



Comments of the Retail Energy Supply Association House Economic Matters Committee Hearing on HB0397 – February 4, 2021 Electricity and Gas – Energy Suppliers – Supply Offers

Position – Unfavorable

Thank you, Mister Chair, Madam Vice-Chair and members of the Committee for the opportunity to provide comments on HB 397 by the Retail Energy Supply Association (RESA) ¹. RESA opposes HB 397 and respectfully requests that the committee render an unfavorable report on this legislation.

The purpose of this legislation requires the Public Service Commission (PSC) to establish an administrative process to approve supply offers for electricity or gas for households in the State that receive energy assistance through a program administered by the Office of Home Energy Programs.

At the onset allow us to explain some of the rules, processes and procedures put into place by the PSC that are intended to educate the consumer when making a decision about a supply offer.

Consumers have a variety of protections available to them when enrolling with a third-party retail supplier ("supplier".) There are PSC rules in place that mandate what suppliers must do when marketing, advertising, and soliciting their products.

Additionally, when a consumer enrolls with a supplier, there are requirements that "require affirmative confirmation" that the consumer has consented to the enrollment. Minimum contract requirements exist that suppliers must follow that discloses all

¹ The comments expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial, and industrial energy customers. Many of RESA's members are licensed electricity and natural gas suppliers in the State of Maryland, who provide products and services to all classes of customers. More information on RESA can be found at www.resausa.org.



material terms and conditions of the contract, the rules around the methods in which suppliers must utilize for contracting and how evergreen contracts are to be handled.

Within the standards of the contract is a section that details the requirements for a contract summary. This summary, also referred to at times as a "Schumer box" is designed around the same concept as the offerings we all get in the mail from credit card companies, which require first and foremost a simple and understandable summary box of the major terms of the agreement. See Exhibit A for an example of what is required in the contract summary.

There are requirements around customer disclosures which focuses on requirements for price disclosures, and the actions that suppliers must take for notifying customers of contract expiration or cancellation, and specific requirements for notices for change in rates.

Also, there is a section of the rules that focuses on supplier agent relations and the responsibilities that suppliers have for their agents, whether they are contractors or employees. This section details out the qualifications and standards for agents, training, identification and conduct expected during a door-to-door solicitations, for all agents and prior notification of sales activity to the jurisdictional utility and the Commissions' Consumer Affairs Division.

To strengthen the consumer protections provided by the Commission, RESA strongly supported legislation last session which requires the Commission to establish an educational and testing website so suppliers looking to obtain a license in Maryland can demonstrate proficiency and knowledge of consumer protections.

In addition to the aforementioned, the Commission last year rolled out new websites for both electricity and natural gas where suppliers must list offers along with the utilities default rate. Customers can sort this website using many different criteria and make the comparisons for the energy products they desire which meets their energy needs. Suppliers have the option to list additional products and services beyond the commodity which provides a variety of offers for consumers to choose.

Finally, the PSC is taking deliberate steps to ensure that suppliers who are found to not be following rules are appropriately penalized for their actions, and steps are taken to ensure that repeat offenses do not occur. For example, in Case # 9613 ² the commission has recently ordered a supplier to *"desist from adding or soliciting new*

² https://webapp.psc.state.md.us/newIntranet/casenum/CaseAction_new.cfm?CaseNumber=9613



customers in Maryland until further order of the Commission in this matter.”This is just one example of the many actions that the Commission has taken in recent times to address the concerns of supporters of HB 397.

To further demonstrate why we believe HB 397 should be given an unfavorable report, a recent review of complaint statistics at the Commission reveals the fact that consumer complaints against suppliers has dramatically declined and have been at low levels in recent months. This fact in-of-itself shows that there is a low level of dissatisfaction with suppliers and the products that they offer.

RESA each month produces an analysis of supplier offers listed on the PSC website which is referred to as the Energy Market Savings Report. The report reveals that if all customers who were not shopping actually took the best deal for electricity as displayed on the PSC’s website, the savings to the utility’s standard offer service (otherwise known as SOS or the price-to-compare) across the entire state would have been \$47 million in the month of December alone. See Exhibit B attached.

