



BILL: House Bill 267/Senate Bill 1

TITLE: Electricity and Gas - Retail Supply - Regulation and Consumer Protection

DATE: February 15, 2024

POSITION: **OPPOSE**

COMMITTEE: Economic Matters

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Response to Maryland Legislature HB267/Bill SB1

Problem Recognition

The Eastern Shore of Maryland Educational Consortium (ESMEC) Energy Trust recognizes that the current customer choice program in Maryland has caused some challenges for residential customers in Maryland. Specifically, there have been reported cases where low-income residential customers have been targeted by aggressive and sometimes predatory sales pitches. These customers have signed up for supply contracts that are either mis-represented or that are not suited for their circumstances. The result is customers may wind up with higher rates than if they stayed with Standard offer Service (SOS) from the local utility.

Perhaps the most common complaint is when customers sign up for variable rate contracts with low introductory rates and then reprice at higher market rates thereafter.

We believe the above issues pertain almost exclusively to residential customers and not commercial, government or institutional customers.

HB267/SB1 Bill Overreach

Commercial businesses, government and institutional customers have overwhelmingly benefited from customer choice which provides organizations the platform to:

- utilize customized strategies to control their energy costs over more than one year
- maintain budgetary needs
- achieve sustainability and emission reduction goals through the voluntary purchase of renewable energy generation
- provide the necessary incentives to reduce energy usage and costs by responding to market signals (higher prices during system high demand periods)
- effectively integrate onsite and offsite renewable energy generation within their overall energy procurement program

We believe it would be a grave mistake to apply HB267/SB1 to the commercial, government and institutional customers in Maryland as it would negate the benefits organizations achieve above. Passage would result in:

- driving up costs for businesses thereby making Maryland less business competitive
- increase local government budgets thereby triggering higher local taxes
- eliminating the customer choice industry resulting in the elimination of local jobs
- reducing the ability of organizations to procure renewable energy thereby putting the State's emission reduction goals at risk

Recommended Solution

For the reasons stated above the Eastern Shore Superintendents of ESMEC recommend an amendment of HB267/SB1's restrictions to exempt commercial businesses, government and institutional customers and providers of energychoice.