EPISCOPALDIOCESE_SUPPORT_SB685
Uploaded by: Boyd, Linda
Position: FAV

THE EPISCOPAL DIOCESE OF MARYLAND

SB 685– Support

Electricity and Gas - Energy Suppliers - Assisted Customers

Finance Committee

2/25/2020

Good afternoon Chair Kelley, Vice Chair Feldman and Members of the Finance Committee.

My Name is Rev. Linda Boyd and I am representing the Maryland Episcopal Diocese. The Diocese represents 108 parishes and over 45,000 parishioners stretching from Western Maryland to Calvert County. The Maryland Episcopal Diocese supports SB 865.

Third party electrical and gas suppliers are targeting people on energy assistance and charging them a variable rate that is many times more than that charged by BG&E or Pepco. Because there is no reporting requirement by third party energy suppliers, the extent of this problem is not known. This bill prohibits a retail electricity or gas supplier from knowingly enrolling a residential customer with, or submitting an enrollment to change a customer to, a competitive supplier if the customer has received specified utility bill assistance within the past 12 months.

Many of our parishioners are recipients of energy assistance and are being charged by third party energy suppliers a rate that is many more times than the rate charged by BG&E or Pepco. This bill would protect those parishioners from paying such a high rate.

We ask for your support of bill SB0685.

4 E University Parkway, Baltimore, MD 21218-2437
Tel: 410-467-1399 / 800-443-1399 Fax: 410-554-6387
www.EpiscopalMaryland.org

AARP MD_FAV_SB 685
Uploaded by: Bresnahan, Tammy
Position: FAV

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200 St. Paul Place, #2510 | Baltimore, MD 21202
1-866-542-8163 | Fax: 410-895-0269 | TTY: 1-877-434-7598
aarp.org/md | mdaarp@aarp.org | twitter: @aarpmaryland
facebook.com/aarpmd

SB0685 Electricity and Gas - Energy Suppliers - Assisted Customers
Senate Finance Committee
FAVORABLE
February 25th, 2020

Good Afternoon Chairwoman Kelley and Members of the Senate Finance Committee. My name is Tammy Bresnahan. I am Director of Advocacy for AARP Maryland. As you know, AARP Maryland is one of the largest membership-based organizations in the Free State, encompassing almost 900,000 members**. AARP MD overwhelmingly** support **SB0685 Electricity and Gas - Energy Suppliers - Assisted Customers and we thank Senator Washington** for sponsoring this important legislation.

AARP is a nonpartisan, nonprofit, nationwide organization that helps people turn their goals and dreams into real possibilities, strengthens communities and fights for the issues that matter most to families such as healthcare, employment and income security, retirement planning, affordable utilities and protection from financial abuse.

SB 685 prohibits a retail electricity or natural gas supplier from knowingly enrolling a residential customer with or submitting an enrollment to change the customer's electricity or natural gas supplier to a competitive supplier if the customer energy assistance for the preceding 12 months.

The presence of third party energy suppliers is a direct result of a wide-sweeping energy deregulation law signed in 1999. This legislation opened the door to energy retail competition and allowed consumers to purchase their electricity or natural gas supply from third-party suppliers, as well as from their local utility. The idea was that a deregulated energy market would provide consumers with choices, spark competition, and save everyone money. That is not happening.

Many vulnerable Marylanders are looking for cheaper utilities because they have limited to fixed incomes. Once the introductory rates expire--variable rates go into effect and for this population, your constituents face turn off notices and may in some cases, even lose their residency if they can't keep the lights on.

If this all seems a bit confusing, imagine what your constituents think. AARP Maryland noticed that our members are being heavily marketed. Worse, we noticed many are paying higher prices for the same electric/gas offered by BGE, Pepco, Delmarva, Potomac Edison or SMECO.

AARP believes that policymakers should ensure consumers have access to reliable, safe, and high-quality utility electric and gas services. Services should be offered at just and reasonable rates. Fair terms and conditions, as well as minimum service standard protections, must be included.

AARP also believes that policymakers should prohibit unfair, deceptive, or abusive acts or practices. These include unfair early termination penalties and misleading marketing practices.

For these reasons, we ask for a FAVORABLE report on SB 685. If you have questions, please contact Tammy Bresnahan at tbresnahan@aarp.org or by calling 410-302-8451.

OPC_Support_SB685
Uploaded by: Carmody, Paula
Position: FAV

STATE OF MARYLAND
OFFICE OF PEOPLE'S COUNSEL
Paula M. Carmody, People's Counsel
6 St. Paul Street, Suite 2102
Baltimore, Maryland 21202
410-767-8150; 800-207-4055
www.opc.maryland.gov

BILL NO.:	**Senate Bill 685** **Electricity and Gas – Energy Suppliers - Assisted Customers**
COMMITTEE:	**Finance**
HEARING DATE:	**February 25, 2020**
SPONSOR:	**Senators Washington, Benson and Kelley**
POSITION:	**SUPPORT**

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The Office of People's Counsel (OPC) supports Senate Bill 685. There is substantial evidence in Maryland and other states that high supply rates from electricity and gas suppliers are harming residential customers, and low-income customers in particular. This Bill would reduce the negative impact of higher than necessary energy prices on the households least able to handle higher bills, reduce the inefficient use of public energy assistance funds, and avoid unnecessary service terminations. The bill as written prohibits OHEP-assisted customers from enrollment with gas and electricity suppliers. However, OPC understands that the sponsor intends to introduce amendments to restrict, and not prohibit, enrollment of OHEP-assisted customers. OPC believes that both alternatives achieve the same goals of protecting the most financially vulnerable households and promoting more efficient use of ratepayer and public funds.

Maryland energy assistance programs are administered through the Office of Home Energy Programs (OHEP). These programs include the federally funded Maryland Energy Assistance Program (MEAP) and the ratepayer and RGGI-funded Electric Universal Service Programs. The grants made by OHEP are not adjusted when a customer is being charged high rates by an energy supplier. Therefore, when an OHEP-assisted customer pays a higher rate to a supplier for electricity or gas, the grants have a smaller impact on the customer bills, and do not reduce the financial burden of the customer's utility bills as intended by the programs.

Furthermore, when OHEP energy assistance funds are not used effectively to reduce the energy burdens of low-income households, there can be a further impact on utility customers overall. Almost all suppliers use local utilities as their billers. The utilities in turn purchase the receivables (POR) for each customer, whatever the rate charged by the supplier. If the OHEP assistance has a reduced impact on the monthly bills due to higher supply rates, this can further contribute to arrearages owed to the utility and ultimately, service terminations. Customers facing service terminations because of arrearages can, under certain circumstances, receive grants from OHEP to reduce the customer's arrearages and avoid the service termination. However, those grants can only be provided once every seven years.

There is evidence that customers as a whole are being charged more for electricity and gas by retail suppliers, and that this is especially harmful for customers receiving energy assistance. Two 2018 Maryland reports, issued by OPC and the Abell Foundation, used different data sources, but the findings are the same and they are consistent with other retail competition states – residential customers are paying more as a whole.[1] OPC's report found, based on public offers by suppliers for non-renewable electric service, that customers of suppliers were paying $34.1 million per year above the utility price for electricity. Similarly, the report found that Maryland residential customers of gas suppliers were paying $20.7 million per year above the utility price for gas. The total over-payment per year was $54.9 million.

The Abell Foundation report used U.S. Energy Information Agency (EIA) data and found that Maryland consumers with suppliers were paying an additional $255M from

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[1] See "*Maryland's Residential Electric and Gas Supply Markets: Where Do We Go from Here,*" (Susan Baldwin and Sarah Bosley, November 2018), Appendices A and B, released by OPC, at www.opc.maryland.gov/publications. ("OPC Maryland Report"). *Maryland's Dysfunctional Residential Third-Party Energy Supply Market: An Assessment of Costs and Policies* (Abell Foundation, Laurel Peltier and Arjun Makhijani, Ph.D., authors, December 2018).

2014 to 2017 for electricity. The Abell Foundation Report included interviews with and billing data from 40 low-income account holders with suppliers and found a 51% premium for electricity, and 78% premium for gas.[2]

The Maryland reports are consistent with reports and investigations from Massachusetts, Connecticut, Illinois, and New York. These have shown that residential customers are paying more as a whole for competitive retail supply than if they stayed with their local electric utilities.

A 2018 OPC Report, prepared by the consulting organization APPRISE, established that Maryland low-income households have significantly higher energy burdens than residential customers as a whole, even after receiving energy assistance.[3] Higher energy supply costs only exacerbate that affordability problem.

Data is not currently made available publicly on the prices being charged by energy suppliers to customers in energy assistance programs. However, there is data available on how many customers on energy assistance are being served by suppliers. For each time period for which we have data and for each utility, the percentage of customers enrolled with retail suppliers is higher for customers on energy assistance than for other customers.[4]

Additionally, SMECO has voluntarily provided data on the level of charges in its service territory and the data has shown the suppliers are charging customers on energy assistance higher rates than they would pay the utility. In one month, the overcharge was over $50 per customer.[5]

Senate Bill 685 would prohibit retail suppliers from selling electricity or gas to customers who have received financial assistance from OHEP during the preceding twelve

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[2] *Maryland's Dysfunctional Residential Third-Party Energy Supply Market: An Assessment of Costs and Policies* (Abell Foundation, Laurel Peltier and Arjun Makhijani, Ph.D., authors, December 2018). p. 12.
[3] Maryland Low-Income Market Characterization Report, (APPRISE, October 2018) p. iv.
[4] Office of People's Counsel's Comments Regarding OHEP's FY 2020 Proposed Operations Plan, Case No. 8903, ML 225829, pp 19-23.
[5] Office of People's Counsel's Comments Regarding OHEP's FY 2020 Proposed Operations Plan, Case No. 8903, ML 225829, pp. 25-26 (in March 2019, 437 customers on energy assistance were overcharged $22,929 for an average of $52.47).

months. Maryland customers who are receiving financial assistance through OHEP are being harmed by high utility bills caused by prices charged by retail suppliers, and OHEP funds are not able to achieve their intended purpose. Therefore, OPC supports taking action to reduce this harm and fully supports Senate Bill 685 as originally drafted.

Alternatively, the proffered amendments, as we understand, would accomplish the same twin goals, but using a less restrictive approach. Other states, such as Illinois and New York, have taken that approach, and addressed the problem of excessive rates charged to customers in energy assistance programs by requiring that retail suppliers who sell to those charge them a rate that is less than or lower than the utility rate. OPC supports either of these approaches to reduce the harm to Maryland customers and improve the effectiveness of the funds spent through OHEP.

CSFCarter_ExeDirector_SB685
Uploaded by: Carter, Cindy
Position: FAV

Finance Committee

SB 685

Support Bill

Cancer Support Foundation
Cindy Carter Executive Director

I am Executive Director of Cancer Support Foundation and here to speak for our clients as well as all of those who are facing medical challenges.

Since 2015 I have worked with a program that has now become law called the Critical Medical Needs Program. This program helps anyone with a medical challenge have assistance in the application process for help with their electric and heating bill.

We are dealing with people who are fighting for their lives. We are dealing with people who can barely manage everyday challenges and are facing their power turned off. We are dealing with people who see bills like the one on this slide. You can see that this person was charged more than if they were not on this service.

Many of these patients apply to the Office of Home Energy Program (OHEP) for assistance with their bills. The purpose of OHEP is to provide assistance to low income families towards their electric and heating bills to help keep their power and heat on.

Because of the inflated bills due to the higher then stand offer service rates of many of the third-party suppliers, many of these families are left with large balances after the grants then they would if not on third-party rates. The result is Office of Home Energy Program's effectiveness is diluted.

Families are then having to turn to other resources to get help which leads to a domino effect for other resources running out of funds and families being turned away. Many of these families will have their service terminated.

Finance Committee

SB 685

Support Bill

Cancer Support Foundation
Cindy Carter Executive Director

To me it is a misuse of public and private funding to pay for bills that are for services charged at a higher rate than stand offer services.

Cancer Support Foundation supports SB 685 to not allow third-party suppliers who do not offer at or below standard offer services rates to enroll those who use Office of Home Energy Program funds to help with the bills.

