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House Economic Matters Committee
February 2, 2021

House Bill 0397 – Electricity and Gas – Energy Suppliers – Supply Offers

POSITION: UNFAVORABLE REPORT

Thank you, Chairman Davis and members of the House Economic Matters Committee, for the opportunity to comment on HB0397.

WGL Energy has served Maryland customers for over 20 years, delivering a full spectrum of customized energy solutions to residential, commercial, and industrial customers, across several utility service territories in the state.

HB0397 seeks to remove a customer’s ability to individually shop for an electric or gas supply offer from a retail supplier if such customer has received energy assistance from the Office of Home Energy Programs (“OHEP”) during the previous fiscal year. However, this customer class can select an offer from a retail supplier only if the offer is approved by Maryland Public Service Commission (“PSC”), charged at or below the Standard Offer Service (“SOS”) rate or Gas Commodity rate.

WGL Energy supports all customers having the individual freedom to choose and access the benefits of retail competition. At the crux of this issue is the ongoing inaccurate comparison between competitive supply products and utility rates proclaimed as an apples-to-apples comparison. These are fundamentally different products and the utility commodity rates do not capture the full costs of the utility providing this supply. The utility rates also change throughout the year to reflect market prices and utility accounting adjustments. This makes it inappropriate to simply try and compare two numbers and make state-wide policy decisions. This must be avoided.

We fully recognize the concern raised by HB0397. While it seeks to ensure that Maryland taxpayers’ energy assistance dollars are not spent on more expensive third-party energy suppliers with these new proposed rules, HB0397 is not the answer, as discussed below.

While the competitive market offers much more than lower prices, the competitive market is also where the lowest prices can be found. To provide a few examples, in the Pepco service territory, there are **56** electricity supply offerings below the SOS rate, 38 of which are fixed

price offerings between three and thirty-six months.¹ One of the lowest prices posted on the PSC's shopping website in the Pepco service territory is \$0.062 per kWh, so customers on SOS are paying a 27.5% premium at \$0.07905 per kWh.²

In the BGE service territory, there are **39** electricity supply offerings below the SOS rate, 24 of which are fixed price offerings between three and twenty-four months.³ One of the lowest prices posted on the PSC's shopping website in the BGE service territory is \$0.053 per kWh, so customers on SOS are paying a 36% premium at \$0.07225 per kWh.⁴

And on the gas side, in the BGE service territory, there are **8** gas supply offerings below the default Gas Commodity rate, 3 of which are fixed price offerings between five and twelve months.⁵ The lowest price posted on the PSC's website in the BGE service territory is \$0.2990 per therm, so customers on the default Gas Commodity rate are paying a 34.6% premium at \$0.4027 per therm.⁶

Thus, for customers who want to shop based solely on lowest price, there are benefits in the market price right now. Yet, these customers generally appear unaware of them. An organized customer education effort would go a long way to informing customers about their right to choose their energy supplier and the products and services available to them today. The Retail Choice Customer Education and Protection Fund which passed into law in 2016 could be tapped into in order to help support this effort.

WGL Energy also strongly supports utility communication and education messages via bill inserts to point customers to the PSC shopping website where customers can see the PTC and the offers available that are below the PTC.

Providing educational information on how to shop as well as customer's rights information is critical to advancing the market. WGL Energy supported legislation that resulted in the creation of user-friendly electric and gas shopping websites enabling consumers to get what they need to make an educated decision about their energy provider. WGL Energy also takes

¹ See <https://www.mdelectricchoice.com/shop/> (for customers with 1,000 kWh monthly usage in the Pepco service territory, as of January 27, 2021).

² Note that the \$0.062 per kWh offer used in this example is a twelve-month fixed price product.

³ See <https://www.mdelectricchoice.com/shop/> (for customers with 1,000 kWh monthly usage in the BGE service territory, as of January 27, 2021).

⁴ Note that the \$0.053 per kWh offer used in this example is a six-month fixed price product.

⁵ See <https://www.mdgaschoice.com/shop/> (for customers with 100 therms monthly usage in the BGE service territory, as of January 27, 2021).

⁶ Note that the \$0.2990 per therm offer used in this example is a five-month fixed price product.



this opportunity to provide a sample of its electric and gas contract summaries as seen in the exhibits A and B. The contract summaries are provided in a clear and concise manner for the customer. WGL Energy is also happy to share a sample of its Terms & Conditions upon request.

