



Telecom Notice of Consultation CRTC 2018-422

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Ottawa, 9 November 2018

Public record: 1011-NOC2018-0422

Call for comments – Proceeding to establish a mandatory code for Internet services

Deadline for submission of interventions: 19 December 2018

[\[Submit an intervention or view related documents\]](#)

With this notice, the Commission calls for comments on the creation of the Internet Code.

In light of the increasing importance of Internet services and the rising number of consumer complaints about these services, the Commission is of the preliminary view that it is necessary to establish a mandatory code of conduct to address consumer contracts and related issues – including contract clarity, bill shock, and barriers to switching service providers – for retail fixed Internet access services provided to individuals and small businesses by large facilities-based Internet service providers.

*The Commission is seeking detailed comments, with supporting rationale, on the need for such a code; its contents, application, implementation, administration, enforcement, and promotion; and how its effectiveness should be assessed and reviewed, by **19 December 2018**.*

In order to guide interested persons in making their submissions and to have a complete record, the Commission has included an Internet Code Working Document in Appendix 1 to this notice. That document is intended to provide interested persons with a possible model for a code and to stimulate discussion and debate. Interested persons should provide alternative wording, with supporting rationale, where they consider that changes are necessary.

Introduction

1. With this notice, the Commission initiates a proceeding to consider establishing a mandatory code of conduct (the Internet Code) to address the clarity and content of contracts for retail fixed Internet access services (Internet services) and related issues.
2. The Commission acknowledges that a proceeding is currently underway pursuant to section 14 of the *Telecommunications Act* (the Act) concerning the retail sales practices of Canada's large telecommunications carriers, and that submissions on possible consumer protection measures, including codes of conduct, form part of that proceeding. The Commission will separately consider those submissions in that proceeding. The Commission has been aware of growing consumer concerns about Internet services generally and is concerned about the absence of a code of conduct for fixed Internet services in an environment where such codes exist for the mobile wireless and television markets. This notice launches a distinct proceeding in order to develop a record to address these concerns.

The Commission considers that it is not in the public interest to delay a proceeding on this issue. As a result, submissions are being sought on the preliminary views and questions set out in this notice of consultation.

3. As explained in greater detail below, the Commission holds the following preliminary views:
 - a) The creation of the Internet Code would further the policy objectives set out in paragraphs 7(a), (b), (f), and (h) of the Act¹ and is necessary to respond to consumer concerns about Internet services and related issues, including contract clarity, clarity of promotional offers, prevention of bill shock, and reduction of barriers to switching service providers.
 - b) The content of the Internet Code should address the following issues:²
 - **clarity:** plain language, prices, unlimited services, unsolicited services, clarity of offers;
 - **contracts and related documents:** how and when contracts and related documents must be provided, including accessible formats for people with disabilities, distance contracts, information that contracts must include (i.e. key contract terms and other contract terms);
 - **Critical Information Summary (CIS):** how and when the CIS must be provided, including accessible formats for people with disabilities, content of the CIS;
 - **changes to contracts and related documents:** how and when key contract terms may be changed, how and when other contract terms may be changed;
 - **bill management tools:** notifications when monthly usage limits are reached, data use monitoring tools;
 - **equipment issues:** service calls (including visits to residences for installation and repairs), service outages, warranties;
 - **contract cancellation and extension:** early cancellation fees, trial periods, cancellation date (30-day cancellation policy), contract extension (including automatic contract renewal);
 - **security deposits:** requesting, reviewing, and returning a security deposit;

¹ The cited policy objectives of the Act are: 7(a) to facilitate the orderly development throughout Canada of a telecommunications system that serves to safeguard, enrich and strengthen the social and economic fabric of Canada and its regions; 7(b) to render reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas in all regions of Canada; 7(f) to foster increased reliance on market forces for the provision of telecommunications services and to ensure that regulation, where required, is efficient and effective; and 7(h) to respond to the economic and social requirements of users of telecommunications services.

² For definitions and explanations of the terms used in this section, refer to the Internet Code Working Document in Appendix 1 to this notice.

- **disconnection:** when disconnection may occur, notice before disconnection, disputing disconnection charges; and
 - **other issues** that may be appropriate to respond to consumer concerns regarding contracts for Internet services, excluding issues that are outside the scope of this proceeding (see paragraph 45 of this notice for a complete list). These may include issues specific to Internet services that are purchased as part of a bundle of communications services.
- c) Since 87% of Canadians with Internet services purchase their retail Internet subscriptions from a “traditional telephone” or “cable” company,³ limiting the initial application of the Internet Code to large facilities-based Internet service providers (ISPs)⁴ would strike an appropriate balance between addressing consumer concerns and not placing a heavy regulatory burden on smaller carriers or resellers.
- d) The Internet Code should apply to all retail fixed Internet services provided to individuals and small businesses⁵ by large facilities-based ISPs in all regions of Canada, regardless of underlying technology or the business models of the ISP. The Internet Code should also apply to all contracts for such services, regardless of whether the services are purchased on a stand-alone basis or as part of a bundle of services, or whether they are purchased in person or at a distance (e.g. over the phone, via the Internet).
- e) It is not necessary for the Internet Code to apply to contracts that are already governed by the Wireless Code. In this regard, the Commission notes that the Wireless Code applies to all contracts between individuals and small businesses for retail mobile wireless voice and data services. These services include mobile data services used to access the Internet via smartphones, laptops, smartwatches, etc., as well as mobile Internet services used to access the Internet via sticks, hubs, keys, MiFi devices, and other mobile wireless devices. For this reason, the Internet Code would not apply to such mobile wireless Internet access services.
- f) The principles in the Internet Code should also set a baseline for services provided by large facilities-based ISPs that are subject to rate regulation, consistent with the approach taken in the 30-day cancellation policy and the cancellation refund

³ See the Competition Bureau’s Market Study Notice: Competition in Broadband Services (2018).

⁴ The large facilities-based ISPs include large service providers in the “incumbent telecommunications service provider,” “cable-based carrier,” and “other carrier” categories as referenced in the Commission’s Communications Monitoring Reports, specifically Bell Canada (including Bell MTS Inc.; NorthernTel, Limited Partnership; and Télébec, Société en commandite); Cogeco Connexion Inc. (Cogeco); Bragg Communications Incorporated, carrying on business as Eastlink (Eastlink); Northwestel Inc.; Rogers Communications Canada Inc. (RCCI); Saskatchewan Telecommunications (SaskTel); Shaw Telecom Inc. (Shaw); TELUS Communications Inc. (TCI); Videotron Ltd. (Videotron); and Xplornet Communications Inc. (Xplornet).

⁵ A small business is defined as one whose average monthly telecommunications bill is under \$2,500.

policy.⁶ Some of Northwestel Inc.'s (Northwestel) retail Internet services are subject to rate regulation. For this reason, it may be necessary, following this proceeding, to require Northwestel to submit an updated tariff for its rate regulated services that are governed by the Internet Code, to be consistent with that code.

- g) The Internet Code would be enforced by the Commission and administered by the Commission for Complaints for Telecom-television Services Inc. (CCTS). The CCTS is an independent organization dedicated to resolving customer complaints about telecommunications and television services and administering the Commission's codes of conduct. The CCTS currently administers the Wireless Code (see Telecom Regulatory Policy 2017-200), the Television Service Provider Code (see Broadcasting Regulatory Policy 2016-1), and the Deposit and Disconnection Code for home telephone services (see Telecom Decision 2011-702).
 - h) The Internet Code should be implemented as soon as reasonably possible, to benefit consumers.
 - i) If any large facilities-based ISP considers that it may face unique barriers that would make the implementation of a specific provision of the Internet Code technically impossible or financially unreasonable, the ISP must provide detailed evidence and rationale to show that its circumstances are unique and that the burden it faces is exceptional and unreasonable.
 - j) ISPs offering services governed by the Internet Code must report to the Commission to demonstrate that they have implemented that code effectively and on time.
 - k) It will be necessary to effectively promote the Internet Code to ensure that consumers and ISPs are aware of their rights and responsibilities.
 - l) The Commission must periodically review the Internet Code to ensure that it continues to be effective in responding to consumer concerns in an evolving market. To this end, it will be necessary to develop a method for measuring the Internet Code's success in meeting its objectives.
- 4. As a result of this proceeding, the Commission could impose additional obligations on some or all ISPs, whether or not they are parties to this proceeding.
 - 5. The Internet Code Working Document in Appendix 1 to this notice is intended to provide interested persons with a possible model of an Internet Code and to stimulate discussion and debate. Interested persons should provide alternative wording, with supporting rationale, where they consider that changes, additions, or removals are necessary. Comments on the Internet Code Working Document will further inform the Commission's views on the content and structure of the Internet Code being developed.

⁶ See Broadcasting and Telecom Regulatory Policy 2014-576, Telecom Decision 2016-171, and Telecom Decision 2018-194.

