

**Ontario Energy
Board**

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Licensing and Applications Branch

**Commission de l'Énergie
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May 17, 2002

Licence Bulletin: 200204

To: Gas Marketers/Electricity Retailers

Re: Licence Compliance - Marketing Practices

This bulletin contains important information regarding compliance with your gas marketer or electricity retailer licence.

On February 13, 2002, Licence Bulletin 200202 was issued regarding the expected marketing behaviour of electricity retailers. This bulletin supercedes Bulletin 200202 and applies to both gas marketers and electricity retailers (referred to in combination as energy marketers).

1. Forgery

Gas marketers and electricity retailers (“energy marketers”) are to investigate immediately any complaint of forgery. Effective immediately energy marketers are required to notify the Director of Licensing within 48 hours of having found reasonable grounds to believe a contract signature has been forged. In such cases it will be presumed that other non-valid contracts may have been sold by the offending agent or employee. Energy marketers will be required to contact all potentially affected customers, inform the customer of the potential for forgery, and cancel the contract where the customer states that they did not contract with the energy marketer and wish to be released from the alleged agreement. A protocol for providing notice and restitution in cases of forgery will be provided shortly. In the interim, energy marketers are required to review contact plans with the Manager of Energy Licensing before they are implemented.

Experience has shown that door-to-door commission sales are more susceptible to forgery than other forms of marketing. Energy marketers who engage in door-to-door commission sales should ensure they use

effective contract verification.

Reports have been received of energy marketers not responding in a timely manner to requests for a copy of the contract where a forgery has been alleged. Allegations of forgery are extremely serious - energy marketers should ensure they have processes in place to address such complaints quickly and effectively.

The Director is cooperating with a number of police forces to ensure effective action is taken where an allegation of forgery has been made. This includes assisting police in criminal investigations of both the individual agent and the energy marketer. The Director of Licensing may provide information to the police regarding an energy marketer who has a history of forgeries and who does not use effective contract verification.

2. Utility Affiliation

Energy marketers are reminded that it is a violation of their licence to misrepresent themselves as being from the local distribution utility and/or indicating that preferential treatment will be given to an energy marketer's customer due to any affiliation with the distribution utility.

Energy marketers who have similar logos and other forms of identification as those of the local utility (such as outerwear, tags, badges, etc.) and who choose to use these identifiers have an obligation to tell consumers that they are not the distribution utility, both in direct door-to-door contacts and in promotional material.

Any energy marketer who, while marketing, shows or carries so as to be seen material issued by the distribution utility, such as a utility bill, must both in direct, door-to-door contacts, and in promotional material clearly state that they are not from, or associated with, the local utility.

A violation of the Code in this manner will be considered a major consumer protection offense and subject to the appropriate administrative penalty.

3. References to the Ontario Energy Board

The Ontario Energy Board is, and should be perceived as, an independent reviewer of those matters which fall to its jurisdiction.

Energy marketers are expected to recognize this fact when considering making reference to the Ontario Energy Board in marketing material. Misuse of the Board's name or the name of any other government agency is considered a serious misrepresentation under the Code of Conduct. The Board should be consulted before any reference to the regulator is made, other than a reference to the fact that the energy marketer is licensed by the Ontario Energy Board and how the Board might be contacted.

A violation of the Code in this manner will be considered a major consumer protection offense and subject to the appropriate administrative penalty.

4. Compliance with the Consumer Protection Act

Energy marketers are reminded that they must fully comply with the *Consumer Protection Act (CPA)*. This includes Regulation 175/01 (Direct Sales Regulation) which came into force on August 3, 2001, and contains specific provisions and formats that must be included in any contract that is sold by direct sales, including door-to-door. A copy of this regulation may be found on the Board's web site link at **www.oeb.gov.on.ca** under Codes/Rules/Guidelines. Energy marketers should also note that under *CPA* section 23.3(2): "*a buyer under a direct sales contract may cancel the contract within one year of the date of entering into the contract if it does not contain all of the information required by section 23.2*" (Direct Sales Regulation). This provision would apply to contracts entered into after August 3, 2001.

