

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 1044

(Senators Middleton and Benson)

Finance

Economic Matters

**Public Service Commission - Competitive Retail Electricity and Gas Supply -
Consumer Protection - Report**

This bill requires the Public Service Commission (PSC), by January 1, 2015, to submit a report to the General Assembly on the status of PSC's efforts to provide appropriate protections for consumers in connection with competitive retail electricity and gas supply, including recommendations as to how to better protect ratepayers. PSC must convene a workgroup of interested persons, including retail electricity suppliers, to advise PSC on the information and recommendations that should be included in the report.

The bill takes effect June 1, 2014, and terminates July 31, 2015.

Fiscal Summary

State Effect: PSC can handle the bill's requirements with existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The PSC report must include information and recommendations concerning:

- the adequacy of PSC's current retail electricity and gas customer choice consumer protection regulations;

- the adequacy of PSC's enforcement of current electricity and gas customer choice consumer protection laws and regulations;
- whether to require further safeguards in connection with the verification of retail electricity or gas contracts;
- whether to require further safeguards in connection with consumer comprehension of retail electricity or gas contracts;
- whether to require licensing of individuals who sell or facilitate the sale of retail electricity or gas contracts;
- any other issues PSC considers relevant to these issues; and
- whether legislation is necessary to further any recommendations in the report.

PSC must include draft legislation of any necessary statutory changes if PSC determines legislation is necessary to further any recommendations.

Current Law: An electricity supplier must be licensed by PSC before doing business in the State. PSC must adopt regulations or issue orders to protect consumers, electric companies, and electricity suppliers from anticompetitive and abusive trade practices and to establish related consumer safeguards.

PSC is required to license gas suppliers, adopt complaint procedures, establish standards for the protection of consumers, and establish certain requirements relating to the competitiveness of natural gas supply. PSC must adopt regulations or consumer protection orders for natural gas suppliers that:

- are consistent with those for electricity suppliers;
- protect consumers from discriminatory, unfair, deceptive, and anticompetitive acts and practices in the marketing, selling, or distributing of natural gas;
- provide for contracting, enrollment, and billing practices and procedures; and
- PSC considers necessary to protect the consumer.

PSC regulations specify consumer protections for residential and nonresidential electricity and gas customers. For residential customers, a supplier may not disclose a customer's billing, payment, or credit information without the customer's consent, except for the sole purpose of facilitating billing, bill collection, and credit reporting.

A supplier may not enroll a customer without the customer's consent. A supplier may not add a new charge for a new service, existing service, or service option without first obtaining consent from the customer. A customer may file a dispute with PSC's Office of External Relations to seek a refund of any overcharge and any fees or penalties paid by the customer as a result of an unauthorized enrollment.

Advertising by suppliers is permitted, but suppliers are prohibited from engaging in a marketing or trade practice that is unfair, false, misleading, or deceptive. A supplier's marketing or solicitation information must include the supplier's Maryland license number in a clear and conspicuous manner. If a price is quoted, it must meet specified disclosure requirements. Telephone solicitations must comply with specified State and federal laws, including the Maryland Telephone Solicitations Act.

Only licensed suppliers can execute contracts for electricity or natural gas supply. Each contract must contain specified information related to services, prices, billing, and duration. Price information must include all fixed and variable components.

Background: The Electric Customer Choice and Competition Act of 1999 (Chapters 3 and 4) facilitated the restructuring of the electric utility industry in Maryland. The resulting system of customer choice allows the customer to purchase electricity from a competitive supplier or to continue receiving electricity under standard offer service (SOS). Default SOS electric service is provided by a customer's *electric company*. Competitive electric supply is provided by competitive *electricity suppliers*. As of December 2013, more than 634,000 customers – or 28.1% of eligible accounts – were served by competitive electricity suppliers.

A competitive market for supply of natural gas has been available to large industrial customers since the 1980s. Maryland was one of the first states to consider deregulating natural gas markets for residential and small commercial customers. In 1996, the competitive market was expanded to these classes of customers as a pilot program. Chapter 669 of 2000 granted PSC the same licensing authority of gas suppliers as over electricity suppliers. Default SOS natural gas service is provided by a customer's *gas company*. Competitive natural gas supply is provided by competitive *gas suppliers*. As of December 2013, more than 274,000 customers – or 24.6% of eligible accounts – were served by competitive gas suppliers.

Additional Information

Prior Introductions: None.

Cross File: HB 928 (Delegates Rudolph and James) - Economic Matters.

Information Source(s): Public Service Commission, Department of Legislative Services

Fiscal Note History: First Reader - February 27, 2014
ncs/lgc Revised - Enrolled Bill - April 8, 2014

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