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February 15, 2024

Support: HB 267 - Electricity and Gas – Retail Supply – Regulation and Consumer Protection

Mr. Chairman and Members of the Committee:

Maryland LCV supports HB 267 Electricity and Gas – Retail Supply – Regulation and Consumer Protection, and we thank Delegate Crosby for his leadership on this issue.

Maryland deregulated its energy market in 1999, which means that third party suppliers can buy energy from the wholesale market and sell it back to residents at a profit. Consumers in Maryland can purchase their electricity or natural gas from their local utility, or from one of these third party retail energy suppliers. Prices offered by local utilities are authorized and monitored by the Public Service Commission (PSC), while the prices from retail suppliers are not regulated. [Energy Supplier Help Desk](#) in Maryland estimates that households subscribed to third parties in 2022 paid 50% more per kWh (\$0.08 versus \$0.12) for electricity supply.

HB 267 offers some guardrails and protections for consumers as they navigate energy choices.

Maryland LCV support for HB 267 stems from two of the concerns being raised about third party suppliers: 1) targeting variable rate sales in low-income communities, communities of color, and households for whom English is a second language; and 2) the lack of transparency on green energy claims by the energy suppliers.

HB 267 proposes several options for oversight. Regarding cost, these proposals include limits on rates compared to the Standard Offer Service Rates, prohibiting cancellation fees, and limiting contracts with third party suppliers to 1 year. It will also require any green power claims to report the Renewable Energy Credit (REC) amount and type of generation, require RECs purchased to be from and delivered to those on the PJM grid, and include a consumer disclosure about the green offer being REC-based.

We urge the Committee to closely examine the provisions of the bill with an eye towards consumer protection, and urge a favorable report.

Sources used in composing this testimony:

[State of Maryland Office of People’s Counsel webpage on Third Party Suppliers](#)
Baltimore Banner 2023 article, [“State commission investigating retail energy suppliers following record-high complaints”](#)