

BGE Testimony - SB 392 Limited Income Mechanisms.p

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Position: FAV



An Exelon Company

Position Statement

Support

Senate Finance Committee

February 2, 2021

SB 392 Electricity and Gas - Limited-Income Mechanisms

Baltimore Gas and Electric Company (BGE) supports *Senate Bill 392: Electricity and Gas - Limited-Income Mechanism*. This bill broadly authorizes the Public Service Commission (PSC) to review and approve utility-managed efforts to support limited-income customers.

With limited exceptions, current law prevents utilities from offering “special rates, rebates, drawbacks, or refunds” to customers unless those privileges are “extended uniformly to all persons under substantially similar circumstances.” A broad interpretation of this provision has prevented utilities from implementing income-qualified assistance programs in the state.

Senate Bill 392 would explicitly authorize Maryland’s gas and electric utilities to propose limited-income mechanisms to the PSC. Under the bill, a limited-income mechanism could be a rate, credit, or other means to assist qualified limited-income customers. The PSC is empowered to review, approve, modify, or deny a utility’s proposal, at the Commission’s discretion.

Utilities in at least 31 states offer limited-income customers discounted rates or credits as envisioned in this bill, including our sister utilities in Illinois, New Jersey, Pennsylvania, and the District of Columbia. BGE supports this legislation’s assertion that limited-income mechanisms to benefit Maryland’s eligible customers are in the public interest.

BGE appreciates the challenges that our customers and our community are facing in the wake of COVID-19, and we are committed to doing our part to support central Maryland. We recently announced a pledge to dedicate \$15 million to assist small businesses with COVID-19 relief and recovery. Earlier this month, eligible businesses began applying for BGE Energizing Small Business Grants of up to \$20,000 each.

This is in addition to BGE’s comprehensive efforts to support Marylanders during the COVID-19 pandemic that have included an additional \$1.5 million contribution to the Fuel Fund of Maryland, \$1 million in funding to county-administered business pandemic relief funds, and expansion of BGE’s Workforce Collaborative infrastructure academy to train approximately 600 local residents for job placement over the next three years.

BGE and the Exelon companies in Maryland directed \$1.25 million to Maryland relief organizations, including the Maryland Food Bank, United Way of Central Maryland, PCs for People, and the Baltimore Community Foundation. The Energizing Small Business

Grants program and all nonprofit contributions are made using shareholder dollars and are not reflected in customer bills.

Still, there is more we can do. This bill offers BGE the opportunity to join our sister companies in offering programs to support our neediest customers over the long-term.

For these reasons, BGE enthusiastically supports this bill and respectfully requests a favorable committee report.

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.2 million electric customers and more than 655,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's leading competitive energy provider.

2021 Testimony SB392 Electric and Gas - Limited In

Uploaded by: OBrien, Rhea

Position: FAV



An Exelon Company



An Exelon Company

February 2, 2021

112 West Street
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SUPPORT – Senate Bill 392
SB 392 – Electric and Gas – Limited Income Mechanisms

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) support **Senate Bill 392 Electric and Gas – Limited Income Mechanisms**. Senate Bill 392 authorizes Electric and Gas companies to adopt a limited-income mechanism to benefit eligible limited-income customers, subject to the approval of the Public Service Commission. The bill also authorizes a variety of mechanisms to support limited-income programs and requires a utility company to apply for approval of a limited-income mechanism by the Commission and the allocation of costs across all rate classes.

The COVID-19 pandemic has significantly affected customers and communities across our service areas. Because of this, Pepco and Delmarva Power have taken extensive steps since March of 2020 to assist customers, including temporarily suspending service disconnections, waiving new late fees, reconnecting customers who lost service prior to the pandemic where safe to do so, offering extended payment plans, and enhancing outreach and engagement to customers regarding energy assistance options available from the companies as well as state, local and non-profit organizations. These steps were taken to assist those customers, both residential and business, most impacted by the pandemic.

