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**SB 685 – ELECTRICITY AND GAS – ENERGY SUPPLIERS – ASSISTED CUSTOMERS
SUPPORT TESTIMONY**

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Before the Senate Finance Committee, February 25, 2020

Madam Chair Kelley and Vice-Chair Senator Feldman, my name is Arjun Makhijani. I am president of the Institute for Energy and Environmental Research. Thank you for this opportunity to testify before you on Electricity and Gas – Energy Suppliers – Assisted Customers, SB 685.

I am the principal author of a report entitled [Energy Justice in Maryland's Residential and Renewable Energy Sectors](#), which examined, among other things, the severe consequences of unaffordable energy bills both for low-income families and for society at large. As my co-authors and I showed in detail, low-income families often face impossible choices between paying for rent, food, utility bills, and medicine. The frequent result is terrible suffering for tens of thousands of low-income families. Not infrequently that suffering includes evictions and homelessness. This is without the complication of higher bills as a result of third-party supply.

In 2017, over 95 percent of the 400,000 households who chose third-party supply paid a combined total of almost \$60 million more for their electricity compared to Standard Offer Service. Small businesses on third-party supply also often pay more. This is documented in a [2018 Abell Foundation study](#) I co-authored, with Laurel Peltier, indicated that overpayments by low-income households on third-party supply were typically hundreds of dollars a year than the average overpayment of \$147 per year for all households on third-party supply (compared to Standard Offer Service).

For assistance recipients, the net effect is that a large fraction of ratepayer assistance money granted to low-income households is going to third party suppliers in the form of higher bills rather than lowering energy burdens – which is the intent of such assistance. This is a misuse of public monies because it undermines the intent of energy assistance. In doing so it increases suffering by aggravating conflicts between paying energy bills on the one hand or paying rent, purchasing medicine, and food on the other.

I support SB 685 because it would prevent assistance funds from going to third party suppliers and enable those funds to fully reduce energy burdens. I would also support SB 685 if it had an amendment that would allow third-party supply to OHEP assistance recipients so long as third-party supply rates were *always* at or below Standard Offer Service rates – both for electricity and natural gas supply and so long as there are no termination fees for third-party supply contracts for OHEP assistance recipients. Such an amendment would preserve choice while ensuring the central purpose of assistance – reducing energy burdens—is maintained.

Thank you for your time. I would be happy to answer questions.