residential electricity Senate Bill -- 1-2024.pdf

Uploaded by: Anne Manuel

Position: FAV

TESTIMONY **IN SUPPORT** OF SB 00001
Residential Retail Electricity – Regulation and Consumer Protection

Education, Energy, and the Environment Committee

My name is Anne Manuel and I've lived in Silver Spring, MD., for 39 years.

I am deeply concerned about the ever-more urgent threat climate change poses to our world. That's why my husband and I have been willing for several years to pay a premium to have our electricity come from renewable sources. That's why we chose WGL Energy's CleanSteps Wind Power for our home in Silver Spring and cabin in Myersville, MD. We were assured by the company's literature that, and I quote, "*CleanSteps® Wind Power covers 100% of your electricity usage, and* ***is composed of 100% wind energy****.*"

We've been paying a premium of more than $1,000 each year to WGL for what we believed to be wind power. We learned last year that the company's claims – like claims by many other third-party electricity suppliers – are entirely misleading. Unlike community solar arrangements, WGL apparently is not selling us power generated by wind. The company is not buying wind power on our behalf. We are actually getting the same mix of the local power grid supply as our neighbors who have not opted for 100% clean energy and are not paying a premium. Instead, the company is selling us Renewable Energy Certificates (RECs). A REC, as I understand it, is a bookkeeping measure indicating that a megawatt of renewable energy *has been generated* (somewhere at some time). My premium does not, in fact, purchase wind power.

But potentially more serious than the fact that my family has been misled by "green power" marketing is the potential impact such misunderstandings can have on the climate. I'm sure we are not the only family or business in Maryland who has believed that we no longer needed to conserve energy since our usage was (we thought) actually encouraging renewable energy production. Families like ours are not only paying more, but using more. *Instead of easing the climate crisis, false green energy claims are making it worse.*

None of this can be gleaned from the third-party supplier marketing. This is an example where regulation is desperately needed to accomplish two goals: 1) ensure that consumers know what they are purchasing; and 2) press the companies to make available genuine clean energy choices for consumers such as ourselves.

The legislature missed an opportunity to address this problem last year. We don't have time to let another year go by. I believe that SB 00001 is a step in the right direction toward achieving these goals. Thank you for your consideration.

SB0001_Electricty_and_Gas_Regulation_MLC_FAV.pdf
Uploaded by: Cecilia Plante
Position: FAV

MARYLAND LEGISLATIVE COALITION

TESTIMONY FOR SB0001
ELECTRICITY AND GAS – RETAIL SUPPLY – REGULATION AND CONSUMER PROTECTION

Bill Sponsor: Senator Augustine
Committee: Education, Energy, and the Environment
Organization Submitting: Maryland Legislative Coalition
Person Submitting: Cecilia Plante, co-chair
Position: FAVORABLE

I am submitting this testimony in favor of SB0001 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of activists - individuals and grassroots groups in every district in the state. We are unpaid citizen lobbyists and our Coalition supports well over 30,000 members.

Consumers in Maryland have the option of choosing their electric supplier. However, choice does not always equal informed choice. Many Marylanders have been taken in by the predatory practices of the electric supply companies, who have provided misleading information about green energy and have charged exorbitant prices for those products.

This bill, if enacted, would require retail supply salespersons 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.

The bill also requires a retail supplier to offer electric service only 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.

The bill will support vulnerable populations by prohibiting a retail supplier from offering or providing electricity supply to a customer who receives energy assistance. Also, 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.

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 from outside the PJM region and sell them as "green power" at a price many times higher than what they paid for the REC.

We appreciate the legislature's efforts to ensure that predatory energy practices in Maryland will be curtailed. We support this bill and recommend a **FAVORABLE** report in committee.

CANCER SUPPORT FOUNDATION

Cancer Support Foundation, Inc.
8268 Academy Road
Ellicott City, Maryland 21043

Phone: 410.964.9563
Email: info@cancersupportfoundation.org

www.cancersupportfoundation.org

what these regulated companies always want. Years ago third party suppliers came onto the scene. Like many we also were with them for a while until the rates became crazy and practices questionable.