To help customers manage financial challenges they may be experiencing as a result of the pandemic, Pepco and Delmarva Power conducted proactive outreach to limited income customers via phone calls, emails and social media campaigns to offer assistance and encourage improved payment behavior. The proactive outreach began in March and has continued through the present time. In addition, Pepco and Delmarva Power enhanced payment arrangement options and enrollment on their websites to make it easier for customers to establish a payment plan and also empowered customer care center representatives to provide more flexible and lenient payment arrangements to customers without needing to escalate to a supervisor.

Beyond a strict cost-benefit calculation, limited income mechanisms or arrearage management programs can provide the invaluable service of helping vulnerable customers keep the power on while moving past an arrearage that otherwise could have burdened them for years or forced them to make painful choices between utility service and other pressing financial needs. In fact, many customers today are facing even greater consequences as a result of changes in life and work as a result of the pandemic, including those customers who continue to work from their home and those with students who are attending school virtually from their home. When a utility is able to help customers address these challenges and prevent the potential for power disconnections for non-payment, the outcome inarguably is a far healthier community for

everyone, not only those directly impacted by the program. The goal of Pepco and Delmarva is to keep our customers connected and enacting legislation authorizing a utility to offer (and the Public Service Commission to approve) a limited income mechanism that supports the most vulnerable populations in the state can help the companies do that. Senate Bill 392 is in the best interest of all Marylanders and, for the above reasons, Pepco and Delmarva Power respectfully request a favorable vote on Senate Bill 392.

Contact:

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SB 392 Support Letter 2021.pdf

Uploaded by: Straughn, Karen

Position: FAV

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Attorney General

ELIZABETH F. HARRIS
Chief Deputy Attorney General

CAROLYN QUATTROCKI
Deputy Attorney General



WILLIAM D. GRUHN
Chief
Consumer Protection Division

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February 2, 2021

To: The Honorable Delores G. Kelley
Chair, Finance Committee

From: Karen S. Straughn
Consumer Protection Division

Re: Senate Bill 392 – Electricity and Gas – Limited Income Mechanisms (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of Senate Bill 392 submitted by Senator Malcolm Augustine. This bill permits a utility company to adopt a mechanism in the form of a program, tariff provision, credit, rate, rider, or other means to assist an eligible limited income consumer to afford the utility service. This mechanism must be approved by the Public Service Commission and, if required as part of the mechanism, the Office of Home Energy Assistance must qualify an individual to be subject to receipt of this mechanism.

By reducing rates of a utility provider for low-income consumers, this will help to ensure that rates are as low as possible for these individuals and may help to reduce the need for energy assistance through the Office of Home Energy Programs. While consumers would still be entitled to assistance from this office and other related entities, by reducing the rates it helps to reduce the overall costs and ensure that low-income consumers do not lose their access to electricity and gas. While we recognize that utility companies may pass these costs along to other consumers who are more able to afford their bills, a minimal increase spread amongst many can help to ensure that a low-income household is able to keep their heat and electricity current during times of rising unemployment.

For these reasons, we ask that the Finance Committee return a favorable report on this bill.

cc: The Honorable Malcolm Augustine
Members, Finance Committee

SB392_NRG_FWA.pdf

Uploaded by: Fiastro, John

Position: FWA



SENATE BILL 392 – ELECTRICITY AND GAS – LIMITED-INCOME MECHANISMS

FAVORABLE WITH AMENDMENT

SENATE FINANCE COMMITTEE

February 2, 2021

NRG Energy, Inc. (“NRG”) submits these comments in **support** of **SB 392 – Electricity and Gas – Limited Income Mechanisms**.

NRG is a Fortune 500 company, delivering customer focused solutions for managing electricity, while enhancing energy choice and working towards a sustainable energy future. We put customers at the center of everything we do. We create value by generating electricity and serving more than 6 million residential, commercial and industrial customers through our portfolio of retail electricity brands – including here in Maryland, where NRG owns several companies that are licensed by the Public Service Commission to serve retail customers.

