



Third-Party Electric Suppliers Hit with Lawsuits and Penalties in Massachusetts and Illinois; Restitution Sought for Affected Consumers

Over the past week, two third-party electric suppliers were hit with potential fines and penalties as the result of alleged deceptive marketing tactics in two states. The Massachusetts Attorney General, Maura Healey, filed a lawsuit against Starion Energy, a Connecticut based third party electric supplier. The lawsuit alleges that Starion used bait-and-switch tactics to sign up over 117,000 Massachusetts residents and overcharge them for electric generation. Healey stated that more than 117,000 customers were overcharged by at least \$30.6 million compared to the standard service rate they would have paid to the local utilities. This translates to an average of \$260 in overpayments per residential customer. The Attorney General Healey is seeking a court order to freeze \$30.6 million that National Grid and Eversource are holding for future payment to Starion. The lawsuit states that telemarketers calling on behalf of Starion would attract residential customers by offering prices below the local utility's rate. However, most Massachusetts customers were allegedly hit with much higher rates in the following months. Starion's telemarketers are also alleged to have called residents who are on the federal "do not call" list and some customers were also charged an account management fee by Starion that could be as high as \$10 per month. Starion currently markets and operates in Connecticut and has roughly 13,500 residential customers in the state.

Also this week, the Illinois Attorney General, Lisa Madigan, settled with Sperian Energy for \$2.65 million and the company is banned from marketing in the state for an additional 2 years. Sperian has not marketed in Illinois for the past 3 years as a result of a prior investigation into their marketing. The \$2.65 million will be refunded to 60,000 customers and the refund amount per customer will be based on the customer's usage. The allegations against Sperian follow a similar pattern of deceptive marketing tactics prevalent in the third-

party electric supply market. These allegations include sales agents not disclosing crucial information such as price, length of contract, and monthly fees for being a Sperian customer. Presented as an “energy choice program,” Sperian customers were allegedly under the false impression that they would receive a lower rate than the one from their electric utility ComEd. In reality, the settlement states that most customers ended up paying more than if they were on the local utility’s standard service rate. The settlement stipulates that Sperian customers will receive a notice regarding the settlement and gives customers the option to cancel their contract with Sperian without a cancellation fee. Sperian Energy does not currently market or operate in Connecticut.

In addition to announcing the settlement with Sperian, Illinois Attorney General Lisa Madigan stated in a [press release](#) that the Illinois legislature should ban third party electric suppliers in Illinois in view of their “terrible track record of deceptive marketing tactics and selling overpriced electricity.” Similarly, in March 2018, [Massachusetts Attorney General Maura Healey](#) called for the end of the individual residential competitive supply industry in Massachusetts to protect consumers.

The Office of Consumer Counsel (OCC) continues to advocate for consumer protections in the Connecticut third party electric marketplace. OCC is an active party in various dockets before the Public Utilities Regulatory Authority (PURA), including ongoing investigations of Spark Energy, Liberty Power, and Direct Energy as well as recently opened investigations into Town Square Energy and Discount Power. OCC encourages consumers to contact PURA’s Consumer Affairs Unit at 1-800-382-4586 with any complaints against electric suppliers or file a complaint online. (https://www.ct.gov/pura/cwp/view.asp?a=3352&q=404030&puraNav_GID=1975)



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