

# **EPISCOPALDIOCESE\_SUPPORT\_SB681**

Uploaded by: Boyd, Linda

Position: FAV



# THE EPISCOPAL DIOCESE OF MARYLAND

SB 681– Support

Electricity Suppliers and Gas Suppliers - Consumer Protections

Finance Committee

2/25/2020

Good afternoon Chair Kelley, Vice Chair Feldman and Members of the Finance Committee.

My Name is Rev. Linda Boyd and I am representing the Maryland Episcopal Diocese. The Diocese represents 108 parishes and over 45,000 parishioners stretching from Western Maryland to Calvert County. The Maryland Episcopal Diocese supports SB 861.

Third party electrical and gas suppliers are targeting people on energy assistance and charging them a variable rate that is many times more than that charged by BG&E or Pepco. Because there is no reporting requirement by third party energy suppliers, the extent of this problem is not known. This bill provides ways in which the Office of People’s Counsel (OPC) must investigate this problem. The bill authorizes OPC to conduct investigations of electricity and gas suppliers. The bill also requires restitution for suppliers’ customers if PSC finds just cause and that the customers have experienced financial harm.

Suppliers are prohibited from switching a customer from a fixed rate to a variable rate without first obtaining the customer’s written consent, are prohibited from imposing an early termination or cancellation fee of more than \$50 and must include additional information on customer bills.

We ask for your support of bill SB0681, Energy Suppliers and Gas Suppliers—Consumer Protections.

**AARP MD\_FAV\_SB 681**

Uploaded by: Bresnahan, Tammy

Position: FAV



200 St. Paul Place, #2510 | Baltimore, MD 21202  
1-866-542-8163 | Fax: 410-895-0269 | TTY: 1-877-434-7598  
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facebook.com/aarpmid

**SB0681 Electricity Suppliers and Gas Suppliers - Consumer Protections**  
**Senate Finance Committee**  
**FAVORABLE**  
**February 25<sup>th</sup>, 2020**

**Good Afternoon Chairwoman Kelley and Members of the Senate Finance Committee. My name is Tammy Bresnahan. I am Director of Advocacy for AARP Maryland.** As you know, AARP Maryland is one of the largest membership-based organizations in the Free State, encompassing almost 900,000 members. **AARP MD overwhelmingly supports SB0681 Electricity Suppliers and Gas Suppliers - Consumer Protections and we thank Senator Washington** for sponsoring this important legislation.

AARP is a nonpartisan, nonprofit, nationwide organization that helps people turn their goals and dreams into real possibilities, strengthens communities and fights for the issues that matter most to families such as healthcare, employment and income security, retirement planning, affordable utilities and protection from financial abuse.

SB 68 authorizes the Office of People's Counsel (OPC) to investigate and request documents from a retail electricity or gas supplier. Unless the Public Service Commission (PSC) determines that a supplier is not required to respond, a supplier must provide written responses and documents to OPC.

The 1999 Electric Choice Act was passed by the General Assembly and signed by then Governor Parris Glendening. It was heavily lobbied by big energy. They lobbied and testified that "Deregulation" would provide economic benefits for **ALL** customer classes. After 20 years, what we know, after an introductory rate what we call a "teaser rate" most energy supplier rates are significantly higher than if a customer stayed with the regulated supplier like BGE, PEPCO or Delmarva.

AARP thinks SB 681 will decrease illegal practice of switching customers without their consent, known as slamming, to another provider without their consent. We've seen it happen. We also witnessed dishonest telemarketing to get utility customers to switch suppliers—especially among the most vulnerable.

What AARP knows is that energy suppliers often hire aggressive telemarketers including door-to-door salesmen to recruit new customers with promises of lower rates. What we've seen is that after a

brief introductory period, rates become variable and skyrocket — leaving consumers often locked in contracts that can include high cancellation fees buried in the fine print.

For these reasons, we ask the committee for an unfavorable report on SB 681. For questions please contact Tammy Bresnahan at [tbresnahan@arp.org](mailto:tbresnahan@arp.org) or by calling 410-302-8451.

# **CSFCarter\_ExecDirector\_SB681**

Uploaded by: Carter, Cindy

Position: FAV

Finance Committee

SB 681

Support Bill

Cancer Support Foundation  
Cindy Carter Executive Director

I am Executive Director of Cancer Support Foundation and here to speak for our clients as well as all of those who are facing medical challenges.

Since 2015 I have worked with a program that has now become law called the Critical Medical Needs Program. This program helps anyone with a medical challenge have assistance in the application process for help with their electric and heating bill.

We are dealing with people who are fighting for their lives. We are dealing with people who can barely manage everyday challenges and are facing their power turned off.

When one goes into a contract for any service there is an understanding of what is charged up front. Those terms should not be changed without written consent.

This bill would require that a customer's rate from an electricity or gas supplier not be changed from a fixed rate to a variable rate without written consent from the customer.

I have a contract with my furnace company at a set rate for the whole year. If the rates for the next year change, I have to sign a new contract. Businesses if they want to stay in business work this way. I am not sure why electric and gas suppliers should not be held to the same practice.

This change in rate practice can be very harmful to those who are ill and struggling to pay their bills already.

Cancer Support Foundation supports SB 681 to not allow change of electric and gas suppliers rates from a fixed rate to a variable rate without getting customer's written consent.

# **FuelFund\_SUPPORT\_SB685\_Written**

Uploaded by: Caudill, Cami

Position: FAV





Finance Committee  
SB 685- Support Bill  
Fuel Fund of Maryland, Inc.  
Cami Caudill, Chief Program Officer

Chairwoman Kelly, Vice-Chair Feldman and Members of the Finance Committee  
Finance Committee

February 25, 2020

Dear Chairwoman Kelly, Vice-Chair Feldman, and members of the Committee:

On behalf of the Fuel Fund of Maryland, Inc., I am pleased to support Senate Bill 685, which protects OHEP clients from undue financial harm due to high supplier charges (heat or eat conflicts), and that maximizes efficiency of limited state energy assistance budget, as well as the Fuel Fund's.

The Fuel Fund of Maryland, Inc. aims to be a lifeline for our vulnerable Maryland neighbors struggling with a home utility hardship. We assist by providing navigation through an array of financial, educational, and community resources that empower, engage, and safely connect a household in times of crisis. Aiding clients who are at 200% of the Federal Poverty guideline, or greater, the majority of our clients are also OHEP clients. This year, the Fuel Fund is on target to assist more than 3600 households by protecting or reconnecting their utility.

By definition, our clients struggle to pay their utility bills. The average Fuel Fund client comes to the Fuel Fund with an arrearage between \$1,200-1,300. The main cause of this arrearage build-up is due to bill-cycling, which is the practice of rotating the bills that are paid because they cannot afford all of their bills on a monthly basis. To this end, Fuel Fund clients are at higher risk of overpaying with a third-party supplier. The reason for this is that potential clients are enticed with signing bonuses, such as a \$200 gift card, or wireless speakers. After signing up for such a third-party supplier, once the introductory rate is over, their supply cost can skyrocket to 100% or more higher than the standard offer of service (SOS). The result of this is higher arrearages, and the need for greater financial utility assistance. With limited funds, this means more dollars going out to less families.

Losing electricity is more than losing your lights. Not having electricity affects almost every aspect of one's life. No electricity- no refrigerator/freezer, which means that food goes bad. Many of our clients being on SNAP, they are unable to replace the food as needed. No electricity- no access to heating and cooling. Though many of us think of Winter being the most dangerous time of year without electricity, more people die in Maryland due to heat related causes in the Summer than from the cold in the Winter. No electricity- no access to life-saving medical treatments. Baltimore has one of the highest asthma rates per capita in the country. Not having electricity means that a child that is having a life-threatening asthma attack does not have access to their life-saving nebulizer.

Marylanders overpaid over \$600 Million dollars within four years by joining third-party suppliers. Please join us in protecting our most vulnerable neighbors and the intended purpose of the State Utility Assistance Program by ensuring that households receiving energy assistance grants pay utility standard rates by eliminating energy supplier contracts. I ask for your support for our clients, vulnerable Marylanders, and SB-685: Energy Assistance Protection Act.

Yours Truly,

*Cami Caudill*

Cami Caudill  
Chief Program Officer  
Fuel Fund of Maryland

# **OPC\_Support\_SB681**

Uploaded by: Fields, William

Position: FAV

**STATE OF MARYLAND  
OFFICE OF PEOPLE'S COUNSEL**

**Paula M. Carmody, People's Counsel**

6 St. Paul Street, Suite 2102  
Baltimore, Maryland 21202  
410-767-8150; 800-207-4055  
[www.opc.maryland.gov](http://www.opc.maryland.gov)

**BILL NO.:** **SB681 - Electricity Supplier and Gas Suppliers -  
Consumer Protections**

**COMMITTEE:** **Senate Finance**

**HEARING DATE:** **February 25, 2020**

**SPONSORS:** **Senators Washington, Benson and Kelley**

**POSITION:** **Support**

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The Office of People's Counsel (OPC) supports SB681, Electricity Supplier and Gas Suppliers-Consumer Protections, an important consumer protection bill. Senate Bill 681 enhances protections for residential consumers regarding cancellation fees, variable pricing, and supply price comparisons, and provides additional investigatory authority in response to supplier complaints to the Office of People's Counsel. Importantly, the bill also makes explicit provision for restitution when the Public Service Commission (Commission) finds that an energy suppliers' actions have violated Maryland law resulting in financial harm to consumers. As a result of complaints filed by residential customers of retail energy suppliers in the state and recent proceedings before the Commission involving violations of the laws and regulations of the Commission by certain retail energy suppliers, there is a need for additional consumer protection measures in

this industry and OPC urges the General Assembly to adopt the revised and enhanced consumer protections as proposed in SB681.

### **Investigatory Authority of the Office of People's Counsel**

SB681 provides authority to OPC to investigate and seek information regarding the consumer practices and actions of retail energy suppliers licensed by the Commission. At present, a retail energy supplier can refuse to answer information requests from OPC even when residential consumers have complained about the actions of a retail supplier, until the Commission docket a proceeding with the retail supplier.

The Bill would enable OPC to serve information and document requests upon a supplier as part of an investigation, and require the supplier to respond to such requests. OPC must have a reasonable basis to make the request (for example, consumer complaints or documents indicating non-compliance with applicable laws and regulations), and the supplier would have the right to challenge the request in a submission to the Commission. Without this enhancement to OPC's statutory authority, OPC is in a "Catch-22 situation." The agency has a right to submit a petition or complaint to the Commission regarding an energy supplier's actions, but only if it has a reasonable substantive basis for doing so. Since the agency does not represent individual consumers, but utility consumers as a group, OPC does not submit such filings based solely on individual complaints. In the case of retail suppliers, OPC's ability to investigate whether there are "pattern and practice" type actions that would justify the filing of a complaint with the Commission, OPC requires access to documents and other information from the retail supplier.

## **Consumer Protection Enhancements**

### **1. Consent to Variable Rate Changes**

SB681 would end the ability of a retail electricity or natural gas supplier to switch an existing residential retail supply customer from a fixed rate contract to a contract with a variable (month to month) rate without the written consent of the customer. This typically happens upon automatic renewal of a supply contract, or after a “teaser” rate ends. The Commission’s current regulations require retail suppliers to provide notice to an existing customer when the fixed rate for electricity or natural gas is changed, either to a fixed rate or variable rate. However, if the customer takes no action to end the contract, the new rate, including any variable rate, will take effect.

It is clear that residential customers do not appreciate the consequences of this change in the pricing method. In almost all cases observed by, or reported to, OPC, the variable rates increase, and do not decrease, over time. The customer ends up paying a higher price for electricity or natural gas, and those higher rates are imposed as a charge until a customer actually cancels the contract. While the Commission has attempted to partially address this issue by requiring that suppliers provide notice in the original contract and at renewal of “access” to the monthly changes in the contract rate, this has not been sufficient. Otherwise, why would a residential customer continue to pay a higher (and sometimes significantly higher) gas or electricity rate and consequently, higher than necessary, utility bill?

SB681 would require that before a customer with a fixed rate is switched to a variable rate, the retail supplier must obtain the customer’s affirmative consent as

opposed to making the change without any action by the customers. SB681 would prohibit gas and electric suppliers from converting a fixed "teaser" rate to a variable rate or renewing a contract with a conversion of a fixed rate to a variable rate without the express written consent of the customer. This would provide better price transparency, and potentially limit financial harm to a customer whose rates are converted to a variable rate, and changing monthly with an upward swing. It is the variable rate that most frequently results in substantial differentiation between the supplier rate and the utility rate, and can have a substantial impact on a customer's annual utility bill.

## **2. Limitation on Cancellation Fees**

SB681 will create a ceiling of \$50 on early termination or cancellation fees that a retail electric or natural gas supplier can impose on a customer seeking to end a contract. Current regulations allow retail suppliers to charge "reasonable" cancellation fees. These fees can be substantial and inhibit a customer's decision to cancel a contract that allows a rate that is higher than the SOS or the utility gas commodity rate or rates charged by other suppliers. The fees typically are justified as a means to cover the costs of procuring future energy supply for a fixed price contract, but there is no demonstrated connection between these future costs and the fee charged to individual customers. These fees often are used as a bargaining chip to persuade customers not to cancel service.

## **3. Price Comparison Information on Bill**

SB681 requires that any bills for electricity or gas supply<sup>1</sup> contain price comparison information to increase cost transparency.

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<sup>1</sup> Currently, retail energy suppliers are able to bill separately for gas or electricity supply, or use the local utility as the biller. The Commission also has authorized "supplier consolidated billing" in Case No. 9461, which may be

The bill requires the information to be in the format of either a table or chart, to allow the customer to compare the price charged by the retail supplier to the rate charged by the local electric or gas company for utility-provided supply. Next, the chart or table will provide information that compares the total supplier cost to the total cost using the utility-supply costs. Finally, the table or chart will provide the actual price differences between the rate charged by the retail electric supplier and the rate charged by the electric company's standard offer service.

This information gives greater price transparency to individual residential customers, so that they can more easily understand whether they are saving money, or spending more money, with an energy supplier contract. It is clear that residential customers have little understanding of retail competition, retail energy supply contracts and terms, and whether and how they can understand price offers from individual suppliers. This chart provides an easy and understandable way to communicate price information to the customer. Furthermore, if the customer was slammed, it increases the likelihood that the problem will be noticed and rectified. Attachment 1 is an example of a Southern Maryland Electric Cooperative (SMECO) bill that includes this comparison information.

