

# HOUSE BILL 1372

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CF SB 942

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By: Delegates Hecht, Rosenberg, Davis, Feldman, Haddaway, Krysiak, Manno, McHale, Rudolph, and Taylor Taylor, Carter, Hammen, Oaks, Barkley, Braveboy, Burns, King, Mathias, Minnick, and Vaughn

Introduced and read first time: February 18, 2010

Assigned to: Economic Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 24, 2010

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Public Service Commission – Customer Education on Customer Choice**

3 FOR the purpose of ~~requiring an electric company that provides standard offer service~~  
4 ~~to include certain information in a certain manner and at certain intervals~~  
5 ~~about certain electricity supply options available to a customer;~~ requiring the  
6 Public Service Commission to educate consumers about customer choice in  
7 accordance with a certain provision of law; requiring the Commission to host a  
8 certain section on its website related to customer choice; requiring the website  
9 to comply with certain standards and to include certain information; requiring  
10 the Commission to maintain a certain secure portal on its website to receive  
11 certain information from certain electricity suppliers; requiring certain  
12 electricity suppliers to submit certain information to the Commission through  
13 the secure portal at certain intervals; requiring the Commission to work with  
14 certain media outlets to develop and air certain public service announcements  
15 related to customer choice; requiring the Commission to recover certain costs in  
16 accordance with a certain provision of law; requiring the Commission to submit  
17 a certain report to the General Assembly each year by a certain date; requiring  
18 the Commission to convene a certain workgroup for a certain purpose; providing  
19 for the membership and duties of the workgroup; requiring the workgroup to  
20 report to the Commission and certain committees by a certain date; requiring  
21 the Commission, ~~by regulation or order, to establish certain requirements for~~  
22 ~~certain information provided to customers by electricity suppliers based on to~~  
23 implement certain recommendations by a certain date; ~~requiring the~~

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



~~Commission to consult with the Maryland Energy Administration and the Office of People's Counsel for a certain purpose; defining a certain term; and generally relating to customer choice.~~

~~BY repealing and reenacting, without amendments,  
Article – Public Utility Companies  
Section 7-510(e)(1) and (2)  
Annotated Code of Maryland  
(2008 Replacement Volume and 2009 Supplement)~~

BY repealing and reenacting, ~~with~~ without amendments,  
Article – Public Utility Companies  
Section ~~7-510(e)(3)~~ 7-504 and 7-505(a)(1)  
Annotated Code of Maryland  
(2008 Replacement Volume and 2009 Supplement)

BY adding to  
Article – Public Utility Companies  
Section 7-510.1  
Annotated Code of Maryland  
(2008 Replacement Volume and 2009 Supplement)

#### Preamble

~~WHEREAS, Collectively, Maryland retail electric customers can save millions of dollars by switching from standard offer service to a competitive electricity supplier; and~~

~~WHEREAS, Customers lack sufficient information about how to compare offers from electricity suppliers in order to make an informed decision about switching electricity suppliers; and~~

~~WHEREAS, Customer education is essential for Maryland customers to realize the significant savings currently available through the competitive electricity supply market; and~~

~~WHEREAS, The Public Service Commission, the Maryland Energy Administration, and the Office of People's Counsel are the appropriate entities to educate customers about how to select an electricity supplier that best meets the customers' needs; now, therefore,~~

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

#### **Article – Public Utility Companies**

~~7-510.~~

1 ~~(e) (1) Beginning on the initial implementation date, an electric~~  
 2 ~~company's obligation to provide electricity supply and electricity supply service is~~  
 3 ~~stated by this subsection.~~

4 ~~(2) Electricity supply purchased from a customer's electric company is~~  
 5 ~~known as standard offer service. A customer is considered to have chosen the standard~~  
 6 ~~offer service if the customer:~~

7 ~~(i) is not allowed to choose an electricity supplier under the~~  
 8 ~~phase in of customer choice in subsection (a) of this section;~~

9 ~~(ii) contracts for electricity with an electricity supplier and it is~~  
 10 ~~not delivered;~~

11 ~~(iii) cannot arrange for electricity from an electricity supplier;~~

12 ~~(iv) does not choose an electricity supplier;~~

13 ~~(v) chooses the standard offer service; or~~

14 ~~(vi) has been denied service or referred to the standard offer~~  
 15 ~~service by an electricity supplier in accordance with § 7-507(e)(6) of this subtitle.~~

