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Maryland Senate, Senate Finance Committee  
Hearing on **SB 595- Residential Electricity and Gas Supply Billing Information - Reports**  
Testimony of Jenifer Bosco, National Consumer Law Center  
February 23, 2021

**Position -- SUPPORT**

To the Members of the Senate Finance Committee:

Thank you for conducting this hearing on Senate Bill 595- *Residential Electricity and Gas Supply Billing Information - Reports*. My name is Jenifer Bosco, and I am an attorney at the National Consumer Law Center, where I focus on energy and utility matters and debt collection issues that affect consumers. The National Consumer Law Center or NCLC is a nonprofit organization that, since 1969, has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people, and 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 alternative (or competitive) energy supply companies. We have released a report<sup>1</sup> and an issue brief<sup>2</sup> which describe abusive sales practices and inflated prices that have harmed

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<sup>1</sup> National Consumer Law Center, *Competing to Overcharge Consumers: The Competitive Electric Supplier Market in Massachusetts* (April 2018), available at <http://bit.ly/2H3ORJJ>.

<sup>2</sup> National Consumer Law Center, *Still No Relief for Massachusetts Consumers Tricked by Competitive Electric Supply Companies* (Oct. 2018), available at <https://www.nclc.org/issues/consumers-tricked-by-competitive-electric-supply-companies.html>.

Massachusetts consumers, with a particular emphasis on the unfair and deceptive marketing that has targeted low-income consumers, older adults, and those with limited English language proficiency. Common consumer problems have been reported by residential customers in the different deregulated states.<sup>3</sup> Among other problems, our reports found that:

- Consumers almost always pay more for competitive electric supply than they would have paid for service from their utility companies.
- The very small number of consumers who do manage to save money see only minor savings compared with those consumers who pay higher prices.
- A higher percentage of low-income households were signed up to buy competitive electric supply, compared with their non-low-income neighbors.
- Consumer complaints in other states highlight problems with high prices, involuntary switching or slamming, unwanted telemarketing or door-to-door marketing, deceptive sales practices, and more.

NCLC's reports confirmed research done by the Massachusetts Attorney General, which among other findings revealed that residential customers paid **\$253 million** more to competitive suppliers than they would have paid to their distribution utilities for electric service during the three years from July 2015 through June 2018, and that low-income customers are disproportionately harmed.<sup>4</sup>

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<sup>3</sup> See, e.g., Federal Trade Commission, *Statement of Commissioner Chopra Regarding the FTC EnergyGuide Rule* at 3 (Dec. 22, 2020), available at <https://www.ftc.gov/public-statements/2020/12/statement-commissioner-chopra-regarding-ftc-energyguide-rule>.

<sup>4</sup> Mass. Office of the Attorney General, *Are Residential Consumers Benefiting from Electric Supply Competition? An Analysis of the Individual Residential Electric Supply Market in Massachusetts* (March 2018); Mass. Office of the Attorney General, 2019 Update (Aug. 2019), available at <https://www.mass.gov/competitive-electric-supply>.

As we have learned from investigations by the Maryland Office of Public Counsel<sup>5</sup> and by analysts for the Abell Foundation,<sup>6</sup> the problems identified in Massachusetts are nearly identical to the problems experienced by Maryland households. Over the course of just one year, Maryland residential consumers were found to pay at least **\$34,138,799** more than they would have otherwise paid to their distribution utility companies.<sup>7</sup>

Senate Bill 595 would help mitigate some of this harm by implementing important public reporting improvements. Public disclosures of complaints, and quarterly reports of actual prices paid, would add needed transparency and accountability in this market. Detailed and frequent public reporting of the prices charged by competitive supply companies, including rates paid by customers after any introductory rates expire, compared with the standard offer/utility-procured prices, is essential for identifying patterns of high charges and protecting consumers. It is important to include reporting of prices actually paid by consumers over the duration of the contract as SB 595 proposes, rather than only reporting the “teaser” or introductory rates offered by suppliers.

SB 595 contains specific reporting requirements about low-income customers. Since low-income and other vulnerable consumers are likely to be targeted by marketers who use deceptive sales practices, and are more at risk of losing utility service if bills become unaffordable, this reporting requirement is vital to support protections for these consumers. This data will also be needed to analyze the impact of the competitive supply market on fuel assistance programs and

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<sup>5</sup> Maryland Office of People’s Counsel, *Maryland’s Residential Electric and Gas Supply Markets: Where Do We Go from Here?* (Nov. 2018), available at <http://www.opc.state.md.us/Portals/0/Hot%20Topics/Maryland%20Electric%20and%20Gas%20Residential%20Supply%20Report%20November%202018.pdf>.

<sup>6</sup> Abell Foundation, *Maryland’s Dysfunctional Residential Third-Party Energy Supply Market: An Assessment of Costs and Policies* (Dec. 2018), available at [https://www.abell.org/sites/default/files/files/Third%20Party%20Energy%20Report\\_final%20for%20web.pdf](https://www.abell.org/sites/default/files/files/Third%20Party%20Energy%20Report_final%20for%20web.pdf).

<sup>7</sup> Maryland Office of People’s Counsel, *Maryland’s Residential Electric and Gas Supply Markets: Where Do We Go from Here?* (Nov. 2018).

other programs that were established to assist low-income consumers. NCLC strongly supports the inclusion of specific low-income reporting metrics in this legislation.<sup>8</sup>

Further, the reported information will help this legislative body, the Public Service Commission, the Office of the Consumer Advocate and the Office of Home Energy Programs to exercise oversight and address problems in this market. Such reporting would not be unduly burdensome, and models already exist. For example, competitive supply companies comply with stringent reporting requirements in Connecticut.<sup>9</sup>

In conclusion, NCLC supports SB 595, which would help policymakers and regulators to better protect Maryland consumers. If you have questions regarding this testimony, please contact Jenifer Bosco, Staff Attorney, National Consumer Law Center, at [jbosco@nclc.org](mailto:jbosco@nclc.org).

Sincerely,

Jenifer Bosco, Staff Attorney  
National Consumer Law Center, on behalf of our low-income clients

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<sup>8</sup> In addition, NCLC is not in support of the recent amendment to SB 31. In light of these concerns, if the amendment were adopted, comprehensive reporting requirements proposed in SB 595 would be even more necessary to protect low-income consumers.

<sup>9</sup> Conn. Public Util. Regulatory Authority, Docket No. 06-10-22.