

Guide – Purchasing Natural Gas in Manitoba

Understanding your natural gas supply

As a Manitoba natural gas consumer, you have a choice when buying natural gas for your home or business. This guide provides information to help you understand your natural gas (Gas Commodity) supply options and select the one that's right for you.

Natural gas is a commodity that is bought and sold in a highly competitive marketplace shaped by the forces of supply and demand. Natural gas prices rise and fall every day.

In Manitoba, you can purchase natural gas in two ways:

1. from Centra Gas Manitoba Inc. (Centra Gas), a company owned by Manitoba Hydro, at a variable gas rate that is reviewed and approved every three months by the Public Utilities Board of Manitoba (PUB);
2. from an independent gas marketer or Centra Gas/Manitoba Hydro under a fixed-rate, fixed-term contract.

No matter who supplies your natural gas, the gas you use is transported through a major pipeline system to Centra Gas/Manitoba Hydro's distribution facilities. Centra Gas then delivers the gas to your home or business through its network of pipelines and equipment.

The costs of providing these products and services are listed on your monthly gas bill under the following line items.

Gas Commodity charge

Gas Commodity represents the cost of the natural gas provided by Centra Gas/Manitoba Hydro or independent gas marketers. The Gas Commodity rate is applicable whether you purchase variable quarterly-priced natural gas from Centra Gas/Manitoba Hydro or you purchase natural gas under fixed-rate, fixed-term natural gas contracts with independent gas marketers or Centra Gas/Manitoba Hydro. Your Gas Commodity rate is affected by the gas supplier that you choose.

Delivery charge

Delivery represents the cost of transporting natural gas to Manitoba as well as subsequently distributing natural gas to your home or business. Such costs include charges for pipelines not owned by Centra, charges to use gas storage facilities, the cost of facilities and pipelines owned by Centra, operation and maintenance costs for Centra's pipeline system, and other services provided to you. This charge is applicable whether or not you sign a fixed-rate Gas Commodity contract.

Basic Charge

The **Basic Charge** is a fixed monthly charge that represents a portion of the cost for your home or business to be connected to the natural gas distribution system. It does not change with the amount of gas used. The Basic Charge helps to pay for things such as the maintenance of meters and underground pipelines, as well as the cost of meter reading, billing, and record keeping. This charge is applicable whether or not you sign a fixed-rate Gas Commodity contract.

For most users, the Gas Commodity charge represents the largest component of their annual gas bill averaged over the year. Delivery and Basic charges are shown on the monthly gas bill and the rates for those services will change from time to time, as ordered by the PUB. You will continue to pay the rate that the PUB approves for those items whether you choose to buy your natural gas from an independent gas marketer or from Centra Gas/Manitoba Hydro.

Who does what?

The role of Centra Gas/Manitoba Hydro

Centra Gas/Manitoba Hydro is a regulated utility that sells and delivers natural gas, as well as provides related utility services to all gas customers. Centra Gas/Manitoba Hydro will step in to supply natural gas as a supplier of last resort if a customer's natural gas marketer fails to meet its gas delivery requirements.

The role of independent gas marketers

Gas marketers are independent, private sector companies that offer to sell natural gas at long-term, fixed rates (Gas Commodity only). Gas marketers sell fixed-rate gas contracts that vary in length from one to five years. The contracts are available to both home and business owners.

Gas marketers must be licensed by the PUB before they can start offering gas contracts for sale in Manitoba.

The role of the Public Utilities Board of Manitoba (PUB)

The PUB is a provincial body that regulates most utilities in Manitoba. It regulates the Gas Commodity rate options Centra Gas/Manitoba Hydro offers, as well as the rates for the other services Centra Gas/Manitoba Hydro provides to all gas customers.

The PUB licenses gas marketers and oversees their marketing activities. Gas marketers must follow a PUB-approved Code of Conduct.

The PUB does not regulate the rates that gas marketers charge for natural gas.

What options are available for purchasing natural gas?

You can choose your natural gas (Gas Commodity) supplier and the rate option that's best for you.

1. Buying natural gas from an independent gas marketer

You may choose to sign a contract to buy your Gas Commodity from an independent gas marketer at an agreed-upon rate per cubic metre for a specific number of years — from 1 to 5 years.

If you decide to purchase your Gas Commodity from a gas marketer, there will be no interruption of your natural gas service. Centra Gas/Manitoba Hydro will continue to deliver your natural gas, just as it currently does through the same pipelines and through the same meter. Centra Gas/Manitoba Hydro will still send you a gas bill each month for your total cost, including the gas marketer's charges, where applicable. Your statement will separately list Centra Gas/Manitoba Hydro's Delivery and Basic Charge, as well as the gas marketer's charge for Gas Commodity. The gas marketer's name and toll-free number will appear on the Gas Commodity line of your gas bill. You will continue to make your payments to Manitoba Hydro.

