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Maryland House Economic Matters Committee
Hearing on **SB 1 (as amended by the Senate in EEE) Electricity and Gas – Retail Supply –
Regulation and Consumer Protection**
Testimony of Olivia Wein, National Consumer Law Center
March 26, 2024

Position – Support
**SB1 Favorable as Amended by the Senate in the Education, Energy and the Environment
Committee**

To Chair Wilson, Vice Chair Crosby and the Members of the Economic Matters Committee:

Thank you for holding this hearing on the amended version of **Senate Bill 1 --
Electricity and Gas – Retail Supply – Regulation and Consumer Protection (SB 1)**. My
name is Olivia Wein and I am a senior attorney with the National Consumer Law Center. The
National Consumer Law Center (“NCLC”) is a non-profit law and policy organization that, since
1969, has used its expertise in consumer law and energy policy to advance consumer justice,
racial justice, and economic security for low-income families and individuals. We submit this
testimony on behalf of our low-income clients.

NCLC has been actively involved in advocacy for consumers who have been financially
harmed by retail energy supply companies and by unfair and deceptive customer acquisition
tactics of the retail energy supply agents or employees.

SB 1 contains critical protections for consumers who have been preyed upon by
unscrupulous suppliers and their marketers. SB 1 would prevent suppliers from billing residential
customers at rates that are higher than the regulated utilities’ standard offer service rates. The Act
would clamp down on particularly abusive practices that have ensnared consumers in contracts

for overpriced energy by restricting automatic renewal provisions and placing firm constraints on variable rates. SB 1 also gives consumers the ability to protect themselves by requiring new replacement customer choice account numbers for customers whose accounts have been compromised and by requiring the creation of a “Do Not Transfer List.” SB 1 has strong reporting requirements to track any reduction (or increase) in enrollment into more expensive retail supply contracts and provides more enforcement tools to better address abusive sales practices.

NCLC has been tracking the consumer experience in competitive supply markets in other states, including the abusive sales practices and inflated prices¹ that have harmed consumers in Massachusetts.. NCLC reports describe the unfair and deceptive marketing that has targeted low-income consumers, older adults and those with limited English proficiency. Analysis of the retail energy marketplace² in other states finds common problems, including:

¹ National Consumer Law Center, Competing to Overcharge Consumers: The Competitive Electric Supplier Market in Massachusetts (April 2018) at <https://www.nclc.org/wp-content/uploads/2022/09/competitive-energy-supply-report.pdf>; NCLC, Retail “Choice” in Electricity Markets: A Bad Deal for Consumers and the Climate (March 2023), at <https://www.nclc.org/resources/retail-choice-in-electricity-markets-a-bad-deal-for-consumers-and-the-climate/>; NCLC, Still No Relief for Massachusetts Consumers Tricked by Competitive Electric Supply Companies (Oct. 2018), at <https://www.nclc.org/issues/consumers-tricked-by-competitive-electric-supply-companies.html>.

² See e.g., Office of the Massachusetts Attorney General, Consumers Continue to Lose Big: the 2023 Update to An Analysis of the Individual Residential Electric Supply Market in Massachusetts, <https://www.mass.gov/doc/consumers-continue-to-lose-big-the-2023-update-to-an-analysis-of-the-individual-residential-electric-supply-market-in-massachusetts/download>; Reform of Electricity Supply: CEP-Served Residential Retail Electric Market (Prepared by Susan M. Baldwin and Timothy E. Howington on behalf of Maine Office of Public Advocate per 2021 P.L. ch.164 (LD 318)), February 1, 2023, available at <https://www.maine.gov/meopa/reports-and-testimony/retail-supply-stakeholder-group>. Maryland reports have included: Susan M. Baldwin & Sarah M. Bosley, Maryland’s Residential Electric and Gas Supply Markets: Where Do We Go from Here?, Maryland Office of the People’s Counsel (Nov. 2018), <http://www.opc.maryland.gov/Portals/0/Publications/reports/APPRISE%20Where%20do%20we%20go%20from%20Here.pdf?ver=2019-09-11-075024-040>; Abell Foundation, Maryland’s

- Most consumers pay more for retail energy supply than they would have paid for service from their utility company, and some pay much more.
- The very small number of consumers who do manage to save money see only minor savings.
- There is aggressive targeting of low-income households, immigrants and communities of color.
- The abusive sales practices include unauthorized switching of accounts to retail supply (slamming) and unwanted and deceptive, telemarketing or door-to-door marketing.
- Use of low, temporary teaser rates that switch to much higher rates combined with automatic renewals.
- High cancellation fees or early termination fees to trap consumers in the retail energy supply contract.
- Greenwashing to deceptively market more expensive retail energy supply.

Inflated energy prices have devastating consequences for families struggling from month-to-month to pay for utility bills, rent or the mortgage, auto loans, food, medicine and other basic necessities. When there isn't enough in the budget to meet these basic needs, families may face disconnection from vital utility service, cutting back on food and healthcare, and other strategies that can harm the health, safety and well-being of vulnerable families.

Inflated utility bills will also affect the ability of Maryland to reach its climate goals in an equitable manner, since a fair and effective transition to electrification will require electric bills to remain affordable. In addition to helping to keep utility bills more affordable, the protections in SB 1 would help to counteract the frequent over-promising of purported climate benefits of competitive energy supply products, or “greenwashing.” SB 1 would help to protect consumers from overpriced, deceptive offers of “green power” products³ by having the PSC approve the price of the products marketed as green power.

Dysfunctional Residential Third-Party Energy Supply Market: An Assessment of Costs and Policies (Dec. 2018), at https://www.abell.org/sites/default/files/files/Third%20Party%20Energy%20Report_final%20for%20web.pdf.

³ See, e.g., States of California, Connecticut, Delaware, Illinois, Maryland, Michigan, Minnesota, New Jersey, New Mexico, New York, Oregon, Rhode Island, and Wisconsin; Commonwealths of Massachusetts and Pennsylvania; and District of Columbia, Comments to the Federal Trade

In conclusion, NCLC strongly supports SB 1 (as amended by the Senate EEE Committee) and recommends it receive favorable treatment from the House Economic Matters Committee. If there are any questions regarding this testimony, please contact Olivia Wein, Senior Attorney, National Consumer Law Center at owein@nclc.org or 202-452-6252.

Sincerely,

/s/ Olivia Wein _____

Olivia Wein, Senior Attorney
National Consumer Law Center

Commission regarding the Green Guides, No. FTC-20220077-0987 (April 24, 2023), available at <https://www.regulations.gov/comment/FTC-2022-0077-0987>; Laurel Peltier, Retail Energy’s Greenwashing: How Fictional Renewable Energy Certificates Became “100% Renewable” Electricity (Sept. 2022), available at <https://static1.squarespace.com/static/5f3489173119d979768248eb/t/63af4cb09cd8f9321ba3bd9c/1672432816708/Retail+Energy+Greenwashing.pdf>; Comment from National Consumer Law Center, with Public Citizen, Maryland Energy Advocates Coalition, Pennsylvania Utility Law Project, Federal Trade Commission Comment ID FTC-2022-0077-0111 (Feb 22, 2023), at <https://www.regulations.gov/comment/FTC-2022-0077-0111>.