

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 517

Finance

(Senators Feldman and Hershey)

Economic Matters

Public Utilities – Electricity and Natural Gas Suppliers – Information

This bill requires the Public Service Commission (PSC) to establish residential customer choice shopping websites for electricity and natural gas, each of which must include specified related information and links to other resources. PSC must also add to specified educational information related to electric customer choice on its website. It is the intent of the General Assembly that PSC fully implement the bill, revamp the customer education section on its website, and establish the two residential customer choice shopping websites by October 1, 2020. The bill contains related reporting requirements.

Fiscal Summary

State Effect: Special fund expenditures increase by \$100,000 in FY 2020 and by \$50,000 annually thereafter. Special fund revenues increase correspondingly from assessments imposed on public service companies.

(in dollars)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
SF Revenue	\$100,000	\$50,000	\$50,000	\$50,000	\$50,000
SF Expenditure	\$100,000	\$50,000	\$50,000	\$50,000	\$50,000
Net Effect	\$0	\$0	\$0	\$0	\$0

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

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

Small Business Effect: Minimal.

Analysis

Bill Summary:

Residential Customer Choice Shopping Websites – Generally

PSC must establish two residential customer choice shopping websites: one for electricity and one for natural gas. Each website must allow a residential customer to sort suppliers that have open offers in the customer's service area and must include specified similar, but not identical, information. Both websites must include:

- a list of all suppliers that have open offers in a customer's service area, sortable by cost of service, cost per kilowatt-hour or therm, rate structure, duration of the contract, cancellation fee, and any other aspect of service that PSC considers necessary;
- a way to compare suppliers based on the sortable items specified above;
- a link to the website of each supplier with an open offer to supply electricity or gas to residential customers;
- a link to a complaint process that provides access for the customer to protect the customer's rights and make use of consumer protections through PSC; and
- fact sheets on the process for comparing offers from suppliers, as specified.

The electricity website must also contain a link to the customer education web page under current law. Unlike the natural gas website, each electricity supplier that is actively seeking residential customers must maintain at least one open offer to supply electricity to residential customers on PSC's website at all times.

Data Submission

At least once per month, each natural gas supplier with an open offer to supply natural gas must submit detailed information to PSC through a secure portal maintained by PSC on the commission's website for that purpose. Electricity suppliers are already required to provide this information under current law.

Cost Recovery

PSC is authorized to recover the costs associated with the websites through its existing assessment on public service companies.

Compliance Reporting

PSC must include information on its compliance with the bill in its 2019 and 2020 annual reports on the customer choice website required under current law and also in an interim report to the Senate Finance Committee and the House Economic Matters Committee by June 30, 2020.

Consideration of Other State Websites

The bill encourages PSC, in revising and expanding its customer choice education website and creating the residential customer choice shopping websites required by the bill, to review and consult with the utility regulatory commissions of other jurisdictions that have adopted customer choice, as specified.

Current Law: PSC must host, regularly update, and prominently link to a user-friendly electric customer choice education section on its website. The section must include specified information, including:

- a clear and simple description of related terms and processes;
- fact sheets that answer common questions about customer choice, advise customers about the questions customers should ask when choosing an electricity supplier, and list the kinds of disclosures that electricity suppliers must make to customers; and
- a list of all electricity suppliers that have open offers to supply electricity in a customer's service area, searchable by service territory or jurisdiction, including, to the extent practicable, specified supplier information and contract terms.

To ensure the currency and accuracy of electricity supplier information and contract terms, PSC must maintain a secure portal on its website to receive information about offers to supply electricity from electricity suppliers. At least once each month, each electricity supplier with an open offer to supply electricity must submit detailed information about the offer to PSC through the portal maintained for this purpose.

Background: The Electric Customer Choice and Competition Act of 1999 facilitated the restructuring of the electric utility industry in Maryland. The resulting system of customer choice allows the customer to purchase electricity from a competitive supplier or to continue receiving electricity under standard offer service (SOS). Default SOS electric service is provided by a customer's *electric company* (e.g., Baltimore Gas and Electric Company or Pepco). Competitive electric supply is provided by competitive *electricity suppliers*. In either case, the electric company delivers the electricity and recovers the costs for delivery through distribution rates. The natural gas utility industry has been similarly restructured, with corresponding gas companies and competitive gas suppliers.

PSC's Customer Choice Website

PSC's website currently provides much of the information on electric and gas customer choice required by the bill. Some capabilities are not available, such as a way to sort offers by price. However, a recent [report](#) on the competitive retail electricity and gas markets in Maryland conducted on behalf of the Office of People's Counsel expressed concern with the veracity and completeness of the information made available through the website by suppliers.

State Fiscal Effect: Based on estimates provided by PSC, special fund expenditures for the Public Utilities Regulation Fund increase by \$100,000 in fiscal 2020 to update PSC's website and by \$50,000 annually thereafter for ongoing maintenance, reflecting the costs associated with two customer choice shopping websites. Special fund revenues increase correspondingly from assessments imposed on public service companies, as authorized under current law. The Department of Legislative Services notes the distinction between electric/gas companies (public service companies) and electricity/gas suppliers, as discussed above.

Additional Information

Prior Introductions: None.

Cross File: HB 689 (Delegates Carey and D.E. Davis) - Economic Matters.

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

Fiscal Note History: First Reader - February 13, 2019
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