



PA 21-117—sHB 6526

Energy and Technology Committee

AN ACT CONCERNING ELECTRIC SUPPLIERS

SUMMARY: This act 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 utilities at the standard service rate or (2) through contracts with an electric supplier at the supplier’s rates.)

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

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

It 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 act 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 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 also requires suppliers to get PURA’s approval to transfer or assign customers.

If a supplier failed to comply with a licensure condition or violated licensure requirements, prior law required PURA to (1) issue civil penalties, (2) suspend or revoke the supplier’s license, or (3) prohibit the supplier from accepting new customers. The act requires PURA to take all three of these actions. It also 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 act also makes technical and conforming changes.

EFFECTIVE DATE: July 1, 2021

§ 2 — THIRD-PARTY CONTRACTORS

Under existing law, any third party who contracts with, or is otherwise compensated by, an electric supplier to sell generation services is a legal agent of the supplier. To sell generation services on the supplier’s behalf, prior law

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required the agent to be the supplier's employee or independent contractor and to receive appropriate training from the supplier. The act (1) expands this provision to also apply to third parties who contract with or are compensated by a third-party marketer of the supplier to sell generation services and (2) eliminates the requirement that the third party is an employee or independent contractor.

§ 3 — PURA ORDERS FOR HARDSHIP CASES

The act expands PURA's authority to take certain actions affecting customers with low incomes or experiencing certain hardships who purchase through electric suppliers. Under existing law, PURA may initiate a docket to review the feasibility, costs, and benefits of placing these customers on standard service (supplied directly through EDCs) and may order this to be done in its final decision. The docket must consider all hardship customers and customers participating in a matching payment program to reduce arrearages, receiving other financial assistance from an EDC, or who are otherwise protected by law from electricity shutoffs.

The act 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. It also 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 act, if PURA issues the order, it must reopen the docket at least every two years.

§ 4 — RESIDENTIAL CONTRACTS AND RATES

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

Prior law required an electric supplier to provide written notice of any change in a residential customer's electric generation price between 30 and 60 days before the fixed price term expired. The act instead requires (1) the supplier to provide this notice for the contract's expiration and (2) any new contract to have a cover page highlighting each change from the previous contract, in a format PURA prescribes.

Prior law also required suppliers to notify a residential customer of a rate change that was 25% more than the original contract price 15 days before the change took effect. But this notification requirement only applied to the first rate increase. The act (1) removes this limit on notices, (2) moves out the notice deadline to 30 days before the change takes effect, and (3) additionally applies this notice requirement when the change is more than the first price term offered in the contract. Existing law requires suppliers to provide these notices through whichever method the customer agrees to in the contract (e.g., e-mail or text

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message). The act requires the supplier to keep documentation of the notice's original communication method.

§ 6 — CUSTOMER ASSIGNMENTS AND TRANSFERS

By law, electric suppliers must receive PURA's approval to transfer a license. The act additionally requires them to receive it to assign or transfer customers to another supplier. Under the act, for both license transfers and customer assignments or transfers, suppliers must notify PURA at least 30 days before the effective date of assigning or transferring customers.

The act allows PURA, upon review, to require certain conditions or deny customer assignments or transfers. It deems a customer assignment or transfer approved if PURA fails to approve, modify, or deny it within 30 business days after receiving the supplier's notice unless PURA and the supplier agree to a specified time extension. Under existing law, PURA may assess additional licensing fees to pay the administrative costs of reviewing a supplier's license transfer request. The act allows PURA to also assess these fees for customer transfers.