anyways.

23   MR. QUAIL:   Yes.

24   MR. GRANT:   And there is some benefit at a minimum to all  
25           customers of having the opportunity of customer  
26           choice.

1 MR. QUAIL: That's right.

2 MR. GRANT: Any comments?

3 MR. WEBB: Shawn from Terasen Our position would be that  
4 the general dollars that is used for the expenditures,  
5 primarily awareness about where to get more  
6 information so we would see that most of that costs  
7 probably is the responsibility of the customers about  
8 the option. We're open to it. That's our position.

9 MR. GRANT: Yeah. Okay, well I think I think in terms of  
10 this whole issue, the table that identified who was  
11 paying for what would be quite informative to  
12 reiterate in the application. Thank you.

13 3.15 STANDARDIZED TPV CALL SCRIPT

14 MR. GRANT: On the standard TPV script, with respect to  
15 the issues, what issues has the Commission been  
16 having? Really not much. I think we're quite happy  
17 with the standardized scripts, that we identify a  
18 number of ones that are in place, but the standardized  
19 scripts seems, from our perspective, to be working  
20 quite well. A couple of little glitches in terms of  
21 deviation from the script, but they sound like they  
22 aren't very material in terms of what's happened  
23 there. And perhaps customers not responding at the  
24 right times in the script when they're suppose to, but  
25 again, not a big issue. So generally the standardized  
26 script seems, from our viewpoint, to have been a

1 success.

2 One of the issues that Jenelyn passed on to  
3 me yesterday was one, though, that perhaps should be  
4 commented on by parties, and it's that perhaps we have  
5 some flexibility in terms of the timing of the  
6 standardized script. So currently there's the 24  
7 hours, and I think we're pretty hard on the idea that  
8 we don't want it happening when the guy is at the  
9 door. So we want that 24-hour delay. But then it  
10 also seems that there may be problems for people in  
11 terms of getting it done within the four business  
12 days. So should the four business days be six  
13 business days or something like that. We don't know.

14 So the upper end may be something that  
15 parties want to address on what would be better in  
16 that regard.

17 MR. QUAIL: Well, it can't be on the same calendar day.  
18 Presumably you would meet the objective and provide a  
19 little bit more --

20 MR. GRANT: So you're in agreement that --

21 MR. QUAIL: We wouldn't have a problem --

22 MR. GRANT: Waiting the 24 hours is important to you--

23 MR. QUAIL: Going from four in the afternoon to 10 in the  
24 morning is really useful from a consumer -- in terms  
25 of the reasons for the delay.

26 MR. GRANT: Oh, I see, moving on.

1 MR. QUAIL: So as long as it's not in the same calendar  
2 day, it probably meets the objectives and would in  
3 some circumstance, in a lot of circumstances provide a  
4 bit more time.

5 MR. GRANT: Yeah, I don't know. I think we're still  
6 stuck on the 24 hours, because the guy's been banging  
7 on the door at seven at night.

8 MR. QUAIL: Right.

9 MR. GRANT: And he's now going to phone eight tomorrow  
10 morning.

11 MR. QUAIL: Yeah.

12 MR. GRANT: We don't like that part.

13 MR. QUAIL: I agree with that.

14 MR. GRANT: But we are stuck on the 24 hours, but we  
15 aren't just stuck on the upper limit.

16 MR. QUAIL: Yeah.

17 MR. GRANT: Any comments on that?

18 MS. JESKE: Can I ask a question?

19 MR. GRANT: Yeah.

20 MS. JESKE: It's Maureen Jeske. Why are you stuck on the  
21 24 hours? In Alberta we call -- like when the call --  
22 at the door. So I'm just wondering what the  
23 difference is? What's the 24 hours?

24 MR. GRANT: Well, number one, we backed into that on the  
25 basis of we were getting the calls occurring right  
26 while the person was at the door, and we could hear on



1       it a number of abuses that were occurring right there.  
2       "Say yes to that." The person wasn't suppose to be  
3       saying anything.

4 MS. JESKE: Right, and we had that initially as well.

5 MR. GRANT: So with that one we then said, well, we want  
6       a delay. We want to be sure that this call is not  
7       occurring at the same time.

8                   And we also are hopeful that the person  
9       will read -- you know, there's a document that they  
10      now receive that says, "Read this document before you  
11      sign anything". So we wanted enough time that the  
12      person would actually read that document or should  
13      read that document, so that when they came back in a  
14      dispute to the Commission, you know, you ask them,  
15      "Did you receive the document? Did it say, 'Read this  
16      damn document'", you know, sort of thing. So,  
17      anyways, that's where we honed in on the 24 hours.

18                   No comments?

19 MR. WEBB: Scott with Terasen. I've got one general  
20      comment. I guess we're amenable to extending the  
21      period available to the marketers past the 72 hours,  
22      is it? We're fine with extending that period as long  
23      as it fits within the finalization dates that are in  
24      place.

25 MR. GRANT: So again, the -- I think our thinking at one  
26      time was we wanted it done in time, before the 10-day

1       cancellation period.

2   MR. QUAIL:   That's right.

3   MR. GRANT:   So that the person had done the TPV call and  
4       still had a little bit of time to cancel if they  
5       wanted to cancel. So, you know, we're probably not  
6       going for the full 10 days in our mind, but something  
7       more than the four days might be reasonable.

8   MR. DIXON:   Tom from Access. I haven't done this in a  
9       couple months now, but when we're -- when we sign a  
10      customer, we're not allowed to enroll it until we get  
11      verification. So, the amount of time you pick, if you  
12      extend it to six days or ten days or whatever it is,  
13      my understanding is that the ten days wouldn't start  
14      until the enrolment actually occurs.

15                So if you provide the customer with ten  
16      days, you're actually giving him 20 days to cancel  
17      that contract. Which is, from our perspective, fine.

18   MR. GRANT:   Is it 20 days or is it more like 12 days,  
19       when you actually send the thing in after?

20   MR. DIXON:   Well, it would depend on when the -- like  
21       from an operational perspective, you verify the  
22       contract and then you'd enroll it. So it would depend  
23       on the date you verified the contract. The customer  
24       would have ten days from the day you verify it.

25   MR. QUAIL:   We don't have any problem extending the time.

26   MR. GRANT:   Well, it sounds like everybody is amenable to

1 extending it, and it's just how much is a reasonable  
2 amount of time.

3 Jenelyn was just pointing out that you have  
4 the right to apply to the Commission for amended TPV  
5 scripts if you want to.

6 MS. TORRES: For technical details and Just Energy and  
7 Summit Energy have done that, and those amended TPV  
8 scripts are available through the Commission's  
9 website.

10 MR. GRANT: Sorry, so all of the scripts that are out  
11 there are -- anybody can see them at this point?

12 MS. TORRES: Yes.

13 MR. GRANT: Okay. If you can't find them, phone Jenelyn.

14 **4.0 OTHER ISSUES**

15 Are there any other issues?

16 MR. DIXON: I have one issue. Tom, Access Gas. Terasen  
17 recently filed their GCRA application. It may fall  
18 outside of this meeting, but I just would like to  
19 provide our comment on it. I note that they've --  
20 they're currently falling outside of their -- the  
21 change mechanism, and they've requested to keep the  
22 rate the same despite being outside of the change  
23 mechanism. And we would like to see Terasen give  
24 variable rate.

25 So from our perspective, you know, we would  
26 appreciate it if the Commission would treat that rate

1 as variable because to a gas marketer it's important  
2 that it's -- you know, we look at it and we like to  
3 see a variable. And it's a benefit to the customer  
4 that it be variable. Just a comment.

5 MR. WILLISTON: Well, I just should respond that they are  
6 only very slightly outside of their five percent dead  
7 band. The second thing is that the quarterly cost --  
8 quarterly gas cost report mechanism and the dead band  
9 and so on is under review over the next two months.  
10 So we'll take that into consideration.

11 MR. GRANT: Now, that review, with respect to that, is  
12 there an opportunity for other people to give input to  
13 the review?

14 MR. WILLISTON: Not at this time --

15 MR. GRANT: Not currently?

16 MR. WILLISTON: -- the way it's being structured.  
17 Although again, I would come back to Bill's comment  
18 about the -- on a broader point, Terasen's hedging  
19 program and so on is under review as well.

20 MR. DIXON: Yeah, I make the comment, it's the -- you  
21 know, it's counterintuitive that we don't want the  
22 price to go down, because we can only sell fixed price  
23 contracts. But if it would actually decrease  
24 Terasen's rate effective October 1, but it's just the  
25 nature of Terasen's offering needs to be a variable  
26 product. And if it falls outside the band -- and it's

1       just my opinion, because I don't know the exact  
2       process on how that happens. But it should be a  
3       variable rate, is all I would say. And if it falls  
4       outside of the mandated five percent range, it should  
5       change.

6   MR. GRANT: Well, on that one I think it's somewhat  
7       separate from this program. I guess I would not  
8       discourage you from the idea that, you know,  
9       recognizing how you want to differentiate your product  
10      from the quarterly or somewhat variable rate that  
11      Terasen has, either the marketers as a group or  
12      individual marketers, you know, you might wanting to  
13      send letters to Erica to that effect. That then,  
14      depending on how broad or open the process that  
15      Brian's going through is, at least that way you've  
16      gotten your oar in in a way that keeps it in front of  
17      the Commission from your perspective.

18   MR. DIXON: And I have planned to do that. I just wanted  
19      to voice it while we had an opportunity.

20   MR. HILL: Shawn from Terasen. That's a fair comment,  
21      Tom. I think what we've tried to be -- and hopefully  
22      the Commission Staff would agree, that the reason why  
23      that mechanism is in place is to be as transparent  
24      about it as we can. It's a five percent dead band  
25      today, and as Brian said, it's slightly out of that.  
26      So we're always weighing off the customer overall

1 impact versus what the dead band provides.

2 So we're conscious of that -- you know,  
3 what your point of view is there, for sure, when we're  
4 looking at how we're going to review these things and  
5 continuing to provide transparency on that setting the  
6 gas rate. But it's trying to balance off the  
7 transparency versus, yeah, it's six percent -- you  
8 know, it's six or seven percent outside the dead band,  
9 do we need really a rate change here. That's what  
10 we've struggled with. I think that's fair.

11 MR. DIXON: And my comment there is, in the last -- what  
12 I've noticed is in the last few years Terasen tends to  
13 drop the rate in winter and then pick it up in the  
14 spring. And if we're not going to drop the rate  
15 today, it increases the probability we're going to  
16 have a drop in January. And from a marketer offering  
17 fixed price gas supply, you know, it's not  
18 advantageous for us to have Terasen drop their gas  
19 price in January. And if a policy has been set, keep  
20 to the policy.

21 MR. WILLISTON: Fair enough comment.

22 MR. DIXON: And I have one other last comment. We go  
23 back to these evergreen enrolments. You know, we got  
24 really kind of -- you know, we were going back and  
25 forth between evergreens and renewals. The evergreen  
26 process is going to be -- it's a big issue for us,

1       because we -- at least for Access Gas, we view that a  
2       customer has elected us as their supplier, elected us  
3       as agent on a pipe, and just because they don't open  
4       their mail, don't respond to my notices, they should  
5       have to have a positive election back to Terasen Gas.  
6       So there -- in our opinion, there needs to be a  
7       mechanism for the customer to continue on with us.  
8       And if it's -- if you don't like it because the  
9       evergreen rate is high, there needs to be a mechanism  
10      where the customer has a positive election to go back  
11      to the utility, or he has a -- or if he does nothing,  
12      he needs to stay with me. He can pick how he stays  
13      with me, and then I can determine, you know, what  
14      happens.

15                   I don't know if that makes any sense, but  
16      there needs to be a mechanism where he's a positive  
17      action to get back to Terasen. Terasen shouldn't just  
18      get the customer because of Terasen. They pick -- the  
19      customer picked me, and he signed my contract, he  
20      agreed to renewal provisions, and if there's more  
21      consumer protection that needs to happen, fine, but it  
22      should be a positive determination to get back to the  
23      utility.

24   MR. POTTER:    I agree full heartedly.

25   MR. QUAIL:     The cable companies made really the same  
26      arguments when this was really a hot issue a few years

1       ago. The CRTC -- essentially the same thing. It's,  
2       you know, contraction provided, everything's  
3       transparent. It's all the same -- they said all the  
4       same things, and you all heard how the public  
5       responded to it. I think everybody has heard the way  
6       this has played so far in the coverage of the program  
7       in British Columbia, and there's a reason for that.  
8       And that is, as I say, it's got a smell about it.

9               And there can be a lot of reasons why  
10       somebody doesn't respond to something. It could be  
11       that they're health is poor, they could be 86 years  
12       old, maybe they speak and read Punjabi. You know,  
13       there's all kinds of reasons why a person winds up  
14       being sort of stuck on this endless loop of paying,  
15       you know, more than they would otherwise for their  
16       gas. And people object to this, with good reason, and  
17       there's -- very difficult to convince our clients to  
18       me instruct me to agree to that.

19   MR. GAFFNEY:   A couple of things. Wasn't cable like  
20       additional products and services, for more money?  
21       Like not the same thing, just continue --

22   MR. QUAIL:    Yeah. The mechanism was --

23   MR. GAFFNEY:   Then the second thing too is -- like the  
24       flipside that could happen is that, you know,  
25       Terasen's rate or -- you know, short term rates can  
26       skyrocket, where they could have locked in. You know,



1       on their renewal today, you know, at five bucks, and  
2       all of a sudden they're at ten bucks and they come  
3       back and say, "Wait, my original contract said we're  
4       going to do automatic renewals".  
5   MR. QUAIL:   And the next month they could sign a five-  
6       year contract with one of you folks.  
7   MR. GAFFNEY:   But maybe they -- maybe they don't know  
8       this until that marketer --  
9   MR. QUAIL:   They have every opportunity to do that. Next  
10       bill they get they could say, I'm going back to that  
11       marketer and sign an agreement --  
12   MR. GAFFNEY:   But market price could be up here now,  
13       because they've missed that swing.  
14   MR. QUAIL:   My clients, you know, are community groups  
15       and consumers. I'd say with full confidence when  
16       instructing me, that that risk is a pretty small one  
17       compared to the situation of people who find  
18       themselves with renewed contracts who hadn't actually  
19       set their mind to it and would not have agreed to it  
20       if they had.  
21   MR. GRANT:   With the one that we were speaking of that,  
22       say, you know, there'd be for existing contracts the  
23       ever greening for one year. I'm wondering, because  
24       part of the fear is that this -- the prices may have  
25       been so high, may have been 10.41 or something, and  
26       now the guy's going to get locked in for the year at

1        10.41 again, is there a middle ground that perhaps it  
2        should be that they would be renewed at the posted  
3        one-year price that you have on that chart that we're  
4        going to be putting out regularly, so that at least  
5        they're being -- you know, if this is happening  
6        without them having taken notice, but at least they're  
7        being renewed at a current price effectively.

8                    Anyways, that's something to think about,  
9        in terms of comments, because certainly there's the  
10       fear of the guy somehow getting himself, perhaps  
11       through his own lack of wherewithal, but nonetheless  
12       being stuck with a contract for another evergreen year  
13       that is just way, way, way out of market.

14    MR. GAFFNEY:    Yeah, and I don't think -- I'll speak for  
15       myself, but I think most marketers would agree. We  
16       don't want to renew him at something out of market.  
17       You want to do, like an auto renewal at current market  
18       prices. You know, and say -- you know, say I signed  
19       him up for three years. I'll send something to say,  
20       okay, our current three-year price is X, you're going  
21       to be renewed at that unless you get back to us. I'm  
22       happy for the letter to go out and say you have a 10-  
23       day cancellation or if you want to extend that window  
24       further -- you know, in Ontario there are things where  
25       they get a bill and then you have a certain amount of  
26       time after your first bill, seeing that new rate on

1       your bill to do it.

2                   And I just think that the administrative  
3       burden associated with doing a TPV or some other kind  
4       of, you know, positive affirmation like that. You  
5       know, and granted your constituents say, you know,  
6       they want that, but it's a burden to the retailer and  
7       it adds costs. And you'd rather do --

8   MR. QUAIL:    That kind of arrangement, where you  
9       automatically roll into wherever the current price is,  
10      is even a closer parallel to what the cable companies  
11      were doing. The idea was they changed the content of  
12      the basic offering, and you've agreed, in the small  
13      printing on your agreement, that that's what you're  
14      going to pay for. It's just the same argument.

15   MR. GRANT:   Shawn.

16   MR. HILL:    Shawn from Terasen. I have to get back to the  
17      original design and what the evergreen contract was  
18      within the unbundling program. Evergreen was meant to  
19      be enrolled at the existing price and conditions. So  
20      the systems and the design of how evergreen's role  
21      were designed around that.