Context

6. Internet access services can be categorized as either fixed services (Internet services) or mobile wireless data services (mobile wireless services). Many Canadians access the Internet from home using a fixed connection and access the Internet on the go using a mobile wireless service.⁷
7. From a consumer perspective, contracts for Internet services and mobile wireless services are similar in many respects. Both contract types frequently include overage fees for data use in excess of monthly plan limits, and in past proceedings the Commission has found that Canadians find data use difficult to estimate.⁸
8. However, there are some important differences between the two contract types. For example, while most mobile wireless service contracts include an end-user device (e.g. a smartphone), most Internet service contracts do not, although they may include equipment (e.g. a modem). Other examples include: (i) mobile wireless services enable customers to roam on other networks, while Internet services do not, and (ii) Internet services may require installation and service calls, while mobile wireless services generally do not.
9. Internet services continue to increase in importance to Canadians, and the vast majority of Canadian households subscribe to them. In 2016 (the latest year for which statistics are currently available), more than 87% of Canadian households had an Internet service subscription, up from 82% in 2012. In comparison, in that same year, 88% of households subscribed to mobile wireless services, 75% to television services, and 67% to home phone services.⁹
10. Although there are many resellers in the marketplace, the vast majority of individuals and small businesses have contracts for Internet services with large facilities-based ISPs. In its 2017 *Communications Monitoring Report*, the Commission noted: “The Cable-based carriers, along with incumbent [telecommunications service providers], own and operate the greater part of the infrastructure used by other service providers to provide Internet services, and together generate 88% of Internet access services revenue and have 87% of subscriptions in the residential market.”¹⁰ As the Competition Bureau noted in its [Market Study Notice: Competition in Broadband Services](#) (2018), this means that 87% of Canadians with Internet services purchased their retail Internet subscriptions from a large facilities-based ISP, despite

⁷ Some Canadians use mobile wireless service as their primary means to access the Internet, through the use of mobile wireless data devices such as Internet sticks, hubs, etc.

⁸ See Telecom Regulatory Policies 2017-200 and 2016-496.

⁹ See the 2018 [Communications Monitoring Report](#).

¹⁰ In the *Communications Monitoring Report*, the Commission divides ISPs into several broad categories. (i) Incumbent telecommunications (“traditional telephone”) service providers are the companies that provided local telecommunications services on a monopoly basis prior to the introduction of competition. These include Bell Canada, SaskTel, and TCI, as well as small incumbent telecommunications service providers such as Execulink Telecom Inc. and Sogetel inc. (ii) Cable-based carriers are the former cable monopolies that also provide telecommunications services. These include RCCI, Shaw, and Videotron. (iii) Resellers are defined as companies that primarily provide services based upon other companies’ facilities. These include Distributel Communications Limited, TekSavvy Solutions Inc., and Verizon Canada Ltd. (iv) Other carriers include Xplornet and Zayo Canada Inc.

there being 550 resellers in the market. According to the 2017 *Communications Monitoring Report*, the revenue market share for Internet access for the top five ISPs (Bell Canada, Rogers Communications Canada Inc. (RCCI), Shaw Telecom Inc. (Shaw), TELUS Communications Inc. (TCI), and Videotron Ltd. (Videotron)) collectively represented 73.1% of the market in 2016.

Complaints to CCTS

11. Consumer complaints about Internet services have been steadily increasing over the past seven years, and the vast majority of complaints to the CCTS relate to large facilities-based ISPs.

12. In its most recent [annual report](#) (2016-17),¹¹ the CCTS stated:

In 2016-17 consumers raised concerns about their internet service almost 5,800 times, an increase of 38% compared to last year, making internet the **service about which consumer concerns have increased the most**.

We also note that concerns about internet are increasingly accounting for a greater proportion of all issues raised by customers, an ongoing trend for the last **seven** years. Although concerns about wireless still account for the majority of issues, we are troubled by the increasing number of internet issues being raised by consumers, the specific types of issues they are raising, as well as the increasing proportion of all issues raised with us that relate to internet.

13. Complaint issues sent to the CCTS in the past year include, but are not limited to, the following: non-disclosure of, or misleading information about, contract terms; monthly price plans, including overbilling; changes to contract terms without the subscriber's consent; compliance with contract terms; one-time fees; unsolicited services (no consent provided); equipment issues; contract renewal; early cancellation fees; cancellation date issues; service issues (including repair/loss of service); installation issues; security deposits; and disconnections.

14. Of the complaints the CCTS received about Internet services in 2016-17, 73% related to five large facilities-based ISPs: Bell Canada, RCCI, TCI, Videotron, and Xplornet Communications Inc.

15. The CCTS noted:

The increase in internet issues is largely driven by problems related to contracts and billing. Specifically, we note a sharp increase in the number of times consumers are raising concerns about internet service providers (ISPs) making material changes to their contracts. In some of these cases, the ISPs provided notice prior to making the material changes and in other cases they did not. Combined, these issues were raised 336% more often in 2016-17 than last year.

¹¹ The CCTS reports twice a year on complaints it receives. The annual report provides an in-depth analysis of complaint issues, and the mid-year report provides an update on key trends. All reports dating back to 2008 are publicly available on the CCTS's [website](#).

We have also noted a significant increase in the number of times internet customers raised concerns about the accuracy of their monthly billing. In 2016-17 this concern was raised over 1,000 times, representing a year-over-year increase of 111%. We have also noted similar trends regarding early cancellation fees, which were raised 392 times this year, 57% more often than last year. In fact, across all lines of business, internet customers raise concerns about material contract changes, incorrect monthly charges and early cancellation fees more often than any other telecom customer.

16. In addition, small business complaints to the CCTS are growing, and last year 31% of those complaints related to Internet services. The leading complaint categories for small businesses include early cancellation fees, automatic renewal, and contract clarity.
17. In its subsequent [mid-year report](#) (2017-18), the CCTS noted that it received 6,849 complaints between August 2017 and January 2018, 73% more than in the same period last year. Of those complaints, 2,789 (or about 40%) raised issues related to Internet services.

Commission's expectations regarding basic telecommunications services

18. The Commission acknowledged the increasing importance of Internet services to Canadians in Telecom Regulatory Policy 2016-496, in which the Commission defined fixed and mobile wireless broadband Internet access services as basic telecommunications services. The Commission announced a new Broadband Fund, which will provide \$750 million over the first five years of its operation to support projects to build or upgrade infrastructure to provide fixed and mobile wireless broadband Internet access services to underserved Canadians.¹² The Commission also found it necessary to establish several new expectations for ISPs to address consumer complaints related to bill shock and contract clarity.

19. Specifically, the Commission stated:

With respect to fixed broadband Internet access services, the data usage associated with common online activities can be complex and difficult for consumers to estimate. The record of this proceeding revealed that many Canadians are unaware of certain basic elements of their Internet access service contracts, including their monthly data usage limits.

This confusion can result in consumers unintentionally exceeding their data limits and experiencing bill shock. Data overage charges for fixed broadband Internet access services vary greatly between ISPs....

Only a few ISPs have implemented a maximum overage charge in a monthly billing cycle, which means that customers who find it difficult to understand and monitor their data usage could get billed an amount that exceeds their usual monthly bill by hundreds of dollars.

¹² The Broadband Fund is designed to complement existing and future private investments and public funding. For more information, see the Commission's [news release](#).

20. As a result, the Commission established an expectation that all ISPs that provide retail fixed broadband Internet services to individual and small business customers ensure that their contracts and related documents clearly explain, in plain language, (i) the services included in the contract, (ii) any limits on the use of those services that could trigger overage charges, (iii) the minimum monthly charge for services included in the contract, (iv) where customers can find information on rates for overage charges, and (v) whether or not there is a maximum data overage charge that might be incurred in a monthly billing cycle, and if so, the amount of that maximum charge. ISPs are also expected to provide (i) account management tools that enable customers to monitor their data usage and (ii) plain-language information on the data usage associated with common online activities. The above-noted information and tools should be accessible to customers with disabilities.
21. The Commission further considered that if consumers were notified of alternative plan options that may better suit their needs when they incur data overage charges, they would be empowered to better manage their bills and to avoid bill shock. The Commission directed all ISPs that offer retail fixed broadband Internet services to notify their residential and small business customers who have incurred overage charges of where they can find information about (i) the account management tools the ISP offers, (ii) the data usage associated with common online activities, and (iii) alternative plans that may better suit the customer's needs.
22. As directed, the large ISPs identified in Telecom Regulatory Policy 2016-496¹³ confirmed that they are currently in compliance with all directives laid out by the Commission in that decision, providing various examples, links, and documents as evidence.

