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**BILL NO.:** Senate Bill 894  
**Changes in Electricity Supply – Written  
Permission Required**

**COMMITTEE:** Senate Finance

**HEARING DATE:** March 4, 2014

**SPONSOR:** Senator Benson

**POSITION:** Support

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Senate Bill 894 requires an electricity supplier, and any other person or governmental unit, to obtain the written consent of an electricity customer to change the electricity supplier of a customer, or to add any new charges or services. The Public Service Commission's current law and regulations, as well as the State's Door to Door Sales Act and Telephone Solicitation Act, require a signed written agreement in most instances for energy suppliers. However, the Office of People's Counsel (OPC) believes the Bill would be very helpful to utility consumers and make it absolutely clear to energy suppliers and their independent marketers and representatives that signatures are a requirement for energy supplier agreements in order to switch service.

The Electric Choice and Competition Act, passed in 1999, contained a number of consumer protection provisions including ones for contracting, enrollment and billing practices and procedures. In 2000, the General Assembly passed legislation to apply these general consumer protection provisions to gas suppliers. Of additional importance to residential retail customers, the 1999 and 2000 laws made clear that *all* federal and state consumer protection laws also apply to the marketing, contracting and related business activities to gas and electric suppliers. These include the State's Consumer Protection Act's prohibitions against deceptive practices, as well as the Door to Door Sales Act and Telephone Solicitations Act. The former requires signed written agreements, with a Notice of a right to cancel the contract; the latter requires a vendor or its representative to follow a telephone agreement with a written contract, to be returned with the customer's signature in order for the contract to be valid. Subsequent to the enactment of the 1999 and 2000 Acts, the Public Service Commission issued orders, followed by the adoption of regulations, related to licensing and consumer protection requirements for gas and electricity suppliers. These also include contracting requirements.

Maryland has seen a higher level of marketing and contracting activity by suppliers over the past four years. As of the end of 2013, about 28% of residential electric customers and 24% of residential gas customers have agreements with retail energy suppliers. However, even with this level of participation, OPC believes that there continues to be confusion among customers about marketing and solicitation activities, and the transparency of the price and term of services being offered.

These can include such things as cancellation policies and fees and monthly fees. .In addition, while marketing practices can vary from time to time, there has been an increase in door to door sales and “cold call” telephone solicitation marketing by certain energy suppliers. This type of marketing has resulted in complaints of unauthorized enrollment (slamming) and deceptive identification by the supplier agent as a utility representative. Further, while suppliers are required to comply with all of the written contract requirements of the Door to Door Sales Act and Telephone Solicitation Act, OPC believes that suppliers are not always in compliance. A simple requirement that a customer must provide written consent to a change of their supplier, coupled with the existing contract requirements, would provide an easy means of verification when unauthorized switching (slamming) is claimed, and an easier means of complaint review and enforcement by the Commission’s Office of External Relations.

For these reasons, OPC recommends a favorable report on Senate Bill 894.