22                   So even that fact -- any new pricing change  
23      was, from the system design perspective, was a new  
24      contract or a new enrolment, which the TPV provided.  
25      We never contemplated, understand what the marketers  
26      position is in terms of -- but that wasn't the

1 definition of an evergreen contract from a system  
2 design perspective, right?

3 So let's just be clear, that the evergreen  
4 system today, it can't do what the marketers want. It  
5 does what -- if they want to renew the program on a  
6 different pricing point, that's a new enrollment,  
7 right? And that gets back to Jim's point, is there's  
8 new -- it's just like a new sign-up.

9 MR. GAFFNEY: Well, there's a difference between a  
10 system's issue and a contractual rights issue, and I  
11 agree a hundred percent with what you're saying.

12 MR. HILL: All I'm saying is that if we -- let's just  
13 make sure we understand that. If we're going to  
14 change it, there are cost implications from a system  
15 design and everything. Like it's just not something  
16 that we decide here in the room to do, right?

17 MR. GAFFNEY: Yeah, I don't think we're asking you to  
18 change anything, and we'll treat it as a new enrolment  
19 except for the mechanics behind, you know, whatever we  
20 end up agreeing to in terms --

21 MR. HILL: That's the process I was just saying. Is  
22 that's how we all agreed in the room, that's when we  
23 set the rules for evergreen clauses. That's what we  
24 decided it was going to be. So --

25 MR. GAFFNEY: And my comment, you know, we have an  
26 evergreen process today. My comment is more, you

1 know, right now it sounds like it's just scrap, get  
2 rid of it and I think that there needs to be a  
3 mechanism for a customer to have a positive election  
4 and go back to Terasen Gas.

5 So, what that looks like, I think we need  
6 to discuss it more.

7 MR. QUAIL: Well, happens right now if a marketer goes  
8 belly up? Where does the customer go? They go back  
9 to Terasen? Terasen is the default provider. It is.  
10 I mean, that's the way that it is structured right  
11 now, and that's the way that everything is put  
12 together. They're the default provider. Somebody  
13 elects to go into this program, they elect to remain  
14 in the program after the expiry period that they've  
15 chosen to do so. There's nothing novel about that.

16 MR. DIXON: But again, they agreed to the renewal terms  
17 when they signed the agreement with me. And if you  
18 want us to put that in big bold letters and have it  
19 confirmed, I think that's a better way to go, because  
20 the fact that Terasen can offer a variable product,  
21 they're the only ones that can be the default  
22 provider. You know, if we look at other markets, we  
23 have the opportunity to sell them a fixed price, and  
24 when they're done with that fixed rate they go on to a  
25 variable rate and they sit on the variable rate till  
26 they buy another fixed rate. We don't have that

1 mechanism in this province.

2 But again, the customer should have a  
3 positive election to return to Terasen Gas. He's  
4 elected Access Gas as their agent on a pipe and  
5 they've elected us as their marketer.

6 MR. QUAIL: The reason for the default is almost  
7 everybody uses Terasen. 85 percent, you know. Is your  
8 company prepared to be the default or pick-up  
9 everybody that --

10 MR. DIXON: I would love to be offering a variable rate.  
11 I would do it today, if Terasen would let me.

12 MR. GRANT: Anyways, we're starting to recycle the same  
13 arguments over again. So recognizing those as the  
14 issue around evergreening is definitely a significant  
15 issue as we work through it, but --. So Terasen will  
16 address it in the application and that's one of the  
17 areas you'll want to provide persuasive arguments with  
18 respect to, in terms of the comments.

19 Jeff?

20 MR. PEGORARO: I believe the customer choice booklet and  
21 the code of conduct are a little bit vague on the  
22 evergreening and the conditions. I think our lawyer  
23 was trying to get ahold of someone in this office,  
24 because we were re-writing our contract to include the  
25 evergreening clause at current one-year advertised  
26 price on your website. So we incorporated that into

1       our new contracts, but we were trying to determine  
2       whether we had to use their current rate on their  
3       existing contract or we could lower the rates because  
4       in one instance it says we have to use the current  
5       rate, and in the other book it says we can offer them  
6       terms on the renewal notice. And those terms would  
7       provide the default position if they didn't comply.

8               So there's a little bit of contradiction  
9       between the code of conduct and the customer choice  
10       booklet, which is providing a lot of confusion for our  
11       new contract, and a whole big gray area there.

12   MR. QUAIL:   One of the differences, if you have the  
13       option of renewing your current price, then we're  
14       assuming the price is going to stay low. When prices  
15       are -- when the cost of the commodity is falling,  
16       you're making a bit of a windfall, but the customer  
17       isn't very happy about it. If prices are rising and  
18       they get to flip it over at the original contract  
19       price, then you're taking a loss. You know, so sauce  
20       for the goose, sauce for the --

21   MR. GRANT:   But I think that -- Jeff, for your point, I  
22       think it is -- we agree that this issue is convoluted  
23       at the present time, and through this process we think  
24       the Commission needs to make it quite clear what it's  
25       going to be.

26   MR. DIXON:   We would prefer to be able to offer customers

1 the lower rate in today's market than what they signed  
2 up three years ago. We don't have that mechanism  
3 today. So the only mechanism we have is one that  
4 allows us to renew them at the exact same rate. And  
5 again, it goes back to we -- somehow we need to have a  
6 positive election back to Terasen, or some mechanism  
7 that allows us to lower the rate.

8 MR. WEBB: This is Scott with Terasen. You can currently  
9 go through an anniversary drop for that customer and  
10 re-enroll them at a lower rate, within the confines  
11 of --

12 MR. DIXON: But again, I have to get ahold of the  
13 customer. So at the end of that contract if I cannot  
14 get ahold of that customer or the customer is not  
15 responding to my notices, there needs to be some sort  
16 of mechanism for me to keep that customer. That's all  
17 I'm saying. That's my opinion. Commission may differ  
18 on it.

19 MR. QUAIL: We're never going to reach consensus on that.

20 MR. DIXON: No, I don't --

21 MR. POTTER: But he was just hoping if we kept  
22 reiterating it, we'd wear you down eventually.

23 MR. QUAIL: You don't know me well enough. You don't  
24 know me well enough, I don't care how long we stay  
25 here.

26 MR. GRANT: So far we have the key words of "positive



1 election" down very strongly, followed by "no", coming  
2 from the two sides here.

3 Are there any other issues, other than  
4 that.

5 MS. RUZYCKI: Nola Ruzycki at Just Energy. I had a  
6 question with respect to TPV.

7 We've had some customers that call in to  
8 sign up for a contract, so it's a new contract. They  
9 either, you know, found out about the contract through  
10 a friend or someone else, or they've gone on a website  
11 and seen it. Just wondering what happens, because  
12 we're struggling with the TPV. If the TPV is required  
13 in that situation, because obviously the customer  
14 phones in, we mail them out the contract. By the time  
15 they get the contract the TPV period is already  
16 expired. And if they had to sign it and send it back  
17 in too, we're not sure what we should be doing in  
18 those situations.

19 MR. POTTER: TPV, is it required? I thought it was only  
20 for door-to-door.

21 MS. RUZYCKI: Well, it's for residential.

22 MR. POTTER: Oh, it just says residential.

23 MS. RUZYCKI: It says residential. Because we've had  
24 some discussion with the Commission on this point, and  
25 I was just asked to bring it forward.

26 MR. POTTER: Because you could never make the time for

1 it.

2 MS. RUZYCKI: Well, that's exactly it, because the  
3 timeframe wasn't anticipated. I think when the  
4 initial rules in timeframe there was no locked-in  
5 timeframe, so you could send it out, complete a TPV  
6 call after. But with the timeframe, it's obviously  
7 impossible to meet that timeframe.

8 MR. GRANT: I think the way we discussed it so far,  
9 though, didn't we have it down that for things similar  
10 to that we wanted it to occur after the customer had  
11 the materials in their hand and had the chance to read  
12 it. And then if it's residential, the current one  
13 there would be talk. So there is the difficulty, I  
14 guess, at this point, they've contacted you, you've  
15 said, yeah, great, I'm sending you out the bundle  
16 today, they don't get it for three days, and then it's  
17 some time after that that you're doing the TPV call,  
18 because they're going to get that document that says  
19 "Read this document before you sign".

20 MS. RUZYCKI: Right, and the other item is that we need  
21 to get that web signature back in order for that  
22 contract to be a valid contract. So, when should we  
23 be completing that TPV call, if it's required? Is it  
24 after we get it signed and back?

25 MR. POTTER: The script doesn't fit, because it asks you  
26 about it, if it's been four days or not, so. Anyways,

1 we'll throw something.

2 MR. GRANT: Yeah, I guess that's right. For the interim,  
3 raise the issue for us to resolve -- or the Commission  
4 to resolve further in this process, but in the interim  
5 Jenelyn has said if you have necessary changes to the  
6 script, contact her now. So it seems you probably  
7 want a separate script for that circumstance.

8 Any other issues?

9 Well, I'm very pleased that we got done as  
10 quickly as we did. I hadn't expected that. And Scott  
11 wasn't allowed to show the pictures of his children  
12 that he had planned, a two-hour presentation. And I'm  
13 thankful for that as well.

14 Anyways, if that's it, thank you everyone.  
15 Shawn?

16 MR. HILL: Just for the application, what we would  
17 propose to do is all the items that are outlined in  
18 section 3, we would define the issues, as we've heard  
19 it, present based on what the transcript shows, based  
20 on the positions of each party, and then show our  
21 recommended solution, and then allow -- rather than in  
22 the past what we've done is we've had the issue  
23 defined and then circulated to make sure that we had  
24 the marketers' position defined right or the  
25 Commission's position defined right. Well, we hope  
26 that the transcript would provide us that, so we

1           wouldn't have to actually go around. And if we've  
2           mischaracterized or your position was misstated or  
3           you've changed your opinion or something, I mean,  
4           that's something that can be fleshed out through the  
5           application process. Is that fair?  
6 MR. GRANT: That sounds good. That will make it quicker.  
7 MR. HILL: Quicker, yeah.  
8 MR. POTTER: We'll just put in what we want. It will  
9           make it go faster.  
10 MR. HILL: Yeah, that's right.  
11 MR. GRANT: Great, thank you everyone.  
12 (PROCEEDINGS ADJOURNED AT 2:50 P.M.)  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

**Appendix F**

---

**2010 CUSTOMER CHOICE MARKET RESEARCH**

## **Overview**

### **Terasen Customer Choice Study**

#### **August, 2010**

---

### **Study Background**

The Terasen *Customer Choice* study was designed to measure awareness of Customer Choice advertising and to provide a comparison of current awareness levels with those attained when the program was launched in 2007. In addition, the study evaluates customers' knowledge of the BCUC, Terasen Gas, and natural gas marketers and their respective roles in the natural gas industry.

---

### **Methodology**

This telephone study involved random interviews with 400 Terasen Gas customer households between June 17 and 30, 2010. The sample was sourced from phone listings and the questionnaire screened for Terasen Gas customers. Within each customer household, interviews were conducted with those between 25 to 64 years of age.

---

### **Highlights**

#### **1. Awareness Of Customer Choice:**

Terasen Gas' Customer Choice campaign has had a moderate penetration among Terasen Gas customers. Currently, unaided awareness in the Lower Mainland is at 44% and awareness in the Interior is at 43%. A combination of extra communications with more engaging content will be needed to improve recall of the campaign. Historically, Customer Choice awareness achieved far higher levels in 2007, when 77% of customers were able to recall the Customer Choice TV campaign.

Although ad recall levels may be lower this time around, the core message has been received by the public. Approximately 75% of customers in the Lower Mainland and in the Interior know they can buy gas from companies other than Terasen Gas. Of the customers who know the option exists, only 9% in the Lower Mainland and 11% in the Interior indicate they have signed-up with a gas marketer for a fixed rate on their gas bill. This is significantly lower than the actual participation rate of approximately 17% of Terasen Gas residential customers. This variance may be due to the question asked, or error on the part of customers.

#### **2. Knowledge Of The BCUC, Terasen Gas, And Natural Gas Marketers:**

Generally, both Lower Mainland and Interior customers are quite knowledgeable about natural gas choices and the responsibilities that the BCUC and Terasen Gas play in the industry. However, misconceptions continue to exist with respect to Terasen's pricing and profit practices. A significant number of customers (81%) either don't know whether Terasen passes on a mark-up on the cost of gas or not, or think that Terasen does mark-up the cost of gas. Also, 80% of customers either don't know if Terasen Gas only makes money on the delivery charge, or believe that Terasen Gas makes money in other ways beyond the delivery charge. Only 1 in 5 respondents could accurately identify how Terasen Gas makes money, in terms of the cost of gas or the delivery charge.

Further, there is some confusion over natural gas marketers. While 60% of customers understand that natural gas marketers are not a part of Terasen Gas, 31% do not know whether this is the case or not. And as suggested earlier not all households know if they have a contract with a gas marketer or not.

---

## **Recommendations From The Research**

High awareness of the 'Customer Choice' idea achieved during the previous communications campaign in 2007 appears to have had a lasting effect. Despite lower recall rates this year, the majority of customers (75%) still know they have choice in who they can buy from (due to past communications). Communications focused solely on the idea of 'Customer Choice' will produce marginal gains from here on in. With respect to creating awareness for the remaining 25% of customers: it would be an expensive proposition. Therefore, we suggest shifting some of the focus in the main messaging of future communications to other related topics where there are greater misperceptions to be corrected. In particular, greater public education is required into (1) Terasen Gas' pricing policies and (2) gas marketer contracts. Modifying customers' misperceptions on these issues could improve overall satisfaction and/or impressions of Terasen Gas.

This study does not look into which medium would be the most effective in communicating these two ideas to gas customers. However, two recent studies on Terasen Safety and Communication Messaging suggest that television and radio advertising are the most effective communication media with television being the best at producing awareness. There is evidence from past and present "Call Before You Dig" ads, that short, to-the-point advertising works well on radio. We suggest that print advertising—unless it is graphic, ground-breaking and eye-catching—yields lower communication awareness levels. There is not enough data to make comments on the effectiveness of web or internet advertising.

**Appendix G**

---

**2010 ANNUAL GENERAL MEETING**



# Customer Choice Annual General Meeting

September 8, 2010

Scott Webb  
Manager, Customer Programs & Research  
September 8, 2010



## 2.0 Program Summary

June 2009 – June 2010

# Agenda

- 2.1 Program participation
- 2.2 New System Enhancements
- 2.3 Customer Care Enhancement Project
- 2.4 Deferral Accounts Summary

# Program Participation

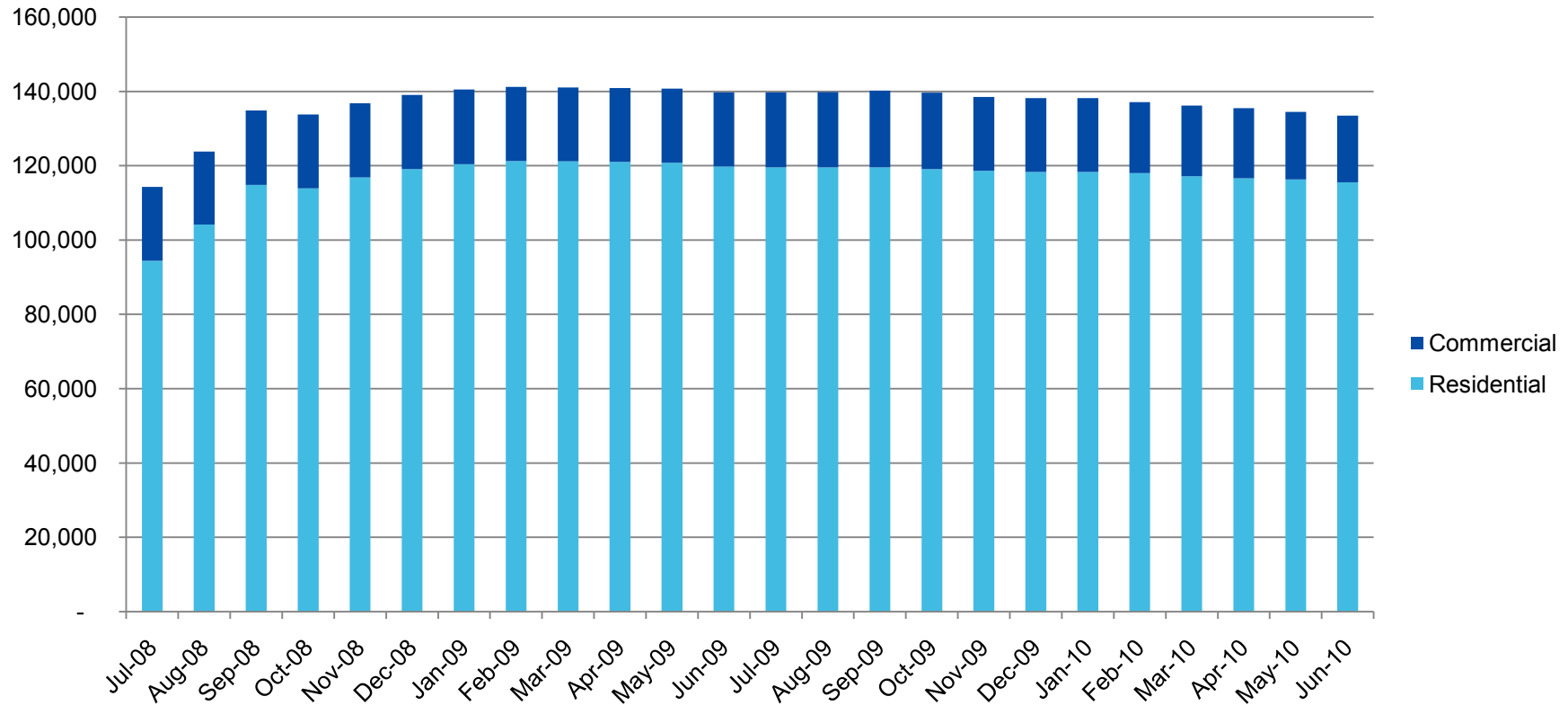
Overview of activity June 2009-June 2010

