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Hon. C.T. Wilson, Chair
Economic Matters Committee
231 House Office Building
Annapolis, Maryland 21401

Re: House Bill 267; Position is Favorable With Amendments (Hearing on February 15, 2024)

Dear Mr. Chair and Members of the Committee:

I am writing to support House Bill 267, but only with amendments.

I have long used contracts with energy suppliers to purchase natural gas and electricity for my home. While some provisions of the bill, such as cracking down on abusive sales practices, barring early termination fees and automatic renewals, would be helpful to consumers, other provisions are likely to be counterproductive.

Specifically,

- Prices should not be limited to the trailing 12-month Standard Offer Service (SOS) rate. The trailing rate may or may not have any relevance to a reasonable future rate. No contracts may be offered if they would have to be artificially and unreasonably low with respect to the future market price. This would not help consumers. Instead of such a limit, it could be helpful for contract offers to have to prominently disclose the trailing SOS rate, as well as any future SOS rate that has already been set.
- Contracts should not be limited to 12 months. I have often used available opportunities to lock in rates for 24 or 36 months. There is no reason to require consumers to replace their contracts sooner, especially if early termination fees are barred. Allowing for longer contracts without termination fees gives consumers the option to maintain their current contracts or to end or replace them early—at their discretion.
- Variable rates should not be barred. While I have not generally used variable rate contracts, I should have the option to do so. I appreciate that there is some potential for abuse with variable rates. However, this can be adequately addressed by a requirement to advise consumers well in advance, along with prominent disclosures of the trailing and upcoming SOS rates, and of the right to terminate the contract without penalty.

An unfavorable report would be preferable to HB 267 without these amendments, particularly the first two points.

I appreciate the Committee's consideration of these suggestions.

Respectfully yours,

/s/

Stephen M. Shapiro