For over 19 years, I have been helping the most vulnerable residents in Maryland. Some of the most challenging cases are those where my clients have the threat of losing their lights and heating/cooling, literally threatening their survival.Running the foundation I saw what was happening and how my clients were suffering. Many of my clients have no idea that they have been signed up for a company that had driven their commodity prices up by 3-5 times over standard offer service prices that others have.These clients are dealing with many health issues and unable to figure out what has happened to make their bills start to skyrocket. I just spoke to a senior lady who noticed that her bill was going up but did not realize that she had a different name of her supplier on her bill than her neighbors.

By the time she figured it out and was able to cancel, her bill had really gotten out of control. As she researched she was able to find out that her contract was a computer screen signature on the date that she had been hooked up to machines in the hospital. She had been slammed. Many of my clients are never able to figure out what has happened and have no support to help them in this process. This is not an isolated story but repeated over and over again.

The other scenario of my clients experiences has been the not full disclosure of what will happen to clients under the sales pitch of how much they can save or that they are helping the environment because this is sold as green energy. After a couple of months their bills start to grow and they are figuring that it is their overuse of the service since after all the sales person said that they would be saving money. Time passes and finally it may or may not be discovered that they are paying 3-5 times as much as the standard offer service. Some of my clients never recover from the financial hole that has resulted.

Scan_20240121 (4).pdf
Uploaded by: Cindy Carter
Position: FAV

CANCER SUPPORT FOUNDATION

Cancer Support Foundation, Inc.
8268 Academy Road
Ellicott City, Maryland 21043

Phone: 410.964.9563
Email: info@cancersupportfoundation.org

www.cancersupportfoundation.org

Giving people a choice is one of the arguments that I have heard related to this industry. Choice is going to the grocery store and deciding whether to buy a pound of sirloin steak or hamburger. You see up from the price, amount of food and value and know that once you purchase and go back home you will not have any surprise high price. Informed decision is part of choice.

My clients are not getting all of the facts up front and some are even getting slammed and not even having any conversation about the product and price.

I am asking for not just my clients but for everyone in the state to have an even playing field. All suppliers of these commodities doing business in Maryland need to operate under the same rules and regulations that my regulated standard offer for service utility company does. This should not be a business of buyer beware for our residents. Not sure why this group of businesses are allowed to operate in an unregulated manner since their product is the matter of life and death for my clients.

We support SB! And hope that this committee puts in motion some changes to protect all residents of Maryland.

Sincerely,

Cindy Carter

Cindy Carter
Executive Director Cancer Support Foundation, Inc
Co-Founder Critical Medical Needs Program

Cancer Support Foundation, Inc.
8268 Academy Road
Ellicott City, Maryland 21043

Phone: 410.964.9563
Email: info@cancersupportfoundation.org

www.cancersupportfoundation.org

Education, Energy, and Environment

SB1

Support

January 25, 2024

Good Afternoon Chairman Feldman and Committee

I am Cindy Carter Executive Director Cancer Support Foundation and Co-Founder Critical Medical Needs Program. I am here in support of SB1, Electricity and Gas Retail Supply - Regulations and Consumer Protection.

All companies that sell a life supporting commodity for electricity and gas should have a set of rules and regulations. This lays the foundation of how they do business with residents in Maryland. These guardrails establish them as a business that residents can be secure that there are some protections in place. These guardrails should also include pricing and how an account is sold, managed and kept in force or ability to cancel.

Maryland has large regulated companies that supply the commodities of electricity and gas. We depend on the supply and service that they offer. We also know that their actions are also carefully watched for business practices and requests for any rate increases.We may not like all of their actions but at least what they want to do is being known, regulated and sometimes not

Saunders, Favorable, SB1.pdf
Uploaded by: David Saunders
Position: FAV

Testimony Supporting SB1 Retail Energy Reform
Senate Education, Energy, and the Environment Committee
January 25, 2024

<u>Position: SUPPORT</u>

Dear Chair Feldman and Members of the Committee,

As a resident of District 41 and a Climate Change Professional (CC-P) certified by the Association of Climate Change Officers (ACCO) and the State of Maryland, I am writing to express my strong support of SB1, the Retail Energy Reform.

