



STATE OF CONNECTICUT
OFFICE OF CONSUMER COUNSEL

TEN FRANKLIN SQUARE
NEW BRITAIN, CONNECTICUT 06051

TELEPHONE
(860) 827-2900
VOICE AND TDD
WWW.CT.GOV/OCC

February 1, 2019

Elin Katz, Consumer Counsel, Elin.Katz@ct.gov

OCC FACT SHEET:

In Support of Legislation to End the Residential Retail Choice Electric Supply Market

- I. **Economic Harm:** CT's Economy is Thwarted by Residential Electric Retail Choice
- A. OCC Analysis: From 2015-2018, CT Consumers with Third-Party Electric Suppliers Have Paid An Estimated **\$200M** More Than Consumers on Electric Utility Standard Service
- i. 2015: \$58,263,855 Overpayment
 - ii. 2016: \$59,011,285 Overpayment
 - iii. 2017: \$46,316,174 Overpayment
 - iv. 2018: \$38,564,580 Overpayment
 - v. Note: the overpayment figures from 2015-2018 have subsided somewhat due primarily to the gradually decreasing number of consumers participating in the retail choice electric market.
- B. Other States Have Issued Reports Detailing Economic Harm from Residential Retail Choice
- i. "Are Consumers Benefitting from Competition? An Analysis of the Individual Residential Electric Supply Market in Massachusetts," March 2018 [Report](#) by the Massachusetts Attorney General's Office; Eversource Exec [Op-Ed](#) in support thereof
 - ii. "Competing to Overcharge Consumers: The Competitive Electric Supplier Market in Massachusetts," April 2018 [Report](#) issued by the National Consumer Law Center
 - iii. "Maryland's Residential Electric and Gas Supply Markets: Where Do We Go from Here?," November 2019 [Report](#) Issued by the Maryland Office of People's Counsel
- C. Third-Party Electric Suppliers Do Not Bring Meaningful Employment to CT
- i. Most marketing is done by third-party agents who are generally paid by commission.
 - ii. Telesales marketing vendors are mostly from outside of CT.
 - iii. Door-to-door marketing is not as significant as telesales due to CT winters, and many door-to-door marketing agents are bused in from out of state to solicit in CT neighborhoods for a day. OCC [Brief](#) at 62-63.
 - iv. Even if in-state, most marketing jobs are transitory. OCC's collective experience shows that most marketing agents do not stay in their positions for meaningful periods of time.
- II. **Legislative:** CT Has the Most Robust Consumer Protections Nationally Yet Consumer Harm Persists
- A. CT was the first state to implement a Variable Rate Ban through [Public Act No. 15-90](#)
- B. Considerable Consumer Protection Legislation was enacted through [Public Act No. 14-75](#)
- C. The MA Attorney General found: "In Connecticut, the legislature and [PURA] strengthened consumer protections through the adoption of a number of comprehensive measures, including a ban on variable rates. However, these measures have merely mitigated the loss and not transformed the market into one that provides net benefits." [Report](#) at 40.

- III. **CT Regulatory Proceedings: Despite Strong PURA Enforcement, Consumer Harm is Still Rampant**
- A. Energy Plus: \$4.5M Settlement, PURA [Decision](#), June 11, 2014
 - B. North American Power: \$2.6M Settlement, PURA [Decision](#), Oct. 28, 2015
 - C. Public Power: \$13k Civil Penalty, PURA [Decision](#), Jan. 20, 2016
 - D. Palmco Power: \$5M Settlement & 5-year Stay-out, PURA [Decision](#), Aug. 16, 2017
 - E. Spark Energy, \$900k Civil Penalty (pending), PURA [Notice of Violation](#), Mar. 21, 2018
 - F. Choice Energy: \$250k Civil Penalty, PURA [Decision](#), June 13, 2018
 - G. Liberty Power: \$57,475 Civil Penalty, PURA [Decision](#), July 2, 2018
 - H. Spark Energy, \$750k Civil Penalty (pending), PURA [Notice of Violation](#), Sept. 5, 2018
 - I. Direct Energy: \$1.5M Civil Penalty (pending), PURA [Notice of Violation](#), Sept. 11, 2018
 - J. Liberty Power: \$1.5M Civil Penalty (pending), PURA [Notice of Violation](#), Sept. 12, 2018
- IV. **The Retail Electric Choice Electric Market Causes a State & Regulatory Resource Drain**
- A. All of the above and the sampling of below PURA enforcement proceedings involved thousands and thousands of work hours by staff of resource-strapped state agencies (PURA, OCC, AGO)
 - B. PURA Docket No. 13-07-18: Establishment of Rules for Third-Party Electric Suppliers and Electric Utilities Concerning Operations & Marketing in the Electric Retail Market
 - C. PURA Docket Nos. 14-07-19, 14-07-19RE01, 14-07-19RE02, 14-07-19RE03, 14-07-19RE04, and 14-07-19RE05 (ongoing): all investigating issues related to supplier information in the residential electric bill redesign
 - D. PURA Docket Nos. 14-07-20 & 14-07-20RE01 (ongoing): establishing third-party electric supplier marketing standards
 - E. PURA Docket No. 18-06-02 (ongoing): investigating whether “hardship” customers should be placed on electric utility standard service
- V. **Other State Actors Have Called for the End of Residential Retail Choice**
- A. The MA Attorney General Has Co-Sponsored [Legislation](#) to End the Residential Retail Choice Market, Jan. 22, 2019; MA Attorney General’s [Press Release](#) to End the Residential Retail Choice Market, Mar. 29, 2018
 - B. The IL Attorney General’s [Press Release](#) Calling for the End of the Residential Retail Choice Market, Oct. 15, 2018
- VI. **CT’s Most Vulnerable Populations are Harmed and Targeted in CT’s Retail Choice Market**
- A. Vulnerable Populations include, but are not limited to, Senior Citizens, Low-Income Residents, English as a Second Language Residents, and Disabled Residents
 - i. High frequency of consumer complaints come from vulnerable populations
 - ii. Vulnerable populations are more frequently marketed to by electric suppliers
 - B. PURA Docket No. [18-06-02](#): investigating whether “hardship” customers should be placed on electric utility standard service