New Maryland Law Will Protect Low-Income Families from Overpriced Electricity and Gas

Maryland Joins New York, Illinois, Connecticut, and Ohio to Rein in Abuses by Competitive Energy Supply Companies

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Washington, D.C. – National Consumer Law Center advocates applauded Maryland’s General Assembly for passing the Energy Supply Reform Bill (SB31/HB397). The effort was led by Maryland’s Senator Mary L. Washington and Delegate Brooke E. Lierman, and advocates in the Energy Supplier Reform Coalition. The law goes into effect on January 1, 2023, and will protect low-income consumers from paying more to third-party suppliers than the utility company rate for electricity and natural gas.

“Congratulations to Maryland for joining other leading states to protect vulnerable consumers from sky-high utility bills,” said National Consumer Law Center Attorney Jenifer Bosco, who provided written testimony about how these third-party suppliers (often called “alternative” or “competitive” suppliers) charge customers millions of dollars—in New York, hundreds of millions of dollars—more than they would have paid to the regulated utility company. “Overpriced utility bills especially harm low-income consumers who have limited assets, and drain vital resources from assistance programs that ratepayers and taxpayers support,” she said.

According to the Maryland Office of People’s Counsel, Maryland households who signed up to buy electricity or natural gas service from third-party energy supply companies paid approximately $54.9 million more each year, starting in 2014, than if they had bought the same service from their utility companies. The AARP Maryland also supported the bill, noting in an op-ed that these third-party companies were “ripping off low-income and elderly customers on limited incomes.”

Third-party energy supply companies are known for aggressive marketing through robocalls and door-to-door solicitations, operating in many states. They often claim that consumers will save money by switching to them, but then often increase their rates, wiping out any savings and costing customers even more money for the same utility service. Under the new law, utility customers who are enrolled in energy assistance programs will no longer be charged more than the utility company rates for electric and gas service, and cannot be charged a termination fee for switching back to the utility company. Several other states have adopted similar protections to shield low-income customers from being tricked into overpaying for utilities, including New York, Illinois, Connecticut and Ohio. Other states such as Massachusetts, Maine, Rhode Island, and Delaware that allow third-party suppliers but that have not enacted protections along these lines should take a close look at what Maryland and these other states have done to protect utility customers.