## Program Participation

- Over 138,000 customers enrolled
- 16% of total customers
- Count includes current and future-dated contract enrollments
- Down 7% from 2009

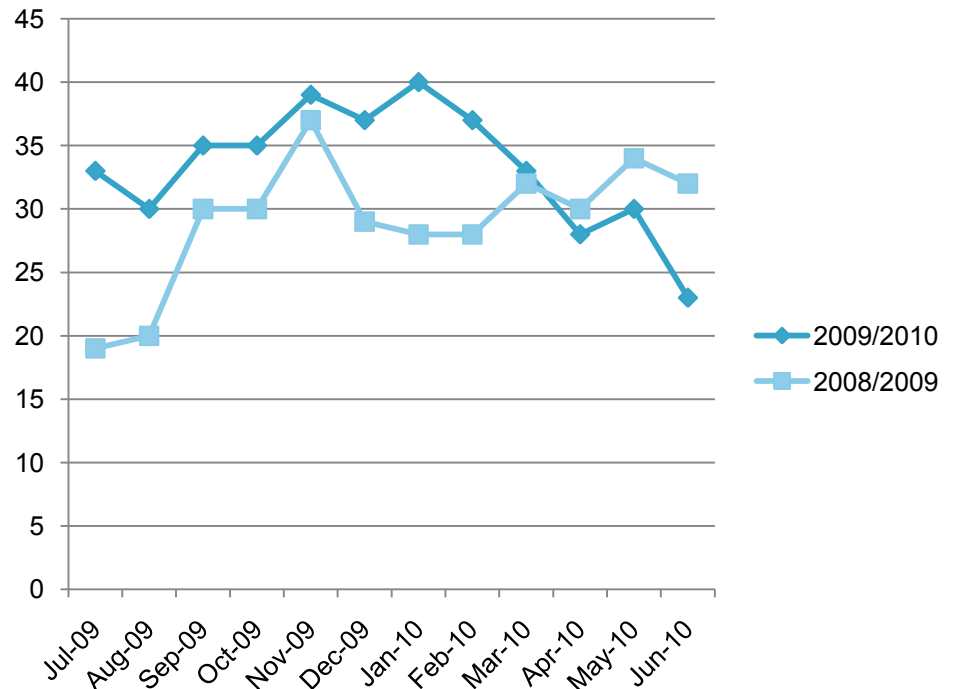
Rate Class	Columbia	Inland	Lower Mainland	Total
1	3704	35847	77944	117495
2	556	5039	14163	19758
3	18	217	943	1178
Total	4278	41103	93050	138431

# Billed Unbundled Customers by Month



# Drops vs. Gross Enrollments

- Average of 33% of residential customers cancelled contracts in the 10-day window
- Compared to 29% for the previous reporting year
- 10 out of 13 marketers active
- Average rate enrolled: \$9.03 GJ



# Completed System Enhancements

Improvements and maintenance activity



## 2009 System Enhancements

- Added multiple disputes warning message
- Shortened list of dispute questions
- New Dispute Type category drop-down
- Addition of Cancellation Date to Dispute page
- Addition of Reconsideration request button

## 2009 System Enhancements cont'd

- Improved data processing speed
- Locked dispute supporting documents
- Operational Correction Drop code implemented
- Automated weekly reporting functionality for BCUC
- New reason code (1330) to handle manual enrollments where portability is involved

# 2010 System Enhancements

- 90 day renewal rule
- GEM report formats
- Marketer email added to confirmation letter
- Response file optimization
- Timestamp added to enrollment details file

# Poaching Blocker: Preventing Duplicate Enrolments

## Upload

To complete the customer enrollment process, select the pipe delimited file that adheres to the pre-defined file specification.

Click Browse to select the file, or type the path to the file in the box below.

Select File:

Browse...

Upload

**ERROR: The yellow highlighted rows are not available for enrollment. Please remove the rows and re-submit the file.**

ContractNo	GroupCode	EnrollmentID	TrxID	BatchID	StartDate	EndDate	ReasonCode	CustomerName	DebtorNo	PremNo
10989UNBUNDLING	TER007	1085434	E19848	1000	20091201	20101201	1230	SHANE CHOW	2345678	181818
10989UNBUNDLING	TER023		E19838	1000	20091201	20101201	1230	MIGUEL VELOZ	2345679	181819
10989UNBUNDLING	TER020		E19845	1000	20101201	20141201	1230	JAMES DEAN	2345680	181820
10989UNBUNDLING	TER007		E19848	1000	20091201	20101201	1230	MIR D BRKIC	2345681	181821
10989UNBUNDLING	TER020	1085433	E19847	1000	20101201	20141201	1230	FUJI YAMA	2345682	181822
10989UNBUNDLING	TER022		E19852	1000	20091201	20101201	1110	DAVID LUDWIG	2345683	181823

# Marketer Supply Requirements & Details

Terasen  
Gas

## Marketer Supply Requirements

CUSTOMER CHOICE Program

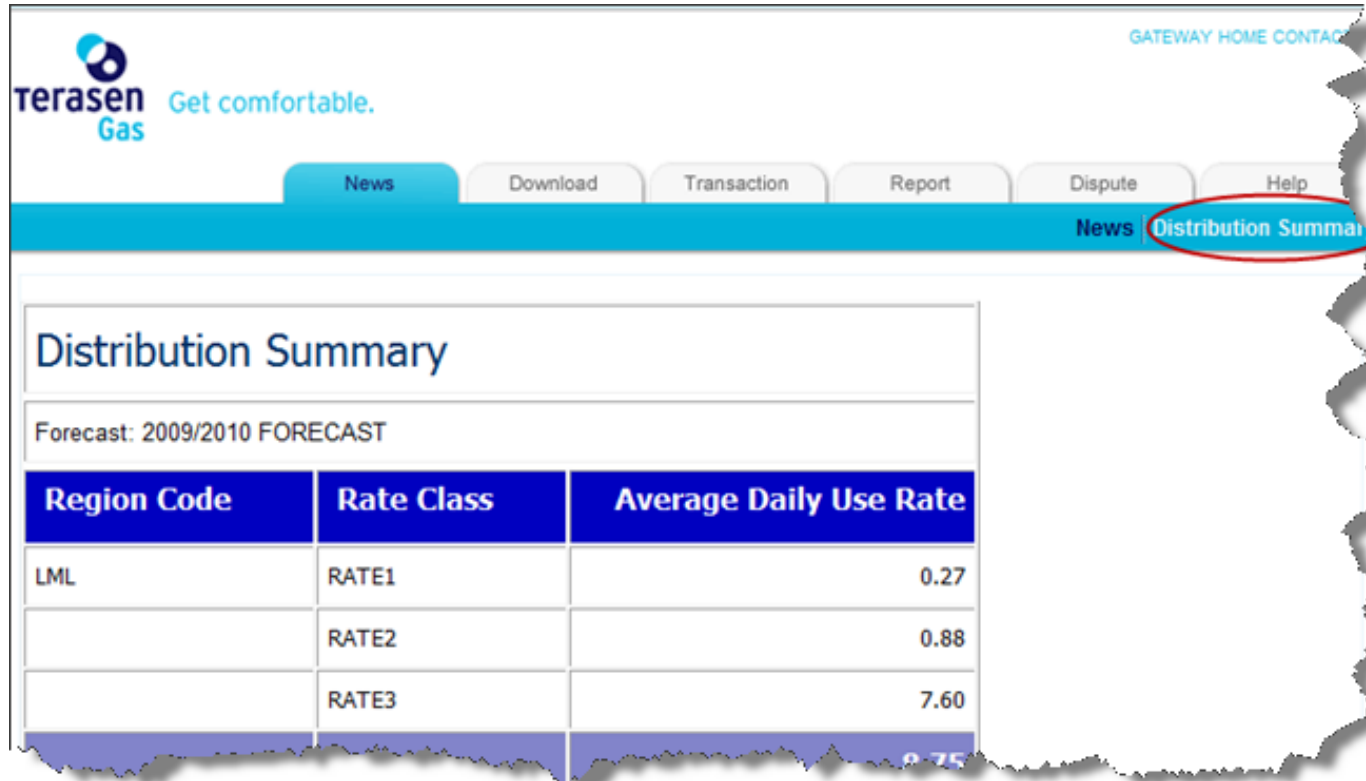
Print Date: 2010-Apr-22

Marketer: ABC Marketing LTD

MSR created 4/21/2010

Marketer Group	Region	Rate	Tuesday, June 01, 2010	Thursday, July 01, 2010	Sunday, August 01, 2010						
			Supply Requirement Total (GJ)	Enrollment Total	Supply Status	Supply Requirement Total (GJ)	Enrollment Total	Supply Status	Supply Requirement Total (GJ)	Enrollment Total	Supply Status
ABC001 IN 002	13.43	20	P	5.84	9	P	5.51	7	P		
	9.19	1	P								
	22.62	21	P	5.84	9	P	5.51	7	P		
Sub-total											

# Distribution Summary Report



The screenshot shows the Terasen Gas website interface. At the top left is the Terasen Gas logo with the tagline "Get comfortable." and a "GATEWAY HOME CONTACT" link at the top right. A navigation bar contains buttons for "News", "Download", "Transaction", "Report", "Dispute", and "Help". Below this, a secondary bar highlights "News" and "Distribution Summary" (which is circled in red). The main content area is titled "Distribution Summary" and displays a "Forecast: 2009/2010 FORECAST". A table follows with three columns: "Region Code", "Rate Class", and "Average Daily Use Rate". The table lists three rate classes (RATE1, RATE2, RATE3) for the LML region, with a final row showing a total average daily use rate of 9.75.

Distribution Summary		
Forecast: 2009/2010 FORECAST		
Region Code	Rate Class	Average Daily Use Rate
LML	RATE1	0.27
	RATE2	0.88
	RATE3	7.60
		9.75

# Upcoming Changes

- Marketer mergers (maintenance activity)
- Contract dates on the customer bill

# Marketer Mergers-Gas Marketer Acquisitions


- Effective dating used to define marketer relationships
- Revise report logic to capture the child/parent relationship
- Single GEM sign-in solution
- Disputes would still require the original marketer sign-in id



# Proposed Bill Change

**Name:** ANNIE CUSTOMER  
**Service address:** 12345 ANY STREET  
VANCOUVER  
**Rate Class:** Residential  
**Billing date:** April 14, 2010

**Customer Service**  
1-888-224-2710  
7 am - 8 pm Mon - Fri  
9 am - 5 pm Sat, Pacific time  
terasengas.com



Account number	Due date	Amount due
555555	May 6, 2010	\$135.09

**Previous bill** 133.62  
 Less payment - Thank you 133.62 CR  
 Balance from previous bill 0.00

**Delivery charges**  
 Basic charge 11.84  
 Delivery (10.4 GJ at 3.145 per GJ) 32.71  
 44.55 \* "

**Commodity charge**  
 Midstream (10.4 GJ at 1.725 per GJ) 17.94  
 Cost of gas (10.4 GJ at 5.609 per GJ) 58.33  
 ABC Gas Marketer 76.27 \* "  
 Call 1-888-888-8888 for COST of gas related inquiries

**Other charges and taxes**  
 Clean Energy Levy (0.4% of " amounts) 0.48  
 Carbon Tax (10.4 GJ at 0.7449) 7.75\*  
 GST (5% of \* amounts) 6.04

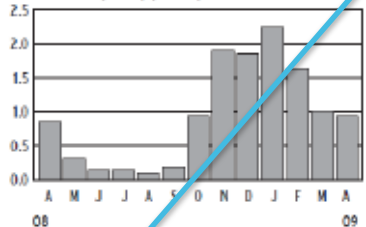
**Please pay** **\$135.09**

**Gas usage calc**  
 Present reading - Previous reading  
 Apr 14 '10 Mar 2,004  
 Premise number:

**Comparison to previous year**

Billing period	Number of days billed	Average daily temp.	Average daily usage GJ	Total billing period usage GJ
Apr '10	32	22°C	0.33	10.4
Apr '09	32	23°C	0.29	7.7

**Average daily gas usage over 13 months**





The Carbon tax charge on your bill....

\* Your residential energy credit of....

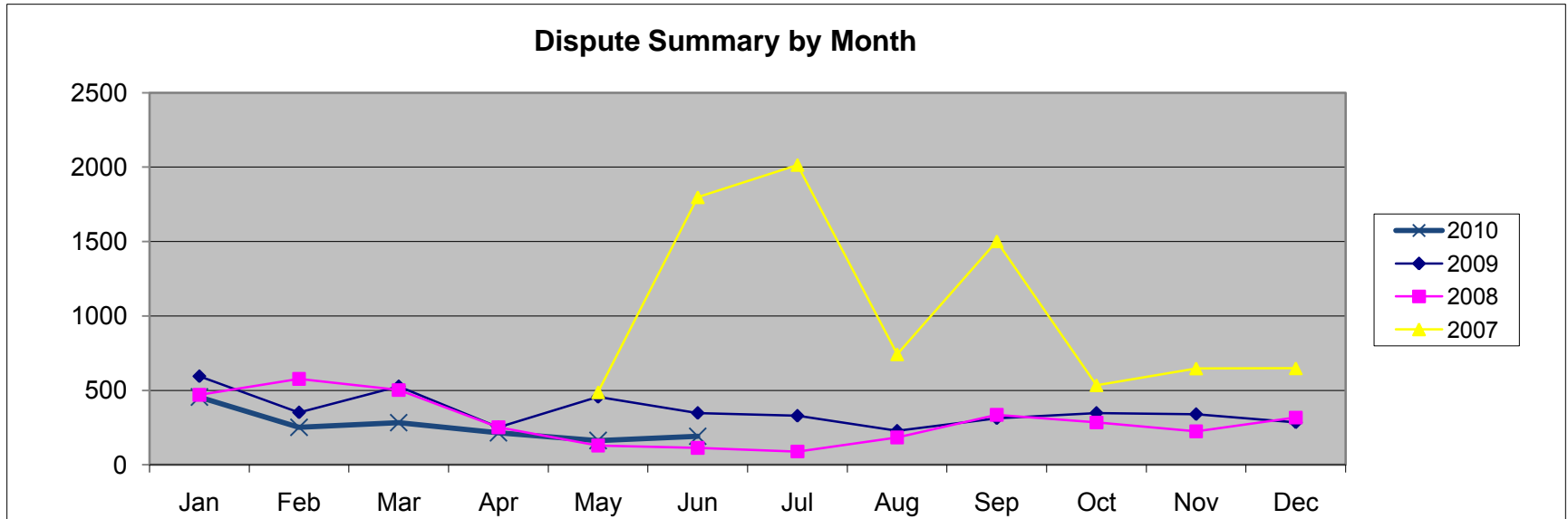
**Your consumer agreement details:**  
 Active Renewable Mar 01'10- Mar 01'15  
 Superior Energy Mar 01'15 - Mar 01'16

