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Malloy bans variable electricity rates

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Gov. Dannel P. Malloy

Gov. Dannel P. Malloy on Tuesday signed into law a ban on competitive electric suppliers charging customers variable rates.

Competitive electric suppliers offer alternatives to standard service utility pricing for the generation portion of ratepayers' bills and have been eligible to operating in the state since 2001.

However, after electricity prices spiked in winter 2014, the supplier industry came under fire for charging variable rates in their contracts with ratepayers, i.e. the companies could change month-to-month what they charged customers, usually rising as the cost of wholesale electricity rose. Suppliers also were criticized for luring in new customers with low introductory rates and then hitting them with higher variable costs later in their contracts.

With Malloy's signature, Connecticut becomes the first state to outright ban variable-rate contracts between suppliers and ratepayers. Suppliers may still offer fixed-rate contracts.

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