

Shop around before you sign energy contract!

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BUSINESS COLUMNIST

The price of natural gas has plunged in the past year. So, I look smart – at least in hindsight – for not renewing my five-year gas contract when it expired in fall 2005. Today, I'm paying 30.5 cents for gas from my utility, Enbridge Gas Distribution Inc. The door-to-door sellers currently charge 39.9 cents to 41.8 cents for a five-year deal. To me, that's a stiff premium for peace of mind. I'm concerned when I hear from people who sign fixed-price contracts without knowing what they're buying and who's selling it....

Jerrod Whitman moved into a new home in St. Thomas, Ontario. A door-to-door seller persuaded him to lock in his gas and electricity prices for five years. "The seller gave the impression he was affiliated with the Ontario government", Whitman says. He had to sign or else his energy costs would increase drastically. "My utility bills have almost doubled and I have two options: Take a second job or sell my home," he told me this month.

Didn't the marketer call him at a later date, asking him to reaffirm that he had signed and accepted the fixed-price deal? This is a legal requirement, enforced by the Ontario Energy Board, to protect consumers. "Yes", Whitman said, he got the call. But he thought it was from his utility, Union Gas, trying to keep him as a customer. He turned down the chance to cancel his contract because he was coached to do it by the door-to-door seller. "Now I understand I was misled on this as well," he says.

The Ontario Energy Board runs a call centre for customer complaints and inquiries. It's seen a surge in complaints about energy retailers. Agent conduct was the biggest concern, mentioned by 679 people from January to September of last year. That compares to 536 complaints about agent conduct in all of 2005. "This could be the result of a rise in the number of agents selling gas and electricity contracts last fall", says the energy board. "With a greater degree of marketing, there are more doors being knocked on and more chances for customers to misunderstand or feel there's a problem in how they're approached," says Brian Hewson, chief compliance officer for marketing.

Door-to-door sellers are supposed to comply with fair marketing practices laid down by the board. They have to identify themselves, giving a business card or documents that show the company's name and their name and contact information. They have to leave behind marketing materials if customers ask for them, not exerting pressure to make them sign a contract on the spot. Also, they can't make false or misleading statements about the amount of money you would save if you signed with the retailer compared with the cost from your local utility.

"The contract they have you sign stipulates large savings," Whitman insists. Gas marketers like to say how much their customers have saved in the past. They can't prove there will be savings in the future – but you get that impression from their marketing materials. Direct Energy, for example, has a brochure saying gas rates have risen 103 per cent since 2002 and its customers have saved an average of \$574. There's a chart showing utility rates going up to 60 cents a cubic metre by 2011 – and a large potential saving for those who sign up at 41 cents today. But utility rates are now only 30 cents, a fact Direct Energy doesn't mention in its brochure. Is it realistic to expect them to double in the next five years? In fact, anyone who signed a fixed-term contract in the past year would have been better off staying with the local utility. But Direct Energy's graph shows utility rates climbing straight up since 2002.

My advice: Never sign at the door. Take your time and shop around. Go to Energyshop.com, a website that shows comparative rates. Canadian RiteRate Energy charges only 34.8 cents for a five-year gas contract, about 5 cents a cubic metre less than other retailers because it doesn't use commission-paid agents to go door to door. Call the Ontario Energy Board (1-877-632-2727 or 416-314-2455) if you think you've been misled by an energy retailer. The board can ask the retailer for a copy of the re-affirmation call and check to see that the customer understood what was happening.

After I asked the board to review Whitman's complaint, he got a call from his energy retailer. It was cancelling both contracts for gas and electricity he signed – and not imposing the large penalty he would have to pay to get out in midstream.

Ellen Roseman's column appears Wednesday, Saturday and Sunday. You can reach her at eroseman@thestar.ca by email.