



FACT SHEETS:

**CONSUMER INFORMATION
ABOUT RETAIL GAS AND
ELECTRICITY SUPPLIERS**

General Rules

Contracting Methods

Contract Terms

Variable Rate Contracts

Renewable Energy Supplier Contracts

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RETAIL ENERGY SUPPLIERS WHAT EVERY CONSUMER SHOULD KNOW BEFORE YOU SIGN

- You can choose to purchase your gas or electricity supply from your utility or a retail energy supplier
- If you buy your gas or electricity supply from a licensed energy supplier:
 - Your gas utility will deliver your gas – you pay distribution rates
 - Your electric utility will deliver your electricity – you pay distribution rates
- The supplier must be licensed by the Public Service Commission
 - Check www.psc.state.md.us to see the list of active suppliers in your service area
 - Verify that a supplier is on the list before you agree to a contract
 - Make sure the license # is on your contract
- Suppliers must follow the rules for supplier marketing and contracting
 - No slamming (utility customer is the only person authorized to switch)
 - Marketing and solicitation
 - No unfair and deceptive practices
 - Provide specific contract terms
 - Use specific contract methods
- The Commission does not control the prices charged by suppliers
 - The price terms are set in your supplier contract
 - **BUT:** suppliers cannot be misleading or deceptive about the price term when marketing or contracting with you
- You can file a complaint with the Commission if you have a disagreement and cannot resolve it with the supplier
- Most suppliers include their charges separately on your utility bill
 - Some suppliers may send a separate bill
- If you cancel or do not renew a contract, you will return to utility supply service unless you enter into a contract with another supplier.
- **If suppliers do not comply with the Door to Door Sales Act or the Telephone Solicitation Act, they are in violation of their supplier license and should be reported to the Commission**

**CHECK OUT THE OPC Supplier Fact Sheets and
Price Comparison Guide BEFORE you switch to a supplier.**

ENERGY SUPPLIER CONTRACT TERMS WHAT CONSUMERS NEED TO KNOW

Make sure you review, understand and compare all of these before you agree to sign with a supplier

NEW!! As of MAY 1, 2016:

- Only the utility customer (or a legal representative) can enter into a contract with a supplier. No other person is authorized to sign for a customer
- Each supplier MUST give you a completed CONTRACT SUMMARY of all major contract terms AND the full contract
- EACH SUPPLIER MUST GIVE YOU ACCESS TO RATE CHANGE INFORMATION AT LEAST 12 DAYS PRIOR TO THE CLOSE OF YOUR BILLING PERIOD
 - The supplier must tell you HOW to access the rate
 - The rate must be in a clear, easy to access format
 - Written notice is required if there is a rate change from a teaser rate (for 3 months or more) to a variable rate, and the rate change \geq 30% of the current rate

CONTRACT TERMS

- **PRICE**
 - This is the price for gas or electricity supply
 - You will still pay your local utility for distribution costs, taxes and surcharges
 - Types
 - Fixed rate – Examples: 9.4 ¢/kwh (E) or 34¢/therm (G)
 - **Variable charges**
 - Initial fixed “teaser” rate – Typically 1, 3, or 6 months
 - **Variable rate – HIGH RISK**
 - See our *FACT SHEET on VARIABLE RATES*
 - Almost all suppliers charge what they want
 - **NEW:** If there is no limit on price changes, the supplier must disclose this in the contract
 - **NEW:** If there is a limit on price changes, such as a price cap, the supplier must disclose this in the contract

