

CONSUMER RIGHTS HANDBOOK



Contracting for Electricity and Natural Gas Supply

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The Maryland Office of People's Counsel (OPC) has prepared this book to help consumers understand their rights and responsibilities when choosing an electricity or natural gas supplier other than the local utility company.

Customers of most Maryland electric utilities can now shop for an electricity supplier other than their utility company. Customers of three gas utilities- Baltimore Gas & Electric Company, Columbia Gas of Maryland, and Washington Gas- can shop for a natural Gas supplier other than their utility.

To protect consumers, the Public Service Commission set out certain requirements for energy suppliers. The Commission has the authority to issue citations and fines, and can suspend or revoke the licenses of suppliers who engage in unfair or abusive practices.

Your Rights and Responsibilities at a Glance

You can stay with your utility. You do not have to choose a new supplier and there is no deadline for choosing a supplier.

All electricity and natural gas suppliers, brokers and marketers must have a license from the Maryland Public Service Commission, whether they are doing business in person, by mail, by telephone or over the Internet.

The actual utility customer- the person whose name is on the bill- must agree to the contract.

A supplier cannot switch your service without your permission.

Many contracts renew automatically. If you do not want to continue with the supplier, you must act to cancel the contract within the period stated in the renewal notice.

If you have a dispute about the offer, service or charges from the supplier, contact the supplier- not the utility- to resolve the matter.

If you cannot resolve the dispute with the supplier, you can contact the Public Service Commission's Office of External Relations (1-800-492-0474) and ask to file a written complaint.

RELEASE OF YOUR CUSTOMER INFORMATION

The PSC sets the rules on release of your personal information by the utility.

Your gas or electric utility may sell customer lists, with the names, addresses and telephone numbers of its customers, to suppliers or other companies. Before the release of information, the utility must disclose to its customers that it intends to release customer lists. If you do not want your information released, you must promptly inform the utility that you object to its release.

A utility cannot release any other information, including your customer billing and usage history, without your express consent. The only exception is the release of billing, credit or payment information for the purpose of bill collection or credit rating reporting.

NEW: As of July 2010, BGE is the only utility that has received permission to sell customer lists. The first customer notice will be sent in August 2010. You must contact BGE if you do NOT want BGE to sell your name, address and rate schedule information to retail suppliers.

A supplier may not disclose or resell customer information from a gas or electric utility.

Tip: Do not give a supplier or its agent your utility account number unless you are ready to sign up with that supplier. You also do not have to give a salesperson your social security number, or any other personal information. Dishonest companies may use this information to “slam” you (switch your service without permission) or defraud you.

What are energy suppliers?

You may choose an energy supplier that offers a lower price, different billing options or more renewable energy resources than your local utility.

Energy suppliers may compete with your local utility to sell you electricity and/or natural gas supply. Suppliers sell electricity and natural gas directly to consumers, using the utility's system to deliver the energy. You pay the utility for the delivery service, and the supplier for the energy.

An energy supplier is a company that sells the actual gas or electricity to you. A broker is an intermediary between you and the supplier, and should act on your behalf to locate the right service or price from a supplier. A marketer is an agent of the supplier. All of these companies must have a license from the PSC to do business in Maryland.

You do not have to choose a supplier different from the utility, and there is no deadline for choosing a supplier. Even if you do choose an energy supplier, the following protections still apply:

You will use the same wires to bring electricity into your home and you will still contact your local electric utility if the power goes out. Your electric utility will continue to respond to any emergency involving electric service.

You will use the same pipes to bring natural gas into your home, and you will still contact the local gas utility if you smell gas or have problems with your gas service. Your gas utility will continue to respond to any emergency involving gas service.

Energy suppliers may not discriminate based on race, color, creed, national origin or sex.

- Energy suppliers may not discriminate based on the economic character or collective credit reputation of your community. However, energy suppliers can take your individual credit score or history into account in making you an offer and can refuse to serve you based on your credit history.

If you are a low-income consumer, you may qualify for assistance from the Maryland Energy Assistance Program (MEAP) and the Electric Universal Service Program (EUSP) for your utility bills. The utility will apply your MEAP and EUSP benefits to your bills.

