



# State of Connecticut

## Office of Consumer Counsel

**Mary J. Healey**  
*Consumer Counsel*

**The Energy and Technology Committee**  
**March 16, 2010**

### **Raised Bill No. 5507, AAC Consumer Protections in the Retail Electricity Market**

**Testimony of Mary J. Healey, Consumer Counsel**  
**Presented by Joseph A. Rosenthal, Principal Attorney**

The Office of Consumer Counsel (OCC) has carefully reviewed Raised Bill No. 5507, An Act Concerning Consumer Protections in the Retail Electricity Market, and believes it raises some valuable concepts that warrant analysis.

Section 1 would, among other things, terminate the existing electric supplier referral program, under which the electric distribution companies have to tell residential or small commercial customers about certain qualifying electric offers from retail suppliers when a customer changes service or makes certain inquiries. It is OCC's understanding that the electric supplier referral program isn't actually working all that well, with one reason being that many suppliers are struggling with the risks of making an offer that would last one year in duration. Another proposed bill, RB 5505, AAC Rate Relief, seeks to fix this by reducing the duration of a qualifying offer to six months. That may help, and OCC could support that alternative as well, but OCC notes that the marketing of electric supply, including to residential customers, is now pervasive—it exists on television, the internet, radio, at the ballgame, etc. The continuing need for a referral program, whereby all customers essentially pay for the marketing of a product, is growing more doubtful. At a minimum, retail suppliers should be required to defray any incremental costs of the referral program, as they are a significant beneficiary of it but do not currently sharing in the costs. If participate retail suppliers are not willing to contribute to the cost of the program, then that would provide further evidence that it should be scrapped.

Section 1 would also end utility billing for electric suppliers. OCC does not want to have customers receiving two electric bills, but does agree that billing is a service being provided by the utility (with compensation from the ratepayers) to the electric suppliers, and that service should not be free for the electric suppliers.

Other portions of the bill would seek to regulate electric brokers. Greater regulation in the field of electric supply solicitations is being considered in a number of bills and has broad support. OCC supports the "broker regulation" language in this bill but also supports alternative ways of reaching the same goal that appear in other proposed legislation.