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### **New York State and City Consumer Protection Agencies Call For Improved Marketing Standards for ESCOs**

The New York State Consumer Protection Board (CPB) and the New York City Department of Consumer Affairs (DCA) joined together in submitting a petition to the Public Service Commission (PSC) on Thursday, asking them to establish enforceable rules governing the marketing practices of energy service companies (ESCOs) operating in New York State to protect consumers from aggressive marketing tactics.

"It is disturbing to hear that many consumers are being taken advantage of by the unsavory marketing practices used by some ESCOs," said Mindy A. Bockstein, Chairperson and Executive Director of the CPB. "I am calling on the PSC to review existing policies and to move forward by establishing new and enforceable marketing rules. The new rules should be accompanied by a range of sanctions, including removing an ESCO's authorization to do business in New York for repeat offenders. Mandatory compliance will enable the PSC go after the aggressive and unwelcome marketing practices that currently exist and thus will enable us to better protect and empower consumers seeking alternative energy delivery sources."

For more than a decade, ESCOs have sold electricity and/or natural gas services in competition with regulated utilities. Based on complaints that continue to be received by the CPB and DCA, media reports, information from consumers and the industry, problems exist with abusive, misleading and deceptive marketing tactics used by some ESCOs in their contacts with residential and small business customers.

Accordingly, the consumer representatives are calling upon the PSC to:

- Develop and adopt new marketing standards for ESCO's selling electricity and natural gas services to residential and small commercial consumers;
- Require ESCOs and their representatives to clearly identify themselves upon contacting a consumer;
- Compel ESCOs to clearly explain that they are not associated with the regulated utility; and,
- Give the PSC clearly defined legal authority to sanction ESCOs whose marketing practices are deemed to be detrimental to consumers.

"The Department of Consumer Affairs is pleased to issue this petition alongside the Consumer Protection Board. We must focus the PSC's attention on consumers searching for alternative energy service providers to ensure they're treated fairly," said DCA Commissioner Jonathan Mintz. "Without more affirmative industry oversight, these aggressive marketing tactics will continue leaving energy-conscious consumers unprotected and without options."

The PSC has worked with ESCOs to develop a "Statement of Principles for Marketing Retail Energy to Residential and Small Businesses in New York State," but there is no

mandate that ESCOs follow those principles. While both the CPB and DCA recognize that there are ESCOs that conduct their marketing activities in an appropriate manner to assure consumer safety, provide accurate and unbiased information, and avoid high-pressure sales tactics, persistent allegations that some ESCOs or their representatives have misrepresented themselves as agents of distribution utilities, have made other false and misleading statements and have engaged in extreme marketing practices continue to surface. Both Agencies have received complaints about ESCOs, ranging from misrepresentation to undisclosed charges, and attempt to either resolve the complaint or refer it directly to the PSC. This type of conduct confuses and harms consumers and also damages the reputation of utilities and reputable ESCOs.

Consumers who wish to consider obtaining electricity and/or natural gas from a supplier other than their utility, should remember the following tips in order to protect themselves against potential scams:

- **KNOW TO WHOM YOU ARE TALKING.** Representatives from utilities do not conduct door-to-door marketing. Such marketing is conducted only by independent, unregulated companies.
- **ASK QUESTIONS.** Before signing a contract with an ESCO, obtain the full name of the marketing or sales representative as well as the full information about the company he or she represents including the address, phone number and references. Ask for written service and price comparisons.
- **DO NOT GIVE OUT PERSONAL INFORMATION.** Utilities do not ask for utility account numbers or copies of utility bills because they already have this information. Consumers should not provide the representative with copies of their bills or their account numbers.
- **READ THE FINE PRINT.** Consumers should carefully review all contract terms, including the fine print, prior to signing. Make note of cancellation or early termination fees. Be aware that there is a three-day opt out period for energy contracts with ESCOs.

A full list of tips alerting consumers about door-to-door energy services marketing along with additional consumer information is available on the CPB's website at [www.nysconsumer.gov](http://www.nysconsumer.gov).

The NYS CPB, established in 1970 by the New York State Legislature, is the State's top consumer watchdog and think tank. The CPB's core mission is to protect New Yorkers by publicizing unscrupulous and questionable business practices and product recalls; conducting investigations and hearings; enforcing the Do Not Call law; researching issues; developing legislation; creating consumer education programs and materials; responding to individual marketplace complaints by securing voluntary agreements; and, representing the interests of consumers before the PSC and other State and federal agencies.

DCA enforces the Consumer Protection Law and other related business laws throughout New York City. Ensuring a vibrant marketplace where consumers and businesses can benefit, DCA licenses more than 60,000 businesses in 55 different categories. Through targeted outreach, partnerships with community and trade organizations, and other informational materials, DCA educates consumers and businesses alike about their rights and responsibilities. For more information, call 311 or visit DCA online at [www.nyc.gov/consumers](http://www.nyc.gov/consumers).