



## News Release

December 2, 2008

By Board Order 156/08, the Public Utilities Board (Board) approves an application by Centra Gas Manitoba Inc. (Centra) to offer fixed price and fixed term Primary Gas contracts within Centra's franchise area. A fixed price and fixed term contract allows consumers to lock in, for a number of years, their Primary Gas commodity rate, which comprises approximately 60% of their natural gas bill. Centra will begin by offering contracts to residential and commercial customers in early 2009, in competition with private marketers of fixed term contracts.

Following a public hearing, Order 160/07 permitted Centra to apply to offer fixed price and fixed term Primary Gas contracts. Centra had been restricted to offering only its default Primary Gas product, that with a price set every three months.

In 1998, the Board articulated three objectives for the establishment of a competitive market:

- 1) provide the consumer with meaningful choice;
- 2) provide additional service offerings; and
- 3) result in economic benefits.

And, at that time the Board proposed a three-fold test to determine whether a competitive market had evolved:

- 1) whether supply has increased;
- 2) whether prices have decreased; and
- 3) whether the range of products and services has improved.

In the proceeding that culminated in Order 160/07, the Board found that a competitive natural gas market had not formed for small volume consumers. Previously, the Board has stated that it is not interested in creating a business or fashioning a market either for Centra or the marketers that have been offering fixed term contracts to consumers. Instead, the Board's interest is the best interests of consumers.

Primarily, the Board views Centra's impending entry into the fixed term Primary Gas market as providing a benchmark for marketer prices. Although marketers have offered a number of different products with different terms, to-date they have only consistently competed directly with each other with five year fixed price offerings.

The Board not only approves Centra's application to offer fixed price offerings to both small and large volume consumers but also supports Centra's proposed approach to gradually enter the market, to begin with offerings of 1, 3, and 5 years to small volume consumers. A gradual entry into the marketplace is in the best interests of consumers.

Centra may market its offerings using direct mail, print advertising and its website. The Board also supports Centra's plan to create educational materials for consumers, so that they can better understand their options -- a lack of information directed to consumers was identified as a major problem, resulting in many uninformed consumers.

A copy of the Order, which contains additional information, may be reviewed on the Board's website [www.pub.gov.mb.ca](http://www.pub.gov.mb.ca), or obtained through the Board's Office.

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