Other codes of conduct

23. To date, the Commission has created mandatory codes of conduct to address consumer issues specific to the mobile wireless, television, and home phone markets, but not the Internet market. These existing consumer codes are the [Wireless Code](#), the [Television Service Provider Code](#), and the [Deposit and Disconnection Code](#), respectively. The expectations set out in Telecom Regulatory Policy 2016-496 are similar in content to some of the requirements set out in the Wireless Code and the Television Service Provider Code.
24. Many customers choose to purchase Internet services as part of a bundle of communications services and may receive a discount for doing so. Currently, if a customer purchases a bundle of wireless, television, home phone, and/or Internet services, each of the services in the bundle would be subject to one of the above-noted consumer codes, except the Internet services. In particular, both the Wireless Code and the Television Service Provider Code set out rules related to the clarity and content of contracts, critical information summaries (which provide a plain-language overview of the most important contract terms), and trial periods. As a result, a customer who purchases a bundle of Internet, television, and wireless services will receive a Critical Information Summary for their wireless and television services but may not receive one for their Internet services.

¹³ Those ISPs were Bell Canada, Cogeco, Eastlink, MTS Inc. (in March 2017, BCE Inc. completed its acquisition of MTS Inc., which is now operating as Bell MTS, a division of Bell Canada), RCCI, SaskTel, Shaw, TCI, and Videotron.

25. Customers who subscribe to mobile wireless Internet access services are covered by the Wireless Code, which applies to all retail mobile wireless voice and data services provided to individual and small business consumers. Many mobile wireless data services include a combination of voice, text, and/or data services and are accessed via end-user devices such as smartphones, smartwatches, and tablets. Mobile wireless data services that are subject to the Wireless Code include those branded as “mobile Internet services,” which are generally limited to data services and are accessed via end-user devices such as mobile Internet hubs, sticks, keys, or MiFi devices. Thus, while the Wireless Code applies to contracts for mobile wireless services, it does not, and was not designed to, apply to fixed Internet services.
26. In the Commission’s proceeding to review the Wireless Code, which resulted in Telecom Regulatory Policy 2017-200, consumers, consumer groups, academics, and service providers generally agreed that the Wireless Code had been effective in meeting its objectives. Those objectives include (i) making it easier for individual and small business customers to obtain and understand the information in their wireless service contracts, (ii) establishing consumer-friendly business practices for the wireless service industry where necessary, and (iii) contributing to a more dynamic wireless market.
27. In that decision, the Commission stated that, since the Wireless Code was introduced, wireless complaints, bill shock, and unilateral changes to contract terms have decreased, while ease of switching providers has increased.
28. Annual Wireless Code public opinion research also shows the positive impact of the Wireless Code on consumer contracts for mobile wireless services. The Spring 2018 Wireless Code Public Opinion Research document states:¹⁴

Canadians are making fewer complaints than in the past suggesting the Wireless Code is having a positive impact for wireless consumers. Eighteen per cent of Canadians have made a complaint in the last year resulting in a decrease of eight per cent since 2014. The reasons for complaints are changing with only one of the previous four main reasons now being mentioned (compared to Fall 2016) – previous main reasons for complaints comparing Fall 2016 with 2018 results, were incorrect charges on their bill (45% vs. 17%), inadequate quality of service (25% vs. 16%) and misleading information about the terms of contract (23% vs. 12%).
29. In many respects, consumer complaints about Internet services raise similar issues as complaints about mobile wireless services (clarity of contracts and related documents, changes to contract terms during the commitment period, automatic contract renewal, early cancellation fees, etc.), as evidenced in the CCTS’s annual reports. However, given the fixed nature of Internet services and other factors that distinguish key service offerings in each market (e.g. the inclusion of mobile wireless devices in many contracts for mobile wireless services), some, but not all, rules in the Wireless Code may be relevant or appropriate to respond to consumer concerns about Internet services. In other cases, Internet services raise complaint issues not relevant to mobile wireless services, such as installation and service

¹⁴ Each year since the Wireless Code was created, the Commission has hired an independent consultant to ask Canadians about their mobile plans and experiences with wireless service providers. The results of this annual public opinion [research](#) are available on the Commission’s website. In the most recent report, the Commission added responses to questions about the Television Service Provider Code.

visits. The Commission notes that due to the similarly fixed nature of many television services, the Television Service Provider Code addresses such issues. For these reasons, the Commission considers that certain provisions in both the Wireless Code and the Television Service Provider Code may be relevant to consider when addressing consumer concerns about Internet services.

Regulatory background

The policy objectives and the Policy Direction

30. The Commission regulates the Canadian telecommunications industry with the goal of fulfilling the Canadian telecommunications policy objectives set out in the Act. These objectives include rendering reliable and affordable telecommunications services of high quality accessible to Canadians in all regions of Canada, responding to the economic and social requirements of users of telecommunications services, fostering increased reliance on market forces for the provision of telecommunications services, and ensuring that regulation, where required, is efficient and effective.
31. The Commission is required to exercise its powers and perform its duties under the Act in accordance with the Policy Direction.¹⁵
32. The Policy Direction requires the Commission to rely on market forces to the maximum extent feasible as the means of achieving the telecommunications policy objectives. When the Commission must rely on regulatory measures to achieve the policy objectives, the Policy Direction requires the Commission to use regulatory measures that are efficient and proportionate to their purpose and that interfere with the operation of competitive market forces to the minimum extent necessary to meet the policy objectives. When the Commission implements non-economic regulatory measures (such as industry codes or participation in the CCTS), the Policy Direction requires the Commission to implement these measures in as symmetrical and competitively neutral a manner as possible.

Commission's approach to forbearance

33. Subsection 34(2) of the Act states that where the Commission finds that a telecommunications service or class of services is or will be subject to competition sufficient to protect the interests of users, the Commission shall refrain, or forbear, to the extent that it considers appropriate, conditionally or unconditionally, from the exercise of any power or the performance of any duty under certain sections of the Act in relation to the service or class of services.
34. The vast majority of retail Internet services are forborne from rate regulation; however, the Commission retains its regulatory powers under sections 24 and 24.1 and subsections 27(2) and 27(4) of the Act for retail fixed Internet services. Sections 24 and 24.1 permit the Commission to impose conditions on the offering and provision of any telecommunications

¹⁵ *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, P.C. 2006-1534, 14 December 2006

service by a Canadian carrier or reseller, respectively. Subsections 27(2) and 27(4) prohibit carriers from unjustly discriminating or giving an undue preference in the provision of telecommunications services or the charging of rates.

35. Over the years, the Commission has imposed various conditions on ISPs pursuant to sections 24 and 24.1 of the Act. Examples of social and consumer policy obligations imposed pursuant to these sections of the Act can be found in the accessibility policy (Broadcasting and Telecom Regulatory Policy 2009-430), the CCTS policy decisions (Telecom Decision 2007-130, Telecom Regulatory Policy 2011-46, and Broadcasting and Telecom Regulatory Policy 2016-102), the 30-day cancellation policy (Broadcasting and Telecom Regulatory Policy 2014-576), and the associated cancellation refund policy (Telecom Decisions 2016-171 and 2018-194).

Internet services subject to rate regulation

36. As an exception, some of Northwestel's retail Internet services are subject to rate regulation and tariffs. In Telecom Regulatory Policy 2013-711,¹⁶ the Commission, among other things, "decide[d] to regulate Northwestel's rates for retail Internet and Ethernet Wide Area Network services in terrestrially served communities in light of its findings that Northwestel has significant market power in the markets for these services."
37. The Commission has imposed other consumer protection measures on services subject to tariffs in recent proceedings, including the 30-day cancellation policy and the cancellation refund policy. In the proceedings that led to the development of those policies, service providers with tariffed services were required to file updated tariffs to reflect the new regulatory requirements.

Consumer recourse for complaints about Internet services

38. The CCTS is an independent, self-regulatory industry ombudsman. Its structure was reviewed, modified, and approved by the Commission in 2007 (see Telecom Decision 2007-130). The Commission conducted further reviews in 2010 and 2016 to ensure that the CCTS is effective in fulfilling its mandate (see Telecom Regulatory Policy 2011-46 and Broadcasting and Telecom Regulatory Policy 2016-102).
39. In order to ensure that residential and small business consumers across Canada have access to the CCTS's dispute resolution processes, the Commission requires service providers to participate in the CCTS. This requirement was originally limited to large telecommunications service providers. Through subsequent policy proceedings, the Commission expanded the participation requirement to include smaller telecommunications service providers and, later, broadcasting distribution undertakings.

¹⁶ In that decision, the Commission noted that "Northwestel Inc. (Northwestel), a subsidiary of BCE Inc. (BCE), provides a wide range of telecommunications services (e.g. local, long distance, Internet, wireless) in Yukon, Northwest Territories, and Nunavut, as well as parts of northern British Columbia and Alberta. Northwestel is the incumbent provider of local telephone services in its operating territory and the rates for these services are regulated by the Commission. The rates for most other telecommunications services offered by Northwestel are not regulated."

40. The CCTS's primary mandate is to resolve disputes between service providers and consumers about mobile wireless, home phone, Internet, and television services.¹⁷ The CCTS can require a service provider to provide a customer with an explanation or an apology, an undertaking to do or cease doing specific activities with respect to the customer, or monetary compensation up to \$5,000.
41. The CCTS's mandate also includes publishing an annual report on complaints, identifying trends in complaints that may warrant further attention by the Commission or the government, and administering codes of conduct.

