
OLR Bill Analysis

sHB 6526 (as amended by House "A")*

AN ACT CONCERNING ELECTRIC SUPPLIERS.

SUMMARY

This bill establishes new restrictions and requirements for electric suppliers and expands the Public Utilities Regulatory Authority's (PURA) oversight of them. (Generally, Eversource and United Illuminating customers may purchase electricity (1) directly through the electric utilities at the standard service rate or (2) through contracts with an electric supplier at the supplier's rates.)

Beginning July 1, 2022, the bill (1) prohibits electric suppliers from charging a residential customer a variable rate for electric generation services and (2) deems any contract between an electric supplier and a residential customer that includes variable rates null and void.

The bill prohibits supplier contracts with termination fees or early cancellation fees for residential customers, eliminating a provision in current law that (1) limits these fees to \$50 and (2) requires the supplier to provide the customer with an estimated average monthly bill when offering a contract.

The bill also applies training requirements and certain other provisions to third parties who contract with or are compensated by a supplier's third-party marketer.

The bill authorizes PURA to condition a supplier's license and access to electric distribution company (EDC) systems and billing on terms PURA determines to be just and reasonable, including proof that the electric supplier's products are not overpriced or harmful to residential customers. It expands PURA's authority to take certain actions affecting hardship cases or other low-income customers who contract with electric suppliers. It requires suppliers to get PURA's

approval to transfer or assign customers. The bill allows PURA to direct a portion of any civil penalty for license violations to a nonprofit agency engaged in energy assistance programs, which the authority names in its decision or violation notice.

The bill also makes technical and conforming changes.

*House Amendment "A" (1) prohibits suppliers from charging variable rates to residential customers, (2) deems residential contracts with variable rates null and void, (3) removes a prohibition on automatic renewal provisions in supplier contracts, and (4) removes a provision requiring suppliers to have a residential customer's affirmative consent in order to enter into a new contract.

EFFECTIVE DATE: July 1, 2021

§ 2 — THIRD-PARTY CONTRACTORS

Under current law, any third-party agent who contracts with, or is otherwise compensated by, an electric supplier to sell generation services is a legal agent of the supplier. In order to sell generation services on the supplier's behalf, the agent must (1) be an employee or independent contractor of the supplier and (2) receive appropriate training from the supplier. The bill expands this provision to also apply to third parties who contract with or are compensated by a third-party marketer of the electric supplier to sell generation services. In order to sell generation services for the supplier, the bill only requires that the third party receive appropriate training from the supplier.

§ 3 — PURA ORDERS FOR HARDSHIP CASES

The bill expands PURA's authority to take certain actions affecting customers with low incomes or experiencing certain hardships who purchase through electric suppliers. Current law allows PURA to initiate a docket to review the feasibility, costs, and benefits of placing these customers on standard service (supplied directly through the EDCs), and may order this to be done in its final decision. PURA's docket must consider all hardship customers, customers participating

in a matching payment program to reduce arrearages, customers receiving other financial assistance from an EDC, or customers who are otherwise protected by law from electricity shutoffs.

The bill expands PURA's review to also include the feasibility, costs, and benefits of otherwise limiting the ability of these customers to contract with electric suppliers. The bill allows PURA, in issuing its final decision, to order all customer contracts with electric suppliers entered into on and after a determined date to (1) not exceed the standard service rate or (2) comply with appropriate limitations PURA deems necessary. By law, and under the bill, if PURA issues such an order, it must reopen the docket at least every two years.

§ 4 — RESIDENTIAL VARIABLE RATES PROHIBITED

Beginning July 1, 2022, and regardless of any other law concerning electric suppliers or utilities, the bill prohibits electric suppliers from charging a residential customer a variable rate for electric generation services. Under the bill, on and after that date, any contract between an electric supplier and a residential customer that includes variable rates is deemed null and void.

Under current law, an electric supplier must provide written notice of any change in a residential customer's electric generation price between 30 and 60 days before their fixed price term expires. The bill instead requires the supplier to provide this notice for the contract's expiration. The new contract must contain a cover page highlighting each change from the previous contract, in a format PURA prescribes.

Under current law, suppliers must notify a residential customer of any rate change that is 25% more than the original contract price 15 days before the change takes effect. However, this notification requirement only applies to the first instance of such a rate increase. The bill (1) removes this limit on notices, (2) moves up the notice deadline to 30 days before the change takes effect, and (3) additionally applies this notice requirement when the rate change is more than the first price term offered in the contract.

§ 6 — CUSTOMER ASSIGNMENTS AND TRANSFERS

By law, suppliers must receive PURA’s approval to transfer a license. The bill additionally requires them to do so to transfer or assign customers to another electric supplier. Under the bill, for both license transfers and customer transfers and assignments, suppliers must notify PURA at least 30 days before the assignment or transfer effective date.

The bill allows PURA, upon review, to require certain conditions or deny customer assignments or transfers. It requires PURA to approve, modify, or deny customer assignments or transfers within 30 business days of its receipt of the supplier’s notice, unless the authority and supplier agree to a specified time extension, otherwise they are deemed approved. Under current law, PURA may assess additional licensing fees to pay the administrative costs of reviewing a supplier’s license transfer request. The bill allows PURA to assess these fees for customer transfers as well.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 24 Nay 2 (03/11/2021)