**KEEP**



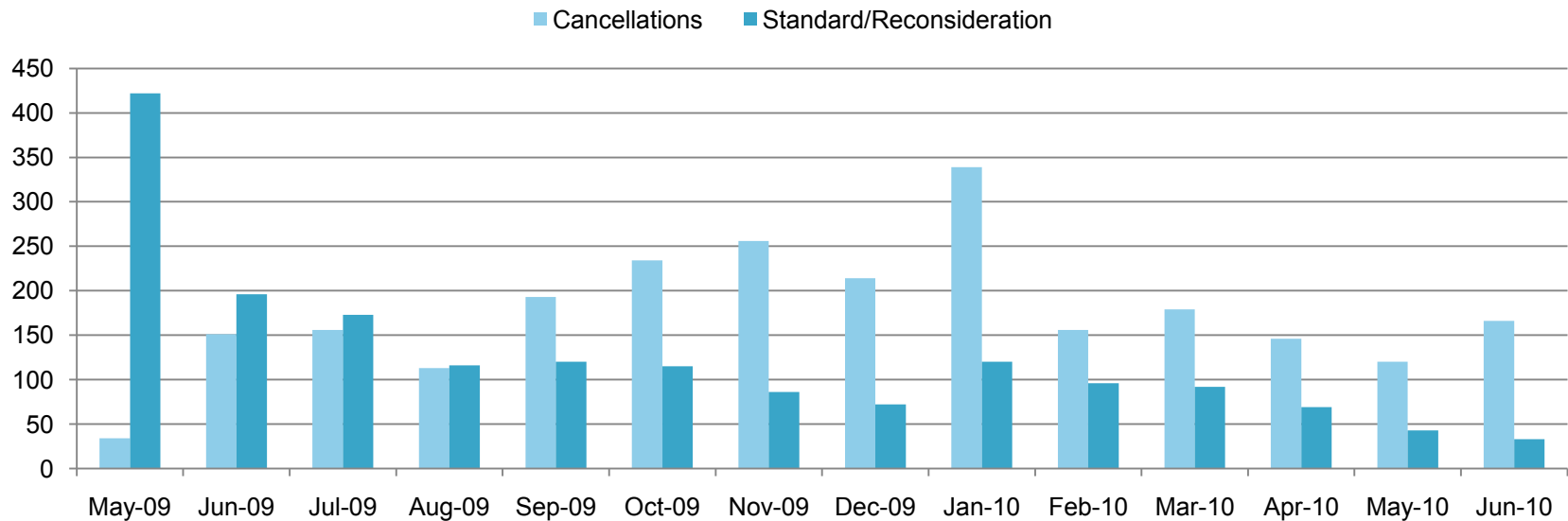
  
 Terasen Gas – A Fortis company  
 terasengas.com

# Disputes



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2010	455	252	283	215	163	191							1559
2009	595	352	527	252	456	348	329	228	313	348	340	285	4373
2008	470	577	502	252	129	114	89	184	336	284	225	317	3479
2007					488	1798	2015	743	1502	535	648	649	8378

# Dispute Types Recorded



# Marketer Performance Report

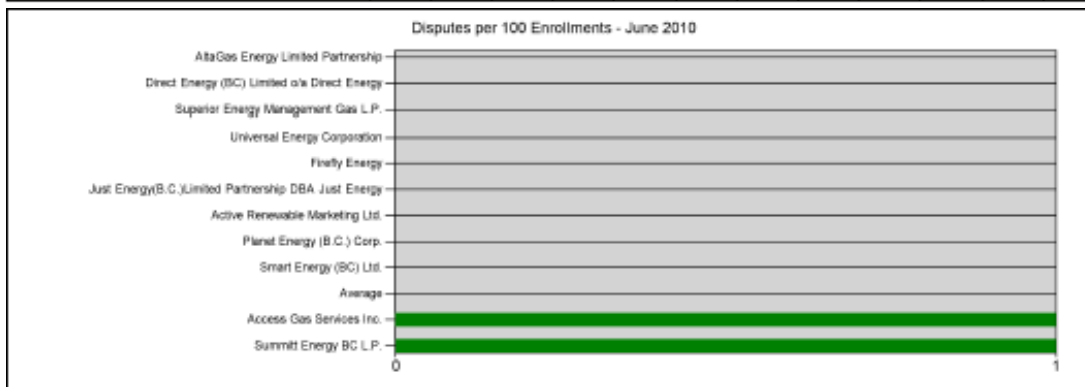
- Designed to replace Customer Count on BCUC website
- Displays marketer disputes vs. net enrollments for the rolling year
- Matches dispute with enrolments within 90 days
- Currently, very few disputes recorded within 90 days of enrollment

Reporting Period: July 2009 - June 2010

Rate Class: Residential Only

These figures represent the number of contracts that are disputed per every 100 customers and seeking third party resolution from the BCUC. Contracts may be disputed for a variety of reasons including contract terms, contract price, validity of contract, and gas marketer Code of Conduct issues. Contract disputes that are successfully resolved between the customer and the gas marketer without third party resolution are not included in this figure; contracts that are cancelled within the cancellation period are not included in this figure; and nor are disputes that occur 90 or more days following the original enrolment date. These figures represent disputes that are logged and does not denote the adjudication outcome.

Marketer Name	Disputes per 100 enrollments											
	Jun-10	May-10	Apr-10	Mar-10	Feb-10	Jan-10	Dec-09	Nov-09	Oct-09	Sep-09	Aug-09	Jul-09
Access Gas Services Inc.	1	1	1	1	0	0	0	0	1	0	0	0
Active Renewable Marketing Ltd.	0	0	0	0	0	0	0	0	0	1	3	1
AltaGas Energy Limited Partnership	0	0	0	0	0	0	0	0	0	0	0	0
Direct Energy (BC) Limited o/a Direct Energy	0	0	0	0	0	0	0	0	0	0	0	0
Firefly Energy	0	0	0	0	0	0	0	0	0	0	0	0
Just Energy(B.C.)Limited Partnership DBA Just Energy	0	0	3	4	1	1	0	1	0	0	0	23
Planet Energy (B.C.) Corp.	0	0	0	0	0	0	0	0	0	0	0	0
Smart Energy (BC) Ltd.	0	0	0	0	0	0	0	0	0	0	0	0
Summitt Energy BC L.P.	1	1	2	2	1	2	3	1	1	1	0	0
Superior Energy Management Gas L.P.	0	1	1	2	1	2	0	1	2	2	1	1
Universal Energy Corporation	0	0	0	0	0	0	0	0	0	0	0	0
<b>Average</b>	0	0	1	1	0	0	0	0	0	0	0	2



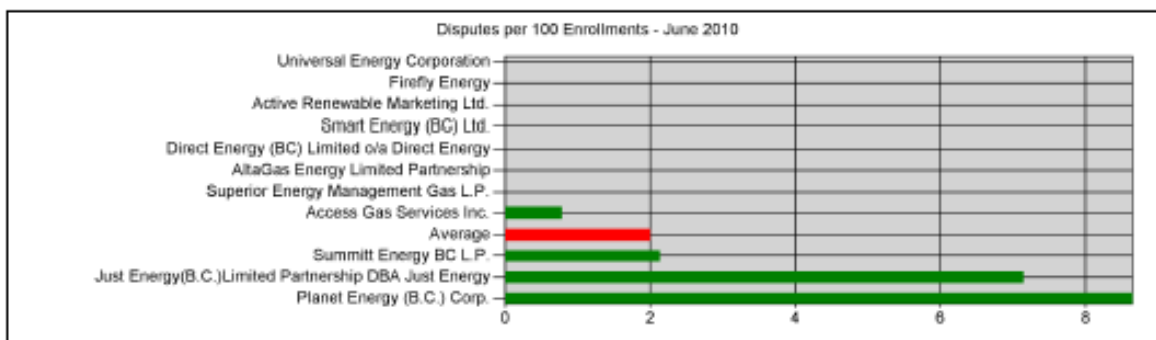
## Marketer Performance Report – Option 1

Reporting Period: July 2009 - June 2010

Rate Class: Residential Only

These figures represent the number of contracts that are disputed per every 100 customers and seeking third party resolution from the BCUC. Contracts may be disputed for a variety of reasons including contract terms, contract price, validity of contract, and gas marketer Code of Conduct issues. Contract disputes that are successfully resolved between the customer and the gas marketer without third party resolution are not included in this figure; contracts that are cancelled within the cancellation period are not included in this figure; and nor are disputes that occur 90 or more days following the original enrolment date. These figures represent disputes that are logged and does not denote the adjudication outcome.

Marketer Name	Disputes per 100 enrollments											
	Jun-10	May-10	Apr-10	Mar-10	Feb-10	Jan-10	Dec-09	Nov-09	Oct-09	Sep-09	Aug-09	Jul-09
Summitt Energy BC L.P.	2	5	3	4	4	6	6	3	4	3	2	0
Direct Energy (BC) Limited o/a Direct Energy	0	0	0	0	0	0	0	0	0	0	0	0
Superior Energy Management Gas L.P.	0	1	6	3	1	2	2	2	2	3	1	3
AltaGas Energy Limited Partnership	0	0	0	0	0	0	0	0	0	0	0	0
Smart Energy (BC) Ltd.	0	0	0	0	0	0	0	0	0	0	0	0
Firefly Energy	0	0	0	0	0	0	0	0	0	0	0	0
Planet Energy (B.C.) Corp.	9	0	0	0	0	0	0	0	0	0	0	0
Active Renewable Marketing Ltd.	0	0	0	0	4	0	17	0	0	16	12	1
Access Gas Services Inc.	1	2	3	1	1	1	0	1	2	0	0	0
Universal Energy Corporation	0	0	0	0	0	0	0	0	0	0	0	0
Just Energy(B.C.)Limited Partnership DBA Just Energy	7	0	3	17	5	16	3	31	7	2	7	33
<b>Average</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>3</b>



## Marketer Performance Report - Option 2

# Customer Care Project & Deferral Account

Systems impact update and review of Deferral Account status

# Customer Care Enhancement Project

- Customer Care services brought in-house
- System freeze Fall 2010
- Go-live date: January 1, 2012



# Deferral Account Status

Category	Jan-Jun 2010	2009	2008
Customer Choice Recoveries from Marketers	\$ (657,589)	\$ (877,039)	\$ (944,122)
System Operating & Support Costs	\$ 193,594	\$ 426,485	\$ 386,985
Unbundling Customer Education Costs	\$ 41,677	\$ 747,642	\$ 2,987,404
Operating/Support & BCUC Costs	\$ 508,838	\$ 326,397	\$ 421,769
<b>Total Costs to Customers</b>	<b>\$ 86,520</b>	<b>\$ 623,485</b>	<b>\$ 2,852,036</b>



## 3.1 Consolidated Business Rules

### Proposed Consumer Protection Enhancements


# Align Residential and Commercial Business Rules

- TPV Calls
- Confirmation Letters
- Cancellation Period
- Disputes Handling
- Added consumer protection for business customers
- Simplify rules for clarity
- Program cost savings

## 3.2 Disputes and Cancellations

### Proposed GEM Change

# Proposed Dispute Ruling Page



GATEWAY HOME | CONTACT US | LOGOUT

NewsDownloadTransactionReportDisputeHelp

Customer DisputeLog Dispute

### Customer Dispute Details

Dispute #:	22735	Filed By:	10331 (Access Gas Services Inc.)
Caller:	Jan Smith	Status:	Opened
Caller Identification:	owner	Days Outstanding:	20
Contact Number:	604-671-8622	Marketer Name:	Access Gas Services Inc.
Date Filed:	2010/07/28	Customer Number:	1754562
Cancellation Date:	No Cancellation Date	Customer Address:	2710 MAIN STREET VANCOUVER V5T 3E8
Date Resolved:		Dispute Type:	Cancellation

### Who is the next marketer?

1	Access Gas Services Inc.	\$9.79	<input type="radio"/>
2	Terasen Gas		<input type="radio"/>

### When is the effective date?

### Who is responsible for dispute resolution fee?

1	Marketer	<input type="radio"/>
2	Customer	<input type="radio"/>
3	N/A	<input type="radio"/>

### Does the dispute require the marketer and customer to resolve it offline?

☐ Yes

☐ No

### Does the customer require a reimbursement from the gas marketer?

☐ Yes

☐ No

### What is the date range?

From  To

SubmitBack

© 2007 Terasen Gas - A Fortis CompanyPrivacy PolicyTerms of UseSite Map

## 3.11 Contract Maximum Term

### Clarification on the 5-year Contract Rule

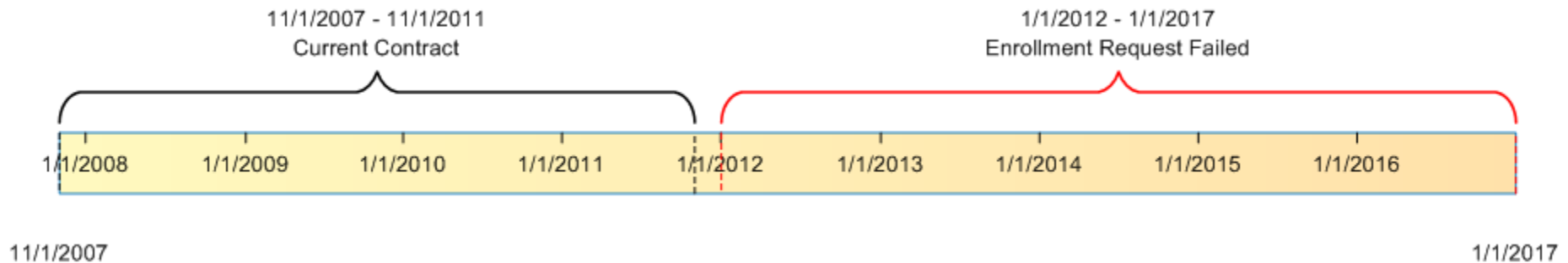
## 5 Year Rule

- Details attached in e-mail



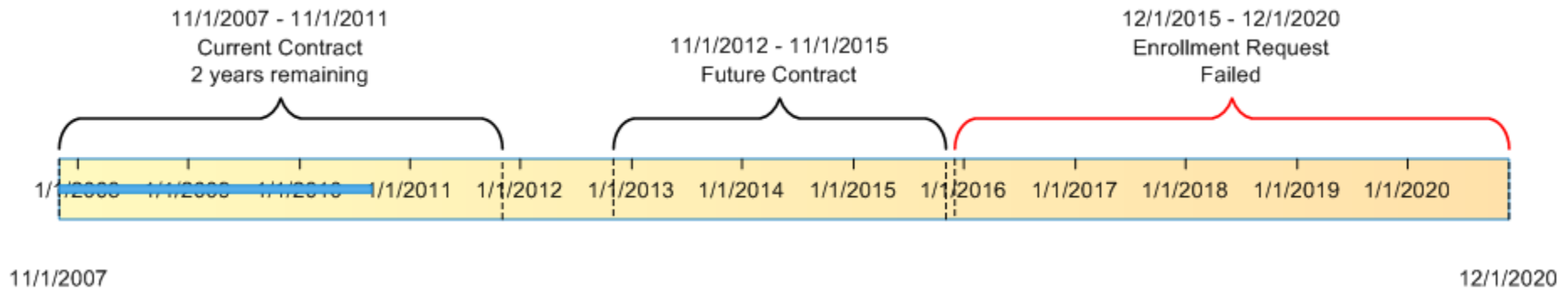
## 5-Year Contracting Rule Example #1

- Scenario one: Existing enrollment and new contract enrollment with a gap between contracts and total combination is over 5 years long.



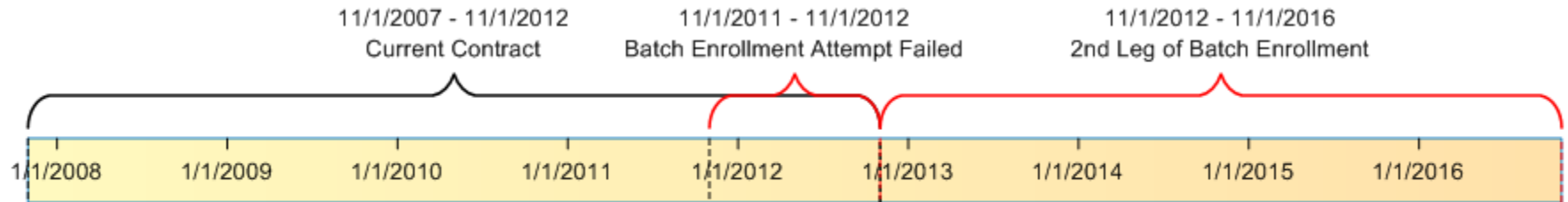
## 5-Year Contracting Rule Examples #2

- Scenario two: Existing enrollment has 2 years left and an approved future enrollment for 3 years and another enrollment attempt is made.



## 5-Year Contracting Rule Examples #3

- Scenario three: Existing enrollment and a new batched enrollment that is over 5 years long.