2. Buying natural gas from Centra Gas/Manitoba Hydro

You may also choose to buy your Gas Commodity from Centra Gas/Manitoba Hydro through different rate options. All rates that Centra Gas/Manitoba Hydro charges for Gas Commodity are regulated by the PUB.

Fixed-Rate Contract

Centra Gas/Manitoba Hydro offers fixed-rate, fixed-term Gas Commodity contracts. You may choose to sign a contract with Centra Gas/Manitoba Hydro to buy your Gas Commodity at an agreed-upon rate per cubic metre for a specific length of time (usually 1, 3, or 5 years). If you choose this fixed-rate service, your contracted rate will appear on the Gas Commodity line of your Manitoba Hydro bill.

Variable Quarterly Rate

If you do not choose to sign a fixed-rate contract with either Centra Gas/Manitoba Hydro or an independent gas marketer, you will automatically fall under the variable quarterly rate option. Only Centra Gas/Manitoba Hydro offers this rate option. You do not have to sign a contract for this service.

Under this option, Gas Commodity rates are reviewed and adjusted every three months by the PUB, and more closely reflect the market cost of natural gas. This cost is passed on to you without mark-up or profit. If you purchase Gas Commodity from Centra Gas/Manitoba Hydro, your gas bill will show the name, Centra, on the Gas Commodity line.

No matter who is your Gas Commodity supplier, you may enroll in Manitoba Hydro's Equal Payment Plan. This will help you budget and level out your natural gas bills.

How do I know which option is best for me?

The best option for you will be the one that suits your own particular needs. Each option has benefits and risks. To choose among options, you will need to consider the rates and the period that the rate will remain in effect, the contract's terms and conditions, how much natural gas you will use, natural gas market conditions, and your own personal risk tolerance.

By signing a fixed-rate, fixed-term contract, you are agreeing to buy Gas Commodity at a fixed rate for one to five years. The amount you pay over that period could be more or less than what you would have been charged by Centra Gas/Manitoba Hydro under the regulated variable quarterly rate over the same period. It depends on the future market price of natural gas.

With a fixed-rate contract, your Gas Commodity rate is fixed for a certain period but there is no guarantee that you will save money.

Some things to think about before signing a Gas Commodity contract

- How do the contract rate and the variable quarterly rate compare? Take the time to review and compare the contract rate and the current and historical variable quarterly rates charged by Centra Gas/Manitoba Hydro.
- How long do you want to be locked-in at the contract rate?
- What happens if you move?
- Are you able to cancel your contract?
- Are there cancellation fees?

A Gas Commodity contract covers only one part of your overall natural gas bill. You will still continue to pay other charges to Centra Gas/Manitoba Hydro whether or not you sign a contract.

When can I change my Gas Commodity rate and/or supplier?

If you are currently on Centra Gas/Manitoba Hydro's variable quarterly rate service, you can sign a fixed-rate contract with either an independent gas marketer or Centra Gas/Manitoba Hydro at any time. If you sign a fixed-rate contract with an independent gas marketer, your gas marketer will notify Centra Gas/Manitoba Hydro and your new contract will take effect at the first available opportunity, which could be up to 90 days later. Centra Gas/Manitoba Hydro will send you a confirmation letter outlining the details of your contract.

If you have already agreed to a fixed-rate contract with either an independent gas marketer or Centra Gas/Manitoba Hydro, the terms and conditions of the contract will determine – and may limit – when you can change to another supplier or rate option. If you have questions about your contract, call your Gas Commodity supplier at the phone number listed on your monthly natural gas bill.

How can I find an independent gas marketer?

Gas marketers may advertise, send an agent to your door, mail information directly to you, have a website, or contact you by phone. While neither the PUB nor Centra Gas/Manitoba Hydro can recommend a gas marketer to you, the PUB does maintain a current list of all gas marketers who are licensed by the PUB. You can get a copy of this list by contacting the PUB at 204-945-2638 or toll-free at 1-866-854-3698, or by visiting the PUB website at www.pubmanitoba.ca. You may also be able to find some gas marketers listed in the Yellow Pages.

How can an independent gas marketer contact me?

The PUB has approved the following marketing channels.

a) Door-to-door sales

Gas marketers may visit your home or business to offer to sell you a natural gas contract. If you decide that you want to buy your Gas Commodity from a gas marketer as a result of a door-to-door transaction, you must first sign an Intent to Buy. The gas marketer must wait 48 hours after you sign the Intent to Buy before providing you with a copy of a contract for signature. A contract will become valid when it is signed and returned to the gas marketer. Both the Intent to Buy and the contract must be signed by the person(s) named on the Manitoba Hydro bill. You are not obligated to sign a contract even if you sign an Intent to Buy. In cases where gas marketers make use of an electronic signature process during door-to-door sales, you still have the option to sign paper versions of all Intent to Buy, Disclosure Statement, Rate Comparison, and Contract documents. An electronic copy of any Intent to Buy, Disclosure Statement, Rate Comparison, and Contract document signed using a gas marketer's electronic signature process will be sent to you for your reference.

