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WGLEnergy.com

House Economic Matters Committee
February 5, 2020

House Bill 260 – Residential Electricity and Gas Supply Billing Information – Reports

POSITION: OPPOSE

WGL Energy has served Maryland customers for over 20 years, delivering a full spectrum of energy solutions. Competitive markets enable customers to find answers for their energy needs, and a robust retail market spurs innovation, compelling industry to meet changing customer demands.

Given the November 2018 report prepared for the Office of People’s Counsel titled, “Maryland’s Residential Electric and Gas Supply Markets: Where Do We Go from Here?”, the intention of this legislation is clear.

The OPC is looking to input all supplier pricing data with a predetermined output: residential customers, including low income households, pay more in the competitive market than they would if they had stayed with their default service provider of electricity or natural gas.

This is not true and simply adding all prices and dividing by the number of customers ignores a wide range of factors that differentiate retail products from SOS or utility-procured natural gas.

Apples to Oranges

You cannot compare retail electricity to SOS by price alone.

For example, at WGL Energy, all our residential customers are supplied by 5% additional wind above the current RPS levels, so even our basic product is a bit of a “premium environmental” product and can be viewed more favorably than SOS.

Additionally, a large majority of our residential customers choose price protection products having 1 or 2-year contract terms. You cannot remove commodity risk from SOS or utility-procured gas, so this price-certainty helps households budget for their energy needs.

Still other residential electricity customers proactively choose a 50% or 100% renewable energy product while others select added value products such as thermostats, Echo Dots, Google Mini's, or contributions to a charitable organization.

How can you reasonably compare products on just price when all these variables are present in the market?

Is the residential retail market perfect? No—there are certainly opportunities to improve customer education. Another bill this session would do just that.

Last session, the General Assembly passed SB 517 that required the PSC to establish an user-friendly website where it is easy for customers to toggle through offers and compare rates. You would be able to sort electricity supplier open offers by the following:

- cost of service;
- cost of electricity per kilowatt-hour;
- rate structure;
- duration of the contract;
- cancellation fee;

We've been told the website will be up and running any day now.

It is unnecessary for retail suppliers to transfer pricing data for the OPC to then analyze it in a way that is clearly biased. The PSC already has effective rules in place for ensuring consumer protections and govern the retail energy markets in terms of customer service and other factors.

Because of these concerns, we respectfully ask the Committee for an unfavorable report of HB260. We would be happy to answer any additional questions and thank you for your consideration.

In the Appendix, we've included an example of a WGL Energy renewal envelope and a sample letter of what a customer would receive as they approached a renewal date. Both are straightforward, direct and easily understood.

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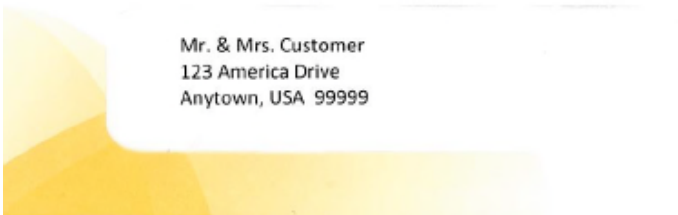
APPENDIX

SAMPLE RENEWAL ENVELOPE



P.O. Box 7600
Hampton, VA 23666-0600
WGLEnergy.com

Important Information About the Expiration of Your Energy Supply Contract



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SAMPLE RENEWAL LETTER

**WGL ENERGY SERVICES
ELECTRICITY
SUPPLY - OFFER
IMPORTANT RENEWAL NOTICE
DEADLINE DATE FOR ACTION:
March 20, 2018
February 07, 2018**

SAMPLE CUSTOMER
1234 SAMPLE RD
FREDERICK MD 21703
RE: Electricity Account - 08000000000000000000

We have good news! Your Electricity Supply Agreement with WGL Energy Services (WGL Energy) is eligible to renew on April 9, 2018. Please review these offers for your next contract term.

Option 1: Auto Renewal Offer (Requires No Action)

We are pleased to offer you a new price of **7.39¢ per kWh**. As an added benefit, 5% of your electricity usage will continue to come from wind power to help improve regional air quality.

This 1-Year renewal will continue to protect your price from your April 9, 2018 scheduled Potomac Edison meter reading through your April 9, 2019 meter reading. To accept this new price, do nothing at all. The agreement you have with WGL Energy includes automatic renewal.

Option 2: Long-term Renewal Offer (Requires Action)

Of course, if you place a high value on price stability, you may choose to renew your contract with WGL Energy for a 2-Year period at **7.29¢** per kWh. This price includes 5% wind power. **To select the long-term renewal option, you must notify WGL Energy by March 20, 2018.** Please complete and return the form below in the enclosed postage-paid envelope or fax it to 888-569-8784. You may also contact the Customer Care Center at 844- 4ASKWGL (844-427-5945) or renew your account on-line at www.wglenergy.com. The long-term renewal price is guaranteed through your April 8, 2020 meter reading.

Whichever renewal option you choose, your renewal price will be reflected on your May 2018 electricity bill. Please see the reverse side of this letter for the "WGL Energy Services, Inc. Electricity Supply - Terms and Conditions" that are effective beginning April 9, 2018. Please review the CONTRACT SUMMARY included with this letter and retain these documents for any future questions you might have.

If you do not want to renew your WGL Energy Services Electricity Supply Agreement, have any questions **or wish to discuss other renewal options**, please call a WGL Energy Customer Care specialist before **March 20, 2018** at 844- 4 ASKWGL (844-427-5945) between 7 a.m. and 7 p.m. weekdays, except holidays. If you cancel, your account will be returned to utility service unless you select another supplier.

Thank you for choosing WGL Energy as your electricity supplier. We are proud to serve you.



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Sincerely,
WGL Energy Customer Care Center
37011 APM.RES.AR.123922

WGL Energy delivers a full ecosystem of energy offerings provided by WGL Energy Services, Inc. and WGL Energy Systems, Inc. This offer is for electricity supply only and does not include utility distribution, taxes or other utility fees or charges. WGL Energy Services is not the same company as Washington Gas Light Co., a regulated utility.
LICENSE IR-227

SAMPLE CUSTOMER
08000000000000000000

Deadline Date: March 20, 2018
APM.RES.RO.123923

2-Year Renewal Option with 5% wind power

Yes, I would like to lock in my 2-Year electricity generation and transmission price at 7.29¢ per kWh, beginning with my April 9, 2018 Potomac Edison meter reading and ending with my April 8, 2020 meter reading. Included in this price, 5% of my home's electricity will be generated from wind power.

Signature Date

(Please return in the enclosed envelope, fax to: 888-569-8784, contact us at 844-427-5945 or renew your account at www.wglenergy.com.)