11/1/2007

11/1/2016

# 3.12 Marketer Supply Requirement

## Calculation and Recommendations

Calculation and Recommendations



# Agenda

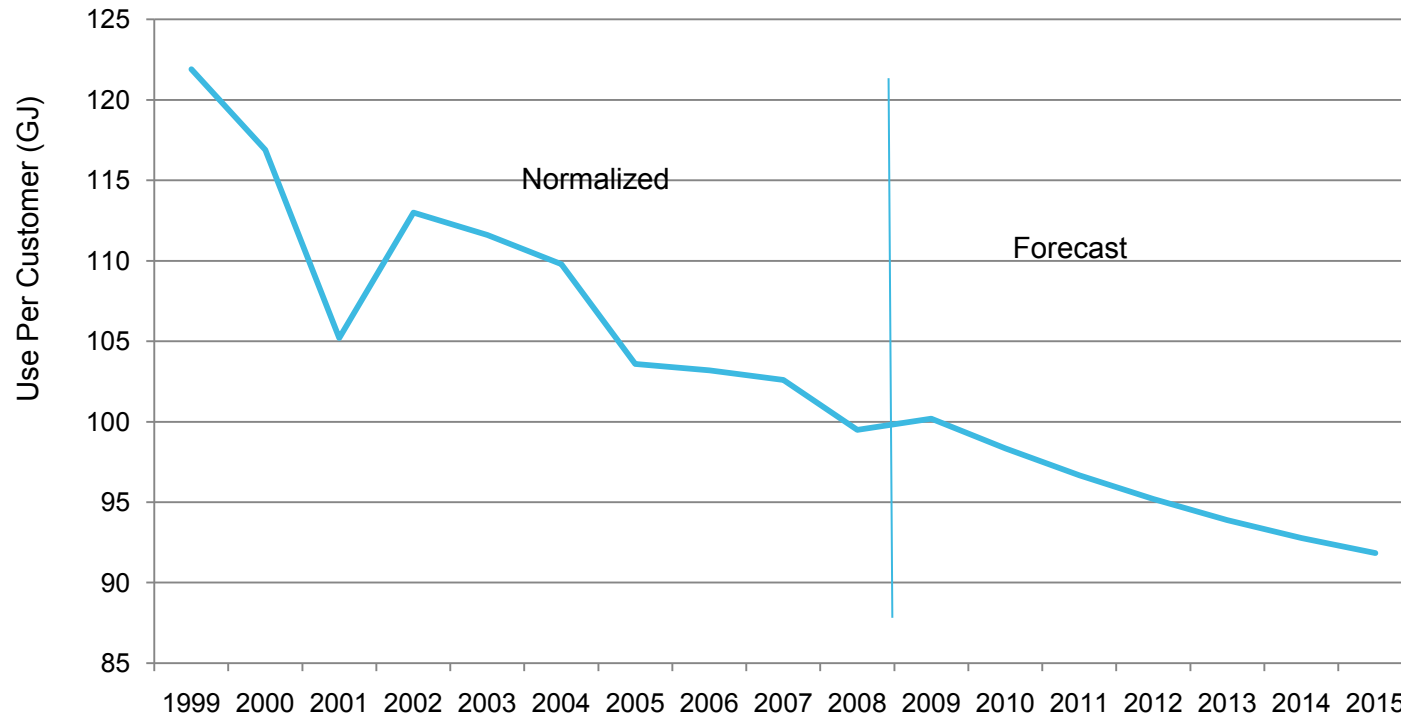
- Changing Supply Requirements
- Calculation Methodology
- Recommendations

# Changing Supply Requirements

## Residential and Commercial Use Rates

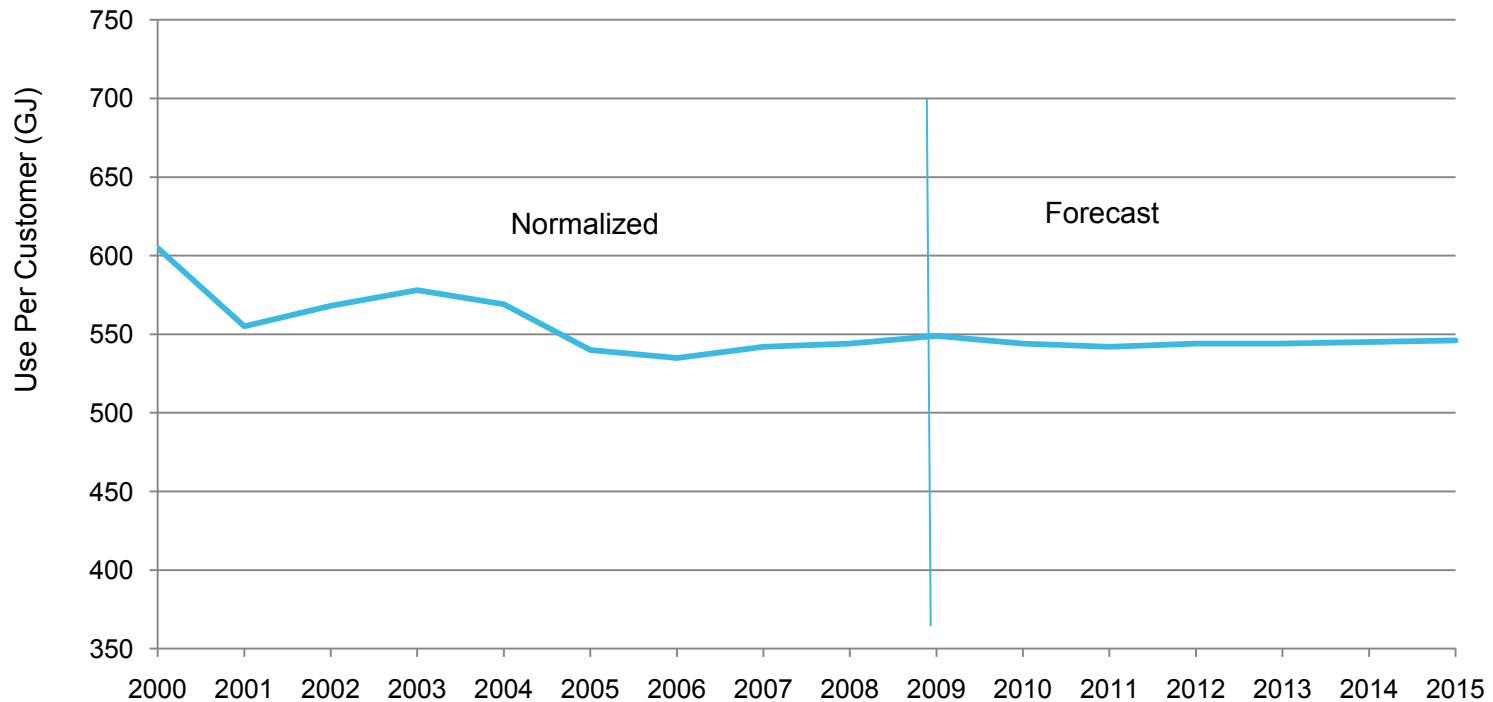
# Use Rate History Residential

## Lower Mainland Residential Customers (Rate 1)



# Use Rate History Commercial

## Lower Mainland Commercial Customers (Rate 2 and Rate3)





# Calculation Methodology

## Marketer Supply Requirement

# Calculation Summary

## Calculate Premise Factors

- Based on Billed Consumption History
- Represents the portion of the annual consumption for a region rate class that a premise consumed
- A premise factor is used to prorate the Contract Year Supply to each premise

## Calculate Contract Year Supply

- Use the Annual Demand Forecast to derive the Contract Year Supply (CYS)

## Allocate Marketer Supply Requirements

- Daily supply requirement for all premises by entry date
- Premise volume remains static for the entire contract year

# Calculate Premise Factors

Step 1 - Sum billed consumption for all premises in a region rate class

Region	Rate Class	Premise	May-09	Apr-09	Mar-09	Feb-09	Jan-09	Dec-08	Nov-08	Oct-08	Sep-08	Aug-08	Jul-08	Jun-08	Total Consumption
LML	RATE1	P1	10	28	30	25	35	30	28	29	20	5	5	5	250
LML	RATE1	P2	12	23	25	33	25	30	33	29	15	5	5	5	240
LML	RATE1	P3	10	23	25	30	25	25	28	29	15	5	5	5	225
LML	RATE1	P4	15	28	30	35	33	35	32	30	25	8	7	7	285
															<b>1000</b>

# Calculate Premise Factors cont.....

## Step 2 - Calculate individual Premise Factors

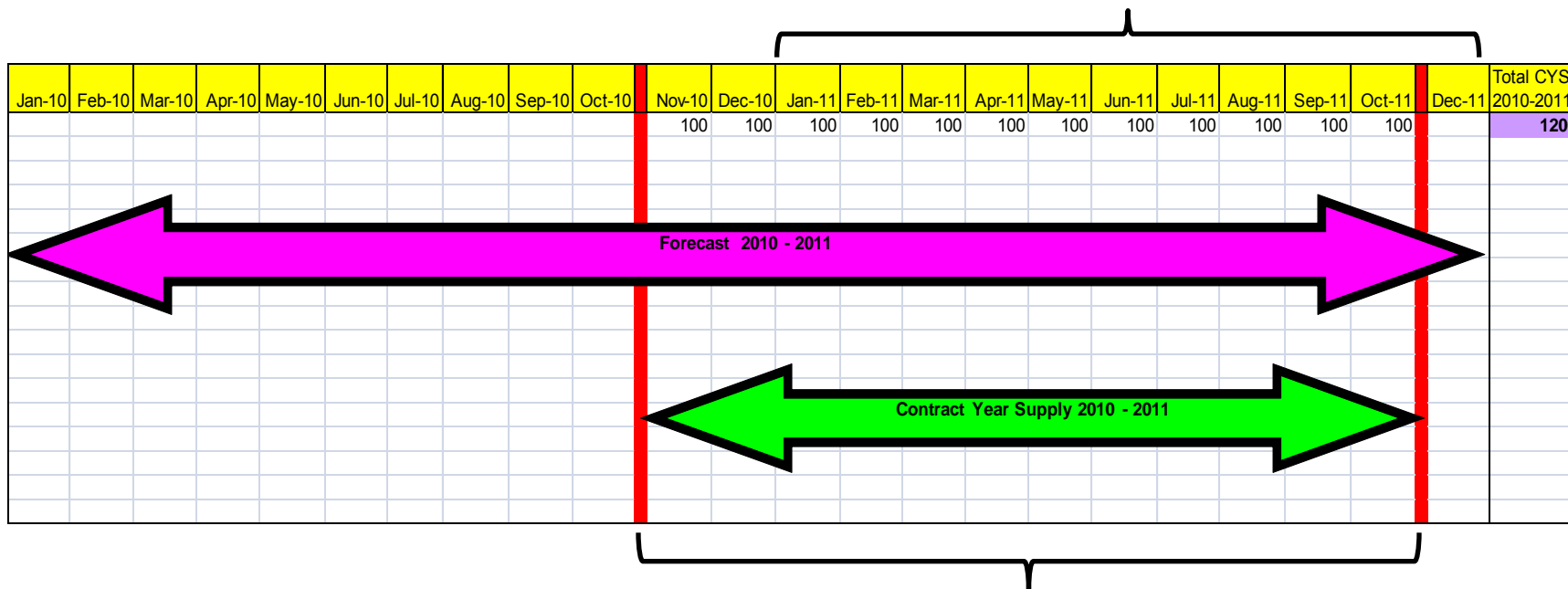
Region	Rate Class	Premise	Total Billed Consumption	Premise Factor
LML	RATE1	P1	250	0.25
LML	RATE1	P2	240	0.24
LML	RATE1	P3	225	0.23
LML	RATE1	P4	285	0.29
<b>Totals</b>			<b>1000</b>	<b>1.00</b>

From Step 1, the total billed consumption for the region rate class

Premise Factors = premise consumption / total consumption for the region rate class

# Calculate Contract Year Supply

The Annual Demand Forecast runs each calendar year.



The Contract Year Supply run Nov 1 thru Oct 31 each year.

# Calculate Contract Year Supply cont....

Distribute Contract Year Supply to premises based on the premise factor

Region	Rate Class	Premise	Premise Factors	Contract Year Supply Distribution
LML	RATE1	P1	0.25	300
LML	RATE1	P2	0.24	288
LML	RATE1	P3	0.23	270
LML	RATE1	P4	0.29	342
<b>Totals</b>			<b>1.00</b>	<b>1200</b>

Balances to Distribution Supply and MSR Total

Premise Supply = Premise Factor \* Contract Year Distribution Supply Total

# Allocate Marketer Supply Requirements

				Contract Year: 2010/2011			
				Tuesday, November 01, 2011			
				Supply Requirement Total	Enrollment Total	Supply Status	
MarketerA	MktrA-Grp1	LML	RATE1	300	1	P	
	MktrA-Grp2	LML	RATE1	288	1	P	
	Sub-Total			588	2	P	
Terasen Gas		LML	RATE1	612	2	P	
	Sub-Total			612	2	P	
Total				1,200	4	P	

MktrA has 2 enrolments, P1 & P2.

				Contract Year: 2010/2011			
				Tuesday, November 01, 2011			
				Supply Requirement Total		Enrollment Total	Supply Status
MarketerA	MktrA-Grp1	LML	RATE1	300		1	P
	MktrA-Grp2	LML	RATE1	558		2	P
	Sub-Total			858		3	P
Terasen Gas		LML	RATE1	342		1	P
	Sub-Total			342		1	P
Total				1,200		4	P

MktrA supply requirement and enrolments have increased .

# MSR Key Points

- The supply requirements on the MSR are based on the forecasted contract year supply (normalized for weather)
- Premise Factors are based on the historical billed consumption
  - Billed consumption is not used for any other inputs to MSR calculations.
- Premise supply requirements remains static for the entire contract year
- Total MSR remains unchanged for the duration of the Contract Year (Nov-Oct) each year
- MSR reallocated each month
  - Between gas marketers and Terasen Gas depending on enrollment activity



# Current Issues

- Marketers unable to reconcile customers & supply requirement with current available information
  - Reports do not reconcile
  - No premise level supply requirements
- Marketers unable to forecast gas futures with current available information
  - The historical billed consumption (actuals) that are provided for enrolled premises are misleading
  - Billed consumption data should not be used for forecasting

# Recommendations

## Suggested reporting changes

# Proposed Improvements

- Replace historical billed consumption information with premise level supply requirements
- Provide enrollment change information between entry dates
- Provide better future supply requirements information

# Replace Historical Billed Consumption

- Historical billed consumption information
  - Used to create a proration factor (Premise Factor) that is used against normalized forecast information.
  - These proration factors fluctuate based on customer count and volume changes seen in the region/rate class.
  - Not used as inputs to any other MSR calculations.
  - Not suitable information for marketer gas forecasting or estimating premise supply requirements.
- Replace with two new reports
  - Enrollment Details by Premise Report
  - MSR Details by Marketer Group Report

# Enrollment Details by Premise Report

- Marketer supply requirements by premise and marketer group including contract and enrollment start & end dates
- Provides supply requirements necessary to forecast for enrolled premises
- Supply requirements reconcile to the MSR report, MSR Details by Marketer Group report and the Marketer Demand Details report

## MSR Details by Marketer Group

- Marketer supply requirements by marketer group, region and rate class excluded
- Allows marketers to reconcile by marketer group (price point)
- Supply requirements reconcile to the MSR report, Marketer Demand Details report and Marketer Settlement report

# Sample of New Reports

Enrollment Details by Premise Report for MarketerA for Entry Date: Nov 1, 2010						
Marketer Group	Premise	Supply Requirement	Contract Start Date	Contract End Date	Enrollment Start Date	Enrollment End Date
MktrA-Grp1	P1	300	November 1, 2010	October 1, 2015	November 1, 2010	
MktrA-Grp2	P2	288	November 1, 2010	October 1, 2012	November 1, 2010	
MktrA-Grp2	P3	270	November 1, 2010	October 1, 2012	November 1, 2010	
Total Supply		858				

MSR Details by Marketer Group		Contract Year: 2010/2011		
		Tuesday, November 01, 2011		
		Supply Requirement Total	Enrollment Total	Supply Status
MarketerA	MktrA-Grp1	300	1	P
	MktrA-Grp2	558	2	P
MarketerA Total		858	3	P

