

# Specified Penalties

## *Bill 13, An Act to Secure Alberta's Electricity Future*

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### Enhancing consumer protection

While most customers have few problems with their retail electricity and natural gas service and bills, those who do experience issues have not always been properly supported.

The Utilities Consumer Advocate continues to receive consumer complaints about inaccurate bills, demonstrating the need for more efficient enforcement of utility customer service quality standards.

*Bill 13, An Act to Secure Alberta's Electricity Future*, would provide the Alberta Utilities Commission (AUC) with the ability to issue specified penalties to electric and natural gas service providers for particular breaches. Specified penalties will:

- Provide the AUC with a tool to enforce minor breaches of its rules, orders and decisions in a more timely, efficient and effective manner.
- Help ensure electric and natural gas providers are more accountable to their customers.
- Help improve the level of service customers receive from their electric and natural gas service providers.

#### What is a specified penalty?

A specified penalty is a financial penalty that is imposed directly for a relatively minor infraction. Specified penalties can be compared to a speeding or traffic ticket.

*Bill 13, An Act to Secure Alberta's Electricity Future*, would provide the Alberta Utilities Commission with the ability to issue fines up to a maximum of \$10,000 daily per infraction, if necessary.

### Legislative changes

#### The current process

Without the amendments contained within Bill 13, specified penalties are only available for breaches of the Alberta Electric System Operator rules or reliability standards. Expanding the AUC's authority to address other breaches would deter utility misconduct by providing greater flexibility in enforcement options and signaling a more robust regulatory compliance enforcement system. In addition, under the current structure, the AUC's only enforcement option is a formal hearing process, which can be lengthy and costly.

#### The role of the Alberta Utilities Commission

The legislative amendments contained in Bill 13 would extend the authority of the AUC regarding service quality standards to electric and natural gas retailers—currently, only the electric and natural gas utilities and regulated rate providers are subject to AUC's service quality standards.

This extension will allow the AUC to apply consistent customer service quality standards and enforcement measures to all service providers, regulated and competitive alike. This extended authority would be granted through amendments to three pieces of legislation:

- *The Alberta Utilities Commission Act*
- *The Electric Utilities Act*
- *The Gas Utilities Act*

The amendments would also give the Minister of Energy the authority to order the AUC to develop specified penalties for specific types of AUC rules, orders and decisions.

## **Development of rules and penalties**

The AUC has a rule development process, which includes engaging with consumer groups and electric and natural gas service providers. This engagement process will help ensure that specified penalties are fair to both consumers and electric and natural gas service providers.

## **The new enforcement process**

If Bill 13 is passed, the AUC would be able to lead a more efficient and effective enforcement process. By authorizing specified penalties, the AUC would be able to issue a financial penalty to a retailer for not meeting service quality standards without holding a hearing. This would be significantly more efficient than the current system—which requires a formal hearing process—particularly in cases where a retailer issues incorrect bills to multiple customers. A penalized party may request another review or appeal to the courts.

## **Penalty allocation**

The AUC will be able to allocate the proceeds of a specified penalty back to affected customers, if they deem this action to be in the public interest. If the commission does not indicate where the proceeds are to go, they will go to the government's general revenue fund.

## **Next steps**

If the legislation is passed, the AUC will begin developing rules for the specified penalties. Part of this process will include consultation with relevant stakeholders.