Call for comments

42. In light of all the above, the Commission hereby initiates a public proceeding to consider establishing the Internet Code, a mandatory code of conduct to address the clarity and content of Internet service contracts and related issues.
43. The Commission calls for comments on the preliminary views set out in paragraph 3 of this notice, the Internet Code Working Document in Appendix 1, and the questions set out in Appendix 2, by **19 December 2018**. Appendix 2 generally addresses the following issues:
 - the need for an Internet Code;
 - the contents of the Internet Code;
 - the application of the Internet Code;
 - the implementation of the Internet Code;
 - the administration and enforcement of the Internet Code;
 - the promotion of the Internet Code to consumers and service providers; and
 - the review of the Internet Code, including how its effectiveness in meeting its objectives should be measured.
44. In their interventions, all parties must provide rationale and all evidence on which they rely to support their positions.

Out of scope issues

45. The following issues are outside the scope of this proceeding:
 - content on the Internet;
 - rates and competitiveness of the marketplace;

¹⁷ Complaints about services that are subject to rate regulation are out of scope of the CCTS's mandate. For this reason, while Northwestel is a CCTS member and customers can complain to the CCTS about its services that are not rate regulated, for rate regulated services, complaints that customers cannot resolve with Northwestel are ultimately directed to the Commission.

- wholesale issues, including the imposition of new regulatory requirements on wholesale providers;
- device and equipment standards;
- broadband measurement and advertised speeds;
- broadband funding decisions;
- Internet traffic management practices (ITMPs) and differential pricing (e.g. zero-rating);
- false advertising;
- privacy obligations of service providers under the *Personal Information Protection and Electronic Documents Act* (PIPEDA);
- network infrastructure issues;
- participation in the CCTS;
- changes to other Commission consumer codes; and
- the Commission's enforcement role and its power to impose administrative monetary penalties (AMPs) on telecommunications service providers for violations of the Act or of any decisions or regulations the Commission makes pursuant to the Act.

Procedure

46. The Canadian Radio-television and Telecommunications Commission Rules of Practice and Procedure (the Rules of Procedure) apply to this proceeding. The Rules of Procedure set out, among other things, the rules for the content, format, filing, and service of interventions, answers, replies, and requests for information; the procedure for filing confidential information and requesting its disclosure; and the conduct of public hearings. Accordingly, the procedure set out below must be read in conjunction with the Rules of Procedure and related documents, which can be found on the Commission's website at www.crtc.gc.ca, under "Statutes and regulations." The guidelines set out in Broadcasting and Telecom Information Bulletin 2010-959 provide information to help interested persons and parties understand the Rules of Procedure so that they can more effectively participate in Commission proceedings.
47. Interested persons who wish to become parties to this proceeding must file an intervention with the Commission regarding the above-noted issues by **19 December 2018**. The intervention must be filed in accordance with section 26 of the Rules of Procedure.
48. Parties are permitted to coordinate, organize, and file, in a single submission, interventions by other interested persons who share their position. Information on how to file this type of submission, known as a joint supporting intervention, as well as a template for the accompanying cover letter to be filed by parties, can be found in Telecom Information Bulletin 2011-693.

49. All documents required to be served on parties to the proceeding must be served using the contact information contained in the interventions.
50. All parties may file replies to interventions with the Commission by **28 January 2019**.
51. The Commission may request information, in the form of interrogatories, from any party to the proceeding. Responses to questions from the Commission must be filed by **21 March 2019**.
52. All parties may file final submissions with the Commission on any matter within the scope of this proceeding by **8 April 2019**. Final submissions, including an executive summary, are not to exceed 15 pages.
53. The Commission encourages interested persons and parties to monitor the record of this proceeding, available on the Commission's website at www.crtc.gc.ca, for additional information that they may find useful when preparing their submissions.
54. Submissions longer than five pages should include a summary. Each paragraph of all submissions should be numbered, and the line *****End of document***** should follow the last paragraph. This will help the Commission verify that the document has not been damaged during electronic transmission.
55. Pursuant to Broadcasting and Telecom Information Bulletin 2015-242, the Commission expects incorporated entities and associations, and encourages all Canadians, to file submissions for Commission proceedings in accessible formats (for example, text-based file formats that enable text to be enlarged or modified, or read by screen readers). To provide assistance in this regard, the Commission has posted on its website guidelines for preparing documents in accessible formats.
56. Submissions must be filed by sending them to the Secretary General of the Commission using **only one** of the following means:

by completing the
[\[Intervention form\]](#)

or

by mail to
CRTC, Ottawa, Ontario K1A 0N2

or

by fax to
819-994-0218

57. Parties who send documents electronically must ensure that they will be able to prove, upon Commission request, that filing, or where required, service of a particular document was completed. Accordingly, parties must keep proof of the sending and receipt of each document

for 180 days after the date on which the document is filed or served. The Commission advises parties who file or serve documents by electronic means to exercise caution when using email for the service of documents, as it may be difficult to establish that service has occurred.

58. In accordance with the Rules of Procedure, a document must be received by the Commission and all relevant parties by 5 p.m. Vancouver time (8 p.m. Ottawa time) on the date it is due. Parties are responsible for ensuring the timely delivery of their submissions and will not be notified if their submissions are received after the deadline. Late submissions, including those due to postal delays, will not be considered by the Commission and will not be made part of the public record.
59. The Commission will not formally acknowledge submissions. It will, however, fully consider all submissions, which will form part of the public record of the proceeding, provided that the procedure for filing set out above has been followed.

Important notice

60. All information that parties provide as part of this public process, except information designated confidential, whether sent by postal mail, fax, email, or through the Commission's website at www.crtc.gc.ca, becomes part of a publicly accessible file and will be posted on the Commission's website. This includes all personal information, such as full names, email addresses, postal/street addresses, and telephone and fax numbers.
61. The personal information that parties provide will be used and may be disclosed for the purpose for which the information was obtained or compiled by the Commission, or for a use consistent with that purpose.
62. Documents received electronically or otherwise will be posted on the Commission's website in their entirety exactly as received, including any personal information contained therein, in the official language and format in which they are received. Documents not received electronically will be available in PDF format.
63. The information that parties provide to the Commission as part of this public process is entered into an unsearchable database dedicated to this specific public process. This database is accessible only from the web page of this particular public process. As a result, a general search of the Commission's website with the help of either its search engine or a third-party search engine will not provide access to the information that was provided as part of this public process.

Availability of documents

64. Electronic versions of the interventions and other documents referred to in this notice are available on the Commission's website at www.crtc.gc.ca by using the public record number provided at the beginning of this notice or by visiting the "Have your say!" section, then selecting "our open processes." Documents can then be accessed by clicking on the links in the "Subject" and "Related Documents" columns associated with this particular notice.

65. Documents are also available at the following address, upon request, during normal business hours.

Les Terrasses de la Chaudière
Central Building
1 Promenade du Portage
Gatineau, Quebec
J8X 4B1
Tel.: 819-997-2429
Fax: 819-994-0218

Toll-free telephone: 1-877-249-2782
Toll-free TTY: 1-877-909-2782

Secretary General

Related documents

- *TELUS Communications Inc. – Request to review and vary Telecom Decision 2016-171*, Telecom Decision CRTC 2018-194, 1 June 2018
- *Review of the Wireless Code*, Telecom Regulatory Policy CRTC 2017-200, 15 June 2017
- *Modern telecommunications services – The path forward for Canada’s digital economy*, Telecom Regulatory Policy CRTC 2016-496, 21 December 2016
- *Quebecor Media Inc. – Prohibition of 30-day cancellation policies – Application regarding pro-rated refunds for cancelled services*, Telecom Decision CRTC 2016-171, 5 May 2016
- *Review of the structure and mandate of the Commissioner for Complaints for Telecommunications Services Inc.*, Broadcasting and Telecom Regulatory Policy CRTC 2016-102, 17 March 2016
- *The Television Service Provider Code*, Broadcasting Regulatory Policy CRTC 2016-1, 7 January 2016
- *Filing submissions for Commission proceedings in accessible formats*, Broadcasting and Telecom Information Bulletin CRTC 2015-242, 8 June 2015
- *Prohibition of 30-day cancellation policies*, Broadcasting and Telecom Regulatory Policy CRTC 2014-576, 6 November 2014
- *Northwestel Inc. – Regulatory Framework, Modernization Plan, and related matters*, Telecom Regulatory Policy CRTC 2013-711, 18 December 2013
- *CISC non-consensus report – Draft Deposit and Disconnection Code*, Telecom Decision CRTC 2011-702, 14 November 2011
- *Filing of joint supporting interventions*, Telecom Information Bulletin CRTC 2011-693, 8 November 2011

- *Review of the Commissioner for Complaints for Telecommunications Services*, Telecom Regulatory Policy CRTC 2011-46, 26 January 2011
- *Guidelines on the CRTC Rules of Practice and Procedure*, Broadcasting and Telecom Information Bulletin CRTC 2010-959, 23 December 2010
- *Accessibility of telecommunications and broadcasting services*, Broadcasting and Telecom Regulatory Policy CRTC 2009-430, 21 July 2009
- *Establishment of an independent telecommunications consumer agency*, Telecom Decision CRTC 2007-130, 20 December 2007

Appendix 1 to Telecom Notice of Consultation CRTC 2018-422

Internet Code Working Document

This working document is intended to provide interested persons with a possible model for the Internet Code and to stimulate discussion and debate. Interested persons should provide alternative wording, with supporting rationale, where they consider that changes, additions, or removals are necessary.