Supply requirements  
balance across all reports

# Report Reconciliation

Marketer Demand Details						
Marketer:	MarketerA					
Contract:	xxx					
Effective Date:	1-Nov-10		Preliminary			
Receipt Point Delivery Variance						
Station	Delivery Requirement (GJ)	Amount \$	WAP \$	Fuel Requirement	Obligated Quantity (GJ)	
Compressor Station 2	300	\$ 2,250.00	\$ 7.50	2	302	
Huntingdon	288	\$ 2,160.00	\$ 7.50	2	290	
Inventory Transfer	270	\$ 2,025.00	\$ 7.50	2	272	
Total:	858	\$ 6,435.00	\$ 7.50	6	864	
Marketer Group Delivery Requirement						
Marketer Group	Delivery Requirement (GJ)	Amount(\$)	Price(\$)			
MrktrA-Grp1	300.00	\$ 2,250.00	\$ 7.50			
MrktrA-Grp2	558.00	\$ 4,185.00	\$ 7.50			
Total	858.00	\$ 6,435.00				



# Enrollment Change Information

- New Enrollment Change Report
  - Help marketers understand supply differences between entry dates
  - Provides enrollment and volume differences between entry dates
  - Premise level information provided
  - Supply variance will reconcile to existing Supply Variance report

# New Enrollment Change Report

<b>Enrollment Change Report</b> <b>From Entry Date Oct 1, 2010 to Nov 1, 2010</b>					
Type	MarkterGroup	Rate Class Id	Premise Count	Premise	Supply Requirement
<b>In Nov, not in Oct</b>		<b>1</b>	<b>3</b>		<b>858</b>
	MktrA-Grp1			P1	300
	MktrA-Grp2			P2	288
	MktrA-Grp2			P3	270
<b>In Oct, not in Nov</b>		<b>2</b>	<b>2</b>		<b>1,075</b>
	MktrA-Grp2			P10	550
	MktrA-Grp2			P11	525
<b>Net Difference</b>			<b>1</b>		<b>-217</b>

# Reconcile Enrollment Changes to Supply Variance

Supply Variance report

Marketer:MarketerA

Contract:xxx

To:2010-Nov-01Preliminary

From:2010-Oct-01Final

Receipt Point Delivery Variance

Station	Customer Count (#)			Obligated Quantity (GJ)		
	1-Nov-10	1-Oct-10	Variance	1-Nov-10	1-Oct-10	Variance
Compressor Station 2	1	1	0	300	550	-250
Huntingdon	1	1	0	288	525	-237
Inventory Transfer	1	0	1	270	-	270
Total:	3	2	1	858	1,075	-217

Marketer Group Delivery Variance

Marketer Group	Customer Count (#)			Obligated Quantity (GJ)		
	1-Nov-10	1-Oct-10	Variance	1-Nov-10	1-Oct-10	Variance
MrktrA-Grp1	1	0	1	300		300
MrktrA-Grp2	2	2	0	558	1,075	-517
Total:	1	0	1	858	1,075	-217

# Future Supply Requirement Information

- Contract Year Supply (CYS) information to marketers sooner
  - New CYS information should be made available to marketers as soon as the forecast is approved by the BCUC, and the next Contract Year Supply is calculated.
  - Develop a premise level contract year change report.

# Benefits of Proposed Improvements

- Provides marketers with better supply requirement information:
  - Historical billed consumption data that is currently provided is misleading – used only for proration factor.
  - Replace current billed consumption data with premise level supply requirements.
- Better supply requirement information provides marketers the ability to:
  - Reconcile customers (premises) and supply requirements.
  - Better forecast future premise supply requirements.

## Benefits of Proposed Improvements cont..

- New reports will help marketers to understand enrollment & volume changes between enrollment periods.
- All marketer reports reconcile:
  - New Enrollment Details Report balances to the MSR
  - MSR balances to the Marketer Demand Details Report
  - Marketer Demand Details Report balances to the Supply Variance Report
  - Supply Variance Report balances to the new Enrollment Change Report



# 3.13 Communication Plan

## Summary and Recommendations

September 8, 2010





# Agenda

- 2010 Advertising Review
- Research Summary
- 2011 Proposal & Next Steps

# 2010 Advertising Review

## Actions and timing

# Review Process

- February 22, 2010 – Order A-3-10 requested TGI to obtain feedback on proposed advertising
- Sent to stakeholders on March 29, 2010
  - Advertising
  - Blocking chart
  - Newspaper listing
- Sent to Commission on April 21, 2010
- Approved by Letter L-39-10, dated April 29

# Newspaper Wrap

## Find the natural gas plan that's right for you.



### Customer Choice: Find the natural gas plan that's right for you

**You can choose who you buy natural gas from.  
A natural gas marketer or Terasen Gas. It's your choice.**

Customer Choice\* is a program that offers consumers the option to purchase natural gas from either Terasen Gas at a regulated variable rate, or a gas marketer at a fixed rate.

**Gas marketers sell fixed rate agreements** that vary in length from one to five years. The agreements are available to both residential and business customers. With a fixed rate, your cost of gas per gigajoule (GJ) will remain the same for the duration of the agreement. The amount you pay will only vary according to how much natural gas you consume.

**Terasen Gas offers a rate that can change** as often as four times per year. The rate is reviewed quarterly by the BC Utilities Commission and adjusted to reflect current changes in market conditions. The commodity cost is passed on to you as a flow-through rate without markup.

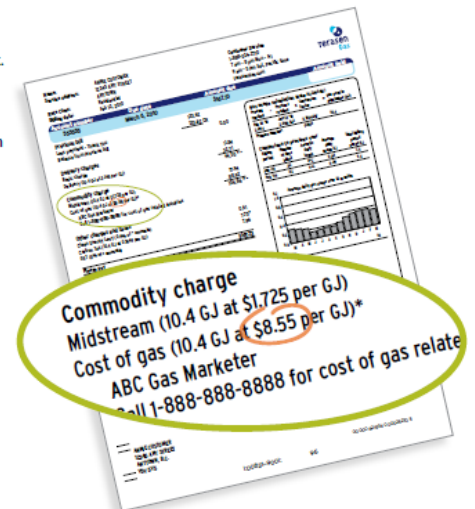
#### Looking for certainty?

Regardless of your choice, Terasen Gas will continue to deliver the natural gas safely and reliably, providing you the same range of services and bill payment options we always have. The BC Utilities Commission is responsible for regulating gas marketers and their compliance to the Code of Conduct. And although Terasen Gas is completely independent of gas marketers, in the event a gas marketer surrenders or loses its licence your account will be returned to Terasen Gas with no interruption in gas supply.

#### Spot the difference

Natural gas is a commodity. Its price can go up and down depending on market conditions. Signing an agreement with a gas marketer is like signing an agreement for a fixed-rate mortgage. It sets the price you'll pay for the natural gas commodity for a specific number of years. And although it is not guaranteed to save you money, it does offer price security if you're concerned about variable prices.

Before you sign an agreement with a gas marketer, compare the fixed rates available from all gas marketers to the current Terasen Gas regulated variable rate at [terasengas.com/choice](http://terasengas.com/choice)



\*The actual rate you pay is specified in your Consumer Agreement. The example above is for illustration purposes only and does not reflect actual rates.



# Newspaper Ad

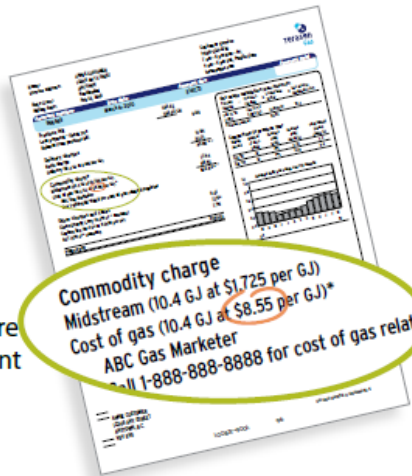
## Find the natural gas plan that is right for you

Customer Choice is a program that offers consumers the option to purchase natural gas from a gas marketer at a fixed rate or remain on the Terasen Gas variable rate.

Similar to a fixed or variable mortgage, you need to decide whether the natural gas marketer's fixed rate is a better "Customer Choice" than Terasen Gas' variable rate.

To determine which plan is right for you, you will want to evaluate terms and conditions, as well as rates. And to compare rates, the number to look at on your current Terasen Gas bill is the cost of gas per gigajoule (GJ).

Each gas marketer offers a different plan. To compare rates, visit [terasengas.com/choice](http://terasengas.com/choice)



\*The actual rate you pay is specified in your Consumer Agreement.  
The example above is for illustration purposes only.

Terasen Gas is the common name of Terasen Gas Inc., Terasen Gas (Vancouver Island) Inc., and Terasen Gas (Whistler) Inc. The companies are indirect, wholly owned subsidiaries of Fortis Inc. Terasen Gas uses the Terasen Gas name and logo under license from Terasen Inc.



# Rate Comparison Ad

before you **sign** explore your options

Customer Choice offers you the freedom to choose who you buy your natural gas from, an independent gas marketer or your local natural gas utility. Independent gas marketers offer natural gas at long-term fixed prices. Your local natural gas utility offers natural gas at a variable, market-based rate. How you choose to buy your gas is your choice.

**For more information on Customer Choice visit [terasengas.com](http://terasengas.com)**

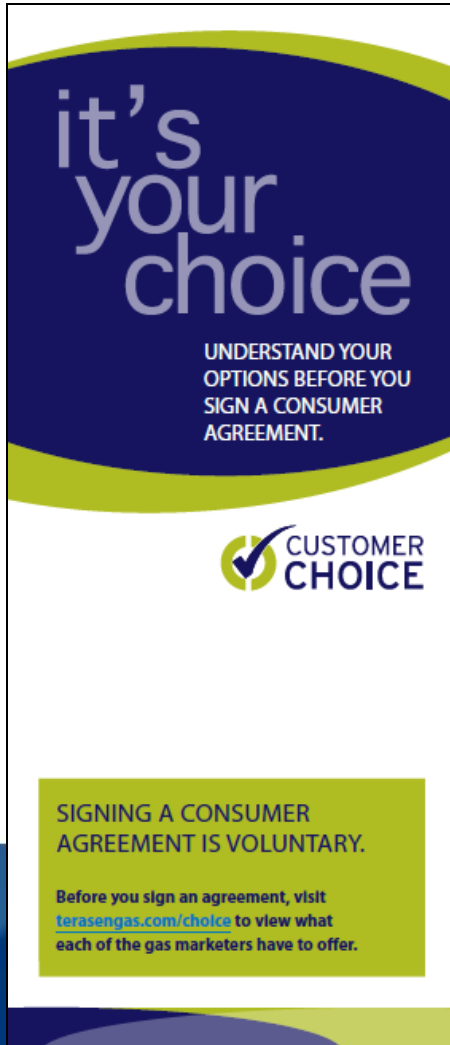
Terasen Gas residential rate (per GJ)\* \$5.609 per GJ effective Apr. 2010

Gas Marketers' Residential Fixed Rates (per GJ)

Supplier Name	1 Yr Term	3 Yr Term	4 Yr Term	5 Yr Term
Access Gas Services Inc. 877-519-0862 <a href="http://www.accessgas.com">www.accessgas.com</a>	\$7.59			\$8.79
Active Renewable Marketing Ltd. 1-866-628-9427 <a href="http://www.activerenewable.com">www.activerenewable.com</a>				\$8.99
FireFly Energy 888-780-3298 <a href="http://www.fireflyenergy.ca">www.fireflyenergy.ca</a>	\$5.33	\$7.49		\$7.49
Just Energy 866-587-8674 <a href="http://www.justenergy.com">www.justenergy.com</a>			\$8.24	\$8.24
MXenergy (Canada) Ltd. 800-785-4373	\$8.79			




# Bill Insert

A vertical rectangular graphic with a dark blue background at the top and bottom, and a white background in the middle. The top section has a green curved border at the top. The text "it's your choice" is written in a large, white, sans-serif font. Below it, in smaller white capital letters, is "UNDERSTAND YOUR OPTIONS BEFORE YOU SIGN A CONSUMER AGREEMENT." The middle section has a green checkmark icon to the left of the words "CUSTOMER CHOICE" in bold, dark blue capital letters. The bottom section has a green background with white text.

it's  
your  
choice

UNDERSTAND YOUR  
OPTIONS BEFORE YOU  
SIGN A CONSUMER  
AGREEMENT.

 **CUSTOMER  
CHOICE**

**SIGNING A CONSUMER  
AGREEMENT IS VOLUNTARY.**

Before you sign an agreement, visit  
[terasengas.com/choice](http://terasengas.com/choice) to view what  
each of the gas marketers have to offer.

## What is Customer Choice?

Customer Choice offers you the freedom to choose who you buy natural gas from, and how.

Independent licenced gas marketers offer natural gas at long-term fixed prices. Customers can purchase natural gas from a gas marketer or from Terasen Gas—it's the customer's choice.\*

Gas marketers sell fixed-rate agreements that vary in length from one to five years. The agreements are available to both residential and business customers. With a fixed rate, the price you pay for your natural gas will remain the same for the duration of the contract. It will not fluctuate with the daily changes of energy prices.

Terasen Gas offers a rate that can change as often as four times per year. The rate is reviewed quarterly by the BC Utilities Commission and adjusted to reflect current changes in market conditions. It is based on what the utility forecasts it will have to pay in the future to provide gas to its customers, plus any adjustments for the cost of past gas purchases. The cost for the natural gas passes directly to customers, along with gas supply related charges from Terasen.

A gas marketer or Terasen Gas. It's your choice.

## Certainty behind your choice

Regardless of your choice, Terasen Gas will continue to deliver the natural gas safely and reliably, and provide you with the same range of services and bill payment options.

Please note, gas marketers are independent businesses and have no connection to Terasen Gas. The BC Utilities Commission is responsible for regulating gas marketers and their compliance to the Code of Conduct.

\* Customer Choice is not available in the following areas: Whistler, the Sunshine Coast, Revelstoke, Fort Nelson, Powell River and Vancouver Island.



# Newspaper Blocking Chart

		Weekly	Ad	May					June			July					August				
Element	Spots	Size	26	3	10	17	24	31	7	14	21	28	5	12	19	26	2	9	16	23	
CUSTOMER CHOICE																					
Newspaper																					
	Wraps/Inserts	One	4-pages 4/C																		
	Awareness Ads	Three	1/3 pg, 4C																		
	Rate Comparison Ads	Monthly	1/3 pg B/W																		

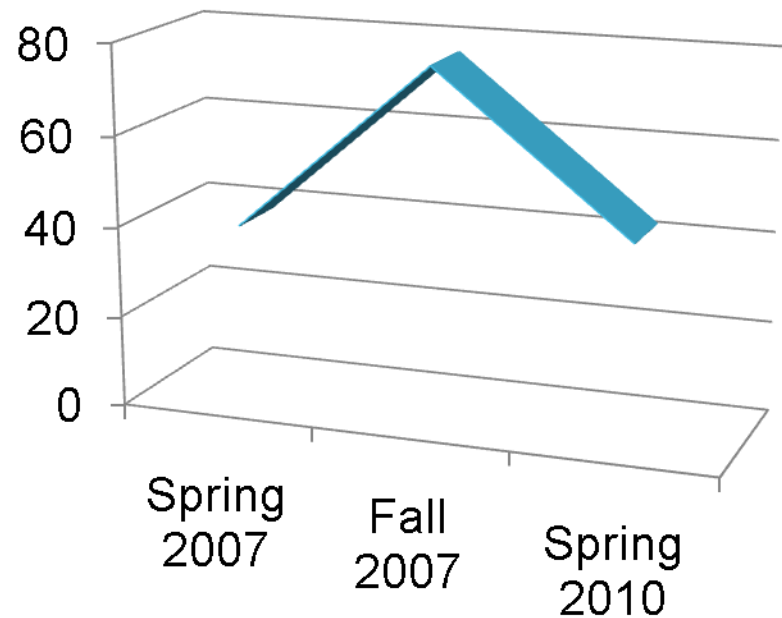
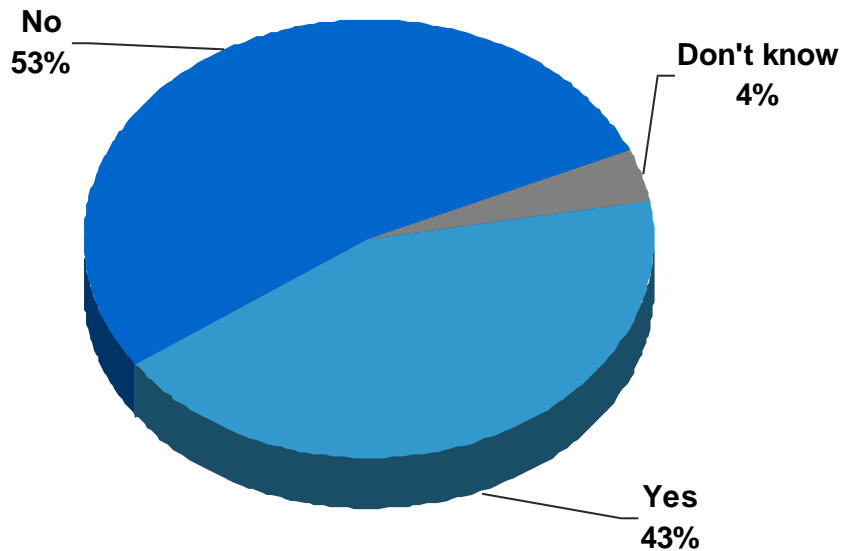
		Weekly	Ad	September				October					November					December				
Element		Spots	Size	30	6	13	20	26	4	11	18	25	1	8	15	22	29	6	13	20	27	3
CUSTOMER CHOICE																						
Newspaper																						
	Wraps/Inserts	One	4-pages 4/C																			
	Awareness Ads	Three	1/3 pg, 4C																			
	Rate Comparison Ads	Monthly	1/3 pg B/W																			



