Kristen Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Young Street, Suite 2700
Toronto, Ontario M4P 1E4

August 13, 2010

RE: Ontario's New Energy Consumer Protection Act

Dear Ms. Walli,

We are FireFly Energy, a division of Ag Energy Co-operative Ltd., and we operate as an energy marketer in Ontario. We have reviewed the proposed changes to the Energy Consumer Protection Act to ensure the changes are realistic for both ourselves and our customers. We are agreeable to and in compliance with much of its proposed regulations. However, there are a few items on which we wish to comment on and seek clarification on. Please find a summary of our comments below:

With respect to Contracts:

1) We request that third party verification be required only if a sales agent is involved/approaches the consumer to gain the contract. We are an energy marketer that does not employ sales agents to gain new customers. We do not actively canvas door-to-door or participate in telephone marketing. Our customers seek us out in response to marketing campaigns, word of mouth, or general availability on the Internet. We operate on the assumption that when customers execute a contract with us, they have taken the time to educate themselves about their contractual obligations and rights as a consumer. Therefore, the entire application process is initiated and completed by the customer, with occasional clarification from customer service representatives (this clarification is also initiated by the customer). The added cost and processing time to verify the consumer's intention will negatively affect our non-intrusive business model.

With respect to the Cancellation of Contracts:

1) We request a clear definition of what the "certain circumstances" are in which a consumer can cancel the contract within 10 days of receiving the text copy. Specifics are needed such that we may understand our potential risk or exposure.

2) We disagree with cancellation fee ceilings. Cancellation payments should be based on the losses the marketer will incur due to the early termination of the contract, not a set fee of $50 for electricity, or $100 for gas. Capping the fees in this manner may subject energy marketers to major losses, as the proposed fees would rarely cover the true costs associated with losing a customer's contracted volumes prior to the end date of their original contract. It could also harm the industry, should there be wild fluctuations in the commodity price.

For example, we charge our customers a standard rate of $0.07/m3 multiplied by their forecasted consumption (as per their utility) for the remainder of their contract term, in order to recoup our investment. This rate and fee calculation is comparable to the charge that other energy marketers use in calculating their cancellation fees. Losses incurred can be more or less than this amount, as the true

losses are actually determined using a mark-to-market calculation (i.e. by comparing the customer's contracted price to the price of natural gas or electricity in the market at the time of cancellation). FireFly does this by multiplying the customer's remaining contracted volumes by the difference between the customers' contracted price and the market price of natural gas at the time of cancellation. Please see the Sample Cancellation Fee Calculation, page 1, enclosed.

We would like to illustrate the above point further using the enclosed Sample Cancellation Fee formula for an average natural gas customer in Ontario. This customer signed a 5 year contract at a rate of $0.359/m3 for an annual volume of approximately 1,674m3 and decided to cancel with 16 months and 2232.13 m3 left in their contract. Based on true market costs as of July 27, 2010, the cost that FireFly Energy incurred as a result of this customer's early cancellation of their contract was $ 408.71 (as outlined on the enclosed Sample Cancellation Fee calculation, page 1). Our written policy is to charge customers a standard rate of $0.07/m3, the customer's early cancellation charge amounted to $176.56 (as outlined on the enclosed Sample Cancellation Fee calculation, page 2). Therefore, even after receiving the customer's payment in full, FireFly Energy still incurred a loss of $232.15. A customer with higher volumes and/or a greater number of months left on their contract would have even higher cancellation fees.

As illustrated, placing an arbitrary ceiling or fixed rate for cancellation fees will make our losses even greater and will not allow us to recoup those losses. We ask that you seriously reconsider capping cancellation fees as this could severely damage our operations, and the operations of other energy marketers, potentially forcing us to cancel our offerings.

We ask that you consider the points above and provide us with clarification where Applicable. Thank you in advance for your consideration of the matters raised and for helping FireFly Energy to better understand how the new Energy Consumer Protection Act will influence energy marketers such as ourselves.

We look forward to your reply.

Sincerely,

Rose Marie Gage

Rose Marie Gage
Chief Executive Officer
FireFly Energy, a division of Ag Energy Co-operative Ltd.
& Ag Energy Co-operative Ltd.