# HB 768

February 18, 2021

**VIA HAND DELIVERY**
The Honorable Dereck E. Davis
Room 231
House Office Building
Annapolis, Maryland 21401

Re: Calpine Retail Holdings LLC– House Bill 768 – Opposed

Dear Chairman Davis:

This letter is written on behalf of Calpine Retail Holdings, LLC ("Calpine"), a licensed electricity and natural gas supplier who through its subsidiaries serves residential, commercial and industrial customers in Maryland. As explained below, Calpine is in support of "Customer Choice" and opposes House Bill 768 based on its experience as one of the largest retail electric suppliers in the United States.

Calpine supports customer choice as envisioned when the General Assembly opened Maryland's markets to retail choice over 20 years ago. HB 768 is not a customer favorable or friendly initiative; rather, it removes transparency, it harms customer choice in a decades old market as it creates market power and market concentration where it doesn't exist today and it impacts a customer's initial right to choose. There is nothing that prevents customers from aggregating today into buying groups and affirmatively exercising their right to initially choose a supplier for their electricity and associated products and services to meet their individual circumstances and wishes.

There are serious unintended consequences for Maryland's citizens and businesses. One such consequence is limited or less competition. With less competition innovation is stymied at a time that the Federal Energy Regulatory Commission ("FERC") has made long awaited landmark decisions helping to open a market for storage, renewables and further support energy efficiency and distributed energy resources. An MIT paper published in 2005 aptly warned of market power concerns after retail electric markets were opened.[1]

The current competitive retail market of individual sales based on individual customer choice for residential, commercial and industrial customers is working and should not and does not need to be compromised. The market has been open since 1999 and many customers have

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[1] http://ceepr.mit.edu/files/papers/Reprint_209_WC.pdf "A review of the Monitoring of Market Power" The Journal of Energy Literature XI 2005. Massachusetts Institute of Technology at Pp7-10.

already made their choices. Experience has taught us that this type of late to market aggregation leads to direct interference with the existing markets, customer commitments, customer confusion and frankly switching customers that don't want to be switched.

Other states, including Ohio, Massachusetts, Illinois and New Jersey chose specific types of aggregation (CCA was not the coined term at the time) when electric choice first began to get the market started at a time when there was no existing electric market.[2]

Factually stated, states that have had markets open to retail competition for decades like Pennsylvania, as described by many nationally by multiple market participants as a successful retail market, looked at forced aggregations and wisely elected not to change their longstanding existing structure.

Although House Bill 768 is a pilot limited to one county, it would create market power in Maryland's largest jurisdiction that would damage the entire longstanding successful competitive market. Calpine recommends that the General Assembly reject this aggregation market carve up scheme and maintain the competitive discipline that exists today.

For these reasons, Calpine respectfully requests that you give House Bill 768 an unfavorable report.

Very truly yours,

/s/

Becky Merola
On behalf of Calpine Retail Holding LLC

cc: House Economic Matters Committee Members

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[2] New Jersey recognized the fundamental differences between business and residential customer choice and specifically omitted commercial customers from being automatically enrolled in aggregation programs.