

BRITISH COLUMBIA UTILITIES COMMISSION

Rules for Gas Marketers

Sections 71.1(1) of the *Utilities Commission Act* (the “Act”) requires a person who is not a public utility and who performs a gas marketing activity for low-volume consumers to hold a Gas Marketer License issued by the Commission. The following Rules for Gas Marketers (the “Rules”) have been developed pursuant to subsection 71.1(10) to assist the administration of Gas Marketer licencing.

1.0 LOW-VOLUME CONSUMER

A “low-volume consumer” means a person who, for the applicable period, either:

- a) has, or is expected to have, a normalized annual consumption at one premise of less than 2,000 gigajoules of gas per year; or
- b) has chosen the unbundled commodity service option, whatever the person’s annual consumption of gas.

2.0 APPLICATION FOR A GAS MARKETER LICENCE

Application for a Gas Marketer Licence must be made using Form A: Application for a Licence to Market Natural Gas, and must be submitted to the Commission at least 60 days prior to the date that the licence is required together with a cheque in the amount of \$1,000 made payable to the Ministry of Finance. The term of a Gas Marketer Licence will be specified in the licence and will be for a November through October gas contract year or such other period as the Commission may determine.

Applications for a licence renewal will follow the procedure for a new licence, and must be submitted to the Commission at least 60 days prior to the expiry date of the Gas Marketer’s current licence. The Application for renewal must identify the Gas Marketer’s current level of complaints, disputes, and cancellations. If the Gas Marketer is currently experiencing a level of complaints, disputes and cancellations that is significantly high, the Application for renewal must address the reason for the high level and the actions that the Gas Marketer has taken or will implement to remedy the problem.

3.0 AGENT FOR SERVICE

If the Licensee does not have a registered office or other place of business in British Columbia, the Licensee must file with the Commission the name of a person who is to act as the Licensee’s Agent for Service in British Columbia and upon whom service of process, notices or other documentation may be made. The Licensee’s Agent for Service in British Columbia must be either an individual who is a resident of British Columbia and is at least 18 years old, or a corporation that has its head office or registered office in British Columbia.

4.0 STANDARD FORM OF GAS SUPPLY CONTRACT

The standard form of gas supply contract between the Gas Marketer and the public utility is subject to Commission approval. Section 71 of the Act requires that a copy of the gas supply contract between a Gas Marketer and a public utility must be filed with the Commission. Gas Marketers must incorporate, in their contracts with gas suppliers, appropriate clauses to ensure adequate security of supply.

5.0 AGREEMENTS WITH CUSTOMERS

Gas Marketers must use a form of Notice of Appointment of Marketer that has been approved by the Commission to set out the arrangements between the consumer, the Gas Marketer and the public utility.

Gas Marketers also must include in their natural gas supply contract documents with consumers the requirements related to term, price and disclosure of other information as set out in the Rules, the Code of Conduct for Gas Marketers, the Code of Conduct and Transfer Pricing Policy for Provision of Utility Resources and Services, and tariff schedules for unbundled commodity service.

The Customer's form for signature, in accompaniment with the Notice of Appointment of Marketer, will be clearly designated as an "Agreement" or a "Contract".

6.0 STANDARD INFORMATION BOOKLET

Each public utility that has an approved gas unbundled commodity service tariff must, in co-operation with Gas Marketers, develop a standard information booklet for its service area which outlines the procedures for commodity purchase and discloses potential benefits and risks. A Gas Marketer must distribute the standard information booklet prepared by the public utility to all prospective clients (and include a reference to the booklet in their Notice of Appointment of Marketer). The public utility will make the booklet available in both hard copy and electronic form.

7.0 LIMITATION ON DIRECT SALES

Except for conventional utility gas sales under its approved tariff, a public utility must not sell natural gas other than through a non-regulated subsidiary which is subject to the Rules. A public utility is required to demonstrate to the satisfaction of the Commission a complete operational separation from any such subsidiary. The relationship between the public utility and its non-regulated subsidiary is subject to the utility's Code of Conduct and Transfer Pricing Policy for Provision of Utility Resources and Services.

8.0 CODE OF CONDUCT

All Gas Marketers must comply with the Rules and the Code of Conduct for Gas Marketers approved by the Commission and as may be amended by the Commission from time to time. Gas Marketers in violation of the Rules or the Code of Conduct may be subject to penalties and licence suspension or cancellation. Gas Marketers will reference the Code of Conduct for Gas Marketers and its availability to customers in their Notice of Appointment of Marketer and make a copy available to the customer.

9.0 PERFORMANCE SECURITY

In order to receive a Gas Marketer Licence an applicant must provide proof of performance security in the amount of \$250,000 (or such other amount as the Commission may determine) and file with the Commission proof of that security. The performance security must be in the form of a bond, letter of credit or other security acceptable to the Commission, be payable to the Minister of Finance and must permit the Minister of Finance to draw upon the security in whole or in part at the discretion of the Commission in the event of a Commission finding pursuant to subsection 71.1(8) of the *Act*.

10.0 ENFORCEMENT OF RULES AND CODE OF CONDUCT AND LICENCE CONDITIONS

If the Commission finds, after notice and opportunity for the Gas Marketer to be heard in an oral or written hearing, that a Gas Marketer has failed to comply with the *Act*, the Rules, the Code of Conduct for Gas Marketers or conditions in its Gas Marketer Licence, and in addition to any other remedies or actions that may be applied, the Commission may:

- a. Suspend or cancel the Gas Marketer Licence.
- b. Amend the terms and conditions of, or impose new terms and conditions on the Gas Marketer Licence until the deficiencies are resolved.
- c. Apply penalties pursuant to Section 106(4) and (5) of the *Act* not to exceed \$10,000 for each day for each day such violation continues.
- d. Order that a portion or all of the performance security (referred to in Rule 9.0) be paid out to consumers, public utilities or other persons that the Commission considers to have been harmed by an act or omission of the Gas Marketer including a breach of the *Act*, the Rules, the Code of Conduct for Gas Marketers, or conditions of the Gas Marketer Licence.

11.0 Failure by a Gas Marketer to comply with its gas delivery obligations as outlined in the gas supply agreement between the Gas Marketer and the public utility may result in the suspension or revocation of the Gas Marketer Licence.