Finally, this brings us to the standard offer service, and the requirement in HB 397 that requires suppliers to charge customers receiving energy assistance a price that is at or below the SOS. For supplier prices to be compared to the SOS is an apples-to-oranges comparison since the SOS price does not reflect all of the costs associated with providing SOS service. The comparison is not transparent since suppliers’ prices include all of the costs incurred to bring the product to market, and yet the SOS rate has no allocation of indirect or overhead costs allocated to it. This means that the SOS price is an inappropriate benchmark for comparing suppliers offers which are fundamentally different and often include additional products and services beyond electric or gas supply.

In summary, RESA strongly urges the committee to render an unfavorable report on HB 397 since there are sufficient actions being taken by the PSC against suppliers who are not following the requirements, the consumer protection rules that are in place, the newly enhanced websites, the decline in complaint statistics and the unfair comparison to the SOS rate.

Again, RESA appreciates the opportunity to provide these comments, and look forward to a unfavorable report by the committee.

TERM BOX	
Utility	Baltimore Gas & Electric ("BGE" or "EDC" or "Utility")
Price Plan	Base Fixed Rate
Initial Price & Term	Base Fixed Rate of \$0.0899 per KWH through a period of 12 months
Term	Following the Initial Term, this Agreement will automatically renew month to month thereafter at a monthly variable price as described in Renewal Term and Price section of this Agreement.
Early Termination Fee	\$99 for Initial Term
Discounting Disclaimer	IGS Energy reserves the right to provide You discounts to the Initial Price listed in the Term Box during the Initial Term. IGS Energy also reserves the right to return Your rate to the Initial Price listed in the Term box if You are no longer eligible for the discounts provided, but in no instance shall Your price exceed the Initial Price listed in the Term Box during the Initial Term.

IGS Energy Contact Info: P.O. Box 9060, Dublin, OH 43017 | 800.280.4474 | IGS.com

Term: This is an Agreement ("Agreement") between Interstate Gas Supply, Inc. ("IGS Energy") and You the Customer (also referred to as: "You", "Your" or "Customer"). The Initial Term of this Agreement is described in the Term Box located at the beginning of this Agreement and will renew as described in the Term Box until canceled by notice as provided by this Agreement. IGS Energy will supply the commodity portion of Your electricity service and BGE will continue to be Your Electric Distribution Company ("EDC"). Due to the volatility of the electric market, IGS Energy reserves the right to discontinue this Agreement any time before enrollment. If You are currently an IGS Energy electric Customer, IGS Energy reserves the right to not accept or rescind this enrollment or to require You to pay the applicable Early Termination Fee for Your existing electric program to be eligible for this program.

Regulatory: The electric program ("Program") pursuant to which You are receiving services hereunder is subject to ongoing Maryland Public Service Commission ("PSC") and BGE jurisdiction and You understand that if the Program is terminated or materially altered, this Agreement may be terminated by IGS Energy without penalty.

Maryland License Number: IGS Energy has been licensed by the PSC to provide the services described in this Agreement. IGS Energy' License Number is IR-2182.

Price: Your price will be as described in the Term Box above. However, if during any fixed price period of this Agreement there is an action or decision by a regulatory body including the Federal Energy Regulatory Commission ("FERC") that impacts wholesale capacity or electric prices or imposes additional cost on IGS Energy in satisfying its obligations under this Agreement, then IGS Energy shall have the right to increase Your price to offset these additional costs.

Your price does not include applicable taxes and/or EDC charges, which will be billed by the EDC. You are responsible for all charges assessed by the EDC for electric transportation and all other applicable EDC charges, which are not included in Your price. Further, You understand that IGS Energy' price is not regulated by the PSC.

