

## **Consumer Information on Gas and Electric Retail Suppliers**

July 2022

In this guide, we will walk through the basics about retail suppliers and the consumer protections that you need to know about.

Check out our retail supplier shopping guides located on our website *before* you choose to switch to a retail supplier.

If you have any questions about retail suppliers, do not hesitate to reach out to our office.

## **What is a Retail Supplier?**

You can choose to purchase your electricity or natural gas supply from your local utility or a retail energy supplier. Consumers do not have a choice for the local utility that provides their energy distribution service with wires or pipelines. But consumers can choose who supplies the electricity or natural gas that runs through those wires or pipelines. That choice of an energy supplier can be the same local utility that provides the wires or pipelines (for example, by choosing the utility's "Standard Offer Service" price) or a consumer can choose a retail energy supplier.

If you buy your electricity or natural gas supply from a licensed retail supplier, you would pay the retail supplier for the cost of the energy you use and would continue to separately pay your local utility for using its pipelines or wires to deliver the energy. Many times you will still receive a bill from your local utility, and your chosen retail supplier will include their charges on that bill. It is possible (but uncommon) for a retail supplier to send you a separate bill for the supplier's charges.

Your local utility's prices are set using a process authorized and monitored by the Public Service Commission (PSC). Retail suppliers set their own price terms, and price terms will vary across suppliers. Consumers always have the option to stay with their local utility for energy. Their local utility can supply energy at rates for the "Standard Offer" price. The "Standard Offer" price is set through competitive auctions, which produces economical prices for consumers. Consumers should not assume that prices offered by a retail supplier will be lower than the price of the utility's "Standard Offer," especially over time. Retail supplier prices are not regulated.

Other than price, other aspects of a retail supplier's business activities are regulated. Retail suppliers are entities engaging in regulated commercial activity and must be licensed through the PSC. Check [www.mdenergychoice.com](http://www.mdenergychoice.com) to see the list of active suppliers in your service area. Verify that a supplier is on the list before you agree to a Contract. Make sure the license # is on your Contract.

## **How Retail Suppliers Sign Consumers Up for Service**

Retail suppliers market to consumers in a variety of ways.

- Some retail suppliers may try to illegally sign you up for service.
- Be careful and do not agree to anything you do not understand. It could be a costly mistake.
- Retail suppliers frequently charge higher prices than your utility. In particular, you should never show a supplier's sales agent your utility bill or provide them with your utility account number or Customer Choice ID number.
- Be aware of your rights and file a complaint with the PSC about the retail supplier if they are being deceptive.

### **Direct mail**

You may receive a postcard in the mail from a retail supplier that may or may not include the Contract. All written offers must contain all the major terms of the Contract.

- If it includes the Contract, make sure to read over it carefully. Check your current local utility bill to understand what you are paying now before making a switch. If you want to sign up with the retail supplier, make a copy of the signed Contract before mailing it back to the company.
- If it does not include the Contract, the offer may state that you can call the supplier to complete the agreement. If there are no written terms, we suggest doing research before you call the company. If you call the supplier and have the Contract terms in hand, the phone solicitation rules do not apply and you can be signed up over the phone without a signed Contract. State clearly during the call to confirm the price term, length of Contract, any additional fees, and cancellation policy and fee (if any). Make sure to ask questions and do not agree to sign up if you do not understand.

### **Telemarketing**

Many suppliers use telemarketers to market their offers over the phone. If your name is on the Do Not Call registry, get the name of the supplier calling, hang up, and file a complaint with the PSC about the supplier.

- The caller must identify themselves and the company right away.
- The caller must explain the major terms of the offer.
- In order for this to be a valid agreement, you *must* receive a written Contract after the call, sign it, and send it back to the company. The only exception to this rule is if you have a prior business relationship or received the terms of the offer before the call. Telemarketers will record the call or use a third party to verify (TPV) the phone agreement.
- If you do not wish to switch to their service, do not provide your Choice ID or utility account number. Make sure to ask questions and do not agree to sign up if you do not understand.

### **Solicitation in your home or outside your home**

Retail suppliers may market services at gathering places (mall, PTA meeting, church event, etc.) or come directly to your door.

