

The Office of Attorney General William Tong

Press Releases



WILLIAM TONG
ATTORNEY GENERAL

STATE OF CONNECTICUT



ELIN SWANSON KATZ
CONSUMER COUNSEL

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AG TONG, CONSUMER COUNSEL SUPPORT \$1.5 MILLION FINE, PENALTIES FOR DIRECT ENERGY ELECTRIC SUPPLIER

Attorney General William Tong and Consumer Counsel Elin Swanson Katz today strongly supported a proposed decision by the Public Utilities Regulatory Counsel to fine third-party electric supplier Direct Energy \$1.5 million for multiple sales and marketing practices in violation of Connecticut statutes.

Both the Office of the Attorney General and Office of Consumer Counsel were participants in the PURA proceedings and advocated for aggressive sanctions. In addition to the fine — the largest PURA has ever imposed on an electric supplier — the proposed decision would prohibit Direct Energy from enrolling new customers for six months and require the company to undergo a compliance audit for another year after that.

"Direct Energy repeatedly and flagrantly violated state law through manipulative and misleading sales and marketing practices, harming Connecticut consumers. The Office of the Attorney General is closely watching the third-party electric supplier market and will take aggressive action to protect consumers against any and all bad actors. Connecticut electric rates are high enough as it is, and the last thing consumers need is to be deceived into paying even more," said Attorney General William Tong.

"Direct Energy has an established record of employing deceptive and aggressive marketing tactics to gain customers that flout Connecticut's consumer protection laws. What's more, Direct Energy has exhibited callous disregard for both its legal violations as well as the harmful effect of its violations on Connecticut consumers. I applaud PURA for this strong enforcement action that sends the appropriate signal that such deceptive marketing tactics will not be tolerated in Connecticut's third-party electric market. I will fully support finalization of these strong measures," said Consumer

Counsel Elin Swanson Katz.

PURA's investigation found the following violations of Connecticut statute by Direct Energy:

- 1) not having Spanish marketing materials available when conducting solicitations and sales;
- 2) not having Spanish-language contracts available when conducting solicitations and sales, resulting in invalid contracts;
- 3) misstating standard service price;
- 4) not stating in its marketing that it did not represent an electric distribution company (EDC);
- 5) not explaining the purpose of its solicitations;
- 6) misrepresenting cancellation fees;
- 7) using undefined terms and not accurately explaining rates;
- 8) implying customers must choose a supplier;
- 9) misleading customers into believing generation charges were the total bill;
- 10) coaching customers and answering questions through the third-party verification (TPV) process;
- 11) charging excessive cancellation fees;
- 12) not directly training its third-party agents; and
- 13) engaging in other unfair and deceptive marketing practices, including but not limited to, making misleading statements in its marketing.

Assistant Attorney General John S. Wright and Consumer Protection Department Head Mike Wertheimer assisted the Attorney General with this matter.

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Media Contact:

Elizabeth Benton

elizabeth.benton@ct.gov (<mailto:elizabeth.benton@ct.gov>)

860-808-5324 (office)

Consumer Inquiries:

860-808-5318

attorney.general@ct.gov (<mailto:attorney.general@ct.gov>)