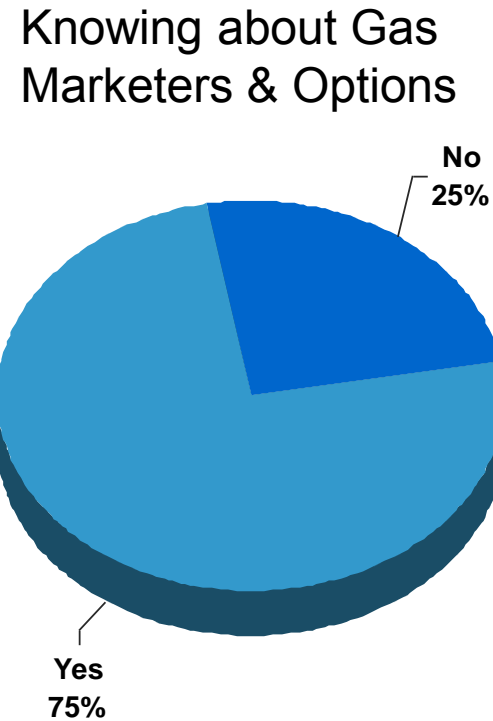
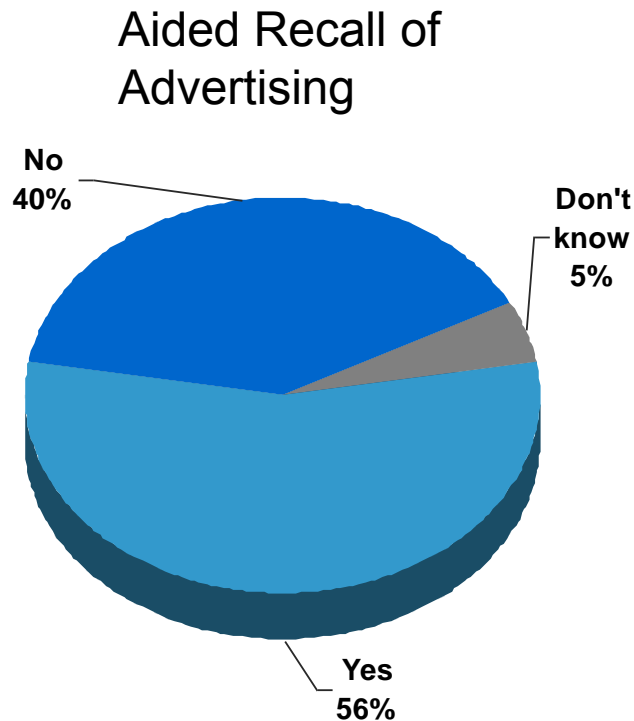
# Research Summary

## Results from Market Research

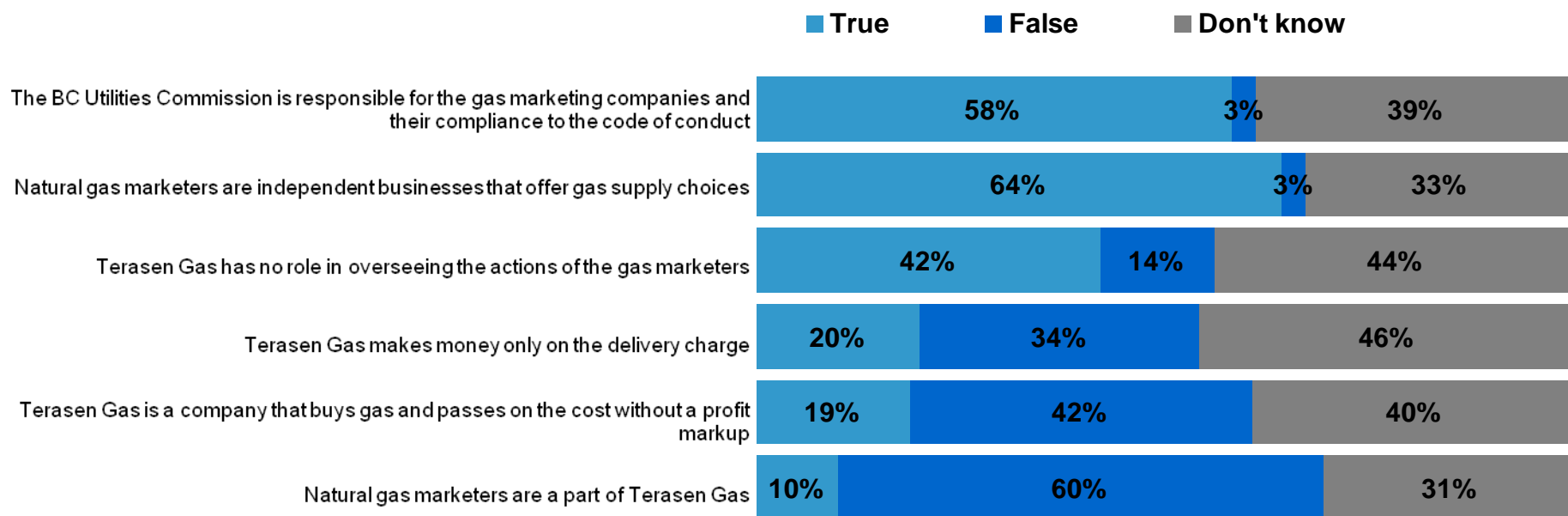
# Unaided Awareness of Customer Choice Name



# Aided Awareness of Customer Choice Name & Purchase Options



# Understanding of Customer Choice Issues



# Recommendations

## 2011 & Future Communications

# Recommendations

- Budget falls from \$500k (2010) to \$300k (2011)
- Eliminate newspaper wrap and display ads
- Maintain rate comparison ads
- Produce 2 bill inserts (Spring and Fall)
- Balance to 2 or 3 short radio campaigns to maintain and/or build name awareness
  - TGI website navigation & promotion of [terasengas.com/choice](http://terasengas.com/choice) quick link
  - Independence of Gas Marketers, and Commission role

# Future Program Communications

- See continued need for communication funding
- Program awareness
- Where to find more information
- Consumer protection orientation
- File with next Revenue Application or with the 2011 Customer Choice AGM process





**Appendix H**

---

**FIVE YEAR CONTRACTING RULE**

## Customer Choice - 5-Year Contracting Rule

### *Description*

The '5-year Contracting Rule' states that both new gas marketer customers and existing gas marketer customers signing up again, can only contract to be part of the Customer Choice program for up to a maximum of 5 years at any one time.

Terasen system now has validation within ED to:

- Reject enrolments for single contract periods that are greater than five years in length
- Allow Customers to have contract(s) with one or more gas marketers where the total contracted commitment is five years or less
- Allow existing gas marketer customers to have contracts where the total contracted commitment is a maximum of five years, taking into account: (a) the new contract period; (b) the number of years remaining after the next contract anniversary date in the existing contract; and (c) any future contract enrolments which have already been approved.

### *Assumptions*

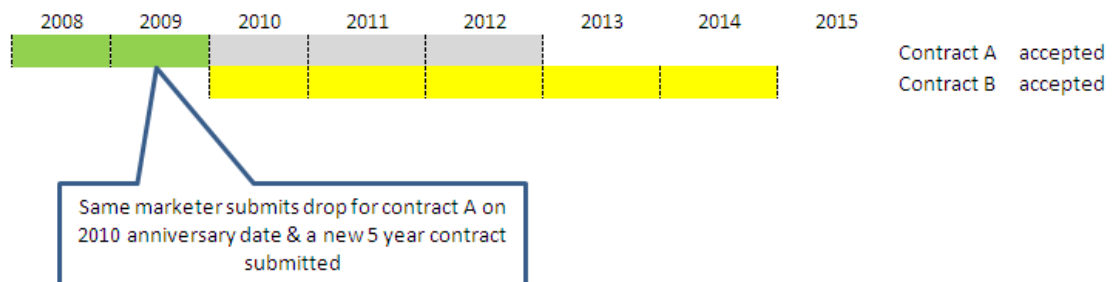
The following assumptions were made:

1. ED will continue to reject enrolment requests that have overlapping contract periods regardless of total period length
2. ED will not retain rejected enrolment data in cases where changes are sent affecting eligibility in the future (i.e. contract and dispute drops). Rejected enrolments will need to be resubmitted to ED for validation if the Customer's status changes
3. Existing contracts that have already been approved by ED will be exempt from the '5-year contracting rule'
4. There will be no change to the validation of Industrial Billing gas marketer contracts as these do not currently go through ED
5. ED will not include the number of 'non-contracted' years between contracts as part of the '5-year contracting rule' calculation
6. ED will treat batch contracts that have multiple stepped contracted rates as a single contracted period, so batch contracts will be accepted as a whole and not separately, based on each component period.
7. ED will accept and reject gas marketer contract enrolments based on the scenario criteria listed below:

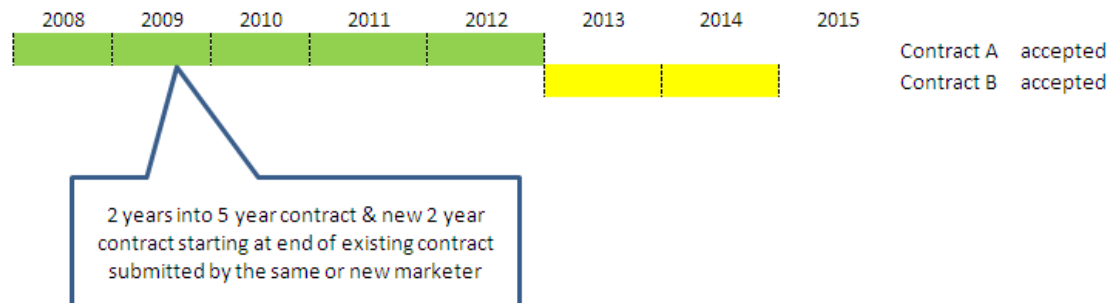
a.



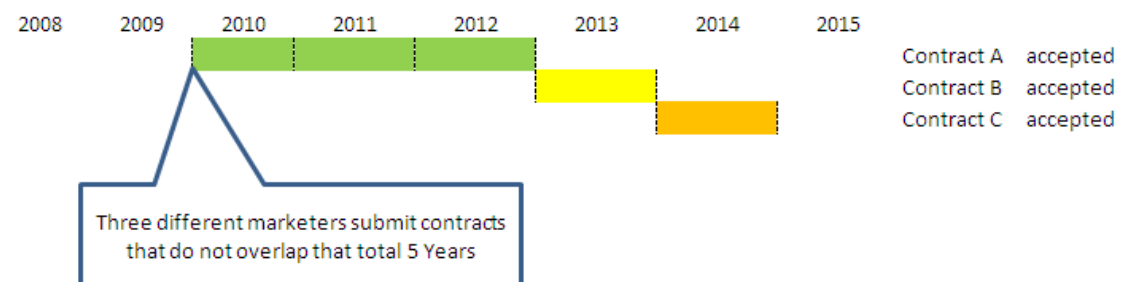
b.

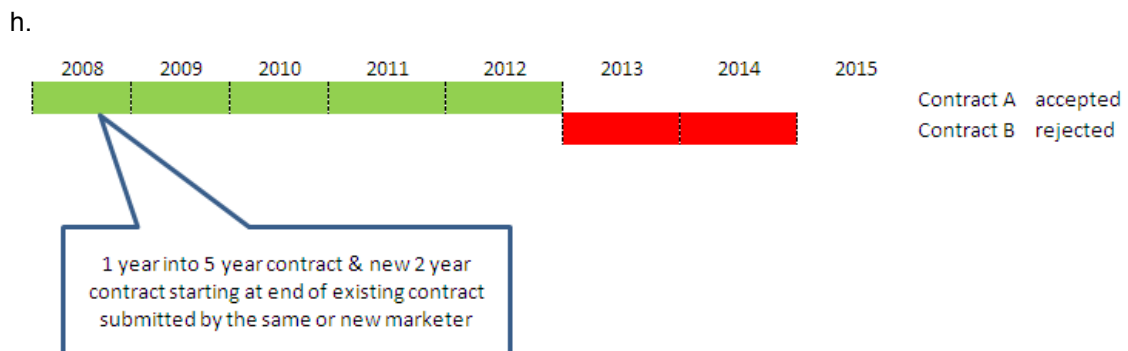
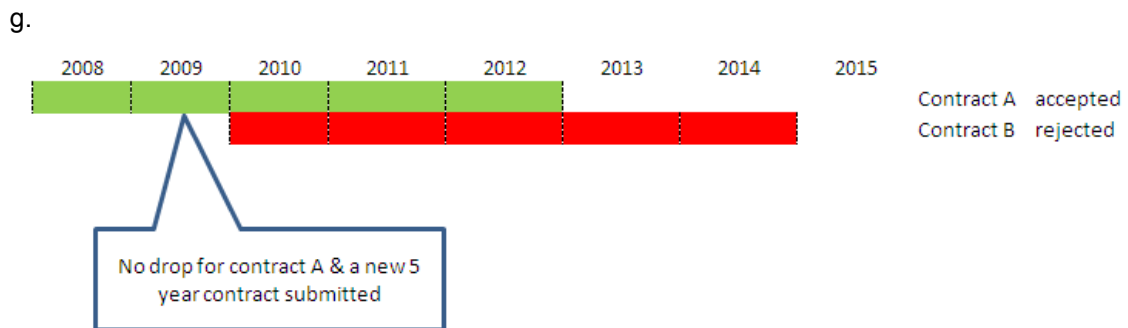


c.

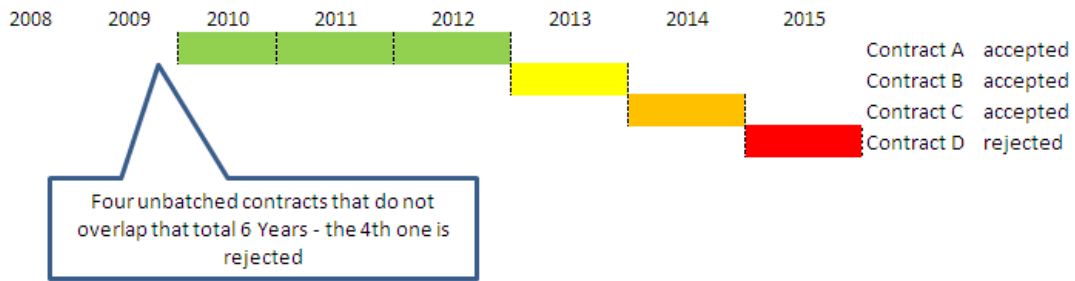


d.

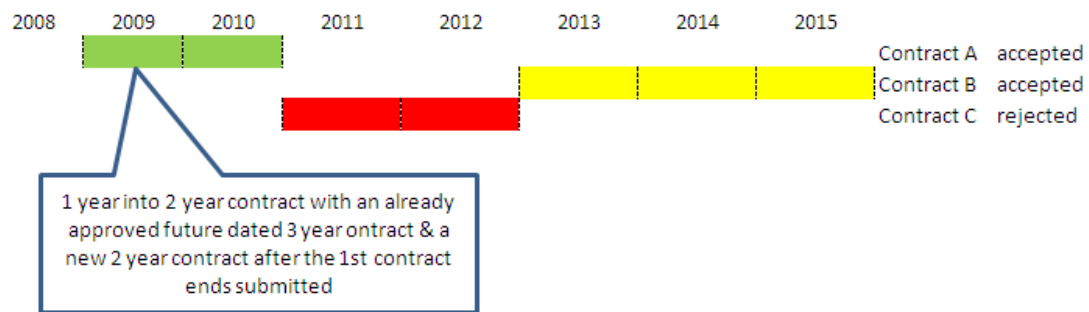




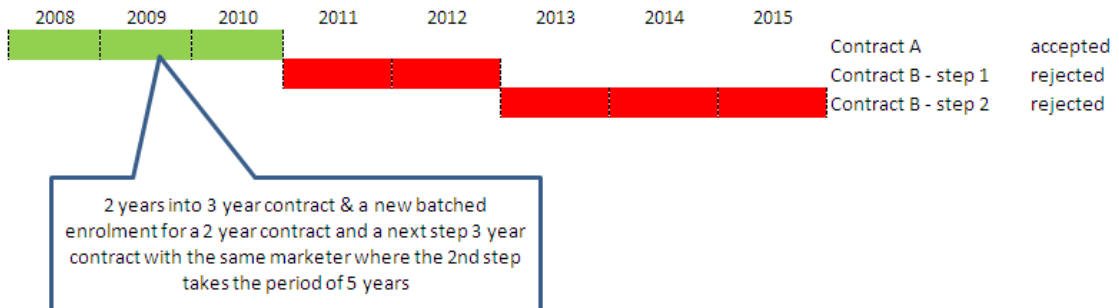
i.



j.



k.