### **Restitution to Address Financial Harm to Consumers**

SB681 requires that any retail electricity or natural gas supplier that is found by the Commission to be in violation of State laws and regulations that result in financial harm to customers must provide financial restitution. This restitution to customers shall

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implemented upon adoption of regulations. SB681 would require either the utility or the supplier, whichever entity bills the customer for supply, to include the price comparison information on the bill.



be the difference between the rate charged by retail electric or natural gas supplier and the rate charged by an electric company for standard offer service or the rate charged by a natural gas company for the natural gas commodity for each month that the customer was enrolled with the retail electric or natural gas supplier. This would strengthen the current remedy provisions in the law, and address the financial harm that results from the actions of the supplier.

While action against the supplier license, the imposition of a civil penalty, or imposition of conditions on the supplier may be appropriate, these remedies do not address the financial harm to customers who have been slammed, subject to deceptive practices, or enrolled by suppliers who have failed to follow the law in Maryland. The enhancement of requiring direct financial restitution to all customers affected by the supplier's violations would benefit the customers harmed by the supplier actions, and serve as a detriment to future similar actions by the same or other suppliers. Current Commission law contains an explicit reference to refunds or a credit as a remedy for violations of law that harm the customers. However, the remedy of restitution has not been uniformly ordered for the group of customers affected by the violations. The Commission's Consumer Assistance Division has required individual refunds in some cases. However, in cases before the Commission, only Xoom Energy has been ordered to provide refunds to affected customers, and in that instance, the customers were required to respond to a Company notice.<sup>2</sup> In other cases, including the most recent one of Smart One Energy, no restitution orders were issued.

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<sup>2</sup> Only 5 to 10 percent of Xoom's residential customers actually received refunds. The active oversight of the Commission over the restitution process, even when carried out by the supplier, is clearly needed.

The Office of People's Counsel recommends that the Finance Committee give a  
**FAVORABLE REPORT** to SB681.

SB681 OPC Testimony - Attachment No. 1

**Ways to Pay** **Account Number: 1234567890**



Electronic Check and Credit/Debit Cards accepted.  
Visit [smeco.coop/ways2pay](http://smeco.coop/ways2pay) for more details.



<b>Mail</b>  P.O. Box 62261 Baltimore, MD 21264	<b>AutoPay</b>  <a href="http://smeco.coop/autopay">smeco.coop/autopay</a>	<b>Phone</b>  1-866-528-7757	<b>Online</b>  <a href="http://smeco.coop/paybillnow">smeco.coop/paybillnow</a>	<b>In Person</b>  15065 Burnt Store Rd. Hughesville 23365 Hollywood Rd. Leonardtown	<b>Mobile App</b>  Download the free <b>SMECO 24/7 app.</b>
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SMECO is regulated by the Maryland Public Service Commission, which may be reached at 1-800-492-0474. SMECO's Federal ID number is 52-0492367.



**Account Information**

**HOW CAN WE HELP?**  
1-888-440-3311  
[www.smeco.coop](http://www.smeco.coop)

**REPORT AN OUTAGE**  
1-877-74-SMECO  
1-877-747-6326

Bill Date **04/27/18**  
 Account Number **1234567890**  
 Account Name **Sample Smith**

**ALTERNATE ENERGY SUPPLIER CHARGE**

You have chosen **ABC Supplier** as your alternate energy supplier. If you have questions regarding the supplier portion of your bill, please contact the supplier directly.

<b>Alternate Supplier</b>	<b>Supplier Address</b>	<b>Supplier Phone Number</b>
<b>ABC Supplier</b>	<b>1234 Supplier Ave. Baltimore, MD 21202</b>	<b>1-800-456-5678</b>

The rate and total charge from your alternate energy supplier.

**Alternate Energy Supplier Charge Details**

Billing Period: 03/23/18 - 04/24/18

1228 kWh @ \$0.1052	<b>\$129.19</b>
<b>Supplier Total Charges</b>	<b>\$129.19</b>

**Comparing Costs**

SMECO's Standard Offer Service (SOS) rate is the cost customers pay for energy if they do not choose an alternate supplier. SMECO provides electricity to members at cost, with no markup.

SMECO's Price to Compare is made up of the Standard Offer Service Energy Charge and the Power Cost Adjustment.

The table below shows your price to compare for this month's usage based on the current SMECO total SOS rate.

SMECO's Price to Compare is **\$0.065829**

Monthly kWh Usage	SMECO APR 18 Price to Compare
1000 kWh	\$65.83
1100 kWh	\$72.41
1228 kWh	\$80.84
1300 kWh	\$85.58

You would have saved \$48.35 on SMECO's

# **CITIZENMEYERSONAARP\_SUPPORT\_SB681**

Uploaded by: Meyerson, Ted

Position: FAV

TED L. MEYERSON  
13412 GREEN HILL COURT  
HIGHLAND, MD 20777-9573  
tedmeyerson@verizon.net  
301-854-2971

February 24, 2020

TO: Senate Finance Committee

RE: Support for SB618

Dear Committee Members:

As a member of AARP I get to talk with other members about their energy bills. It seems that many seniors consider the bills they get from utilities to be an enigma.

For my part, I gave up trying to decipher my electric bill. When it arrived, if the total looked about right, I accepted it as valid and wrote a check. That turned out to be a costly way of doing business.

Several years ago, Dominion Electric informed me that it had become legal for third parties to supply electricity. They said I could save money by switching from BG&E. OK, save money – sounds good. I switched.

Sometime later, Dominion left Maryland, and my account was inherited by NRG. The bills kept coming; they seemed to be reasonable, based on what previous bills had been.

A couple of months ago, I heard a presentation about third party billing at an AARP meeting. What a wake-up call! I realized I had been overpaying for electricity for years.

When I called NRG and said I wanted to leave because their cost was too high, they began to offer various billing options if I stayed with them. No thanks. I went back to BG&E.

“My bad” for not understanding that I was being charged \$60 or \$70 more each month than BG&E would have charged. If I didn’t understand it, maybe others are being overcharged, too.

We citizens look to government to protect us from things like this. SB618 makes it possible for that protection to happen. Accordingly, I am asking the Committee to give the bill a favorable report.

Sincerely,

Ted L. Meyerson

# **ESRC\_SUPPORT\_SB681**

Uploaded by: Peltier, Laurel

Position: FAV

**SB 681 Electricity and Gas - Energy Suppliers –  
Customer Protections  
Senate Finance Committee  
February 25th, 2020  
Support**

**Madame Chairwoman and members of the Senate Finance Committee.**

When the Electric Choice Act was signed in 1999 I don't think legislators thought that 60 or so suppliers would be charging variable rates that change everyday and can be based on energy market trends and profit needs. An essential service that every household must sign up for, connection to a utility, should not be priced at risky variable rates.

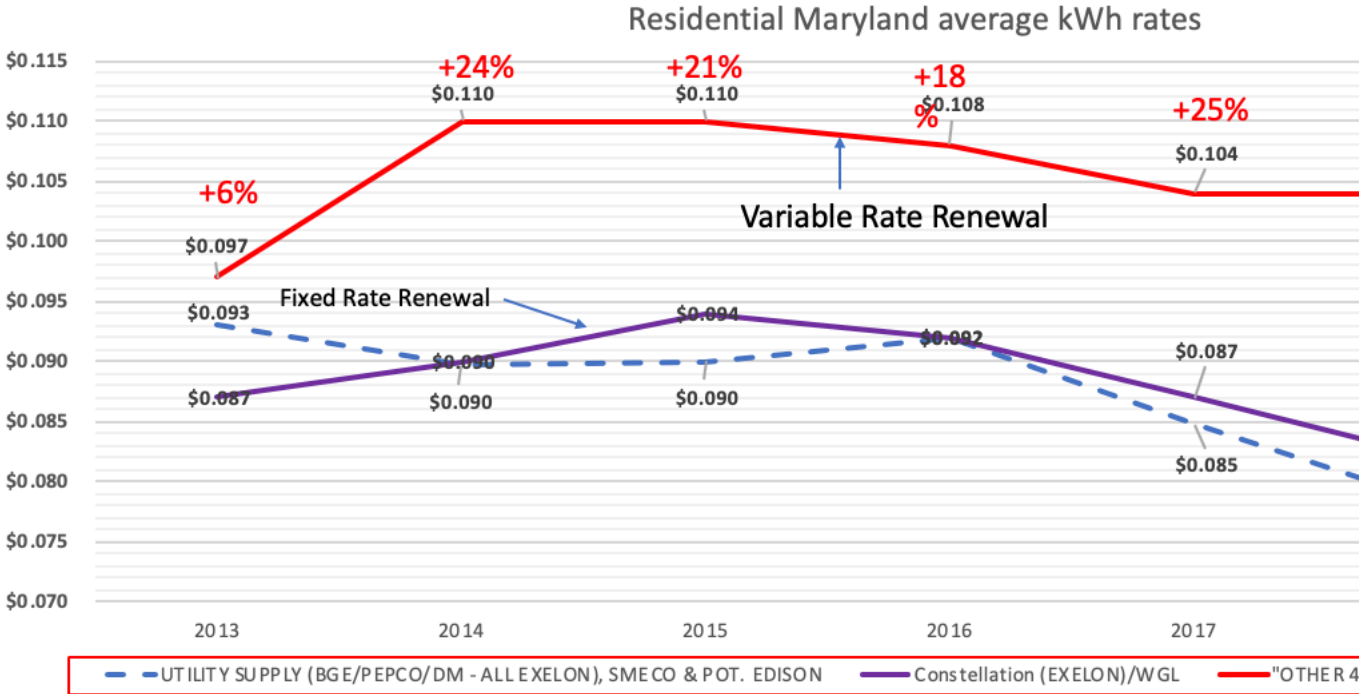
To my knowledge, only Constellation and WGL renew their time limited contracts to fixed rates. All other suppliers, the other 48 found in EIA 861 data use variable rates. The chart

below takes this data from 2013 and separates out the rates on average that utilities charge for standard electricity, the rates Constellation and WGL charge on averaged, and the “other 48.” There is clear evidence that the firms charging variable rates are not providing economic benefits for their 275,000 customers. That’s 10% of Maryland households. Many have no idea they’re contract is on variable rates.

I support all aspects of SB681, including eliminating variable rates as an option when a contract is automatically renewed. Thank you for considering many of the provisions in SB681.



**275,000** Households Enrolled with “Other 48 suppl  
**12%** Have **Not Benefited** from Choice on average



**marywashington\_fav\_sb681**

Uploaded by: Senator Washington, Senator Washington

Position: FAV

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  
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410-841-3145 · 301-858-3145  
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Mary.Washington@senate.state.md.us

## **SUPPORT – SB681** **Electricity Suppliers and Gas Suppliers – Consumer Protections**

Dear Madame Chair, Vice Chair Feldman and members of the Finance Committee,  
SB681, which would enact common sense reforms to protect consumers against third party energy supplier's often predatory practices.

There are 14 energy deregulated states (NY, NH, DC, MA, CT, IL, PA, NJ, DE, ME, OH, MD, TX) and most are way ahead of MD in that they have already reformed, or are reforming, residential high energy supply pricing results.

SB681 emulates what Illinois signed (no dissenting votes) in June 2019 called the HEAT Act:

One important thing to keep in mind in terms of why the need for this bill, is that what PSC has stated many times -- that they are regulators of supplier purchase transactions, but they do not regulate pricing.

### **SB681 would require:**

**No more variable rate renewals.** Suppliers will no longer be able to automatically switch someone from an introductory fixed rate to a variable rate unless the customer says it's ok. Today's problem is that buried within the fine print in terms and conditions and contracts -- which no one sees until after the sale because everyone is signed up using e-tablets that supplier sales reps carry around with them -- is a quiet clause that if a supplier doesn't hear back from customer in a certain amount of time after signing up, the supplier can convert the account to variable rates. So after a 1-3 month "teaser or promo" rate, customers are *auto renewed* for a new contract, sometimes for a year or even up to three years, with a higher, variable rate. BGE's rates are fixed and change twice a year. All suppliers use variable rates except WGL and Constellation (Exelon's). This bill would end this practice.

**Print "supplier math" on all utility bills.** We all know how difficult utility bills can be to figure out – In terms of what and how much you are actually billed for gas and electric each month. SB681 would ensure that utility bills clearly print the exact amount that a customer would have paid for electric and gas through a standard utility company versus what their third party supplier charged – shows loss/savings. This is something SMECO already does on all of their bills.

**Cap early cancellation fees at \$50.** Suppliers can set early cancellation fees at any amount they choose – something else buried in the terms and conditions and contracts. Customer get hijacked into staying into expensive contracts, paying more for their monthly energy, but they stay because they can't afford to pay the cancellation fee to get out of the contract. SB681 would cap these early cancellation fees at \$50.

Thank you for your time and I ask you for a favorable report on HB681.

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

For more information, please contact:

Senator Mary Washington

Mary.Washington@Senate.State.MD.US – (410) 841-3145



**CPD\_FAV\_SB681**

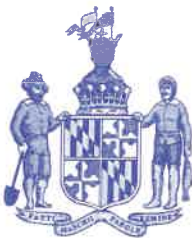
Uploaded by: Straughn, Karen

Position: FAV

**BRIAN E. FROSH**  
*Attorney General*

**ELIZABETH F. HARRIS**  
*Chief Deputy Attorney General*

**CAROLYN QUATTROCKI**  
*Deputy Attorney General*



**WILLIAM D. GRUHN**  
*Chief*  
Consumer Protection Division

**STATE OF MARYLAND**  
**OFFICE OF THE ATTORNEY GENERAL**  
**CONSUMER PROTECTION DIVISION**

Writer's Direct Dial No.

410-576-7942  
Fax: 410-576-7040

February 25, 2020

To: The Honorable Delores G. Kelley  
Chair, Finance Committee

From: Karen S. Straughn  
Consumer Protection Division

Re: Senate Bill 681 – Electricity Suppliers and Gas Suppliers – Consumer Protection (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of Senate Bill 681 submitted by Senators Mary Washington, Joanne C. Benson and Delores G. Kelley. This bill mandates that a utility customer's written consent must be obtained to change from a fixed rate to a variable rate and limits early termination fees to \$50.00. In addition, it gives investigatory authority to the Office of People's Counsel to protect the interests of residential gas and electrical customers.

