

**DATE:** March 9, 2020

**BILL NUMBER:** HB1224

**COMMITTEE:** Economic Matters

**BILL TITLE:** Electricity and Gas- Energy Suppliers- Assisted Customers

**DHS POSITION:** Letter of Information

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The Department of Human Services (DHS) respectfully offers this letter of information regarding Senate Bill 685/House Bill 1224. As drafted, SB 685/HB1224 prohibits a retail electricity or natural gas supplier from enrolling a customer, if that customer has received energy assistance within the last 12 months. .

This bill prohibits recipients of financial assistance from any program administered by the Office of Home Energy Programs (OHEP) or participants in any assistance program authorized by the Public Service Commission from enrolling into a residential competitive supply contract, contract renewal, or change in commodity price. While OHEP believes in strengthening consumer protections to serve the greater public good, especially protections for low income and vulnerable utility customers, additional information should be considered as SB685/HB1224 is deliberated.

OHEP has believes that the prohibition on energy assistance recipients enrolling with retail energy suppliers may harm participation rates in energy assistance programs. Any additional requirements or restrictions on program participation generally have a deterrent effect, regardless of the potential benefits of the requirement or restriction. For example, Electric Universal Service Program (EUSP) recipients must be enrolled in their utility's budget billing program. OHEP has received feedback that this can be a deterrent for eligible customers.

HB1224 would require OHEP to undertake an educational campaign to educate recipients, potential applicants, and front line workers about the provisions of this legislation, particularly because this restriction is not well understood by potential applicants. This educational campaign would need to consist of at minimum:

- New OHEP applications which clearly state that recipients of energy assistance dollars must remain with/ return to Standard Offer of Service;
- Educational materials for OHEP applicants explaining the prohibition of retail supplier contracts for energy assistance recipients; and
- Additional training for front-line workers to explain the law, how it impacts recipients, and how to answer recipients' questions about this change.

This education campaign is challenging due to the general public's limited understanding regarding the cost per kilowatt hour or cost per therm and the nature of the deregulated marketplace. This limited understanding is even more profound for potential energy assistance applicants. Any message that further confuses their understanding of their home energy and related costs will deter them from applying to receive energy assistance. OHEP estimates a comprehensive education and communication campaign will cost \$177,000 in the first year and \$77,000 in subsequent years.



HB1224 should not change the process of exchanging data between OHEP and utilities. OHEP has a well-established payment data exchange process for delivering payments and relevant account information to utilities as part of its duties in delivering assistance dollars to energy assistance recipients. Each week, OHEP generates and sends payment files to each utility in order for funds to be applied to recipients' home energy accounts. As a result of this data exchange process, utilities have complete records of all customers who have received assistance through the OHEP in their billing systems. Since assistance information currently exists in utilities' payment and billing systems, the bill should clarify that the exchange of information between OHEP and the local utilities will not change as a result of this bill.

Finally, OHEP requests that SB685/HB1224 be amended to reflect the correct name of the office delivering energy assistance funding for Maryland. In its current form, the bill refers to the Office of Home Energy Services. The correct name, however, is the Office of Home Energy Programs.

The Department appreciates the opportunity to share the aforementioned information regarding SB685/HB1224 and respectfully requests that this information be considered during the Committee's deliberations.