

BILL NUMBER: House Bill 397**COMMITTEE:** Economic Matters**BILL TITLE:** Electricity and Gas- Energy Suppliers- Supply Offers**DHS POSITION:** Letter of Information

The Department of Human Services (DHS) respectfully offers this letter of information regarding House Bill 397 (HB 397). HB 397 requires the Public Service Commission (PSC) to establish an administrative process to approve retail supply offers for electricity or gas to households in the State that receive energy assistance through a program administered by the Office of Home Energy Programs (OHEP).

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

HB 397 would require OHEP to undertake an educational campaign to educate recipients, potential applicants, and front line workers about the provisions of this legislation. Particularly because this restriction is not well understood by potential applicants. This educational campaign would need to consist of at minimum:

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

A report published by the Public Service Commission in December of 2020, provided evidence that indeed low-income communities, particularly in Baltimore City, were targeted for aggressive door-to-door sales campaigns from a variety of retail electricity suppliers. This report also documented the limited number of available retail energy supplier contracts that offered electricity at or below the utility's standard offer service state-wide. While the exact number of Energy Assistance recipients who are currently enrolled in electricity contracts with rates exceeding standard offer service is not known, the information contained in the PSC's report indicates that this legislation may result in a cost savings for OHEP, while allowing grant dollars to stretch further for energy assistance recipients.

The Department appreciates the opportunity to share the aforementioned information regarding HB 397 and respectfully requests that this information be considered during the Committee's deliberations.

