SB 684

Department of Legislative Services

Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 684 (Senator Astle)
Finance Economic Matters

Energy Efficiency Programs - Heating, Ventilation, Air Conditioning, and Refrigeration Services

This bill prohibits an affiliate of an electric company from using the electric company's trade name, logo, billing services, mail inserts, advertising, or computer services for a plan or program that provides heating, ventilation, air conditioning, or refrigeration (HVACR) services unless the electric company provides "just and reasonable compensation" to the customers of the electric company's regulated services. The Public Service Commission (PSC) must initiate a proceeding to determine the amount of just and reasonable compensation that an affiliate must provide to customers of the electric company's regulated services. PSC must adopt regulations or issue orders to carry out this requirement.

Fiscal Summary

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

Local Effect: Minimal.

Small Business Effect: Minimal.

Analysis

Current Law: An electric company that enters into a contract or obligation with an affiliate to provide HVACR services in connection with a program or service to encourage and promote the efficient use and conservation of energy must notify PSC within 30 days after entering into the contract or obligation that the electric company (1) has entered into the contract or obligation and (2) certifies that the customers of the electric company's regulated services will not subsidize the operations of the affiliate.

PSC regulations establish a "Utility Code of Conduct" to promote competitive markets and ensure that an electric or gas company does not subsidize its affiliates. Among other prohibitions, generally, a utility may not:

- represent to a customer or potential customer that any advantage or superior service will accrue because of the relationship between the utility and a core service affiliate or noncore service affiliate;
- give any preference to a core service affiliate, or noncore service affiliate, or a customer of either in providing regulated utility service;
- condition or tie the provision of regulated utility service to any other product or service; or
- provide sales leads to its core or noncore service affiliate.

Background: An example of a utility's billing service being used by a third party is BGE Home, Inc. BGE Home is an affiliate of Baltimore Gas and Electric Company (BGE) and has used BGE's billing services in the past to bill customers. BGE charges BGE Home for its billing services. PSC recently concluded an investigation of this practice in Case No. 9235, as discussed below.

In October 2009, the Maryland Alliance for Fair Competition and a residential customer in BGE's service territory filed a *Petition to Investigate the Current Practices of BGE and BGE Home* to PSC. The petition requested that PSC establish a new proceeding to, among other things (1) investigate the practice of BGE and BGE Home's sharing resources and (2) determine if there are/were any violations of certain PSC regulations in connection with BGE's ratepayers subsidizing BGE Home's activities. Further, the petition requested PSC to take appropriate action to ensure that improper resource sharing does not occur, including revising regulations to prohibit the use of a utility's corporate and trade names, trademarks, and logos in affiliate advertising, marketing of services, customer accounting, billing, and collections.

PSC reviewed the petition and BGE Home's response, determined that a proceeding was needed to investigate the resources sharing practices of BGE and BGE Home, and delegated the issue to the Public Utility Law Judge (PULJ) Division to conduct necessary proceedings and submit a report to the commission for further consideration.

In November 2013, the PULJ prepared and submitted the required report to PSC. The PULJ reported that he could find no fact supporting a conclusion that BGE and BGE Home had violated PSC regulations by the exchange of unlawful subsidies, intentional exclusion of competitors from BGE's billing system, or any other practice. In February 2014, PSC accepted the PULJ’s report, found no need to take further action, and closed the investigation.

Additional Information

Prior Introductions: None.

Cross File: HB 1569 (Delegate Lisanti) - Rules and Executive Nominations.

Information Source(s): Public Service Commission, Office of People’s Counsel, Department of Legislative Services

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md/lgc

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