



# House of Representatives

General Assembly

**File No. 169**

January Session, 2021

Substitute House Bill No. 6526

*House of Representatives, March 29, 2021*

The Committee on Energy and Technology reported through REP. ARCONTI of the 109th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING ELECTRIC SUPPLIERS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subparagraph (A) of subdivision (7) of subsection (h) of  
2 section 16-245o of the general statutes is repealed and the following is  
3 substituted in lieu thereof (*Effective July 1, 2021*):

4 (7) (A) No contract for electric generation services by an electric  
5 supplier shall require a residential customer to pay any fee for  
6 termination or early cancellation of a contract. [in excess of fifty dollars,  
7 provided when an electric supplier offers a contract, it provides the  
8 residential customer an estimate of such customer's average monthly  
9 bill, and provided further it] It shall not be considered a termination or  
10 early cancellation of a contract if a residential customer moves from one  
11 dwelling within the state and remains with the same electric supplier.

12 Sec. 2. Subdivision (1) of subsection (h) of section 16-245o of the  
13 general statutes is repealed and the following is substituted in lieu

14 thereof (*Effective July 1, 2021*):

15 (h) (1) Any third-party [agent] who contracts with or is otherwise  
16 compensated by an electric supplier to sell electric generation services,  
17 or contracts with or is compensated by a third-party marketer of the  
18 electric supplier to sell electric generation services for the electric  
19 supplier, shall be a legal agent of the electric supplier. No third-party  
20 [agent] may sell electric generation services on behalf of an electric  
21 supplier unless [(A) the third-party agent is an employee or  
22 independent contractor of such electric supplier, and (B) the third-party  
23 agent] such third party has received appropriate training directly from  
24 such electric supplier.

25 Sec. 3. Subsection (m) of section 16-245o of the general statutes is  
26 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
27 *2021*):

28 (m) The Public Utilities Regulatory Authority may initiate a docket to  
29 review the feasibility, costs and benefits of placing on standard service,  
30 or of otherwise limiting the ability to contract with electric suppliers, all  
31 customers [of all electric suppliers] (1) who are hardship cases for  
32 purposes of subdivision (3) of subsection (b) of section 16-262c, (2)  
33 having moneys due and owing deducted from such customers' bills by  
34 the electric distribution company pursuant to subdivision (4) of  
35 subsection (b) of section 16-262c, (3) receiving other financial assistance  
36 from an electric distribution company, or (4) who are otherwise  
37 protected by law from shutoff of electricity services. Notwithstanding  
38 the provisions of section 16-245r, the authority may, in a final decision  
39 issued pursuant to this subsection, (A) order all such customers to be  
40 placed on standard service, (B) order all customer contracts with electric  
41 suppliers, entered into on and after a determined date, to be at or below  
42 the standard service rate, or (C) order all customer contracts, entered  
43 into on and after a determined date, to comply with appropriate  
44 limitations the authority deems necessary. If the authority issues such  
45 an order, it shall reopen such docket not less than every two years.

46 Sec. 4. Subsection (g) of section 16-245o of the general statutes is

47 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
48 *2021*):

49 (g) (1) Between thirty and sixty days, inclusive, prior to the expiration  
50 of a fixed price term for a residential customer, an electric supplier shall  
51 provide a written notice of the contract expiration to such customer [of  
52 any change to the customer's electric generation price] and shall not  
53 automatically renew said contract. An electric supplier may enter into a  
54 new contract with such customer's affirmative consent. Any new  
55 contract shall contain a cover page highlighting each change from the  
56 prior contract, in a format prescribed by the Public Utilities Regulatory  
57 Authority. Such residential customer shall select the method of written  
58 notice at the time the contract is signed or verified through third-party  
59 verification as described in subdivision (2) of subsection (f) of this  
60 section. Such selection shall include the option for written notice  
61 through United States mail, electronic mail, text message, an application  
62 on a cellular telephone or a third-party notification service approved by  
63 the authority. Such customer shall have the option to change the method  
64 of notification at any time during the contract.

65 (2) No electric supplier shall charge a residential customer month-to-  
66 month variable rates for electric generation services following the  
67 expiration of a contract entered into after June 3, 2014, without  
68 providing written notification to such residential customer forty-five  
69 days prior to the commencement of such month-to-month variable  
70 rates. Such notice shall include the highest and lowest electric  
71 generation service rate charged by such supplier as part of a variable  
72 rate offer in each of the preceding twelve months to any customer  
73 eligible for standard service. The residential customer shall select the  
74 method of written notification at the time the contract is signed or  
75 verified through third-party verification as described in subdivision (2)  
76 of subsection (f) of this section. Such selection shall include the option  
77 for written notice through United States mail, electronic mail, text  
78 messages, an application on a cellular telephone or a third-party  
79 notification service approved by the authority. Such customer shall have  
80 the option to change the method of notification at any time during the

81 contract.