16 ~~(3) (i) Except as provided under subparagraph (ii) of this~~  
 17 ~~paragraph, any obligation of an electric company to provide standard offer service~~  
 18 ~~shall cease on July 1, 2003.~~

19 ~~(ii) 1. Electric cooperatives and municipal electric utilities~~  
 20 ~~may choose to continue providing standard offer service in their respective distribution~~  
 21 ~~territories and may cease offering that service after notifying the Commission at least~~  
 22 ~~12 months in advance.~~

23 ~~2. On and after July 1, 2003, an electric company~~  
 24 ~~continues to have the obligation to provide standard offer service to residential and~~  
 25 ~~small commercial customers at a market price that permits recovery of the verifiable,~~  
 26 ~~prudently incurred costs to procure or produce the electricity plus a reasonable return.~~

27 ~~(iii) 1. AN ELECTRIC COMPANY THAT PROVIDES~~  
 28 ~~STANDARD OFFER SERVICE TO A CUSTOMER SHALL INCLUDE, IN THE MANNER~~  
 29 ~~SPECIFIED BY THE COMMISSION, INFORMATION ABOUT COMPETITIVE~~  
 30 ~~ELECTRICITY SUPPLY OPTIONS AVAILABLE TO THE CUSTOMER AND HOW TO~~  
 31 ~~FIND MORE INFORMATION ON THE COMMISSION'S WEBSITE:~~

32 ~~A. YEARLY AS A BILL INSERT WITH THE CUSTOMER'S~~  
 33 ~~BILL;~~

~~B. AS PART OF ANY COMPANY NEWSLETTER TO THE CUSTOMER; AND~~

~~C. AS PART OF ANY EXISTING EDUCATIONAL CAMPAIGN APPROVED BY THE COMMISSION RELATED TO ENERGY EFFICIENCY AND CONSERVATION.~~

~~2. IF THE COMMISSION DETERMINES THAT AN ELECTRIC COMPANY HAS INCURRED ADDITIONAL COSTS AS A RESULT OF COMPLYING WITH SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH, THE COMMISSION SHALL AUTHORIZE THE ELECTRIC COMPANY TO RECOVER THE ADDITIONAL COSTS FROM ALL CUSTOMERS OF ALL RATE CLASSES THROUGH A MECHANISM DETERMINED BY THE COMMISSION.~~

~~[(iii)] (iv) 1. On or before December 31, 2008, and every 5 years thereafter, the Commission shall report to the Governor and, in accordance with § 2-1246 of the State Government Article, to the General Assembly on the status of the standard offer service, the development of competition, and the transition of standard offer service to a default service.~~

~~2. The Commission shall establish, by order or regulation, the definition of "default service".~~

7-504.

The General Assembly finds and declares that the purpose of this subtitle is to:

(1) establish customer choice of electricity supply and electricity supply services;

(2) create competitive retail electricity supply and electricity supply services markets;

(3) deregulate the generation, supply, and pricing of electricity;

(4) provide economic benefits for all customer classes; and

(5) ensure compliance with federal and State environmental standards.

7-505.

(a) (1) In assessing and approving each electric company's restructuring plan, and overseeing the transition process and regulation of the restructured electric industry, the Commission shall provide that the transition to a competitive electricity supply and electricity supply services market shall be orderly, maintain electric

1 system reliability, and ensure compliance with federal and State environmental  
2 regulations, be fair to customers, electric company investors, customers of municipal  
3 electric utilities, electric companies, and electricity suppliers, and provide economic  
4 benefits to all customer classes.

