National Consumer Law Center

High Prices, Bad Practices, and Other Consumer Problems in the Market for Electricity

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RETAIL "CHOICE" IN ELECTRICITY MARKETS: A BAD DEAL FOR CONSUMERS AND THE CLIMATE

Deceptive marketing, overpriced contracts, and greenwashing harm consumers in states with retail electric supply markets

Ample data consistently show that the sale of non-utility (or "competitive") electric supply to individual residential customers is a bad deal for consumers.

The Wall Street Journal concluded that households combined have overpaid by **$1 Billion** per year for non-utility electric supply, compared to what these customers would have paid their utility companies.

Data from Connecticut, Illinois, Maine, Maryland, Massachusetts, and New York confirm that families pay far too much when they sign up for alternative electric supply instead of sticking with their utility companies.

Connecticut	January 2015-October 2022	$299,791,109
Illinois	June 2020-May 2021	$388,940,183
Maine	2018-2021	$78,000,000 or more
Maryland	2017	$34,138,799
Massachusetts	July 2015-June 2020	$425,700,000
New York	January 2014-December 2016	$1,200,000,000

Deceptive marketing is often used to trick consumers into signing up for contracts with a low introductory rate. When this teaser rate expires, consumers may be locked into a contract with high prices for electricity, outsized termination fees, and automatic enrollment provisions that make it hard to get out of the contracts. Low-income consumers are disproportionately harmed. Occasional market changes such as this winter's price spikes do not change the overall trend.

Greenwashing is common, but supply contracts that purport to offer renewable energy tend to be similarly overpriced and deceptive, marking up the price of renewable energy credits (RECs) that may be of low quality.

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