

Utility Network and Partners Inc.
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Calgary, Alberta, T2G 0T3



May 25, 2018

The Honourable Stephanie McLean
Minister of Service Alberta
103 Legislature Building
10800 – 97 Avenue
Edmonton, AB T5K 2B6

Minister McLean,

We write to request a meeting with you to discuss our complaint filed with the Market Surveillance Administrator (MSA) against the Government of Alberta pertaining to the recent promotion of the government Regulated Rate Option (RRO) 6.8 cent/kWh subsidized cap. Our complaint is detailed in the attached formal letter addressed to Mr. Wayne Taylor of the MSA. We have also asked the Office of the Auditor General and Alberta's Utilities Consumer Advocate to investigate our concerns.

We believe that this government sponsored flyer, which was financed out of the Carbon Levy, and the underlying subsidy to the RRO providers constitutes predatory actions against competitive retailers operating in Alberta's deregulated market. Further, these actions have unfairly privileged RRO retailers at the expense of Alberta's tax payers. We would appreciate the opportunity to meet with you to discuss alternatives to ensure that Alberta's energy consumers are protected in a manner that does not arbitrarily and negatively affect current market participants.

Who we are:

Utility Network & Partners Inc. (UTILITYnet), founded in 1978 by Madeline Low, is a wholly Alberta based energy management and competitive retailer offering consumers competitive fixed and floating electricity rates. We currently have customers in over 300 communities all over Alberta and on behalf of our industrial clients, coupled with our own retail business, we manage and/or process through our Calgary based operations, business related transactions which on an aggregated basis is in excess of 11 ½ million MWh of electricity and 8 ½ million GJ of natural gas annually.

Our business structure includes a mix of in-house and semi-independently operated Energy Marketers which cater to specific communities and groups. We pride ourselves on our business model and our commitment to community building. For instance, Sandstone Energy is a UTILITYnet Energy Marketer which donates 100% of its net profits to the Calgary Public Library Foundation. As part of our network umbrella of 22 Energy Marketers we have helped build a residual and sustainable community-based energy retail business model in such communities such as Olds, Lacombe, and Black Diamond to name a few.

The value proposition is simple for consumers to grasp. Traditionally, customers on the RRO can switch to a UTILITYnet Energy Marketer to:

- a. Save money on their utility bill.
- b. Keep the profits in their local community rather than handing their money to an RRO provider based in another city or a foreign jurisdiction.
- c. Support local jobs (many large utility providers have shipped jobs out of province to cut costs: Direct Energy uses HCL as their information technology and customer care service provider, ATCO did the same when they sold I-Tek to Wipro for \$195 million and signed a \$1.1 Billion outsourcing agreement with the company in India, ENMAX likewise shipped jobs to the TATA Group in India, and Just Energy uses a US firm).

We are local. UTILITYnet is the type of business the government should want to encourage to flourish in Alberta. Unfortunately, the reality today is that the Government's RRO subsidy policy has made the Government our main competitor and is using tax dollars to artificially compete against the private sector.

For Discussion

The recent RRO subsidized program will hurt our company and put our business at a competitive disadvantage.

The 6.8 cent/kWh cap subsidy only protects those who are still on the RRO. It also gives an advantage to the RRO providers that can now cannibalize the customers that signed up with a competitive retailer. By using the carbon levy income stream to subsidize the utilities, the Government has artificially financially supported some companies that shipped jobs offshore. Further, the RRO retailer margins are totally protected, in that if they overpay for energy, the subsidy mechanism protects them so that their margins are always kept whole. We hope that creating the RRO as a competitive retail offering and attempting to squeeze independent competitive retailers out of business was not your intent. We believe that the problem you are now facing can be addressed in an alternative manner.

We look forward to speaking with you in regards to the above topics.

Sincerely,

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

CC: Margaret McCuaig-Boyd Minister of Energy 324 Legislature Building 10800 – 97 Avenue,
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Office of the Auditor General 8th floor, 9925 – 109 Street, Edmonton, AB T5K 2J8

Chris Hunt, Utilities Consumer Advocate 9th Floor, Century Park Place, 855-8th Avenue SW,
Calgary, AB T2P 3P1