Energy marketers are expected to process expeditiously a customer's request for cancellation where it is found that the contract does not meet the provisions of the Direct Sales Regulation.

5. Serious Misrepresentation

The Board has received unconfirmed reports of energy marketers stating that the consumer's electricity or gas service will be discontinued should they not purchase an energy commodity contract. Please be advised that this form of coercion, if found to have occurred, will be considered a serious violation of the conditions of an electricity retailer or gas marketer licence.

6. Licensee Responsible for Agents

Energy marketers currently have the ability to market door-to-door through sales agents. It is the marketer or retailer who chooses the form of marketing and the form of agent relationship. Whatever type of marketing program is chosen, the licensee remains accountable for the conduct of their employees and sales agents. Licensees unable to ensure agent behaviour consistent with the requirements of their licence are advised to consider alternative forms of marketing.

7. Consumer Awareness

The Board continues to receive an unacceptable number of complaints and a large number of general enquiries concerning the activity of both gas marketers and electricity retailers. It is essential that energy marketers provide accurate information and that consumers understand the energy contract before they sign. Therefore, I am asking that all energy marketers adopt the attached "Customer Notice" on new energy contracts. To maximize its effectiveness this notice should be on the first page of the energy contract and be in large easy to read font (12 point or larger). The "Customer Notice" should be highlighted in some fashion, preferably in a clearly identifiable box on the contract.

Compliance with this request is voluntary. However, I hope that retailers and marketers will recognize the value of ensuring consumers fully understand the energy products being offered to them.

Mark C. Garner
Director of Licensing
Ontario Energy Board

attachment(2)

ELECTRICITY RETAILER

CONSUMER NOTICE PLEASE READ CAREFULLY

- This contract is with a licensed electricity retailer. This contract is **not** with your local electricity distributor.
- **You will continue to be supplied with electricity whether or not you sign this contract.** If you choose to purchase electricity from your local electricity distributor, the price will vary with market conditions.
- This contract covers only the cost of the electricity itself. In addition, you will have to pay regulated delivery costs billed by your local electricity distributor.
- This contract reserves the right of [*Retailer*] to bill you directly. If this right is exercised you may receive a separate bill from your utility or a single bill from [*retailer*] which includes your utility charges.
- You may be entitled to a rebate from Ontario Power Generation Inc. **Under this contract [*you or Retailer*] keep the rebate.**
- You have ten days after signing this contract to change your mind. **To cancel** your contract within ten days of signing, send written instructions to:

[*Fax Number*
Address of Retailer]
- I have read this contract and understand that I am agreeing to purchase electricity from [*Name of Retailer*] at a **price of [X]** and for [**X**] years.

Signed

Dated

A COPY OF THIS CONTRACT MUST BE LEFT WITH THE PURCHASER - IT IS IMPORTANT TO KEEP YOUR COPY

GAS MARKETER

**CONSUMER NOTICE
PLEASE READ CAREFULLY**

- This contract is with a licensed gas marketer. This contract is **not** with your local gas distributor.
- **You will continue to be supplied with natural gas whether or not you sign this contract.** If you choose to purchase gas from your local gas utility, the price will vary with market conditions.
- This contract only covers the cost of the natural gas itself. In addition, you will have to pay regulated delivery costs billed by your local gas utility.
- You have ten days after signing this contract to change your mind. **To cancel** your contract within ten days of signing, send written instructions to:

*[Fax Number
Address of Marketer]*

- I have read this contract and understand that I am agreeing to purchase natural gas from *[Marketer]* at a **price of [X]** and for **[X] years**.

Signed

Dated

**A COPY OF THIS CONTRACT MUST BE LEFT WITH THE
PURCHASER - IT IS IMPORTANT TO KEEP YOUR COPY**