Among the many problems with Retail Choice is that the claims of 100% wind and 100% solar are based upon unbundled Renewable Energy Certificates (RECs). "Unbundle" means that the paper certificate and the actual energy are separate.

Please require the seller to disclose (in a quarterly report) the:

Actual price of RECs
% to solar/wind farms
% to marketing company/brokers
% to certifying agencies

The energy company advertisements lead the public to believe that a $100 monthly commodity bill (excluding delivery and taxes) is divided as follows: 100% means that $100 goes to the solar/wind farm.

The $100 commodity price includes the purchase of a REC which could be anywhere from $1 to $15. The consumer is not informed.

What may happen is that a $100 monthly bill might be:

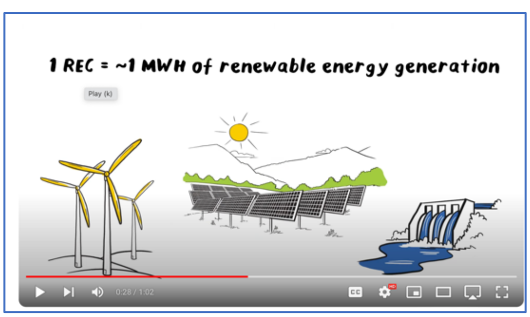
1. $10 for the REC
    a. $5 to marketing/broker
    b. $1 to certifying agency
    c. $4 to wind/solar farm
2. $90 for energy
    a. $80 for burning coal and methane
    b. $10 for wind/solar

So reasonable customers are misled. They think that $100 is paid to a solar/wind farm, whereas the solar/wind farm may only get $14 ($4 + $10).

Thinking that I was purchasing 100% wind power and believing that 100% of my commodity bill went to a wind farm, I too got hoodwinked!

The following is an analysis of misleading claims from a leading Maryland energy supplier.

<table>
<tr><th colspan="2">Misleading video on WGL website 1/22/2024
https://youtu.be/tbitdsfWotE?si=uNjpBLXb7Ya1wMfl</th></tr>
<tr><th>WGL Consumer YouTube</th><th>Why Misleading</th></tr>
<tr><td>
“Are you concerned about climate change, but you're not sure how you can help. One of the best ways to help is to support clean energy.”</td><td>1. It’s misleading to claim that a REC is “one of the best ways.”
2. Notice that throughout lawyers are clever enough to use the term “support” green energy, while the marketing copy writers are clearly implying the customer is “buying” clean energy.</td></tr>
<tr><td>

“WGL energy can help you make an immediate impact by purchasing renewable energy certificates also known as credits or RECs on your behalf.“</td><td>3. “Immediate impact” on climate change is misleading. A REC does not provide an “immediate impact.” A REC’s impact on slowing climate change is negligible.
4. They are selling you an unbundled REC, which is just a piece of paper, implying that it is a bundled REC, which is actual energy.</td></tr>
<tr><td>

“A REC is a credit for energy generated through a renewable source like wind solar or hydropower.”</td><td>5. The visual is misleading. It implies “your energy comes from wind, solar or hydro” – when in reality most energy from unbundled RECs comes from burning fossil fuel and generating harmful greenhouse gas (GHG).</td></tr>
</table>

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<td>


“A REC certified through third parties such as your local grid operator or companies like Green E are uniquely numbered and tracked to ensure the money you spend supports clean green energy.”
</td>
<td>
6. “Certified and uniquely numbered” gives a misleading sense of quality. It’s OK to certify and uniquely number if the REC were bundled with actual energy.