82 (3) No electric supplier shall charge an electric generation service rate  
83 to a residential customer that is twenty-five per cent more than the  
84 original contract price, [of a contract entered into after June 6, 2014,] or  
85 more than the first price term offered in the contract, without notifying  
86 such customer of the rate change [fifteen] thirty days before it takes  
87 effect. [, provided such notice shall only be required for the first instance  
88 such rate is twenty-five per cent more than the original contract price.  
89 After such one-time notice, no electric supplier shall charge an electric  
90 generation service rate to a residential customer that is twenty-five per  
91 cent more than the most recent notice of the rate change without  
92 notifying such customer of the rate change fifteen days before it takes  
93 effect.] Any notification described in this subdivision shall be provided  
94 pursuant to the method agreed to by the customer in the contract and  
95 may include written notice through United States mail, electronic mail,  
96 text message, an application on a cellular telephone, or third-party  
97 notification service approved by the authority. The electric supplier  
98 shall maintain documentation of the original method of communication  
99 of the notice.

100 (4) On and after October 1, 2015, no electric supplier shall (A) enter  
101 into a contract to charge a residential customer a variable rate for electric  
102 generation services; or (B) automatically renew or cause to be  
103 automatically renewed a contract with a residential customer and,  
104 pursuant to such contract, charge such customer a variable rate for  
105 electric generation services. On and after October 1, 2021, no electric  
106 supplier shall enter into a contract that contains an automatic renewal  
107 provision.

108 Sec. 5. Subdivision (8) of subsection (h) of section 16-245o of the  
109 general statutes is repealed and the following is substituted in lieu  
110 thereof (*Effective July 1, 2021*):

111 (8) An electric supplier shall not make a material change in the terms  
112 or duration of any contract for the provision of electric generation  
113 services by an electric supplier without the express consent of the

114 customer. [Nothing in this subdivision shall restrict an electric supplier  
115 from renewing a contract by clearly informing the customer, in writing,  
116 not less than thirty days or more than sixty days before the renewal date,  
117 of the renewal terms, including a summary of any new or altered terms,  
118 and of the option not to accept the renewal offer, provided no fee  
119 pursuant to subdivision (7) of this subsection shall be charged to a  
120 customer who terminates or cancels such renewal within the first two  
121 billing cycles of the renewed contract.]

122 Sec. 6. Subsection (j) of section 16-245 of the general statutes is  
123 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
124 *2021*):

125 (j) No license may be transferred, and no customer may be assigned  
126 or transferred, without the prior approval of the authority. Notice of  
127 such assignment or transfer shall be provided to the Public Utilities  
128 Regulatory Authority at least thirty days prior to the effective date of  
129 the assignment or transfer of a customer from one electric supplier to  
130 another electric supplier. The authority may, upon its review of such  
131 notice, require certain conditions or deny assignment or transfer of such  
132 customer. Customer assignment or transfer shall be approved, modified  
133 or denied by the authority within thirty business days of the authority's  
134 receipt of such notice from the electric supplier, unless the authority and  
135 electric supplier agree to a specified extension of time, or such  
136 assignment or transfer is deemed approved. The authority may assess  
137 additional licensing fees to pay the administrative costs of reviewing a  
138 request for such transfer.

139 Sec. 7. Subsection (a) of section 16-245 of the general statutes is  
140 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
141 *2021*):

142 (a) No person shall execute any contract relating to the sale of electric  
143 generation services to be rendered after January 1, 2000, to end use  
144 customers located in the state unless such person has been issued a  
145 license by the authority in accordance with the provisions of this section.  
146 No license shall be valid before July 1, 1999. The Public Utilities

147 Regulatory Authority shall have the authority to condition an electric  
148 supplier's license and access to the systems and billing of the electric  
149 distribution companies on terms the authority determines to be just and  
150 reasonable, including, but not limited to, proof that the electric  
151 supplier's products are not overpriced or harmful to customers.

