



House of Representatives

File No. 677

General Assembly

January Session, 2021

(Reprint of File No. 169)

Substitute House Bill No. 6526
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 10, 2021

AN ACT CONCERNING ELECTRIC SUPPLIERS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subparagraph (A) of subdivision (7) of subsection (h) of
2 section 16-245o of the general statutes is repealed and the following is
3 substituted in lieu thereof (*Effective July 1, 2021*):

4 (7) (A) No contract for electric generation services by an electric
5 supplier shall require a residential customer to pay any fee for
6 termination or early cancellation of a contract. [in excess of fifty dollars,
7 provided when an electric supplier offers a contract, it provides the
8 residential customer an estimate of such customer's average monthly
9 bill, and provided further it] It shall not be considered a termination or
10 early cancellation of a contract if a residential customer moves from one
11 dwelling within the state and remains with the same electric supplier.

12 Sec. 2. Subdivision (1) of subsection (h) of section 16-245o of the
13 general statutes is repealed and the following is substituted in lieu

14 thereof (*Effective July 1, 2021*):

15 (h) (1) Any third-party [agent] who contracts with or is otherwise
16 compensated by an electric supplier to sell electric generation services,
17 or contracts with or is compensated by a third-party marketer of the
18 electric supplier to sell electric generation services for the electric
19 supplier, shall be a legal agent of the electric supplier. No third-party
20 [agent] may sell electric generation services on behalf of an electric
21 supplier unless [(A) the third-party agent is an employee or
22 independent contractor of such electric supplier, and (B) the third-party
23 agent] such third party has received appropriate training directly from
24 such electric supplier.

25 Sec. 3. Subsection (m) of section 16-245o of the general statutes is
26 repealed and the following is substituted in lieu thereof (*Effective July 1,*
27 *2021*):

28 (m) The Public Utilities Regulatory Authority may initiate a docket to
29 review the feasibility, costs and benefits of placing on standard service,
30 or of otherwise limiting the ability to contract with electric suppliers, all
31 customers [of all electric suppliers] (1) who are hardship cases for
32 purposes of subdivision (3) of subsection (b) of section 16-262c, (2)
33 having moneys due and owing deducted from such customers' bills by
34 the electric distribution company pursuant to subdivision (4) of
35 subsection (b) of section 16-262c, (3) receiving other financial assistance
36 from an electric distribution company, or (4) who are otherwise
37 protected by law from shutoff of electricity services. Notwithstanding
38 the provisions of section 16-245r, the authority may, in a final decision
39 issued pursuant to this subsection, (A) order all such customers to be
40 placed on standard service, (B) order all customer contracts with electric
41 suppliers, entered into on and after a determined date, to be at or below
42 the standard service rate, or (C) order all customer contracts, entered
43 into on and after a determined date, to comply with appropriate
44 limitations the authority deems necessary. If the authority issues such
45 an order, it shall reopen such docket not less than every two years.

46 Sec. 4. Subsection (g) of section 16-245o of the general statutes is
47 repealed and the following is substituted in lieu thereof (*Effective July 1,*
48 *2021*):

49 (g) (1) Between thirty and sixty days, inclusive, prior to the expiration
50 of a fixed price term for a residential customer, an electric supplier shall
51 provide a written notice of the contract expiration to such customer. [of
52 any change to the customer's electric generation price] Any new contract
53 shall contain a cover page highlighting each change from the prior
54 contract, in a format prescribed by the Public Utilities Regulatory
55 Authority. Such residential customer shall select the method of written
56 notice at the time the contract is signed or verified through third-party
57 verification as described in subdivision (2) of subsection (f) of this
58 section. Such selection shall include the option for written notice
59 through United States mail, electronic mail, text message, an application
60 on a cellular telephone or a third-party notification service approved by
61 the authority. Such customer shall have the option to change the method
62 of notification at any time during the contract.