7. “Money you spend supports green energy” is misleading. Actuality it’s a donation to corporate profits!
</td>
</tr>
<tr>
<td>


“So you can rest easy knowing the money you spend on RECs supports the environment.”
</td>
<td>
8. “Rest easy” misleads customer into thinking they are slowing climate change, even though their carbon footprint is unchanged. If misleading claims are “approved” by government agencies, the false sense of “rest easy” a danger to society.
</td>
</tr>
<tr>
<td>


“Call us today to learn more about reducing your carbon footprint.”
</td>
<td>
9. An unbundled REC is an electronic document. It is not actual energy. It does not “reduce your carbon footprint.”
</td>
</tr>
</table>

 *"It's not too late to **preserve our world** for future generations. Support green energy now."*	10. *"Preserve our world"* is terribly misleading. It gives false hope and increases danger of climate change.

The solution is simple. Require energy companies to fully disclose the fee structure of RECs.

Respectfully submitted:

David M. Saunders MS, CC-P
18 Roland Green
Baltimore, MD 21210
Davidsaunders107@gmail.com
410-456-8542
Co-author, "*Four Days with Dr. Deming*" (10th printing)

References:

Peltier, L. (2022, September 16). *Retail Energy's Greenwashing: How fictional renewable energy certificates became "100% renewable" electricity*. https://issuu.com/greenlaurel7/docs/retail_energy_greenwashing

Gillenwater, M. (2008). *Redefining RECs—Part 1: Untangling attributes and offsets*. Energy Policy. https://doi.org/10.1016/j.enpol.2008.02.036.

Gillenwater, M. (2008b). *Redefining RECs—Part 2: Untangling certificates and emission markets*. Energy Policy. https://doi.org/10.1016/j.enpol.2008.02.019

SB 1 - Electricity and Gas - Retail Supply - Regul

Uploaded by: Donna Edwards

Position: FAV

MARYLAND STATE & D.C. AFL-CIO

AFFILIATED WITH NATIONAL AFL-CIO

7 School Street • Annapolis, Maryland 21401-2096

Balto. (410) 269-1940 • Fax (410) 280-2956

President
Donna S. Edwards

Secretary-Treasurer
Gerald W. Jackson

SB 1 - Electricity and Gas - Retail Supply - Regulation and Consumer Protection
Senate Education, Energy, and the Environment Committee
January 23, 2024

SUPPORT

Donna S. Edwards
President
Maryland State and DC AFL-CIO

Chairman and members of the Committee, thank you for the opportunity to provide testimony in support of SB 1. My name is Donna S. Edwards, and I am the President of the Maryland State and DC AFL-CIO. On behalf of the 300,000 union members in the state of Maryland, I offer the following comments.

SB1 requires energy salespeople to obtain licenses if they offer electricity or gas supply agreements in Maryland. Under Maryland's deregulated utility choice model, consumers are eligible to choose their energy providers while operating on the same transmission lines already in their area. Energy companies aggressively market themselves to consumers with contracts that may include misleading claims. SB1 sets guardrails around green energy providers by requiring clean energy suppliers to abide by PJM region standards and not use misleading advertising to deceive consumers about what they are actually purchasing.

Maryland's consumers deserve protections and transparency when participating in the state's retail energy market. For the state's rollout of clean energy to be successful, consumers and workers need confidence that the energy providers and salespeople they are interacting with are trustworthy, transparent, and truthful.

We urge the committee to issue a favorable report for SB 1.

SB1 - Clean Water Action - FAV.pdf
Uploaded by: Emily Ranson
Position: FAV

SB1: Electricity and Gas – Retail Supply – Regulation and Consumer Protection
Senate Education, Energy, and the Environment
January 24, 2024

Position: Favorable

Dear Chairman Feldman and Members of the Committee,

Clean Water Action supports SB1 to reform Maryland's retail energy system.

As an environmental group that operated a field canvass and invests heavily in community outreach, we have long heard the concerns and complaints of residents who thought they were making a wise financial decision changing their energy supplier. We are especially aware of eco-conscious energy buyers whose bills increased significantly after the low-cost entry period was over.

