



Maryland

Energy Administration

TO: Chair Wilson, Vice Chair Crosby, and Members of the Economic Matters Committee
FROM: MEA
SUBJECT: HB 236 - Public Service Commission - Electricity Supply and Consumer Protections - Regulations and Orders
DATE: February 15, 2024

MEA Position: FAVORABLE

This bill adds to a list of regulations that the PSC is required to adopt regarding the competitive electricity supply market and the associated consumer protections. The bill will impact: 1) the use of door-to-door marketing; 2) commission-based pay for marketing employees or contractors; and 3) residential, variable-price contracts with a duration exceeding one (1) year. Additionally, the legislation will require that all residential customers who do contract for electricity supply with a variable price be returned to utility standard offer service (“SOS”) at the end of the contract term, absent a new contract, in addition to requiring that at least the current (if not known future) SOS rate be prominently displayed on residential contracts.

Beginning just prior to the 2019 Legislative Session, growing attention to the competitive marketplace began to take hold, with the following concerns:

1. a fraction of companies abuse the freedom they have been given to expand their market share in Maryland to the detriment of Marylanders;
2. those who are disproportionately impacted are often at the lower or lowest end of the economic spectrum; and
3. those who were disproportionately targeted and impacted were likely to pay more than necessary on their utility bills.

In Maryland, retail electricity suppliers compete to sell electricity supply. Retail choice was ushered into Maryland under Maryland’s Electric Customer Choice and Competition Act of 1999. Since, the relevant sections of law have been modified to varying degrees. Retail electricity suppliers sell directly to customers, using the local utility’s distribution system to deliver the electricity. Customers who choose their electricity supplier still receive one bill containing charges for both the delivery service and the electric supply from their respective utility. It is ***not*** necessary to choose a retail electricity supplier in Maryland. Ratepayers who do not choose a retail electricity supplier will continue to receive electricity supply from their local utility with no action needed. This supply is referred to as standard offer service.

All retail electricity suppliers, brokers, and marketers must have a license from the Maryland Public Service Commission (“PSC”). Retail electricity suppliers use various means of communicating with customers and may contact you in person, by mail, by telephone, or over the Internet.

We support the competitive energy market in Maryland, however, additional consumer protections will serve to limit the disparate impact of recorded unsavory marketing practices and the resulting disparity of negative economic impacts. That is the intent of this legislation.

For the foregoing reasons, MEA urges the committee to issue a **favorable report**.

Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Landon Fahrig, Legislative Liaison, directly (landon.fahrig@maryland.gov, 410.931.1537).