

MARY L. WASHINGTON, PH.D
Legislative District 43
Baltimore City

Education, Health, and
Environmental Affairs Committee

Chair
Joint Committee on Ending
Homelessness

Chair
Joint Committee on Children,
Youth, and Families



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Annapolis Office
James Senate Office Building
11 Bladen Street, Room 102
Annapolis, Maryland 21401
410-841-3145 · 301-858-3145
800-492-7122 Ext. 3145
Mary.Washington@senate.state.md.us

Testimony in Support of SB686 Residential Electricity and Gas Supply Billing Information - Reports

Dear Chair Kelley and members of the Finance Committee,

I respectfully ask all of you today for your support of SB686, which would require electric and gas utilities, and certain suppliers, to submit monthly reports to the Public Service Commission with energy supplier rate information broken out by certain categories in order to compare utility gas and electric supply rates across the State for residential customers only. This data is needed for several reasons:

Higher Residential Electricity Costs:

A November 2018 Office of the People's Counsel report and a December 2018 Abell Foundation report documented that most customers who switched to a third-party electricity supplier, ended up paying more than if they would have stayed with their Standard Offer Service (regulated) utility company. In fact the Abel foundation report found that Maryland households on third-party supply, paid roughly \$255 million more from 2014 to 2017, than if they had been on their utility's Standard Offer Service. (Third Party Suppliers of Renewable Energy were excluded from these calculations)

No Official Data Compilation Has Been Done:

Neither the Public Service Commission nor any other government agency routinely collects data and uses it to assess whether the energy market is functioning to benefit *all* classes of consumers, as was the intent of the 1999 Electric Customer Choice and Competition Act. Large commercial customers who have the resources to navigate the dozens of third party suppliers and are able to request bids, typically are benefiting from lower costs. But that is not true for the residential market. In 2017, well over 90% of households on third-party supply experienced higher costs regardless of the fact that there were dozens of suppliers to choose from.

Disproportionately Harms Low-Income Households:

There is ample evidence that low-income households are disproportionately harmed by third-party supply options and that their electricity costs are far higher than Standard Offer Service. This has been well documented in other States (NY, CT, MA, IL) that have collected the data and done the evaluations SB686 would provide. Ironically, this also means that much of the energy assistance from rate payers and private sources meant to reduce the burden of energy bills for low-income households, ends up going to pay for these out-of-state, higher third-party costs. It is absurd, that no Maryland agency compiles data on how much energy assistance is actually fulfilling its purpose to reduce energy burdens for low-income households, and how much is simply being eaten up to pay for these higher third-party costs.

MA, CT and NY, where data is available, have released reports that make clear that low-income households are not only paying higher rates than residential customers as a whole, but that low-income households are disproportionately enrolled with third-party energy suppliers.

In Conclusion:

An assessment of the state of the residential retail energy market in Maryland is needed, and now is the time. The existing data raises serious concerns, particularly for low-income households served by energy suppliers. SB 986 would give us the data and reporting needed to analyze and fix this so that third-party supply would work to lower costs for low-income households, not raise it. SB986 would provide the data to help us understand what actual rates are charged and how these retail plans are established and billed. This information is needed to put necessary reforms in place that ensure the residential energy market place functions to benefit all classes of customers and that we meet the end-goal of the Electric Choice Act.

Thank you and I ask for a favorable report on SB686.

In Partnership,

A handwritten signature in blue ink, appearing to read "Mary Washington". The signature is fluid and cursive, with a large loop at the end.

Mary Washington