

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 597 (Montgomery County Delegation)

Environment and Transportation

Education, Energy, and the Environment

Montgomery County - Community Choice Aggregation Pilot Program -
Alterations
MC 17-26

This bill alters the Community Choice Aggregation Pilot Program in Montgomery County. Specifically, the bill (1) alters provisions governing the pilot program’s beginning date such that it must begin on the earlier of the date the county gives specified notice to the Public Service Commission (PSC) or *April 1, 2026* (instead of *April 1, 2024*); (2) extends the duration of the pilot program from *seven* years to *nine* years; (3) requires PSC to submit its interim report on the status and effectiveness of the pilot program to the General Assembly in the *seventh* year of the program, rather than the *sixth*; and (4) extends the deadline for PSC’s final report to the Governor and the General Assembly on the program from *December 31, 2031*, to *December 31, 2035*.

Fiscal Summary

State Effect: PSC and the Office of People’s Counsel can implement the bill’s changes using existing budgeted resources. Revenues are not affected.

Local Effect: The bill’s changes are not anticipated to significantly affect Montgomery County finances during the five-year period covered by this fiscal and policy note.

Small Business Effect: Minimal during the five-year period covered by this fiscal and policy note. The pilot program itself, however, may have a meaningful impact on small businesses in Montgomery County, as discussed in the Additional Comments below.

Analysis

Current Law:

Aggregators, Generally

Except as provided under provisions governing the Community Choice Aggregation Pilot Program described below, a county or municipality may only act as an aggregator if PSC determines that there is not sufficient competition within the boundaries of the local jurisdiction. “Aggregator” means an entity or an individual that acts on behalf of a customer to purchase electricity or gas. It does not include (1) an entity or individual that purchases electricity or gas for its own use or for the use of its subsidiaries or affiliates; (2) a municipal electric utility or a municipal gas utility serving only in its distribution territory; or (3) a combination of governmental units that purchases electricity or gas for use by the governmental unit.

Community Choice Aggregation Pilot Program – Administrative Deadlines

Chapter 449 of 2021 established the Community Choice Aggregation Pilot Program and authorized Montgomery County to form a “community choice aggregator” beginning December 31, 2023. The Act required the pilot program to (1) begin on the earlier of April 1, 2024, or the date Montgomery County gives notice to PSC of its intention to initiate a process to form a community choice aggregator and (2) end seven years after the beginning date, but not sooner than April 1, 2031.

Further, by April 1 of the sixth year after the beginning of the pilot program, PSC must report to the General Assembly on the status and effectiveness of the pilot program. At the conclusion of the pilot program, PSC must study (1) the overall costs and benefits of the pilot program; (2) whether there were any incremental costs borne by standard offer service (SOS) customers resulting from the migration of customers between the community choice aggregator and SOS; and (3) what mechanisms could be implemented to hold SOS customers harmless from any incremental costs borne by SOS customers. PSC is required to report the findings of the study to the Governor and the General Assembly by December 31, 2031.

Community Choice Aggregation Pilot Program – Generally

Chapter 449 established the full regulatory framework for implementing a community choice aggregator in Montgomery County. “Community choice aggregator” means a county that serves as an electric aggregator for the purpose of negotiating the purchase of electric generation services from an electricity supplier licensed by PSC or from an electric generating or storage facility, or providing electricity from an electric generating facility

owned by the aggregator for residential electric customers, which include master-metered multiple occupancy residences and small commercial electric customers, that (1) are located within the county, including customers located within municipalities located in the county; (2) have not selected an electricity supplier other than the SOS supplier or refused to participate in the aggregation activities of the county; and (3) are not located in the service territory of a municipal electric utility or an electric cooperative. Among the requirements in Chapter 449:

- the county must first initiate a formal process by filing a notice of intent and a comprehensive aggregation plan for PSC approval, which must include a detailed transition schedule and evidence of a local law designating the county as an aggregator;
- the community choice aggregator may request essential pre-enrollment data from local electric companies, such as customer names, service addresses, and utility rate classes, to facilitate the transition;
- the community choice aggregator is required to mail an opt-out notice to all eligible customers comparing the rates, terms, and conditions of the community choice aggregator against the utility's SOS, and informing customers that they will be automatically enrolled unless they affirmatively decline;
- the community choice aggregator may purchase electric generation services from a PSC-licensed supplier or from its own electric generating or storage facilities, provided those facilities are designed primarily for the use of program participants;
- the community choice aggregator may promote and provide specific energy efficiency programs; and
- the county must pay for any costs associated with any stranded costs for contracts entered into by the community choice aggregator for electric supply or generation owned by a community choice aggregator.

Montgomery County Council Expedited Bill 27-25

On October 21, 2025, the Montgomery County Council approved Expedited Bill 27-25, establishing a community choice aggregator within the county's Department of Environmental Protection. The legislation mandates that the aggregator provide a percentage of renewable energy that exceeds Maryland's Renewable Energy Portfolio Standard, while prioritizing sustainability, cost-efficiency, and price stability. Additionally, the legislation exempts electricity supply purchases from the county's standard procurement laws and requires the aggregator to submit its aggregation plan to the county council before filing it with PSC.

Additional Comments: The bill merely modifies the potential beginning date of the pilot program in statute and extends the duration of the pilot program by two years; accordingly,

any meaningful impact likely occurs outside the five-year period covered by this fiscal and policy note. However, the pilot program itself likely decreases electric utility rates in Montgomery County. The Montgomery County Council staff report for Expedited Bill 27-25 projects that the pilot program likely results in monthly residential electricity bill reductions for BGE, Pepco, and Potomac Edison ranging from \$7.04 to \$17.60, resulting in annual household savings between \$84.48 to \$211.20. Small businesses also benefit from a decrease in their monthly utility bills.

The Department of Legislative Services notes that the potential beginning date of the pilot program of April 1, 2026 (as modified by the bill), occurs prior to the bill's October 1, 2026 effective date. Also, the bill specifies that the pilot program must end nine years after the beginning date, but does not alter existing statutory language that specifies that the pilot program must not end sooner than April 1, 2031.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

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

Fiscal Note History: First Reader - February 12, 2026
caw/lgc Third Reader - March 20, 2026

Analysis by: Andrés López Esquerra

Direct Inquiries to:
(410) 946-5510
(301) 970-5510