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People's Counsel Asks Public Service Commission to Act Quickly to Protect Low-Income Customers From Retail Supplier Price Gouging

BALTIMORE – Low-income households on energy assistance will continue to be exposed to excessive charges from retailers selling gas and electricity unless the Public Service Commission moves quickly to implement legislation from a year ago, the Office of People's Counsel said in a [filing today](#). So far, the PSC has taken no formal action to implement 2021 legislation that intends to shield low-income customers from retail energy suppliers that charge prices significantly higher than those charged by their local utilities.

“We know that retail suppliers target low-income customers in their marketing and then price gouge those customers,” said People's Counsel David S. Lapp. “The legislation intends to prevent those customers from paying excessive prices and to maximize the dollars that the State uses to assist those customers with their energy bills. But unless the PSC acts soon, neither the customers nor the State will reap the law's benefits.”

Since 2000, electric and gas customers in the State have had the right to choose who supplies their gas and electric supply service. For customers who choose to switch suppliers, their local electric or gas utility delivers the electric energy or gas and often bills the customer on behalf of the customer's chosen retail supplier. Customers who don't switch suppliers receive their supply from their local utility at a price regulated by the State. Careful shoppers are sometimes able to find retail suppliers that sell at prices lower than those offered by their local utility, or they may purchase energy with particular environmental attributes.

But many retail suppliers offer no advantages to the local utility's service, and there is significant evidence that some retail suppliers target low-income customers with contracts that significantly exceed their local utility's price. Sometimes, customers are misinformed or even misled into signing such contracts. When these customers have limited economic means, the higher costs can cause significant harm. Customers may not be able to pay their bills, or they may have to choose between paying their energy bills and meeting other critical needs, such as food or medication. Further, when the customers are receiving energy assistance, the State's support helps to pay retail suppliers for their excessive prices, which also means the State's assistance dollars don't go as far.

In 2021, the General Assembly enacted a new law to protect low-income customers from excessive rates by prohibiting retail suppliers from selling to customers on energy assistance at a rate that is above the local utility's rate for gas or electric supply. The PSC is charged with implementing the law, but thus far has taken no formal action to do so. OPC's petition asks the PSC to open up a proceeding to adopt rules to implement the 2021 law.

"For customers receiving energy assistance from the state, every penny matters," Lapp said. "Without setting rules for how suppliers and utilities comply, this consumer-protective law will fail for the customers the General Assembly wanted to protect from retail supplier price-gouging. The PSC needs to act now."

More information on shopping for retail or electric supply service is available on the [OPC website](#).

The Maryland Office of People's Counsel is an independent state agency that represents Maryland's residential consumers of electric, natural gas, telecommunications, private water and certain transportation matters before the Public Service Commission, federal regulatory agencies and the courts.

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