Variable rates may give an opportunity for individuals to lower their utility costs, but it is important that an individual know that the rate is not fixed and understand that a variable rate can change at any time. Currently, some consumers are enticed by teaser rates that appear to save the consumer money, but change so that the consumer is paying far more than standard offer service. This bill seeks to address that misleading practice. By ensuring that the customer provide written consent to a variable rate, it seeks to ensure that the consumer knows that the rate can change every month and the customer must be vigilant to ensure that the rate does not exceed an amount that would be cost-effective. If it does, the customer should have the right to change plans, at which time it becomes imperative to ensure that early termination fees are not excessive.

Moreover, by expanding the investigatory rights of the Office of People's Counsel, that office will have a greater ability to protect low income customers from predatory practices. This bill will enable them to subpoena records and seek information upon initiating an investigation. Office of People's Counsel's mission is to advocate for the interests of Maryland residential customers of utility services. By expanding their investigatory rights, Office of People's

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200 Saint Paul Place ♦ Baltimore, Maryland 21202-2021

Main Office (410) 576-6300 ♦ Main Office Toll Free (888) 743-0023

Consumer Complaints and Inquiries (410) 528-8662 ♦ Health Advocacy Unit/Billing Complaints (410) 528-1840

Health Advocacy Unit Toll Free (877) 261-8807 ♦ Home Builders Division Toll Free (877) 259-4525 ♦ Telephone for Deaf (410) 576-6372

[www.marylandattorneygeneral.gov](http://www.marylandattorneygeneral.gov)



Counsel can ensure that residential rate payers are protected from deceptive and unfair practices.<sup>1</sup>

For these reasons, we ask that the Finance Committee return a favorable report on this bill.

cc: The Honorable Mary Washington  
The Honorable Joanne C. Benson  
The Honorable Delores G. Kelley  
Members, Finance Committee

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<sup>1</sup> The Consumer Protection Division also has the ability to investigate unfair and deceptive trade practices by third party suppliers.



# **NCLC\_Support\_SB681**

Uploaded by: Wein, Olivia

Position: FAV



National  
Consumer Law  
Center

NATIONAL HEADQUARTERS  
7 Winthrop Square, Boston, MA 02110  
(617) 542-8010

WASHINGTON OFFICE  
Spanogle Institute for Consumer Advocacy  
1001 Connecticut Avenue, NW, Suite 510  
Washington, DC 20036  
(202) 452-6252

**NCLC.ORG**

Maryland Senate Finance Committee  
Hearing on **SB 681 - Electricity and Gas Suppliers - Consumer Protections**  
Testimony of Olivia Wein, National Consumer Law Center  
February 25, 2020

**Position -- SUPPORT**

To the Members of the Senate Finance Committee:

Thank you for conducting this hearing on Senate Bill 681- Electricity and Gas Suppliers – Consumer Protections. My name is Olivia Wein, and I am a longtime resident of Montgomery County and an attorney at the National Consumer Law Center, where I focus on energy and utility matters that affect consumers. The National Consumer Law Center or NCLC is a nonprofit organization that, since 1969, has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people, and we submit this testimony on behalf of our low-income clients.

NCLC has been actively involved in advocacy for consumers who have been financially harmed by alternative (or competitive) energy supply companies. We have been tracking the consumer experience in the competitive supply market in other states and have also released a report<sup>1</sup> and an issue brief<sup>2</sup> which describe abusive sales practices and inflated prices that have

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<sup>1</sup> National Consumer Law Center, *Competing to Overcharge Consumers: The Competitive Electric Supplier Market in Massachusetts* (April 2018), at <http://bit.ly/2H3ORJJ>.

<sup>2</sup> National Consumer Law Center, *Still No Relief for Massachusetts Consumers Tricked by Competitive Electric Supply Companies* (Oct. 2018), at <https://www.nclc.org/issues/consumers-tricked-by-competitive-electric-supply-companies.html>.

harmed Massachusetts consumers, with a particular emphasis on the unfair and deceptive marketing that has targeted low-income consumers, older adults, and those with limited English language proficiency. Among other problems, analysis from other states finds that:

- Consumers pay more for competitive electric supply than they would have paid for service from their utility companies.
- The very small number of consumers who do manage to save money see only minor savings compared with those consumers who pay higher prices.
- Signs of targeting the poor: A higher percentage of low-income households were signed up to buy competitive supply and the rates were often higher than other non-poor shoppers.
- Consumers file complaints about high prices for competitive electric supply, involuntary switching or “slamming,” unwanted telemarketing or door-to-door marketing, deceptive sales practices, and more.

NCLC’s reports confirmed research done by the Massachusetts Attorney General. The Attorney General determined that Massachusetts residential consumers paid **\$253 million** more to competitive suppliers than they would have paid to their distribution utilities for electric service from July 2015 through June 2018, and that low-income customers are disproportionately harmed.<sup>3</sup> Low-income Massachusetts residents paid **\$40 million** more to suppliers than had they remained on the standard offer and overpaid 25% more than their non-low-income neighbors.<sup>4</sup>

Research by NCLC and the Massachusetts Attorney General conclusively demonstrate that the practices of competitive suppliers increase the financial burden for consumers who already struggle to afford their utility bills.

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<sup>3</sup> Mass. Office of the Attorney General, Are Residential Consumers Benefiting from Electric Supply Competition? An Analysis of the Individual Residential Electric Supply Market in Massachusetts (March 2018); Mass. Office of the Attorney General, 2019 Update (Aug. 2019), at <https://www.mass.gov/competitive-electric-supply>.

<sup>4</sup> Mass. Office of the Attorney General, Are Residential Consumers Benefiting from Electric Supply Competition? An Analysis of the Individual Residential Electric Supply Market in Massachusetts (March 2018) at p16. ; Mass. Office of the Attorney General, 2019 Update (Aug. 2019) at p.12, at <https://www.mass.gov/competitive-electric-supply>.

As we have learned from investigations by the Maryland Office of Public Counsel<sup>5</sup> and by analysts for the Abell Foundation,<sup>6</sup> the problems identified in Massachusetts are nearly identical to the problems experienced by Maryland households. Additional state summaries are provided in the attached Appendix.

Senate Bill 681 would mitigate much of the residential consumer harm from the confusing and unfair overpriced energy and electric supply. It will empower consumers by requiring a customer's written consent before a supplier's contract moves from a fixed rate to a variable rate, limit early termination fees that trap consumers into overpriced supply contracts, provides a price comparison of the suppliers rate and the standard offer rate on the bills and lists the price difference between the rates. This will pricing transparency will empower consumers to easily know if they are getting the deal promised by the suppliers' sales agents. SB 681 also requires restitution if the Commission finds just cause and consumer harm and authorizes OPC to conduct investigations of suppliers in certain circumstances.

In conclusion, NCLC supports SB 681, which would help protect Maryland consumers from being tricked into overpaying for essential gas and electric supply. If you have questions regarding this testimony, please contact Olivia Wein, Staff Attorney, National Consumer Law Center, at [owein@nclc.org](mailto:owein@nclc.org) or 202-452-6252, x103.

Sincerely,

Olivia Wein, Staff Attorney  
National Consumer Law Center, on behalf of our low-income clients

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<sup>5</sup> Maryland Office of People's Counsel; Maryland's Residential Electric and Gas Supply Markets: Where Do We Go from Here? (Nov. 2018), at <http://www.opc.state.md.us/Portals/0/Hot%20Topics/Maryland%20Electric%20and%20Gas%20Residential%20Supply%20Report%20November%202018.pdf>.

<sup>6</sup> Abell Foundation, Maryland's Dysfunctional Residential Third-Party Energy Supply Market: An Assessment of Costs and Policies (Dec. 2018), at [https://www.abell.org/sites/default/files/files/Third%20Party%20Energy%20Report\\_final%20for%20web.pdf](https://www.abell.org/sites/default/files/files/Third%20Party%20Energy%20Report_final%20for%20web.pdf).

## **APPENDIX A**

### **Alternative Energy Supply: National Overview**

Alternative energy suppliers, also known as competitive energy suppliers or ESCO's, are allowed to sell electricity or natural gas directly to residential customers. About one-third of U.S. states<sup>1</sup> have laws that deregulate parts of the state's utility market. About 16 states have deregulated or partly deregulated electricity markets, and several more have deregulated sales of natural gas. Residential customers may choose to continue to buy their power from the regulated distribution utility company that offers service to the customer's home, or can switch to an alternative energy supply company which is not part of any regulated distribution utility.

Utility deregulation, which opened the door to alternative energy suppliers, was pitched to consumers as a money saving idea that would lower electric and gas rates, increase supplies of renewable energy, and create other free market benefits such as innovative energy products or service. Instead, deregulated states that have analyzed the impacts on consumers have found that alternative suppliers provide the same electricity or gas service but at inflated prices. Overpriced service is marketed to consumers with the use of deceptive sales practices. While distribution utility company prices are set by government authorities, alternative supply companies trap consumers in contracts with clauses that allow prices to increase without notice and with no upper limit.

States that have published analyses of the financial impact of alternative retail suppliers on residential utility customers include Connecticut, Illinois, Maine, Maryland, Massachusetts, New York, Pennsylvania and Rhode Island. In each case, residential consumers were found to pay higher prices for alternative energy supply than they would have paid for the same service from the distribution utility, resulting in hundreds of millions of dollars of aggregate financial harm to consumers.

### **Connecticut**

The Connecticut Office of Consumer Counsel (OCC) has since 2014 compiled a series of fact sheets that compare the prices paid by residential electric customers for "Standard Offer" service from the distribution utility, compared with prices paid to alternative electric suppliers. In its August 2019 analysis,<sup>2</sup> the OCC found that from July 2018 - June 2019, residential consumers paid alternative electric suppliers \$29,815,548 more in the aggregate than these customers would have paid for Standard Offer service from the distribution utility.

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<sup>1</sup> States with deregulated electricity markets include Connecticut, Delaware, Maine, Maryland, Massachusetts, New York, Ohio, Pennsylvania, Rhode Island and Texas as well as the District of Columbia.

<sup>2</sup> Conn. Office of Consumer Counsel, OCC Fact Sheet: Electric Supplier Market, July 2018 Through June 2019 (August 6, 2019), [https://www.ct.gov/occ/lib/occ/fact\\_sheet\\_electric\\_supplier\\_market\\_june\\_2019.docx](https://www.ct.gov/occ/lib/occ/fact_sheet_electric_supplier_market_june_2019.docx)

Previous analyses by OCC reveal the same pattern. For instance, from October 2017 - September 2018, residential consumers paid \$38,380,874 more to alternative electric suppliers than they would have paid for Standard Offer service.<sup>3</sup>

On December 18, 2019, the Connecticut Public Utilities Regulatory Authority released a Final Decision which verified these harms and directed the state's distribution utilities to transfer low-income customers from third-party electric suppliers back to distribution utility service.<sup>4</sup>

## **Illinois**

The Illinois Office of Retail Market Development (ORMD) has compiled Annual Reports detailing the higher prices paid by customers with alternative electric suppliers since 2008. In Illinois, these companies are referred to as alternative retail electric suppliers (ARES).

In its 2019 report,<sup>5</sup> the ORMD determined that residential customers in the service territories that were analyzed paid more in the aggregate than customers who received service from the distribution utility. Residential customers of alternative suppliers in the ComEd territory paid around \$8.13 million more per month during the 2018-2019 year analyzed in the report when compared to the "Price-to-Compare," and \$10.35 million more per month when compared to the ComEd Price-to-Compare which includes the Purchased Electricity Adjustment. In the Ameren Illinois territory, residential customers with alternative suppliers paid around \$9.14 million more per month during the last twelve months when compared to the Ameren Illinois Price-to-Compare and \$10.16 million more per month during the last twelve months when compared to the Ameren Illinois Price-to-Compare including the Purchased Electricity Adjustment.

As of January 1, 2020, alternative suppliers in Illinois must comply with new rules designed to protect low-income utility consumers and funding for essential energy assistance programs, under the Home Energy Affordability and Transparency (HEAT) Act.<sup>6</sup> Suppliers must comply with new price disclosure and marketing rules and will be restricted in the type of plans that can be offered to low-income consumers who participate in low-income utility assistance programs. Alternative suppliers will not be able to change a low-income customer's supplier unless it is to a government aggregation program for electric or to a Commission-approved savings guarantee plan (electric and gas). Suppliers may apply to the Commission to offer a savings guarantee plan that, at a minimum, shall charge customers for a supply amount that is less than the amount

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<sup>3</sup> Conn. Office of Consumer Counsel, OCC Fact Sheet: Electric Supplier Market, October 2017 Through September 2018 (November 8, 2018), [https://www.ct.gov/occ/lib/occ/fact\\_sheet\\_electric\\_supplier\\_market\\_september\\_2018.pdf](https://www.ct.gov/occ/lib/occ/fact_sheet_electric_supplier_market_september_2018.pdf)

<sup>4</sup> Conn. Public Utilities Regulatory Authority, Decision, Review of Feasibility, Costs and Benefits of Placing Certain Customers on Standard Service Pursuant to Conn. Gen. Stat. § 16-245O(M), Docket No. 18-06-02 (Dec. 18, 2019).

<sup>5</sup> Illinois Commerce Commission Office of Retail Market Development 2019 Annual Report (June 2019), <https://www.icc.illinois.gov/downloads/public/2019%20ORMD%20Section%2020-110%20Report.pdf>.

<sup>6</sup> Illinois SB0651, Public Act 101-0590 (Aug. 27, 2019).

charged by the utility. The Commission is required to initiate a proceeding to consider the application.<sup>7</sup>

## **Maine**

A 2018 analysis<sup>8</sup> by the Maine Public Utilities Commission, using publicly available data from the U.S. Department of Energy's Energy Information Administration, indicated that Maine residential customers who received electricity from an alternative supplier during the three years of 2014-2016 paid approximately \$77.7 million more than what they would have paid for standard offer service through the distribution utility. On average, customers paid approximately 56% more than they would have paid for standard offer service in 2016; 60% more in 2015; and 12% more in 2014.<sup>9</sup>

## **Maryland**

Two recent reports document the price disparities and other consumer problems faced by Maryland consumers who purchase electricity from alternative suppliers.