Renewal Term and Price: This Agreement will renew as described in the Term Box above, unless IGS Energy provides You with notice of a different term. For each Secondary Term, You are enrolled in a Variable Price Product. Your price may change monthly, up or down, and will be calculated each meter reading schedule based upon costs which include, but are not limited to energy, transmission, capacity, ancillary services, congestion management, renewable energy credits, ISO system fees, utility charges and other factors, plus IGS Energy' costs, expenses and margins, which does not include applicable EDC distribution, administrative and related charges and taxes. IGS Energy complies with Maryland's Renewable Portfolio Standard ("RPS") applicable to all retail electricity suppliers. IGS Energy may retire Tier 1 or Tier 2 renewable energy credits to meet its RPS obligations. The RPS for 2019 is 20.7% from Tier 1 sources, including at least 5.5% from solar energy and up to 2.5% from PSC-directed offshore wind energy, and 2.5% from Tier 2 sources. The RPS for 2020 is 28% from Tier 1 sources, including at least 6% from solar energy and up to 2.5% from PSC-directed offshore wind energy, and 2.5% from Tier 2 sources. The RPS for 2021 is 30.8% from Tier 1 sources, including at least 7.5% from solar energy and a PSC-directed amount of offshore wind energy. Alternatively, IGS Energy may meet its RPS obligation by paying a compliance fee to the Maryland Renewable Energy Fund. The compliance fees for each kWh shortfall are: 3 cents for Tier 1 non-solar (2019 through 2023); 10 cents for Tier 1 solar (2019-2020); 8 cents for Tier 1 solar (2021); and 1.5 cents for Tier 2.

Notice of Change: IGS Energy reserves the right to make changes to the terms of this Agreement, including price and pricing methodology after expiration of the Initial Term. Such notice will be made at least 45 days prior to the changes becoming effective. If You do not cancel the Agreement at that time, this Agreement will continue at Your new noticed price and terms thereafter. IGS Energy reserves the right to lower Your price at any time for any month(s) and thereafter return Your price to the last noticed price, without providing You with notice of either.

Early Termination Fee: If You elect to terminate this Agreement You may be subject to an Early Termination Fee as set forth in the Term Box. You may cancel this Agreement, by contacting IGS Energy in writing or by telephone. Further, either party can cancel this Agreement at any time during any Secondary Term by providing notice to the other of not less than 30 days or as otherwise provided in the renewal notice. If, pursuant to the terms and conditions of this Agreement, IGS Energy elects an early termination of this Agreement, notice of such termination shall be provided by regular mail. Cancellation notices provided after the EDC deadline may result in an additional month(s) of service beyond the contract period at the new price, which You agree to pay, as the effective date of all cancellations are subject to EDC guidelines. You understand that if You switch Your service to another supplier or back to the EDC an EDC switching fee may apply under the EDC's tariff and the EDC may charge a price other than the standard offer service rate.

Billing: For Your convenience You will receive only one bill, which will be issued by the EDC each month and will contain IGS Energy' electric price plus applicable taxes and all of the EDC transportation and other applicable charges, including any late fees assessed by the EDC. You acknowledge that Your billing and payment information may be provided to IGS Energy by the EDC. You agree to continue to pay the EDC for the entire electric bill under the EDC payment terms and conditions. If You pay under the budget bill payment plan, You understand that this service is available and will remain available for BGE utility charges but not IGS Energy commodity charges. If IGS Energy bills You directly for services provided, IGS Energy may terminate this Agreement with notice should You fail to pay the bill or meet any agreed upon payment arrangements. If You fail to timely pay Your invoices which include IGS Energy charges, the EDC may disconnect Your service, according to tariff guidelines. Other than for operation, maintenance, assignment and transfer of Your account or, where IGS Energy is performing billing services, or for commercial collections, IGS Energy will not disclose Your account number to any

other third party without Your affirmative written consent or electronic authorization or pursuant to a court or Commission order and that, other than for credit checking and credit reporting, if IGS Energy is performing billing services, IGS Energy will not disclose Your social security number without Your affirmative written consent or pursuant to court order. You authorize IGS Energy to obtain Your billing payment and usage history from the EDC.

Assignment: This Agreement is assignable by IGS Energy without Your consent subject only to required regulatory approvals.

Contact and Dispute Resolutions: In the event of a billing dispute or issues regarding volume or metering, You should contact the EDC at 800.685.0123. For other questions or concerns about pricing, You can contact the IGS Energy Choice department by phone weekdays from 8am to 8pm EST Saturdays 9am to 3pm EST at 888.993.0997, by fax to 800.584.4839, in writing to P.O. Box 9060, Dublin, OH 43017, by visiting IGScom, or sending an email to customersupport@igs.com If Your questions or concerns or complaint are not resolved after You have called IGS Energy, or for general utility information, Residential and small Commercial customers may contact the PSC for assistance at 800-492-0474 or for TTY at 800-201-7165, from 8am to 5pm weekdays, visit psc.state.md.us.com, or mail to 6 St. Paul Street, Baltimore, MD 21202-6806. Residential customers may also contact the Maryland Office of People's Counsel ("OPC") for assistance with complaints and utility issues at 800.207.4055 from 8am to 5pm weekdays or visit opc.state.md.us.

