

Support with Amendments
Economic Matters
3/26/2024

Senate Bill 1 - Electricity and Gas - Retail Supply - Regulation and Consumer Protection

Baltimore Gas and Electric Company (BGE) support with *amendments Senate Bill 1 - Electricity and Gas - Retail Supply - Regulation and Consumer Protections*. *Senate Bill 1* aims to change the current retail energy supply and services laws significantly.

Maryland customers have many choices in receiving reliable, clean, affordable, and innovative energy products, and BGE is committed to fostering those choices. Under current law, the vast majority of customers can purchase electricity from their utility company for the standard offer service rate ("SOS") or a customer can purchase their electricity supply from a third-party retail supplier as an alternative to the utility company. In most cases, the electric company then issues one bill statement to the customer that shows the electric distribution and the third-party supplier commodity charges in addition to other taxes, surcharges, and fees.

As Maryland's largest electric and gas utility, BGE is aware of deceptive sales practices of some suppliers in the retail energy space and believes *Senate Bill 1* would help curtail those flagrant offenses. BGE has received complaints from customers alleging they have received skyrocketing bills due to unexpected supplier rate changes explained in the *fine print of the contract agreement* with third-party retail suppliers or representatives associated with a third-party retail supplier enrolled them without their consent or knowledge. BGE customers purchasing electricity from a retail supplier paid on average 55% more than those customers on SOS over the past two years¹. The majority of these complaints have triggered the Maryland Public Service Commission's (PSC) involvement.

Despite the current law setting up a failsafe by allowing customers to switch back to their electric company's SOS rates, BGE believes that more consumer education and protections, like the licensing requirement in *Senate Bill 1*, are needed to help customers better understand the products they are purchasing to avoid having the most vulnerable falling victim to questionable business practices.

¹ The supplier rate comparison is calculated by dividing supplier charges by kWh usage and then averaging all customers by Supplier. A weighted average is then applied based on the number of customers by the Supplier.

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's largest energy delivery company.

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BGE strongly supports the provisions in *Senate Bill 1* that establish a licensing requirement for individuals selling electric or gas, supply services to retail customers in the State. Requiring individuals to obtain a license and endowing the PSC with compliance and enforcement authority over this licensing process ensures accountability for those employed in the field. Other complex and heavily regulated industries such as insurance rely on licensed salespeople to sell life, health, and property insurance products. Insurance agents, brokers, and producers take examinations and apply for various licenses to offer products and services to protect one's most important assets. Energy salespeople should be subject to similar requirements. The licensing requirement in *Senate Bill 1* would establish standards and continue building trust and fostering choice for Maryland customers.

For these reasons, BGE respectfully requests that the Committee issue a favorable report with amendments for *Senate Bill 1* and welcomes the opportunity to work with the sponsor on this legislation.

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