**Appendix I**

---

**ESSENTIAL SERVICES MODEL**

## Program Implementation and the Essential Services Model

This section reviews the history of the ESM that supports the delivery of the unbundled product in BC. It also offers views regarding the perceived performance of the ESM and it looks at the viability of accommodating price changes outside of the Anniversary Date.

### *ESM History*

The essential elements of the business model supporting Customer Choice were approved by the Commission in the Commission Letter No. L-25-03 and reiterated in Commission Order No. C-6-06. The ESM serves as the foundation for the Commodity Unbundling program that was implemented for commercial customers on November 1, 2004 as well as for residential customers on November 1, 2007. Under the Essential Services Model, a Gas Marketer delivers to Terasen Gas a quantity of the natural gas commodity based on Terasen Gas' normalized forecast of the Gas Marketers' customers annual load requirements.

To assist Gas Marketers in this process, a separate monthly Marketer Supply Requirement ("MSR") is calculated for each Gas Marketer participating in the program that sets out the daily volume of natural gas commodity each Gas Marketer is required to deliver to Terasen Gas in its role as midstream services provider ("Terasen Gas Midstream"). For the purposes of the MSR determination, Terasen Gas, in its role as a commodity provider, is considered a marketer and therefore an MSR is calculated for Terasen Gas as well. Marketers make deliveries to Terasen Gas Midstream at the three different supply hubs including Sumas, Station 2 and AECO. The delivery is at a 100 percent annual load factor and is allocated on the same basis as that approved by the Commission in the Annual Contract Plan for Terasen Gas. This gas is then delivered by Terasen Gas to customers who have contracted with a Gas Marketer for their supply of the natural gas commodity. Note that Gas Marketers are also required to provide fuel gas in-kind equal to Terasen Gas' average off-system fuel requirements.

Under the ESM, Terasen Gas is responsible for contracting and managing the Midstream resources, including transmission pipeline and storage capacity. Terasen Gas is also responsible for providing balancing and peaking gas to the extent required to support annual load shaping. The Midstream resource costs are recorded in a separate gas cost account and are recovered from all customers eligible to participate in the Customer Choice program regardless whether they are supplied by a Gas Marketer or by Terasen Gas default commodity offering.

Terasen Gas continues its merchant function role and will continue to supply under the standard system supply rate or default offering to those customers who do not choose to be supplied by a Gas Marketer. Terasen Gas is the Supplier of Last Resort that provides backstopping services in the event a Gas Marketer fails to meet their daily delivery requirement and in the event that a Gas Marketer faces supply failure.

Additionally, Terasen Gas is also responsible for longer term infrastructure planning that ensures system reliability and emergency response. In the event a Gas Marketer experiences supply failure, the Commission will determine whether the supply failure is of a longer term nature and whether the customers should be returned to the commodity supply option provided by Terasen Gas. In the event of a long term Gas Marketer failure,

customers may be returned to the Terasen Gas standard commodity supply rate; or they may be isolated in a temporary rate classification if gas cost is higher than the current TGI default offering; or the Gas Marketer's book of customers may be purchased by another marketer. The Commission has indicated that any incremental costs may be recovered from customers involved in such an event. In shorter term Gas Marketer supply failure situations, Terasen Gas provides the supply of natural gas and charges Gas Marketers the respective backstopping charges. The provisions that define long and short term supply failure are defined in Rate Schedule 36.

### ***ESM Performance***

Through the introduction of the unbundled product to small volume commercial customers in 2004, to the start-up of Customer Choice for residential customers in November 2007, the Essential Services Model gas supply rules have worked well. Gas Marketers have largely met their supply requirements, although some instances occurred in early 2008 when Terasen Gas was required to provide backstopping services because of incomplete deliveries made by some Gas Marketers. The generation of the marketer delivery requirements, scheduling of gas, and the payment processes are functioning well with few difficulties.

ESM is the foundation of the Unbundling program. Since its inception, the Essential Services Model has performed as expected and has proven itself in the face of several challenges. Most notably, Gas continued to flow to customers without interruption when Wholesale Energy Group and CEG Energy ceased operations in summer 2008. Each marketer's book of customers was successfully ported to other companies.

### ***Price Changes outside of the Anniversary Date***

The foundational business rule within the ESM is the 12 month fixed price rule. In terms of the functioning of the ESM it is important to understand how the fixed price rule works and why it's central to the Customer Choice program in BC. This rule is critical to the proper functioning of the ESM. Consequences resulting from the failure to adhere to the rule are explored in the following two scenarios.

***Scenario 1 – Fixed Marketer Price*** – Approximately 10% or 12,500 residential customers currently enrolled in fixed rate contracts that average \$10/GJ have indicated that they are not happy with their current rate. However, under the ESM, Gas Marketers cannot adjust these contracts until the next Anniversary Date. As required, the contracts run from April 1 through March 31.



(000's)

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Typical Customer Usage Profile	8%	5%	3%	3%	3%	4%	8%	11%	15%	16%	13%	11%	100%
Forecasted Monthly Customer Consumption	102	64	38	38	38	51	102	140	191	204	166	140	1,275
Marketer Supply Requirement	106	106	106	106	106	106	106	106	106	106	106	106	1,275
Volume Variation (managed by TG MCRA)	(4)	(43)	(68)	(68)	(68)	(55)	(4)	34	85	98	60	34	-
Fixed Price (\$ per GJ)	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	
Customer Revenues	\$1,020	\$ 638	\$ 383	\$ 383	\$ 383	\$ 510	\$ 1,020	\$ 1,403	\$ 1,913	\$ 2,040	\$ 1,658	\$ 1,403	\$12,750
Paid to Marketer	\$1,063	\$1,063	\$ 1,063	\$ 1,063	\$ 1,063	\$ 1,063	\$ 1,063	\$ 1,063	\$ 1,063	\$ 1,063	\$ 1,063	\$ 1,063	\$12,750
Variation in Proceeds	\$ (43)	\$ (425)	\$ (680)	\$ (680)	\$ (680)	\$ (553)	\$ (43)	\$ 340	\$ 850	\$ 978	\$ 595	\$ 340	\$ -
Cumulative Total	\$ (43)	\$ (468)	\$ (1,148)	\$ (1,828)	\$ (2,508)	\$ (3,060)	\$ (3,103)	\$ (2,763)	\$ (1,913)	\$ (935)	\$ (340)	\$ -	

Based on expected customer consumption and normal weather, the results of this scenario are:

- The Gas Marketers' supply deliveries of 1,275,000 GJ match the customers' consumption of 1,275,000 GJ at the end of the contract year;
- Terasen Gas manages the daily/monthly volume variations; and
- Customer Revenues of \$12,750,000 matches the Gas Marketers' remittances of \$12,750,000 with no net variation at the end of the contract year.

**Scenario 2 – Variable Marketer Price** – For example purposes only, assume that the Gas Marketer is now allowed to adjust their price to accommodate these customers and their unhappiness with their current rate. In this scenario, marketers choose to lower their fixed price contract prices. The reductions shift the contract rates from an average of \$10/GJ to \$6/GJ starting on October 1.

(000's)

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Typical Customer Usage Profile	8%	5%	3%	3%	3%	4%	8%	11%	15%	16%	13%	11%	100%
Forecasted Monthly Customer Consumption	102	64	38	38	38	51	102	140	191	204	166	140	1,275
Marketer Supply Requirement	106	106	106	106	106	106	106	106	106	106	106	106	1,275
Volume Variation (managed by TG MCRA)	(4)	(43)	(68)	(68)	(68)	(55)	(4)	34	85	98	60	34	-
Fixed Price (\$ per GJ)	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	
Customer Revenues	\$1,020	\$ 638	\$ 383	\$ 383	\$ 383	\$ 510	\$ 612	\$ 842	\$ 1,148	\$ 1,224	\$ 995	\$ 842	\$ 8,976
Paid to Marketer	\$1,063	\$1,063	\$ 1,063	\$ 1,063	\$ 1,063	\$ 1,063	\$ 638	\$ 638	\$ 638	\$ 638	\$ 638	\$ 638	\$10,200
Variation in Proceeds	\$ (43)	\$ (425)	\$ (680)	\$ (680)	\$ (680)	\$ (553)	\$ (26)	\$ 204	\$ 510	\$ 587	\$ 357	\$ 204	\$ (1,224)
Cumulative Total	\$ (43)	\$ (468)	\$ (1,148)	\$ (1,828)	\$ (2,508)	\$ (3,060)	\$ (3,086)	\$ (2,882)	\$ (2,372)	\$ (1,785)	\$ (1,428)	\$ (1,224)	\$ (1,224)

Based on expected customer consumption patterns and normal weather, the results of this scenario are:

- The Gas Marketers' supply deliveries of 1,275,000 GJ match customer consumption of 1,275,000 GJ at the end of the contract year; and
- Terasen Gas manages the daily/monthly volume variations.

However, Customer Revenues of \$8,976,000 do not match the \$10,200,000 paid to marketers. The variance results in a significant deficit of \$1,224,000 that flows through the Midstream Cost Reconciliation Account.

The revenue shortfall would result in an additional layer of costs borne by the Midstream, which is already responsible for volume and cost variances. TGI uses Midstream services to address annual volume variances caused by differences between actual and normal weather conditions. It is also used to deal with the cost variances that exist between the Gas Marketer's price to the customer and the price TGI Midstream actually pays to address these volume variances. Based on these serious impacts, it is clear why the 12 month fixed price rule must remain in place. Failure to adhere to the rule would have negative repercussions for Midstream Cost Reconciliation Account ("MCRA") and seriously undermine the ESM.

**Appendix J**

---

**EVERGREENING RESEARCH RESULTS**

# Customer Choice and Commodity Pricing

## Qualitative Research Findings

November, 2010



# Research Objectives

## Gain an understanding of:

- The term “evergreen” versus “automatic contract renewal.”
- Customer perceptions of how the clause works.
- Customer attitudes toward the clause in contracts.
- Attitudes towards pricing options/models.
- Customer attitudes toward pricing and rates after contract renewal.
- What safeguards are required by customers to provide them with adequate protection.

# Overview & General Observations

- Qualitative research – employing focus-group methodology to interview a group of Terasen Gas customers and Gas Marketing customers—in Vancouver, BC (50/50 split, recruited from Terasen Gas supplied list of gas marketer customers and Terasen Gas customers. All recruitment managed by Ideba).
- All interviewees have been customers over the long-term, prior to the transition from BC Gas to Terasen Gas.
- All the Terasen Gas customers interviewed had at some point been visited by gas marketers, and all but one had a dialogue with the marketer at that time.
- Upon review of a Terasen Gas bill, attendees were able to accurately articulate the meaning of the terms “Delivery Charge”, and “Commodity Charge” (to a slightly lesser degree). No-one was able to accurately explain the term “Midstream”. It was suggested that definitions of each term should be added to bills for clarification of charges. “We clearly don’t know everything that we’re reading when we’re looking at a bill.”

Please Note: the back of the bill, which includes definitions, was not included in the material participants were asked to assess.

# Customer Attraction to Gas Marketers

- Customers of gas marketers were originally attracted by the promise of long-term savings and rate stability, specifically when on a fixed monthly income. None recalled any telephone validation of any kind.
- All felt pressured into signing contracts by marketers, who used the fear of future price increases and aggressive sales pitches to get them to sign multi-year contracts. Only one attendee knew the term of their contract, and none were aware of when or how they would be renewed.

"I felt pressured by the gas marketers that came to the door, who said that Terasen Gas rates were going to double."

"All your neighbors have signed up. This will be the best rate for you moving forward... That led me to believe that they offered the best rates."

"I didn't get options for one or five years. They automatically signed me up for 5 years. They used scare tactics as to how much the prices were going to go up."

"They told me I'd save money in the long run."



# Attitudes Toward Fixed Rate Pricing

- Interaction with gas marketers (those that had signed up and those that had not) clearly tainted customer perceptions of fixed rates. Many were left with the understanding that ultimately the customer will pay a higher price overall, as neither Terasen Gas or the gas marketers would knowingly lose money on supplying natural gas at a fixed rate. "I firmly believe that things that go up and down and I am comfortable with that . A shift to fixed rate would be a change for nothing as I see no financial benefit."  
"Commodities go up and down, and I am comfortable with that."  
"With fixed rate, I could be paying more a lot of the year than market rates."  
"Fixed rate means being able to budget." (Participants saw no other benefit)  
"If they are averaging out, you have to be paying a bit more."



# Attitudes Toward Pricing Models/Options

Customers were presented three pricing models (on a chart to depict different options), all of which were understood by participants, for the most part:

- Fixed price rate
- Regulated variable rate
- True variable rate

The majority that favoured the regulated rate were willing to accept less gain when the market price dropped, if the upside rate increases were also limited:

“Because prices go up and down, but increases with regulated are not as sharp.”

“Price jumps can be astronomical without some kind of control.”

- One interviewee favoured fixed rate consistently, as he is on a fixed income: “I like a fixed rate because I know what to budget.”
- One interviewee preferred “true variable rates” as she has visibility into what market rates are on an ongoing basis.



# Evergreening – The Name

- There was zero comprehension of the term “evergreening”, even in the context of discussing automatic contract renewals.
- None of the participants had ever heard the word or term.

“It brings to mind sustainability and ecology.”

“They do things to save the planet.”

When customers were told that it pertains to automatic contract renewals:

“Evergreening doesn’t mean what it’s supposed to mean.”

“The term evergreening is definitely misleading. It means more about the environment, and is not about renewing at all.”

- Participants were more familiar with the term “automatic contract renewals” and understood that it meant that any contract they had originally signed would automatically renew upon completion, with some form of opt-out”.

# Evergreening – The Process

- Attendees did not know how the contract renewal process works, requiring explanation multiple times to drive comprehension. Gas Marketer customers had no clue as to what they had signed up for, and at no time did any recall the renewal process having been explained to them. Two thirds assumed that “it would just happen.”
- When the automatic renewal process was explained to participants, all but one felt that it was relatively straightforward and convenient, but were unanimous in that they **would rather opt-in for a contract renewal**, rather than opt-out of the existing contract.
- There was a clear lack of trust of gas marketers managing the automatic contract renewals, based on experience to date: “Don’t like it.”

“Kind of suspicious... that they’d automatically do it without you knowing”

“When the 5-year contract is over, then it’s over. It’s kind of crooked and shady... it’s a sign of the time and people trying to get richer and richer.”

# Evergreening – The Process

- Suggestions for improvement:

“There should be a form that requires the customer to check off of a box and return, rather than putting the onus on a customer to send in a cancellation letter.”

“The contract should automatically expire and the transaction starts all over again, so that I have the choice of starting up again”

“They do automatic contract renewals as they want you to forget.”

Many suggested that the contract should just end, and the onus should be on the marketer to re-negotiate a new contract.

# Customer Choice - Naming

- When asked about their opinions of the name “Customer Choice” to describe the program and the option from buying gas directly from Terasen Gas, or, buying from a gas marketer, participants felt that the term “Customer Choice” was descriptive and fairly reflected the choices and/or options available. All participants agreed with this, although one did have some minor reservations, but was unable to articulate as to why.

“I think customer choice is a good name”

“It says exactly what it is”

# Conclusions

- The blend of customers with gas marketer contracts and Terasen Gas customers provided a balanced discussion.
- Customers prefer regulated variable rates, when offered the choice.
- There was absolutely no comprehension at all of the term “evergreen” to describe “automatic contract renewals” – even when discussed in context.
- The clause had to be explained multiple times to attendees before they could begin to understand how the process worked. None had any understanding of the process, prior to the focus group.
- Customers saw the automatic renewal clause in contracts as somewhat convenient, but overwhelmingly preferred the option of “opting in” versus “opting out”, putting the onus on the company rather than the customer.
- Customers would prefer to start a new contract and “start afresh” upon completion of their contract, feeling that the current process needs to provide them with more protection.