SB 685 OHEP Choice Prohibition

Uploaded by: Dennison, Tom

Position: FAV

SMECO
Southern Maryland Electric Cooperative

1-888-440-3311
P.O. Box 1937, Hughesville, MD 20637
www.smeco.coop

People. Power. Progress.

February 25, 2020

SB 685: Electricity and Gas – Energy Suppliers – Assisted Customers

Committee: Senate Finance

Position: Support

Southern Maryland Electric Cooperative (SMECO), a member-owned electric cooperative based in Hughesville that provides electricity to more than 165,000 customers in Charles, St. Mary's, Calvert and southern Prince George's County, supports SB 685. The bill prohibits a retail electricity or gas supplier from knowingly enrolling a residential customer with, or submitting an enrollment to change a customer to, a competitive supplier if the customer has received specified utility bill assistance within the past 12 months.

SMECO currently has a little more than 4,000 (less than 2.5 percent) of our residential customers signed up with an alternative supplier. SMECO handles the billing responsibilities for alternative supply customers just like those customers receiving our Standard Offer Service (SOS).

Under SB 685, SMECO would be required to verify if the third party enrollee was receiving energy assistance payments from the Office of Home Energy Programs (OHEP) before they can receive their power supply from a third party vendor. We believe this is a logical and necessary step to provide consumer protections to our ratepayers.

After receiving hundreds of complaints, SMECO has begun to examine the rates our members are paying with alternative suppliers and found disturbing results. Equally as disturbing was the number of customers receiving government assistance who are enrolled with third party suppliers and are paying much more compared to SMECO's SOS rate.

In 2019, SMECO's 321 customers receiving energy assistance overpaid third party electric suppliers by nearly $170,000, an average of more than $14,000 per month. In January 2020 alone our customers enrolled with a third party supplier and receiving OHEP assistance overpaid by nearly $13,000. We believe it is a drain on state resources to continue to allow this practice to continue which is why SB 685 is important.

Please keep in mind that this information is not new.

For more information, contact: Tom Dennison, SMECO

Government and Public Affairs Manager

240-506-6772 • tom.dennison@smeco.coop

In 2017, SMECO (non-OHEP) members who received their electricity from an alternative supplier overpaid $1.8 million when compared with our SOS price. In 2018, our members overpaid more than $2.2 million over our SOS price. In 2019, our customers on alternative supply overpaid by $2.7 million. Considering that SMECO has less than 4,200 members choosing an alternative supplier, the average overpayment is over $40 per month or nearly $500 per year in 2019.

Unfortunately, many of those individuals were unaware they were receiving their electric commodity from an alternative supplier. I know this personally because I have fielded many of the phone calls, heard the stories and followed up on the complaints.

The problems occurring in Southern Maryland are not unique.

Recent reports from the Office of People's Counsel and The Abell Foundation documented widespread instances of utility ratepayers across the state overpaying by millions of dollars with alternative suppliers compared to their incumbent utility's SOS.

SMECO supports the concept of electricity ratepayers shopping to get the best possible deal. What we do not support are the high pressure and oftentimes dishonest and illegal sales practices used by some third party supply representatives. Door to door solicitations, claiming they are selling their product "on behalf of SMECO" and even pulling customer information off their home computers are simply unacceptable and need to be addressed by the PSC. It's not fair for a customer to sign up for an alternative electricity supplier on a "teaser rate," receive a gift card and then be held captive with skyrocketing costs.

SB 685 is a step in the right direction and we appreciate the opportunity to work with the suppliers on developing a fix for this problem. For this and other reasons stated above, SMECO respectfully requests a favorable report on SB 685.

For more information, contact: Tom Dennison, SMECO

Government and Public Affairs Manager

240-506-6772 • tom.dennison@smeco.coop

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240-506-6772 • tom.dennison@smeco.coop

INSITUTE FOR ENERGY AND ENVIRONMENTAL RESEARCH
P.O. BOX 5324, TAKOMA PARK, MARYLAND 20913
PHONE: 301-509-6843
Website: www.ieer.org

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

Arjun Makhijani, Ph.D.
Institute for Energy and Environmental Research
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.

ESRC_SUPPORT_SB685

Uploaded by: Peltier, Laurel

Position: FAV

SB 685– SUPPORT

Electricity and Gas - Energy Suppliers - Assisted Customers

Finance Committee Hearing 2/25/2020

Laurel Peltier - Energy Supplier Reform Coalition

Madame Chairwoman and members of the Senate Finance Committee: Thank you for the opportunity to testify and share my written comment in support of SB685.

In 2016, while standing in front of Baltimore City's Social Service office, I got a pit in my stomach. Energy suppliers were intentionally signing up low income folks, and I knew the prices each of these suppliers were actually charging. It wasn't the "awesome" rates being sold.

Today, I estimate about $10,000,000 a year of Office of Home Energy Program's $87,000,000 in grants - rate and tax payer funded—is not paying down utility bills, but rather flowing to energy suppliers.

I was reporting for Baltimore Fishbowl and had just run Energy Information Administration File 861 data, and had confirmed that Marylanders were paying a lot more switching to deregulated suppliers. In this EIA 861 data, there were some suppliers that had very high prices — 50% more than utility rates — and the average electricity usage for their customers for the year was low — say 6,500 kilowatt hours vs. 11,000. Could suppliers be targeting target low income and charging premium prices? I asked that question to many people.

I drove to Social Services on North Avenue and watched sale after lousy sale in front of the public assistance office where people who are broke and struggling to pay bills were enrolling with these suppliers. "Save 20% off BGE." "Get a coupon for a free month." "Here's a $15 Family Dollar gift card." No details about contracts, rates, exit fees. I interviewed some folks and they really didn't get that they had jumped from a regulated utility to a deregulated supplier and all that entails. They needed savings.

After multiple articles written, client interviews at GEDCO CARES, market research, participating in PSC's PC44 working group for two years, and writing the Abell Foundation Report: *Maryland's Dysfunctional Residential Third-Party Energy Supplier Market*, I know, and this is supported by evidence and data, the 1999 Electric Choice Act isn't working for most residential and small business owners. And I used to be a fan of switching energy supply to renewable energy — even that is suspect.

Why am I doing this? I am asked that question a lot. Heaven knows my family and friends would like to never hear the word supplier again. I'm not a paid lobbyist, nor do I work at a non-profit. The oddest thing happened during a PSC PC44 working group meeting in 2017. One of the biggest energy suppliers was sharing how they value their customers, how more sales in our state meant more happy customers, and if they could bill them on their letterhead they could add on more products. This went on and on. I looked down at my newly printed pricing sheet and this supplier charged on average 29% more for switching.

The reason that I have taken on this project as a volunteer is because I see a wrong, an unintentional wrong, and I saw few who were shining the light on this wrong.

What is happening in Maryland, as well as the other 13 states, is that deregulating energy supply actually opened the door for mostly out-of-state energy traders to legally fleece households, and sadly, target low-income households who are receiving state financial assistance.

Have you ever seen a supplier TV ad? Or a radio spot? Do you know supply rates for gas and electric if you want to compare rates? Did you know what a variable rate was — I didn't. Does it seem plausible that a consumer product could legally change from a contractual fixed rate, and then buried in the T&C's is a gotcha that the account will go to variable rates with no notification? Miss that renewal letter, don't re-up your contract and unlike other consumer markets, this one doesn't look and smell like a consumer market - because it isn't one.

And, these high rates can cause harm.

During the summer of 2018, I interviewed and recorded rates from 40 people who visited Baltimore City's GEDCO CARES energy assistance center for the Abell Foundation Report. All interviewees were in utility bill crisis, and all had signed up with the Office of Home Energy Program (OHEP-energy aid) looking for financial help. Now they were at a little and beautiful place in my Baltimore City neighborhood that helps people. Volunteers sit down and help our neighbors navigate the energy crisis maze of help, do's and dont's and also work to access Fuel Fund additional monies and BGE matching credits.

You see, half, yes, 50% of CARES clients are on energy supply. CARES is still tracking this data. The state average is 19% today. The rates CARES clients pay are obscene— 50% on average more than BGE for electricity and a shocking 75% more for natural gas. A $25 gift card offered to a person who is really broke to switch over their energy account borders on immoral in my book. Charging a $240 early termination fee to a lady who was slammed by a supplier is hostage taking. She stayed with a supplier for a year to wait out her pricey contract, all the while paying a lot more. There is no consumer help, people have to call the supplier directly and you should sit in on those calls. It's truly amazing.

And these are families who are getting public assistance to help pay their utility bills. Their bills are high to begin, and they got higher because of this tricky pricing and products. Then rate payers foot the bill. Did you know that if you rent an apartment that power cutoffs can trigger evictions? I didn't. People can lose housing vouchers if their utility is cut off. What world is all this normal?

After researching for two years, we finally figured out how it could be that an energy supplier could make a business model work if their customers defaulted.

In 2009, our Pubic Service Commission, in an effort to grow the market, regulated Consolidated Billing with Purchase of Receivables (POR). The market was nascent, even after those problematic rate freezes expired, energy supply wasn't growing. Consolidated Billing with POR was finalized, then the utilities spent millions, who knows how much rate payer money, to make this happen on consumer bills. By 2010, it went into effect and the market grew.

Consolidated Billing/POR means suppliers sign up customers and send supplier billing data to utilities who print the charge on the one utility bill (problem #17 try finding that charge). Then this regulation forced utilities to buy back that amount owed to the supplier (purchase the account receivable), and place the 'supplier charge due' on utility balance sheets. This means that utilities get to collect the charges, not suppliers. Utilities then wire the money to the supplier with a slight "discount fee" for bad debt (about 1% usually). So, if one of Oasis Power's 2,229 customers, (the winner of highest supplier rates charged in Maryland in 2018) defaulted, utilities, really the rate payer, pays that bill, yet Oasis Power got paid and charged their average customer an extra $918 more than the utility average.

The idea was that utilities have the power to cut-off power, and that makes sense. But with little oversight, and zilch reporting, suppliers were free and clear to charge high prices without risk of default. How many industries does this occur? Maryland never stepped back and asked, "Is this working?"

Imagine, since 2014 to 2018, EIA data reveals that consumers paid $340 million more for electricity after switching. I estimate about $225 million for gas — theres no gas reporting of any kind anywhere. The other week, I saw a bill for $1.39 per gas therm; BGE is $0.40. That was legal as the laws are written today.

To my delight, many legislators, non-profits, influencers, City Councilman and women, and media outlets and just plain nice people have chipped in their time to help figure out how this can be changed. A coalition has formed to bring. Voice to reform.

I've helped TV personalities, scientists, unemployed truck drivers, bartenders, CEOs of major firms, neighbors, friends, families and business owners read their BGE bills. I've shown them how to figure out if they're on a supplier, and saving or losing. I've found 5 accounts that saved. I've seen about 400-450 bills now. None of these people are stupid, nor did any sign a contract thinking they'd be duped into paying more. Few saw a Contract Plan Summary where a rep listed through all these plan details because no one would buy most of these plans. Most were embarrassed when they saw the math. A few got refunds because I've helped them file a complaint with the PSC because they were slammed, they had not authorized the switch. Many are just plain mad. Mad that the energy supply pricing is deregulated while the payment system isn't.

There is one pricing regulation, monthly rate increases are capped to 30% or less each month.

The PSC has made some big and positive changes in the past year. Their role is critical to enforcing and regulating the common sense laws on the books. But on many occasions, I heard that the PSC doesn't regulate pricing, the General Assembly is in charge of that.

As unconventional as this written testimony is, I think this wrong needs real reform and quick action. Year after year, the millions just keep going out of our state. This is fixable and thank you for considering that at a minimum, SB685 would quickly protect low-income families on OHEP assistance from the financial bleed. An aggregated system that ensures OHEP accounts meet or beat utility rates means that Electric Choice Act would deliver some form of economic benefits to families that really need it.

THE DATA: Without data, reality is hidden.