The Internet Code

The Canadian Radio-television and Telecommunications Commission (the Commission) has created the Internet Code (or the Code) so that consumers of retail fixed Internet access services (Internet services) will be better informed of their rights and responsibilities contained in their contracts with Internet service providers (service providers).

Objectives

The Internet Code will

- i. make it easier for individual and small business customers to obtain and understand the information in their Internet service contracts;
- ii. establish consumer-friendly business practices for the Internet service industry where necessary; and
- iii. contribute to a dynamic Internet market.

Application

The Code will apply to large facilities-based Internet service providers.

Note 1: The Code will provide a link to this list of service providers.

The Code applies to all Internet services provided to individual and small business consumers by large facilities-based Internet service providers in all provinces and territories, regardless of the status and business models of the service provider, whether purchased on a stand-alone basis or as part of a bundle, and whether purchased in person, online, or over the phone. All service providers to which the Code applies must comply with the Code.

Note 2: As a result of future policy reviews, the Code's application could potentially be extended to additional service providers. In this notice, the Commission is calling for comments on whether the Code that results from this proceeding should be reviewed in three or five years.

Note 3: The Wireless Code applies to mobile wireless data services provided to individuals and small businesses. For an explanation of rights and responsibilities with respect to these services, please refer to the [Wireless Code](#) as set out in Telecom Regulatory Policy 2017-200.

Definitions

Definitions of key terms are provided at the end of the Code.

Implementation date

- **Option 1:** The Internet Code will come into effect **X** months (e.g. 3, 6, 9, or 12) from the date it is published.
- **Option 2:** The Internet Code will come into effect via a phased-in approach. All aspects of the Internet Code will come into effect **X** months from the date it is published. The following sections of the Internet Code will come into effect earlier, as follows: **To be determined.**

Implementation for new, amended, and existing contracts

- **Option 1:** When the Internet Code comes into effect, it will apply to new contracts (i.e. contracts signed on or after the date the Code comes into effect) and amended contracts (i.e. contracts that are amended, renewed, or extended after the date the Code comes into effect).
- **Option 2:** When the Internet Code comes into effect, it will apply to new contracts, amended contracts, and existing contracts (i.e. contracts signed before the date the Code comes into effect).
- **Option 3:** When the Internet Code comes into effect, it will apply to new contracts and amended contracts. Only the following sections of the Internet Code will apply to existing contracts: **To be determined.**
- **Option 4:** All aspects of the Internet Code will take effect on **date X [date that the Code comes into effect]**. Where an obligation relates to a specific contractual relationship between a service provider and a customer, the Code should apply if the contract is entered into, amended, renewed, or extended on or after **date X [date that the Code comes into effect]**. In addition, in order to ensure that all consumers are covered by the Code within a reasonable time frame, the Code should apply to all contracts, no matter when they were entered into, by no later than **date Y**.

Administration

A customer who believes that their service provider is not adhering to the Code must first try to resolve the problem directly with the service provider. If the customer is not satisfied with the service provider's response, they can contact the Commission for Complaints for Telecom-television Services Inc. (CCTS) as follows:

Mail: P.O. Box 56067 Minto Place RO, Ottawa ON K1R 7Z1

Website: www.ccts-cprst.ca

Toll-free: 1-888-221-1687

TTY: 1-877-782-2384

Email: response@ccts-cprst.ca

Fax: 1-877-782-2924

Preamble

Interpretation

- (i). In interpreting the Code:
 - a. if any part of the Code or a contract for Internet services is ambiguous, or if it is unclear how the terms of the Code or the contract are to be applied, then the Code and the contract must be interpreted in a manner that is favourable to the customer;
 - b. a service provider may not require a customer to waive a right under the Code, contractually or otherwise, in order to receive the service provider's services;
 - c. the Code and its provisions are to be interpreted purposively, by reference to their objectives; and
 - d. if at any time service providers or other interested persons are unclear about the application or interpretation of the Internet Code, they may seek guidance or interpretation from the Commission. The Commission reserves the right to issue guidelines of general application.

A. Clarity

1. Plain language

- (i). A service provider must communicate with customers in a way that is clear, timely, accurate, and uses plain language.
- (ii). A service provider must ensure that its written contracts and related documents, such as privacy policies and fair use policies, are written and communicated in a way that is clear and easy for customers to read and understand.

2. Prices

- (i). A service provider must ensure that the prices set out in the contract are clear and must indicate whether these prices include taxes.

3. Unlimited services

- (i). A service provider must not charge a customer any overage charge for services purchased on an unlimited basis.
- (ii). A service provider must not limit the use of a service purchased on an unlimited basis unless these limits are clearly explained in the fair use policy.

4. Unsolicited services

- (i). A service provider must not charge for any device or service that the account holder or authorized user has not expressly purchased.

5. Clarity of offers

- **Option 1:** A service provider must ensure that any offers made to consumers are clearly explained in all communications with consumers, including during telephone calls and door-to-door sales as well as in its promotional material. The explanation of an offer must clearly state the following:
 - a. the duration of the offer;
 - b. in the case of an offer that includes a time-limited discount or other incentive, the price of the service at the end of the time-limited discount or incentive;
 - c. any associated obligations on a consumer in relation to accepting the offer, including the commitment period during which an early cancellation fee can be applied and whether accepting the promotional offer changes other aspects of the customer's contract.

AND/OR

- **Option 2:** A service provider must provide a customer with a written pre-sale Critical Information Summary within 24 hours of making a specific offer to a consumer in person, over the phone, or online. See section C of this Appendix (Critical Information Summary) for more information on what a Critical Information Summary must contain and how and when it must be provided.

B. Contracts and related documents

1. Permanent copy

- (i). A service provider must give the customer a permanent copy of the contract and related documents, in the format of the customer's choosing (electronic or paper) and at no charge, in the following circumstances.
 - a. If the contract is agreed to in person, the service provider must give the contract and related documents to the customer immediately after the customer agrees to the contract.
 - b. If the contract is not agreed to in person (i.e. if it is agreed to over the phone, online, or otherwise at a distance), the service provider must,
 1. where the customer chooses to receive a paper copy of the contract, send the contract and related documents to the customer within 15 calendar days of the customer agreeing to the contract; or
 2. where the customer chooses to receive the contract electronically, send the contract and related documents to the customer no later than one business day after the contract was entered into.

- (ii). A service provider must also provide the customer with a permanent copy of the contract in the format of the customer's choosing (electronic or paper), upon request and at no charge, at any time during the commitment period.

2. Accessible formats

- (i). A service provider must provide a customer with a copy of the contract and related documents in an accessible format for persons with disabilities upon request, at no charge, at any time during the commitment period.

3. Cancellation period when the permanent contract conflicts with the customer's agreement

- (i). If a service provider fails to provide the contract within the required time frame, or if the terms and conditions of the permanent copy of the contract conflict with the terms and conditions that the customer agreed to, the customer may, within 30 calendar days of receiving the permanent copy of the contract, cancel the contract without paying an early cancellation fee or any other penalty.

4. Content of contracts

- (i). Contracts must set out all the information listed below in a clear manner (items a-m):

Key contract terms and conditions

- a. the services included in the contract, such as data, that the customer agreed to upon entering into the contract and will receive for the duration of the contract, and any limits on the use of those services that could trigger overage charges or additional fees;
- b. the minimum monthly charge for services included in the contract (if applicable, the contract must show the minimum monthly charge during and after any time-limited discount or promotion is applied);
- c. the commitment period, including the end date of the contract and, if applicable, when any time-limited discount or promotion will end;
- d. if applicable
 - 1. the installation fee and related charges;
 - 2. the total early cancellation fee;
 - 3. the amount by which the early cancellation fee will decrease each month; and
 - 4. the date on which the customer will no longer be subject to the early cancellation fee. The date may be presented as an outside limit (i.e. no later than date X).

Other aspects of the contract

- e. an explanation of all related documents, including privacy policies and fair or acceptable use policies;
- f. all one-time costs, itemized separately;
- g. the trial period for the contract, including the associated limits on use;
- h. rates for optional services selected by the customer at the time the contract is agreed to;
- i. a policy for service outages and how rebates will be applied;
- j. whether the contract will be extended automatically on a month-to-month basis when it expires, and if so, starting on what date;
- k. whether amending a contract term or condition would extend the customer's commitment period or change any other aspect of the contract;
- l. if applicable, the amount of any security deposit and any applicable conditions, including the conditions for return of the deposit; and
- m. where customers can find information about
 - 1. rates for optional services;
 - 2. the equipment manufacturer's warranty, if applicable;
 - 3. tools to help customers manage their bills, including notifications on data usage and usage monitoring tools;
 - 4. how to contact the service provider's customer service department;
 - 5. how to make a complaint about Internet services, including contact information for the Commission for Complaints for Telecom-television Services Inc. (CCTS); and
 - 6. the Internet Code.