152 Sec. 8. Subsection (k) of section 16-245 of the general statutes is  
153 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
154 *2021*):

155 (k) Any licensee who fails to comply with a license condition or who  
156 violates any provision of this section, except for the renewable portfolio  
157 standards contained in subsection (g) of this section, shall be subject to  
158 civil penalties by the Public Utilities Regulatory Authority in accordance  
159 with section 16-41, [or] including direction that a portion of the civil  
160 penalty be paid to a nonprofit agency engaged in energy assistance  
161 programs named by the authority in its decision or notice of violation,  
162 the suspension or revocation of such license [or] and a prohibition on  
163 accepting new customers following a hearing that is conducted as a  
164 contested case in accordance with chapter 54. Notwithstanding the  
165 provisions of subsection (b) of section 16-244c regarding an alternative  
166 transitional standard offer option or an alternative standard service  
167 option, the authority shall require a payment by a licensee that fails to  
168 comply with the renewable portfolio standards in accordance with  
169 subdivision (4) of subsection (g) of this section in the amount of: (1) For  
170 calendar years up to and including calendar year 2017, five and one-half  
171 cents per kilowatt hour, (2) for calendar years commencing on January  
172 1, 2018, and up to and including the calendar year commencing on  
173 January 1, 2020, five and one-half cents per kilowatt hour if the licensee  
174 fails to comply with the renewable portfolio standards during the  
175 subject annual period for Class I renewable energy sources, and two and  
176 one-half cents per kilowatt hour if the licensee fails to comply with the  
177 renewable portfolio standards during the subject annual period for  
178 Class II renewable energy sources, and (3) for calendar years  
179 commencing on and after January 1, 2021, four cents per kilowatt hour  
180 if the licensee fails to comply with the renewable portfolio standards

181 during the subject annual period for Class I renewable energy sources,  
 182 and two and one-half cents per kilowatt hour if the licensee fails to  
 183 comply with the renewable portfolio standards during the subject  
 184 annual period for Class II renewable energy sources. On or before  
 185 December 31, 2013, the authority shall issue a decision, following an  
 186 uncontested proceeding, on whether any licensee has failed to comply  
 187 with the renewable portfolio standards for calendar years up to and  
 188 including 2012, for which a decision has not already been issued. On  
 189 and after June 5, 2013, the Public Utilities Regulatory Authority shall  
 190 annually conduct an uncontested proceeding in order to determine  
 191 whether any licensee has failed to comply with the renewable portfolio  
 192 standards during the preceding year. Not later than December 31, 2014,  
 193 and annually thereafter, the authority shall, following such proceeding,  
 194 issue a decision as to whether the licensee has failed to comply with the  
 195 renewable portfolio standards during the preceding year. The authority  
 196 shall allocate such payment to the Clean Energy Fund for the  
 197 development of Class I renewable energy sources, provided, on and  
 198 after June 5, 2013, any such payment shall be refunded to ratepayers by  
 199 using such payment to offset the costs to all customers of electric  
 200 distribution companies of the costs of contracts and tariffs entered into  
 201 pursuant to sections 16-244r, 16-244t and section 16-244z. Any excess  
 202 amount remaining from such payment shall be applied to reduce the  
 203 costs of contracts entered into pursuant to subdivision (2) of subsection  
 204 (j) of section 16-244c, and if any excess amount remains, such amount  
 205 shall be applied to reduce costs collected through nonbypassable,  
 206 federally mandated congestion charges, as defined in section 16-1.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2021	16-245o(h)(7)(A)
Sec. 2	July 1, 2021	16-245o(h)(1)
Sec. 3	July 1, 2021	16-245o(m)
Sec. 4	July 1, 2021	16-245o(g)
Sec. 5	July 1, 2021	16-245o(h)(8)
Sec. 6	July 1, 2021	16-245(j)
Sec. 7	July 1, 2021	16-245(a)

Sec. 8	July 1, 2021	16-245(k)
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**ET**      *Joint Favorable Subst.*



The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Resources of the General Fund	GF - Potential Revenue Loss	See Below	See Below

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

There is a potential revenue loss to the General Fund resulting from the bill, which makes various regulatory changes to electric suppliers operating in the state.

Section 8 of the bill permits the Public Utilities Regulatory Authority (PURA) to redirect civil penalties paid by electric suppliers to nonprofits as restitution. There is a revenue loss equal to any proceeds redirected from the General Fund. Based on data provided by PURA, recent penalties assessed to electric supply companies have ranged from \$60,500 to \$5 million.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to the amount in penalties redirected to nonprofits.

**OLR Bill Analysis****sHB 6526*****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.)

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. It prohibits suppliers from automatically renewing residential customer contracts and entering into contracts that contain an automatic renewal provision as of October 1, 2021.

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 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.

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 — CONTRACT RENEWALS AND RATE CHANGE NOTICES**

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. It prohibits the supplier from (1) automatically renewing a residential customer's contract and (2) entering into a contract containing an automatic renewal provision as of October 1, 2021.

Under the bill, suppliers must have a residential customer's affirmative consent in order to enter into a new contract. 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 percent 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)