These are energy buyers who may be willing to pay a moderate premium to put their money where their mouth is on green energy goals, but we have heard too many stories from ratepayers who then felt cheated and taken advantage of. These experiences are chilling for the retail energy market and for renewable energy and make ratepayers more hesitant about green retail energy suppliers who do not pull similar shenanigans.

SB1 will give residents confidence and protection when engaging with the energy market.

For these reasons, we urge a favorable report.

Thank you,

Emily Ranson
Chesapeake Director
410-921-9229
Clean Water Action
eranson@cleanwater.org

testimony2024sb1ltr.pdf
Uploaded by: Franz Schneiderman
Position: FAV

Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

Testimony to the Senate Education, Energy and the Environment Committee
SB 1 – Electricity and Gas – Retail Supply –
Regulation and Consumer Protection
Position: Favorable

The Honorable Brian Feldman Jan. 25, 2024
Senate Education, Energy, and the Environment Committee
3 West, Miller Senate Building
Annapolis, MD 21401
cc: Members, Senate Finance Committee

Honorable Chair Feldman and Members of the Committee:

I'm a consumer advocate and Executive Director of Consumer Auto, a non-profit group that works to safeguard Maryland consumers and promote safety, transparency, and fair treatment of Maryland drivers and car buyers.

Consumer Auto supports **SB 1** because it establishes urgently-needed guardrails and protections that could finally turn Maryland's long-troubled "energy choice" program into an asset rather than a millstone for residential energy consumers.

While the idea of enabling consumers to choose their own energy suppliers certainly sounds appealing, the ill-regulated, confusing, and often predatory sales market that has in fact developed around the program has proven costly and harmful for many residential energy customers.

Many of those problems have been widely reported. Consumers working with "retail choice" suppliers have regularly been victimized by, among other things, aggressive and dishonest sales tactics, by bait-and-switch sales offers that bring people in with low introductory rates but carry variable rates that end up being very costly; by long-term or automatically renewing sales contracts that carry expensive cancellation clauses; by promises of green power from suppliers that ultimately can't show they really provide energy from clean sources. [1]

And for most retail customers the promise the promise of savings through choice has proved a costly illusion. Data shows that residential electric and gas customers in the retail choice program paid $1.2 billion more than they would have paid their regulated for energy from 2014-22. Data from 2022 show that the avg. price consumers paid a regulated supplier for electricity was about 8 cents/kwh; for retail energy customers the cost was 50% higher (about 12 cents/kwh).[2] 2021 figures

[1] See, for instance, https://www.baltimoresun.com/2023/04/16/complaints-on-the-rise-alleging-deceptive-practices-by-third-party-gas-and-electric-suppliers-in-maryland/.
[2] https://www.energysupplierhelpdesk.org/

Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

showed that 404,000 households in the residential choice program paid an extra $117 million for their electricity bills, an average of $290/household.[3]

That added expense is a burden for any family of course. But those who work with energy customers struggling to pay their bills know that these additional fees all too often cause families to be unable to pay their energy bills – or to make excruciating choices between paying for rent or medicine or adequate food and meeting their utility bills. At the same time, data shows that aggressive door-to-door energy choice marketing focuses on dense, low to middle-income neighborhoods, causing consumers in Baltimore's lowest-income neighborhoods and many Black, Hispanic and immigrant families to pay higher rates than the rest of the state's consumers.[4]

It's worth emphasizing that the kind of problems we've seen in this program are not limited to Maryland – or the result of a few bad apples among our state's suppliers and energy salespeople. Retail choice programs around the country have resulted in dramatic overcharges of vulnerable consumers, with the Wall Street Journal (which is no enemy of market choice) estimating the total overcharges at $19.2 billion.[5] Data from New York, New Jersey, Massachusetts, Pennsylvania, Texas and other states all show that households in retail choice programs pay, on average, several hundred dollars more per year for energy than those using traditional public utilities with regulated rates pay.[6]

