FAVORABLE
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SB595 Energy Supplier Reporting
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Data is Fiscally Responsible. Data are Facts.

SB585 is a fiscally responsible and smart legislation to confirm that hard earned rate payer, taxpayer and state proceeds' funds are doing what they're supposed to be doing: paying down Office of Home Energy Programs (OHEP) energy assistance recipient home energy bills.

Today, Maryland does not report pricing levels for deregulated residential accounts. Both the PSC and the General Assembly have been asked multiple times.

Though Maryland doesn't report what these deregulated third-party supplier households are paying, Maryland does grant ***free financial funds*** to around 30,000 of the 100,000 very low-income energy OHEP assistance households every year.

Mountains of concrete evidence, both public data and consumer billing data, confirm that these very low-income OHEP (~$16,000 per year) households are paying significant premiums to switch to deregulated supply.

Does that make financial sense for Maryland to grant an estimated $15,000,000 to deregulated energy assistance households and it is highly probable that some, or most, of those granted funds were applied to super-inflated utility bills? Bills that were $650 higher because the account was on an out-of-state-owned deregulated supplier? No.

That key question is being asked by a coalition that help this target every day: AARP Maryland, GEDCO, Fuel Fund, Interfaith Power & Light, NCLC, and many others.

Why would Maryland not verify this data?

If this was your own money, few would give away money and not know where it goes?

Here’s a hypothetical.

Each year you help and pay $500 for your mom’s medication. Meds that are quite important to her health. Every year you write a $500 check in January because it’s the right thing to do to help her out. Your mom then calls in August and shares that she was buying expensive brand name drugs. She’s not sure how this happened, but now she had no more money for medications.

That free $500 grant that you gave her had a purpose – to buy essential medications. Your $500 grant was not intended to be sent to pharmaceutical companies to pay for ads, coupons and higher profits. That $500 grant was given to help her with an essential need, to help pay for her medication, and she now has to scramble to find the cash to buy drugs for the balance of the year. She's now going to apply to a non-profit called the 'Rx Fund' for supplementary grants. She may apply at her church and get a grant for $100; every little bit helps.

She should have known better, but she was unaware that when she went to the discount Rx plan, it was a variable rate contract and moved from generic drugs to brand name drugs in month 4. A nice guy came to her door and sold her the Rx Plan. She thinks he told her that she would save on her meds. He kept coming back to her house every day.

Your mom is busy and doesn't really know the details. She's 70 and lives off Social Security, about $1,400 a month, in Baltimore County. Her rent is $800, and her BGE bill is a surprising $2,000 a year. Your whole family pitches in to help; she goes to the church food pantry, siblings give her extra cash, and help her fill out OHEP energy assistance applications. She worked her whole life as a cook, she just didn't earn much. Now she's retired and lived off Social Security.

If you had a report, or an email, or even a receipt that showed she purchased brand name drugs, you probably would make sure the Rx was changed to generic. $500 is a lot of money for anyone. The crux of the problem was lack of information, lack or reporting. In the absence of data, problems go undetected.

This story above is exactly what Maryland is doing with deregulated households receiving energy assistance grants. It doesn't make fiduciary sense. No reasonable party would give away money with an intended purpose and not ask if was being responsibly spent.

Meds and home energy aren't consumer products. They are both essential.

Like regulated home energy supply, deregulated energy supply is an essential service. This week, Texans know exactly that home energy is not a consumer product, it's not a mobile phone, a music subscription, or a streaming service.

Home energy is water, food, shelter and heat. No one can cash in non-energy incentives and pay a utility bill at the local check cashing site.

In the US, Baltimore has the highest energy burdens for low-income families according to the American Council for an Energy-Efficient Economy. Their report, which Baltimore is ranked #1, is sobering on many levels. This report was noticed by a reporter who visited us all at the Fuel Fund and CARES. Darlene's story is very common. That story is attached.

Twenty-six percent of Maryland's income-eligible households (~100,000), whose profile is the same as the story above, access Maryland Office of Home Energy grants every year. These energy assistance funds are generated by a combo of funding: rate payer surcharges, federal taxpayer funds, and a portion of the Regional Greenhouse Gas Initiate (RGGI) proceeds and others.

Roughly 30% of these households are on deregulated supply. For our Abell Report which focused on Baltimore City, 55% were on deregulated supply. In 2018 they paid $500 more for Retail Choice, and it's now grown to $650. Only a few households of the 110 BGE bills collected were paying the same as BGE. Two paid less. The other 100 or so paid significant premiums.

And these households are the last in our state that should face premiums for home energy.

Here's what Maryland DOES NOT know:

- How much of the OHEP budget goes to inflated utility bills, what's wasted? Less to go around.

- The electricity pricing levels households on deregulated energy pay from actual bills. (Dept of Energy 861 reports by state by supplier. Attached.)

- The natural gas pricing levels households on deregulated energy pay.

- Do non-low-income deregulated accounts pay more or less versus low-income OHEP-coded accounts like other deregulated states' accounts do?

- What percentage of Turn-Offs accounts are on deregulated supply and what were premiums? (not asked in SB595)

- Where do these deregulated households reside? Are they concentrated in low-income areas like the PSC zip code reporting reveals? (not asked in SB595)

- The variable rates that all suppliers embed in contracts except Constellation and Liberty Power. (not asked in SB595)

- How many OHEP accounts are on 3rd-party supply? 8903 reporting is by quarter and people go on and off OHEP. (not asked in SB595)

Here's what we DO KNOW:
Data is added as appendix
The initial/promotional rates that supplier enroll customers PSC shopping site
How many homes are deregulated electric supply: 415,000 – 18%
How many homes are deregulated electric supply: 200,000 – 20%
The number of complaints and what companies. PSC web site.
The number of OHEP coded accounts on deregulated supply by utility by quarter. 8903
The zip codes and number of suppliers selling door-to-door. PSC report.
Dept of Energy 861 data that reveals Maryland households have spent $430 million more electricity since 2014.
We know that most suppliers charge a significant premium to SOS

Thank you for voting SB595 out of the Senate Finance Committee.