- Retail suppliers often use agents (non-employees) to do door-to-door sales. Some counties require peddler licenses and if that is a requirement in your county, the agent must be able to present this.
- The agent must have a company and agent ID. They must give you a business card with the name of the company and their name.
- The supplier must give you a Contract and get your signature. Before you sign anything, make sure you know how much you pay now and that you understand all of the terms of the agreement.
- The supplier must give you two types of notice regarding your right to rescind your agreement. One will be a form you can use to sign and send back to the supplier within the next three “business days” (including Saturday but not Sunday or any State or federal holiday). The second notice must be below your signature on the Contract. You have the right to cancel the Contract by sending a rescission notice to the supplier within three business days.

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- Electronic contracting and signatures may be allowed. OPC does not recommend electronic Contracts and sign-ups in door-to-door sales. You must consent to receive the Contract by email. If you do consent, make sure you actually receive the Contract, Contract Summary, and Notice to Cancel.

**BEWARE.** Some suppliers may use deceptive practices to convince you to sign up.

- Retail suppliers frequently charge higher prices than your utility.
- Your local utility will **NOT** come to your home asking to check your bill or to offer you a lower price.
- Do **NOT** let the agent fill out any check-off or Contract for you.
- If someone says, “I work for the utility” and is pushing a discount price, **BEWARE!** You are being slammed. Close the door before you are switched to a supplier without your permission.
- You do not have to sign a Contract “right now” or any time. It is better to “lose a deal” than agree without all the facts.
- If you are interested in the offer, make sure that you see the entire Contract and Contract Summary *before* you sign, and review them with the agent. Make sure to ask questions and do not agree to sign up if you do not understand.

### **Internet**

Suppliers must have a website and post their offers both on their own website and the PSC website. If you are researching different suppliers, you should review Contract terms and the Contract Summary on the website.

Compare prices and other terms with other supplier offers listed on the PSC website or the OPC website.

- The Contract terms and conditions must be printable.
- Before you sign anything, make sure you know how much you pay now and that you understand all of the terms of the agreement.
- Your electronic signature is acceptable *if* you consent.

**Final Tips**

- Before you sign a Contract with a retail supplier, make sure you know how much you pay now and that you understand all the terms of the agreement.
- Make sure you receive these three documents: Signed Contract, Contract Summary Form, and the Notice of Right to Cancel. Keep these documents with your important papers.
- Do not show anyone your local utility bill, account number, or Choice ID number unless you want to switch your service.
- Only say yes when you want to, and ask questions to ensure you understand the Contract terms.
- You can file a complaint against a retail supplier with the PSC if you have a disagreement with a supplier or they have not followed the rules.
- If the cost of your natural gas and electricity supply is important to you, ask yourself; Will I actually save money going with this supplier versus staying with my local utility's "Standard Offer" price?

**What Should Be in the Contract**

<b>What Should Be in the Contract</b>	<b>What to Look for and Think About</b>
Company Name, License Number, Email, and Website	Is there a Customer Service number where you can call in case you want to cancel, have questions, or want to speak with someone?
Price Structure	It does not matter what the agent says; you will be held to what is in the Contract. Check to see if it is a fixed or variable rate. Is the rate only for a few months and then it changes to something higher? Variable rates are very high risk.

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Cost of supplying the gas/electricity	You will still need to pay distribution charges to your local utility in addition to supply charges to your retail supplier. Some suppliers also add on administrative fees which add to the overall cost.
Statement Regarding Savings	The supply price may not always provide a savings.
Incentives like gift cards, credit cards, airline miles, etc.	Does the incentive have real value for you in comparison with a higher rate for gas or electricity?
Contract Start Date	Describes when the Contract will begin and end.
Contract Term/Length	Does the Contract automatically renew? When it renews, will the supply rate change?
Cancellation/Early Termination Fees	Can you cancel at any time? Are there fees that you must pay if you cancel? If you cancel, you will go back to your local utility’s “Standard Offer” price.
Renewal Terms	Provides a description of renewal terms. Will it renew at a different price?

Make sure you review, understand, and compare all these Contract terms before you agree to sign with a supplier. A retail supplier must give you a completed Contract Summary form, like the one above. Only the utility customer (or a legal representative) can enter into a Contract with a supplier. No other person is authorized to sign for a customer.