NRG supports SB 392 because it provides additional support to eligible low-income customers who require assistance. In providing that additional support, NRG recommends that the Committee ensure that customers who participate in the new program retain their assistance benefits when they exercise their right to choose their energy supplier. NRG proposes that the bill be modified as follows:

Page 3, line 33, after “SOURCE”. Add: “(1) AN ELIGIBLE LIMITED-INCOME CUSTOMER WHO PARTICIPATES IN A MECHANISM UNDER THIS SECTION SHALL NOT BE PROHIBITED FROM EXERCISING THE RIGHT TO CHOOSE A COMPETITIVE RETAIL ELECTRICITY OR NATURAL GAS SUPPLIER.”

Thank you for the opportunity to share our perspective on SB 392 and for the above reasons and with the adoption of the proposed amendment, NRG urges the Committee give the bill a **favorable** report.

NRG Energy, Inc. Contact Information

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SB392 Testimony TXUEAid_v0.docx.pdf

Uploaded by: Nash, Katie

Position: INFO

SENATE FINANCE COMMITTEE
LETTER OF INFORMATION
VISTRA**Senate Finance Committee
February 2, 2021**

Vistra respectfully submits this resource testimony **relating to SB 392 Electricity and Gas – Limited Income Mechanisms.**

Vistra is a premier, integrated, Fortune 275 energy company with retail operations in Maryland. Vistra combines an innovative, customer-centric approach to retail with safe, reliable, diverse, and efficient power generation.¹

Vistra believes that strong customer protections and assistance programs are vital to a functioning competitive market and applauds the legislature's effort to examine the issue of assistance for limited income customers. Vistra believes our experience in assisting this class of customers in other markets can inform the current conversation and submits this testimony as a resource to further that discussion.

Through our TXU Energy retail brand in Texas, Vistra provides one of the largest privately funded customer energy assistance programs in the nation. For over 35 years, customers of TXU Energy have been able to take advantage of one-time bill payment assistance through the TXU Energy AidSM program (fact sheet attached). This assistance is in addition to any aid customers can receive through state, federal and other programs.

Vistra funds four million dollars into the TXU Energy Aid program for one-time assistance to customers. All of those monies are supplied by Vistra without rate base recovery. Vistra also serves as a catalyst for additional donations. In addition to the four million dollars provided by Vistra, there's approximately \$600,000 that is also donated, of which approximately \$300,000 is from Vistra employee donations through our annual United Way/Energy Aid campaign. The remaining donations come from TXU Energy customers via bill donations and other donations/gifts.

¹ The company brings its products and services to market in 20 states and the District of Columbia, including six of the seven competitive wholesale markets in the U.S. and markets in Canada and Japan, as well. Serving nearly 5 million residential, commercial, and industrial retail customers with electricity and natural gas, Vistra is the largest competitive residential electricity provider in the country and offers over 50 renewable energy plans. The company is also the largest competitive power generator in the U.S. with a capacity of approximately 39,000 megawatts powered by a diverse portfolio, including natural gas, nuclear, solar, and battery energy storage facilities. In addition, the company is a large purchaser of wind power. The company is currently constructing a 400-MW/1,600-MWh battery energy storage system in Moss Landing, California, which will be the largest of its kind in the world when it comes online.

Colin Fitzsimmons, Director, Government Affairs, Vistra
Colin.Fitzsimmons@vistracorp.com/717.817.1453

Katie Nash, Energy Advocacy Maryland
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SENATE FINANCE COMMITTEE
LETTER OF INFORMATION
VISTRA

As a participant in the electric retail competitive market in Maryland, Vistra hopes to be able to bring our TXU Energy Aid program to Maryland and customize it for the unique needs of the state, market and customers located here. Vistra is a passionate advocate for the competitive market as a solution to provide Marylanders' electric service that best works for their needs - where Maryland consumers can be empowered to shop and customize their energy supply via retail energy supply offerings. Vistra looks forward to partnering with the Maryland legislature, state agencies and other stakeholders to ensure that all Maryland consumers can receive the benefits of the competitive market balanced with the appropriate customer protections and assistance programs that any competitive energy market needs to be effective.

Thank you for the opportunity to share our experience assisting limited income customers to inform the debate on SB 392 and Vistra welcomes the opportunity to continue to act as a resource for the committee and the legislature on this issue.

