



HOUSE BILL 768 – MONTGOMERY COUNTY – COMMUNITY CHOICE ENERGY – PILOT PROGRAM

UNFAVORABLE

**HOUSE ECONOMIC MATTERS COMMITTEE
February 18, 2021**

NRG Energy, Inc. (“NRG”) submits these comments in **opposition** to **HB 768 – Montgomery County – Community Choice Energy – Pilot Program**.

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 6 million residential, commercial, industrial and governmental customers through our portfolio of retail electricity brands – including here in Maryland, where NRG owns seven companies that are licensed by the Public Service Commission to serve retail customers. These companies offer customers a range of products ranging from cash back rewards and loyalty points, to charitable giving and 100% renewable electricity.

NRG opposes HB 768 because rather than facilitating customer choice, it reduces the choices available to residential and small commercial customers living in Montgomery County by enabling the County to: 1) establish a new monopoly whereby the county effectively becomes the default supplier of electricity to all residential and small commercial customers in its jurisdiction, and 2) makes the electricity shopping decisions, including choosing the electricity supplier and generation resources on behalf of all customers in their jurisdictions.

More specifically, HB 768:

- Replaces individual customer choice with *government* choice. Enabling Montgomery County to make decisions that today every Maryland customer is empowered to make.
- Puts local government officials and their consultants in the position to choose the supplier and/or the generation sources, determine the costs and rates to be passed on to aggregated customers, and decide on the rights and responsibilities of aggregated customers.
- Replaces one monopoly (the local distribution company) with another monopoly (the winning aggregation supplier) that will serve all customers who fail to take some affirmative action to select another supplier or utility SOS.
- Masks the identity of the electricity supplier selected to serve the aggregated customers by requiring the utility bill to reflect the local government aggregator as the supplier.

- The county will not be required to obtain a license to supply electricity in Maryland.
- The retail supplier selected to serve these aggregated customers are prohibited from being identified on the bill.
- Enables the County to promote state mandated energy efficiency programs offered by the regulated utilities as part of their aggregation plan to customers.
 - Such promotion is misleading to customers in that all customers can avail themselves of these programs regardless of whom they take service from – including competitive retail suppliers. Such a provision serves to give the County an unfair competitive advantage over competitors in the market who are not similarly vested with the ability to promote programs offered by the regulated utilities.
- Requires customers to opt-*out* of being included in the aggregation.
 - The only way to avoid being placed in the aggregation by default is for the Customers to take affirmative action to choose another supplier or to specifically choose SOS – which is currently the default service supply option available to all consumers who take no action to choose a supplier. Montgomery County would effectively become the new default service provider.
 - Even shopping customers whose contracts end and are not automatically renewed will default to the aggregation unless they 1) provide *written notice* to the county or municipality to opt-out, 2) contract with another supplier, or 3) affirmatively choose SOS. In other words, customers must act to *avoid* the aggregation, not just one time, but continually for as long as the aggregation continues.
- Requires the aggregation plan to include a purchasing plan designed to save ratepayers money, however:
 - The bill is silent on how such savings would be calculated or what benchmark would be used; and,
 - Given the apparent goal of fostering renewable and alternative energy sources, which in Maryland’s market are priced at a premium, the comparison cannot be to the SOS rates provided by the utilities.
 - SOS is a plain vanilla service procured according to a plan determined by the Commission. SOS rates do not reflect the true cost of providing that service at retail, as a portion of the cost is recovered in distribution rates.
- For new and moving customers, the bill potentially subverts a customer’s choice of a competitive supplier due to the fact that the Commission has not adopted rules to enable customers to take service from a retail supplier on day one of their new electric service.
 - The requirement that a customer have a contract with a retail supplier “on applying for new electric service” – which is not possible – necessarily means

that a customer could be diverted to the aggregation instead of their chosen supplier once service is established.

- Requires the regulated utilities to provide pre-enrollment load data to the County, with no exception or exclusion of data for customers served by competitive retail suppliers.
- Requires utility standard offer service customers to pick up the bill for delinquent accounts served by the local government aggregations.

Finally, while the program is billed as a pilot only for Montgomery County, it could easily be expanded to include all counties, thus spreading the problems cited above to all Maryland customers.

In short, HB 768 is a bad deal for Montgomery County customers.

Thank you for the opportunity to share our perspective on HB 768 and for the above reasons NRG urges the Committee give the bill an **unfavorable** report.

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