

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 686
 Finance

(Senator Washington, *et al.*)

Residential Electricity and Gas Supply Billing Information - Reports

This bill requires electric companies, gas companies, and specified electricity and gas suppliers to submit monthly reports to the Public Service Commission (PSC) on the supply of electricity and gas to their residential customers. The first report must be submitted no later than July 1, 2021, and must contain information for the previous 12 months. PSC must make each report available to the Office of People’s Counsel (OPC) and the Office of Home Energy Programs (OHEP) in the Department of Human Services (DHS). OHEP must use the reports to analyze information relating to low-income customers – those receiving energy assistance benefits from OHEP. PSC, in consultation with OHEP, must provide a related overview report to the General Assembly each year and publish the report on its website.

Fiscal Summary

State Effect: General fund expenditures increase by about \$20,000 annually beginning in FY 2022, under the assumptions discussed below. Revenues are not affected.

| (in dollars) | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|----------------|---------|------------|------------|------------|------------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 0 | 20,000 | 20,000 | 20,000 | 20,000 |
| Net Effect | \$0 | (\$20,000) | (\$20,000) | (\$20,000) | (\$20,000) |

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: Potential meaningful.

Analysis

Bill Summary: Each monthly report must contain, broken down by electricity or gas supplier and categorized by income, the total (1) kilowatt-hours or therms billed; (2) dollar amount billed; and (3) number of customers billed.

Current Law/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. Gas supply and delivery are similarly restructured, with gas suppliers and gas companies.

According to PSC's November 2019 monthly customer choice enrollment report, about 19% of residential customers are served by electricity suppliers (customers of the four large investor-owned utilities and the Southern Maryland Electric Cooperative).

Energy Assistance and Competitive Retail Supply

A recent [report](#) on the competitive retail electricity market in Maryland conducted on behalf of OPC included a finding that energy assistance funds for low-income customers may be inefficiently used if benefits are paid to cover higher priced supply costs. However, the report found that additional information is needed, including much of the information specified in the bill.

Energy Assistance

OHEP administers two energy assistance programs for residential customers using local administering agencies, including local departments of social services, in each county and Baltimore City. These programs are (1) the Maryland Energy Assistance Program, funded by the federal Low-Income Home Energy Assistance Program, which provides bill payment assistance, crisis assistance, and furnace repair/replacement for a variety of heating sources and (2) the Electric Universal Service Program, funded from a ratepayer surcharge and an allocation of revenue from the Regional Greenhouse Gas Initiative carbon dioxide emission allowance auctions, which provides both bill payment and arrearage assistance to electric customers.

State Expenditures: DHS did not respond in time for inclusion in this fiscal and policy note, despite repeated requests from the Department of Legislative Services and the

standard one-week response period. However, based on information provided for a similar bill introduced during the 2019 session, DHS likely does not have the relevant staff expertise to analyze data as required under the bill. The deadline for the first data report due to PSC, which must then share the data with OHEP to be analyzed in preparation for an annual report to the General Assembly, is July 1, 2021. Based on this timing and an assumed need for consultant costs for DHS/OHEP, general fund expenditures for DHS/OHEP increase by about \$20,000 annually beginning in fiscal 2022.

PSC can generally analyze data and report annually to the General Assembly using existing budgeted resources.

Small Business Effect: Generally, electricity and gas suppliers bill directly through electric or gas companies. To the extent that a particular supplier does not, and is a small business, the supplier must comply with the bill's monthly reporting requirements. This assumes that the bill's application to "each electricity or gas supplier that bills residential customers for supplying electricity or gas" applies to *direct* billing. If this is not the case, then more suppliers, many of which are small businesses, are affected.

Additional Information

Prior Introductions: SB 716 of 2019, a similar bill, received an unfavorable report from the Senate Finance Committee.

Designated Cross File: HB 260 (Delegate D.E. Davis) - Economic Matters.

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

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