Colin Fitzsimmons, Director, Government Affairs, Vistra
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Katie Nash, Energy Advocacy Maryland
Katie@energyadvocacy.com/301.524.9142

TXU EnergyAid-infographic flyer_PRINT (1).PDF

Uploaded by: Nash, Katie

Position: INFO

TXU Energy Aid

*Texans who need a hand with their electricity bills can lean on TXU Energy AidSM.
We've provided bill payment assistance to our customers for over 35 years.*

HOW WE'VE HELPED

35+ YEARS

*Supporting our neighbors
in need for over 35 years.*



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*Helping 20,000 families a year keep their
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*Working with
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\$4 MILLION

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*Ensuring 100% of funds go to
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SB0392_Information_Stanek.pdf

Uploaded by: Stanek, Jason

Position: INFO

JASON M. STANEK
CHAIRMAN

MICHAEL T. RICHARD
ANTHONY J. O'DONNELL
ODOGWU OBI LINTON
MINDY L. HERMAN



PUBLIC SERVICE COMMISSION

January 29, 2021

Chairman Delores G. Kelley
Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, MD 21401

RE: SB0392 – INFORMATION – Public Service Commission – Electricity and Gas – Limited Income Mechanisms

Dear Chairman Davis and Committee Members:

I have reviewed Senate Bill 392 and provide the information below for the Committee's consideration. SB 392 states that a utility may propose a limited income mechanism to benefit limited income customers, for approval by the Maryland Public Service Commission. The mechanism may take the form of a program, tariff, credit, rate, rider, or other means to assist an eligible customer to afford utility service. SB 392 defines limited income customers as those with annual income at or below 175 percent of the federal poverty level, customers of at least 67 years of age with annual income at or below 200 percent of the federal poverty level, or any other designation approved by the Commission. The mechanism would be subject to approval by the Commission in a base rate proceeding or a separate application.¹

SB 392 gives Utility Companies broad discretion regarding the proposal and development of a "well-constructed" limited income mechanism but provides minimal guidance to the Commission regarding considerations for approval. With such broad discretion of program design, it is difficult to determine how the design of a given mechanism would impact ratepayers. Similarly, SB 392 provides no guidance regarding what would constitute a "well-constructed" limited income mechanism. Utilities could file different mechanisms (or no mechanism) which may lead to disparate programs across the State and therefore different levels of benefits and program offerings for low income customers. It could also be difficult for smaller utilities and municipal utilities to cost-effectively devise and execute a mechanism. A statewide mechanism or program with explicit criteria may be more equitable and provide the Commission with guidance to evaluate proposals and monitor outcomes.

¹ The cost and expense of any limited income mechanism would almost certainly result in offsetting increases in utility bills for non-limited income residential customers, and potentially commercial and industrial customers.

Currently, there are several programs in Maryland to assist limited income customers to pay for utility service. One such program is the Electric Universal Service Program (“EUSP”). EUSP is codified in Public Utilities Article §7-512.1 and applies to all electric utilities, including municipal utilities. This program collects \$37 million per year from utility customers (\$27.4 million from industrial and commercial customers and \$9.6 million from residential customers.) The EUSP statute requires all customers to contribute to this program. Similar to the intent of SB 392, EUSP is available to low income customers with annual income at or below 175 percent of the federal poverty level.

Expansion of the existing EUSP program may be useful to consider in lieu of, or in addition to, establishing a new statewide mechanism such as a low income rate or tariff.² If the EUSP was expanded, more funds would be available to limited-income customers in the form of bill assistance, weatherization benefits, and arrearage retirement programs.

Another existing low income energy program is the Maryland Energy Assistance Program (“MEAP”), which is federally funded and provides heating assistance to low income gas and electricity customers. MEAP is also used for arrearage funding for customers of gas utilities. The Office of Home Energy Programs may adjust the eligibility parameters of MEAP within limits and could expand the guidelines to include the limited income population identified in this legislation.

Thank you for your consideration of this information. Please contact the Commission’s Director of Legislative Affairs, Lisa Smith, at (410) 336-6288 with any questions.

Sincerely,



Jason M. Stanek
Chairman

² OHEP has reported to the Commission that these funds are not always expended, due to many eligible low income Marylanders not applying for the program.