The pricing chart below is a sorted list of the Departure of Energy's Energy Information Administrations Sales_Ult_Cust 2018 excel file found on their web site. This chart excludes "green" suppliers like CleanChoice and Clearview because they sell renewable-only plans. Though who knows what that means as there's no reporting or method to verify their high pricing premiums. Suppliers and utilities report to the EIA megawatts sold, revenues and customer counts to the DOE. This data is collected by state and by year. Analysts can also compute the actual price each utility charged their average supply customer. Maine uses this data for their retail choice reporting. RESA published a report using this data to back up their argument that regulated states on the whole fare better than unregulated states. This is solid pricing data. Other states run billing data to verify the numbers and to collect gas data as well as low-income compared to others. SB686/HB260 would report prices that hit utility bills.

Energy Supplier Reform Coalition Members

Nonprofits, faith-based organizations, citizens and consumer groups are taking action to reform Maryland's deregulated residential third-party energy supplier market.

2018 Prices – Worst to Best –
By Supplier compared to Utility Supply Rates

2018 Residential Retail Choice Electricity Price Results ~ Maryland (suppliers in red seem in low-inco

	$0.078	# Choice Households	Price Premium to State	Extra Paid / Customer	# Households by Loss/Save	Avg.
1	Oasis Power, LLC	2,229	88%	$918		
2	NRG - Energy Plus Holdings	3,892	90%	$865		
3	Horizon Power and Light, LLC	1,112	59%	$746		
4	Starion Energy PA, Inc.	2,616	83%	$661		
5	Spark Energy, LP	3,167	67%	$567		
6	Major Energy Electric	5,484	88%	$545		
7	NRG - Reliant Energy	17,848	51%	$501		
8	Public Power & Utility	4,218	56%	$501		
9	Viridian Energy PA LLC	4,238	53%	$499		
10	North American Power	6,103	43%	$489		
11	IDT Energy, Inc.	9,930	62%	$446		
12	HIKO Energy, LLC	948	75%	$433		
13	Stream Energy Maryland, LLC	7,337	40%	$424		
14	Park Power LLC	691	53%	$399		
15	Discount Energy Group, LLC	217	36%	$364		
16	Sperian (Tomorow Energy)	3,042	35%	$333		
17	SPRING POWER	1,576	51%	$326		
18	Shipley Choice, LLC	615	29%	$309		
19	Palmco Power MD, LLC	5,125	52%	$303		
20	Ambit Energy Holdings, LLC	13,151	29%	$291		
21	Liberty Power Corp.	2,990	49%	$286		
22	Plymouth Rock Energy, LLC	533	48%	$284		
23	Greenlight Energy Inc.	612	36%	$271		
24	MPower Energy NJ LLC	2,285	45%	$248		
25	Interstate Gas Supply, Inc.	2,610	29%	$215		

2018 Residential Retail Choice Electricity Price Results ~ Maryland (suppliers in red seem in low-inco

	$0.078	# Choice Households	Price Premium to State	Extra Paid / Customer	# Households by Loss/Save	Avg.
26	Direct Energy Services	35,363	27%	$201		
27	MDGE- Energy Services	18,560	21%	$192		
28	XOOM Energy Maryland, LLC	17,226	18%	$160		
29	ENGIE Retail, LLC	2,459	15%	$143		
30	Star Energy Partners, LLC	16,980	20%	$136		
31	NextEra Energy Services, LLC	79	12%	$127		
32	SmartEnergy Holdings, LLC	7,339	16%	$117		
33	Agera Energy LLC	314	10%	$108		
34	Great American Power, LLC	1,124	23%	$102		
35	Just Energy (Commerce)	19,147	11%	$96	221,160	
36	American Power & Gas	11	7%	$83		
37	Energy.Me Midwest LLC	10	5%	$73		
38	Planet Energy	41	10%	$69		
39	WGL Energy Services, Inc.	45,719	6%	$51		
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41	LifeEnergy, LLC	2,096	5%	$42		
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	Maryland Total	389,820	22%	$186		

Source: Dept. Of Energy E.I.A.861 Report. Excel file available upon request. Suppliers in bold sell in low-income zips.

MD 2018 RESIDENTIAL "RENEWABLE ENERGY SUPPLIER RESULTS (E.I.A 861)

Supplier Name	Customer Count Residential	Avg Supplier kWh Rate charged	+/_ to standard Utility rate	Extra Paid for "green" over utility conventional
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Clearview Electric	12,803	$0.097	24%	$112
Inspire Energy	11,589	$0.120	53%	$420
NRG (Green Mtn.)	6,410	$0.133	70%	$628
	43,877	**$0.119**	**52%**	**$367**
MS 2018 Statewide Avg Utility Rate-conventional	**$0.078**			
Revenues above SOS	**$16,084,359**			

SB685 SLIDES FOR PANEL

Uploaded by: Peltier, Laurel
Position: FAV

SB685 ADVOCATE PANEL SLIDES

FEBRUARY 25TH 2020

SENATE FINANCE HEARING

Alarming Energy Supplier Price Trends at Low-Income Energy Help Center

By the Numbers

Cares clients interviewed: 40

- Average percent electricity rate premium to BGE: 51
- Average percent natural gas rate premium to BGE: 78

May & June clients assisted at CARES: 127

- Estimated percent on third-party electricity: 55
- Percent MD homes on third-party electricity: 20

BGE "deep dive" supplier analyses: 9

- Average overpayment to supplier: $479
- Average energy assistance payments*: $1,421
- Percent assistance to third-party overpayment: 34

SB 685 Electricity and Gas - Energy Suppliers – Assisted Customers

Senate Finance Committee

February 25, 2020

Olivia Wein

Staff Attorney, NCLC

owein@nclc.org

202-452-6252, x103

What other states have found:

- Signs of targeting the poor: A higher percentage of low-income households were signed up to buy competitive supply and the rates were often higher than other non-poor shoppers.
- Higher prices diminish the value of the energy assistance paid for by other ratepayers and taxpayers.
- Returning all hardship customers to standard service offers significant cost savings benefits to the state.

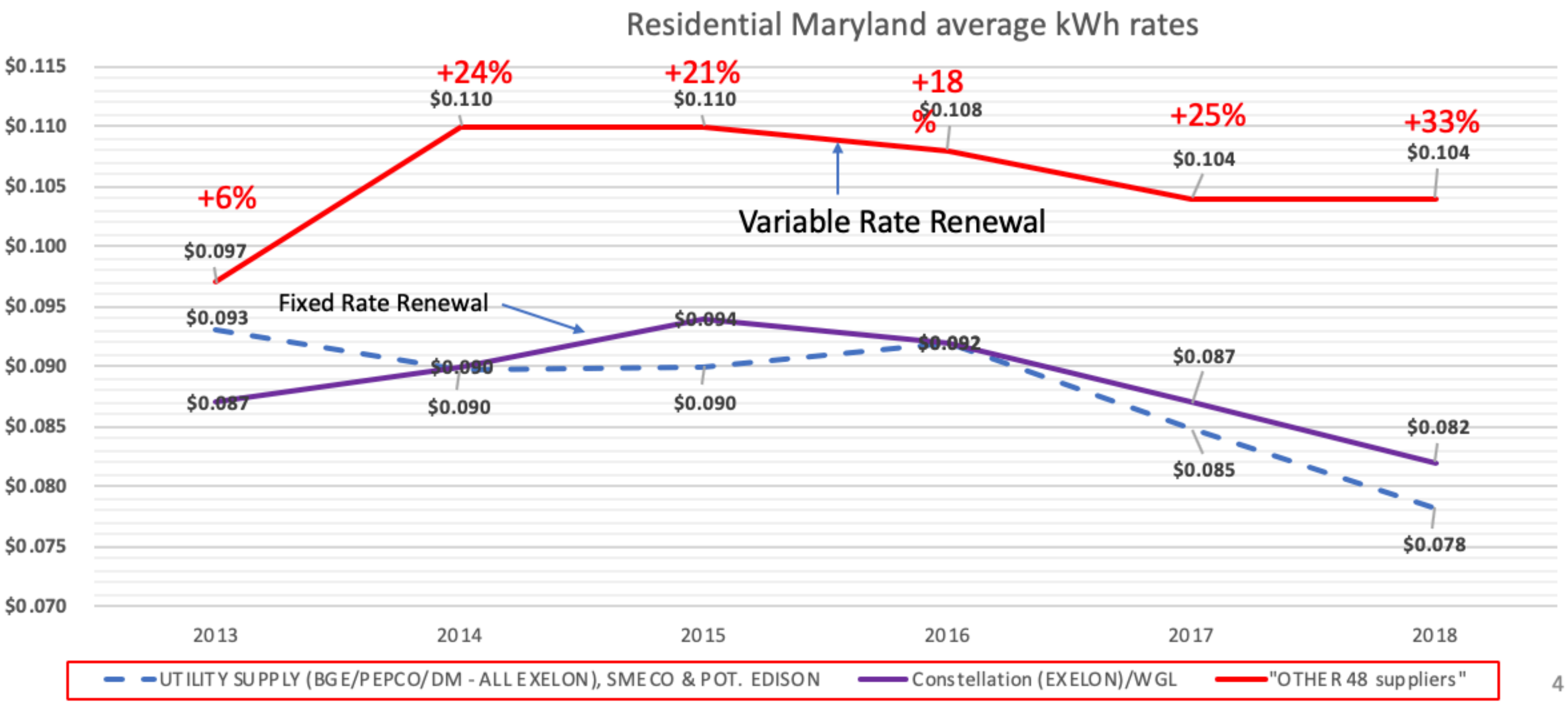
What Other States Have Done to Protect Low-Income Consumers, Ratepayers and Taxpayers

- **Connecticut:** *Prohibits electric third-party suppliers from serving hardship customers.*
- **Illinois**: *Limits the types of competitive supply contracts to low-income customers to plans that guarantee electric and gas supply less than the amount charged by the electric and gas utility.*
- **New York**: *Prohibits energy suppliers from contracting with low-income energy assistance customers.*
- **Pennsylvania:** *Limits the type of competitive supply available to low-income energy assistance customers of PPL to plans that guarantee a 7% discount off of the price to compare.*

SB 685

- SB 685 ensures low-income assistance is not eroded by inflated prices.
- SB 685 protects low-income customer energy affordability and safeguards ratepayer and taxpayer low-income funds.
- NCLC supports SB 685.

275,000 Households Enrolled with "Other 48 suppliers" 12% Have Not Benefited from Choice on average



marywashington_fav_sb685
Uploaded by: Senator Washington, Senator Washington
Position: FAV

MARY L. WASHINGTON, PH.D
Legislative District 43
Baltimore City

Education, Health, and
Environmental Affairs Committee

Chair
Joint Committee on Ending
Homelessness

Chair
Joint Committee on Children,
Youth, and Families

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Annapolis Office
James Senate Office Building
11 Bladen Street, Room 102
Annapolis, Maryland 21401
410-841-3145 · 301-858-3145
800-492-7122 *Ext.* 3145
Mary.Washington@senate.state.md.us

SUPPORT – SB685/HB1224 –
Electricity and Gas - Energy Suppliers – Assisted Customers

Dear Madame Chair, Vice Chair Feldman and members of the Finance Committee,

SB686 would maximize the efficiency of the limited state energy assistance budget, while protecting low-income households from undue financial harm due to high third party energy supplier charges.

You all should have received an amendment for this bill. In the original bill we would have enacted an outright ban on third party suppliers selling to Office of Home Energy Programs (OHEP) customers. With this amendment we are offering an option that allows suppliers to continue to sell to households on energy assistance, but ensures they cannot charge premium prices to customers on OHEP. Suppliers would have to give all (OHEP) households prices for electricity and gas that "meet or beat" the utility's rates.

The Problems:

1) Wasted ratepayer and taxpayer money.
2) Diluting energy assistance benefits.
3) PSC does not regulate pricing, only MDGA can.

- Federal electricity data showed that on average Maryland households paid 15-20% more when they switched to a third party supplier, almost $350 million more from 2014 to 2018.

- There is ample evidence that low-income households are disproportionately harmed by third-party supply options and that their electricity costs are far higher than Standard Offer Service.

- Ironically, this also means that much of the energy assistance from rate payers and private sources meant to reduce the burden of energy bills for low-income households, is wasted on paying inflated, out-of-state third party energy suppliers.
- Massachusetts, Connecticut, Illinois, and New York, where data is available, have released reports that make clear that low-income households are not only paying higher rates than residential customers as a whole, but that low-income households are disproportionately enrolled with third-party energy suppliers.
- Yearly estimate of the amount Maryland wastes: $10,000,000 for about 20,000 electric OHEP clients and 10,000 gas clients.