5 **7-510.1.**

6 **(A) THE COMMISSION SHALL EDUCATE CUSTOMERS ABOUT CUSTOMER**  
7 **CHOICE IN ACCORDANCE WITH THIS SECTION.**

8 **(B) (1) THE COMMISSION SHALL:**

9 **(I) HOST AND REGULARLY UPDATE A USER-FRIENDLY**  
10 **CUSTOMER CHOICE EDUCATION SECTION ON ITS WEBSITE THAT COMPLIES WITH**  
11 **STANDARDS ISSUED UNDER § 508 OF THE FEDERAL REHABILITATION ACT OF**  
12 **1973; AND**

13 **(II) PROMINENTLY DISPLAY A LINK TO THAT SECTION OF THE**  
14 **COMMISSION'S WEBSITE ON THE HOME PAGE OF THE COMMISSION'S WEBSITE.**

15 **(2) THE CUSTOMER CHOICE EDUCATION SECTION OF THE**  
16 **COMMISSION'S WEBSITE SHALL INCLUDE:**

17 **(I) A CLEAR AND SIMPLE DESCRIPTION OF:**

18 **1. CUSTOMER CHOICE;**

19 **2. HOW CUSTOMERS CAN SHOP FOR AN ELECTRICITY**  
20 **SUPPLIER; ~~AND~~**

21 **3. WHAT KINDS OF COMPETITIVE ELECTRICITY**  
22 **SUPPLY OPTIONS CUSTOMERS HAVE, INCLUDING:**

23 **A. RENEWABLE ENERGY SUPPLY;**

24 **B. FIXED AND VARIABLE PRICING; AND**

25 **C. OTHER COMMON CONTRACT TERMS;**

26 **4. THE CURRENT PRICE OF STANDARD OFFER**  
27 **SERVICE IN THE SERVICE TERRITORY OF EACH ELECTRIC COMPANY; AND**

28 **5. THE CONTINUING ROLE OF THE ELECTRIC**  
29 **COMPANY IN DELIVERING ELECTRICITY TO A CUSTOMER THAT CHOOSES AN**  
30 **ELECTRICITY SUPPLIER;**

1 (II) FACT SHEETS THAT:

2 1. ANSWER COMMON QUESTIONS ABOUT CUSTOMER  
3 CHOICE;

4 2. ADVISE CUSTOMERS ABOUT THE QUESTIONS  
5 CUSTOMERS SHOULD ASK WHEN CHOOSING AN ELECTRICITY SUPPLIER; AND

6 3. LIST THE KINDS OF DISCLOSURES THAT  
7 ELECTRICITY SUPPLIERS MUST MAKE TO CUSTOMERS; AND

8 (III) A LIST OF ALL ELECTRICITY SUPPLIERS THAT HAVE  
9 OPEN OFFERS TO SUPPLY ELECTRICITY IN A CUSTOMER'S SERVICE AREA,  
10 SEARCHABLE BY ~~ZIP CODE~~ SERVICE TERRITORY OR JURISDICTION.

11 (3) TO THE EXTENT PRACTICABLE, THE LIST OF ELECTRICITY  
12 SUPPLIERS REQUIRED UNDER PARAGRAPH (2)(III) OF THIS SUBSECTION SHALL  
13 INCLUDE:

14 (I) THE TERMS OF ANY OPEN OFFERS TO SUPPLY  
15 ELECTRICITY, INCLUDING:

16 1. THE DURATION OF THE CONTRACT;

17 2. THE COST OF ELECTRICITY PER KILOWATT-HOUR;  
18 AND

19 3. ANY CANCELLATION FEES; AND

20 (II) A LINK TO THE WEBSITE OF EACH ELECTRICITY  
21 SUPPLIER WITH AN OPEN OFFER TO SUPPLY ELECTRICITY.

22 (C) (1) TO ENSURE THE CURRENCY AND ACCURACY OF INFORMATION  
23 REQUIRED UNDER SUBSECTION (B)(2)(III) OF THIS SECTION, THE COMMISSION  
24 SHALL MAINTAIN A SECURE PORTAL ON ITS WEBSITE TO RECEIVE INFORMATION  
25 ABOUT OFFERS TO SUPPLY ELECTRICITY FROM ELECTRICITY SUPPLIERS.

26 (2) AT LEAST ONCE EACH MONTH, EACH ELECTRICITY SUPPLIER  
27 WITH AN OPEN OFFER TO SUPPLY ELECTRICITY SHALL SUBMIT DETAILED  
28 INFORMATION ABOUT THE OFFER TO THE COMMISSION THROUGH A SECURE  
29 PORTAL MAINTAINED BY THE COMMISSION ON THE COMMISSION'S WEBSITE  
30 FOR THIS PURPOSE.

