

## Questions & Answers:

### *Consumers Come First: A Report of the Ontario Energy Board on the Effectiveness of the Energy Consumer Protection Act, 2010*

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#### **1. Why did the Ontario Energy Board (OEB) undertake this review?**

In 2011, the *Energy Consumer Protection Act, 2010* (ECPA) protections took effect to give additional protection to residential and small business consumers in the retail energy markets. The ECPA allows the Minister to ask the OEB to review the legislation after three years.

In December 2013, the Minister asked the OEB to undertake that review. The results of that review are contained in our report.

#### **2. What are the key findings of the review?**

Overall, our findings suggest that the ECPA has provided significant protection for residential and small business consumers. It is one of the most extensive consumer protection regimes in North America. There is strong support among stakeholders and consumers for the consumer protection measures contained in the ECPA.

However, our review indicates that problems remain and that additional consumer protection measures are warranted:

- Consumer understanding and awareness of the energy sector, retail energy markets and the ECPA is generally low. Consumers need better information, and more of it, so that they can make decisions about their energy choices that are right for them.
- Door-to-door activities remain a concern. Energy retailers rely heavily on door-to-door sales. However, sales agent conduct at the door continues to be an important source of complaints made to the OEB and a subject of the OEB's compliance activities.
- Consumers like having a choice. They will be better served by making that decision at their own pace, with the benefit of additional time and distance to consider an energy retailer's offer and consult additional sources of information.

The OEB recognizes that low-income consumers may need even more protection, and we recommend looking at additional measures that address the unique circumstances of low-income consumers as part of a separate review.

### **3. Did you consult with consumers in your review?**

Yes. In fact, recognizing that retail energy sales and marketing practices are primarily about the consumer experience, the OEB undertook its most extensive direct consumer consultation to date. With the assistance of Innovative Research Group Inc., we designed a process that could provide a representative cross-section of opinions and a variety of consumer experiences.

We used an online work book, a telephone survey, and focus groups across the province to get a better understanding of the consumer experience. We talked to more than 2,000 people, and received feedback from more than 500 people who completed the online work book.

### **4. How many energy retailers are there in Ontario? How many consumers have signed retail contracts?**

There are currently 13 active energy retailers in Ontario:

- Approximately 285,000 consumers with electricity contracts (6.3% of the market in 2013)
- Approximately 325,000 consumers with natural gas contracts (less than 11% of the market in 2013)
- Some customers may have both an electricity and gas contract.

There has been a significant decline since 2006 when:

- 16% of consumers had retail electricity contracts, and
- 36% had retail natural gas contracts

### **5. If the use of retailers is declining, why is the OEB recommending more protection?**

All low-volume consumers should have the information they need to make decisions about their energy supply to make sure that a contract is right for them, and they should have the confidence that they are protected from unfair business practices when they make those decisions.

### **6. Do energy retail contracts save consumers money?**

Our research suggests that residential consumers are not likely to save money under retail contracts. In fact, our research shows that residential consumers with contracts would generally have paid more for their energy than those who stayed with their utility.

The residential natural gas contracts that we looked at were on average 36 per cent more expensive, although many natural gas contracts signed before the summer of 2004 did yield savings. For residential electricity contracts, the average premium was 82 per cent.

However, consumers have said that they value choice; in other words, they like having the opportunity to enter into a retail contract if they want one. To address that, our recommendations maintain that choice, and many are designed to ensure that consumers can make that choice in a meaningful way, at their own pace and with better information.

**7. What is the OEB's role with respect to energy retailers?**

Our role is to license energy retailers and make sure that they follow the laws and rules that protect consumers. We do not regulate the prices they offer.

**8. I'm getting door-to-door sales agents trying to sell me water heater and furnace contracts. Does the OEB regulate these companies?**

No, the OEB does not regulate these companies. The Ministry of Consumer Services regulates a number of companies who market a variety of home services. Their website is [www.ontario.ca/consumerprotection](http://www.ontario.ca/consumerprotection)

**9. The report says that you have conducted 20 investigations and levied \$2.6 million in fines. What is the OEB doing to make sure energy retailers follow the rules?**

The OEB reviews complaints received with a view to resolving the issue and ensuring that licensees are complying with the rules. Where a consumer alleges misrepresentation or other inappropriate behaviour by a sales agent at the door, the energy retailer is expected to take immediate steps to resolve the issue and advise the OEB of the steps it has taken.

Where the OEB finds that non-compliance has taken place, it can impose administrative penalties. The penalties are currently capped by law at \$20,000 for each day on which a breach of the rules occurs or continues. We have also ordered energy retailers to cancel contracts and refund money to consumers; held officers and directors liable for non-compliance; and, suspended and revoked one energy retailer's licence.

**10. The report is about consumer protection. What is the OEB recommending to better protect consumers?**

The OEB is recommending 14 new measures. Some of the measures will provide consumers with more and better information so that they can better understand what they are buying and who they are buying from. Others will address ongoing concerns, including a need for greater protection from unfair business practices at the door. These measures will strengthen protection for all residential and small business consumers in the Province.

See all 14 recommendations [here](#).

**11. What will happen with the OEB recommendations?**

The OEB prepared this report at the request of the Minister of Energy.

The OEB looks forward to working with the government to advance the recommendations as expeditiously as possible.

**12. Where can I see a copy of the report?**

The full report is available on our [ECPA Consultation webpage](#)

**13. Where can I find more information on how the OEB protects consumers?**

Visit our Consumer Website at: [www.ontarioenergyboard.ca/consumers](http://www.ontarioenergyboard.ca/consumers)