C. Critical Information Summary

1. General

- (i). A service provider must provide a Critical Information Summary
 - **Option 1:** to a customer when it provides a permanent copy of the contract;

AND/OR

- **Option 2:** to a consumer when it provides an offer of service (i.e. a pre-sale plain-language summary, provided as either a paper document or a permanent electronic document).

This document summarizes the most important elements of the contract for the customer.

- (ii). The Critical Information Summary may be provided as a separate document from the written contract or prominently as the first pages of the written contract. In either case, the information provided in the Critical Information Summary does not replace or fulfill any requirements to provide the same or similar information within the actual written contract.
- (iii). A service provider must ensure that the Critical Information Summary contains all of the following:
 - a. a complete description of all key contract terms and conditions;
 - b. the total monthly charge, including rates for optional services selected by the customer at the time the contract is agreed to and, if applicable, any time-limited discount or promotion, including when the promotional period will end;
 - c. information on all one-time charges and additional fees, including any installation or technical service fees;
 - d. information about the trial period, including
 - 1. descriptions of usage limits, duration, and conditions for the standard trial period; and
 - 2. descriptions of usage limits, duration, and conditions for the extended trial period for customers who self-identify as having a disability;
 - e. a description of any limits imposed on services purchased on an unlimited basis;
 - f. information on how to complain about the service provider's Internet services, including how to contact the service provider's customer service department and the CCTS.
- (iv). A service provider must ensure that the Critical Information Summary
 - a. accurately reflects the content of the written contract; and
 - b. is clear and concise (does not exceed two pages), uses plain language, and is in an easily readable font;

- (v). A service provider must provide a customer with a copy of the Critical Information Summary in an accessible format for persons with disabilities, upon request and at no charge, at any time during the commitment period.

D. Changes to contracts and related documents

1. Changes to key contract terms and conditions

- (i). A service provider must not change the key contract terms and conditions of an Internet contract during the commitment period without the account holder's or authorized user's informed and express consent.
- (ii). When a service provider notifies a customer that it intends to change a key contract term or condition during the commitment period, the account holder or authorized user may refuse the change.
- (iii). As an exception, a service provider may only change a key contract term or condition during the commitment period without the account holder's or authorized user's express consent if it clearly benefits the customer by either
 - a. reducing the rate for a single service; or
 - b. increasing the customer's usage allowance or speed for a single service.

2. Changes to other contract terms and conditions or related documents

- (i). If, during the commitment period, a service provider wishes to change other contract terms and conditions or the related documents, it must provide the account holder with at least 30 calendar days' notice before making such changes.
- (ii). This notice must explain the change and when it will take effect.

E. Bill management

1. Notification – Usage limit

- (i). A service provider must notify a customer once they reach 100% of their usage limit within a single monthly billing cycle.

2. Data monitoring tools

- (i). A service provider must offer tools to help a customer monitor and manage their data use and any additional fees incurred during a monthly billing cycle. A service provider is responsible to ensure that such tools are accessible to customers with disabilities.
- (ii). A service provider must offer plain-language information on the data usage associated with common online activities. Such information must be made available in accessible formats for people with disabilities.

3. **Notification – Data overage charges**

- **Option 1:** A service provider must notify a customer who has incurred overage charges of where they can find information about (i) the account management tools the service provider offers, (ii) the data usage associated with common online activities, and (iii) alternative plans that may better suit the customer's needs. Customers may opt out of these notifications at any time. Such notifications must be provided each month in which a customer incurs data overage charges, unless the customer opts out of receiving such notifications.

Note: This approach is consistent with the expectations set out in [Telecom Regulatory Policy 2016-496](#).

AND/OR

- **Option 2:** A service provider must notify a customer once they reach \$X (e.g. \$0, \$50, \$100) in data overage charges in a single monthly billing cycle. This notification must give the customer the ability to suspend additional data overage charges during this billing cycle. Customers may opt out of these notifications at any time.

F. **Equipment issues**

1. **Service calls, including visits to residences for installation and repairs**

- (i). A service provider must provide a customer with a time frame for when a service call to a residence will begin.
- (ii). Before any service call to a residence, a service provider must specify the potential charges associated with the service call, including any minimum charge, if applicable.
- (iii). Before any service call to a residence, a service provider must explain to a customer how both the service provider and the customer may cancel or reschedule the appointment, including any associated charges.

2. **Service outages**

- (i). A service provider must explain in its contract and related documents its policy for service outages and how rebates will be applied.

G. **Contract cancellation and extension**

1. **Early cancellation fees – General**

- (i). If a customer cancels a contract before the end of the commitment period, the service provider must not charge the customer any fee or penalty other than the early cancellation fee. This fee must be calculated in the manner set out below.

- a. For fixed-term contracts, the early cancellation fee must not exceed the lesser of \$50 or 10% of the minimum monthly charge for the remaining months of the contract, up to a maximum of 24 months. The early cancellation fee must be reduced to \$0 by the end of the commitment period.
- b. For indeterminate contracts, a service provider must not charge an early cancellation fee.
- c. When calculating the time remaining in a contract to determine the early cancellation fee, a month that has partially elapsed at the time of cancellation is considered a month completely elapsed.

2. Trial period/cooling-off period

- (i). When a new customer agrees to a contract through which they are subject to an early cancellation fee, a service provider must offer the customer a trial period lasting a minimum of [option: 15 or 30] calendar days to enable the customer to determine whether the service meets their needs.

In addition, when an existing customer agrees to a new or modified plan through which they are subject to an early cancellation fee or other penalty for leaving a contract early, a service provider must offer the customer a trial period lasting a minimum of [option: 15 or 30] calendar days to enable the customer to determine whether the service meets their needs. The existing customer must have the option to revert to their previous plan at the end of the trial period.

- (ii). If a customer self-identifies as a person with a disability, the service provider must offer an extended trial period lasting a minimum of [option: 30 or 45] calendar days to enable the customer to determine whether the service meets their needs.
- (iii). The trial period must start on the date on which service begins.
- (iv). The standard trial period usage limits must correspond to the permitted monthly usage specified in the customer's contract, whether the contract includes limited or unlimited monthly use. For customers with disabilities, the permitted usage amounts must be at least double the service provider's general usage amounts for the standard trial period.
- (v). During the trial period, customers may cancel their contract without penalty, [option: installation fees], or early cancellation fees if they have
 - a. used less than the permitted usage; and
 - b. returned any gift with purchase and equipment provided by the service provider, in near-new condition, including original packaging, if applicable.

3. **Cancellation date**

Note: This rule is set out in Broadcasting and Telecom Regulatory Policy 2014-576.

- (i). A customer may cancel their contract at any time by notifying their service provider.
- (ii). Cancellation takes effect on the day that the service provider receives notice of the cancellation.

4. **Refunds for prepaid services not provided following cancellation**

Note: This rule is set out in Telecom Decision 2016-171.

- (i). A service provider must not charge for a service that is not, and cannot be, provided following cancellation.
- (ii). All service providers must provide refunds for Internet services following cancellation of such services when some or all of the monthly service fees are billed in advance. The refunds must be pro-rated, based on the number of days left in the last monthly billing cycle after cancellation.

5. **Contract extension**

- (i). To ensure that customers are not disconnected at the end of the commitment period, a service provider may extend a contract, with the same rates, terms, and conditions, on a month-to-month basis.

Note: While contracts that automatically renew on a month-to-month basis qualify as new contracts for the purposes of the Code, service providers are not required to provide a new permanent copy of the contract each time a contract renews automatically with the same rates, terms, and conditions.

- (ii). A service provider must notify a customer on a fixed-term contract, at least 90 calendar days before the end of their initial commitment period, whether or not the contract will be automatically extended. This notification must include
 - a. the date on which the contract is set to expire;
 - b. a statement informing the customer that as of that date, they can switch plans, change service providers, or cancel their service without penalty; and
 - c. information explaining
 - 1. whether the contract will be automatically extended with the same rates, terms, and conditions, on a month-to-month basis; and
 - 2. if the contract is not being automatically extended, the proposed new minimum monthly charge for service going forward.

- (iii). At the time that a service provider offers a customer a contract change, including but not limited to a promotional offer or equipment upgrade, the service provider must clearly explain to the customer any changes to the existing contract terms caused by accepting the contract change, including any extension to the commitment period.