In a 2018 report commissioned by the Maryland Office of People's Counsel (OPC),<sup>10</sup> the researchers analyzed consumer participation information published by the Maryland Public Service Commission and other limited pricing information to estimate a net annual consumer loss associated with the gas and electric supply markets of \$54.9 million.

Another report issued in the same year by the Abell Foundation<sup>11</sup> determined that from 2014 to 2017, Maryland households paid about \$255 million more to alternative electricity suppliers than they would have paid to their distribution utilities for electric service. The Abell Foundation report used different sources of data than those analyzed in the OPC report, relying

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<sup>7</sup> Illinois SB0651, Public Act 101-0590 (Aug. 27, 2019) at Sec. 16-115E (alternative retail electric supplier utility assistance recipient) and Sec. 19-116 (alternative gas supplier utility assistance recipient).

<sup>8</sup> Maine Public Utilities Commission, Report on Competitive Electricity Provider and Standard Offer Price Comparisons (Feb, 15, 2018), [https://digitalmaine.com/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=1017&context=puc\\_docs](https://digitalmaine.com/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=1017&context=puc_docs).

<sup>9</sup> Maine Public Utilities Commission, Report on Competitive Electricity Provider and Standard Offer Price Comparisons at 3 (Feb, 15, 2018) (describing analysis using data from U.S. EIA Form 861).

<sup>10</sup> Susan M. Baldwin and Sarah M. Bosley, On behalf of the Maryland Office of People's Counsel; Maryland's Residential Electric and Gas Supply Markets: Where Do We Go from Here? (Nov. 2018), <http://www.opc.state.md.us/Portals/0/Hot%20Topics/Maryland%20Electric%20and%20Gas%20Residential%20Supply%20Report%20November%202018.pdf>.

<sup>11</sup> Laurel Peltier and Arjun Makhijani, Ph.D, Abell Foundation, Maryland's Dysfunctional Residential Third-Party Energy Supply Market: An Assessment of Costs and Policies (Dec. 2018), [https://www.abell.org/sites/default/files/files/Third%20Party%20Energy%20Report\\_final%20for%20web.pdf](https://www.abell.org/sites/default/files/files/Third%20Party%20Energy%20Report_final%20for%20web.pdf).

instead on publicly available data from the U.S. Department of Energy’s Energy Information Administration.<sup>12</sup>

## **Massachusetts**

The Massachusetts Office of the Attorney General released a report in March 2018 analyzing price discrepancies between distribution utilities and alternative electric supply companies.<sup>13</sup> The analysis revealed that Massachusetts residential electric consumers paid \$176.8 million more to alternative electric suppliers than they would have paid if they had received electric supply from their distribution utilities during the two-year period from July 2015 to June 2017. Low-income consumers alone paid alternative electric suppliers a premium of \$23.6 million over the distribution utilities’ prices during the 2016–2017 study period and an additional \$16.4 million from July 2017 through June 2018. An August 2019 update to the report found that customer losses continued into 2017-2018, when customers paid an additional \$76.2 million to alternative suppliers over the rates that they would have paid to their distribution utilities. Overall, Massachusetts residential consumers paid \$253 million more to alternative suppliers than they would have paid to their distribution utilities for electric service from July 2015 through June 2018.<sup>14</sup>

A second report by the National Consumer Law Center documented numerous consumer problems with alternative energy supply companies and their use of aggressive and deceptive sales practices. A financial analysis based on limited utility company data indicated that most residential consumers in Eversource’s eastern Massachusetts territory paid alternative electric suppliers more than they would have paid for distribution utility service during 2015-2016.<sup>15</sup>

## **New York**

The New York Public Service Commission (PSC) Staff’s analysis of actual bills issued by utilities that include supplier charges concluded that between 2014 and 2016, residential consumers on competitive electric and gas supply paid \$1.2 billion more than they would have

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<sup>12</sup> Maryland’s Dysfunctional Residential Third-Party Energy Supply Market: An Assessment of Costs and Policies at 10, fn 15 (Dec. 2018) (explaining use of U.S. EIA form 861 as source of publicly available information).

<sup>13</sup> Massachusetts Attorney General’s Office (Prepared by Susan M. Baldwin). Are Consumers Benefiting from Competition? An Analysis of the Individual Residential Electric Supply Market in Massachusetts (March 2018), <https://www.mass.gov/files/documents/2018/03/29/Comp%20Supply%20Report%20Final%20032918.pdf>.

<sup>14</sup> Massachusetts Attorney General’s Office (Prepared by Susan M. Baldwin). Are Consumers Benefiting from Competition? An Analysis of the Individual Residential Electric Supply Market in Massachusetts – August 2019 Update (Aug. 1, 2019), [https://www.mass.gov/files/documents/2019/07/31/Massachusetts%202019%20Update\\_August%202019.pdf](https://www.mass.gov/files/documents/2019/07/31/Massachusetts%202019%20Update_August%202019.pdf).

<sup>15</sup> National Consumer Law Center, Competing to Overcharge Consumers: The Competitive Electric Supplier Market in Massachusetts (April 2018), <http://www.nclc.org/images/pdf/pr-reports/competitive-energy-supply-report.pdf>.



paid with their default utility service.<sup>16</sup> Within this aggregated amount, low-income consumers who participate in several state assistance programs paid \$96 million more to alternative electric suppliers than they would have paid for distribution utility service.

In light of these findings, and a finding that supply companies failed to show that their services provided any additional service or value compared with electric service from the distribution utilities, the PSC conducted proceedings and issued an order to halt alternative energy supply sales to certain low-income customers.<sup>17</sup> Further, the PSC found that the higher charges were significant enough to drain crucial funds from taxpayer and ratepayer supported programs that were intended to assist low-income customers.

On December 12, 2019, the New York Public Service Commission took additional steps to protect that state's consumers by prohibiting competitive supply sales to residential customers unless, *inter alia*, the offer "includes a guaranteed savings over the utility price."<sup>18</sup>

## **Pennsylvania**

While Pennsylvania has not published a statewide analysis of price disparities between alternative energy suppliers and the state's distribution utilities, there has been recent analysis of the financial impact on low-income consumers. Data provided to the Pennsylvania Public Utility Commission from PPL Electric Utility Corporation indicates that low-income consumers in that utility's service area paid \$2.7 million more to alternative electric suppliers than they would have paid to PPL Electric for the same service over a one-year period.<sup>19</sup> Billing data from another Pennsylvania utility, FirstEnergy, similarly showed over a 58-month period, that nearly 65% of low income customers in the Customer Assistance Program served by alternative suppliers paid rates above the default service rate, resulting in an aggregate financial impact of \$18.3 million over the 58-month period.<sup>20</sup>

On October 27, 2016, the Pennsylvania Public Utility Commission approved PPL Electric Utilities Corporations' and other stakeholders' plan to restrict low-income Customer Assistance Program (CAP) customers who choose to shop with a supplier, to a CAP-Standard Offer Program (CAP SOP) which requires suppliers choosing to participate in CAP SOP to agree

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<sup>16</sup> State of New York Public Service Commission, In the Matter of Eligibility Criteria for Energy Service Companies, Case 15-M-0127, et al., Initial Brief of the New York Department of Public Service Staff, at 2 (March 30, 2018).

<sup>17</sup> N.Y. Pub. Svc. Commission, Case Nos. 12-M-0476, 98-M-1343, 06-M-0647, and 98-M0667, "Order Adopting a Prohibition of Service to Low-Income Customers by Energy Service Companies (Dec. 16, 2016), available at <http://www.dps.ny.gov>, upheld by Nat. Energy Marketers Assn. v. N.Y. State Pub. Svc. Commn., 2017 NY Slip Op 27223, Supreme Court of N.Y., Albany County (June 30, 2017).

<sup>18</sup> N.Y. Pub. Svc. Commission dockets 98-M-1343, 12-M-0476, 15-M-0127, Order Adopting Changes to the Retail Access Energy Market and Establishing Further Process, at 108. (Dec. 12, 2019).

<sup>19</sup> Motion of Commissioner David W. Sweet, Pennsylvania PUC, Electric Distribution Company Default Service Plans—Customer Assistance Program Shopping, Public Meeting (December 20, 2018), <http://www.puc.state.pa.us/pcdocs/1599226.pdf>.

<sup>20</sup> Motion of Commissioner David W. Sweet, Pennsylvania PUC, Electric Distribution Company Default Service Plans—Customer Assistance Program Shopping, Public Meeting (December 20, 2018), <http://www.puc.state.pa.us/pcdocs/1599226.pdf>

to serve customers at a 7% discount off of the price to compare at the time of enrollment, with the price remaining fixed for 12 months, and a prohibition on early termination fees.<sup>21</sup>

### **Rhode Island**

Based on supplier pricing data reported by Rhode Island electric utilities, the Division of Public Utilities and Carriers reported in May 2018 that during the previous five year period, consumers served by alternative suppliers paid \$55 million more than they would have paid if they had been on default service.<sup>22</sup>

All states that have examined the financial impact of alternative energy suppliers on residential consumers have reached similar findings – alternative energy suppliers charge customers more for utility service that is essentially identical to distribution utility service. In the aggregate, consumers pay hundreds of millions of dollars over the price of distribution utility service.

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<sup>21</sup> See Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2017 Through May 31, 2021, Docket No. P-2016-2526627 (Order Entered October 27, 2016). Affirmed by, *Retail Energy Supply Association v. Pennsylvania Public Utility Commission*, No. 230 C.D. 2017 (Pa. Commw. Ct. filed May 2, 2018).

<sup>22</sup> State of Rhode Island, Division of Public Utilities & Carriers (“DPUC”), Press Release: DPUC Enacts New Rules for Competitive Electricity Suppliers, Initiates Review of Competitive Supply Marketplace (May 8, 2018).

**RESA\_UNF\_SB 681**

Uploaded by: Kress, Bill

Position: UNF



## **SB 681 Electricity and Gas Suppliers – Consumer Protections**

### **UNFAVORABLE**

The Retail Energy Supply Association (RESA)<sup>1</sup> submits these comments in opposition to SB 681 and respectfully request that the Committee render an unfavorable report on this proposed legislation.

The purpose of this legislation expands the authority of the Office of People’s Counsel (OPC) to investigate and request documents from an electricity or natural gas supplier, requires an electricity supplier or natural gas supplier to provide written responses and documents to the Office of People’s Counsel, prohibits an electricity supplier or natural gas supplier from switching a customer’s rate for electricity or natural gas supply from a fixed rate contract to a variable rate contract without the customer’s written consent, limits the amount of early termination or cancellation fees a supplier may charge, requires additional billing information on the customer’s bill in the form of a table or chart and requires the Commission to order an electricity or natural gas supplier to cease and desist actions and to take affirmative actions, including monetary restitution to customers.

With respect to the expanded authority of the Office of People’s Counsel in the proposed legislation, this action seems to be not only duplicative on what authority the Commission has with respect to residential customers, it could also be deemed to be in addition and separate to and the Commission’s authority. The Commission already has authority to investigate complaints and to request documents from suppliers during a complaint investigation, and to expand this authority to the OPC could be burdensome and costly to suppliers. In recent Commission investigations into supplier activities surrounding consumer complaints the Commission seems to have given the OPC the rights and privileges to intervene and request documents for OPC to carryout

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<sup>1</sup> The comments expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at [www.resausa.org](http://www.resausa.org).



its' responsibilities to protect the interest of residential consumers. To expand their authority seems to be a costly venture which could result in higher energy costs down the road to the ratepayers.

Requiring affirmative written consent when switching a customer from a fixed rate contract to a variable rate contract will pretty much destroy the retail energy market in Maryland. This was not the intention of the legislature 20+ years ago when retail energy choice was put into place. The Commission has a variety of consumer protection rules in place that keep consumers well informed of the agreements they are executing, and notices that inform customers of their options so they make the correct decisions for their energy needs. For example, supplier agreements must contain clear and concise price descriptions of each service being provided, including, but not limited to, any condition of variability or limits on price variability. Additionally, contracts must state that if there is not a limit on price variability, the supplier shall clearly and conspicuously state that there is not a limit on how much the price may change from one billing cycle to the next. Contracts must state duration, including the initial time period and any rollover provisions, including a description of the contract renewal procedures, and how the customer may access future pricing information. At the time of completion of the contracting process, a supplier shall provide the customer a copy of the executed contract and completed Contract Summary in the form provided by the Commission. The contract summary which is fashioned after the Schumer Box that accompanies credit card offerings, contains all of the pertinent provisions of the customer agreement, and in particular highlights the renewal provisions and informs the customer that fixed rate contracts do roll into variable rate agreements upon expiration. These summaries are provided to customer upon the initial contract execution.

Limiting early termination fees to \$50.00 would also be harmful to the retail energy market since \$50.00 in some cases may not be sufficient to handle a risk premium on fixed rate contracts with terms that are greater than one year. This would result in higher prices to customers that may desire to contract for periods in the 2 to 5 year ranges.

As for the rate information request on electricity and natural gas bills which compares supplier rates to the standard offer services, this comparison is meaningless since the comparison to the utilities price-to-compare (PTC) is not an apples to apples comparison. Utilities do not reflect in their PTC the full cost of providing standard offer service as does the supplier cost. In addition, many suppliers that operate in the state utilize the utility bills to bill for their products, which is known as Utility Consolidated Billing. The utilities would be forced to revamp their bills to accommodate the comparison, display the tables or charts and calculate the cost comparison and list the



price differentials. Utilities would incur costs to perform these changes, which we would assume eventually make their way to the pocketbooks of ratepayers.

As for the last item, which requires the Commission to order an electricity or natural gas supplier to cease and desist actions and to take affirmative actions, including monetary restitution to customers, the Commission has this authority by virtue of their ability to assess penalties to suppliers, revoke the license of the impacted supplier and order restitution as they deem necessary, and appropriate under the circumstances in each show cause case. It seems unnecessary to codify these penalties when the Commission has a track record as recently as this past August to take such action.

For the reasons discussed above, RESA respectfully requests that the committee render an unfavorable report on this legislation.

Thank you for your attention and allowing RESA to provide these comments.



**WGL**  
**Energy**

A WGL Entity

P. O. Box 1997

Chesapeake, VA 23327-9902

[WGLEnergy.com](http://WGLEnergy.com)

**Important Information About the Expiration of Your Energy Supply Contract**



## MARYLAND CONTRACT SUMMARY

Electric supply service in

BGE

**ELECTRIC GENERATION OR GAS SUPPLIER INFORMATION** Direct Energy Services, LLC  
Electric License Number: IR-719  
Natural Gas License Number: IR-791  
PO Box 180, Tulsa, OK 74101-0180  
csdirectenergy@directenergy.com ~www.directenergy.com ~ 1-888-200-7930

**PRICE STRUCTURE** Fixed, electric

\$0.06690 per KWH

### SUPPLY PRICE

### STATEMENT REGARDING SAVINGS

The supply price may not always provide savings.

