

ORDER NO. 90593

The Complaint of the Staff of the Public
Service Commission of Maryland against
Greenlight Energy Inc.

BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND

CASE NO. 9691

Issue Date: April 20, 2023

ORDER APPROVING SETTLEMENT

1. On February 14, 2023, the Public Service Commission of Maryland’s Technical Staff (“Staff”) filed a Complaint against Greenlight Energy, Inc. (“Greenlight”) alleging that Greenlight had violated Maryland law governing retail suppliers’ activities, by engaging in deceptive practices and failing to comply with the Commission’s customer protection regulations contained in Code of Maryland Regulations (“COMAR”) 20 Subtitles 53 and 59.¹ On February 15, 2023, the Commission ordered the Company to file an Answer to Staff’s Complaint and to file evidence to show just cause as to why the Company’s license to provide electricity or electricity supply services should not be suspended or revoked, or in the alternative, why the Company should not be precluded from soliciting additional customers, and why the Company should not be subject to a civil penalty under Public Utilities Article (“PUA”), *Annotated Code of Maryland*, §§ 7-507(1) and 13-201 based on the violations of Maryland law cited in Staff’s complaint.² On

¹ Maillog No. 301324 (“Staff Complaint”).

² Maillog No. 301333 (Order No. 90511).

February 21, 2023, the Maryland Office of People’s Counsel (“OPC”) entered its appearance in matter pursuant to PUA § 2-205.³

2. The February 15 Order also directed the Company to appear at the Commission’s March 29, 2023 Administrative Meeting for a hearing on the Complaint. On March 3, 2023, Greenlight filed a request for an extension of time,⁴ and filed its Answer and Response to Staff’s Complaint on March 21, 2023.⁵ The Commission granted the extension of time request and directed the Company to appear at the Commission’s April 12, 2023 Administrative Meeting.⁶ The Commission issued a subsequent notice that the hearing on April 12, 2023 was rescheduled to April 14, 2023.⁷

3. On March 31, 2023, OPC filed Comments⁸ and Staff filed Reply Comments,⁹ in response to Greenlight’s Answer and Response. Staff filed Amended Reply Comments on April 3, 2023, and filed a proposed Settlement Agreement on behalf of the Parties on April 13, 2023.

A. Staff Complaint

4. In its Complaint, Staff noted that Greenlight was licensed by the Commission on December 5, 2012, to supply natural gas and natural gas supply services in Maryland, and licensed on October 23, 2013, to supply electricity and electricity supply services in Maryland. The Complaint states that between June 9, 2020 and September 14, 2022, the Commission’s Consumer Affairs Division (“CAD”) received 34 consumer complaints

³ Maillog No. 301433.

⁴ Maillog No. 301628. After considering the matter, the Commission directed Greenlight to appear at the April 12, 2023 Administrative Meeting. On April 7, 2023, the Commission rescheduled the hearing to April 14, 2023.

⁵ Maillog No. 301962.

⁶ Maillog No. 301628.

⁷ Maillog No. 302296.

⁸ Maillog No. 302178.

⁹ Maillog No. 302177.

concerning Greenlight. After investigating these complaints, CAD found in favor of the customer in 24 of the 34 cases. The Complaint further stated that Staff reviewed each of the complaints received by CAD and concurred with CAD that Greenlight violated Maryland law, including the consumer protection provisions of COMAR for electric and gas suppliers, as well as consumer protection provisions of Maryland Commercial Laws.

5. The Complaint alleges that, in violation of COMAR, Greenlight failed to provide valid supplier contracts to its Maryland customers from 2020 through the date of the complaint, and that—regardless of the solicitation method used by the Company—Greenlight’s conduct reveals a pattern and practice of regulatory noncompliance and systemic violations of Maryland law.¹⁰ Additionally, the Complaint alleges that Greenlight failed to provide customers with valid contracts for internet, telephone and door-to-door enrollments,¹¹ subjected customers to certain instances of agent misconduct and misrepresentation,¹² and in at least one instance, delayed a customer cancellation in violation of COMAR 20.59.04.04.¹³ With regard to telephone enrollments, the Complaint alleges that Greenlight’s enrollments failed to comply with both COMAR and the Maryland Telephone Solicitations Act.¹⁴ With regard to door-to-door enrollments, the Complaint alleged that the document provided to door-to-door enrollees -- entitled “signature page to service agreement” -- is not compliant with either COMAR or the Maryland Door to Door Sales Act.¹⁵

¹⁰ Staff Complaint at 2.