### **Things to keep in mind about retailer supplier pricing**

- Variable rates are high risk. The Contract must say what, or if, there is a cap on the variable rate. You should check your bill each month for the supply rate or total bill, and compare it with your local utility's "Standard Offer" price. If the rate or total seems too high, you have a right to cancel service with your retail supplier. Sometimes, they will offer a low "teaser" rate for a few months and then change it to a higher rate much higher than the local utility's "Standard Offer" price. OPC has not seen variable rates go lower than the initial rate.
- Retail suppliers may offer incentive items like gift cards, airline miles, light bulbs, etc. Make sure that this incentive provides enough value to you to possibly be paying higher supply charges for your energy services.
- Some suppliers charge an extra monthly fee in addition to the usage rate. A fee of just \$5.00 per month can be equal to another ½ cent on the kWh rate on an average customer's electric bill.
- Almost all fixed-rate Contracts have a cancellation fee. Sometimes, the longer the Contract, the higher the fee. If you cancel or do not renew a Contract, you will return to your local utility's "Standard Offer" supply service unless you enter a Contract with another supplier.
- Read the Contract in full. No matter what the agent tells you, you will be held to whatever is in the Contract.

### **Renewable Energy Retail Suppliers**

If you are interested in supporting the growth of renewable energy resources in Maryland, there are options. All electricity supply sold to Maryland consumers must include a certain percentage of renewable energy. The MD Renewable Portfolio Standard (RPS) applies to the local utility and all licensed retail electricity suppliers.

- 2021: 30.8 % (including 7.5 % from solar)
- 2022: 33.1 % (including 8.5 % from solar)
- 2023: 35.4 % (including 9.5 % from solar)
- 2024: 37.7 % (including 10.5 % from solar)



- 2025: 40 % (including 11.5 % from solar)
- 2026: 42.5 % (including 12.5 % from solar)
- 2027: 45.5 % (including 13.5 % from solar)
- 2028: 47.5 % (including 14.5 % from solar)
- 2029: 49.5 % (including 14.5 % from solar)
- 2030 and later: 50 % (including 14.5 % from solar)

If you want to support renewable energy above the RPS requirement or you want to support a specific type of renewable energy, there are licensed electricity suppliers that offer renewable energy options.

Renewable energy generation has 2 products that you can purchase:

- 1) Physical electricity
- 2) Renewable Energy Certificates (REC)

### **What is a REC?**

A REC represents the property rights to the environmental and other qualities of renewable energy. It puts a dollar value on the environmental benefits of 1,000 kWh (1 MWh) of renewable energy and allows the purchase of renewable energy across broader geographic areas. The supplier must have ownership of the REC. The sale of RECs supports the development of renewable energy resources in the U.S. and may reduce the use of fossil fuels. Learn more: [www.epa.gov/greenpower](http://www.epa.gov/greenpower).

### **Renewable energy Contract terms**

In addition to all of the requirements listed already, renewable options have further contracting requirements to ensure you are getting what you believe you have asked for.

- The commitment to supply you with renewable energy must be clearly stated in your Contract. Do not rely on marketing statements like, “We buy wind” or “Your purchase will lower emissions.” Read the Contract. It should be clearly defined.

- The Contract must state the RPS for each year covered by the Contract so that you know the amount of renewable energy that you are paying for above the RPS.
- Understand what you are getting when you buy “renewable” energy. Is it solar, wind, geothermal, biogas (includes landfill gas), biomass, low-impact small hydroelectric resources? You can compare supply offers based on types of renewable resources and characteristics:
  - Physical: size, location, fuel type
  - Environmental
  - Economic: Jobs and economic development
  - Social: Health and safety; social equity
- Clean energy does not necessarily mean the same thing as renewable energy. There is no common definition, but may include renewable energy, energy efficiency, or nuclear.
- The Contract should clearly state whether the supplier will purchase the supply plus RECs, or RECs only, and identify the type and location of the supply.

### **What is “Certified Green” electricity?**

Certified Green means that an independent organization certified and verified the renewable energy resource offered by the supplier under its standards. Certified suppliers will have a Green-e logo. Green-e Energy is one independent certification and verification program for renewable energy. Check out [www.green-e.org](http://www.green-e.org).

### **Questions to ask retail suppliers offering renewable energy options**

- What are you interested in supporting?
- Is the percentage of renewable energy listed in the Contract incremental to the Maryland RPS requirement?
- What exactly is the source of renewable energy you are supporting? Wind? Solar? Biomass? Renewable?
- What is included in “biomass” resources?
- What percentage (%) of the total supply is renewable?

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- What is the percentage of each source in a Contract term labeled “renewable”?
- What is the location source of the supply?
- When did the generation occur?

For more information on renewable energy, see [www.epa.gov/greenpower](http://www.epa.gov/greenpower).