



**HOUSE BILL 267 – ELECTRICITY AND GAS – RETAIL SUPPLY – REGULATION AND CONSUMER PROTECTION**

**UNFAVORABLE**

**HOUSE ECONOMIC MATTERS COMMITTEE**

**February 15, 2024**

NRG Energy, Inc. (“NRG”) submits these comments in **opposition** to **HB 267 – Electricity and Gas – Regulation and Consumer Protection**.

NRG is the leading essential home services company powered by its customer-focused strategy, strong balance sheet, and comprehensive sustainability framework. A Fortune 500 company, NRG brings the power of energy to millions of North American customers. Our family of brands help people, organizations and businesses achieve their goals by leveraging decades of market expertise to deliver tailored energy solutions. Our retail brands serve more than six million customers across North America, including here in Maryland, where NRG owns seven companies that are licensed by the Public Service Commission to serve retail customers.

Maryland de-monopolized the supply of electricity and gas two decades ago. Today, almost 600,000 electric and gas customers choose to buy their energy supply from competitive suppliers. All told, energy purchases from the competitive market amount to 41% of the state’s total peak electricity demand, and slightly more than half of the natural gas used by Marylanders.

That would all change for the worse if House Bill 267 were adopted. Rather than provide consumer protections, HB 267 would effectively eliminate choice for most Maryland customers.

The re-monopolization of the energy sector would be a huge mistake. By shopping, a Maryland customer can green up his supply—increasing from 34.4% renewable electricity content that required by Maryland’s Renewable Portfolio Standard (RPS) – to ensuring that their usage is 100% matched to renewable or emissions-free energy. That’s a premium product, and it sometimes comes at a premium price. Last month, I gladly paid about 1 cent per kilowatt-hour more than the utility’s “Standard Offer Service” rate for my all-green product. HB 267 would outlaw that choice by capping prices.

Or consider that today, a Maryland customer can lock in a rate for 18, 24, or even 36 months—even while her utility’s rate for electricity changes several times each year, and her utility’s gas price changes monthly. Again, the legislation would outlaw her choice for long term budget certainty by limiting contracts to 12 months maximum, and then preventing her from automatically renewing that contract.

HB 267 would even prevent customers from shopping even if their only desire was to obtain savings. The law caps the price of plans shopping customers can buy at the 12-month *historical* average of utility pricing. But that’s a misleading data point. Consider the situation right now. Pepco’s current Standard Offer rate is 12 cents/kwh. However, the price cap would be Pepco’s historical average rate of 9.9 cents/kwh. Bizarrely, HB 267 would prohibit customers from shopping for a 12-month-long contract for 10 cents/kwh, even though it would save them 17% off the current utility price—and protect them from future utility rate spikes.

These kind of complex, nonsensical restrictions of what products customers can buy are directly contrary to the point of retail choice in the first place: to allow the customer to choose without a monopoly or government playing gatekeeper.

The legislation also would make it practically impossible to run a retail energy business. HB 267 would outlaw paying a commission to a salesperson for the sales she makes. It would require individual salespeople to be licensed and demonstrate to the regulator “proof of financial integrity” or, if they didn’t have a big enough bank account, to post a bond.

If these were the rules of the road across the economy, there’d be no cellular plans or newspaper subscriptions, no video streaming or retail banking services. Notably, HB 267 wouldn’t impose these regulations on the monopoly utilities, who would be free to market their supply service.

Enacting HB 267 would be a gigantic misstep, one that customers overwhelmingly oppose. In polling last month, 79% of Maryland voters supported the current customer-choice law. Taking away customers’ choices runs into strong opposition across racial, geographic, and partisan lines.

Like all industries, the competitive retail energy market has some bad actors. However, it is important to recognize that complaints against competitive retailers historically have been very low, and while they did tick up slightly in early 2023, have fallen – not increased – in the last year. Importantly, the legislature has already taken steps to ensure good conduct in the marketplace. In 2020, the legislature passed a law requiring the PSC to implement a training course for energy salespeople. It also passed a law restricting the kinds of products that customers receiving energy assistance can choose, thus protecting the most financially challenged Marylanders.

HB 267 would permanently end customer choice in the energy space and for that reason NRG urges the Committee to give HB 267 an **unfavorable** report.

### **NRG Energy, Inc. Contact Information**

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