

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
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SUPPORT – SB685/HB1224 –
Electricity and Gas - Energy Suppliers – Assisted Customers

Dear Madame Chair, Vice Chair Feldman and members of the Finance Committee,

SB686 would maximize the efficiency of the limited state energy assistance budget, while protecting low-income households from undue financial harm due to high third party energy supplier charges.

You all should have received an amendment for this bill. In the original bill we would have enacted an outright ban on third party suppliers selling to Office of Home Energy Programs (OHEP) customers. With this amendment we are offering an option that allows suppliers to continue to sell to households on energy assistance, but ensures they cannot charge premium prices to customers on OHEP. Suppliers would have to give all (OHEP) households prices for electricity and gas that “meet or beat” the utility’s rates.

The Problems:

- 1) Wasted ratepayer and taxpayer money.
 - 2) Diluting energy assistance benefits.
 - 3) PSC does not regulate pricing, only MDGA can.
- Federal electricity data showed that on average Maryland households paid 15-20% more when they switched to a third party supplier, almost \$350 million more from 2014 to 2018.
 - There is ample evidence that low-income households are disproportionately harmed by third-party supply options and that their electricity costs are far higher than Standard Offer Service.
 - Ironically, this also means that much of the energy assistance from rate payers and private sources meant to reduce the burden of energy bills for low-income households, is wasted on paying inflated, out-of-state third party energy suppliers.
 - Massachusetts, Connecticut, Illinois, and New York, where data is available, have released reports that make clear that low-income households are not only paying higher rates than residential customers as a whole, but that low-income households are disproportionately enrolled with third-party energy suppliers.
 - Yearly estimate of the amount Maryland wastes: \$10,000,000 for about 20,000 electric OHEP clients and 10,000 gas clients.

Facts about Energy Assistance:

- 372,000 households in Maryland qualify for Office of Home Energy Programs (OHEP) -
- 175% fed poverty
- “OHEP” is under Department of Human Services. OHEP processes applications and sends grants to utility companies to help low-income households pay down utility bills.
- 97,000 households get OHEP energy assistance per year.
- OHEPs FY2018 budget was \$82M and came from three sources: Regional Greenhouse Fund contribution (RGGI taxpayer funds), a surcharge all MD rate payers pay into, and federal grant funds called LIHEAP.
- OHEP is very low-income -- about \$16,000 per household income per year with average utility bills of about \$1,500 per year.
- Evidence collected for the Abell Report and Southern Maryland Electric Coop (SMECO) reported that OHEP clients enrolled with third party energy suppliers paid about \$500 more per year after enrolling with suppliers.

The bottom line -- deregulated, third party energy supplier price premiums are a misuse of public monies and undermines the intent of energy assistance.

Thank you for your time and I ask you for a favorable report on HB685.

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

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