



NOTICE TO MARKET PARTICIPANTS AND STAKEHOLDERS

Date: March 25, 2014

Re: Leger Market Survey

In early 2014, the MSA contracted with the market research firm Leger to undertake a consumer survey on our behalf principally to look at co-branding effects in Alberta. Co-branding for consumers is a kind of shorthand whereby they trust certain brands and are more willing to try new and different products from them. The issue is that some forms of co-branding occur through the provision of regulated products and the right to provide those products was originally conferred on those firms rather than earned by them. It can act as a barrier to new retailers entering a market. The survey was jointly sponsored by the Utility Consumer Advocate and the results were used in some co-branding assessment work for the Retail Market Review Committee implementation team.

The MSA is currently working on a state of the market assessment of Alberta's retail electricity and natural gas markets. We anticipate that it will be completed later this summer. The co-branding assessment work will form part of that larger study and so will not be reported upon here at this time.

The [consumer survey](#) is interesting for a number of reasons and hence we are taking this opportunity to publish it to our website. The following points are noteworthy:

1. A surprisingly high number of consumers are not aware of who their distributor is for electricity or natural gas. In Alberta, the model adopted is that retailers are responsible for billing customers for both the commodity and any network charges. It seems that some consumers confuse their retailer with their distributor.
2. Many consumers believe that their choice of retailer can affect their reliability of service. This is not true, but very few consumers are confident about it. Such thinking may influence their decisions about selecting a retailer.
3. Many consumers have a preference for the regulated rates because they feel it embodies a level of consumer protection not available in market (competitive)

rates. The term 'regulated' here simply refers to the fact that a regulation defines the pricing mechanism for setting the monthly rates. The regulated rates should be seen as a choice; one that is not necessarily the best for all consumers.

4. Consumers prefer to have fewer bills for their utilities. In Alberta's two major cities, the distributors provide consolidated billing services for the City and this is attractive to many consumers. It acts in a similar manner to co-branding and also represents a barrier (or hurdle) to other retailers in growing their businesses.

The Retail Market Review Committee recommended that a major consumer awareness and education campaign should be undertaken in the next few years. Some of the key misunderstandings discussed above would hopefully be addressed in such a campaign.

Yours truly,

"Original Signed"

Market Surveillance Administrator

Per: Mike Nozdryn-Plotnicki

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