H. Security deposits

1. Requesting, reviewing, and returning a security deposit

- (i). If a service provider requires a security deposit from a customer, the service provider must
 - a. inform the customer of the reasons for requesting the deposit;
 - b. keep a record of those reasons for as long as the service provider holds the deposit;
 - c. specify in the written contract the conditions for the return of the security deposit;
 - d. review the continued appropriateness of retaining the deposit at least once per year; and
 - e. return the security deposit with interest to the customer, retaining only any amount owed by the customer, no more than 30 calendar days after
 - 1. the contract is terminated by either the customer or the service provider; or
 - 2. the service provider determines that the conditions for the return of the security deposit have been met.
- (ii). A service provider must calculate interest on security deposits using the Bank of Canada's overnight rate in effect at the time, plus at minimum 1%, on the basis of the actual number of days in a year, accruing on a monthly basis.
- (iii). A service provider may apply the security deposit toward any amount past due and may require customers to replenish the security deposit after such use in order to continue providing service.

I. Disconnection

1. When disconnection may occur

- (i). If the grounds for disconnecting a customer are failure to pay, a service provider can disconnect a customer's postpaid service only if the customer
 - a. fails to pay an account that is past due, provided it exceeds \$50 or has been past due for more than two months;

- b. fails to provide or maintain a reasonable security deposit or alternative when requested to do so by the service provider; or
 - c. agreed to a deferred payment plan with the service provider and fails to comply with the terms of this plan.
- (ii). Except with customer consent or in other exceptional circumstances, disconnection may occur only on weekdays between 8 a.m. and 9 p.m. or on weekends between 9 a.m. and 5 p.m., unless the weekday or weekend day precedes a statutory holiday, in which case disconnection may not occur after noon. The applicable time is that of the customer's declared place of residence.
- (iii). If a service provider disconnects a customer in error, the service provider must restore service to the customer no later than one business day after they are made aware of the error and must not impose reconnection charges.

2. Notice before disconnection

- (i). If a service provider intends to disconnect a customer, it must notify the customer before disconnection, except in cases where
- a. action is necessary to protect the network from harm;
 - b. the service provider has a reasonable suspicion that fraud is occurring or likely to occur; or
 - c. a pre-set spending limit is reached, such as for customers on credit-limited spending programs, in instances where the customer was previously made aware of this limit.
- (ii). In all other cases, before a disconnection, including the first instance of a suspension in a disconnection cycle, a service provider must give reasonable notice to the customer at least 14 calendar days before disconnection. The notice must contain the following information:
- a. the reason for disconnection and amount owing (if any);
 - b. the scheduled disconnection date;
 - c. the availability of deferred payment plans;
 - d. the amount of the reconnection charge (if any); and
 - e. contact information for a service provider representative with whom the disconnection can be discussed.
- (iii). A service provider must provide a second notice to advise a customer that their service will be disconnected at least 24 hours before disconnection, except if
- a. repeated attempts to contact the customer have failed;
 - b. action is necessary to protect the network from harm; or

- c. the service provider has a reasonable suspicion that fraud is occurring or likely to occur.
- (iv). A service provider must notify a customer of the specific terms leading to further suspensions or disconnection should the customer not pay according to the terms in their promise-to-pay agreement.
- (v). Should a customer fulfill the terms of their promise-to-pay agreement, the service provider must treat any future non-payment by the customer as the start of a new disconnection cycle.

3. Disputing disconnection charges

- (i). A service provider must not disconnect a customer if
 - a. the customer notifies the service provider on or before the scheduled disconnection date listed in the notice that they dispute the reasons for the disconnection;
 - b. the customer pays the amount due for any undisputed portion of the charges; and
 - c. the service provider does not have reasonable grounds to believe that the purpose of the dispute is to evade or delay payment.

Definitions

Account holder

A person who is responsible for payment under a contract.

Add-on

A package that a customer can add to their plan for a single billing cycle with no commitment beyond that billing cycle and without changing the plan itself.

Authorized user

A user who has been authorized by the account holder to consent to additional charges on the account or changes to key contract terms and conditions.

Canadian Radio-television and Telecommunications Commission (CRTC or the Commission)

A public organization that regulates and supervises the Canadian broadcasting and telecommunications systems to ensure that Canadians have access to a world-class communication system.

Commission for Complaints for Telecom-television Services Inc. (CCTS)

An independent organization dedicated to working with customers and their telecommunications service providers to resolve complaints relating to their telecommunications services. The CCTS (i) responds to and resolves complaints from customers in order to ensure that the complaints are treated in a way that is consistent with the Internet Code and (ii) collects data on complaints related to the Internet Code. This data is published on the CCTS's website at www.ccts-cprst.ca.

Commitment period

The term or duration of the contract. For fixed-term contracts, the commitment period is the entire duration of the contract. For indeterminate contracts, the commitment period is the current month or billing cycle.

Contract and written contract

A contract is a binding agreement between a service provider and a customer to provide Internet services.

A written contract is a written instrument that expresses the content of the contract.

Customers

Individuals or small businesses subscribing to Internet services, including account holders and authorized users.

Data add-on

A data package that a customer can add to their plan for a single billing cycle with no commitment beyond that billing cycle and without changing the plan itself.

Disconnection

The termination of Internet services by a service provider.

Early cancellation fee

A fee that may be applied when a customer's service is cancelled before the end of the commitment period.

Equipment

A device or combination of devices necessary to receive a service provided by a service provider, such as a modem or router.

Fair (or acceptable) use policy

A policy that explains what is considered to be unacceptable use of the service provider's Internet services and the consequences of unacceptable use (e.g. using the service to engage in an activity that constitutes a criminal offence). Violations of a fair or acceptable use policy may result in (i) disconnection or service suspension or (ii) a modification of the services available to the customer.

Fixed-term contracts

Contracts that have a set duration (usually one or two years).

Gift with purchase

An item offered to customers by the service provider to motivate or encourage them to choose their service(s) (e.g. prepaid credit cards or gift cards).

Indeterminate contracts

Indeterminate contracts do not have a set duration. They automatically renew each month.

Internet services

Retail fixed Internet access services (includes all retail Internet access services that are not mobile wireless data services).

Key contract terms and conditions

The elements of the contract that the customer agreed to upon entering into the contract and will receive for the duration of the contract, and that the service provider cannot change without the customer's express consent.

Minimum monthly charge

The minimum amount that customers will have to pay for Internet services each month if they do not use optional services or incur any additional fees or overage charges. This charge may be subject to taxes, as set out in the contract.

Mobile wireless data services

These services include, but are not limited to, data plans for smartphones and tablets as well as mobile Internet plans used with Internet hubs, sticks, keys, and MiFi or similar devices. The Wireless Code applies to contracts for mobile wireless data services.

Optional services

Services that a customer can choose to add to their Internet service plan, usually for an additional charge, which may include data add-ons, security services, parental control services, extended warranties, etc.

Overage charge

A charge for exceeding an established limit on the use of a service.

Permanent copy

An inalterable copy (e.g. a paper copy or PDF version) of the contract that is free of hyperlinks that can be changed by the service provider, as of the date of signing or the date of the latest amendment.

Privacy policy

A policy that explains how service providers will handle customers' personal information.

Related documents

Any documents referred to in the contract that affect the customer's use of the service provider's services. Related documents include, but are not limited to, privacy policies and fair use or acceptable use policies.

Service provider

A provider of retail fixed Internet access services.

Suspension (of a customer's service)

A temporary halt in Internet service that can result from a lack of payment or hitting a pre-determined spending or usage limit. The customer's account and contract remain in effect during service suspension.

Unlimited services

The unlimited use of specific services (e.g. unlimited data) for a fixed price.

Appendix 2 to Telecom Notice of Consultation CRTC 2018-422

Questions for discussion in this proceeding

*The Commission is seeking comments from parties on these questions in their initial submissions, which are to be submitted to the Commission no later than **19 December 2018**.*

A. Questions for consumers and small businesses

Q1. Have you experienced any of the following:

- difficulty getting a permanent written copy of your contract or one that matches a verbal agreement;
- difficulty understanding your contract;
- problems with cancelling your contract;
- bill shock related to your home Internet bill;
- not knowing how or where to escalate a complaint about your Internet service;
- confusion related to service bundles that include Internet service; or
- difficulties with changing service providers?

If so, please describe the issue and what consumer protection rules you think could have helped to resolve the problem.

Q2. If you are a Canadian with a disability, have you encountered barriers related to

- accessing your contract and related documents;
- the clarity of your contract;
- cancelling your contract;
- monitoring data use and preventing bill shock;
- knowing how or where to escalate a complaint about your Internet service;
- understanding service bundles that include Internet service;
- difficulties with changing service providers; or
- other related issues?

If so, please describe the issue and what consumer protection rules you think could have helped to resolve the problem.

Q3. If you operate a small business, please identify any difficulties you have had with your Internet contract and related issues, and describe what consumer protection rules you think could have helped to resolve the problem.

Q4. Please read the Internet Code Working Document in Appendix 1.

- What do you think of the Code?
- Does it need to be changed to respond to problems you have encountered with your Internet contract?
- If you think the Code should be changed, please explain the specific problem to address and your proposed solution, with new wording for the Code if possible.
- Please note that this Code is not intended to address issues such as content on the Internet. A full list of issues the Code is not intended to address is in paragraph 45 of this notice of consultation.