Facts about Energy Assistance:

- 372,000 households in Maryland qualify for Office of Home Energy Programs (OHEP) -- 175% fed poverty

- "OHEP" is under Department of Human Services. OHEP processes applications and sends grants to utility companies to help low-income households pay down utility bills.
- 97,000 households get OHEP energy assistance per year.

- OHEPs FY2018 budget was $82M and came from three sources: Regional Greenhouse Fund contribution (RGGI taxpayer funds), a surcharge all MD rate payers pay into, and federal grant funds called LIHEAP.

- OHEP is very low-income -- about $16,000 per household income per year with average utility bills of about $1,500 per year.

- Evidence collected for the Abell Report and Southern Maryland Electric Coop (SMECO) reported that OHEP clients enrolled with third party energy suppliers paid about $500 more per year after enrolling with suppliers.

The bottom line -- deregulated, third party energy supplier price premiums are a misuse of public monies and undermines the intent of energy assistance.

Thank you for your time and I ask you for a favorable report on HB685.

In Partnership,

Mary Washington

For more information, please contact:
Senator Mary Washington
Mary.Washington@Senate.State.MD.US – (410) 841-3145

MD Third Party Energy Suppliers_fav_SB685
Uploaded by: Senator Washington, Senator Washington
Position: FAV

MARYLAND ENERGY SUPPLIER REFORM UPDATE

OCTOBER 2019

LAUREL PELTIER

"Somebody is going to get screwed and you and I know who it is, and that's the residential retail consumer."

Delegate Leon Billings to The Baltimore Sun in 1997.

What's New Since MDGA 2019?

- **PSC more engaged and aware of issues.**
  - PSC made 4 complaints against United Energy, Smart One, Direct Energy, & Atlantic Energy.
  - Smart One Energy hearing resulted in $561k fine and license revoked. (Oddly, consumers got no refund.)
  - Historical supplier complaints made public soon.
- **Legislators and media more aware of energy retail issues.**
  - Office of People's Counsel & Abell Foundation reports; and Massachusetts, Connecticut reports.
  - Illinois passed significant residential supplier reform June 2019.
- **New MD. volunteer citizen coalition to launch help for consumers and small business.**
  - Consumers and business owners are on their own after leaving deregulated utilities.
  - "Energy Supplier Help Desk."

Maryland 2018 Deregulated Energy Supplier Pricing Results vs. Utility Rates

- **52% Maryland electrons sold via deregulated supply.**

Residential	Small Business	Commercial
+22%	+21%	-13%

Dept. Of Energy Energy Information Administration File 861 2018 data. S.B. defined as 75,000 kWh & less.

Residential & Small Business Supplier Pricing Results

Time:

2014 to 2018

+

Higher than utility Prices

=

$600 M

LOSS TO UTILITY OFFERS

MARYLAND PRICING

Electric Rates +12%

Gas Rates +50%

Deregulation's Winners in $40 Billion* Market

BIG business across 14 deregulated states:

Residential: $16 billion serving 15.3 million accounts.

Commercial: $ 24 billion

Larger Maryland Commercial Customers beat utility rates by ~ 15%.

Fortune 500 Energy firms with deregulated retail supply subsidiaries.

* Just electricity. Gas revenues unknown.

Fortune 500 Energy Companies Dominate 14-State U.S. Electric Supplier Market

Corporation & Deregulated Supplier Subsidiary	Residential Revenue 2017	Comm'l 2017 Revenue	Total 2017 Revenue
1. Exelon ~ Constellation	$ 700 M	$ 5.6 Billion	**$ 6.3 Billion. 16% share**
2. NRG ~ Reliant & Green Mtn.	$ 3 Billion	$ 900 million	**$ 4.0 Billion. 10% share**
3. Centrica U.K.~ Direct Energy	$ 1.3 Billion	$400 million	**$ 1.6 Billion. 4% share**
4. Ambit Energy	$ 750 million	$120 million	**$ 870 million. 2% share**
5. First Energy	$500 million	$ 300 million	**$ 800 million. 2% share**

Source: EIA 861 2017 Sales to Ult. Customer file. Revenues include TX w/ both delivery & supply.

Maryland Deregulation's Losers

Residential

- Households spent $600 million more than sticking with utility since 2014.
- Natural Gas: **223,000** MD. households on natural gas supply pay at least **50%** or more than utility rates, on average. 10% of state.

Low-income

- Office Home Energy Program (OHEP) clients enroll at higher than statewide rates.
- The 65% BGE OHEP clients on natural gas supply pay **significant** premium prices to utility. +50%. ~ 10,000 households.

Small Business

- Roughly 10,000 smaller commercial users also pay higher rates. On par with residential supplier premium prices.

MD Data is in: Rate payers not reducing OHEP bills but funding out-of-state suppliers

OHEP accounts enroll at **higher rates** than non-low income.

- ✓BGE +13%
- ✓PEPCO +15%
- ✓Delmarva +28%
- ✓Pot Ed +21%
- ✓SMECO +400%

SMECO BILL DATA*:	450 OHEP ACCOUNTS
Average Supplier Rate	10.8 cents / kWh
Average SMECO Rate	8 cents / kWh
Percent Increase?	**+41%**
Extra Paid in 1 year?	**$525 / account**

Abell Report found OHEP accounts paid +51% electric, +78% gas. Data: PSC 8903 OPC comments, 4 quarters OHEP data.

Rate payer money flowing to out-of-state suppliers and not paying down OHEP utility bills.

About 20,000 OHEP **electric H/H** @ $400 = $8,000,000

About 10,000 OHEP **nat. gas H/H** @ $250. = $2,500,000

$10,500,000

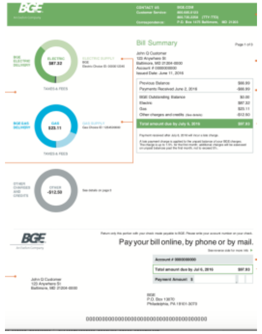
- Harmful financial burden for already stressed families.
- Electric Choice Act 1999 intended to help Marylanders, not hurt.

PSC-Approved Utility ‘Purchase of Receivables’ Equals 100% Guaranteed Supplier Sales (even if customers default)

START

BGE Family:
On Supplier X
Uses 10,000 kWh/yr.
Supply Price +25% BGE.
$750 vs. $600

Supplier X sends bill feed to BGE.
$750 supplier charges printed on bill.



Utility “buys back” the $750 receivable owed to supplier at 99%.

Utility wires $742.50 to Supplier X.

Supplier done. Banks $742.50.

BGE must collect $750 supply charge, that’s 25% higher.

BGE Family gets bill. Can’t pay. Gets behind.

FINISH

Gets cut-off notice.
Applies OHEP energy aid.
RATE PAYERS PICKS UP BOTH BILLS!

2018 Residential Energy Supplier Actuals Sorted by Highest Price vs. Utility Price

2018 Residential Retail Choice Electricity Price Results ~ Maryland (suppliers in red seem in low-inco

	$0.078	# Choice Households	Price Premium to State	Extra Paid / Customer	# Households by Loss/Save	Avg.
1	Oasis Power, LLC	2,229	88%	$918		
2	NRG - Energy Plus Holdings	3,892	90%	$865		
3	Horizon Power and Light, LLC	1,112	59%	$746		
4	Starion Energy PA, Inc.	2,616	83%	$661		
5	Spark Energy, LP	3,167	67%	$567		
6	Major Energy Electric	5,484	88%	$545		
7	NRG - Reliant Energy	17,848	51%	$501		
8	Public Power & Utility	4,218	56%	$501		
9	Viridian Energy PA LLC	4,238	53%	$499		
10	North American Power	6,103	43%	$489		
11	IDT Energy, Inc.	9,930	62%	$446		
12	HIKO Energy, LLC	948	75%	$433		
13	Stream Energy Maryland, LLC	7,337	40%	$424		
14	Park Power LLC	691	53%	$399		
15	Discount Energy Group, LLC	217	36%	$364		
16	Sperian (Tomorow Energy)	3,042	35%	$333		
17	SPRING POWER	1,576	51%	$326		
18	Shipley Choice, LLC	615	29%	$309		
19	Palmco Power MD, LLC	5,125	52%	$303		
20	Ambit Energy Holdings, LLC	13,151	29%	$291		
21	Liberty Power Corp.	2,990	49%	$286		
22	Plymouth Rock Energy, LLC	533	48%	$284		
23	Greenlight Energy Inc.	612	36%	$271		
24	MPower Energy NJ LLC	2,285	45%	$248		
25	Interstate Gas Supply, Inc.	2,610	29%	$215		

2018 Residential Retail Choice Electricity Price Results ~ Maryland (suppliers in red seem in low-incor

	$0.078	# Choice Households	Price Premium to State	Extra Paid / Customer	# Households by Loss/Save	Avg. k
26	Direct Energy Services	35,363	27%	$201		
27	MDGE- Energy Services	18,560	21%	$192		
28	XOOM Energy Maryland, LLC	17,226	18%	$160		
29	ENGIE Retail, LLC	2,459	15%	$143		
30	Star Energy Partners, LLC	16,980	20%	$136		
31	NextEra Energy Services, LLC	79	12%	$127		
32	SmartEnergy Holdings, LLC	7,339	16%	$117		
33	Agera Energy LLC	314	10%	$108		
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	Maryland Total	389,820	22%	$186		

Source: Dept. Of Energy E.I.A.861 Report. Excel file available upon request. Suppliers in bold sell in low-income zips.

“Renewable-Only” Suppliers Rates 24% - 70% above conventional utility supply.

- Why do prices vary so widely? Higher quality renewable offsets? Can’t verify renewable offerings?

MD 2018 RESIDENTIAL “RENEWABLE ENERGY SUPPLIER RESULTS (E.I.A 861)

Supplier Name	Customer Count Residential	Avg Supplier kWh Rate charged	+/_ to standard Utility rate	Extra Paid for “green” over utility conventional
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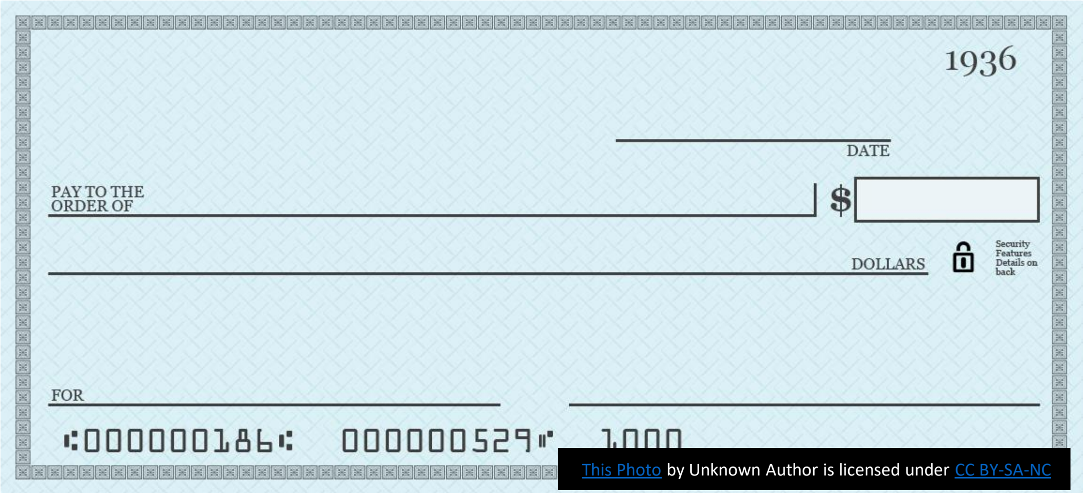
Revenues above SOS	**$16,084,359**			

OHEP Story _fav_sb685
Uploaded by: Senator Washington, Senator Washington
Position: FAV

How Maryland Wastes $10 million each year in Energy Assistance Funds Through Third-Party Energy Supply

The short of it:

Because of over-priced electricity & gas as compared to regulated utility offers, roughly $10 million each year of Office Home Energy Program energy assistance ends up going to deregulated energy suppliers instead of paying down utility bills.



