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House Economic Matters Committee
March 9, 2020

HB 1224 – Electricity and Gas – Energy Suppliers – Assisted Customers

POSITION: OPPOSE

We fully recognize the concern raised by this bill and more importantly, agree that something needs to be done. That said, HB1224 is not the answer.

As written, the bill would place a price cap on what a competitive supplier can charge a customer who has received bill assistance at any time over the previous 12 months. A few problems:

- SOS prices move throughout the year and this would be hard to track;
- SOS prices are at historic lows but fluctuate up and down with no guaranteed stability;
- Eliminates individual decision-making from a class of customer

By adding this type of restriction, we would also effectively be removing any type of price protection because competitive suppliers often offer a fixed, multiyear contract. I just checked the PSC website this morning... **BGE's price-to-compare is \$0.07371kwh and the first competitive offer listed is \$0.0569kwh with a fixed 9-month contract.**

Pennsylvania currently has a similar construct for assisted customers and almost no suppliers participate—eliminating a portion of the competitive marketplace.

Should HB1224 move forward, we recommend the following amendment considerations:

- A 12-month prohibition is very long and difficult to track. A shorter timeframe would be more reasonable and reflect actual market prices;
- Add clear identification on the customer bill which customer is ineligible to shop;
- Suppliers don't know which customers are on assistance so create a mechanism for utilities to share;
- Strike language requiring a PSC proceeding for each supplier price cap product—if the rules are spelled out by this bill, why do you need a proceeding?

An alternative solution could be to only allow suppliers to offer certain customers a one-year fixed plan that is **below the current price-to-compare**. This would eliminate a lot of the confusion raised by this bill and would still get to the core of what the legislation is trying to accomplish.

Thank you for your time and please don't hesitate to reach out with any questions.

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