63 (2) No electric supplier shall charge a residential customer month-to-
64 month variable rates for electric generation services following the
65 expiration of a contract entered into after June 3, 2014, without
66 providing written notification to such residential customer forty-five
67 days prior to the commencement of such month-to-month variable
68 rates. Such notice shall include the highest and lowest electric
69 generation service rate charged by such supplier as part of a variable
70 rate offer in each of the preceding twelve months to any customer
71 eligible for standard service. The residential customer shall select the
72 method of written notification at the time the contract is signed or
73 verified through third-party verification as described in subdivision (2)
74 of subsection (f) of this section. Such selection shall include the option
75 for written notice through United States mail, electronic mail, text
76 messages, an application on a cellular telephone or a third-party
77 notification service approved by the authority. Such customer shall have
78 the option to change the method of notification at any time during the
79 contract.

80 (3) No electric supplier shall charge an electric generation service rate
81 to a residential customer that is twenty-five per cent more than the
82 original contract price, [of a contract entered into after June 6, 2014] or
83 more than the first price term offered in the contract, without notifying
84 such customer of the rate change [fifteen] thirty days before it takes
85 effect.], provided such notice shall only be required for the first instance
86 such rate is twenty-five per cent more than the original contract price.
87 After such one-time notice, no electric supplier shall charge an electric
88 generation service rate to a residential customer that is twenty-five per
89 cent more than the most recent notice of the rate change without
90 notifying such customer of the rate change fifteen days before it takes
91 effect.] Any notification described in this subdivision shall be provided
92 pursuant to the method agreed to by the customer in the contract and
93 may include written notice through United States mail, electronic mail,
94 text message, an application on a cellular telephone, or third-party
95 notification service approved by the authority. The electric supplier
96 shall maintain documentation of the original method of communication
97 of the notice.

98 (4) On and after October 1, 2015, no electric supplier shall (A) enter
99 into a contract to charge a residential customer a variable rate for electric
100 generation services; or (B) automatically renew or cause to be
101 automatically renewed a contract with a residential customer and,
102 pursuant to such contract, charge such customer a variable rate for
103 electric generation services. Notwithstanding any provision of title 16,
104 on and after July 1, 2022, no electric supplier shall charge a residential
105 customer a variable rate for electric generation services. On and after
106 July 1, 2022, any contract between an electric supplier and a residential
107 customer that provides for the use of such variable rates shall be deemed
108 null and void.

109 Sec. 5. Subdivision (8) of subsection (h) of section 16-245o of the
110 general statutes is repealed and the following is substituted in lieu
111 thereof (*Effective July 1, 2021*):

112 (8) An electric supplier shall not make a material change in the terms

113 or duration of any contract for the provision of electric generation
114 services by an electric supplier without the express consent of the
115 customer. Nothing in this subdivision shall restrict an electric supplier
116 from renewing a contract by clearly informing the customer, in writing,
117 not less than thirty days or more than sixty days before the renewal date,
118 of the renewal terms, including a summary of any new or altered terms,
119 and of the option not to accept the renewal offer, provided no fee
120 pursuant to subdivision (7) of this subsection shall be charged. [to a
121 customer who terminates or cancels such renewal within the first two
122 billing cycles of the renewed contract.]

123 Sec. 6. Subsection (j) of section 16-245 of the general statutes is
124 repealed and the following is substituted in lieu thereof (*Effective July 1,*
125 *2021*):

126 (j) No license may be transferred, and no customer may be assigned
127 or transferred, without the prior approval of the authority. Notice of
128 such assignment or transfer shall be provided to the Public Utilities
129 Regulatory Authority at least thirty days prior to the effective date of
130 the assignment or transfer of a customer from one electric supplier to
131 another electric supplier. The authority may, upon its review of such
132 notice, require certain conditions or deny assignment or transfer of such
133 customer. Customer assignment or transfer shall be approved, modified
134 or denied by the authority within thirty business days of the authority's
135 receipt of such notice from the electric supplier, unless the authority and
136 electric supplier agree to a specified extension of time, or such
137 assignment or transfer is deemed approved. The authority may assess
138 additional licensing fees to pay the administrative costs of reviewing a
139 request for such transfer.

140 Sec. 7. Subsection (a) of section 16-245 of the general statutes is
141 repealed and the following is substituted in lieu thereof (*Effective July 1,*
142 *2021*):

143 (a) No person shall execute any contract relating to the sale of electric
144 generation services to be rendered after January 1, 2000, to end use

145 customers located in the state unless such person has been issued a
146 license by the authority in accordance with the provisions of this section.
147 No license shall be valid before July 1, 1999. The Public Utilities
148 Regulatory Authority shall have the authority to condition an electric
149 supplier's license and access to the systems and billing of the electric
150 distribution companies on terms the authority determines to be just and
151 reasonable, including, but not limited to, proof that the electric
152 supplier's products are not overpriced or harmful to residential
153 customers.