Maryland 2018 Deregulated Electricity Energy Supplier Pricing Results vs. Utility Rates

Residential
Pays +22%

Small Bus.
(small stores/congregations)
Pays +21%

Commercial
Saves -13%

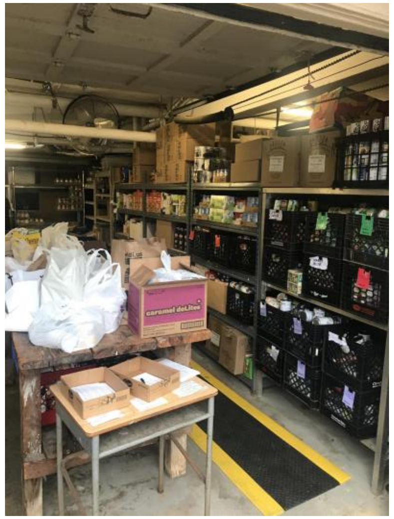
Dept. Of Energy Energy Information Administration File 861 2018 data. S.B. defined as 75,000 kWh & less.

Low-Income Targeted: Energy Suppliers Sell Outside Baltimore City-Based Assistance Offices

Josco & Major Energy Sales tables.
Josco rates +80%.
Major Energy +90%.
Photos: L. Peltier

Baltimore City GEDCO CARES Community Ctr Reporting

- Third-party supply is a “consumer push” product. 100% CARES clients were sold at door or on street by direct sales agent.



MD. Energy Assistance: Maryland Dept. Human Services Office of Home Energy Programs(OHEP)

1999 Electric Choice Act created energy assistance program.

380,000 households (18% state) qualify. 175% federal poverty level.

100,000 households receive assistance each year.

Average household income is $15,000. Only $1,250 a month.

Utility bills is about $2,000. Pretty high burden at about 13%.

Data source: DHS OHEP Report to PSC. APPRISE OPC report.

What Marylanders Experience:
An Under–the-Radar Consumer Market

- Aggressive one-on-one sales, risky teaser rates to variables rate plans, confusing utility bills and overall low energy literacy & interest.

BGE SUPPLY PRICE COMPARISON INFORMATION

BGE Supply Price Comparison Information: The current price for Standard Offer Service (SOS) electricity is 8.076 cents/kWh, effective through May 31, 2019. SOS electricity will cost 6.731 cents/kWh beginning June 1,2019 through September 30,2019. The weighted average price of SOS electricity will be 7.587 through September 30,2019. The price for SOS from October 1,2019 through May 31,2020 will be set in May 2019.

Electric Supplier Charges

SPARK ENERGY, L.P.

Billing Period: Nov 12, 2018 - Dec 12, 2018

ELECTRICITY SALES 1048 KH x 0.1979	207.40
Total Electric Supplier	**$207.40**

All inquiries on above supplier billing should be directed to SPARK ENERGY, L.P. at 877.547.7275

BGE energy assistance OHEP bill, 86-year-old, 21218

OHEP Clients Enroll With Third-Party At Higher Rates

	# H/H	# 3rd Party	% 3rd Party		# OHEP H/H	OHEP: # 3rd Party	% 3rd-Party
BGE	1,170,000	280,000	24%		41,000	11,000	27%
Pepco	530,000	103,000	19%		6,250	1,438	23%
Delmarva	179,000	24,000	13%		13,333	2,400	18%
Pot Edison	238,000	26,000	11%		9,285	1,300	14%
SMECO	150,000	4,100	3%		3,000	450	15%
totals:	**2,260,000**	**438,000**			72,000	17,000	

Data source: PSC Enrollment Reports December 2018 & CN8903 Utility Reports

SMECO Energy Assistance Households Paid +$525/year After Switching to Third-Party Supply

SMECO BILL DATA*:	450 SMECO OHEP ACCOUNTS
Average Supplier Rate	10.8 cents / kWh
Average SMECO Rate	7.7 cents / kWh
Percent Increase?	**+40%**
Extra Paid in 1 year?	**$525 / account**

**Abell Report found OHEP accounts paid +51% electric, +78% gas. Data: PSC 8903 OPC comments, 4 quarters 2018 OHEP data.*

Estimated $10,000,000 Energy Assistance Flows To Suppliers Instead of Paying Down Utility Bills

Estimates based on utility reports & utility bills:

~ 20,000 OHEP **electric accounts** @ $400 = $8,000,000

~ 10,000 OHEP **nat. gas accounts** @ $250 = $<u>2,500,000</u>

$10,500,000

Solutions:

- New York, Pennsylvania, Illinois & Connecticut eliminated third-party supply for their energy assistance citizens.

- Legislation Introduced in MDGA 2020 to:
  - SB685/HB1224: Guaranteed lowest rate from third-party suppliers for OHEP-coded utility accounts.
  - SB686/HB260: Report gas & electric by OHEP vs. others
  - SB681: Consumer protections from variable rates and termination fees from third party suppliers

- Challenge: Only ~ 7% of “low income” households in Maryland would be protected.

Data Sources

- Dept of Energy 861 report: https://www.eia.gov/electricity/data/eia861/. Sales_Ult_Cust file
- Office of Home Energy Program stats: https://www.psc.state.md.us/wp-content/uploads/2018-EUSP-Annual-Report.pdf
- OHEP report to PSC : https://www.psc.state.md.us/wp-content/uploads/Order-No.-89215-Case-No.-8903-Electric-Universal-Service-Program-FY-2020-Order.pdf
- Article: PSC Denies OPC request: http://www.energychoicematters.com/stories/20190802cp.html
- Office of People's Counsel Report: http://opc.maryland.gov/Portals/0/Publications/reports/APPRISE%20Where%20do%20we%20go%20from%20Here.pdf?ver=2019-09-11-075024-040
- Abell Foundation Report: https://www.abell.org/publications/marylands-dysfunctional-residential-third-party-energy-supply-market

Washington_fav_sb685
Uploaded by: Senator Washington, Senator Washington
Position: FAV

Energy Assistance Protection Act

SB685/ HB1224

Sponsors: Senator Washington / Delegate Lierman
Hearing Date: Senate Finance Committee 2/25/2020

PROBLEM:

1999 Electric Choice Act costs low-income consumers more for energy.

$600 million more: Amount Marylanders overpaid for switching to deregulated suppliers during 2014-2018.

Heavy direct sales focus in low-income zip codes resulted in higher prices paid and higher enrollments.

$525 more per account: Amount that households received energy assistance households **overpaid** in 1 year for choosing deregulated energy.

$10 million: Yearly estimate of state energy assistance that goes to third-party suppliers in the form of higher energy prices.

SOLUTION:

Protect intended purpose of state energy assistance program.

Ensure that households receiving energy assistance grants pay utility standard rates by eliminating energy supplier contracts.

BENEFITS:

Maximize efficiency of limited state energy assistance budget.

Protect low-income households from undue financial harm due to high supplier charges (heat or eat conflicts).

WHAT YOUR CONSTITUENTS EXPERIENCE

Aggressive one-to-one door/phone sales - Promise of savings - Tricky contracts, teaser rates to variable rates - High exit fees.

BGE SUPPLY PRICE COMPARISON INFORMATION

BGE Supply Price Comparison Information: The current price for Standard Offer Service (SOS) electricity is 8.076 cents/kWh, effective through May 31, 2019. SOS electricity will cost 6.731 cents/kWh beginning June 1,2019 through September 30,2019. The weighted average price of SOS electricity will be 7.587 through September 30,2019. The price for SOS from October 1,2019 through May 31,2020 will be set in May 2019.

+147%

Electric Supplier Charges
[redacted]NERGY, L.P.
Billing Period: Nov 12, 2018 - Dec 12, 2018

ELECTRICITY SALES 1048 KH x 0.1979	207.40
Total Electric Supplier	$207.40

All inquiries on above supplier billing should be directed to [redacted]. at 877.[redacted]

1,048	KWH USED
X $0.08076	PER KWH

$84.64	would've paid BGE

1,048	KWH USED
X $0.1979	PER KWH

$207.39	paid Supplier X

+ $122.76

Energy Supplier Reform Coalition

Nonprofits, congregations, citizens and consumer groups taking action to reform Maryland's deregulated residential third-party energy supplier market.

CANCER SUPPORT FOUNDATION

AARP® Real Possibilities Maryland

FUEL FUND OF MARYLAND

GEDCO

MCRC MARYLAND CONSUMER RIGHTS COALITION

NCLC National Consumer Law Center *Fighting Together for Economic Justice*

Institute for Energy and Environmental Research
For a safer, healthier environment and the democratization of science

THE EPISCOPAL DIOCESE OF MARYLAND

NCLC_Support_SB685
Uploaded by: Wein, Olivia
Position: FAV

National Consumer Law Center

NATIONAL HEADQUARTERS
7 Winthrop Square, Boston, MA 02110
(617) 542-8010

WASHINGTON OFFICE
Spanogle Institute for Consumer Advocacy
1001 Connecticut Avenue, NW, Suite 510
Washington, DC 20036
(202) 452-6252

NCLC.ORG

Maryland Senate Finance Committee
Hearing on **SB 685 - Electricity and Gas - Energy Suppliers – Assisted Customers**
Testimony of Olivia Wein, National Consumer Law Center
February 25, 2020

Position -- SUPPORT

To the Members of the Senate Finance Committee:

Thank you for holding this hearing on Senate Bill 865 **- Electricity and Gas - Energy Suppliers – Assisted Customers.** My name is Olivia Wein, and I am a longtime resident of Montgomery County and an attorney at the National Consumer Law Center, where I focus on energy and utility matters that affect consumers. The National Consumer Law Center or NCLC is a nonprofit organization that, since 1969, has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people. We submit this testimony on behalf of our low-income clients.

NCLC has been actively involved in advocacy for consumers who have been financially harmed by alternative (or competitive) energy supply companies. We have been tracking the consumer experience in the competitive supply market in other states and have also released a report[1] and an issue brief[2] which describe abusive sales practices and inflated prices that have

[1] National Consumer Law Center, *Competing to Overcharge Consumers: The Competitive Electric Supplier Market in Massachusetts* (April 2018), at http://bit.ly/2H3ORJJ.
[2] National Consumer Law Center, *Still No Relief for Massachusetts Consumers Tricked by Competitive Electric Supply Companies* (Oct. 2018), at https://www.nclc.org/issues/consumers-tricked-by-competitive-electric-supply-companies.html.

harmed Massachusetts consumers, with a particular emphasis on the unfair and deceptive marketing that has targeted low-income consumers, older adults, and those with limited English language proficiency. There are common issues emerging in the states. Among other problems, we find:

- Consumers pay more for competitive supply than they would have paid for service from their utility companies.
- The very small number of consumers who do manage to save money see only minor savings.
- Signs of targeting the poor: A higher percentage of low-income households were signed up to buy competitive supply and the rates were often higher than other non-poor shoppers.
- Consumers' complaints in other states highlight problems with high prices, involuntary switching or "slamming," unwanted telemarketing or door-to-door marketing, deceptive sales practices, and more.

States that have examined how their low-income consumers have fared in the competitive supplier marketplace have started to take steps to protect their low-income consumers. One common thread emerging in other states is the concern that inflated electric and gas prices paid by low-income energy assistance customers diminish the value of the rate payer and taxpayer funded energy assistance, thus undermining goal of affordability and imposing an unfair burden on the ratepayers and taxpayers. In response, many states have taken recent action to address this harm to low-income customers, ratepayers and taxpayers.

