

**Maryland General Assembly  
Department of Legislative Services**

**Proposed Regulations  
Public Service Commission  
(DLS Control No. 15-332)**

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## **Overview and Legal and Fiscal Impact**

These regulations alter required procedures related to competitive electricity supply, including customer initiated switching of electricity suppliers, the resolution of enrollment disputes between customers and electricity suppliers, electricity supplier marketing, contracts, rates, and the relationship between an electricity supplier and its agents.

The regulations present no legal issues of concern.

There is no fiscal impact on State or local agencies.

## **Regulations of COMAR Affected**

### **Public Service Commission:**

Competitive Electricity Supply: General: COMAR 20.53.01.02

Pre-Enrollment Information: COMAR 20.53.03.02

Transfers of Service: COMAR 20.53.04.02, .03, and .04

Supplier-Utility Coordination and Utility Consolidated Billing: COMAR 20.53.05.06

Residential Customer Protection: COMAR 20.53.07.05, .07, .08, .09, .10, .11, .12, and .13

Supplier Agent Relations: COMAR 20.53.08.01, .02, .03, .04, .05, and .06

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## **Legal Analysis**

### **Summary of Regulations**

#### **Customer Initiated Cancellation or Switch**

These regulations alter the procedures by which a customer may switch electricity suppliers. The regulations prohibit a supplier from requiring that a customer provide advance notice before switching to another supplier or to standard offer service. The regulations also clarify that a customer who wants to change suppliers must first attempt to cancel their current contract according to the terms of that contract. If the customer first contacts their electric company to cancel a supply contract, the utility must direct the customer to contact the electricity supplier. However, if the electric company hasn't received a customer's cancellation request from the electricity supplier within three days after the customer cancels the contract with the supplier, the electric company must process the cancellation on the customer's request. Additionally, the regulations state that an electricity supplier may not include provisions in its contract that would

limit or waive these regulations. If a customer initiates a drop of an electricity supplier with the electric company the customer must switch back to standard offer service.

### **Electricity Supplier Enrollment Disputes**

The regulations also alter procedures for enrollment disputes. The regulations provide that on proof of allegations that an enrollment with a electricity supplier was unauthorized, the Office of External Relations of the Public Service Commission may order a electricity supplier to issue a refund to a customer in an amount intended to hold the customer harmless relative to the price the customer would have paid had the unauthorized enrollment not occurred. Also, if the electric company has chosen the option of purchasing supplier receivables, the regulations state that an early termination fee is not considered a commodity and may not be purchased as a receivable by the electric company. Any refund ordered by the office must be remitted to the electric company by the supplier and applied to the customers utility account balance and the excess returned to the customer on request or if the customer is no longer served by the electric company, the refund must be returned directly to the customer.

### **Electricity Supplier Marketing**

The regulations also require that all electricity supplier marketing and solicitation information, including any information used by its agents or employees, include the supplier's Maryland license number. The electricity supplier also must submit open offers to the commission's website according to instructions provided by the commission.

### **Electricity Supplier Contracts**

The regulations alter the minimum contract requirements for electricity suppliers, requiring the inclusion of a price description of each service, including any condition of variability or limits on price variability, and a statement describing how a customer can access future pricing information. The regulations also require electricity suppliers, when executing a contract, to provide to the customer a copy of the executed contract and a contract summary and specify how the documents should be delivered to the customer depending on whether the contract is made in person, over the phone, or on the internet.

For automatically renewing contracts, the regulations require that the supplier notice inform the customer how to access the rate for the next billing cycle. The supplier must also clearly explain whether there are any limits on price variability and the terms of any limits, such as price caps, maximum percentage increases in price between billing cycles, or minimum and maximum charges per kilowatt-hour for electricity during the contract term.

Before the expiration or cancellation of a supply contract, the supplier must provide the customer with at least 30 days' notice, rather than 45 days as is currently required.

## **Contract Assignment**

The regulations provide that if an electricity supplier assigns or transfers a contract to another supplier, both suppliers must provide at least 30 days' notice to the affected customers, the commission, the electric company, and the Office of People's Counsel. The regulations set forth the required contents of the notice to the customers, the required filings with the commission, electric company, and Office of People's Counsel and require that the terms and conditions of the existing contracts stay the same for the remainder of the term of the contract.

## **Rate Changes**

The regulations set forth requirements for how and when an electricity supplier must notify a customer of a rate change and require an electricity supplier to give the customer information on how to access the rate. A supplier is allowed to provide an estimated rate to a customer so long as the actual rate does not exceed the estimated rate and the estimated rate is made available at least 12 days before the end of the customer's billing period. The regulations also require a supplier to provide certain notice to a customer if a rate changes from being fixed to being variable under certain circumstances.

## **Supplier Agent Relations**

The regulations add a chapter on electric supplier and agent relations. A supplier may use an agent for marketing and sales purposes and a supplier is responsible for any unlawful marketing acts of its agents while conducting marketing or sales for the supplier. The supplier must develop standards and qualifications for its agents and must adhere to them. Those standards must include criminal background checks of its agents and independent contractors at certain intervals. The regulations require the supplier to ensure that their agents have received proper training and wear an identification badge while performing sales and marketing activities for the supplier. The supplier and agents must comply with all applicable laws regarding door-to-door marketing and sales activities. An agent must display proper identification and immediately give to a customer copies of any document that the customer signs or initials and must promptly leave the customer's premises when requested. The regulations also require that when a supplier engages in door-to-door activities the supplier must notify the office and give notice to the electric company as to general information on the door-to-door activities. The electric company may only use this information to aid in addressing customer service inquiries.

## **Legal Issues**

The regulations present no legal issues of concern.

## **Statutory Authority and Legislative Intent**

The commission cites §§ 2-113, 2-121, 5-101, and 7-507 of the Public Utilities Article as statutory authority for the regulations. Section 2-113 requires the commission to supervise and regulate the public service companies subject to the jurisdiction of the commission to ensure their

operation is in the interest of the public and to prevent unjust discrimination in the delivery of utility services. The section also requires the commission to consider the public safety, economy of the State, conservation of natural resources, and preservation of environmental quality in supervising and regulating public service companies. Section 2-121 authorizes the commission to adopt reasonable regulations as necessary to carry out any law that relates to the commission. Section 5-101 authorizes the commission to adopt regulations to prescribe standards for the safe, adequate, reasonable, and proper service for a public service company. Section 7-507 sets forth requirements for electricity suppliers and requires the commission to adopt consumer protection regulations for the competitive supply of electricity, including (1) the accurate supply of information to consumers; (2) procedures for contracting with consumers; (3) establishing requirements and limitations with regard to deposits, billing, collection, and contract cancellation; (4) establishing provisions for the referral of delinquent accounts by an electricity supplier to standard offer service; and (5) establishing dispute resolution procedures.

This authority is correct and complete. The regulations comply with the legislative intent of the law.

## **Fiscal Analysis**

There is no fiscal impact on State or local agencies.

### **Agency Estimate of Projected Fiscal Impact**

The commission advises that the regulations have minimal or no impact on State or local governments. The Department of Legislative Services concurs.

### **Impact on Budget**

There is no impact on the State operating or capital budget.

### **Agency Estimate of Projected Small Business Impact**

The commission advises that the regulations have minimal or no economic impact on small businesses in the State. The regulations affect electric companies, which are not small businesses, and retail electricity suppliers, which generally are not small businesses. The Department of Legislative Services concurs.

## **Contact Information**

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