



OCC Takes Stand Against Variable Electric Supplier Rates Based on New Law

In comments and a brief filed with the Public Utilities Regulatory Authority (“PURA”), the Office of Consumer Counsel (“OCC”) has sought to ensure that the customer protections passed by the Legislature in June, including a ban on variable electric generation rates for residential customers, are implemented as intended.

For over a decade, Connecticut electric customers have been able to either obtain their electric generation services from a competitive electric supplier or receive the standard service product from their utility (CL&P or UI). As the reader is no doubt aware, some customers have experienced sudden price spikes when they are on a variable rate with an electric supplier, which rate can change each month. In certain cases, customers have seen rates rise from the 7 cent per kilowatt-hour range for generation services to 20 cents or more in one month. Various prior legislative measures, including notices and a pending redesign of the electric bill, have had benefits, but have not fully solved this problem. Thus, the Legislature in this year’s session, with encouragement from OCC and other advocates and officials, considered and passed a ban on variable rate contracts for residential customers effective as of October 1, 2015.

Specifically, in Public Act 15-90, as amended by Public Act 15-5, the Legislature banned an electric supplier, as of October 1, 2015, from (1) entering into a contract with a residential customer and charging a variable rate for electric generation services; or (2) automatically renewing a contract and charging a variable rate to a residential customer. PURA was asked by the Legislature to open a proceeding to provide recommendations and guidance as to some details in this area, including what needs to happen at the expiration of a fixed-rate term. Unlike a variable rate contract or term, which can last as little as one month for residential customers, a fixed rate contract or term lasts for four months.

PURA has asked for comments and briefs from stakeholders on various issues. OCC has advanced the following principles in its filings:

- That the legislature intended to ban new contracts with residential customers that include the possibility of month-to-month rates. Some questions were raised regarding whether the ban on “variable” rates referred to a ban on rates that could change monthly, or only on rates that could change weekly or daily.

OCC argued that the Legislature was clearly intending to deal with the much-publicized problems with month-to-month price spikes when it banned “variable” rates;

- That, in order to protect customers from unnecessary burdens, the length of an offering that should be considered “fixed” (as opposed to variable) should remain at four months, not reduced to three months. In other words, residential customers should be offered a minimum of four months at one rate before having to consider switching to another rate;
- That, ideally, residential customers wishing to remain with a certain electric supplier will move from one fixed term (four months or more) to another at prices to which there is mutual agreement. Where no price agreement is reached prior to the end of a fixed term, a reasonable, proxy price cap should be put in place while the supplier and the customer continue to negotiate toward a new fixed term. At a minimum, there should be no termination fee where a residential customer is experiencing a price from an electric supplier to which he or she did not affirmatively agree.
- That the entire relationship between a customer and supplier, including any automatic renewal provisions, be accurately defined within the contract between the supplier and the customer.

A decision on these issues is expected from PURA on or around September 30, 2015. Further information about this case, including OCC’s filings, may be found at the link for PURA Docket No. 15-06-15,

[http://www.dpuc.state.ct.us/DOCKCURR.NSF/\\$FormDocketElectricView?OpenForm&Start=1&Count=1000&Expand=1.65.1.1&Seq=4&scrollTop=1500](http://www.dpuc.state.ct.us/DOCKCURR.NSF/$FormDocketElectricView?OpenForm&Start=1&Count=1000&Expand=1.65.1.1&Seq=4&scrollTop=1500).