154 Sec. 8. Subsection (k) of section 16-245 of the general statutes is
155 repealed and the following is substituted in lieu thereof (*Effective July 1,*
156 *2021*):

157 (k) Any licensee who fails to comply with a license condition or who
158 violates any provision of this section, except for the renewable portfolio
159 standards contained in subsection (g) of this section, shall be subject to
160 civil penalties by the Public Utilities Regulatory Authority in accordance
161 with section 16-41, [or] including direction that a portion of the civil
162 penalty be paid to a nonprofit agency engaged in energy assistance
163 programs named by the authority in its decision or notice of violation,
164 the suspension or revocation of such license [or] and a prohibition on
165 accepting new customers following a hearing that is conducted as a
166 contested case in accordance with chapter 54. Notwithstanding the
167 provisions of subsection (b) of section 16-244c regarding an alternative
168 transitional standard offer option or an alternative standard service
169 option, the authority shall require a payment by a licensee that fails to
170 comply with the renewable portfolio standards in accordance with
171 subdivision (4) of subsection (g) of this section in the amount of: (1) For
172 calendar years up to and including calendar year 2017, five and one-half
173 cents per kilowatt hour, (2) for calendar years commencing on January
174 1, 2018, and up to and including the calendar year commencing on
175 January 1, 2020, five and one-half cents per kilowatt hour if the licensee
176 fails to comply with the renewable portfolio standards during the
177 subject annual period for Class I renewable energy sources, and two and
178 one-half cents per kilowatt hour if the licensee fails to comply with the

179 renewable portfolio standards during the subject annual period for
 180 Class II renewable energy sources, and (3) for calendar years
 181 commencing on and after January 1, 2021, four cents per kilowatt hour
 182 if the licensee fails to comply with the renewable portfolio standards
 183 during the subject annual period for Class I renewable energy sources,
 184 and two and one-half cents per kilowatt hour if the licensee fails to
 185 comply with the renewable portfolio standards during the subject
 186 annual period for Class II renewable energy sources. On or before
 187 December 31, 2013, the authority shall issue a decision, following an
 188 uncontested proceeding, on whether any licensee has failed to comply
 189 with the renewable portfolio standards for calendar years up to and
 190 including 2012, for which a decision has not already been issued. On
 191 and after June 5, 2013, the Public Utilities Regulatory Authority shall
 192 annually conduct an uncontested proceeding in order to determine
 193 whether any licensee has failed to comply with the renewable portfolio
 194 standards during the preceding year. Not later than December 31, 2014,
 195 and annually thereafter, the authority shall, following such proceeding,
 196 issue a decision as to whether the licensee has failed to comply with the
 197 renewable portfolio standards during the preceding year. The authority
 198 shall allocate such payment to the Clean Energy Fund for the
 199 development of Class I renewable energy sources, provided, on and
 200 after June 5, 2013, any such payment shall be refunded to ratepayers by
 201 using such payment to offset the costs to all customers of electric
 202 distribution companies of the costs of contracts and tariffs entered into
 203 pursuant to sections 16-244r, 16-244t and section 16-244z. Any excess
 204 amount remaining from such payment shall be applied to reduce the
 205 costs of contracts entered into pursuant to subdivision (2) of subsection
 206 (j) of section 16-244c, and if any excess amount remains, such amount
 207 shall be applied to reduce costs collected through nonbypassable,
 208 federally mandated congestion charges, as defined in section 16-1.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2021	16-245o(h)(7)(A)
Sec. 2	July 1, 2021	16-245o(h)(1)

Sec. 3	<i>July 1, 2021</i>	16-245o(m)
Sec. 4	<i>July 1, 2021</i>	16-245o(g)
Sec. 5	<i>July 1, 2021</i>	16-245o(h)(8)
Sec. 6	<i>July 1, 2021</i>	16-245(j)
Sec. 7	<i>July 1, 2021</i>	16-245(a)
Sec. 8	<i>July 1, 2021</i>	16-245(k)

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Resources of the General Fund	GF - Potential Revenue Loss	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

There is a potential revenue loss to the General Fund resulting from the bill as amended, which makes various regulatory changes to electric suppliers operating in the state.