WGL Energy is also concerned about the potential implementation of HB0397 and the complications and confusion it will introduce into the marketplace. Suppliers do not have a way to identify the customers who are receiving financial assistance.

- Customer bills do not have any designation to help identify these accounts during the sales process
- Customer list information does not include any designation for these accounts so that marketing efforts could screen them out

Waiting until the supplier seeks to enroll a customer, and then having the utility reject the enrollment only serves to create more confusion and frustration for all involved.

As an alternative to the burdensome and restrictive process of PSC approved offers to OHEP customers, WGL Energy is amendable to enabling suppliers the option to serve OHEP customers without any cancellation fees, as an alternative option. This could be supported by having the utility confirm, when asked, that a customer is on assistance so the supplier can waive a cancel fee.

As a result, WGL Energy recommends the PSC and utilities focus on: (1) advancing customer education particularly for customers receiving OHEP assistance; and (2) enhancing the competitive market to enable customers to shop and select the best energy supply products available to meet their individual needs.

We respectfully ask the Committee for an unfavorable report to HB0397.

Thank you for your consideration.

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Exhibit A -WGL Energy Electricity Contract Summary Sample

| CONTRACT SUMMARY – WGL Energy Fixed Price Plan | |
|---|--|
| Electricity Generation Supplier Information | WGL Energy Services, P.O. Box 1997, Chesapeake, VA 23327-9902, www.wglenergy.com , 1-844-4 ASKWGL (844-427-5945) (toll-free) Generation prices and charges are set by WGL Energy. |
| Price Structure | WGL Energy Fixed Price Plan (Price will not change during the contract.) |
| Generation/Supply Price | 7.9¢/kWh includes 5.0% wind power. |
| Statement Regarding Savings | WGL Energy does not guarantee this contract will always provide savings over Pepco's rate. |
| Incentives | 4% Cashback Reward: At the end of your one-year contract, you will receive a check equal to 4% of your WGL Energy electricity supply cost for the year. Your supply cost will be identified on your bill separately from utility charges, which are not included in the cashback reward offer. |
| Contract Start Date | This contract begins on or before the next meter reading performed by Pepco after your enrollment has been processed. |
| Contract Term/Length | One-Year. |
| Cancellation/Early Termination Fees | \$10 for each month remaining in contract. This fee will be waived if you cancel within the rescission period, during the contract renewal period or if you move. |
| Renewal Terms | At least 45 days prior to the expiration of your fixed price contract you will receive a Renewal Notice. If you do not reply to the Renewal Notice, your contract will automatically renew under the Renewal Notice terms. |



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Exhibit B -WGL Energy Natural Gas Contract Summary Sample

| CONTRACT SUMMARY – WGL Energy Natural Gas Fixed Price Plan | |
|---|---|
| Natural Gas Supplier Information | WGL Energy Services, P.O. Box 1997, Chesapeake, VA 23327-9902, www.wglenergy.com , 1-844-4 ASKWGL (844-427-5945) (toll-free) Commodity prices are set by WGL Energy. |
| Price Structure | WGL Energy Fixed Price Plan (Price will not change during the contract.) |
| Supply Price | 47.0 ¢ / therm includes CleanSteps® Carbon Offsets, from WGL Energy, matched to 5% of your natural gas usage. |
| Statement Regarding Savings | WGL Energy does not guarantee this contract will always provide savings over Baltimore Gas & Electric's rate. |
| Incentives | 4% Cashback Reward: At the end of your one-year contract, you will receive a check equal to 4% of your WGL Energy natural gas supply cost for the year. Your supply cost will be identified on your bill separately from utility charges, which are not included in the cashback reward offer. |
| Contract Start Date | This contract begins on or before the next meter reading performed by Baltimore Gas & Electric after your enrollment has been processed. |
| Contract Term/Length | One-Year. |
| Cancellation/Early Termination Fees | \$10 for each month remaining in contract. This fee will be waived if you cancel within the 3 day rescission period, during the contract renewal period or if you move. |
| Renewal Terms | At least 45 days prior to the expiration of your fixed price contract you will receive a Renewal Notice. If you do not reply to the Renewal Notice, your contract will renew under the Renewal Notice terms. |