Q5. Have you heard of the Commission for Complaints for Telecom-television Services Inc. (CCTS)? The CCTS is the industry ombudsman that responds to complaints about the Wireless Code and the Television Service Provider Code, and it is available to help you resolve complaints with your service provider. What do you think would be the most effective way of making consumers aware of the CCTS and of their right to make a complaint related to the Internet Code? Do you think specific additional measures are necessary to ensure that consumers with disabilities are aware of the CCTS?

Q6. What do you think would be the most effective and appropriate way to ensure that consumers are made aware of their rights and responsibilities related to the Internet Code? Do you think specific additional measures are necessary to enable consumers with disabilities to access information about the Code?

B. Questions for all parties

Q7. Need for the Code

The Commission is of the preliminary view that the creation of the Internet Code is necessary to respond to consumer concerns about Internet services.

Comment on this preliminary view, providing an explanation for your position and supporting rationale.

Q8. Content of the Code

To facilitate the discussion on the possible content of the Code, please review the Internet Code Working Document in Appendix 1, which is intended to provide parties with a possible model and to stimulate discussion and debate. Comments on the Working Document will further inform the Commission's views on the content and structure of the Internet Code being developed. The Working Document is intended to be written in plain and easy-to-understand language. Options for proposed wording have been provided for some issues.

Adjustments to Internet Code Working Document

- a) Provide detailed comments, with supporting rationale, on the Working Document and any other specific provisions that would enable consumers to better understand their rights with respect to Internet services. Where you consider that changes are necessary, provide an explanation, alternative wording, and supporting rationale. This includes addressing any sections that you consider should be added or removed from the content of the Code. With respect to proposed wording, note that, to the extent possible, the Internet Code Working Document has been designed to be consistent with the language in the Wireless Code, the Television Service Provider Code, and the Deposit and Disconnection Code.

Key provisions

- b) Identify the provisions that you consider to be the most significant in responding to consumer concerns about Internet services, taking into consideration complaint data to the CCTS about the leading complaint issues for Internet services.

Bundles

- c) In your response, identify the issues that you consider to be particularly relevant and/or unique to customers who purchase Internet services as part of a bundle of other communications services. Do you consider that any additional rules are necessary to specifically address the needs of such customers, especially with respect to clarity of contracts and ease of switching providers?

Cost to implement proposed provisions in Internet Code Working Document

- d) For service providers, provide an estimate of the proposed costs (and estimated time required) to implement the provisions set out in the Internet Code Working Document.
 - Estimates relating to provisions in the Internet Code Working Document that were previously set out as expectations in Telecom Regulatory Policy 2016-496 or as requirements in other policies (e.g. 30-day cancellation policy) should reflect the fact that these expectations and requirements should already be in place.
 - For Internet service providers (ISPs) that also offer mobile wireless and/or broadcasting distribution undertaking services that are subject to the Wireless Code and the Television Service Provider Code respectively, estimates should address the extent to which costs to implement the Internet Code would be incremental,

building on the tools and processes in place for customers subscribing to wireless and television services.

Q9. Application of the Code to ISPs

Since 87% of Canadians with Internet services purchase their retail Internet subscriptions from a traditional telephone or cable company, the Commission is of the preliminary view that limiting the initial application of the Code to large facilities-based ISPs at this time would strike an appropriate balance between addressing consumer concerns and not placing a heavy regulatory burden on smaller carriers or resellers.

The Commission notes that this approach would be generally consistent with the model used for participation in the CCTS, which originally limited the application of the participation requirement to large providers and expanded it, as appropriate, in subsequent policy proceedings. The Commission determined in Telecom Decision 2007-130 that such an approach was consistent with the Policy Direction.

The Commission notes that 73% of consumer complaints to the CCTS in the last year related to five large facilities-based ISPs.

In light of the above, the Commission is of the preliminary view that the initial application of the Internet Code should be limited to the following providers, including all their brands and affiliates that provide services governed by the Code: Bell Canada (including Bell MTS Inc.; NorthernTel, Limited Partnership; and Télébec, Société en commandite); Cogeco Connexion Inc.; Bragg Communications Incorporated, carrying on business as Eastlink; Northwestel Inc. (Northwestel); Rogers Communications Canada Inc.; Saskatchewan Telecommunications; Shaw Telecom Inc.; TELUS Communications Inc.; Videotron Ltd.; and Xplornet Communications Inc.

Comment on this preliminary view, including which ISPs you think the Code should apply to at this time. Where you consider that changes are necessary, provide an explanation, alternative wording, and supporting rationale.

Q10. Application of the Code to contracts

The Commission is of the preliminary view that the Code should ensure that consumers can benefit from the protections to be set out therein, regardless of

- what region of Canada they live in;
- how they signed up for their Internet service (in person, over the phone, online, etc.);
- what underlying network technology is used to provide their Internet service; and
- whether they purchased the service on a stand-alone basis or as part of a bundle with other communications services.

Thus, the Commission is of the preliminary view that the Internet Code would apply to all retail fixed Internet services provided to individuals and small businesses by large facilities-based ISPs in all regions of Canada, regardless of underlying technology or the business models of the ISP.

Comment on this preliminary view. Where you consider that changes are necessary, provide an explanation, alternative wording, and supporting rationale.

Q11. Application of the Code – Avoiding duplication with Wireless Code

The Commission is of the preliminary view that since the Wireless Code already applies to mobile wireless data services, including mobile Internet services, it is not necessary for the Internet Code to also apply to such services. In other words, as a result of this proceeding, individuals and small business customers could have their complaints about fixed Internet services resolved according to the Internet Code and continue to have their complaints about mobile wireless data and Internet services resolved according to the Wireless Code.

Comment on this preliminary view. Where you consider that changes are necessary, provide an explanation and supporting rationale.

Q12. Application of Code principles to Northwestel's rate regulated services

The Commission is of the preliminary view that it may also be appropriate for the principles set out in the Internet Code to apply to customers of Northwestel's rate regulated Internet services, which may require adjusting Northwestel's tariff at a later date.

Comment on this preliminary view. Where you consider that changes are necessary, provide an explanation and supporting rationale.

Q13. Implementation – Extension requests related to unique barriers

The Commission is of the preliminary view that if any ISP considers that it may face unique barriers that would make implementing a specific provision in the Code technically impossible or financially unreasonable for itself, it should be able to submit a Part 1 application prior to the coming into effect of the Code, seeking an extension to implement those provisions. The ISP should be required to provide detailed evidence and rationale to show that its circumstances are unique and that the burden it faces is exceptional and unreasonable.

Comment on this preliminary view. Where you consider that changes are necessary, provide an explanation, alternative wording, and supporting rationale.

Q14. Implementation of the Code – Implementation date

The Commission is of the preliminary view that the Code should be implemented as soon as reasonably possible, to benefit consumers.

Provide your view on when it would be reasonable to have the Code come into effect. Comment on whether you consider that all provisions in the Code should come into effect at the same time or if certain provisions (list which ones) should come into effect at a later date and why.

Q15. Implementation of the Code – Application to new, amended, and/or existing contracts

The Commission is of the preliminary view that when the Code comes into effect, it will apply to new contracts, which include contracts that are signed, changed, or renewed on or after the Code's implementation date.

The Commission is seeking comments on whether the Code should also apply to existing contracts, and if so, when and how. See the Internet Code Working Document for options to comment on.

Q16. Implementation of the Code – Implementation reports

The Commission is of the preliminary view that ISPs offering services governed by the Code should be required to report to the Commission to demonstrate that they have implemented the Code effectively and on time.

Comment on this preliminary view. Where you consider that changes are necessary, provide an explanation, alternative wording, and supporting rationale.

Q17. Administration and enforcement of the Code

The Commission is of the preliminary view that the Internet Code would be administered by the CCTS and enforced by the Commission.

Comment on this preliminary view. Where you consider that changes are necessary, provide an explanation, alternative wording, and supporting rationale.

Q18. Promotion of the Code

The Commission is of the preliminary view that it will be necessary to effectively promote the Internet Code to ensure that consumers and ISPs are aware of their rights and responsibilities.

Comment on what mechanisms should be used to effectively promote the Internet Code among consumers. Provide supporting rationale.

For service providers, provide a summary of your proposed approach to ensuring that sales representatives are knowledgeable about both service providers' and customers' rights and responsibilities regarding the Code.

For all parties, comment on whether specific additional mechanisms are necessary to ensure that customers with disabilities can access information about the Code and have the tools they need to be informed about their rights and responsibilities related to the Code. If so, describe the proposed measures.

Q19. Measuring effectiveness and review of the Code

The Commission is of the preliminary view that it will be necessary to review the Internet Code in the future to ensure that it continues to be effective in meeting its objectives as the market evolves.

Comment on whether the Commission should plan to review the Internet Code in three or five years and why, providing supporting rationale.

Comment on how the Code's effectiveness should be measured.