

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 881
Finance

(Senator Hershey)

Residential Electric Customers - Automatic Termination of Electricity Supply Contract

This bill requires an electricity supplier to immediately refer a retail electric customer's account to standard offer service (SOS) under specified circumstances related to the avoidance of service termination.

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations.

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: Notwithstanding any other law, if, in order to avoid service termination due to the failure of a residential electric customer to pay the customer's bill, an electric company enrolls the customer in a bill payment plan or the customer receives bill assistance through a universal service program:

- the enrollment in a bill payment program or participation in a universal service program is considered a material change in a contract for electricity supply between an electricity supplier and the customer;
- the contract must be automatically terminated without penalty to the customer; and

- the electricity supplier must immediately refer the customer's account to SOS offered through the customer's electric company.

Current Law/Background: The Electric Customer Choice and Competition Act of 1999 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 SOS. Default SOS electric service is provided by a customer's *electric company* (e.g., Baltimore Gas and Electric Company or Pepco). Competitive electric supply is provided by competitive *electricity suppliers*. In either case, the electric company delivers the electricity and recovers the costs for delivery through distribution rates. Gas supply and delivery are similarly restructured, with gas suppliers and gas companies.

Energy Assistance and Competitive Retail Supply

A recent [report](#) on the competitive retail electricity market in Maryland conducted on behalf of the Office of People's Counsel included a finding that energy assistance funds for low-income customers may be inefficiently used if benefits are paid to cover higher priced supply costs.

Energy Assistance

The Office of Home Energy Programs in the Department of Human Services administers two energy assistance programs for residential customers using local administering agencies, including local departments of social services, in each county and Baltimore City. These programs are (1) the Maryland Energy Assistance Program, funded by the federal Low-Income Home Energy Assistance Program, which provides bill payment assistance, crisis assistance, and furnace repair/replacement for a variety of heating sources and (2) the Electric Universal Service Program, funded from a ratepayer surcharge and an allocation of revenue from the Regional Greenhouse Gas Initiative carbon dioxide emission allowance auctions, which provides both bill payment and arrearage assistance to electric customers.

Small Business Effect: Small electricity suppliers must regularly determine a customer's enrollment status in bill payment programs and energy assistance programs in order to comply with the bill. Additionally, small electricity suppliers lose potential customers and are prohibited from collecting a penalty for termination.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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sb/lgc

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