1 (D) THE COMMISSION SHALL WORK WITH MEDIA OUTLETS IN THE  
 2 STATE TO DEVELOP AND AIR PUBLIC SERVICE ANNOUNCEMENTS PUBLICIZING  
 3 CUSTOMER CHOICE AND DIRECTING CUSTOMERS TO THE COMMISSION'S  
 4 WEBSITE FOR ADDITIONAL INFORMATION.

5 (E) THE COMMISSION SHALL RECOVER THE COST OF COMPLYING WITH  
 6 THIS SECTION ~~AS PROVIDED UNDER~~ IN ACCORDANCE WITH § 2-110 OF THIS  
 7 ARTICLE.

8 (F) ON OR BEFORE DECEMBER 31 OF EACH YEAR, THE COMMISSION  
 9 SHALL REPORT, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT  
 10 ARTICLE, TO THE GENERAL ASSEMBLY ON THE STATUS AND SUCCESS OF THE  
 11 COMMISSION'S EFFORTS TO EDUCATE CUSTOMERS ABOUT CUSTOMER CHOICE  
 12 UNDER THIS SECTION.

13 SECTION 2. AND BE IT FURTHER ENACTED, That:

14 (a) ~~The~~ On or before July 1, 2010, the Public Service Commission shall  
 15 convene a workgroup of interested parties to ~~make a recommendation about what~~  
 16 ~~information should be included in the information provided to customers under §~~  
 17 ~~7-510(c)(3)(iii) of the Public Utility Companies Article, as enacted by~~ advise it on  
 18 improvements to the Commission's website information and presentation concerning  
 19 customer choice as required by this Act, and on additional information and methods of  
 20 consumer education that can effectively supplement the requirements of this Act.

21 (b) ~~(4)~~ The membership of the workgroup under subsection (a) of this  
 22 section shall be appointed by the Commission and consist at minimum of:

23 (i) the Attorney General or the Attorney General's designee;

24 (ii) the Secretary of Disabilities or the Secretary's designee;

25 (iii) the People's Counsel or the People's Counsel's designee;

26 (iv) the Director of the Maryland Energy Administration or the  
 27 Director's designee;

28 ~~(ii)~~ (v) the staff of the Commission;

29 (vi) a representative of each electric company;

30 ~~(iii)~~ (vii) at least one representative of electricity suppliers  
 31 serving residential customers in the State;

32 ~~(iv)~~ (viii) a representative of the Retail Energy Supply  
 33 Association;

- 1                    (ix) a website design specialist;  
 2                    (x) an educational production and publication consultant; and  
 3                    ~~(v)~~ (xi) a representative representatives of residential and  
 4 small commercial retail electric customers.

5            (c) The workgroup shall:

6                    (1) study issues relating to:

7                            (i) development and improvement of materials concerning  
 8 customer choice on the Commission's website; and

9                            (iii) options and recommendations for development of a customer  
 10 education program by public units and private entities that will provide pertinent  
 11 factual information to the public on the availability of customer choice, especially to  
 12 customer classes that largely rely on standard offer service and to groups that may not  
 13 adequately be able to rely on website-based sources of information on customer choice  
 14 such as senior citizens and individuals with certain disabilities, and additional  
 15 questions and issues that switching to or among competitive suppliers may present;

16                    (2) develop recommendations for implementing suggested changes,  
 17 new materials, and public outreach, including as appropriate a schedule for  
 18 developing, funding, and deploying customer education and materials on customer  
 19 choice; and

20                    (3) on or before December 31, 2010, report its recommendations to the  
 21 Commission and, in accordance with § 2-1246 of the State Government Article, the  
 22 Senate Finance Committee and the House Economic Matters Committee.

23                    ~~(2)~~ (d) On or before ~~December 1, 2010~~ March 31, 2011, the Commission  
 24 shall establish, by regulation or order, the requirements for the information based on  
 25 implement the recommendations of the workgroup.

26            ~~SECTION 3. AND BE IT FURTHER ENACTED, That the Public Service~~  
 27 ~~Commission shall consult with the Maryland Energy Administration and the Office of~~  
 28 ~~People's Counsel about the best way to promote customer choice, as defined in § 7-501~~  
 29 ~~of the Public Utility Companies Article.~~

30            ~~SECTION 4. 3.~~ AND BE IT FURTHER ENACTED, That this Act shall take  
 31 effect ~~July~~ June 1, 2010.