

Still No Relief for Massachusetts Consumers Tricked by Competitive Electric Supply Companies

October 2018

Print in PDF 

From August 1, 2017 through July 31, 2018, the Massachusetts Department of Public Utilities (DPU) reported receiving approximately 832 complaints about competitive energy supply companies. Consumers reported aggressive and deceptive marketing practices targeting vulnerable consumers, as well as excessively high electric bills and difficulty cancelling contracts with energy suppliers. These complaints echo the same problems described in the 1,198 consumer complaints to the DPU between August 1, 2015 and August 1, 2017 which the National Consumer Law Center (NCLC) reviewed when issuing its 2018 report *Competing to Overcharge Customers: The Competitive Electric Supplier Market in Massachusetts*.

MASSACHUSETTS CONSUMER COMPLAINTS

Below are a few of the consumer complains submitted to the DPU over the last year:

Massachusetts Consumer Complaint

“Eligo ambushed my then 89 year old mother via telephone and switched her account over to them as suppliers. Once the initial contract time ended, in December, they doubled her rate and have raised it yet again after I phoned requesting a new quote. They promised new plan details that never came, keep raising her “variable” rate and have not responded to our requests to terminate our service. I feel this company is not only unethical, but is targeting senior citizens who do not fully understand the new deregulation.”

Source: DPU complaint, March 2018

Stoneham Consumer Complaint

“[Customer’s] daughter called, said her mother is 84 with dementia. She is getting multiple calls per day from a rep from GREAT EASTERN ENERGY. Initially the caller represents himself as being from Eversource. He claims he will give her \$100 for switching supplier. She had also been bothered by Starion and Verde, until daughter called both companies. She said she called Great Eastern, and they deny calling.”

Source: DPU Complaint, November 2017

Somerville Consumer Complaint

“At 8:00 pm on Thursday, November 30th, I had a man pounding on my door telling me that he needed to speak with me about my utility rates. I told him that I was uninterested and that I would not open my door to him as it was 8:00 pm and I did not know him, but he persisted and would not go away. He continued to tell me that I needed to open up my door and show him my utility bill. I continued to tell him that I would not open the door but he continued to yell and scream at me

through my door. Finally he gave up and yelled at me 'Enjoy paying your high rates' before leaving my doorstep. I proceeded to call the Somerville Police Department... This man was pounding on my door so hard, I felt as though he was trying to break it down."

Source: DPU Complaint, December 2017

Dorchester Consumer Complaint

"As an elderly homeowner living at this address for 60 years, I have never seen high utility bills like the one issued to me by Direct Energy for \$2,046.97. I live on a fixed income and am unable to sustain Gas / Electricity expenses at this exhorb[it]ant rate and level given the fact that my consumption does not match this amount. I find these practices deceptive and exploitative leaving much to corporate assumptions as to rates, programs and industry pricing and costing practices. Please contact regarding removal of these charges since my consumption falls way below this bill amount."

Source: DPU complaint, February 2018

Beverly Consumer Complaint

"Discount Power Inc. phoned my 91 year old father and enrolled him as his electric supplier. This was done without his permission. During this phone call my father asked that they send the information to the home and never agreed to change from National Grid to Discount Power. I pay his electrical bill online and did not see/notice that the supplier had changed until the Nov/Dec bill arrived. . . . When I asked for a confirmation to be sent to the home the representative stated ""We don't do that"". I informed the representative that I was filling a complaint with DPU that they took advantage of an elderly gentleman and changed service without permission."

Source: DPU complaint, January 2018

Central Massachusetts Consumer Complaint

"My elderly mother . . . who is having cognitive memory issues was tricked, duped by telephone salesmen from clearview electric company into switching from her town of Oxford community to a higher rate by Clearview electric, Dallas Tx. My sister confirmed when my mother called her a few months back that she was receiving harassing phone calls to switch to Clearview and pay 1800\$ year more."

Source: DPU complaint, July 2018

Amherst Consumer Complaint

"This company, Liberty Power Holdings, LLC, has scammed my roommates and I into pay more for our electricity. Last month, a salesperson came to the door and misled my roommate into signing an agreement that was supposedly going to lower our rates. After we received the bill, our rate had increased as well as the overall total increased by \$60. We have talked to other members of our apartment community and they described similar situations that happened to them. Furthermore, as college students living in an off-campus apartment community, we believe that our community was preyed on and exploited due to our age and low-income status."

Source: DPU complaint, Dec. 2017

THE DPU HAS TAKEN NO ENFORCEMENT ACTIONS

DPU staff helps individual consumers and in some instances helps them to obtain refunds. But the DPU has not yet acted to send a strong message that deceptive practices will not be tolerated. Despite the steady volume of complaints to the DPU, the agency reported that it has not taken any enforcement actions. The Office of the Attorney General has some overlapping enforcement authority and has taken successful enforcement actions against competitive supply companies, including Viridian and Just Energy, returning millions of dollars to Massachusetts consumers. The Attorney General also filed a lawsuit against Starion Energy, alleging violations of Massachusetts consumer protection laws. But with so many complaints and reports of bad actors, enforcement by both the DPU and the Attorney General is needed.

STATE REGULATIONS ADOPTED IN 2016 GIVE THE DPU CLEAR ENFORCEMENT AUTHORITY

Although a state law passed in 1997 empowered the DPU to suspend licenses or fine competitive suppliers who broke the law, the DPU did not adopt implementing regulations to create an enforcement process until 2016. These regulations, at 220 CMR 11.07, allow the DPU to revoke or suspend a supplier's license, prevent a company from signing up new customers for a period of time, issue civil fines, and impose other penalties. ***Yet even with this clear legal authority, the DPU has not taken any licensure actions, levied civil fines, or issued any penalties against any suppliers in Massachusetts.***

CONSUMERS DESERVE BETTER THAN OVERPRICED ELECTRICITY

Despite promises of lower rates and meaningful consumer choice, benefits of the deregulated electricity market are still elusive for Massachusetts consumers. According to the Attorney General's March 2018 report, *Are Consumers Benefiting from Competition? An Analysis of the Individual Residential Electric Supply Market in Massachusetts*, residential consumers who switched to competitive suppliers paid an extra \$176.8 million from July 2015 through June 2017 than if they stayed with their utility company. Low-income consumers, who are frequently targeted by door-to-door electricity marketers, suffered even more financial harm, according to the Attorney General's report. Lured by deceptive promises of discounts, low-income consumers sign up for competitive supply more often than their non-low-income neighbors, and lost significantly more money than other households that are not low-income.

Residential households are not freely choosing to pay more for overpriced electric supply - they are being tricked and pressured by unscrupulous salespeople. Low-income and vulnerable consumers who already struggle to pay their rent, food, and other bills are suffering greater financial harm. Stronger consumer protections and aggressive enforcement by the DPU are necessary to rein in bad actors and halt abusive and deceptive practices. Every day that the DPU fails to act, consumers lose even more. The time to act is now.

ADDITIONAL RESOURCES

NCLC report: *Competing to Overcharge Customers: The Competitive Electric Supplier Market in Massachusetts* (April 2018), is available at <http://bit.ly/2H3ORJJ>