

HB 393 w/ HA 1 – Third Party Supplier Protections

DPA Position: Support

DPA supports HB 393, which strengthens consumer protections in Delaware’s competitive retail electricity market (i.e. third-party suppliers), which has suffered from consistent problems with supplier behavior and unfair pricing. DPA welcomes these improved protections for customers.

Overview

HB 393 strengthens consumer protections in Delaware’s competitive retail electricity market by setting price controls for third-party contracts, increasing oversight of third-party electric suppliers, improving transparency for customers and policymakers, and establishing stronger standards for supplier conduct and customer communications.

The bill addresses longstanding concerns related to misleading sales practices, unexpected rate increases, automatic renewals, excessive fees, and a lack of transparency regarding whether customers are actually saving money compared to standard utility service.

HB 393 preserves customer choice while ensuring that third-party electric suppliers operate under clearer consumer protection standards and greater regulatory accountability.

Clarifies Liability for Supplier Sales Agents

- Clarifies that individual employees or agents working on behalf of a licensed electric supplier cannot face criminal penalties under existing utility law provisions.
- Maintains accountability for electric suppliers while distinguishing between company responsibility and individual sales representatives.

Establishes Supplier Training and Certification Requirements

- Requires the Delaware Public Service Commission to develop a formal training and educational program for electric suppliers.
- Ensures supplier representatives demonstrate knowledge of:
 - Consumer protection rules
 - Sales regulations
 - Other Commission requirements
- Requires testing and certification before a supplier representative may operate in Delaware.
- Requires annual attestations that supplier sales agents and contractors receive appropriate training.
- Authorizes the Commission to impose penalties or sanctions for noncompliance.

Requires Monthly Supplier Reporting and Market Transparency

- Requires third-party electric suppliers to submit monthly reports to the Delaware Public Service Commission regarding pricing and customer impacts.
- Requires reporting on:
 - Supplier rates
 - Standard offer service comparisons
 - Customer costs and savings
 - Supplier-specific pricing data
- Provides regulators and policymakers with better information about whether customers are benefiting from competitive supply.
- The amendment requires the Commission to publish findings and provide reports to the Governor and General Assembly, increasing transparency and oversight.

Strengthens Contract Renewal and Customer Notification Requirements

- Requires suppliers to provide written confirmation after enrollment.
- Requires advance written notice before any customer rate changes.
- Prohibits automatic contract renewals unless the customer affirmatively agrees in writing or electronically.
- Requires suppliers to notify customers both 90 days and 30 days before a contract expires.
- Ensures notices are delivered using the customer's preferred communication method.

Establishes Additional Residential Consumer Protections

- Prohibits third-party suppliers from charging residential customers prices above the trailing 12-month average standard offer service rate for non-renewable electricity products.
- Limits residential contract terms to no more than 12 months.
- Restricts variable-rate products except for limited seasonal adjustments.
- Prohibits automatic renewal of renewable energy supply contracts.
- Prohibits commission-based compensation tied to customer enrollments to reduce incentives for aggressive sales tactics.
- Prohibits a range of consumer fees, including:
 - Early termination fees
 - Cancellation fees
 - Enrollment fees
 - Minimum monthly charges
 - Late fees and interest charges
- Preserves the ability for suppliers to offer time-of-use pricing structures.