- **Connecticut:** *Prohibits electric third-party suppliers from serving hardship customers.*
    - o The Connecticut Public Utility Regulatory Authority found that 78% of hardship customers who had received service from a third-party supplier paid more than they would have on standard service. The commission also found that 69% of the low-income customers that contracted with a third-party supplier paid more than non-low-income customers that contracted with third-party suppliers.[3] On December 18, 2019, the Connecticut Public Utilities Regulatory Authority released a Final Decision which directed the state's

[3] Conn. Public Utilities Regulatory Authority, Decision, Review of Feasibility, Costs and Benefits of Placing Certain Customers on Standard Service Pursuant to Conn. Gen. Stat. § 16-245O(M), Docket No. 18-06-02 (Dec. 18, 2019) at p. 17.

distribution utilities to transfer low-income customers from third-party electric suppliers back to distribution utility service.[4]

  - "Hardship customers' overpayments substantially reduced the amount of available energy bill assistance funds to the hardship customers and to the social programs that assist their electricity payments. . . .This Authority finds that returning all hardship customers to standard service offers significant cost savings benefits to Connecticut, it is feasible to accomplish, and the costs to accomplish are not unreasonable when compared with the long-term savings accomplished."[5]

- **Illinois**: *Limits the types of competitive supply contracts to low-income customers to plans that guarantee electric and gas supply less than the amount charged by the electric and gas utility.*
  - As of January 1, 2020, alternative suppliers in Illinois must comply with new rules designed to protect low-income utility consumers and funding for essential energy assistance programs, under the Home Energy Affordability and Transparency (HEAT) Act.[6] Suppliers must comply with new price disclosure and marketing rules and will be restricted in the type of plans that can be offered to low-income consumers who participate in low-income utility assistance programs.
  - Alternative suppliers will not be able to change a low-income customer's supplier unless it is to a government aggregation program for electric or to a Commission-approved savings guarantee plan (electric and gas). Suppliers may apply to the Commission to offer a savings guarantee plan that, at a minimum, shall charge customers for a supply amount that is less than the amount charged by the utility. The Commission is required to initiate a proceeding to consider the application.[7]
- **New York**: *Prohibits energy suppliers from contracting with low-income energy assistance customers.*
  - "Imposing higher prices on consumers who are already challenged to pay their bills coupled with the fact that these prices automatically diminish the value of subsidies paid for by all utility consumers is, without question, a waste of utility ratepayer dollars which the Commission has an obligation to remedy."[8]
- **Pennsylvania:** *Limits the type of competitive supply available to low-income energy assistance customers of PPL to plans that guarantee a 7% discount off of the price to compare.*

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[4] Conn. Public Utilities Regulatory Authority, Decision, Review of Feasibility, Costs and Benefits of Placing Certain Customers on Standard Service Pursuant to Conn. Gen. Stat. § 16-245O(M), Docket No. 18-06-02 (Dec. 18, 2019).
[5] *Id* at p. 18.
[6] Illinois SB0651, Public Act 101-0590 (Aug. 27, 2019).

[7] Illinois SB0651, Public Act 101-0590 (Aug. 27, 2019) at Sec. 16-115E (alternative retail electric supplier utility assistance recipient) and Sec. 19-116 (alternative gas supplier utility assistance recipient).
[8] N.Y. Pub. Svc. Commission, Case Nos. 12-M-0476, 98-M-1343, 06-M-0647, and 98-M0667, "Order Adopting a Prohibition of Service to Low-Income Customers by Energy Service Companies (Dec. 16, 2016) at p.10, available at http://www.dps.ny.gov, upheld by Nat. Energy Marketers Assn. v. N.Y. State Pub. Svc. Commn., 2017 NY Slip Op 27223, Supreme Court of N.Y., Albany County (June 30, 2017).

- On October 27, 2016, the Pennsylvania Public Utility Commission approved PPL Electric Utilities Corporations' and other stakeholders' plan to restrict low-income Customer Assistance Program (CAP) customers who choose to shop with a supplier, to a CAP-Standard Offer Program (CAP SOP) which requires suppliers choosing to participate in CAP SOP to agree to serve customers at a 7% discount off of the price to compare at the time of enrollment, with the price remaining fixed for 12 months, and a prohibition on early termination fees.[9]
- The Commonwealth Court, in upholding the Commission's decision noted, "PUC's approval of PPL's CAP-SOP is designed to alleviate harms to access, affordability, and cost-effectiveness resulting from unrestricted CAP shopping."[10]

NCLC's report on the competitive supply market confirmed research done by the Massachusetts Attorney General. The Attorney General determined that Massachusetts residential consumers paid **$253 million** more to competitive suppliers than they would have paid to their distribution utilities for electric service from July 2015 through June 2018, and that low-income customers are disproportionately harmed.[11] Low-income Massachusetts residents paid **$40 million** more to suppliers than had they remained on the standard offer and overpaid 25% more than their non-low-income neighbors.[12]

Research by NCLC and the Massachusetts Attorney General conclusively demonstrate that the practices of competitive suppliers increase the financial burden for consumers who already struggle to afford their utility bills.

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[9] *See* Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2017 Through May 31, 2021, Docket No. P-2016-2526627 (Order Entered October 27, 2016). Affirmed by, *Retail Energy Supply Association v. Pennsylvania Public Utility Commission*, No. 230 C.D. 2017 (Pa. Commw. Ct. filed May 2, 2018).

[10] *Retail Energy Supply Association v. Pennsylvania Public Utility Commission*, No. 230 C.D. 2017, 25-26 (Pa. Commw. Ct. filed May 2, 2018).

[11] Mass. Office of the Attorney General, Are Residential Consumers Benefiting from Electric Supply Competition? An Analysis of the Individual Residential Electric Supply Market in Massachusetts (March 2018); Mass. Office of the Attorney General, 2019 Update (Aug. 2019), at https://www.mass.gov/competitive-electric-supply.

[12] Mass. Office of the Attorney General, Are Residential Consumers Benefiting from Electric Supply Competition? An Analysis of the Individual Residential Electric Supply Market in Massachusetts (March 2018) at p16. ; Mass. Office of the Attorney General, 2019 Update (Aug. 2019) at p.12, at https://www.mass.gov/competitive-electric-supply.

As we have learned from investigations by the Maryland Office of Public Counsel[13] and by analysts for the Abell Foundation,[14] the problems identified in Massachusetts are nearly identical to the problems experienced by Maryland households. Additional state experiences are summarized in the attached appendix.

Senate Bill 685 would substantially help mitigate the harms to low-income Maryland consumers, the ratepayers and taxpayers supporting the low-income assistance programs and the charitable assistance programs by preventing low-income customers from paying more than they would have under the utility's standard offer. We also support the amendment to SB 685 that would require supplier contracts for customers receiving energy assistance from the Office of Home Energy Programs (OHEP) or Commission authorized low-income energy assistance to meet or beat the rate charged by the distribution company. These would ensure low-income customers do not overpay for essential electric or gas service and protect the cost-effectiveness of the ratepayer and taxpayer funded programs.

In conclusion, NCLC supports SB 685 to protect the affordability low-income customers' energy bills. If you have questions regarding this testimony, please contact Olivia Wein, Staff Attorney, National Consumer Law Center, at owein@nclc.org or 202-452-6252, x103.

Sincerely,

Olivia Wein, Staff Attorney
National Consumer Law Center, on behalf of our low-income clients

[13] Maryland Office of People's Counsel; Maryland's Residential Electric and Gas Supply Markets: Where Do We Go from Here? (Nov. 2018), at http://www.opc.state.md.us/Portals/0/Hot%20Topics/Maryland%20Electric%20and%20Gas%20Residential%20Supply%20Report%20November%202018.pdf.

[14] Abell Foundation, Maryland's Dysfunctional Residential Third-Party Energy Supply Market: An Assessment of Costs and Policies (Dec. 2018), at https://www.abell.org/sites/default/files/files/Third%20Party%20Energy%20Report_final%20for%20web.pdf.

APPENDIX A

Alternative Energy Supply: National Overview of State Experiences

Alternative energy suppliers, also known as competitive energy suppliers or ESCO's, are allowed to sell electricity or natural gas directly to residential customers. About one-third of U.S. states[1] have laws that deregulate parts of the state's utility market. About 16 states have deregulated or partly deregulated electricity markets, and several more have deregulated sales of natural gas. Residential customers may choose to continue to buy their power from the regulated distribution utility company that offers service to the customer's home, or can switch to an alternative energy supply company which is not part of any regulated distribution utility.

Utility deregulation, which opened the door to alternative energy suppliers, was pitched to consumers as a money saving idea that would lower electric and gas rates, increase supplies of renewable energy, and create other free market benefits such as innovative energy products or service. Instead, deregulated states that have analyzed the impacts on consumers have found that alternative suppliers provide the same electricity or gas service but at inflated prices. Overpriced service is marketed to consumers with the use of deceptive sales practices. While distribution utility company prices are set by government authorities, alternative supply companies trap consumers in contracts with clauses that allow prices to increase without notice and with no upper limit.

States that have published analyses of the financial impact of alternative retail suppliers on residential utility customers include Connecticut, Illinois, Maine, Maryland, Massachusetts, New York, Pennsylvania and Rhode Island. In each case, residential consumers were found to pay higher prices for alternative energy supply than they would have paid for the same service from the distribution utility, resulting in hundreds of millions of dollars of aggregate financial harm to consumers.

Connecticut

The Connecticut Office of Consumer Counsel (OCC) has since 2014 compiled a series of fact sheets that compare the prices paid by residential electric customers for "Standard Offer" service from the distribution utility, compared with prices paid to alternative electric suppliers. In its August 2019 analysis,[2] the OCC found that from July 2018 - June 2019, residential consumers paid alternative electric suppliers $29,815,548 more in the aggregate than these customers would have paid for Standard Offer service from the distribution utility.

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[1] States with deregulated electricity markets include Connecticut, Delaware, Maine, Maryland, Massachusetts, New York, Ohio, Pennsylvania, Rhode Island and Texas as well as the District of Columbia.

[2] Conn. Office of Consumer Counsel, OCC Fact Sheet: Electric Supplier Market, July 2018 Through June 2019 (August 6, 2019), https://www.ct.gov/occ/lib/occ/fact_sheet_electric_supplier_market_june_2019.docx

Previous analyses by OCC reveal the same pattern. For instance, from October 2017 - September 2018, Connecticut residential consumers paid $38,380,874 more to alternative electric suppliers than they would have paid for Standard Offer service.[3]

On December 18, 2019, the Connecticut Public Utilities Regulatory Authority released a Final Decision which verified these harms and directed the state's distribution utilities to transfer low-income customers from third-party electric suppliers back to distribution utility service.[4]

Illinois

The Illinois Office of Retail Market Development (ORMD) has compiled Annual Reports detailing the higher prices paid by customers with alternative electric suppliers since 2008. In Illinois, these companies are referred to as alternative retail electric suppliers (ARES).

In its 2019 report,[5] the ORMD determined that residential customers in the service territories that were analyzed paid more in the aggregate than customers who received service from the distribution utility. Residential customers of alternative suppliers in the ComEd territory paid around $8.13 million more per month during the 2018-2019 year analyzed in the report when compared to the "Price-to-Compare," and $10.35 million more per month months when compared to the ComEd Price-to-Compare which includes the Purchased Electricity Adjustment. In the Ameren Illinois territory, residential customers with alternative suppliers paid around $9.14 million more per month during the last twelve months when compared to the Ameren Illinois Price-to-Compare and $10.16 million more per month during the last twelve months when compared to the Ameren Illinois Price-to-Compare including the Purchased Electricity Adjustment.

As of January 1, 2020, alternative suppliers in Illinois must comply with new rules designed to protect low-income utility consumers and funding for essential energy assistance programs, under the Home Energy Affordability and Transparency (HEAT) Act.[6] Suppliers must comply with new price disclosure and marketing rules and will be restricted in the type of plans that can be offered to low-income consumers who participate in low-income utility assistance programs. Alternative suppliers will not be able to change a low-income customer's supplier unless it is to a government aggregation program for electric or to a Commission-approved savings guarantee plan (electric and gas). Suppliers may apply to the Commission to offer a savings guarantee plan that, at a minimum, shall charge customers for a supply amount that is less than the amount

[3] Conn. Office of Consumer Counsel, OCC Fact Sheet: Electric Supplier Market, October 2017 Through September 2018 (November 8, 2018), https://www.ct.gov/occ/lib/occ/fact_sheet_electric_supplier_market_september_2018.pdf
[4] Conn. Public Utilities Regulatory Authority, Decision, Review of Feasibility, Costs and Benefits of Placing Certain Customers on Standard Service Pursuant to Conn. Gen. Stat. § 16-245O(M), Docket No. 18-06-02 (Dec. 18, 2019).
[5] Illinois Commerce Commission Office of Retail Market Development 2019 Annual Report (June 2019), https://www.icc.illinois.gov/downloads/public/2019%20ORMD%20Section%2020-110%20Report.pdf.
[6] Illinois SB0651, Public Act 101-0590 (Aug. 27, 2019).

charged by the utility. The Commission is required to initiate a proceeding to consider the application.[7]

Maine

A 2018 analysis[8] by the Maine Public Utilities Commission, using publicly available data from the U.S. Department of Energy's Energy Information Administration, indicated that Maine residential customers who received electricity from an alternative supplier during the three years of 2014-2016 paid approximately $77.7 million more than what they would have paid for standard offer service through the distribution utility. On average, customers paid approximately 56% more than they would have paid for standard offer service in 2016; 60% more in 2015; and 12% more in 2014.[9]

Maryland

Two recent reports document the price disparities and other consumer problems faced by Maryland consumers who purchase electricity from alternative suppliers.