Please refer to the Account Breakdown page (if any) for a listing of any applicable incentives you elected to receive.

### INCENTIVES

### CONTRACT START DATE

After you enter into this Agreement, the Initial Term of your service will begin on the meter date that your electric generation or natural gas supplier is changed to Direct Energy by the Utility Company.

### CONTRACT TERM / LENGTH

10 monthly billing cycles.

### CANCELLATION / EARLY TERMINATION FEES (per account)

NONE.

### RESCISSION

You have three (3) business days after you receive a written copy of this Agreement to cancel your enrollment with Direct Energy by calling Direct Energy using the contact information set forth in the Supplier Information section above. After the end of the Rescission Period, you can cancel service by using the contact information set forth in the Supplier Information Section above, however, you will be charged the Cancellation / Early Termination Fees and/or Device Cost Recovery Fee set forth above.

### RENEWAL TERMS

A notice will be sent to you thirty (30) days before the expiration of your Initial Term informing you of your impending automatic renewal. See your Terms and Conditions for more information.

**For additional information, please refer to your Terms and Conditions. Please retain this document for your records. If you have any questions regarding this agreement, contact your competitive supplier using the information above.**



## CONTRACT SUMMARY – WGL Energy Natural Gas Fixed Price Plan

<b>Natural Gas Supplier Information</b>	WGL Energy Services, P.O. Box 1997, Chesapeake, VA 23327-9902, <a href="http://www.wglenergy.com">www.wglenergy.com</a> , 1-844-4 ASKWGL (844-427-5945) (toll-free) Commodity prices are set by WGL Energy.
<b>Price Structure</b>	WGL Energy Fixed Price Plan (Price will not change during the contract term.)
<b>Supply Price</b>	48.0 ¢ / therm includes CleanSteps® Carbon Offsets, from WGL Energy, matched to 5% of your natural gas usage.
<b>Statement Regarding Savings</b>	This price is guaranteed not to change during the contract term, regardless of market fluctuations. Your WGL Energy Fixed Price may be higher or lower than the Washington Gas rate and may not always provide you savings.
<b>Incentives</b>	This offer does not include a promotion.
<b>Contract Start Date</b>	This contract begins on or before the next meter reading performed by Washington Gas after your enrollment has been processed.
<b>Contract Term/Length</b>	One-Year.
<b>Cancellation/Early Termination Fees</b>	\$10 for each month remaining in contract. This fee will be waived if you cancel within the 3 day rescission period, during the contract renewal period or if you move.
<b>Renewal Terms</b>	At least 45 days prior to the expiration of your fixed price contract you will receive a Renewal Notice. If you do not reply to the Renewal Notice, your contract will renew under the Renewal Notice terms.



## CONTRACT SUMMARY

### Option 1 - No Action Required

<b>CONTRACT SUMMARY</b>	<b>WGL Energy 1-Year Fixed Price Plan</b>
<b>Natural Gas Supplier Information</b>	WGL Energy Services, Inc. (WGL Energy), P.O. Box 1997, Chesapeake, VA 23327-9902 www.wglenergy.com, 844-4 ASKWGL (844-427-5945) toll-free. Commodity prices are set by WGL Energy.
<b>Price Structure</b>	WGL Energy Fixed Price Plan (Price will not change during the contract term.)
<b>Generation/Supply Price</b>	<b>\$0.495/therm.</b> To help improve the environment and support cleaner air and water, your natural gas supply includes 5% CleanSteps® Carbon Offsets, from WGL Energy.
<b>Statement Regarding Savings</b>	This price is guaranteed not to change during the contract term, regardless of market fluctuations. Your WGL Energy Fixed Price may be higher or lower than the Washington Gas rate and may not always provide you savings.
<b>Incentives</b>	There are no special promotions associated with these renewal options.
<b>Contract Start Date</b>	This contract begins with your April 2020 meter reading.
<b>Contract Term/Length</b>	<b>1-Year</b> term ending with your <b>March 2021</b> meter reading, as determined by Washington Gas.
<b>Cancellation/Early Termination Fees</b>	Cancellation fee of \$10 per month for each month that remains in your contract term.
<b>Renewal Terms</b>	At least 45 days prior to the expiration of your fixed price contract you will receive a Renewal Notice. If you do not reply to the Renewal Notice, your contract will automatically renew under the Renewal Notice terms.

### Option 2 - Call Us or Mail Form on Page 1

<b>CONTRACT SUMMARY</b>	<b>WGL Energy 1-Year Fixed Price Plan</b>
<b>Natural Gas Supplier Information</b>	WGL Energy Services, Inc. (WGL Energy), P.O. Box 1997, Chesapeake, VA 23327-9902 www.wglenergy.com, 844-4 ASKWGL (844-427-5945) toll-free. Commodity prices are set by WGL Energy.
<b>Price Structure</b>	WGL Energy Fixed Price Plan (Price will not change during the contract term.)
<b>Generation/Supply Price</b>	<b>\$0.59/therm.</b> To help improve the environment and support cleaner air and water, your natural gas supply includes 100% CleanSteps® Carbon Offsets, from WGL Energy.
<b>Statement Regarding Savings</b>	This price is guaranteed not to change during the contract term, regardless of market fluctuations. Your WGL Energy Fixed Price may be higher or lower than the Washington Gas rate and may not always provide you savings.
<b>Incentives</b>	There are no special promotions associated with these renewal options.
<b>Contract Start Date</b>	This contract begins with your April 2020 meter reading.
<b>Contract Term/Length</b>	<b>1-Year</b> term ending with your <b>March 2021</b> meter reading, as determined by Washington Gas.
<b>Cancellation/Early Termination Fees</b>	Cancellation fee of \$10 per month for each month that remains in your contract term.
<b>Renewal Terms</b>	At least 45 days prior to the expiration of your fixed price contract you will receive a Renewal Notice. If you do not reply to the Renewal Notice, your contract will automatically renew under the Renewal Notice terms.

For additional information, please refer to your Terms and Conditions (Page 2). Please retain this document for your records. If you have any additional questions, contact WGL Energy at 844-4 ASKWGL (844-427-5945).



## CONTRACT SUMMARY

### Option 1 - No Action Required

<b>CONTRACT SUMMARY</b>	<b>WGL Energy 1-Year Fixed Price Plan</b>
<b>Natural Gas Supplier Information</b>	WGL Energy Services, Inc. (WGL Energy), P.O. Box 1997, Chesapeake, VA 23327-9902 www.wglenergy.com, 844-4 ASKWGL (844-427-5945) toll-free. Commodity prices are set by WGL Energy.
<b>Price Structure</b>	WGL Energy Fixed Price Plan (Price will not change during the contract term.)
<b>Generation/Supply Price</b>	<b>\$0.495/therm.</b> To help improve the environment and support cleaner air and water, your natural gas supply includes 5% CleanSteps® Carbon Offsets, from WGL Energy.
<b>Statement Regarding Savings</b>	This price is guaranteed not to change during the contract term, regardless of market fluctuations. Your WGL Energy Fixed Price may be higher or lower than the Washington Gas rate and may not always provide you savings.
<b>Incentives</b>	There are no special promotions associated with these renewal options.
<b>Contract Start Date</b>	This contract begins with your April 2020 meter reading.
<b>Contract Term/Length</b>	<b>1-Year</b> term ending with your <b>March 2021</b> meter reading, as determined by Washington Gas.
<b>Cancellation/Early Termination Fees</b>	Cancellation fee of \$10 per month for each month that remains in your contract term.
<b>Renewal Terms</b>	At least 45 days prior to the expiration of your fixed price contract you will receive a Renewal Notice. If you do not reply to the Renewal Notice, your contract will automatically renew under the Renewal Notice terms.

### Option 2 - Call Us or Mail Form on Page 1

<b>CONTRACT SUMMARY</b>	<b>WGL Energy 1-Year Fixed Price Plan</b>
<b>Natural Gas Supplier Information</b>	WGL Energy Services, Inc. (WGL Energy), P.O. Box 1997, Chesapeake, VA 23327-9902 www.wglenergy.com, 844-4 ASKWGL (844-427-5945) toll-free. Commodity prices are set by WGL Energy.
<b>Price Structure</b>	WGL Energy Fixed Price Plan (Price will not change during the contract term.)
<b>Generation/Supply Price</b>	<b>\$0.59/therm.</b> To help improve the environment and support cleaner air and water, your natural gas supply includes 100% CleanSteps® Carbon Offsets, from WGL Energy.
<b>Statement Regarding Savings</b>	This price is guaranteed not to change during the contract term, regardless of market fluctuations. Your WGL Energy Fixed Price may be higher or lower than the Washington Gas rate and may not always provide you savings.
<b>Incentives</b>	There are no special promotions associated with these renewal options.
<b>Contract Start Date</b>	This contract begins with your April 2020 meter reading.
<b>Contract Term/Length</b>	<b>1-Year</b> term ending with your <b>March 2021</b> meter reading, as determined by Washington Gas.
<b>Cancellation/Early Termination Fees</b>	Cancellation fee of \$10 per month for each month that remains in your contract term.
<b>Renewal Terms</b>	At least 45 days prior to the expiration of your fixed price contract you will receive a Renewal Notice. If you do not reply to the Renewal Notice, your contract will automatically renew under the Renewal Notice terms.

For additional information, please refer to your Terms and Conditions (Page 2). Please retain this document for your records. If you have any additional questions, contact WGL Energy at 844-4 ASKWGL (844-427-5945).

February 10, 2020

**NATURAL GAS SUPPLY - OFFER**  
**IMPORTANT RENEWAL NOTICE**



1.1.2 1 MB 0.436 28587D11.p01 652123 1-2  
Sample  
Sample  
COLUMBIA MD 21044 -2937

Current contract end date: April 2020  
Deadline for Renewal Action: March 5, 2020

RE: Natural Gas Account - 220000000000

Dear Sample

We have good news! Your Natural Gas Supply Agreement with WGL Energy Services (WGL Energy) is eligible to renew with your April 2020 meter reading. Your meter reading is determined by your utility, Washington Gas, and is referenced on your natural gas bill. Please review these offers for your next contract term.

	<b>OPTION 1: AUTO RENEWAL</b> No Action is Required	<b>OPTION 2: SPECIAL RENEWAL OFFER</b> Action is Required
<b>Product</b>	Natural Gas matched with 5% CleanSteps® Carbon Offsets from WGL Energy*	Natural Gas matched with 100% CleanSteps® Carbon Offsets from WGL Energy*
<b>New Price</b>	A guaranteed fixed price of \$0.495 per therm	A guaranteed fixed price of \$0.59 per therm
<b>Contract Term</b>	1 year: from your April 2020 billing period through your March 2021 billing period.	1 year: from your April 2020 billing period through your March 2021 billing period.
<b>Green Benefit</b>	Equivalent to planting 6 tree seedlings that grow for ten years.	Equivalent to planting 128 tree seedlings that grow for ten years. A green benefit 20 times greater than Option 1.
<b>Cancellation Fees</b>	Yes, see reverse for details. The Early Cancellation fee is \$10 per month for each month that remains on your contract.	
<b>Renewal Method</b>	Renewal will happen automatically	Notify us by March 5, 2020. See form at the bottom of this letter.

\*CleanSteps Carbon Offsets are a unique way to counterbalance the carbon footprint of your natural gas usage with verified, locally-sourced carbon offsets. Find more information at [www.wglenergy.com/offsets](http://www.wglenergy.com/offsets).

Whichever renewal option you choose, your renewal price will be reflected on your May 2020 natural gas bill. Please see the reverse side of this letter for the "WGL Energy Services, Inc. Natural Gas Supply - Terms and Conditions" that are effective beginning April 2020. **Please review the CONTRACT SUMMARY included with this letter and retain these documents for any future questions you might have.**

If you do not wish to renew or if you have questions, please call a WGL Energy Customer Advocate before **March 5, 2020** at 844- 4 ASKWGL (844-427-5945), 7 a.m. - 7 p.m. weekdays, except holidays. If you cancel, we will return your natural gas account to Utility Sales Service unless you have selected an alternative supplier.

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

Sincerely,  
WGL Energy Customer Care  
WGM.AR.157693

41845

WGL Energy delivers a full ecosystem of energy offerings provided by WGL Energy Services, Inc. and WGL Energy Systems, Inc. WGL Energy Services is not the same company as Washington Gas Light Co., a regulated utility. License IR-324

**YES, I want to choose the Special Renewal Offer**

Sample
220000000000

Deadline Date: March 5, 2020

My new price for natural gas will be \$0.59 per therm guaranteed for 12 months and will include 100% CleanSteps® Carbon Offsets from WGL Energy, starting with my April 2020 billing period and ending with my March 2021 billing period.

\_\_\_\_\_  
Signature Date

**Please return in the enclosed envelope, fax to: 585-419-2697, contact us at 844-427-5945 or renew your account at [www.wglenergy.com](http://www.wglenergy.com).**

WGM.RO.157709

## Residential WGL Energy Services, Inc Natural Gas Supply - Terms & Conditions

### General Conditions

WGL Energy Services, Inc. (WGL Energy Services) is licensed by the Maryland Public Service Commission (License No. IR-324) to offer and supply natural gas in Maryland and is a qualified natural gas supplier under Washington Gas' Tariff. WGL Energy Services prices are for natural gas supply and are not regulated by the Maryland Public Service Commission. WGL Energy Services supplies natural gas to your Utility company, Washington Gas (Washington Gas or your Utility company), based on how much you consume and Washington Gas delivers the natural gas to you using their natural gas distribution pipelines. The distribution of natural gas cannot be terminated or interrupted by Washington Gas as a result of any dispute between you and WGL Energy Services. WGL Energy Services is a subsidiary of WGL Holdings, Inc., and an affiliate company of Washington Gas. The WGL Energy Services Natural Gas Supply - Offer (Offer), together with these WGL Energy Services Natural Gas Supply - Terms and Conditions (Terms and Conditions), constitute the entire WGL Energy Services Natural Gas Supply Agreement (Agreement) between you and WGL Energy Services. You must remain a Washington Gas customer in Maryland and provide WGL Energy Services with complete and accurate information to begin and continue service.

