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OPINION

Massachusetts should ban third-party electric suppliers

The industry has produced years of financial losses for consumers alongside pervasive misleading marketing practices and false claims of clean, green energy.

By **Andrea Joy Campbell and Michelle Wu** Updated January 29, 2024, 11 minutes ago



Workers repair electrical lines affected by a fallen tree in Dorchester on Sept. 15, 2023. Forty percent of residents in

Dorchester and Mattapan are enrolled with third-party electric suppliers DAVID L. RYAN/GLOBE STAFF

Massachusetts's 26-year experiment with third-party electric suppliers for individual residents has failed. The data are clear: Through aggressive and deceptive marketing tactics and predatory contracts, so-called competitive suppliers have overcharged Massachusetts residents by more than [half a billion dollars](#) since 2015. Residents of color and those in low-income communities have shouldered a disproportionate share of these costs.

Massachusetts [deregulated](#) its electricity market in 1997. The move was [described](#) as part of "a historic mission to use competitive market forces to reduce prices and provide customers with choice of their retail electricity supplier." The option to choose a retail electric supplier worked for many commercial customers and municipal aggregation programs. But for residential customers, it produced years of financial losses alongside pervasive misleading marketing practices and false claims of clean, green energy.

In communities across the Commonwealth, third-party electric suppliers have preyed on those they claim to be helping. That's why we are working with State Representative Frank Moran and State Senator Brendan Crighton to pass legislation that would ban suppliers from signing up more residential customers. To protect Massachusetts families, the Legislature should pass it this session and send it to the governor's desk.

Today, residents can choose between receiving electricity from their utility, their local municipal aggregation program (for the towns and cities that have them), or third-party electric suppliers. Of these options, only third-party suppliers have a track record of deploying aggressive, deceptive marketing tactics, making misleading promises about savings and clean energy, and enticing residents with lower initial rates that often [skyrocket](#) after a few months.



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The reality is that, during the seven-year period between 2015 and 2022, third-party suppliers have never been consistently cheaper than a utility's basic service. Variable rates can be several times higher than promotional prices at the beginning of the contract, and just one month of a high variable rate can be enough to send a financial shock through a household's budget, canceling out any initial savings.

And the damaging impact of third-party suppliers' price hikes are not evenly distributed.

Forty percent of residents in Dorchester and Mattapan, two Boston neighborhoods with a high proportion of low-income residents, are enrolled with one of these suppliers. Compared to the city's Community Choice Electricity program, residents have paid suppliers as much as \$300 extra per month. Boston is one of [176 municipal aggregation programs](#) in Massachusetts in which cities and towns supply electricity on behalf of their residents. Customers enrolled in the city's [Community Choice Electricity program](#), which offers residents the option to purchase 100 percent renewable energy, saved more than \$111 million in the first six months of this year compared to Eversource's basic service.

Third-party suppliers also routinely claim that the energy they sell helps Massachusetts achieve its clean energy goals. But nothing could be further from the truth: Their supply is commonly backed by cheap out-of-state energy credits that do nothing to help the Commonwealth or region achieve its ambitious and critical greenhouse gas reduction goals.

To convince consumers to sign up for what will likely be a bad deal, third-party suppliers rely on predatory, high-pressure tactics that appear to target seniors, low-income communities, people of color, students, and non-English native speakers. The volume of complaints we receive from residents reporting false claims about savings, agents pretending to represent the local utility, or harassing customers with aggressive telemarketing speaks to the scale and severity of the problem. Ten years of rigorous enforcement by the Attorney General's Office secured approximately \$19 million from suppliers — but that's still only a little more than 3 percent of the \$525 million residents have lost since 2015. And suppliers often make investigations difficult, even declaring bankruptcy to avoid accountability.

Other states with deregulated electricity markets like New York, Connecticut, and Pennsylvania experience the same problems with third-party suppliers. They've added more oversight, but the problems have persisted. Regulation has not succeeded in changing the behavior of the industry. Many, if not most, third-party suppliers continue to aggressively resist transparency reforms and attempts by regulators to hold them accountable.

Years of data and the ongoing exploitation of residents make clear that this portion of the industry cannot be successfully transformed into a business that delivers net benefits rather than net harm to its customers. The only way to truly protect consumers is to ban third-party suppliers from the Massachusetts individual residential electric market.

The Legislature is considering our [bill](#) to prohibit third-party suppliers from entering

into new contracts or renewing existing ones with individual residential electric customers. Passing this legislation will protect current third-party suppliers' customers, ensure that no more residents fall victim to suppliers' misleading tactics, and safeguard consumer choice while advancing our clean energy goals.

Former Governor Charlie Baker's administration [supported](#) banning suppliers, and Governor Healey's administration has supported the legislation as well. The solution is clear. The Legislature should send the governor a bill to end this industry once and for all.

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