¹¹ *Id.* at 3.

¹² *Id.* at 8.

¹³ *Id.* at 9.

¹⁴ *Id.* at 6.

¹⁵ *Id.* at 7.

B. Settlement Agreement

6. On April 13, 2023, Staff filed a Joint Settlement Agreement on behalf of the Parties resolving the issues set forth in the Complaint.

7. The Settlement Agreement addresses Greenlight's operational modifications for online enrollments, door-to-door enrollments and telephone enrollments, customer service, and miscellaneous marketing modifications. It also addresses reporting, civil penalties and customer refunds.

8. With regard to reporting, the agreement provides that for a period of two years following the resumption of each marketing channel, Greenlight shall submit semi-annual reports to Staff, OPC and CAD pertaining to customer drop/cancellation requests, the number of quality assurance calls attempted, and Greenlight's internal complaint resolution standard operating procedure.¹⁶

9. The civil penalty, as stated in the Settlement Agreement, is \$40,000, which shall be paid within 30 days of final Commission approval of the Settlement.

10. With regard to refunds, the Settlement Agreement states that Greenlight has or shall provide: (a) refunds to all Greenlight customers enrolled by the door-to-door sales agents in CAD Complaint Nos. 33709, 35156 and 35341, in the amount that for each comprises the difference between the SOS (standard offer service) rate or gas commodity rate and Greenlight's supply rate, the sum total of which is \$47,314 for all refunded customers combined, and (b) refunds to Greenlight's current door-to-door customers identified by the utilities as receiving energy assistance as of April 1, 2023, in an amount that for each comprises the difference between the SOS rate or gas commodity rate and Greenlight's

¹⁶ Settlement Agreement at 6.

supply rate, the sum total of which is \$15,000 for door-to-door energy assistance customers. Additionally, the Settlement Agreement provides that Greenlight shall work with Staff, OPC and CAD in drafting a letter to the customers receiving refunds, explaining the reasons for the refunds. Greenlight will also provide Staff, OPC and CAD with a spreadsheet identifying: (1) the customers that received a refund; (2) the calculation of the refund; and (3) the refund amount Greenlight paid to the customer.

C. April 14 Hearing

11. During the April 14 hearing, Staff and Greenlight sponsored witnesses supporting the Settlement Agreement, and responded to Commission questions.¹⁷

1. Staff

12. Staff witness Stephanie Bolton, Director of the Commission's Consumer Affairs Division, testified that in total – including the civil penalty amount and customer refunds – Greenlight has agreed to a combined amount of civil penalty and refunds in excess of \$102,000. Also, in addition to the express terms of the Settlement Agreement, Ms. Bolton testified that Greenlight has agreed to reform its marketing practices including contract changes—to bring its contract forms into compliance with COMAR requirements, and to a moratorium on door-to-door and telephonic marketing until approval is reached with CAD allowing the Company to resume marketing. She testified that Greenlight has been proactive in cooperating with Staff, OPC and CAD in addressing the issues raised in Staff's Complaint, and that the Settlement Agreement as designed reasonably addresses Greenlight's prior compliance problems. She testified that Greenlight has committed to

¹⁷ The Settlement Agreement filed by Staff on behalf of the Parties was admitted into the record as Joint Exhibit 1.

multiple and periodic training of current and new vendors and stated that she believes the Settlement Agreement is in the public interest.

2. OPC

13. OPC did not file comments or present a witness addressing the Settlement Agreement; however, as a signatory to the Settlement Agreement, OPC agrees that the Settlement is in the public interest.

