

ENERGY ALERT

NEW JERSEY RATE COUNSEL CALLS FOR SWEEPING REGULATORY CHANGES FOR THIRD PARTY SUPPLIERS, INCLUDING INVESTIGATION, ENFORCEMENT, AND AFFIRMATIVE CONSENT TO CHANGE SUPPLIER

On May 8, 2014, the New Jersey Assembly Telecommunications and Utilities Committee met to take testimony from the public and invited guests on issues concerning third-party energy suppliers (TPS), variable rate contracts, and the rising cost of utility bills. The hearing comes on the heels of numerous press reports of massive rate spikes for variable rate customers in New Jersey after a particularly cold winter.

Stefanie Brand, Director for the New Jersey Division of Rate Counsel, testified at the hearing and raised significant concerns about the practices of TPS. Director Brand noted that her office had received many calls and emails from customers who had received alarmingly high bills and sudden rate increases this winter.

Director Brand, in talking to customers, learned about some fundamental problems in how retail electricity and gas shopping is regulated. Many customers complained that they were unaware they had agreed to a variable rate and that such terms had not been disclosed.

Calling for a much stricter approach to the regulation of Third Party Suppliers, Brand called on a three-pronged approach:

1. Investigation of Marketing Complaints and Enforcement Actions: Calling on the State to investigate and bring enforcement actions against companies engaging in false advertising, slamming, and unconscionable marketing practices.
2. Stricter Marketing and Contracting Requirements: Requiring TPS to send written contracts to all customers who sign up by internet or telephone; requiring that all material terms and conditions are contained in a single page standard document; requiring affirmative customer confirmation upon switching to new service by returning a card or acknowledgement via electronic signature; requiring notice and customer consent before a fixed price contract may revert to a variable rate; requiring explicit disclosure of rates; establishing a shorter period for customers to switch back to default service; and investigating claims of marketing violations of the “do not call” list.
3. Customer Education: Calling for better education of the public on how to shop for energy, including handbooks, workshops, press outreach, and a BPU website (which is in the works) to help consumers comparison shop.

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Director Brand also noted that she had shared the information they have received with the Attorney General's office, Division of Consumer Affairs.

[A full copy of Director Brand's remarks can be found here .](#)

[You can also listen to the hearing by clicking "Listen" next to the May 8, 2014 hearing .](#)

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