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PUBLIC SERVICE COMMISSION

February 13, 2024

Chair C.T. Wilson
Economic Matters Committee
Room 231 House Office Building
Annapolis, MD 21401

RE: HB 236 – Favorable with Amendments - Public Service Commission – Electricity Supply and Consumer Protections – Regulations and Orders

Dear Chair Wilson and Committee Members:

In 1999, Maryland enabled customers of electric and gas utilities to purchase their supply from either their utility or a third party energy supplier. During the process of deregulation, the Public Service Commission (PSC) was given the responsibility of enforcing customer protections with regards to the practices of the third party energy suppliers. The PSC does not have regulatory authority over the prices these companies can charge their customers. Over the past 24 years, the PSC has issued millions of dollars in fines for violations of customer protections and required millions more in customer refunds. HB 236 increases customer protections for Marylanders choosing their electric supplier. The Commission is recommending a favorable vote for HB 236, with a request for amendments.

HB 236 makes several significant changes to the existing retail market structure in Maryland. The bill requires that door-to-door marketers, in addition to the supplier companies who are already licensed in the State, be licensed by the PSC. The Commission would need to develop a licensing and enforcement process for marketers, as one does not currently exist. The legislation allows the Commission to establish licensing fees; however, the level of those fees has not been established. To stand-up the process of licensing door-to-door marketers, the PSC will require additional financial and personnel resources. It is anticipated that the PSC will require three positions. Consulting fees will also need to be expended for the Commission to establish the electronic licensing and enforcement framework for door-to-door marketers. The Commission requests an amendment to allow for the creation of the three PINs.

HB 236 also attempts to enhance customer protections by requiring retail customers automatically be returned to Standard Offer Service upon the expiration of a variable rate contract, unless the customer affirmatively creates and executes a new contract. The proposed legislation also requires all offers and contracts for residential supply to prominently display information on Standard Offer Service, including the Standard Offer Service Price and any other

information considered necessary by the Commission. The proposed legislation would prohibit commission-based and pay-per-contract compensation methods for customer choice marketing employees and contractors. To differing degrees, these modifications may improve customer protections, but may also be seen as restrictive to retail suppliers such that they reduce or eliminate offers and hinder business within the market.

Finally, the General Assembly should consider applying comparable requirements to natural gas suppliers and their marketing employees and contractors.

In total, HB 236 makes great strides in providing the PSC with more tools in the toolbox to protect Maryland ratepayers who wish to shop for their electric supply. The PSC is providing to the Committee a copy of the November 2023 JCR Report detailing enforcement actions taken against retail suppliers. The report provides context for the authority and progress the PSC has made with its current regulatory framework. HB 236 does position the PSC as a more active supervisor of this market. Retail energy competition can allow residential customers to select their energy supply based on innovative products and services, the environmental quality of the electricity or the commodity price. We look forward to working with the sponsors, the committee and interested parties on this legislation and possible amendments.

Sincerely,

A handwritten signature in blue ink that reads "Frederick H. Hoover". The signature is written in a cursive style with a clear, legible font.

Frederick H. Hoover, Chair
Maryland Public Service Commission