Checklist: Questions to ask an energy supplier

What is your company name and telephone number? What is the salesperson's name?

Are you licensed by the Public Service Commission to do business in Maryland? What is the license number?

Are you a Supplier or Broker or Marketer? If a broker or marketer, do you work with many suppliers or do you work as an agent for one supplier? Who pays you?

How long have you been in business? How many customers do you currently serve, and where?

What is the price in this offer? Is the price fixed, or does it vary by usage, season or time of day?

How does the price in this offer compare to the utility's price?

Are there any automatic price increases or decreases?

Is this a time limited offer? What is the deadline?

Are there any membership or start up fees?

Are there any customer charges, penalties or late fees?

How long is the contract (month to month; 12, 24 or 36 months)

Does the contract renew automatically? If so, at what price?

How do I cancel my contract? Is there a fee if I end the contract early? What is it?

Under what conditions can you end the contract early?

Will I receive one bill or two bills?

Do you offer additional services? What are they?

Can I receive any other benefits if I sign up with you?

When does service start after I sign a contract?

Five steps to assist you in choosing an energy supplier

1. Finding a supplier
2. Understanding the offers
3. Signing the contract
4. Receiving the service
5. Termination of Service by the Utility
6. Handling Disputes

1. Finding a supplier

You can receive offers for electricity or natural gas in the mail, over the telephone, from sales agents at your door, or over the Internet. You can also find information about energy suppliers on the Internet. All energy suppliers, including brokers and marketers, must apply for and receive a license in Maryland from the Public Service Commission. The licensing process establishes that a supplier is financially sound and has agreed to follow the consumer protection rules. The process also requires suppliers who collect deposits or prepayments to be bonded. The financial review for brokers and marketers is not as strict as the review for suppliers.

To find out if a supplier is licensed, contact the Public Service Commission (1-800-492-0474; www.psc.state.md.us/psc). Always ask the supplier for the license number. The number must appear in all of the company's brochures and on the contract.

Electricity and natural gas suppliers do not work for your local utility company. Your local utility may have an affiliated company that uses the utility name or logo and sells competitive electricity, natural gas or other services. This is permitted under Maryland law. However, affiliated gas or electricity suppliers cannot claim that they work for the utility or that customers will receive better service because the supplier is affiliated with the utility.

Door-to-door Sales:

The sales agent must identify himself and the company name, and the nature of the service. Ask for identification with all of this information. You must be given a contract with the company name and address, and date. The contract must contain all of the terms stated in this guide, and you must sign the contract. The contract or receipt must inform you that you have a 3 day right to cancel the contract. The agent must give you a Notice of Cancellation form.

On the telephone:

Ask for the telemarketer's name, and the name, telephone number and license number of the company he or she represents. If someone representing an energy supplier makes a sales pitch to you over the telephone, that supplier must follow special rules for telemarketers. For more information about energy telemarketers, see OPC's separate brochure, *Energy Telemarketing: What Consumers Should Know*.

Tip: Do not sign a contract with an energy supplier if you do not understand or feel under pressure. Walk away, hang up the phone or close the door to a salesperson who makes deceptive statements as part of a sales pitch. Legitimate energy suppliers do not need to deceive you to get your business.

2. Understanding the offers

If you do choose a new energy supplier, you usually must agree to a contract of 12, 24 or 36 months (one to three years). This is a much longer commitment than many Internet and long distance telephone services that allow you to switch providers at any time. Be sure you understand the price and terms of the offer before you make that commitment. Many contracts have hefty cancellation fees.

Be aware that some contracts include provisions that allow a supplier to cancel your service with 30 days notice. Such contracts may not provide long term price protection.

When making an offer, an energy supplier must give you the following information. Get this information *before* you agree to any contract.

The supplier's Maryland license number

Description of services offered

Price of the service, and any minimum contract terms necessary to obtain the advertised price

Length of the contract

Automatic renewal provisions

Deposit information, if a deposit is required

Procedure for canceling the contract, including any penalties for early cancellation

An explanation of whether the supplier can cancel the contract early, and the consumer's options if the supplier cancels the contract

Any additional fees or charges, other than for the energy supply

- Any cancellation fees

Remember, you are not required to sign a contract for electricity or natural gas supply. If you do nothing, you will remain a customer of your utility for both supply and delivery service.

