

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 1144
Economic Matters

(Delegate W. Miller)

Finance

Gas and Electric Companies - Retail Choice Customer Education and Protection Fund

This bill establishes the Retail Choice Customer Education and Protection Fund, administered by the Public Service Commission (PSC). The purpose of the fund is to provide resources to improve PSC's ability to (1) educate customers on retail electric and gas choice and (2) protect customers from unfair, false, misleading, or deceptive practices by electricity or gas suppliers. The fund may be used only for these purposes. Revenues from specified related civil penalties accrue to the fund, rather than the general fund. The fund consists of (1) the revenues from related civil penalties; (2) money appropriated in the State budget to the fund; and (3) any other money from any other source accepted for the benefit of the fund.

Fiscal Summary

State Effect: PSC can administer the fund with existing budgeted resources. Special fund revenues and expenditures for the fund increase to the extent that the fund receives money through the State budget, civil penalties, or other sources. The amount cannot be reliably estimated at this time. The bill does not otherwise materially affect State finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background:

Competitive Supply

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*.

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*.

Consumer Protections

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.

Chapters 77 and 78 of 2014 required 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

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consumers in connection with competitive retail electricity and gas supply, including recommendations as to how to better protect rate payers. The [report](#) can be found on PSC's website. PSC subsequently adopted regulations that altered required procedures related to competitive electricity and gas supply, including customer initiated switching of suppliers, the resolution of enrollment disputes between customers and suppliers, supplier marketing, contracts, rates, and the relationship between a supplier and its agents.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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md/lgc

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