In a 2018 report commissioned by the Maryland Office of People's Counsel (OPC),[10] the researchers analyzed consumer participation information published by the Maryland Public Service Commission and other limited pricing information to estimate a net annual consumer loss associated with the gas and electric supply markets of $54.9 million.

Another report issued in the same year by the Abell Foundation[11] determined that from 2014 to 2017, Maryland households paid about $255 million more to alternative electricity suppliers than they would have paid to their distribution utilities for electric service. The Abell Foundation report used different sources of data than those analyzed in the OPC report, relying

[7] Illinois SB0651, Public Act 101-0590 (Aug. 27, 2019) at Sec. 16-115E (alternative retail electric supplier utility assistance recipient) and Sec. 19-116 (alternative gas supplier utility assistance recipient).

[8] Maine Public Utilities Commission, Report on Competitive Electricity Provider and Standard Offer Price Comparisons (Feb, 15, 2018), https://digitalmaine.com/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=1017&context=puc_docs.

[9] Maine Public Utilities Commission, Report on Competitive Electricity Provider and Standard Offer Price Comparisons at 3 (Feb, 15, 2018) (describing analysis using data from U.S. EIA Form 861).

[10] Susan M. Baldwin and Sarah M. Bosley, On behalf of the Maryland Office of People's Counsel; Maryland's Residential Electric and Gas Supply Markets: Where Do We Go from Here? (Nov. 2018), http://www.opc.state.md.us/Portals/0/Hot%20Topics/Maryland%20Electric%20and%20Gas%20Residential%20Supply%20Report%20November%202018.pdf.

[11] Laurel Peltier and Arjun Makhijani, Ph.D, Abell Foundation, Maryland's Dysfunctional Residential Third-Party Energy Supply Market: An Assessment of Costs and Policies (Dec. 2018), https://www.abell.org/sites/default/files/files/Third%20Party%20Energy%20Report_final%20for%20web.pdf.

instead on publicly available data from the U.S. Department of Energy's Energy Information Administration.[12]

Massachusetts

The Massachusetts Office of the Attorney General released a report in March 2018 analyzing price discrepancies between distribution utilities and alternative electric supply companies.[13] The analysis revealed that Massachusetts residential electric consumers paid $176.8 million more to alternative electric suppliers than they would have paid if they had received electric supply from their distribution utilities during the two-year period from July 2015 to June 2017. Low-income consumers alone paid alternative electric suppliers a premium of $23.6 million over the distribution utilities' prices during the 2016–2017 study period and an additional $16.4 million from July 2017 through June 2018. An August 2019 update to the report found that customer losses continued into 2017-2018, when customers paid an additional $76.2 million to alternative suppliers over the rates that they would have paid to their distribution utilities. Overall, Massachusetts residential consumers paid $253 million more to alternative suppliers than they would have paid to their distribution utilities for electric service from July 2015 through June 2018.[14]

A second report by the National Consumer Law Center documented numerous consumer problems with alternative energy supply companies and their use of aggressive and deceptive sales practices. A financial analysis based on limited utility company data indicated that most residential consumers in Eversource's eastern Massachusetts territory paid alternative electric suppliers more than they would have paid for distribution utility service during 2015-2016.[15]

New York

The New York Public Service Commission (PSC) Staff's analysis of actual bills issued by utilities that include supplier charges concluded that between 2014 and 2016, residential consumers on competitive electric and gas supply paid $1.2 billion more than they would have

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[12] Maryland's Dysfunctional Residential Third-Party Energy Supply Market: An Assessment of Costs and Policies at 10, fn 15 (Dec. 2018) (explaining use of U.S. EIA form 861 as source of publicly available information).
[13] Massachusetts Attorney General's Office (Prepared by Susan M. Baldwin). Are Consumers Benefiting from Competition? An Analysis of the Individual Residential Electric Supply Market in Massachusetts (March 2018), https://www.mass.gov/files/documents/2018/03/29/Comp%20Supply%20Report%20Final%20032918.pdf.
[14] Massachusetts Attorney General's Office (Prepared by Susan M. Baldwin). Are Consumers Benefiting from Competition? An Analysis of the Individual Residential Electric Supply Market in Massachusetts – August 2019 Update (Aug. 1, 2019), https://www.mass.gov/files/documents/2019/07/31/Massachusetts%202019%20Update_August%202019.pdf.
[15] National Consumer Law Center, Competing to Overcharge Consumers: The Competitive Electric Supplier Market in Massachusetts (April 2018), http://www.nclc.org/images/pdf/pr-reports/competitive-energy-supply-report.pdf.

paid with their default utility service.[16] Within this aggregated amount, low-income consumers who participate in several state assistance programs paid $96 million more to alternative electric suppliers than they would have paid for distribution utility service.

In light of these findings, and a finding that supply companies failed to show that their services provided any additional service or value compared with electric service from the distribution utilities, the PSC conducted proceedings and issued an order to halt alternative energy supply sales to certain low-income customers.[17] Further, the PSC found that the higher charges were significant enough to drain crucial funds from taxpayer and ratepayer supported programs that were intended to assist low-income customers.

On December 12, 2019, the New York Public Service Commission took additional steps to protect that state's consumers by prohibiting competitive supply sales to residential customers unless, *inter alia,* the offer "includes a guaranteed savings over the utility price."[18]

<u>Pennsylvania</u>

While Pennsylvania has not published a statewide analysis of price disparities between alternative energy suppliers and the state's distribution utilities, there has been recent analysis of the financial impact on low-income consumers. Data provided to the Pennsylvania Public Utility Commission from PPL Electric Utility Corporation indicates that low-income consumers in that utility's service area paid $2.7 million more to alternative electric suppliers than they would have paid to PPL Electric for the same service over a one-year period.[19] Billing data from another Pennsylvania utility, FirstEnergy, similarly showed over a 58-month period, that nearly 65% of low income customers in the Customer Assistance Program served by alternative suppliers paid rates above the default service rate, resulting in an aggregate financial impact of $18.3 million over the 58-month period.[20]

On October 27, 2016, the Pennsylvania Public Utility Commission approved PPL Electric Utilities Corporations' and other stakeholders' plan to restrict low-income Customer Assistance Program (CAP) customers who choose to shop with a supplier, to a CAP-Standard Offer Program (CAP SOP) which requires suppliers choosing to participate in CAP SOP to agree

[16] State of New York Public Service Commission, In the Matter of Eligibility Criteria for Energy Service Companies, Case 15-M-0127, et al., Initial Brief of the New York Department of Public Service Staff, at 2 (March 30, 2018).
[17] N.Y. Pub. Svc. Commission, Case Nos. 12-M-0476, 98-M-1343, 06-M-0647, and 98-M0667, "Order Adopting a Prohibition of Service to Low-Income Customers by Energy Service Companies (Dec. 16, 2016), available at http://www.dps.ny.gov, upheld by Nat. Energy Marketers Assn. v. N.Y. State Pub. Svc. Commn., 2017 NY Slip Op 27223, Supreme Court of N.Y., Albany County (June 30, 2017).
[18] N.Y. Pub. Svc. Commission dockets 98-M-1343, 12-M-0476, 15-M-0127, Order Adopting Changes to the Retail Access Energy Market and Establishing Further Process, at 108. (Dec. 12, 2019).
[19] Motion of Commissioner David W. Sweet, Pennsylvania PUC, Electric Distribution Company Default Service Plans—Customer Assistance Program Shopping, Public Meeting (December 20, 2018), http://www.puc.state.pa.us//pcdocs/1599226.pdf.
[20] Motion of Commissioner David W. Sweet, Pennsylvania PUC, Electric Distribution Company Default Service Plans—Customer Assistance Program Shopping, Public Meeting (December 20, 2018), http://www.puc.state.pa.us//pcdocs/1599226.pdf

to serve customers at a 7% discount off of the price to compare at the time of enrollment, with the price remaining fixed for 12 months, and a prohibition on early termination fees.[21]

Rhode Island

Based on supplier pricing data reported by Rhode Island electric utilities, the Division of Public Utilities and Carriers reported in May 2018 that during the previous five year period, consumers served by alternative suppliers paid $55 million more than they would have paid if they had been on default service.[22]

All states that have examined the financial impact of alternative energy suppliers on residential consumers have reached similar findings – alternative energy suppliers charge customers more for utility service that is essentially identical to distribution utility service. In the aggregate, consumers pay hundreds of millions of dollars over the price of distribution utility service.

[21] *See* Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2017 Through May 31, 2021, Docket No. P-2016-2526627 (Order Entered October 27, 2016). Affirmed by, *Retail Energy Supply Association v. Pennsylvania Public Utility Commission*, No. 230 C.D. 2017 (Pa. Commw. Ct. filed May 2, 2018).
[22] State of Rhode Island, Division of Public Utilities & Carriers ("DPUC"), Press Release: DPUC Enacts New Rules for Competitive Electricity Suppliers, Initiates Review of Competitive Supply Marketplace (May 8, 2018).

CARES_SUPPORT_SB685
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SB 685 Electricity and Gas - Energy Suppliers - Assisted Customers

Senate Finance Committee

February 25th, 2020

Support

Good Afternoon Chairwoman Kelley and Members of the Senate Finance Committee. I am Martha Yalov, a volunteer with AARP Maryland. I also volunteer through the Ignatian Volunteer Corps at one of their Partner agencies, GEDCO CARES (CARES). AARP and GEDCO support **SB 685 Electricity and Gas - Energy Suppliers - Assisted Customers**. Ensuring that energy assistance clients meet or beat utility prices after the switch to third-party suppliers makes sense.

Deleted: SB 685 requires that . That information is not currently available. To anyone. What could that data show?

AARP is a nonpartisan, nonprofit, nationwide organization that fights for the issues that matter most to families, such as affordable utilities and protection from financial abuse. AARP-Maryland looks after the welfare of our citizens, and brings me to Annapolis to see what you are doing. CARES is a component of GEDCO, Govans Ecumenical Development Corp, a 501-3(c) agency serving the needs of people living in four ZIP codes in Baltimore City. CARES helps people pay their utility bills. As a Fuel Fund site, it is able to disburse funds to low-income residents.

A utility bill can present huge risks for low-income/limited-income households. The Ignatian Volunteer Corps matches mature professionals with nonprofits serving the materially poor & offered CARES my background as a Masters' level social worker. During the summer of 2018, patterns quickly appeared as I sat with each person, and did the math. Every time there was an out-of-state 3rd-party energy company supplier, the rate per electric kWh &/or gas therm was higher. For each unit of energy, they were paying suppliers more than they would have paid BGE. I have now personally aggregated over 120 households' energy bills, most with incomes less than $1000 per month. A high utility bill becomes a turn-off notice, which may lead to eviction, loss of a prized subsidized housing certificate, and even loss of child custody, in short: a severe downward spiral in a person's life.

Also, many are elderly. In fact, a typical utility assistance client at CARES is a 71-year-old African-American woman, living alone in a small row home. She only has a small Social Security income, she has a chronic health condition like diabetes or high blood pressure. She has never learned to use a computer. While on the street one day, our lady encounters a young person at a table on the sidewalk who asks to see her utility bill to confirm eligibility for a reward. A quick look, and she has been added to the list of "new customers" this supplier's Agent will turn it in, collecting a fee "per head." Our lady is soon paying from $10 to $50 or more per month and she doesn't even know how it happened.