The bill as amended permits the Public Utilities Regulatory Authority (PURA) to redirect civil penalties paid by electric suppliers to nonprofits as restitution. There is a revenue loss equal to any proceeds redirected from the General Fund. Based on data provided by PURA, recent penalties assessed to electric supply companies have ranged from \$60,500 to \$5 million.

House "A" prohibits electric suppliers from charging a variable rate for electric generation to residential customers, makes clarifying changes, and does not result in a fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the amount in penalties redirected to nonprofits.

OLR Bill Analysis**sHB 6526 (as amended by House "A")******AN ACT CONCERNING ELECTRIC SUPPLIERS.*****SUMMARY**

This bill 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 electric utilities at the standard service rate or (2) through contracts with an electric supplier at the supplier's rates.)

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

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

The bill 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 bill 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 electric 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 requires suppliers to get PURA's approval to transfer or assign customers. The bill 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 bill also makes technical and conforming changes.

*House Amendment "A" (1) prohibits suppliers from charging variable rates to residential customers, (2) deems residential contracts with variable rates null and void, (3) removes a prohibition on automatic renewal provisions in supplier contracts, and (4) removes a provision requiring suppliers to have a residential customer's affirmative consent in order to enter into a new contract.

EFFECTIVE DATE: July 1, 2021

§ 2 — THIRD-PARTY CONTRACTORS

Under current law, any third-party agent who contracts with, or is otherwise compensated by, an electric supplier to sell generation services is a legal agent of the supplier. In order to sell generation services on the supplier's behalf, the agent must (1) be an employee or independent contractor of the supplier and (2) receive appropriate training from the supplier. The bill expands this provision to also apply to third parties who contract with or are compensated by a third-party marketer of the electric supplier to sell generation services. In order to sell generation services for the supplier, the bill only requires that the third party receive appropriate training from the supplier.

§ 3 — PURA ORDERS FOR HARDSHIP CASES

The bill expands PURA's authority to take certain actions affecting customers with low incomes or experiencing certain hardships who purchase through electric suppliers. Current law allows PURA to initiate a docket to review the feasibility, costs, and benefits of placing these customers on standard service (supplied directly through the EDCs), and may order this to be done in its final decision. PURA's

docket must consider all hardship customers, customers participating in a matching payment program to reduce arrearages, customers receiving other financial assistance from an EDC, or customers who are otherwise protected by law from electricity shutoffs.

The bill 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. The bill 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 bill, if PURA issues such an order, it must reopen the docket at least every two years.

§ 4 — RESIDENTIAL VARIABLE RATES PROHIBITED

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

Under current law, an electric supplier must provide written notice of any change in a residential customer's electric generation price between 30 and 60 days before their fixed price term expires. The bill instead requires the supplier to provide this notice for the contract's expiration. The new contract must contain a cover page highlighting each change from the previous contract, in a format PURA prescribes.

Under current law, suppliers must notify a residential customer of any rate change that is 25% more than the original contract price 15 days before the change takes effect. However, this notification requirement only applies to the first instance of such a rate increase. The bill (1) removes this limit on notices, (2) moves up the notice deadline to 30 days before the change takes effect, and (3) additionally applies this notice requirement when the rate change is more than the first price

term offered in the contract.

§ 6 — CUSTOMER ASSIGNMENTS AND TRANSFERS

By law, suppliers must receive PURA’s approval to transfer a license. The bill additionally requires them to do so to transfer or assign customers to another electric supplier. Under the bill, for both license transfers and customer transfers and assignments, suppliers must notify PURA at least 30 days before the assignment or transfer effective date.

The bill allows PURA, upon review, to require certain conditions or deny customer assignments or transfers. It requires PURA to approve, modify, or deny customer assignments or transfers within 30 business days of its receipt of the supplier’s notice, unless the authority and supplier agree to a specified time extension, otherwise they are deemed approved. Under current law, PURA may assess additional licensing fees to pay the administrative costs of reviewing a supplier’s license transfer request. The bill allows PURA to assess these fees for customer transfers as well.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 24 Nay 2 (03/11/2021)