3. Greenlight

14. Greenlight witness Michael Hartofilis, President and Founder of Greenlight Energy, Inc., testified regarding Greenlight's operations and stated that after a string of CAD complaints in May 2022, Greenlight ceased its marketing activities in Maryland. He further testified, that pursuant to the provisions of the Settlement Agreement, rather than resuming door-to-door and telephone enrollments, customers will be redirected to the Company's website for internet enrollment – which will assure that all customers are enrolled based on a signed contract. He testified that the Settlement Agreement charts a reasonable path forward for compliance with the Commission's regulations, and that Greenlight is committed to working with Staff, OPC and CAD in the interim to execute all that is required in the Settlement.

COMMISSION DECISION

15. Upon considering the filings and testimony proffered by the Parties and the Settlement Agreement filed by Staff on behalf of the Parties, the Commission finds that the Settlement Agreement is in the public interest and is therefore approved.

16. The Commission finds that coupled with the combined refund and civil penalty amount totaling \$102,314 (based on a \$40,000 civil penalty and \$62,314 in direct customer

refunds), the Company's commitment to collaborate with Staff, CAD and OPC with regard to review of Greenlight's marketing materials and the Company's commitment to vendor training and compliance with other requirements specified in the Settlement Agreement, the Agreement sets forth reasonable requirements that redress Greenlight's failure to comply with the Commission's regulations pertaining to marketing and enrollment of customers.¹⁸ To Greenlight's credit, Staff witness Bolton acknowledged Greenlight's cooperation with Staff, OPC and CAD in seeking to resolve the issues set forth in Staff's Complaint.

17. Staff witness Bolton also noted that Greenlight halted some of its customer enrollments within 30 days of receiving notice that its marketing materials were insufficient, and has since halted enrollments through all of its marketing channels, including internet, telephone and door-to-door enrollments. Greenlight also expressly agreed to accept a moratorium, prohibiting the Company from enrolling any new customers in Maryland, pending its compliance with all terms of the Settlement.

18. At the April 14 hearing, the Parties acknowledged that the settlement in this case only covered complaints from June 9, 2020 to September 14, 2022. In approving the Settlement Agreement, Greenlight acknowledges that the settlement does not shift the burden of proof to other customers who may have complaints against the Company that were not part of the Staff Complaint, and Staff's agreement not to prosecute complaints against Greenlight only applies to the complaint period specified in this case.

19. Going forward, Greenlight has committed to limit its enrollment procedure to internet enrollments only, and will redirect enrollments that are presented to the Company

¹⁸ Staff witness Bolton testified that \$47,314 in refunds to customers based on CAD Complaint Nos. 33709, 35156 and 35341 have already been paid by Greenlight.

by any other channel to internet enrollment, where the customer's enrollment is verified by an electronically signed contract. Additionally, Greenlight agreed that any contracting terms and conditions, including termination provisions, will comply with the Commission's regulations, and as such, its contract's terms and conditions will be reviewed by an attorney licensed in Maryland with experience with the Commission's retail supplier regulations.

IT IS THEREFORE, this 20th day of April, in the year Two Thousand Twenty-Three, by the Public Service Commission of Maryland, **ORDERED**:

(1) that the Settlement Agreement tendered by the Commission's Staff on behalf of all Parties in this matter is approved;

(2) that Greenlight Energy, Inc. shall comply with the terms of the Settlement Agreement as set forth therein;

(3) that until the compliance provisions set forth in the Settlement Agreement have been met, Greenlight shall not resume marketing any natural gas, natural gas service, electricity or electricity supply services, and shall not resume any customer enrollments in Maryland; and

(4) that the Settlement Agreement approved by the Commission in this case shall not be used as precedent in any other proceeding.

/s/ Jason M. Stanek

/s/ Michael T. Richard

/s/ Anthony J. O'Donnell

/s/ Odogwu Obi Linton

/s/ Patrice M. Bubar

Commissioners