



Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Mary Beth Tung, Director

TO: Members, House Economic Matters Committee
FROM: Mary Beth Tung – Director, MEA
SUBJECT: HB0397 (SB0031) – Electricity and Gas - Energy Suppliers - Supply Offers
DATE: February 4, 2021

MEA POSITION: UNF

MEA has been supportive of the Commission’s efforts to develop a competitive energy market in Maryland, a process which began when the General Assembly passed the Electric Customer Choice and Competition Act of 1999. This is because retail rates in states with wholesale electric competition (like Maryland) have increased less than in states without restructured markets; creating “significant value for customers in Maryland.”¹ From 1990 to 2014, a review of percentage changes in weighted average prices, in both nominal and real terms, shows that retail choice states had the best price outcomes for residential, commercial, and industrial customers.²

Retail choice has also been a boon for “green sales.” “Green pricing programs offer customers the option of buying power from environmentally friendly generation resources...”³ Growth in retail choice states resulted in approximately double the volume of “green sales” by 2013 as compared to traditional states.⁴

House Bill 397 restricts the ability of Maryland ratepayers who receive assistance from the Office of Home Energy Programs within the Department of Human Services to select a competitive energy supplier for their electric or gas service, removing an individual ratepayer’s ability to select an energy supply offer that they believe provides the greatest benefit.

MEA recognizes the importance of protecting Maryland’s most vulnerable ratepayers. However, constraining the competitive energy marketplace may limit overall benefits to all Marylanders. MEA urges the Committee to consider this information and issue a **unfavorable report** on House Bill 397.

¹ *A Common Sense Guide to Wholesale Electric Markets*, Bates White, 2007, at 37.

Retail Rate Comparisons and the Electric Restructuring Debate, Bates White, 2008, at 2.

² *Retail Choice in Electricity: What Have We Learned in 20 Years?*, Electric Markets Research Foundation, 2016 at 43, *Citing* U.S. Energy Information Administration [Form 861, Green_Pricing2010.xls, Green_Pricing2011.xls, and Green_Pricing2012.xls]

³ *Id* at 39.

⁴ *Id*.