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January 25, 2024

To: The Honorable Brian Feldman
Chair, Education, Energy and the Environment Committee

From: Karen S. Straughn *KSS*
Consumer Protection Division

Re: Senate Bill 1 – Electricity and Gas – Retail Supply – Regulation and Consumer
Protection (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of Senate Bill 1 submitted by Senator Malcolm Augustine. This bill establishes a licensing procedure for salespersons for electricity and gas suppliers and further sets standards for the sale of retail energy supply contracts.

The Consumer Protection Division receives numerous complaints about door-to-door and telephone solicitations of retail energy supplies. These complaints allege misrepresentations about the savings being offered when the contracts generally cost more than standard offer service. In addition, consumers complain that they are being switched without their consent. Although the Division has concurrent authority with the Public Service Commission to bring enforcement action against suppliers and salespeople that engage in deceptive practices, licensing of these salespersons, and increased penalty provisions, will help to enhance the PSC's ability to ensure compliance by sellers of retail energy supply contracts. It will also help to reduce the number of anticompetitive and abusive practices that currently occur in the marketplace.

In addition, the bill prohibits a supplier from offering service through a commission-based system, which could further reduce the frequency of deceptive practices. It sets limits on the types of contracts that may be offered and attempts to ensure that consumers are given greater

control over whether they are being contacted by third party suppliers if they wish to remain on standard offer service. It requires reporting by third party suppliers which will help to ensure the accuracy of claims that their rates are competitive with standard offer service. Each of these measures increases the chance that consumers are treated fairly and equitably in accordance with their desired preferences for electric choice.

For these reasons, the Consumer Protection Division asks that the Education, Energy and the Environment Committee return a favorable report on this bill.

cc: The Honorable Malcolm Augustine
Members, Education, Energy and the Environment Committee