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Chairman Lawrence, Chairman Berry and Members of the Energy, Utilities and Technology Committee,

The Office of the Public Advocate (“OPA”) testifies in support of their proposed bill LD 1917 “An Act To eliminate Direct Retail Competition for the Supply of Electricity to Residential Customers” which eliminates retail-level competition for residential electricity customers and requires a more robust competitive process for selecting standard-offer service providers for residential and small commercial electricity customers. It also requires the Public Utilities Commission (“PUC”) to designate or hire an employee to assist the commission in administering standard-offer service.

The OPA has offered LD 1917, proposing the elimination of retail marketing of electric supply to residential customers, to end the failed experiment of retail competition in this market segment.

As demonstrated by the PUC’s investigation of one of the largest marketers to residential customers in Maine, Electricity Maine, the market is undermined by companies engaging in aggressive and deceptive sales tactics.

As discussed in connection with LD 1853 which is also scheduled for a public hearing today, these tactics have included.

- Posing as representatives of Central Maine Power Company (“CMP”) and claiming that rates are about to increase or are fluctuating and offering to lower or freeze customers’ rates.

- Claiming to be auditors working to correct CMP high bill problems, seeking to lower or freeze customers' rates pending the resolution of the billing investigation.
- Claiming to be checking customer meters to ensure being billed properly in relation to CMP high bill problems.
- Claiming that CMP's rates are about to increase and representing that customers can protect themselves by locking into a reduced rate with Electricity Maine.

These tactics are frequently directed at vulnerable populations, including low income customers and the elderly customers.

The introduction of competition to retail electricity supply was intended to lower costs for consumers, but this has frequently not been the case. Today's standard offer rate for residential customers is around 7.3 cents per kwh for customers in the CMP service area, 6.9 cents in Emera Maine's Bangor Hydro District, and 6.7 cents in Emera Maine's Maine Public District.

By comparison, Electricity Maine offers electricity to residential retail customers at a rate of around 8.9 cents per kwh for customers locking in for 12 months. The rate is much higher if they don't lock in. By comparison, the standard offer rates are locked in for all customers until 12/31/20.

After a locked in price expires for a customer of a competitive supplier, the supplier is free to move them to a higher price if the customer does not sign up for an extension. While the suppliers are required to provide notice of this opportunity, notices are often ineffective in getting customer attention.

The suppliers rely on a "set it and forget it" mentality among customers, that allows the suppliers to jack up prices after guarantees run out.

A 2018 report of the Massachusetts Attorney General, updated in 2019, found that the average low-income customer enrolled with a competitive supplier paid \$231

more than if the customer was receiving their electricity from the standard offer. The report found some low-income households lost more than \$541 by switching to a competitive supplier.

Along with this testimony we are making available copies of the Massachusetts AG's 2018 Report on retail competition in Massachusetts and the OPA's 2019 Brief in the PUC's investigation of Electricity Maine for your further information on this bill:

- <https://www.mass.gov/doc/2019-ago-competitive-electric-supply-report/download>
- <https://mpuc.cms.maine.gov/CQM.Public.WebUI/MatterManagement/MatterFilingItem.aspx?FilingSeq=103459&CaseNumber=2010-00256>

The elimination of direct competition in the retail market, however, would not mean an end to competition. Competition would continue to exist at a different point in the supply chain – the selection of a standard offer provider.

LD 1917 includes provisions to improve and enhance the standard offer selection process to obtain more competitive and lower prices. The elimination of retail competition in the residential sector may lower standard offer prices, by reducing the risk of serving as the standard offer supplier, for instance those risks related to variations in the number of customers and size of the load served.

Finally, establishing a stable customer base in the residential customer class could support long term contracting with renewable energy sources to serve this class.

The OPA supports LD 1917 as a mechanism for the funding of energy efficiency programs that save customers money and also reduces greenhouse gas emissions.

Thank you for your time, attention and consideration of this testimony. The Office of the Public Advocate looks forward to working with the Committee on LD

1917, and will be present at the work session to assist the Committee in its consideration of this bill.

Respectfully submitted,

A handwritten signature in black ink, reading "Barry J. Hobbins". The signature is written in a cursive style with a large initial "B" and a long, sweeping underline.

Barry J. Hobbins, Public advocate