Moving | Termination: You understand that this contract will automatically terminate, without penalty, if You relocate outside the EDC service territory, or if the requested service location is not served by the EDC. Also, You understand that You have the right to terminate this Agreement, without penalty, if You relocate inside the EDC service territory and the EDC does not have contract portability. If You relocate within the EDC service territory and do not exercise Your right to cancel this Agreement, if any, at IGS Energy' option, this Agreement may continue for service at Your new location. You agree that if You do not terminate this Agreement as provided in this paragraph, You grant the EDC the right to provide IGS Energy with Your account and meter number(s) for Your new location and to transfer Your contract to Your new location. If requested by IGS Energy, You will also provide IGS Energy with this information. If IGS Energy does not transfer this Agreement for service at Your new location within 90 days of relocation, this Agreement will automatically terminate. You understand that You are not entitled to the pricing or service from IGS Energy hereunder at Your new location until such time as the EDC accepts Your enrollment with IGS Energy at Your new location and/or transfers Your contract to Your new location and that the pricing hereunder will not be extended for additional month(s) that You were not with IGS Energy, unless agreed to in writing by IGS Energy. Except as provided in this Agreement, if IGS Energy returns You to the EDC sales service, this Agreement will terminate without penalty to You.

Eligibility | Limitation of Liability | Jurisdiction: By entering this Agreement, You represent and agree that the account(s) served by IGS Energy under this Agreement is (are) non-net metered Residential or non-net metered Small Commercial account(s) as defined herein, in the BGE service territory and You are not an existing IGS Energy Customer. IGS Energy reserves the exclusive right, at any time, to not enroll or to terminate service to Customer location(s) that do not meet the preceding criteria and return the Customer to the EDC (or previous IGS Energy product, whichever is applicable) with no penalty to IGS Energy. This limitation applies to related account(s) that individually may not exceed the limit, but collectively may. Furthermore, participation in the Program is subject to the rules of the EDC and customers are sometimes terminated from the residential Program either in error or for being in arrears. In such instances, You can contact the EDC to correct the problem and be reinstated in the residential Program. Regardless of the reason for termination, in no case will the original term be extended for month(s) that You were unable to participate nor will IGS Energy have any liability for any early termination or for any month(s) that You were unable to participate in the program. IGS Energy assumes no liability or responsibility for losses or consequential damages arising from items associated with the EDC including, but not limited to: operations and maintenance of their system, any interruption of service, termination of service, or deterioration of service, nor does IGS Energy assume responsibility or liability for damages arising from any in home or building damages and in addition shall not be responsible for any indirect, consequential, special or punitive damages whether arising under contract, tort (including negligence or strict liability) or any other legal theory. The parties agree that if the Customer is unable to resolve its issues through the PSC as detailed under "Contract and Dispute Resolutions" above or if suit is filed, any legal action involving this Agreement shall be brought only in a court of the State of Ohio sitting in Franklin County, Ohio or the United States District Court sitting in Franklin County, Ohio. You submit to the personal jurisdiction in such courts and irrevocably waive any objections that You have or might have in the future to such courts as the proper forum for any and all actions arising under this Agreement. The parties agree that this Agreement shall be interpreted under the laws of the State of Ohio, regardless of Ohio's choice of law provisions.

Energy Market Savings Report

Maryland



By shopping for the best deal for electricity, Maryland consumers could have saved more than **\$47 million** in December and benefited from a wide range of value-added products and services by switching to competitive suppliers.

Savings Over

BGE:	\$26,574,141
Delmarva MD:	\$4,862,231
Potomac Edison:	\$4,252,091
Pepco MD:	\$11,377,468
December Potential Market Savings:	\$47,065,931

December Notable Offers:



PRICE PLANS

\$50 worth of shopping rewards per month



ECO-FRIENDLY

One tree planted on the customer's behalf



VALUE ADDED PRODUCTS

Two \$25 gift cards