### Natural Gas Supply Service

WGL Energy Services agrees to sell you natural gas supply at the price, term and carbon offset percentage in the Offer. These prices apply 24 hours a day and will begin on your next applicable Meter Read Date. The WGL Energy Services Fixed Price Plan will extend for the term indicated in the Offer. If you select the WGL Energy Services Variable Price Plan, the monthly price indicated is only for the first month's usage and the price for each subsequent month's usage will be determined by WGL Energy Services in response to changing market conditions and posted at [www.wglenergy.com](http://www.wglenergy.com) at least twelve (12) days prior to the close of your billing period.

### Carbon Offsets

WGL Energy Services agrees to sell CleanSteps® Carbon Offsets or PA Carbon Offsets as part of our natural gas supply service at the percentage and prices indicated on the Offer and from certified project sources within the District of Columbia, Delaware, Maryland, Pennsylvania, and Virginia. WGL Energy Services has entered into contracts to purchase carbon offsets from these regional project sources, which are listed at [www.wglenergy.com/offsets](http://www.wglenergy.com/offsets). If you elect to purchase gas supply service with CleanSteps® Carbon Offsets or PA Carbon Offsets at a time when a previously executed Agreement is in effect, this choice shall amend and be incorporated into your prior Agreement.

### Billing and Payment

You will receive a single bill from your Utility company containing its charges and WGL Energy Services' charges. Payments will be due and payable to your Utility according to your Utility company's billing schedule and policies. You are responsible for WGL Energy Services charges, your Utility company's charges consistent with their filed tariffs, all applicable balancing and storage charges and for all applicable taxes. If you are exempt from sales tax, you must submit a sales tax exemption form to WGL Energy Services before any exemption can be processed. WGL Energy Services may charge a late payment fee of 1% per month on any past due balances. WGL Energy Services reserves the right to change billing methods. You will be responsible for all costs, including legal fees, associated with the collection of outstanding balances.

### Budget Bill Plans

If you are enrolled in your Utility company's budget bill plan, you will continue to receive budget bills following account reconciliation with your Utility company.

### Automatic and Early Contract Renewal Options

If WGL Energy Services chooses to renew your Agreement, then: at least forty-five (45) days prior to the end of the term of the Agreement, WGL Energy Services shall send you a notice offering a revised Offer and Terms and Conditions for a Renewal Term. This Agreement shall be automatically renewed with the revised Offer and Terms and Conditions unless you cancel the renewal of this Agreement by notifying WGL Energy Services. WGL Energy Services will effectuate your request on the next applicable utility enrollment/cancellation date. WGL Energy Services may also offer you an Early Renewal Option by sending you notice of a new price for a fee and upon payment of the fee, this Agreement shall be renewed at the new price for a Renewal Term. If you have been assigned a WGL Energy Services Account Manager, the preceding renewal processes will not apply, and you can expect to receive an automatic or a renewal offer with a revised Offer and Terms and Conditions from your WGL Energy Services Account Manager at least forty-five (45) days before the end of the term of the Agreement, in which case you can accept or cancel the renewal offer by directly communicating with your WGL Energy Services Account Manager.

### Termination by WGL Energy Services

WGL Energy Services may terminate this Agreement on thirty (30) days written notice as a result of the following: (1) non-payment by you; (2) changes in any legislation, regulation or Utility company tariff that adversely affect this Agreement; or (3) Acts of God. The effective termination date will occur on the next applicable meter read date, and upon termination with WGL Energy Services, you will be returned to your Utility company's service.

### Early Cancellation

You may cancel this Agreement by changing service providers, notifying WGL Energy Services in writing by mail or by calling WGL Energy Services at 844-4 ASKWGL (844-427-5945). If you cancel this Agreement prior to the end of your term, the effective end date will be on your next applicable meter read date. Fixed Price Plan: You will be charged an early cancellation fee of \$10 per month for each month that remains in your contract term. This fee will be waived if your early cancellation is due to a change of residence or is within the applicable rescission period. Variable Price Plan: No cancellation fee applies. If you cancel this Agreement, you will have the option of returning to your Utility Company's natural gas sales service or choosing another natural gas supplier. WGL Energy Services reserves the right to deny you subsequent enrollment in any WGL Energy Services energy supply service.

### Change of Residence

If you move, you may cancel your Agreement without penalty by contacting WGL Energy Services in writing by mail within 30 days of such change. A final meter reading will be made at your old address and your account will be closed and finalized with your Utility company and WGL Energy Services. If you move within your Utility company's service territory, you may have the option of signing a new Agreement with WGL Energy Services at your new residence.

### Assignment

You may not assign this Agreement. WGL Energy Services may transfer, assign or sell this Agreement in connection with any financing, to any of its affiliates, to anyone succeeding in interest to all or substantially all of WGL Energy Services' assets or business, or to another supplier licensed to conduct business in your Utility company's service area.

### Limitation of Liability

You understand and agree that there are no warranties, either express or implied, associated with this offer or the natural gas and/or electricity service sold under this Agreement. WGL Energy Services will bear no liability to you or any third party for consequential, punitive, incidental, special, or indirect damages. This Agreement constitutes the entire Agreement between you and WGL Energy Services. No statement, promise or inducement made by either party that is not contained in this Agreement shall be valid or binding.

### Information Release Authorization

Through this Agreement, you authorize WGL Energy Services to obtain information from your Utility company that includes, but is not limited to: billing information and history, payment information and history, historical and future natural gas usage, meter readings, and characteristics of natural gas service.

### Contact Information and Dispute Resolution

WGL Energy Services can be reached by mail at: WGL Energy Services Correspondence Center, P.O. Box 1997, Chesapeake, VA 23327-9902. Please contact WGL Energy Services at the address above or call our Customer Care Center toll free at 844-4 ASKWGL (844-427-5945) Mon - Fri between 7:00 am and 7:00 pm ET, except holidays, to answer or resolve any disputes regarding this Agreement. For emergencies pertaining to your service, please call Washington Gas at 1-800-752-7520. The Maryland Office of People's Counsel's web address is [www.opc.state.md.us](http://www.opc.state.md.us) and their toll-free phone number is 1-800-207-4055. The Public Service Commission of Maryland can be reached at 1-800-492-0474 or on their website at [www.psc.state.md.us](http://www.psc.state.md.us).

WGL Energy Services reserves the right to cancel the availability of its natural gas offers at any time.



**WGL Energy Services, Inc. Residential Supply Agreement**

Date:

Customer Name	Business Name	Brokerage Company
Mailing Address	Account/Service/Choice ID Number SEE ATTACHMENT A	Broker/Agent ID Code
City	State	Zip
Phone	Email	Fax

<b>WGL ENERGY SUPPLY - OFFER</b>			Utility	Offer Code
<b>Plan</b> Fixed Term	<b>Price</b>	<b>Term</b> Months	Price is for generation and transmission and includes 5% WGL Energy Wind or Carbon Offsets. Price does not include Utility charges and taxes.	

**WGL Energy Services, Inc. Residential Supply Agreement**

Customer Name	Business Name	Brokerage Company
Mailing Address	Account/Service/Choice ID Number SEE ATTACHMENT A	Broker/Agent ID Code
City	State	Zip
Phone	Email	Fax

<b>WGL ENERGY SUPPLY - OFFER</b>			Utility PEM	Offer Code
<b>Plan</b> Fixed Term	<b>Price</b> \$x.x/kwh	<b>Term</b> Months	Price is for generation and transmission and includes 5% WGL Energy Wind or Carbon Offsets. Price does not include Utility charges and taxes.	

**BUYER'S RIGHT TO CANCEL.** If you, the buyer, do not want the goods or services that you have agreed to purchase, you may cancel this transaction at any time prior to midnight of the third business day after the date of this transaction. See the attached notice of cancellation form or terms & conditions for an explanation of this right.

I have read the Acknowledgment, the WGL Energy Services, Inc. Supply – Terms & Conditions. I understand and agree to these terms.

\_\_\_\_\_

Customer Signature                      Print Name                      Title                      Date



**Acknowledgement:**

- You are of legal age and are authorized to select WGL Energy Services, Inc. as your energy supplier for all of the accounts above and/or listed in Attachment #1.
- You agree to switch all of the accounts above and/or listed in Attachment #1 to WGL Energy Services, Inc. for your Electric or Gas supply.
- WGL Energy Services, Inc. is not the same company as your Utility or Distribution Companies and is an authorized energy supplier for Customer Choice.
- WGL Energy Services, Inc. is not the same company as Washington Electric or WGL Holdings, Inc. WGL Energy Services, Inc. is a subsidiary of WGL Holdings Inc., and an affiliate company of Washington Electric.
- Your Utility and Distribution Companies will remain the same. They will receive your Electric from WGL Energy Services, Inc. and deliver it to you. And if you ever have an emergency, you can still call your Utility or Distribution Company as always.
- Regular distribution and utility charges and taxes still apply. All WGL Energy Services, Inc. charges will be conveniently shown on your Utility or Distribution Company bill.
- You have received and understand the terms and conditions that explain the details of WGL Energy Services' offers, including cancellation fee and renewal provisions.
- You understand that if your current supplier contract has termination fees, you would be responsible to pay such fees, if applicable.
- WGL Energy Services, Inc. offers were made in a clear and understandable manner.
- BUYER'S RIGHT TO CANCEL. I understand that I have the right to cancel this Agreement by signing and returning the attached Notice to Cancel document within three days of my signature

February 10, 2020

**NATURAL GAS SUPPLY - OFFER**

**IMPORTANT RENEWAL NOTICE**



1.1.2.1 MB 0.436 28587D11.p01 652123 1-2



Sample  
Sample  
COLUMBIA MD 21044 -2937

Current contract end date: April 2020  
Deadline for Renewal Action: March 5, 2020

RE: Natural Gas Account - 220000000000

Dear Sample

We have good news! Your Natural Gas Supply Agreement with WGL Energy Services (WGL Energy) is eligible to renew with your April 2020 meter reading. Your meter reading is determined by your utility, Washington Gas, and is referenced on your natural gas bill. Please review these offers for your next contract term.

	<b>OPTION 1: AUTO RENEWAL</b> No Action is Required	<b>OPTION 2: SPECIAL RENEWAL OFFER</b> Action is Required
<b>Product</b>	Natural Gas matched with 5% CleanSteps® Carbon Offsets from WGL Energy*	Natural Gas matched with 100% CleanSteps® Carbon Offsets from WGL Energy*
<b>New Price</b>	A guaranteed fixed price of \$0.495 per therm	A guaranteed fixed price of \$0.59 per therm
<b>Contract Term</b>	1 year: from your April 2020 billing period through your March 2021 billing period.	1 year: from your April 2020 billing period through your March 2021 billing period.
<b>Green Benefit</b>	Equivalent to planting 6 tree seedlings that grow for ten years.	Equivalent to planting 128 tree seedlings that grow for ten years. A green benefit 20 times greater than Option 1.
<b>Cancellation Fees</b>	Yes, see reverse for details. The Early Cancellation fee is \$10 per month for each month that remains on your contract.	
<b>Renewal Method</b>	Renewal will happen automatically	Notify us by March 5, 2020. See form at the bottom of this letter.

\*CleanSteps Carbon Offsets are a unique way to counterbalance the carbon footprint of your natural gas usage with verified, locally-sourced carbon offsets. Find more information at [www.wglenergy.com/offsets](http://www.wglenergy.com/offsets).

Whichever renewal option you choose, your renewal price will be reflected on your May 2020 natural gas bill. Please see the reverse side of this letter for the "WGL Energy Services, Inc. Natural Gas Supply - Terms and Conditions" that are effective beginning April 2020. **Please review the CONTRACT SUMMARY included with this letter and retain these documents for any future questions you might have.**

If you do not wish to renew or if you have questions, please call a WGL Energy Customer Advocate before **March 5, 2020** at 844- 4 ASKWGL (844-427-5945), 7 a.m. - 7 p.m. weekdays, except holidays. If you cancel, we will return your natural gas account to Utility Sales Service unless you have selected an alternative supplier.

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

Sincerely,  
WGL Energy Customer Care  
WGM.AR.157693

41845

WGL Energy delivers a full ecosystem of energy offerings provided by WGL Energy Services, Inc. and WGL Energy Systems, Inc. WGL Energy Services is not the same company as Washington Gas Light Co., a regulated utility.  
License IR-324

**YES, I want to choose the Special Renewal Offer**

Sample
220000000000

Deadline Date: March 5, 2020

My new price for natural gas will be \$0.59 per therm guaranteed for 12 months and will include 100% CleanSteps® Carbon Offsets from WGL Energy, starting with my April 2020 billing period and ending with my March 2021 billing period.

Signature \_\_\_\_\_

Date \_\_\_\_\_

**Please return in the enclosed envelope, fax to: 585-419-2697, contact us at 844-427-5945 or renew your account at [www.wglenergy.com](http://www.wglenergy.com).**

**WGM.RO.157709**



## Residential WGL Energy Services, Inc Natural Gas Supply - Terms & Conditions

### General Conditions

WGL Energy Services, Inc. (WGL Energy Services) is licensed by the Maryland Public Service Commission (License No. IR-324) to offer and supply natural gas in Maryland and is a qualified natural gas supplier under Washington Gas' Tariff. WGL Energy Services prices are for natural gas supply and are not regulated by the Maryland Public Service Commission. WGL Energy Services supplies natural gas to your Utility company, Washington Gas (Washington Gas or your Utility company), based on how much you consume and Washington Gas delivers the natural gas to you using their natural gas distribution pipelines. The distribution of natural gas cannot be terminated or interrupted by Washington Gas as a result of any dispute between you and WGL Energy Services. WGL Energy Services is a subsidiary of WGL Holdings, Inc., and an affiliate company of Washington Gas. The WGL Energy Services Natural Gas Supply - Offer (Offer), together with these WGL Energy Services Natural Gas Supply - Terms and Conditions (Terms and Conditions), constitute the entire WGL Energy Services Natural Gas Supply Agreement (Agreement) between you and WGL Energy Services. You must remain a Washington Gas customer in Maryland and provide WGL Energy Services with complete and accurate information to begin and continue service.

