



February 15, 2024

Bill: Public Service Commission – Electricity Supply and Consumer Protections – Regulations and Orders

Position: OPPOSE

Dear Committee Members:

The Retail Energy Advancement League (“REAL”) is a national advocacy organization dedicated to the expansion and modernization of American retail energy markets. Our members provide customers with access to a variety of products available on the electric grid, including 100% renewable energy, free home charging for electric vehicles, carbon offsets for gas products and fixed-rate products.

Our organization was founded by a coalition of companies that believe smart regulation and consumer protections are the foundation for a healthy market where states can capitalize on the innovations and customer demand driving our transition to a clean energy economy.

Industry-Led Consumer Protection Reform

We believe a well-functioning and efficient competitive retail market must include robust consumer protections, as outlined in our Consumer Bill of Rights. REAL’s initiative-taking consumer protection reform efforts include hosting retail market forums and engaging commissioners and regulators from over 10 states, including Maryland. These forums equip participants with tools to enhance existing retail markets, focusing on areas such as consumer education, as well as complaint recording and recordkeeping.

We believe reporting complaints and identifying bad actors, as they exist in any industry, is important, and we encourage the Maryland Public Service Commission (“PSC”) to implement complaint reporting that includes the number of complaints found against each supplier so consumers can make informed decisions. Although complaint outcomes are unknown in Maryland, REAL is encouraged that the number of total complaints or inquiries reported by the PSC over the last five years equates to a monthly average of less than 1 in 10,000 customers, or one tenth of 1%.

REAL Supports Consumer Education

There are significant opportunities for consumers to achieve substantial savings on their energy bills through retail supply options. A recent analysis by REAL as of December 31, 2023, identified 273 retail supply options in Maryland, including 110 fixed-priced offers lower than the default utility rate, resulting in immediate savings. Additionally, 98 offerings provided 100% renewable energy, with 35 of them being both environmentally friendly and cheaper than the default utility rate. The potential savings for Maryland residents are \$59,831,935 this month alone by enrolling with a retail supplier.

Current supply rates show that retail suppliers offer considerable savings. For instance, while BGE's supply rate is 11.85¢ / kWh, the lowest fixed rate offer in the same territory is 9.59¢/kWh, and the lowest 100% renewable offer is 10.19¢/kWh. Similar savings opportunities exist across service territories held by Delmarva MD, Potomac Edison, and Pepco MD. Exploring cost-effective alternatives from retail suppliers can benefit customers.

Beyond cost savings, consumers can access value-added products that enhance their overall energy experience. For example, Vistra customers receive a 50% discount on energy supply charges through time-of-use and demand response products. CleanChoice energy customers receive smart home technology, and NRG customers receive electric vehicle chargers. Our review of HB 236 finds it lacking in meaningful consumer protections and education, as described below.

Interference with Legislative and Regulatory Efforts

The State is already acting on concerns that HB 236 aims to address, making many of its provisions unnecessary, duplicative, and at risk of straining resources that are already strapped.

- First, the PSC has initiated a docket and [requested comments](#) to identify and implement additional consumer protections. We look forward to working with the PSC on these initiatives as appropriate.
- Second, the General Assembly passed a law mandating a salesperson training program. We encourage the PSC to implement these requirements immediately to prevent fraud and deceptive practices by individual salespersons.

The Legislation is Overly Broad

First, prohibiting the use of commission-based or pay-per-contract compensation creates workforce barriers, rather than enhanced consumer protections. The elimination of sales commissions does not apply to any other industry in Maryland, and eliminating sales-based commissions wipes out in-person sales channels and in-state jobs.

Second, restrictions on contract length and renewal will lead to poor customer experiences by removing individual choice. This is likely to drive customers away from the retail supply market. Shoppers rely on the power of choice to contract for other services, such as telephone or internet and don't get removed from their service at the expiration of their initial contract term.

For these reasons, as drafted, we respectfully request an unfavorable vote on HB 236 at this time. However, REAL appreciates the opportunity to participate in the dialogue around the best policies for Maryland's competitive energy market and for consumers. We are confident that we can find language that complements what the PSC has done and will do in this space.

Sincerely,



Christopher Ercoli
President and Chief Executive Officer
Retail Energy Advancement League