- IF there is no limit, rates can go as high as the supplier wants
 - 2014 Winter rates: 2-4X the utility supply price
 - OPC has not seen these variable rates go lower than the initial rate
 - It may take 2-3 months to switch to utility or other supplier
 - **NEW:** After 12/30/16, electric utilities will have to process switches within 3 business days; gas utilities will also have to switch faster
- **WATCH OUT! - you may not get a lower rate overall**
 - **Things to Watch For:**
 - Low teaser rates followed by a variable rate
 - “Guaranteed” savings
 - “Save up to X%” - This can be anything from 0% to X%
 - Gift card/airline mileage/train points with a specific rate
 - Does the combination have real value for you?
- **Fees**
 - Some suppliers charge an extra monthly fee in addition to the usage rate
 - **TYPES:** Account management fee, administrative fee, consolidated billing charges
 - A fee of \$5.00/mo can be equal to another ½ cent on the kwh rate on an average customer bill
- **Contract term**
 - **Fixed term**
 - Usually 6 months, or 1, 2 or 3 years
 - Summer (June –Sept) or winter (Oct-May) rate only
 - **Initial teaser rate (fixed)/variable rate (month to month)**
 - Initial term – Typically 1, 3 or 6 months
 - **Month to month**
- **Cancel fee**
 - Almost all fixed term contracts have a cancellation fee
 - Sometimes the longer the contract, the higher the fee –if you cancel early in the contract, it can offset or exceed any price benefits
 - **BEWARE:** Price offers from other suppliers during the term of your contract
 - **NO MATTER WHAT YOU ARE TOLD**, if you switch, and there is a cancel fee, you will be charged a cancel fee if it is in your first supplier contract

- **Contract cancellation – When and How to do it**
 - **When:** You can cancel “at any time” with no fee; you can cancel at any time and pay a fee; OR you must give 30 day notice
 - **Check your contract before you cancel**
 - **How:** The contract will state the methods you must follow
 - Telephone
 - Internet
 - In writing

- **Budget Billing**
 - Utilities do not include supplier charges in budget billing programs
 - You will need to contact your supplier separately to see if they offer budget billing for supply
 - **Caution:** Budget billing of supplier charges is not regulated – you need to make sure there are regular adjustments to avoid a sudden high bill for under-charges

- **Automatic renewal**
 - **Fixed term**
 - Supplier contracts almost always have an automatic renewal clause
 - You will receive a notice 45 days before the term ends – OPEN IT
 - The supplier can change your price or other service term – READ the NOTICE
 - Check the price and other terms against other supplier offers and the utility price – IF YOU DON’T LIKE THE NEW TERMS, DO NOT RENEW THE CONTRACT. The contract will give you instructions for cancellation
 - IF the contract renews as a month to month (typical), you will not receive another notice to renew
 - IF the contract renews it is likely at a variable rate
 - **NEW: The Notice must tell you how to access rates for next billing cycle, and disclose whether there are limits (or not) on the variability of the rate – i.e., on how high the rate can go**
 - If you cancel or do not renew a contract, you will return to utility supply service unless you enter into a contract with another supplier
 - **Month to month**
 - You will NOT receive a renewal notice
 - Fixed contracts can renew at a higher rate or a variable rate
 - Check the contract cancellation method to cancel the contract

ENERGY SUPPLIER CONTRACT METHODS WHAT CONSUMERS NEED TO KNOW

- **IMPORTANT RULES:**
 - ONLY SAY YES WHEN AND IF YOU WANT TO
 - DO NOT SHOW ANYONE YOUR BILL OR YOUR ACCOUNT NUMBER UNLESS YOU WANT TO SWITCH TO THEIR SERVICE
 - ALWAYS INSIST: YOU SIGN AND RECEIVE A COPY OF A WRITTEN CONTRACT
 - KEEP THE CONTRACT WITH YOUR IMPORTANT PAPERS

- **Direct mail**
 - The written offer must contain all the major terms of the contract
 - You can sign the offer and return
 - Make a copy of your signed agreement before you return it
 - The offer may state that you can call the supplier to complete the agreement
 - If you call the supplier, the phone solicitation rules do **not** apply
 - State clearly during the call the price term, length of contract, any additional fees, cancellation policy and fee (if any) that you agree to
 - Ask questions and do not agree to sign up if you do not understand