### Natural Gas Supply Service

WGL Energy Services agrees to sell you natural gas supply at the price, term and carbon offset percentage in the Offer. These prices apply 24 hours a day and will begin on your next applicable Meter Read Date. The WGL Energy Services Fixed Price Plan will extend for the term indicated in the Offer. If you select the WGL Energy Services Variable Price Plan, the monthly price indicated is only for the first month's usage and the price for each subsequent month's usage will be determined by WGL Energy Services in response to changing market conditions and posted at [www.wglenergy.com](http://www.wglenergy.com) at least twelve (12) days prior to the close of your billing period.

### Carbon Offsets

WGL Energy Services agrees to sell CleanSteps® Carbon Offsets or PA Carbon Offsets as part of our natural gas supply service at the percentage and prices indicated on the Offer and from certified project sources within the District of Columbia, Delaware, Maryland, Pennsylvania, and Virginia. WGL Energy Services has entered into contracts to purchase carbon offsets from these regional project sources, which are listed at [www.wglenergy.com/offsets](http://www.wglenergy.com/offsets). If you elect to purchase gas supply service with CleanSteps®/rtyD Carbon Offsets or PA Carbon Offsets at a time when a previously executed Agreement is in effect, this choice shall amend and be incorporated into your prior Agreement.

### Billing and Payment

You will receive a single bill from your Utility company containing its charges and WGL Energy Services' charges. Payments will be due and payable to your Utility according to your Utility company's billing schedule and policies. You are responsible for WGL Energy Services charges, your Utility company's charges consistent with their filed tariffs, all applicable balancing and storage charges and for all applicable taxes. If you are exempt from sales tax, you must submit a sales tax exemption form to WGL Energy Services before any exemption can be processed. WGL Energy Services may charge a late payment fee of 1% per month on any past due balances. WGL Energy Services reserves the right to change billing methods. You will be responsible for all costs, including legal fees, associated with the collection of outstanding balances.

### Budget Bill Plans

If you are enrolled in your Utility company's budget bill plan, you will continue to receive budget bills following account reconciliation with your Utility company.

### Automatic and Early Contract Renewal Options

If WGL Energy Services chooses to renew your Agreement, then: at least forty-five (45) days prior to the end of the term of the Agreement, WGL Energy Services shall send you a notice offering a revised Offer and Terms and Conditions for a Renewal Term. This Agreement shall be automatically renewed with the revised Offer and Terms and Conditions unless you cancel the renewal of this Agreement by notifying WGL Energy Services. WGL Energy Services will effectuate your request on the next applicable utility enrollment/cancellation date. WGL Energy Services may also offer you an Early Renewal Option by sending you notice of a new price for a fee and upon payment of the fee, this Agreement shall be renewed at the new price for a Renewal Term. If you have been assigned a WGL Energy Services Account Manager, the preceding renewal processes will not apply, and you can expect to receive an automatic or a renewal offer with a revised Offer and Terms and Conditions from your WGL Energy Services Account Manager at least forty-five (45) days before the end of the term of the Agreement, in which case you can accept or cancel the renewal offer by directly communicating with your WGL Energy Services Account Manager.

### Termination by WGL Energy Services

WGL Energy Services may terminate this Agreement on thirty (30) days written notice as a result of the following: (1) non-payment by you; (2) changes in any legislation, regulation or Utility company tariff that adversely affect this Agreement; or (3) Acts of God. The effective termination date will occur on the next applicable meter read date, and upon termination with WGL Energy Services, you will be returned to your Utility company's service.

### Early Cancellation

You may cancel this Agreement by changing service providers, notifying WGL Energy Services in writing by mail or by calling WGL Energy Services at 844-4 ASKWGL (844-427-5945). If you cancel this Agreement prior to the end of your term, the effective end date will be on your next applicable meter read date. Fixed Price Plan: You will be charged an early cancellation fee of \$10 per month for each month that remains in your contract term. This fee will be waived if your early cancellation is due to a change of residence or is within the applicable rescission period. Variable Price Plan: No cancellation fee applies. If you cancel this Agreement, you will have the option of returning to your Utility Company's natural gas sales service or choosing another natural gas supplier. WGL Energy Services reserves the right to deny you subsequent enrollment in any WGL Energy Services energy supply service.

### Change of Residence

If you move, you may cancel your Agreement without penalty by contacting WGL Energy Services in writing by mail within 30 days of such change. A final meter reading will be made at your old address and your account will be closed and finalized with your Utility company and WGL Energy Services. If you move within your Utility company's service territory, you may have the option of signing a new Agreement with WGL Energy Services at your new residence.

### Assignment

You may not assign this Agreement. WGL Energy Services may transfer, assign or sell this Agreement in connection with any financing, to any of its affiliates, to anyone succeeding in interest to all or substantially all of WGL Energy Services' assets or business, or to another supplier licensed to conduct business in your Utility company's service area.

### Limitation of Liability

You understand and agree that there are no warranties, either express or implied, associated with this offer or the natural gas and/or electricity service sold under this Agreement. WGL Energy Services will bear no liability to you or any third party for consequential, punitive, incidental, special, or indirect damages. This Agreement constitutes the entire Agreement between you and WGL Energy Services. No statement, promise or inducement made by either party that is not contained in this Agreement shall be valid or binding.

### Information Release Authorization

Through this Agreement, you authorize WGL Energy Services to obtain information from your Utility company that includes, but is not limited to: billing information and history, payment information and history, historical and future natural gas usage, meter readings, and characteristics of natural gas service.

### Contact Information and Dispute Resolution

WGL Energy Services can be reached by mail at: WGL Energy Services Correspondence Center, P.O. Box 1997, Chesapeake, VA 23327-9902. Please contact WGL Energy Services at the address above or call our Customer Care Center toll free at 844-4 ASKWGL (844-427-5945) Mon - Fri between 7:00 am and 7:00 pm ET, except holidays, to answer or resolve any disputes regarding this Agreement. For emergencies pertaining to your service, please call Washington Gas at 1-800-752-7520. The Maryland Office of People's Counsel's web address is [www.opc.state.md.us](http://www.opc.state.md.us) and their toll-free phone number is 1-800-207-4055. The Public Service Commission of Maryland can be reached at 1-800-492-0474 or on their website at [www.psc.state.md.us](http://www.psc.state.md.us).

WGL Energy Services reserves the right to cancel the availability of its natural gas offers at any time.

**Natural Gas Supply Update**  
*Please retain for your records*

February 19, 2020

Sample  
Sample  
Olney, MD 20832-1813

**YOUR CUSTOMER INFORMATION**

**Account Address:** Sample, Olney, MD, 20832-1813  
**Washington Gas Number:** 2200000000  
**WGL Energy Customer Number:** 2200000000  
**WGL Energy Services Natural Gas Supply - Offer:** 48.0¢ per therm  
**Current Term:** One-Year  
**CleanSteps Carbon Offsets Percentage\*:** 5%  
**Email Address:** smz42@aol.com

Dear Sample:

Thank you for choosing WGL Energy Services (WGL Energy) as your natural gas supplier for a WGL Energy Fixed Price Plan. We're looking forward to helping you better manage your energy bill.

You'll find your Customer Information at the top of this page. Terms and Conditions are provided on the back of this letter. **Please review the CONTRACT SUMMARY included with this letter and retain these documents for any future questions you might have.**

Here's what to expect in the next few weeks:

- 1. UTILITY LETTER:** The first thing you'll receive is a letter from your utility company, Washington Gas, confirming you've chosen WGL Energy as your new natural gas supplier. If all of the information is correct, this letter doesn't require a response.
- 2. WGL ENERGY SUPPLY CONFIRMATION:** You'll then receive a letter from us letting you know when WGL Energy will start supplying your natural gas. No response is required.
- 3. NATURAL GAS DELIVERY:** Washington Gas remains responsible for delivering the natural gas supplied by WGL Energy and for responding to emergencies. There will be no disruption of your natural gas service.
- 4. BILLING:** WGL Energy natural gas supply charges will begin appearing on your Washington Gas bill the month after your WGL Energy natural gas supply starts.

If you have any questions, please call a Customer Advocate toll free at 1-844-4 ASKWGL (844-427-5945), weekdays, 7 a.m.-7 p.m., except holidays. Thank you again for choosing WGL Energy.

Sincerely,  
WGL Energy Customer Care Center

**\*To help our customers improve the environment and support cleaner air and water, 5% of your natural gas usage is matched with CleanSteps® Carbon Offsets, from WGL Energy.**

WGL Energy Services prices are for natural gas supply only. Prices are not regulated by the Maryland Public Service Commission and do not include distribution, balancing or other utility charges and taxes. (MD License no. IR-324). WGL Energy delivers a full ecosystem of energy offerings provided by WGL Energy Services, Inc. and WGL Energy Systems, Inc.

**PHI\_UNF\_SB681**

Uploaded by: Lanier, Ivan

Position: UNF



An Exelon Company



An Exelon Company

February 25, 2020

112 West Street  
Annapolis, MD 21401  
410-269-7115

**OPPOSE – Senate Bill 681**  
**Senate Bill 681 Electricity Suppliers and Gas Suppliers – Consumer Protections**

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) oppose **Senate Bill 681 Electricity Suppliers and Gas Suppliers – Consumer Protections**. Senate Bill 681 would authorize the Office of the People’s Counsel (OPC) to investigate and request documents and information from electricity suppliers and gas suppliers if it determines that it is necessary to protect the interest of residential and gas customers. It would require the supplier to provide OPC with written responses and documents related to an investigation, unless the PSC determines that it is not required. It would also prohibit a supplier from switching a customer’s rate for electricity or gas supply from a fixed rate to a variable without first obtaining the customer’s written consent and prevent a supplier’s ability to assess a fee over \$50 for early termination of a contract.

Senate Bill 681 specifically requires information from an electric company that compares the electricity supplier’s rate to the applicable electric company’s standard offer service (SOS) rate. It also requires the electric company to calculate a comparison of the cost of electricity supply based on the customer’s monthly electricity usage with SOS and to list the price differences between the rates in a chart on the consumers electric bill. Senate Bill 681 would require electric companies to provide information to which electric companies do not have access.

Pepco and Delmarva Power support transparency in pricing and contract terms and note that COMAR includes provisions dedicated to consumer protection. However, electric companies are not able to comply with Senate Bill 681 because third-party suppliers serving in the Pepco and Delmarva Power service territories provide us with what we term “bill ready” information. This means that a third-party supplier provides Pepco and Delmarva Power with only the information necessary to bill a customer and does not provide the rate at which it has contracted with a customer. Accordingly, the electric company cannot provide information that compares rates, or list the price differences in rates as required by Senate Bill 681.

For the above reasons, Pepco and Delmarva Power respectfully request an unfavorable vote on Senate Bill 681.

Contact:

Katie Lanzarotto  
Senior Legislative Specialist  
202-872-3050  
[Kathryn.lanzarotto@exeloncorp.com](mailto:Kathryn.lanzarotto@exeloncorp.com)

Ivan K. Lanier  
State Affairs Manager  
410-269-7115  
[Ivan.Lanier@pepco.com](mailto:Ivan.Lanier@pepco.com)

# **NRG\_Lininger\_UNF\_SB681**

Uploaded by: Lininger, Brett

Position: UNF



## **SENATE BILL 681 –ELECTRICITY SUPPLIERS AND GAS SUPPLIERS – CONSUMER PROTECTIONS**

**UNFAVORABLE**

**SENATE FINANCE COMMITTEE**

**February 25, 2020**

NRG Energy, Inc. (“NRG”) submits these comments in **opposition** to **SB 681 –Electricity Suppliers and Gas Suppliers – Consumer Protections**.

NRG is a Fortune 500 company, delivering customer focused solutions for managing electricity, while enhancing energy choice and working towards a sustainable energy future. We put customers at the center of everything we do. We create value by generating electricity and serving more than 3 million residential and commercial customers through our portfolio of retail electricity brands – including here in Maryland, where NRG owns four companies that are licensed by the Public Service Commission to serve retail customers.

NRG strongly opposes SB 681 because it:

- Creates duplicative investigative and enforcement authority over competitive retail suppliers:
  - The Public Service Commission already possesses all the investigative and enforcement authority required to regulate the competitive market and competitive retail suppliers.
  - The OPC already possesses the authority to investigate and request the PSC to initiate proceedings against competitive suppliers when warranted.
- Ignores the fact that the PSC has established a new Compliance and Enforcement unit within its Consumer Affairs Divisions dedicated to more proactive oversight of utilities and competitive retail suppliers to ensure compliance with the PSCs regulations.
- Puts the OPC in the role of regulating competitive supplier prices which will stifle innovation and eliminate the choices available to Maryland consumers.

The General Assembly adopted the Electric Customer Choice and Competition Act of 1999 (“Electricity Competition Act”) and Natural Gas Supplier Licensing and Consumer Protection Act of 2000 (“Natural Gas Act”) which opened Maryland’s electricity and natural gas markets to competition and gave Maryland consumers the right to choose the source of the energy they buy and from whom. These laws deregulated the generation, supply, and pricing of electricity and natural gas and gave the Public Service Commission the statutory authority to license and regulate all competitive electricity and natural gas suppliers. In fulfillment of its duty to implement these laws, the PSC balances the interests of all market participants and stakeholders – including suppliers, utilities, OPC, and others – in promulgating the rules governing Maryland’s competitive electricity and natural gas markets. The PSC strikes a

necessary balance between ensuring that markets are competitive, consumers are adequately protected.

According to the PSC's website, as of December 2019, approximately 430,000 Maryland electricity customers were taking supply service from competitive retail suppliers, while just over 200,000 natural gas customers had switched to competitive suppliers. As the PSC reported to the legislature in October 2019, of the 1,842 complaints filed against electric and gas utilities and competitive suppliers that it investigated in 2018, less than half were against competitive suppliers. On average, the PSC reported that competitive suppliers have generated just under 600 complaints a year for the past 4 years. This means that **of the 630,000 electricity and natural gas customers that are served by competitive retail suppliers, only 0.1% - 0.2% of them have required assistance from the PSC to address their concerns or problems with their service, and 90% of those concerns were resolved within 60 days.**<sup>1</sup>

Senate Bill 681 proposes to give duplicative investigative and enforcement authority over retail suppliers to the Office of Peoples Counsel that the Public Service Commission already possesses. Moreover, the OPC already has the authority to conduct investigations and request that the PSC initiate proceedings as OPC considers necessary. OPC has exercised this authority and the PSC has responded by opening cases it deems are warranted. The PSC, on its own initiative, has created a new enforcement unit within its Consumer Affairs Divisions to focus more attention on ensuring the suppliers licensed by the commission are complying with its rules. The PSC must be permitted to retain this authority because the PSC is the regulator of this market, whereas OPC is an interested party representing an important, but narrow interest. As an interested party, OPC has for decades advocated against the competitive retail market and customer choice. The OPC opposes every license application by any company seeking a retail supplier license from the PSC. OPC has for years opposed all efforts to improve Maryland's competitive retail market that would enable the market to deliver more benefits to Maryland consumers.