Price information

Before reviewing any offers, look carefully at the different supply and delivery charges on your current utility bill. This will help you understand which charges you must continue to pay to your utility and which charges you will pay to the new supplier if you decide to switch.

While the Public Service Commission continues to oversee the rates for electricity and natural gas service provided by your utility company, they do not review the price of electricity or natural gas that you buy from a supplier other than your utility.

Make sure you understand *all* of the costs in the contract. Some prices may be fixed charges, and other prices may vary with usage. A supplier should describe all the prices in the service.

- The supplier must follow the PSC rules if it makes a price comparison with the utility supply price,

If the price varies over time, the supplier should state the formula used to calculate the price, and how frequently the price may change.

If the contract guarantees a discount from the utility's price, the supplier should clearly state how the discount will be applied: (1) on each monthly bill; (2) on the annual bill; or (3) during some other period.

Pricing is different for electricity and natural gas. The chart on the following page gives some basic information about pricing for each energy type.

Tip: Read the entire contract. Spend time reviewing the written contract before you even consider signing it. You do not have to sign a contract presented by a door-to-door salesperson right away. You do not have to agree to a contract over the telephone. You can always contact the supplier later if you decide to sign up for their service.

Electricity

The price for one unit of electricity appears on your utility bills as the rate per kilowatt hour (kwh). The utility price for electricity supply used to be called the price to compare. As of August 2010, you will see the actual supply price. This price appears separately on your electric bill.

Any advertisement that compares a supplier price with the utility price must follow the PSC rules on price comparisons and show the actual utility supply prices. The price you pay the supplier could be higher or lower the period of your contract.

You can contact your local utility to obtain information on the price for Standard Offer Service or check the OPC website for price comparison information. See www.opc.state.md.us.

Natural Gas

The price for one unit of natural gas appears on your utility bill as either the commodity rate per therm or the commodity rate per hundred cubic feet (ccf). Natural gas prices can change monthly and are usually highest during the winter months.

Natural gas suppliers must provide price comparisons in the same units (therms or ccf) used by the utility. A sales person may compare the offer price to the local gas company's past gas prices. The price you pay the supplier could be higher or lower than the utility's historic prices over the period of your contract.

Contact your local utility to obtain information on natural gas commodity prices. The PSC also has the past 3 years of natural gas supply prices for gas utilities (1-800-492-0747; www.psc.state.md.us).

Tip: *Don't sign a contract with prices, fees or terms that you do not understand. If you are confused by the supplier's information, ask a friend or relative to go over the offer with you. You can also call the Office of People's Counsel (OPC). While OPC cannot tell you whether to sign a contract, we can explain contract terms and provisions to help you make a decision.*

3. Signing the Contract

There are several ways to formally accept a supply contract. You can physically sign the contract, agree to the contract electronically over the Internet or agree to the contract verbally over the telephone. The actual utility customer (the person whose name is on the bill) must sign or agree to the contract. The contract must contain all the information listed on page 6.

In most cases, a supplier must provide you with a written contract and obtain your signature. The only exceptions to the signature requirement are Internet contracts and some telephone contracts:

Door to Door Sales

The sales agent must provide you with a written contract and get your signature. You must receive a copy of it. You have the right to cancel the contract within 3 days of signing the contract. The sales agent must give you written notice of this right and give you a ~~%~~Notice of Cancellation form.

Telephone Contracts

If the Telephone Solicitations Act applies to the transaction, the supplier must get a signed contract from the customer. For all telephone transactions, the supplier must use a 3rd party to verify or record the conversation; disclose all material terms to the customer during the call; and mail a complete written contract within 3 days. For more information, see OPC's guide, *Energy Telemarketing: What Consumers Should Know*.

Internet Contracts

A supplier that signs up customers through a website must comply with all the other consumer protection requirements described in this book. The entire contract should appear on the customer's computer screen and be printable. A customer may send acceptance of an Internet contract electronically. The supplier must ask for proof of identity to confirm that the person on-line is actually the customer making the contract.

After you contract with a supplier, the supplier must send you a packet of customer service information. Keep a copy of the contract and all the consumer information in a safe place. Make a note of when the contract begins and ends.

