

Retail Market Review Committee Recommendations

Below is a summary of the committee's 41 recommendations in five areas. For the complete report, visit www.energy.alberta.ca/RetailPlan.asp.

Summary of recommendation	Government response
<p>I. Increasing Competitiveness.</p> <p>A. Reduce barriers to entry for competitive retailers</p> <p>1. Standardize enrolment and disconnection practices.</p> <p>2. Standardize security and prudential requirements for retail electricity companies.</p> <p>3. Match Alberta Electric System Operator financial security requirements for retailers to their actual risk.</p> <p>4. Allow all or no electricity companies to include marketing materials in RRO billing envelopes.</p> <p>5. Lower Service Alberta's security licence and bond fees.</p> <p>B. Reduce barriers to growth and competitiveness</p> <p>6. Improve data and business practices.</p> <p>7. Ensure data accuracy.</p> <p>8. Set standards and incentives for accurate and timely meter reading.</p> <p>C. Reduce barriers to consumer switching</p> <p>9. Address consumer concerns that switching could reduce reliability.</p> <p>10. Eliminate location-based barriers to consumer choice.</p> <p>11. Standardize rules for cancelling retail service agreements.</p>	<p>Accept 1-11 in principle, and refer to MLA team for followup.</p>

Summary of recommendation	Government response
<p>II. Providing Better Information and Resources for Consumers D. Give consumers more billing options</p>	<p>Accept 12-25 in principle, and refer to MLA team for followup.</p>
<p>12. Allow retail electricity companies to develop bills and billing options that best serve their customers.</p>	
<p>E. Design and deliver a coordinated, multi-year education and awareness campaign</p>	
<p>13. Designate the Utilities Consumer Advocate to lead it.</p>	
<p>14. Design the campaign as a multi-year project.</p>	
<p>15. Consider allocating a \$1- to \$3-million annual budget to it.</p>	
<p>16. Fund through both private and public sources.</p>	
<p>17. Target the campaign at low-income households and caseworkers who work with vulnerable Albertans.</p>	
<p>18. Use a variety of communications channels.</p>	
<p>19. Confirm that selling and delivering electricity are different functions and switching does not affect service. Focus on where to find information about choice.</p>	
<p>20. Explain how non-energy charges are determined.</p>	
<p>21. Provide perspective on how infrastructure changes have happened and what they have cost.</p>	
<p>22. Provide information about value-added products and services.</p>	
<p>F. Provide online information</p>	
<p>23. Create a website about retail market and consumer choice.</p>	
<p>24. Provide consumers with a gateway to information and customizable tools.</p>	
<p>25. Explore online delivery options.</p>	
<p>III. Representing Consumers' Interests G. Empower agencies to do the job they need to do</p>	<p>Accept 26-28 in principle, and refer to MLA team for followup.</p>
<p>26. Strengthen the Utilities Consumer Advocate.</p>	
<p>27. Strengthen the Market Surveillance Administrator.</p>	
<p>28. Co-ordinate an annual conference focused on retail best practices.</p>	

Summary of recommendation	Government response
IV. Protecting Vulnerable Albertans	Accept in 29-31 in principle, and refer to MLA team for followup.
H. Implement protective measures	
29. Ensure that people do not fall through the cracks.	
30. Ensure social agencies get the information they need.	
31. Supplement assistance currently available.	
32. Lift the freeze on non-energy charges.	Accept immediately.
V. Default Rate	Reject 33-38.
33. Regulate how the provider of last resort is selected.	
34. Phase out the regulated rate.	
35. Remove regulatory obligations forcing distribution owners to prepare a regulated rate tariff.	
36. Leave customers with their existing providers when the default rate is phased out.	
37. Require distribution companies who no longer wish to offer the default rate to find a new provider for their customers.	
38. Prevent automatic transfer between a default rate provider and its affiliate.	
39. Allow municipalities and rural electrification associations to provide default service as long as they comply with Alberta Utilities Commission rules.	Accept in principle, and refer to MLA team for followup.
40. Extend the procurement window for the default rate from 45 days to between three and six months.	Accept immediately.
41. Reduce the consumption limit for the default rate to 50 megawatt hours per year.	Accept in principle, and refer to MLA team for followup.

The following recommendations are being implemented immediately

Recommendation 40 - Procurement Window

- Currently, electricity consumed under the regulated rate is procured 45 days in advance of electricity being used by consumers.
- Based on the cost, companies apply to the Alberta Utilities Commission, local municipality or other local regulatory authority for a regulated rate.
- Province-wide, the companies that provide the regulated rate include Epcor, Direct Energy and Enmax.
- Peak demand, and therefore the seasonal highest prices generally occur when the weather is either extremely hot, or extremely cold.
- 45 day advance prices may also be affected by generator shut-downs, either planned or not.
- Extending the procurement window to 120 days will allow utilities to average prices over a longer period of time to account for weather that is both moderate and extreme, and plant shut-downs of short duration will have less impact.

Recommendation 32 - Lifting the freeze

- The province has requested that the AUC lift the current freeze on distribution and transmission cost applications.
- Since the freeze was put in place in February 2012 Albertans have not seen any increases in these charges.
- All AUC regulated utilities were affected by the freeze (AltaLink, ATCO Electric, EPCOR, ENMAX and FortisAlberta). About a dozen rate or rider applications were impacted.
- The AUC has a rigorous process to ensure any costs transferred to consumers will be fair and appropriate.