

**Just Energy Ontario L.P. (“Just Energy”)
RESPONSE**

EB-2012-0435

Board Staff Interrogatories

**Application for Amendment to Gas Marketer and
Electricity Retailer Licences**

April 30, 2013

Question:

- 1. Just Energy has filed an application to amend its gas marketer and electricity retailer licences, in part, as a result of difficulties presently encountered, and which are expected to continue into the future, in completing telephone renewal of natural gas and electricity contracts specifically in relation to sections 4.14(a) and 4.14(b) of the Codes of Conduct for Gas Marketers and Electricity Retailers. The statement in the renewal script, which Just Energy states is inherently untrue, is Item 11 in the Board approved Contract Renewal / Extension Call Script for Natural Gas, Electricity and Dual Fuel which reads: “You should also be aware that energy cost savings under the [renewed / extended] contract are not guaranteed”.**
- a) Please confirm whether Just Energy is presently completing telephone renewals where this statement is not true.**
 - b) If Just Energy is completing telephone renewals where this statement is not true, please explain fully why the statement is not true.**
 - c) What is the earliest date that Just Energy expects to conduct telephone renewals where this statement will be untrue?**

Answer:

- a) Just Energy is not presently completing telephone renewals where the statement; “You should also be aware that energy cost savings under the [renewed/extended] contract are not guaranteed”, is untrue.
- b) N/A
- c) Just Energy expects to conduct telephone renewals where the above noted statement is untrue pending the approval of its application to amend its gas marketer and electricity retail licences and creation of a product.

2. Just Energy states that it has developed a competitively priced 5 year agreement (the “Agreement”) for the purchase of commodity, the primary feature of which guarantees consumer cost savings under certain conditions. The conditions and limitations of the guarantee are well documented and disclosed for the consumer’s protection.

- a) Please specify for which commodity (natural gas and/or electricity) the Agreement with guaranteed consumer cost savings under certain conditions has been developed?**
- b) For each commodity for which there are guaranteed consumer cost savings, please provide the price or describe *how that price will be determined* and presented to the consumer. In addition, please specify what baseline price will be used to determine cost savings? How is the baseline price determined?**
- c) Throughout the 5 year contract, will the consumer be billed a variable or fixed price?**
 - i. If variable, will Just Energy change the price to reflect the current market prices as they increase or decrease? If so, how often the price adjustment will be made? (quarterly, annually)**
- d) Will there be a price cap applicable so that the consumer understands the maximum that he or she may pay in any given billing period?**
- e) Please provide details of the conditions and limitations of the guarantee and indicate where they are documented and how they will be disclosed to the consumer.**
- f) Please disclose any and all additional charges, commodity and non-commodity related, that the consumer may be charged pursuant to the contract terms and conditions.**
- g) How will the price be reflected on the Price Comparison? Provide a sample of the price comparison.**
- h) How will Just Energy calculate what the consumer would have paid if he or she remained with the utility to ensure that the consumer receives savings while flowing on the contract?**
- i) How often will Just Energy reconcile the savings for each consumer?**
- j) Will the savings be demonstrated to the consumer throughout the course of the contract?**
 - I. If yes, how the customer will be notified of the savings?**
 - II. If no, will the savings be demonstrated at the end of the contract term?**
 - III. How quickly will Just Energy reconcile the consumer’s account at the end of the contract term to determine whether any monies are owed to the consumer?**
- k) If the consumer must terminate the Agreement early due to unforeseen circumstances, for example, where the consumer moves to the area where the commodity is not supplied by Just Energy, will the consumer cost savings for the period that they were supplied by Just Energy?**

Answer:

- a) The Agreement with guarantee consumer cost savings under certain conditions has been developed for natural gas.
- b) The price will be presented to the consumer in ¢/m³ in the Agreement and price comparison form, during the verification/renewal call and on the supply portion of the utility bill. With respect to product A, the natural gas supply rate is guaranteed to be an amount below the Utility's published natural gas supply rate. The transportation rate is guaranteed to match the utility's published transportation rate for a specific period of time during the term of the Agreement, after which may vary at Just Energy's discretion. Just Energy guarantees that at the end of the five year term, the combined natural gas supply and transportation charges will be lower than what the consumer would have paid with the Utility.

With respect to product B, Just Energy guarantees that the volume weighted average natural gas price will be lower than the volume weighted average Utility price on each individual consumer bill during the one, three or five year term. The volume weighted average natural gas price is calculated by adding up the natural gas price multiplied by the consumer's consumption for every month of the term, and then dividing it by the consumer's total natural gas consumption for the term. The volume weighted average Utility price is calculated by adding up the Utility price multiplied by the consumer's natural gas consumption for every month of the term, and then dividing it by the consumer's natural gas consumption for the Term.

