

Utility Network and Partners Inc.
200, 1316 – 9 Ave. SE
Calgary, Alberta, T2G 0T3



May 25, 2018

Mr. Wayne Taylor
Market Surveillance Administrator
Suite 500, 400 - 5th Avenue SW
Calgary, AB T2P 0L6

Mr. Taylor,

We write to request that a formal complaint be filed against the Government of Alberta pursuant to the Market Surveillance Administrator's powers under the *Alberta Utilities Commission Act*. This complaint is made with specific reference to the marketing activities and misleading information being promoted by the Government in regards to the 6.8 cents/kWh subsidized Regulated Rate Option (RRO).

Also, by copy of this letter to the Office of the Auditor General and Alberta's Consumers Advocate, respectfully we ask you to coordinate with them and solicit a ruling on the misdirected use of Carbon Levy dollars now being used to offset the real purchasing costs of electricity and to fund the profit margins of Alberta Utilities in the subsidy of the RRO Cap. Additionally, we request that the government, in all their future communications with consumers, accurately and truthfully represent the fundamental principles and foundation of the premise of consumer choice. In our opinion, the government is amiss in ignoring the fact that many of the competitive retailers in Alberta are already offering consumers price protection from Alberta's volatile energy market. Additionally, it is misguided to use tax payer dollars to promote the RRO as a competitive retail product offering.

Lastly, in all communications the 6.8 cent cap should be labeled correctly so that consumers are fully informed that the RRO is not capped, but rather is a taxation subsidy.

Complainant: Utility Network & Partners Inc.
#200, 1316 9th Ave S.E.
Calgary Alberta T2G 0T3.
Attention Nick Clark, Director.

Nature of Complaint: The Government of Alberta has taken steps to subsidize and openly promote the RRO as a competitive product against offerings from deregulated retailers to the unfair advantage of RRO retailers. Details of this complaint include:

- The Government has subsidized the RRO in the form of a pricing cap currently set at 6.8 cents/kWh. The Government has indicated that the RRO cap will be funded at least in part by the Carbon Levy. As market prices increase, the RRO will cause the deregulated market to be non-competitive which will cause irreparable harm to deregulated market retailers like UTILITYnet.
- The RRO cap effectively uses Government revenue to artificially improve the competitiveness of the RRO to the benefit of RRO retailers.

- The Government has directly mailed a promotional RRO flyer (copy attached) to our customers. This step constitutes free advertising for RRO providers using Government funds and represents a wholly inappropriate incursion by the Government into the marketplace.
- In this promotional material, the Government has promoted the RRO as a 'ways and means' for consumers to shield themselves from the volatility in the electricity market. This volatility has largely been created by the Government as a result of its decision to fund the buy-out of coal Power Purchase Agreements and the early closure of coal plants.
- The government has ignored the requirement of Service Alberta to direct enquiries to the Utility Consumers Advocate for information on retail prices being offered to consumers.
- This action of the government is in violation of the spirit of Alberta's Fair, Efficient and Open Competition Regulation (FEOC Regulation).
- The unprecedented promotion by our government will have an adverse effect on the structure and performance of Alberta's competitive electricity market. It will cause irreparable harm and damage the long-term foundation and future viability and growth of our business. It has caused us to reduce our normal margins to stay competitive with the government subsidized rate.
- Neither the Carbon Levy nor the government general revenue tax were ever intended to be used nor budgeted to be used to artificially fund the profit margins of the RRO providers.
- The government is using taxation dollars to promote its political agenda.

The MSA has a record of all subsidies paid to RRO providers. This subsidy is financed by all Albertans and only given to a limited number of people who are on the RRO. Below is copy of the promotional flyer, funded again by all Albertans and intended to promote the benefits of the government subsidized cap which is only applicable to customers who are still buying electricity from the RRO provider.

We are concerned that the Government has intentionally created a bias in the market which will have long a term negative impact on private sector companies, such as ours. We are an Alberta based company that has invested heavily in systems development, an Alberta based call center, a local data center, and other general infrastructure – all located in Alberta.

At risk is our investment and the long-term viability of our company. The value at risk and claim for long term damages is not quantified here, but to put our business into perspective, we currently have customers in over 300 communities all over Alberta. On behalf of our industrial clients and coupled with our own retail business we manage and/or process through our Calgary based operations approximately 11 ½ million MWh of electricity and 8 ½ million GJ of natural gas annually. If we were forced out of business by these government actions, the ripple effect would be significant. UTILITYnet is an example of a "small business" in Alberta that the government should be encouraging rather than unfairly competing against.

Sincerely,

Madeline Low & Nick Clark
Directors
Utility Network and Partners Inc.



Electricity prices are expected to increase this year from the historic lows of the last three years back to a range that is closer to the historical average price.

If the market price goes above 6.8 cents per kilowatt hour, slightly below the historic average of 7.3 cents per kilowatt hour, the Government of Alberta will cover your costs above that price. That means that households and businesses on the Regulated Rate Option pay no more than 6.8 cents per kilowatt hour.

This price protection is intended to secure families and businesses against price volatility over the next three years as the province transitions to a new market system that is expected to reduce price spikes and uncertainty over the long term.

Learn more about steps you can take to save power and reduce your electricity bill.

EfficiencyAlberta.ca