



NOTICE TO MARKET PARTICIPANTS AND STAKEHOLDERS

Date: December 13, 2013

Re: Request for Proposals to Design and Conduct a Customer Survey

The Market Surveillance Administrator (MSA) is assisting the Alberta Department of Energy in the implementation of the Retail Market Review Committee's recommendations. In particular, the MSA is undertaking an assessment of the effects of co-branding on customer choices with respect to retail electricity and natural gas providers. The elimination of co-branding is one of the recommendations of the Retail Market Review Committee's report. As part of our work on co-branding, we wish to hire a consultant to design and conduct a customer survey. The attached [Request for Proposal](#) is expected to yield significant information to be combined with the balance of the work that we are presently undertaking. This will then enable the MSA to opine on the overall effect of co-branding on the retail electricity and natural gas markets.

We are pleased to say that this survey will be a joint project with the Utility Consumer Advocate due to its importance to Alberta consumers. The MSA will manage the contract and be the main point of contact for the consultant throughout the work.

Co-branding is very common in many businesses and can benefit producers and customers alike. The customer's brand loyalty to a company for one product can provide that customer some confidence in trying a different product by the same company. The benefits to the company are obvious in that co-branding makes it easier to grow its business. The perceived benefit to the customer is the mitigation of the risk of dissatisfaction of trying a new product.

The areas of potential concern in retail electricity and natural gas are where the customer loyalty has been established by regulated entities providing a monopoly service. These are the provision of electricity and natural gas distribution service, and the provision of some form of default energy supply to customers who have not selected a competitive retail provider. Such services provide the opportunity for a relationship to develop between the provider and the customer and for brand loyalty to be fostered. Later, when customers make decisions to switch between competitive retailers, or especially away from the default energy service provider, co-branding can have a significant influence on the choice outcome.

The argument against such co-branding is that it is, at least partially, unearned and potentially impedes the development of a robust competitive retail electricity and natural gas market.

The timelines for preparation of the proposal are quite tight and the MSA is proposing to answer any questions by firms submitting proposals as follows. If you plan to submit a proposal please contact the undersigned by email and you will be added to a list. If you need some clarification to prepare your proposal please submit the question in writing. All questions regarding this RFP will be answered to all on the email list as a 'blind cc'.

Yours truly,

"Original Signed"

Market Surveillance Administrator

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