SB 685 is a no nonsense way to protect vulnerable low-income Maryland citizens who have been tripped up – literally on the street, or by way of direct mail, cold calls on the phone, or knocks on their door, and promised reduced energy rates, gift cards, or other rewards.

Martha Yalov, Ignatius Volunteer at CARES food pantry and energy assistance center

RESA_UNF_SB 685

Uploaded by: Kress, Bill

Position: UNF

SB 685
Electricity and Gas – Energy Suppliers-Assisted Customers
Unfavorable

The Retail Energy Supply Association (RESA)[1] submits these comments in opposition to SB 685 and respectfully request that the Committee render an unfavorable report on this proposed legislation.

The purpose of this legislation prohibits retail electric and natural gas suppliers from knowingly enrolling a residential customer into their service if the customer has received financial assistance from any program administered by the Office of Home Energy Services (OHEP) during the preceding 12 months or participated in any assistance program authorized by the Commission.

Our opposition to this proposed legislation stems from RESA's core principles that:

- Competition, not regulation, is the most effective means for efficiently allocating resources. This is as true in the retail energy markets as it is in the markets for other goods and services. Thus, we believe that electricity and natural gas should be provided by competitive entities rather than by price-regulated utilities.
- Competition among retail companies brings benefits to consumers that are not readily provided through traditional utility regulation. These benefits include the setting of efficient prices, the development of innovative products and services, and the ability to efficiently meet clean energy policy objectives.
- For competition to be effective, all consumers must be afforded the right to shop for competitively priced energy products and services, just as they shop for other products and services. **The benefits of competition should be available to all retail customers, including those on low-income and other assistance programs.**

[1] The comments expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at www.resausa.org.

- The exercise of customer choice is essential for competitive markets to thrive as consumers best express and protect their interests through their individual energy purchasing choices. Thus, we believe that customer choice should be subject to the absolute minimum amount of constraint that is consistent with the operation of a well-ordered market.
- Competitive markets function best when they are free from distortions introduced by excessive government interference. Thus, any government mandates for societal benefit, whether environmental or economic, should be implemented in a competitively neutral manner.

Retail electric and natural gas suppliers have no means to determine which customers may be on assistance on any program administered by OHEP or authorized by the Commission. Unless suppliers have that information supplied to them in advance of any marketing or sales activity, suppliers would be at a distinct disadvantage and in violation of this proposed legislation. Furthermore, it would be prohibitively expensive for suppliers to market to a customer, engage in the sale of of retail energy, execute the required contractual agreements just to find out that the customer is not eligible to participate in the retail energy market. This process known as customer acquisition would incur costs that would be unrecoverable, and ultimately be passed on to consumers who are able to take advantage of the retail energy market in the form of higher prices.

For the reasons discussed above, RESA respectfully requests that the committee render an unfavorable report on this legislation.

Thank you for your attention and allowing RESA to provide these comments.

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SENATE BILL 685 – ELECTRICITY AND GAS – ENERGY SUPPLIERS – ASSISTED CUSTOMERS

UNFAVORABLE

SENATE FINANCE COMMITTEE
February 25, 2020

NRG Energy, Inc. ("NRG") submits these comments in **opposition** to **SB 685 – Electricity and Gas – Energy Suppliers – Assisted Customers.**

NRG is a Fortune 500 company, delivering customer focused solutions for managing electricity, while enhancing energy choice and working towards a sustainable energy future. We put customers at the center of everything we do. We create value by generating electricity and serving more than 3 million residential and commercial customers through our portfolio of retail electricity brands – including here in Maryland, where NRG owns four companies that are licensed by the Public Service Commission to serve retail customers. These companies offer customers a range of products ranging from cash back rewards and loyalty points, to charitable giving and 100% renewable electricity.

NRG opposes SB 685 for the simple reason that it denies a large segment of Maryland customers of the right to choose the source of their energy supply and who supplies it – a right that all Maryland customers enjoy today.

The General Assembly adopted competition for electricity and gas supplies more than two decades ago which gave all consumers the right to choose. Today, competitive suppliers compete with each other to offer value to consumers, sometimes in the form of savings relative to the utility SOS rate, but more often in the form of some other benefit or value to the customer, be it renewable energy content, loyalty rewards – like airline miles or hotel points – energy efficiency measures aimed at reducing a customers' overall bill – like Nest thermostats – gift cards to local merchants, or by managing the risk of market fluctuations by providing price stability through longer term fixed prices.

When the market opened to competition, the Public Service Commission was allocated $6 million to educate consumers about the transition to competition and their right to choose. It has been twenty years since any funds were allocated to help customers understand their choices and how to make good shopping decisions.

Rather than restrict an entire class of customers and deny them the ability to choose that all other Marylanders enjoy, NRG urges the Committee to instead allocate funding to the PSC to undertake a comprehensive education campaign with a focus on customers that are financially challenged. The PSC should be directed to work with OHEP to educate their clients at the time they enroll for assistance and periodically thereafter. These customers have the right to benefit from the same choices that other customers enjoy and rather than taking away their access to such products, they should be pointed toward products and services aimed at meeting their unique needs.

Thank you for the opportunity to share our perspective on SB 685 and for the above reasons NRG urges the Committee give the bill an **unfavorable** report.

NRG Energy, Inc. Contact Information

Sarah Battisti, Director Government Affairs, NRG Energy, Inc., 804 Carnegie Center, Princeton, NJ 08540, 717-418-7290, sarah.battisti@nrg.com

Leah Gibbons, Director Regulatory Affairs, NRG Energy, Inc., 3711 Market Street, Suite 1000 Philadelphia, PA 19104, 301-509-1508, lgibbons@nrg.com

John Fiastro, Fiastro Consulting, 1500 Dellsway Road, Towson, MD 21286, 443-416-3842, john@fiastroconsulting.com

Brett Lininger, Old Line Government Affairs, 10 West Pennsylvania Ave., Suite 200, Baltimore, MD 21204, 443-527-4837, blininger@nemphosbraue.com

Joe Miedusiewski, Old Line Government Affairs, 10 West Pennsylvania Ave., Suite 200, Baltimore, MD 21204, 410-321-4580, americanjoe@oldlinelobbying.com

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Position: UNF

SENATE FINANCE COMMITTEE
UNFAVORABLE
VISTRA ENERGY

Senate Finance Committee
February 25, 2020

Vistra Energy respectfully submits this testimony in **opposition to SB 685 – Electricity and Gas - Energy Suppliers - Assisted Customers.**

Vistra Energy (NYSE: VST) is a premier, integrated, Fortune 350 energy company with retail operations in Maryland. Vistra combines an innovative, customer-centric approach to retail with safe, reliable, diverse, and efficient power generation.[1]

Vistra believes that strong customer protections and assistance programs are vital to a functioning competitive market. Through our TXU Energy retail brand in Texas, Vistra provides one of the largest privately funded customer energy assistance programs in the nation. For over 35 years, customers of TXU Energy have been able to take advantage of one-time bill payment assistance through the TXU Energy Aid℠ program (fact sheet attached). This assistance is in addition to any aid customers can receive through state, federal and other programs.

Vistra funds four million dollars into the TXU Energy Aid program for one-time assistance to customers. All of those monies are supplied by Vistra without rate base recovery. Vistra also serves as a catalyst for additional donations. In addition to the four million dollars provided by Vistra, there's approximately $600,000 that is donated from TXUE customers via bill donations, charitable giving and other donations/gifts.

While Vistra believes the policy goals of SB 685 are laudable, that being assisting customers in need and providing additional customer protections, the process that the legislation takes to achieve those goals are actually a step backward for customers who could benefit most from competition.

SB 685 requires that all customers who receive OHEP assistance would no longer be eligible to

[1] The company brings its products and services to market in 20 states and the District of Columbia, including six of the seven competitive markets in the U.S. and markets in Canada and Japan, as well. Serving nearly 5 million residential, commercial, and industrial retail customers with electricity and gas, Vistra is the largest competitive residential electricity provider in the country and offers over 40 renewable energy plans. The company is also the largest competitive power generator in the U.S. with a capacity of approximately 39,000 megawatts powered by a diverse portfolio of natural gas, nuclear, coal, solar, and battery energy storage facilities. The company is a large purchaser of wind power. The company is currently developing the largest battery storage system of its kind in the world –a 300-MW/1,200-MWh system in Moss Landing, California.

Colin Fitzsimmons, Director, Government Affairs, Vistra Energy
colin.fitzsimmons@vistraenergy.com/717.817.1453

Katie Nash, Energy Advocacy Maryland
energyadvocacymaryland@gmail.com/301.524.9142

select competitive supply for their electric or gas service, essentially removing a customer's ability to choose for themselves the electric or gas service that works best for them and their situation. Furthermore, this restriction on choice for customers receiving assistance may actually provide an inhibition in seeking or taking advantage of available assistance programs for those customers who could benefit the most. . The Maryland Department of Human Services (DHS) has indicated that should this legislation pass, there would be a need to "implement an educational campaign so as to not discourage program applicants" (SB 685 Department of Legislative Services Fiscal Note).

Vistra seeks to improve transparency and to be a strong Maryland partner. Vistra believes that the actions currently and previously taken at the Public Service Commission (PSC) are noteworthy when considering the intent of this legislation. In 2016, the PSC implemented stronger consumer protections. After a collaborative effort with input from utilities, retailers, and consumer advocates developed a strong set of consumer protections. Retailers were/are required to do the following:

- Provide notifications to customers 30 days before a contract term end
- Disclose the following month's variable rate (if applicable) 12 days in advance (via email, letter, toll-free number, and website)
- Provide customers with an easy to read "contract summary"
- Switch a customer to/from their service provider within 3 days
- Provide additional customer disclosures concerning pricing (including a letter to customer if rate changes more than 30%)
- Adhere to certain door to door sales requirements concerning agent training and qualifications

The PSC features information regarding consumer protections on the current PSC website (https://www.psc.state.md.us/electricchoice/customer-rights-protections/) and is scheduled to release a new customer shopping website this year. Earlier this month, the PSC announced that it created a Compliance and Enforcement Unit within its Consumer Affairs Division (CAD). It is anticipated that the new unit's responsibilities will include work tasks that support the intent of this legislation.

Vistra is a passionate advocate for the competitive market as a solution to provide Marylanders' electric service that best works for their needs - where Maryland consumers can be empowered to shop and customize their energy supply via retail energy supply offerings. While price is just one of the many factors that benefit consumers from a competitive market, during the period where competition has been available in Maryland, energy prices have decreased while surrounding states have experienced increases. Indeed, this benefits all customers - not just those who shop. Customers seek and benefit from increased choice, convenience, and control when making the determination to shop for their electricity and natural gas. Vistra believes the ability to choose how electricity is generated should not be limited by income. There is a better avenue to assist customers in need - rather than removing their choices altogether.

Vistra is a strong believer that customer assistance paired with appropriate customer protections, helps to ensure that customers never have to choose between affording their electricity and avoiding life-threatening conditions. Vistra looks forward to partnering with the Maryland legislature, state agencies and other stakeholders to ensure that all Maryland consumers can receive the benefits of the competitive market balanced with the appropriate customer protections and assistance programs that any competitive energy market needs to be effective. Towards this goal, Vistra is looking for ways to expand our TXU Energy aid program to other states, including Maryland, as a means to provide effective assistance to those customers in need.

Thank you for the opportunity to share our perspective on SB 685 and for the above reasons Vistra urges the Committee to provide an **unfavorable** report.

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Texans who need a hand with their electricity bills can lean on TXU Energy Aid℠.
We've provided bill payment assistance to our customers for over 35 years.

HOW WE'VE HELPED

35+ YEARS

Supporting our neighbors in need for over 35 years.

Taking care of Texans through one of the largest electricity assistance programs in the country.

$110+ MILLION

Providing over $110 million in bill-payment assistance for nearly 560,000 Texans.

20,000 CUSTOMERS

Helping 20,000 families a year keep their homes powered and safe each year.

80 AGENCIES

Working with 80 social service agencies across Texas.

$4 MILLION

Giving back an additional $4 million per year through TXU Energy.

100%

Ensuring 100% of funds go to our customers in need.

TXU energy