b) Telephone marketing

Gas marketers may engage in telemarketing, and are required to follow the protocols set by the Canadian Radio-Television and Telecommunications Commission, as well as any other requirements set by the PUB. Telephone sales and related

communications must be made with the person(s) named on the Manitoba Hydro bill, and be recorded and retained by the gas marketer. If you decide that you want to buy your Gas Commodity from a gas marketer as a result of telemarketing, you must first agree to an Intent to Buy. When you enter into an Intent to Buy over the telephone, the gas marketer must wait 48 hours after you agree to the Intent to Buy before providing you with a copy of a contract for signature. A contract will become valid when it is signed and returned to the marketer. You are not obligated to sign a contract even if you sign an Intent to Buy.

c) Electronic (Internet) sales

You can initiate contact with a gas marketer through their website. Online sales must be made with the person(s) named on the Manitoba Hydro bill. If you decide that you want to buy your Gas Commodity from a gas marketer through an electronic sale, you must first agree to an Intent to Buy. When you enter into an Intent to Buy electronically, the gas marketer must wait 48 hours after you agree to the Intent to Buy before providing you with an electronic copy of the contract for your agreement. You are not obligated to agree to a contract even if you sign an Intent to Buy. You are encouraged to print the contract you have entered.

d) Direct mailings

Contracts initiated by a mailing of documents to you by a marketer will require the signature of the person(s) named on the Manitoba Hydro bill.

What happens after I sign a Gas Commodity contract?

After you enter into a gas contract, Centra Gas/Manitoba Hydro will send you a confirmation letter stating that you have agreed to a fixed-rate contract with a gas marketer. The confirmation letter will state the rate that you are agreeing to pay under the contract. It will also advise you of the period during which you can cancel your contract without having to pay a penalty or a cancellation fee.

Once a year, your gas marketer will send you an Annual Information Notice, which outlines the number of years remaining on your contract, your contract rate for Gas Commodity, Centra Gas/Manitoba Hydro's current regulated variable quarterly Gas Commodity rate, the maximum fee for cancelling your contract, and the gas marketer's contact information.

What if I want to cancel a Gas Commodity contract?

The PUB has set a cancellation period during which you can cancel your gas contract without a penalty or cancellation fee if you are a residential or other small-volume gas user (using 5,000 cubic metres or less of

natural gas per year). This period runs from the day you agree to the contract until 30 days after the date of the first bill that includes charges from your gas marketer for Gas Commodity under the contract.

If you want to cancel your contract without paying a penalty or cancellation fee, you must contact your gas marketer before the end of the penalty-free period.

If you decide to cancel your contract after the penalty-free period, you may have to pay a cancellation fee. The maximum cancellation fee that a marketer can charge a residential or other small-volume gas user must be approved by the PUB, and will be stated in your gas contract.

If you sell or permanently move from the premises to which gas is being supplied under a Gas Commodity contract, the contract will automatically be cancelled. You will not be subject to cancellation fees, penalties, or charges from your gas supplier as a result.

As a consumer, how am I protected?

Your best protection is to be informed. Consumers are protected by an industry Code of Conduct, which applies to all gas marketers operating in Manitoba. Consumers who have signed a fixed-rate contract with Centra Gas/Manitoba Hydro are protected by Centra Gas's Standard of Conduct. These documents define acceptable marketing practices and also provide for a process to resolve disputes that may arise between consumers and gas marketers.

Ask your gas marketer for a copy of the Code of Conduct. You can also view the Code of Conduct and Centra Gas's Standard of Conduct online at www.pubmanitoba.ca.

If you have concerns about your Gas Commodity supply arrangements provided by a gas marketer, you should contact your gas marketer directly. If your concerns are not addressed to your satisfaction, a dispute resolution process through the PUB can provide a quick and impartial resolution to your problem.

What if my marketer is unable to meet their obligations?

If your marketer is unable to supply your natural gas because of financial difficulty or due to temporary or permanent problems related to their gas supply arrangements, the marketer will be in default and your contract will terminate. Centra Gas/Manitoba Hydro, through its backstopping or bridging service, will immediately become your natural gas supplier and you will be paying the current PUB-approved quarterly variable Gas Commodity rate, which could be higher or lower than the fixed rate with your marketer. Although these situations have rarely arisen, there have been instances where natural gas marketers discontinued Gas Commodity supply to their residential consumers in Manitoba and in Ontario.

How do I get more information?

For information about current pricing, features, and options, contact:

- your gas marketer
- Centra Gas/Manitoba Hydro
- the PUB via their website www.pubmanitoba.ca, or call 204-945-2638 or 1-866-854-3698 (toll-free)

If you have questions about your Gas Commodity supply arrangements or the service being provided, contact your gas marketer. The contact information is shown on your Manitoba Hydro bill.