



Committee: Economic Matters
Testimony on: SB001 - Electricity and Gas - Retail Supply - Regulation and Consumer Protection
Organization: Maryland Legislative Coalition Climate Justice Wing
Submitting: Laurie McGilvray, Co-Chair
Position: Favorable
Hearing Date: March 26, 2024

Dear Chair Wilson and Committee Members:

Thank you for allowing our testimony today in support of SB001, as amended by the Senate. The Maryland Legislative Coalition (MLC) Climate Justice Wing, a statewide coalition of nearly 30 grassroots and professional organizations, urges you to vote favorably on SB001.

The 1999 Electric Choice Act brought sweeping energy deregulation with the intention of providing Maryland consumers a choice in their electric supplier. However, implementation of energy deregulation over the past nearly 25 years, has resulted in predatory retail supply practices, higher rates for consumers, and misleading “green energy” products at exorbitant prices. SB001 will address these major retail choice problems while allowing consumers to be protected as they make an informed choice for their energy supplier. There are four major reforms included in SB001.

First, retail supply salespersons will be required to get a license from the Public Service Commission (PSC) in order to offer or sell electricity or gas supply agreements to customers in Maryland. The license will be good for three years and then must be renewed. In addition, the PSC may deny, revoke, or refuse to renew a license with just cause, resulting from a PSC investigation or based on a complaint from the Office of People’s Counsel, the Attorney General, or an affected party. These provisions are intended to end the predatory, high-pressure, and misleading practices of door-to-door and telephone salespersons.

Second, the bill includes pricing guardrails for consumers. This is critical because between 2014 and 2022, Maryland consumers on retail choice contracts paid an extra \$1.2 billion dollars over utility standard offer service rates. Low-income ratepayers were hit the hardest; at worst, resulting in electricity cut-offs for failure to keep up with excessive utility bills. With the passage of SB001, a retail supplier may offer electricity only: 1) at a price that does not exceed the trailing 12-month average of an electric utility’s standard offer service; 2) for a

term not to exceed 12 months at a time; 3) at a fixed rather than variable rate (other than for adjustments for seasonal variation and not more than twice a year); and 4) without an automatic contract renewal or early cancellation fee. Additionally, a retail supplier may not pay a commission or other incentive-based compensation to their salespersons for enrolling customers.

Third, SB001 safeguards vulnerable populations. Anecdotal evidence and a systematic study of retail supply marketing practices in Baltimore, have shown many instances of predatory practices and illegal “slamming” of seniors, non-English speakers, and low-income customers. A University of California Berkeley study looked at three years of BGE retail electricity prices and found lower-income families in communities of color were targeted; paying higher prices, on average, than households in high-income areas for the same product.¹ The bill will prohibit a retail supplier from offering or providing electricity supply to a customer who receives energy assistance. In addition, if a customer’s account number has been compromised, the electric company and retail supplier must have a mechanism for the customer to receive a replacement account number or customer choice identification number upon request. Each electric company and electricity supplier must allow a customer to indicate a preference to remain on utility standard offer service indefinitely; in essence a “do-not-call” list to prevent future direct marketing by retail suppliers. Finally, the bill restricts an electric company from purchasing “receivables” (i.e., the electricity commodity) from an electricity supplier. In other words, the supplier won’t be paid until the utility is paid. The existing “purchase of receivables” (POR) practice has enabled retail suppliers to price-gouge low-income consumers, while the utility bore all the risk of non-payment.

Fourth, SB001 includes administrative changes, including improved retail supplier reporting to the PSC and more accountability regarding “green power.” For optional green power products, an electricity supplier must purchase renewable energy credits (RECs) for each year they offer green power for sale to residential customers, beginning January 1, 2025 and thereafter. These RECs must be: 1) generated in the PJM region (i.e., Maryland’s independent grid operator region) or outside the PJM region only if the electricity is delivered into the region; and 2) retired in a PJM Environmental Information Services, Inc., generation attribute tracking system reserve subaccount accessible by the PSC. Any claims by the retail supplier to residential customers that they will be purchasing green power must include a disclosure, approved by the PSC, describing what the customer is purchasing. This change should cut down on retail suppliers who purchase cheap, dirty RECs (like trash incineration) from outside the PJM region and sell them as “green power” at a price many times higher than what they paid for the REC.

¹ Kahn-Lang Jenya. [“Competing for \(In\)attention: Price Discrimination in Residential Electricity Markets.”](#) Energy Institute WP 333, November 2022.

Maryland consumers deserve to buy energy at a reasonable price and without the predatory and discriminatory practices undertaken by retail suppliers in the last 20+ years. Therefore, the MLC Climate Justice Wing strongly supports SB001 and urges a **FAVORABLE** report in Committee.

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Adat Shalom Climate Action

Cedar Lane Unitarian Universalist Church Environmental Justice Ministry

Chesapeake Earth Holders

Chesapeake Physicians for Social Responsibility

Climate Parents of Prince George's

Climate Reality Project

ClimateXChange – Rebuild Maryland Coalition

Coming Clean Network, Union of Concerned Scientists

DoTheMostGood Montgomery County

Echotopia

Elders Climate Action

Fix Maryland Rail

Glen Echo Heights Mobilization

Greenbelt Climate Action Network

HoCoClimateAction

IndivisibleHoCoMD

Maryland Legislative Coalition

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The Climate Mobilization MoCo Chapter

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