4. Receiving the Service

If you choose an energy supplier, you should expect to receive electricity or natural gas from the supplier for the length of the contract. Be sure to save copies of the contract and all correspondence with the supplier concerning your account.

The start date of your service will usually be two to six weeks after the contract date, and depends on your utility billing cycle.

Slamming

If you receive a letter ~~w~~welcoming you to an electricity or natural gas supply service that you did not sign up for, you may have been slammed. An electricity or gas supplier may not switch your service without your permission. This illegal practice is called ~~s~~lamming. If you discover you have been slammed, contact the supplier immediately and tell them to stop the switch. If you cannot get the dispute resolved with the supplier, contact the Public Service Commission and file a written complaint. The supplier may be subject to penalties.

Tip: The Office of People's Counsel recommends that you always file a complaint with the Public Service Commission if you have been slammed. Consumer complaints help state regulators identify dishonest energy suppliers.

Contract Renewal

Read all contract renewal information carefully. Many contracts renew automatically. You should make a note of the renewal date. The supplier must send a notice of automatic renewal of any contract, with a term longer than one month, 45 days before the automatic renewal date. The supplier must highlight and clearly state any changes in the price or other terms of the new contract.

Contract Cancellation by Customer

Most supplier contracts have a cancellation fee for early termination. If you are considering cancelling your contract because of a ~~b~~better price elsewhere or for any other reason, check the cancellation fee to make sure that it makes financial sense to cancel the contract early.

If you do not want to continue with the supplier *after* the initial contract term is over, you must act to cancel the contract within the period stated in the renewal notice. A supplier may require you to pay a cancellation fee or other charges if the contract renews and you then wish to cancel.

Contract Cancellation by Supplier

Your contract must state the conditions for termination of your contract by the supplier. At a minimum, your contract may be terminated for non-payment.

If your supplier cancels your contract, or goes out of business, your service will automatically return to your utility. The utility cannot charge you a fee to return. You will receive electricity or natural gas supply at your utility's regulated price.

5. Termination of Service by the Utility

NEW

Beginning in mid-July 2010, your local gas or electric company may shut off your **distribution service** if the utility bills you for supplier service and you have an outstanding bill with that supplier. This is a result of new PSC regulations that require utilities to buy the accounts receivables from suppliers.

If you receive a termination notice from the utility, check out the section below on [Handling Disputes](#).

6. Handling Disputes

Your Accounts Are Current. If you have a dispute about the offer, contract, service or charges from the supplier, contact the supplier - not the utility - to resolve the matter. If you cannot resolve the dispute with the supplier, you should contact the PSC's Office of External Relations (OER).

You Have an Outstanding Bill. If you have a dispute with the supplier, and have an outstanding bill OR have received a shut-off notice from your utility, you should contact BOTH the supplier and the utility to dispute the bill. If you cannot resolve the dispute with the supplier and/or utility, you must file a complaint with the PSC's OER to avoid service termination.

Tip: You must pay the undisputed charges in order to avoid termination of your service.

Tip: The utility cannot disconnect you for non-payment of the utility or supplier charges as long as you are on service and have filed a dispute with the PSC.

Contact the PSC Office of External Relations (1-800-492-0474) and ask to file a written complaint. You may also file a complaint online at www.psc.state.md.us.

Information Resources

Consumer Rights and Education Office of People's Counsel
1-800-207-4055 www.opc.state.md.us

Contact our office if you have questions about electricity or natural gas offers, cannot resolve a dispute with your utility, need help getting energy assistance, or if you have questions about the law, regulations, or process for filing consumer complaints.

Information on Licensed Suppliers
Maryland Public Service Commission
1-800-492-0474 www.psc.state.md.us (Link: %Licensed Suppliers)

Complaints Maryland Public Service Commission, Office of External Relations
1-800-492-0474 www.psc.state.md.us/psc

Financial Assistance with Energy Bills Office of Home Energy Programs 1-800-352-1446 www.dhr.state.md.us/meap

About the Maryland Office of People's Counsel

The Office of People's Counsel is an independent state agency that represents residential consumers of electricity, natural gas, telephone and private water services.