



Auto Consumer Alliance

13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

**Testimony to the Senate Finance Committee
HB 397 – Electricity and Gas – Energy Suppliers – Supply Offers
Position: Favorable**

February 4, 2021

The Honorable Dereck E. Davis
House Economic Matters Committee
251 Lowe House Office Building
Annapolis, MD 21401
cc: Members, House Economic Matters Committee

Honorable Chair Davis and Members of the Committee:

I'm a consumer advocate and Executive Director of Consumer Auto, a group that brings together consumer-friendly auto dealers and consumer advocates to work for safety, transparency, and fair treatment for Maryland drivers and car buyers.

We support HB 397 because it will help to protect many low-income Marylanders receiving energy assistance from being victimized by high energy prices and confusing claims from third-party energy suppliers and make sure the state's limited energy assistance funds aren't wasted on overpriced energy.

As a consumer advocate, I have followed energy deregulation issues in Maryland for years. Indeed for a couple years in the middle of the last decade – as part of my work with another organization – I regularly attended meetings of a Public Service Commission working group that was striving to make energy choice more consumer-friendly and understandable to grassroots consumers. In the process, I learned that Maryland's "energy choice" program involved a baffling array of different offers touting to consumers different kinds of savings and advantages from scores of potential energy suppliers.

Even as someone who follows these issues professionally, I found it very difficult to evaluate the competing claims from various suppliers or to find anything like an apples-to-apples comparison of their bottom-line costs for ratepayers. The whole process was clearly anything but transparent for consumers.

For this reason, I was not at all surprised that the now-famous Abell Foundation report of Dec. 2018 on "Maryland's Dysfunctional Third Party Energy Supply Market" found that many of the ratepayers who thought they were saving money by choosing alternative suppliers in fact end up overpaying for gas and electric service. Still it was startling to learn just how badly many consumers were over-paying: the report's findings that energy choice consumers had incurred excess charges for gas and electric supplies of about \$255 million between 2014 and 2017 and that the low-income Baltimore-area consumers surveyed by the study were paying about 51% more for gas and about 78% more for electricity than they would have paid BGE for the same supplies made clear that the energy choice program was often a bad choice for ratepayers.



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The problem is especially acute, of course, for very low-income consumers – including many of the 97,000 Maryland households who received energy assistance from Maryland’s Office of Home Energy Programs last year. Those OHEP households have an average income of just \$16,000/year and average energy bills of more than \$1,500/year – and yet data shows they often pay more than \$500/year more for energy than they would pay to their regulated local utility.

By requiring energy suppliers serving OHEP households to offer energy supplies, going forward, at a rate that is at or below the standard rate of service for gas and electricity, **HB 397** will protect low-income ratepayers against such burdensome overcharges. It will also make sure the state’s relatively scarce energy assistance dollars go as far as possible to help households in need – and are not wasted to pay for excessive energy fees from third-party energy suppliers.

We support **HB 397** and ask you to give it a **FAVORABLE** report.

Sincerely,

Franz Schneiderman

Consumer Auto