- **Solicitation in your home or outside your home (e.g., PTA, mall)**
 - **Supplier often use agents (non-employees) to do door to door sales**
 - Some counties require peddler licenses – the agent must have one
 - The agent must have a company logo and ID, and (**NEW**) give you a business card or other writing with name of the company and agent
 - Your local utility will NOT come to your home asking to check your bill or your account number or to offer you a lower price
 - If someone says “I work for the utility” and is pushing a better price, **BEWARE** – you are being **SLAMMED**. Close the door before you are switched without your permission
 - You do not have to sign a contract “right now” or any time – it is better to “lose a deal” than agree without all the facts
 - The supplier must give you a contract and get your signature
 - You have the **RIGHT TO CANCEL** IN 5 business days
 - For persons aged 65 and over, the time to cancel is 7 business days
 - The supplier must give you a **NOTICE OF RIGHT TO CANCEL**
 - The notice must be separate from the contract and signed by you

- **Telemarketing**
 - Many suppliers use telemarketers to market their offers
 - **Do Not Call Registry:** If your name is on the registry, get the name of the supplier calling, hang up and file a complaint with the PSC about the supplier
 - The caller must identify herself and the company right away
 - The caller must explain the major terms of the offer
 - In order for this to be a valid agreement, you **MUST** receive a written contract after the call, sign it and send it back
 - **Exception:** ONLY If you have a prior business relationship OR you received information about the offer before the call
 - **TIP:** If these do not apply, say so on the call
 - Telemarketers will record the call or use a third party to verify (TPV) the phone agreement
 - The caller must answer all of your questions
 - If you do not wish to switch to their service, do **not** provide your utility account or customer number

- **Internet**
 - Suppliers must have a website
 - You can review contract terms on the website
 - The contract terms and conditions must be printable
 - Your electronic signature is acceptable

ENERGY SUPPLIER CONTRACTS WHAT CONSUMERS NEED TO KNOW ABOUT VARIABLE RATE CONTRACTS

OPC recommends that you exercise caution if you are thinking about variable rate contracts

ASK YOURSELF: Can I afford to pay for potentially large increases in my monthly bill?

CHECK OUT the following FACTS to see if a variable rate contract is right for you

- Energy suppliers offer both fixed rate and variable rate contracts
- The supply portion of the bill is about 2/3 of your entire bill
- Fixed rate contracts allow you to compare the supplier offer to the utility supply rate (SOS) and fixed rate offers from other suppliers
 - Examples: 9.6 ¢/kwh (Electric) or 50 ¢/therm (Gas)
 - Check out OPC's Price Comparison Guides at www.opc.maryland.gov
- Variable rate contracts can be HIGH RISK for consumers
 - **Winter 2012-2013:** Starion Energy charged Maryland consumers up to double the SOS rate and rates of most other suppliers “based on market conditions.” The “conditions” driving the increase were in the New England wholesale market, not in Maryland
 - **Winter 2013-2014:** Suppliers charged Maryland consumers 2 – 4 times the utility supply price (SOS), up to 48 ¢/kwh. Consumers' bills skyrocketed. The penny or two per kwh that may have been saved was swallowed by the 10, 20 or 30 cents per kwh additional that customers paid during those months
 - Suppliers often have low initial rates followed by variable rates
 - A penny or two per kwh can look good in the fall, but you may pay the price with a high variable rate in the winter
 - OPC has seen the rates go up from a “teaser” rate, but has not seen the rates go down
 - Almost all suppliers charge what they want month to month
 - There may be no transparency in how the rate is calculated

- The contracts may have no formula or index, or restriction on increases in the rate
 - **NEW RULE:** If there is no limit on rate changes, the supplier must disclose this in the contract
 - **NEW RULE:** If there is a limit on rate changes, such as a price cap, the supplier must disclose this in the contract
- **Current:** If the rate goes up, it may take 2 or more months to cancel the contract and switch to the utility or another supplier
- **NEW RULE:** After 12/30/2016, electric utilities will have to process switches within 3 business days; gas utilities also will have to switch faster

