



## Press Releases

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### **MADIGAN URGES LAWMAKERS TO STRENGTHEN OVERSIGHT OF ALTERNATIVE RETAIL ENERGY SUPPLIERS, INCREASE RATE TRANSPARENCY & PREVENT PUBLIC ENERGY ASSISTANCE FUNDS FROM BEING SIPHONED OFF TO PAD CORPORATE PROFITS**

**Chicago** — Attorney General Lisa Madigan today urged the General Assembly to support legislation that will increase oversight of alternative retail electric and gas suppliers (ARES and ARGS), which claim to offer cheaper energy rates than traditional utility companies but are almost always far more expensive.

Madigan initiated Senate Bill 1531, sponsored by Rep. Greg Harris and Sen. Kimberly Lightford, to guard against aggressive and misleading marketing and sales practices in the ARES and ARGS industries. These suppliers frequently target older citizens, low-income customers, and individuals for whom English is a second language. A vast majority of consumers who enroll with these suppliers end up paying more for their energy than customers who receive electricity or gas from traditional utilities. The legislation is scheduled for a hearing by the House Executive Committee in the next few days.

"Public utilities' customers in Illinois who switch to an alternative energy supplier are virtually guaranteed to pay more than necessary," Madigan said. "These predatory companies should not be allowed to continue to mislead people into paying unnecessarily high energy costs."

"For years, many Illinois residents have overpaid for energy services, especially those who sign up for ARES and ARGS believing they will pay less," Harris said. "Attorney General Madigan and I are fighting to rein in the bad actors in this industry who use aggressive and misleading marketing practices to lure people into paying more than they need to for their electricity and gas. I encourage my colleagues in the House to join me in standing up for Illinois families who need relief from high energy bills."

The goal of the legislation is to create transparency and equip consumers with meaningful information so that they can make educated decisions about energy supply. It also bolsters enforcement through the Illinois Consumer Fraud and Deceptive Practices Act and is supported by a coalition of consumer advocates including AARP, Illinois PIRG, Center for Changing Lives, Citizen Action, Citizens Utility Board, Community Organizing and Family Issues (COFI), Heartland Alliance for Human Needs & Human Rights, Housing Action Illinois, Pilsen Alliance, and the Environmental Law and Policy Center. The legislation has also received support from the city of Chicago, Spanish Community Center, Inner-City Muslim Action Network, LUCHA, and Preservation of Affordable Housing (POAH).

"Consumers should always ask for full details in writing and never feel pressured to make any decisions without carefully reviewing an offer. Often, alternative energy teaser rates are offered at much lower rates for a short introductory period, but in the vast majority of cases, consumers end up paying significantly more," Steve Bernas, president and CEO of the Better Business Chicago and Northern Illinois said. "Also consumers should know, there are many door-to-door scams reported to the BBB Scam Tracker related to energy switching scams, which can end up in money loss, identity theft, and in some cases home robberies."

"We applaud Attorney General Madigan for championing legislation that brings commonsense and necessary consumer protections to the alternative energy supply market," said Illinois PIRG Director Abe Scarr. "Consumers deserve accurate and timely information, protection from bait and switch tactics, and effective enforcement when companies break the rules."

"Alternative energy suppliers take advantage of families in financial crisis by deceptively promising lower energy rates. SB1531 brings long overdue transparency to these companies and gives families the tools they need to find the most affordable option for electricity and heat," said Jody Blaylock, senior policy associate at Heartland Alliance.

"Illinois' competitive energy market was designed to drive prices down, but some alternative suppliers have taken advantage of consumers. These bad actors have gotten rich at the expense of the most vulnerable customers, the poor and the elderly. It's time

for this practice to end," Citizen Action/Illinois Co-Director William McNary said. "Citizen Action/Illinois is proud to stand with Attorney General Madigan in the fight to protect consumers from high pressure sales tactics and to provide customers more price transparency."

SB 1531 is part of Madigan's ongoing efforts to protect public utilities customers from ever-increasing rates and strengthen oversight of alternative retail energy suppliers. Currently in Illinois, there are nearly 100 ARES authorized to sell electricity. According to the Illinois Commerce Commission (ICC), ARES customers in Illinois as a whole paid more than \$198 million more for electricity than traditional utility customers from June 1, 2016 through May 31, 2017. Statewide, residential and small commercial customers enrolled with ARES have paid almost \$400 million more in electricity costs in the last three years.

Nearly all customers who switch to ARES or ARGS pay more for their energy bills. Residential customers do not have the ability to determine whether a company's money-saving claims are true. These companies use bait and switch marketing tactics where they entice consumers with savings claims and low teaser rates and then end up charging consumers up to three times the traditional utility rate.

SB 1531 improves enforcement actions against alternative retail energy suppliers' unlawful and deceptive marketing practices by giving the Attorney General's Office additional legal tools under the Illinois Consumer Fraud Act. Specifically, Madigan's legislation will increase transparency around rate pricing by requiring ARES and ARGS to include a "price-to-compare" utility supply rate on all marketing materials, during phone or door-to-door solicitations and on every customer's utility bill. It also requires disclosure of price changes and prevents suppliers from automatically renewing a customer's contract without the customer affirmatively opting-in to new terms. Suppliers will also be required to submit their rates to the ICC and the Attorney General's Office quarterly. Additionally, the legislation seeks to protect public energy assistance funds by ensuring that LIHEAP and PIPP (Percentage of Income Payment Plan) funds do not go toward paying the higher prices for electric and gas supply that ARES and ARGS charge.

Madigan has recently pursued legal action against four different alternative retail energy suppliers and is investigating several others. In April, Madigan announced a lawsuit against Major Energy for aggressive and deceptive sales tactics that defrauded Illinois consumers out of millions of dollars. She previously settled with Ethical Electric Inc. and PALMco Power IL LLC and is in ongoing litigation with Sperian Energy Corp.

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