SB 681 would enable OPC to use its opposition to Maryland's competitive market to stifle innovation and restrict customer choice. The bill includes provisions that would give the OPC the ability to effectively regulate the prices offered by competitive suppliers, which the General Assembly specifically deregulated when it adopted the Competition Act in 1999. The bill would enable the OPC to treat the utility price to compare as a price cap in the market and enforce refunds of any charges that are higher than the utility PTC. The bill would also limit the kinds of products available to customers. In short, SB 681 would empower the OPC to drive all innovation out of the market and turn back the clock 20 years to a time when customers had no choice of their energy supply.

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<sup>1</sup> *Response to 2019 Joint Chairmen's Report on the Fiscal 2020 State Operating Budget (HB 100) and the State Capital Budget (HB 101) and Related Recommendations*, Report of the Public Service Commission of Maryland, October 1, 2019. Note, because the PSC report does not provide a breakdown of complaints against suppliers by electricity or natural gas, we calculate the complaint to sales ratio using the same numerator (600 complaints) for both electricity and natural gas shopping customers. As such, the actual complaint to sales ratios for each group of suppliers are likely lower.

Maryland's energy supply market is competitive and has been growing and evolving for the last 20 years. Competitive suppliers offer customers a variety of value-added products and services, including price stability through fixed price supply plans, renewable and carbon free energy, supply plans that include technology aimed at improving customers' energy efficiency and lowering their overall bills, and a whole host of other products of value to customers that customers freely choose.

The offers available in the competitive market cannot easily be compared to the regulated Standard Offer Service ("SOS") rate, which is procured according to a prescribed plan approved by the PSC and which is fundamentally different than any other product available in the competitive market. Simply put, no competitive suppliers offer customers a pricing option comparable to SOS, where electricity supply for 25% of non-shopping residential load is procured by the regulated utilities under two-year contracts twice annually, and where weighted average rates are determined for a summer period that runs from June 1 to Sept 30 and a non-summer period that runs from Oct 1 through May 31. Because such a product is not available in the competitive market, any comparisons to the resulting SOS rate are inherently flawed. Moreover, it is not at all clear that the utility SOS rates accurately reflect all of the costs associated with the provision of SOS – meaning that SOS is priced below market. Comparing SOS rates to electricity and natural gas supply prices offered by competitive suppliers offering a wide variety of value-added products and services is like comparing apples and cucumbers.

SB 681 ignores the right of consumers to choose the energy supply products and services they want. It seeks to force a comparison of offers from competitive suppliers to the utility SOS rates, to penalize suppliers offering value-added services that may cost more than the plain vanilla utility standard offer service, and harms customers by taking away their choices. The Office of People's counsel is an important and valued stakeholder in the overall regulatory process governed by the Public Service Commission. But its mission is far different than that of the PSC, which has a duty to balance the interests of all stakeholders while fulfilling its mission to implement fair rules that ensure that the competitive energy markets that the General Assembly envisioned are realized, while also fulfilling its duty to protect consumers. The PSC has the independence, expertise and fair regulatory process that allows all stakeholders to make their voices heard and it should continue to do so.

Thank you for the opportunity to share our perspective on SB 681 and for the above reasons NRG urges the Committee give the bill an **unfavorable** report.

#### **NRG Energy, Inc. Contact Information**

**Sarah Battisti**, Director Government Affairs, NRG Energy, Inc., 804 Carnegie Center, Princeton, NJ 08540, 717-418-7290, [sarah.battisti@nrg.com](mailto:sarah.battisti@nrg.com)

**Leah Gibbons**, Director Regulatory Affairs, NRG Energy, Inc., 3711 Market Street, Suite 1000 Philadelphia, PA 19104, 301-509-1508, [lgibbons@nrg.com](mailto:lgibbons@nrg.com)



**John Fiastro**, Fiastro Consulting, 1500 Dellsway Road, Towson, MD 21286, 443-416-3842,  
[john@fiastroconsulting.com](mailto:john@fiastroconsulting.com)

**Brett Lininger**, Old Line Government Affairs, 10 West Pennsylvania Ave., Suite 200, Baltimore,  
MD 21204, 443-527-4837, [blininger@nemphosbraue.com](mailto:blininger@nemphosbraue.com)

**Joe Miedusiewski**, Old Line Government Affairs, 10 West Pennsylvania Ave., Suite 200,  
Baltimore, MD 21204, 410-321-4580, [americanjoe@oldlinelobbying.com](mailto:americanjoe@oldlinelobbying.com)

**Vistra\_UNF\_SB681**

Uploaded by: Nash, Katie

Position: UNF

**Senate Finance Committee  
February 25, 2020**

Vistra Energy respectfully submits this testimony in **opposition to SB 681 – Electricity Suppliers and Gas Suppliers - Consumer Protections.**

Vistra Energy (NYSE: VST) is a premier, integrated, Fortune 350 energy company with retail operations in Maryland. Vistra combines an innovative, customer-centric approach to retail with safe, reliable, diverse, and efficient power generation.<sup>1</sup>

Vistra believes that strong customer protections and enforcement are vital to a functioning competitive market. While Vistra believes the policy goals of SB 681 are laudable, that being enabling increased enforcement of customers protection rules and providing additional customer protections, the process that the legislation takes to achieve those goals are a step backward for customers who could benefit most from competition.

SB 681 would task the Office of People’s Counsel (OPC) with an additional level of investigative power and require the Maryland Public Service Commission (PSC) to address associated discovery disputes outside of docketed cases. However, the PSC is already taking action to ensure better enforcement of customer protection rules. Earlier this month, the PSC announced that it created a Compliance and Enforcement Unit within its Consumer Affairs Division (CAD). It is anticipated that the new unit’s responsibilities will include work tasks that support the intent of this legislation.

Furthermore, the OPC has noted in testimony before this Committee as well as the Senate Budget and Taxation and House Appropriations and Economic Matters Committees that the 19-member agency’s resources are currently exhausted - specifically with the 2019 Federal Energy Regulatory Commission (FERC) activities (Docket Nos. EL16-49-000 and EL18-178-000) and OPC’s involvement with PJM. OPC understandably has a heavy workload for the foreseeable future. It is unknown what impact this legislation would have on those activities. Vistra believes that the PSC’s new Enforcement Unit should be given an opportunity to show its ability to handle enforcement actions before adding another layer of enforcement

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<sup>1</sup> The company brings its products and services to market in 20 states and the District of Columbia, including six of the seven competitive markets in the U.S. and markets in Canada and Japan, as well. Serving nearly 5 million residential, commercial, and industrial retail customers with electricity and gas, Vistra is the largest competitive residential electricity provider in the country and offers over 40 renewable energy plans. The company is also the largest competitive power generator in the U.S. with a capacity of approximately 39,000 megawatts powered by a diverse portfolio of natural gas, nuclear, coal, solar, and battery energy storage facilities. The company is a large purchaser of wind power. The company is currently developing the largest battery storage system of its kind in the world –a 300-MW/1,200-MWh system in Moss Landing, California.

Colin Fitzsimmons, Director, Government Affairs, Vistra Energy  
[colin.fitzsimmons@vistraenergy.com](mailto:colin.fitzsimmons@vistraenergy.com)/717.817.1453

Katie Nash, Energy Advocacy Maryland  
[energyadvocacymaryland@gmail.com](mailto:energyadvocacymaryland@gmail.com)/301.524.9142

SENATE FINANCE COMMITTEE  
UNFAVORABLE  
VISTRA ENERGY

oversight and potentially creating a more overworked and inefficient system of enforcement.

It should be noted that the PSC has routinely taken action as needed to protect customers. In 2016, the PSC implemented stronger consumer protections. After a collaborative effort with input from utilities, retailers, and consumer advocates developed a strong set of consumer protections. Retailers were/are required to do the following:

- Provide notifications to customers 30 days before a contract term end
- Disclose the following month's variable rate (if applicable) 12 days in advance (via email, letter, toll-free number, and website)
- Provide customers with an easy to read "contract summary"
- Switch a customer to/from their service provider within 3 days
- Provide additional customer disclosures concerning pricing (including a letter to customer if rate changes more than 30%)
- Adhere to certain door to door sales requirements concerning agent training and qualifications

The PSC features information regarding consumer protections on the current PSC website (<https://www.psc.state.md.us/electricchoice/customer-rights-protections/>) and is scheduled to release a new customer shopping website this year.

SB 681 also attempts to limit the level of appropriate contract termination fees that suppliers are able to offer in the market. Such fees have been routinely discussed in PSC proceedings and upheld. Such fees enable energy suppliers to help mitigate risk of the cost of a customer leaving their contract without cause. Often, suppliers pre-purchase the anticipated energy needed to supply the customer during the term of their contract, if the customer were to leave prior to the end of the contract this could leave the supplier with a significant financial exposure with limited ability to recover. For this reason, retail energy suppliers, with proper notification are permitted, to levy a termination fee if the customer breaks a contract without cause, the same as many other businesses who take on financial risk at the outset of a contract (such as hotels, internet providers, insurers, gyms). This practice not only provides some level of financial recovery to suppliers but it also allows suppliers to obtain the best prices for supply offers helping to lower prices for all energy consumers. Limiting the amount that energy suppliers can charge for a termination fee significantly restricts the ability of energy suppliers to hedge against the financial risk of a customer leaving a contract without cause.

Vistra knows that transparency, appropriate customer protections and strong enforcement are the keys to a functioning competitive market. Vistra looks forward to partnering with the Maryland legislature, state agencies and other stakeholders to ensure that all Maryland consumers can receive the benefits of the competitive market balanced with the appropriate customer protections that any competitive energy market needs to be effective. Vistra supports the actions currently being undertaken by the PSC, such as their work to implement Supplier Consolidated Billing, and believes that such actions will help strengthen transparency for customers' ability to know their contract terms and make choices that best fit their energy needs.

Thank you for the opportunity to share our perspective on SB 681 and for the above reasons Vistra urges the Committee to provide an **unfavorable** report.

# **WGL Energy Services\_Brian Smith\_Oppose\_SB 681**

Uploaded by: Smith, Brian

Position: UNF



8614 Westwood Center Drive  
Suite 1200  
Vienna, VA 22182-2260  
703.333.3900  
[WGLEnergy.com](http://WGLEnergy.com)

Senate Finance  
February 25, 2020

## Senate Bill 681 – Electricity Suppliers and Gas Suppliers – Consumer Protections

### 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.

We respectfully oppose SB 681 because of three main concerns.

### ENFORCEMENT AND AUTHORITY

The bill outlines a number of areas where the PSC currently has authority and enforcement ability. Additionally, the OPC already has the ability to not only make data requests, but also intervene in proceedings whenever they see fit.

In an effort to strengthen protections, the PSC recently announced establishment of a Compliance and Enforcement Unit within its Consumer Affairs Division (CAD). According to the Commission, the “unit will be dedicated to more proactive oversight of utilities and third-party energy suppliers to ensure compliance with the Commission’s regulations.”

We understand some energy suppliers have not complied with the current rules and have not always treated customers well, but the proper place for reporting those companies and enforcement when illegal practices occur is the PSC.

### PRICE TABLE

The bill outlines an effort to collect pricing data from suppliers and compare those to SOS rates. 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.

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

#### FIXED RATE TO A VARIABLE RATE

The bill would require written consent from a customer prior to switching from a fixed to a variable rate—even if those terms were clearly outlined in the original contract. This would impose inappropriate restrictions on sales transactions in a deregulated market.

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.

Because of these concerns, we respectfully ask the Committee for an unfavorable report of SB681.

Brian Smith, State Government Relations and Public Policy Manager  
P 202.624.6031 | M 202.945.7140 | [Brian.Smith@wglenergy.com](mailto:Brian.Smith@wglenergy.com)

.....



8614 Westwood Center Drive  
Suite 1200  
Vienna, VA 22182-2260  
703.333.3900  
[WGLEnergy.com](http://WGLEnergy.com)

**APPENDIX**

**SAMPLE RENEWAL ENVELOPE**



P.O. Box 7600  
Hampton, VA 23666-0600  
[WGLEnergy.com](http://WGLEnergy.com)

**Important Information About the Expiration of Your Energy Supply Contract**

Mr. & Mrs. Customer  
123 America Drive  
Anytown, USA 99999

.....  
**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](http://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.



8614 Westwood Center Drive  
Suite 1200  
Vienna, VA 22182-2260  
703.333.3900  
[WGLEnergy.com](http://WGLEnergy.com)

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](http://www.wglenergy.com).)

**BGE\_UNF\_SB 681**

Uploaded by: Washington, Charles

Position: UNF



An Exelon Company

## Position Statement

**Oppose**  
Finance Committee  
2/25/2020

### **SB 681: Electricity Suppliers and Gas Suppliers - Consumer Protections**

Baltimore Gas and Electric Company (BGE) opposes *Senate Bill 681: Electricity Suppliers and Gas Suppliers - Consumer Protections*. This bill authorizes the Office of People's Counsel (OPC) to investigate and request specified documents from a retail electricity or gas supplier, subject to specified requirements. Unless the Public Service Commission (PSC) determines that a supplier is not required to respond, a supplier must provide written responses and documents to OPC.

One concerning aspect of the bill is the lack of clarity regarding the responsible entities for providing a chart that compares a third-party electricity supplier's rate to the utility's standard offer service rate. Third-party supplier billing information for each of the suppliers customers is not readily accessible to the utility.

Currently, third-party suppliers generally provide BGE with customer "bill ready" information, which includes the total bill amount assessed to the customer. BGE does not have access rate information outlined in this bill; therefore, it is not feasible for the utility to provide the calculations required under the bill. The responsibility of providing this supplier information should be placed on the supplier offering the rate rather than the utility.

Accordingly, BGE opposes Senate Bill 681, unless it is amended to clarify that suppliers must provide the data and calculations that this legislation requires be included in customer bills.