RENEWABLE ENERGY – SUPPLIER CONTRACTS

WHAT MARYLAND CONSUMERS NEED TO KNOW

- All electricity supply sold to Maryland consumers **must** include a certain percentage of renewable energy
 - MD: Renewable portfolio standard (**RPS**)
 - Applies to utility and all licensed electricity suppliers
 - 2017: 13.1% (including 1.15% from solar)
 - 2020: 25.0% (including 2.5% from solar)
- There are alternatives if you are interested in supporting the growth of renewable energy resources
- Some licensed electricity suppliers offer renewable energy supply
 - Check out **OPC's price comparison guide**
 - www.opc.maryland.gov
- The commitment to supply you with renewable energy must be clearly stated in your agreement
 - Understand what you are getting when you buy “renewable” energy
 - Compare other general contract terms on price, fees, cancellation policies
 - Check out **OPC's Fact Sheet on Contracting Terms**
- **Common terms – no single definitions**
 - **Renewable energy**
 - Produced from a variety of naturally replenished resources
 - Examples: solar PV, solar thermal, wind, geothermal, hydropower, biogas, waste-to energy or a combination
 - Does not include fossil or nuclear fuels
 - **Green power** (as defined by EPA)
 - A subset of renewable energy
 - Solar
 - Wind
 - Geothermal
 - Biogas (includes landfill gas)
 - Biomass
 - Low-impact small hydroelectric resources
 - **Clean energy – not necessarily the same as renewable energy; no common definition but may include:**
 - Renewable energy

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- Energy efficiency
 - Nuclear
- **Renewable energy – what are you getting?**
 - You can compare supply offers based on type of renewable resource, and characteristics:
 - Physical: size, location, fuel type
 - Environmental
 - Economic: Jobs and economic development
 - Social: Health and safety; social equity
 - Renewable energy generation has 2 products
 - Physical electricity
 - Renewable Energy Certificate (**REC**)
 - An energy supplier may purchase both together, or the REC can be purchased separately
 - The supplier must have ownership of the REC
 - You will not get “green electrons”
 - Renewable energy is mixed with other generation resources on the electricity grid
 - It is not possible to track physical electrons from point of generation to point of use
- **What are RECs?**
 - A REC represents the property rights to the environmental and other qualities of renewable energy
 - A REC puts a dollar value on the environmental benefits of 1,000 kwh (1 MWH) of renewable energy
 - RECs allow the purchase of renewable energy across broader geographic areas
 - The sale of RECs supports the development of renewable energy resources in the U.S and may reduce the use of fossil fuel-based generation resources
 - See www.epa.gov/greenpower
- **What is “Certified Green” Electricity?**
 - An independent organization certifies and verifies the renewable energy resource under its standards
 - Green-e Energy is one independent certification and verification program for renewable energy
 - Administrator: Center for Resource Solutions
 - Check out www.green-e.org
 - What does it certify and verify?
 - List of Green-e certified energy suppliers in Maryland
 - Certified suppliers will have a Green-e logo

- Questions to ask – What are you interested in supporting?
 - Is the percentage of renewable energy listed in the contract incremental to the Maryland RPS requirement?
 - What exactly is the **source** of renewable energy you are supporting –wind; solar? Biomass? Renewable (multiple sources)
 - What is included in “biomass” resources?
 - Examples: woody waste, black liquor (pulp and paper processing), agricultural crop residue, animal or poultry waste, landfill gas; waste to energy
 - What **percentage** (%) of the total supply is renewable?
 - What is the percentage of each source in a contract term labeled “renewable”?
 - What is the **location** source of the supply?
 - Maryland
 - Regional (PJM states)
 - Outside of, but adjacent to, a PJM state, with delivery to PJM regions
 - In any other state
 - When did the generation occur?
 - Is the renewable generation over and above the mandated RPS standard in Maryland?

- Marketing claims to avoid
 - Do not rely on general marketing statements
 - “We support clean energy”
 - “We buy wind power”
 - “Your purchase will reduce emissions”

For more information on renewable energy, see
www.epa.gov