- c) The term of the products that guarantee consumer cost savings vary between one and five years. Consumers will be billed a variable rate as described in the above noted answer and is adjusted on a quarterly basis.
- d) Product A has a price cap of an amount below the Utility's published natural gas supply rate. Product B does not have an associated price cap.
- e) The guaranteed cost savings apply under the condition that the consumer remains in the Agreement for the full term. These conditions and limitations are disclosed in the terms and conditions of the Agreement.
- f) The consumer will be charged an additional OEB cost assessment model recovery fee per bill.
- g) The price comparison depends upon the product and the prices upon the date when the sale of the product is made. An illustrated version of the price comparison form for each product is provided as exhibits no. 1 and 2.

- h) The comparison will be done by reviewing the actual consumer bill using the consumer's terms and conditions and the amount the consumer would have paid with the Utility using the consumption, transportation and supply inputs from the Utility.
- i) Just Energy will review the savings for each consumer on a quarterly basis and adjust the pricing accordingly.
- j) No
 - i. N/A
 - ii. Yes, consumer cost savings will be communicated to the consumer via correspondence at the end of the contract term.
 - iii. As all reviews are conducted quarterly, any monies owing to the consumer account will be determined at the end of the quarter following the end of the contract term.
- k) The consumer will not receive any guaranteed cost savings for the period that they were supplied in the event their agreement ends early.

3. Just Energy requests an amendment to section 5.1 of its Gas Marketer Licence GM-2010-0152 and to section 5.1 a) of its Electricity Retailer Licence ER-2010-0153 to exempt it from complying with the Code of Conduct for Gas Marketers and the Electricity Retailer Code of Conduct (together, the “Codes”), respectively, in relation to three specific provisions. Specifically, Just Energy requests a condition that would read:

“The Licensee shall be exempt from Sections 4.11(b), 4.14(a) and 4.14(b) of the Code of Conduct for [Gas Marketers/Electricity Retailers] in the following circumstances:

- a) the Licensee is directed by a Board approved script to inform a consumer that energy cost savings under a(n) [natural gas/electricity] contract are not guaranteed, when in fact energy cost savings are guaranteed, provided that the Licensee’s claim of guaranteed savings can be substantiated.”**
- a) Please confirm that it is Just Energy’s intention that the requested exemption, if granted, will only apply to the Agreement.**
- b) If the Board grants a licence amendment to allow Just Energy to amend the scripts, what controls does Just Energy have in place to ensure that the scripts are used only for this contract offering?**
- c) With respect to the condition that Just Energy is requesting, as set out above, please explain fully what is meant by “provided that the Licensee’s claim of guaranteed savings can be substantiated.” For example, does Just Energy intend to substantiate the guaranteed savings to the satisfaction of the Board in each circumstance prior to applying the requested exemption?**

Answers:

- a) If granted, the request for exemption will apply to all agreements where Just Energy guarantees a cost savings to the consumer. This includes future product designs.
- b) Just Energy’s product offerings are given a unique identification code (“product code”). The amended scripts can be restricted to the applicable product code and as a result, be made available to the verification person upon the choosing of the applicable and corresponding Just Energy product. Keeping with our current process, Just Energy will conduct a follow up quality assurance review of a sampling of these calls.
- c) Just Energy can provide documentation if/when requested showing consumer costs savings over the term of the product at the Board or consumer’s request. As a result, we do not intent to substantiate the guaranteed cost savings to the satisfaction of the Board in each circumstance prior to applying the requested exemption.

4. In the Notice Of Revised Proposal To Revoke and Re-Issue a Code and a Rule dated October 15, 2010, Page 21, issued in the proceeding EB-2010-0245, the Board commented on Disclosure Statements. Specifically, the Board noted that “...where a supplier believes that it can demonstrate to the satisfaction of the Board that a particular product or offer will, in all cases, guarantee savings to consumers relative to the utility supply price over the entire term of the contract, the Board is prepared to consider an application by that supplier to allow it to use a modified version of the disclosure statements (and other applicable materials such as the Board-approved scripts) that do not contain the “no guarantee of savings” statement.”
- a) Does Just Energy have any concerns with Board-approved disclosure statements that state there is no guarantee of savings?
 - b) Please advise Just Energy’s proposed plan, if any, concerning the statement in the Board-approved disclosure statements that there is no guarantee of savings.
 - c) Does Just Energy intend to apply to the Board for a modified version of the disclosure statement for each particular product or offer to which the guaranteed cost savings claim applies?

Answer:

- a) Yes, Just Energy does have concerns with board-approved disclosure statements that state there is no guarantee of savings.
- b) Just Energy proposes that an alternative disclosure statement is made available by the Board and used only with those products that guarantee cost savings over the term of the product.
- c) It is Just Energy’s view that as long as our cost savings guarantee is included in the product terms and conditions, we can use the amended disclosure statement and thus an application to the Board for a modified version of the disclosure statement for each guaranteed costs savings product will not be necessary.