To make retail choice work well for consumers, Maryland needs to take strong steps to clean up the marketplace and eliminate predatory pricing and sales practices. **SB 1** would take many important steps to do that. Most importantly, it protects against price rip-offs by requiring alternative suppliers not to exceed the prices charged under the area's Standard Offer of Service (SoS) over the previous 12 months. Among other key consumer protections, the bill also:

- prohibits sales contract from lasting more than one year or from renewing automatically
- prevents suppliers from charging variable rates (except for limited seasonal and time-of-day variations) or imposing cancellation fees.
- mandates proper licensing of energy suppliers and salespeople and gives the state the ability to impose serious sanctions for misconduct.
- defines what "green power" means and requires suppliers to disclose what they're getting to consumers.

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3 https://www.baltimoresun.com/2023/04/16/complaints-on-the-rise-alleging-deceptive-practices-by-third-party-gas-and-electric-suppliers-in-maryland/

4 https://insideclimatenews.org/news/20032023/maryland-utility-bills/?utm_source=InsideClimate+News&utm_campaign=412ea9c3c9-EMAIL_CAMPAIGN_2023_03_25_04_00&utm_medium=email&utm_term=0_29c928ffb5-412ea9c3c9-327973189.

5 https://www.marylandmatters.org/2021/09/13/opinion-is-retail-energy-choice-an-aladdins-tale/

6 https://www.utilitydive.com/news/retail-choice-bad-deal-consumers-arrearages-renewable-energy-community-choice/694355/

Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

- requires clear and detailed disclosure of data on how much energy third-party suppliers are selling and how much Marylanders are paying for it.

In a sense Maryland recognized the need for rate reform three years ago, when we passed legislation that requires suppliers serving the low-income Marylanders served by the state's energy assistance program to charge rates consistent with the "Standard Offer of Service" rates from the regulated utility (SB31/HB 397, sponsored by Sen. Mary Washington and then-Delegate Brooke Lierman). That reform worked to protect the most vulnerable consumers against being over-charged and to make sure that the state's scarce energy-assistance dollars go as far as possible to help those in need.

SB 1 would build on that reform by extending similar rate protections to all Maryland consumers. At the same time, it would give consumers confidence that energy choice won't turn into a nightmare – that we won't be victimized by long-term, variable rate contract that carry burdensome cancellation fees; that our salespeople and suppliers are licensed by the state and can be held accountable for misconduct; that if we sign up (or agree to pay a premium for) for clean/green energy, that's what we will get.

That's the kind of reform we need to make "retail choice" work for residential consumers.
And these rules certainly allow alternative suppliers to continue to compete for market share – as long as they can offer energy at rates competitive with those from our regulated regional suppliers and respect appropriate consumer protections.

Consumer Auto supports SB 1 and asks that you give it a FAVORABLE report.

Sincerely,

Franz Schneiderman
Consumer Auto

SB 1 Support Letter.pdf
Uploaded by: Karen Straughn
Position: FAV

Candace McLaren Lanham
Chief Deputy Attorney General

Carolyn A. Quattrocki
Deputy Attorney General

Leonard Howie
Deputy Attorney General

Anthony G. Brown
Attorney General

Christian E. Barrera
Chief Operating Officer

Zenita Wickham Hurley
Chief, Equity, Policy, and Engagement

Peter V. Berns
General Counsel

State of Maryland
Office of the Attorney General

410-576-7040

410-576-7942
kstraughn@oag.state.md.us

January 25, 2024

To: The Honorable Brian Feldman
Chair, Education, Energy and the Environment Committee

From: Karen S. Straughn KSS
Consumer Protection Division

Re: Senate Bill 1 – Electricity and Gas – Retail Supply – Regulation and Consumer Protection (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of Senate Bill 1 submitted by Senator Malcolm Augustine. This bill establishes a licensing procedure for salespersons for electricity and gas suppliers and further sets standards for the sale of retail energy supply contracts.

The Consumer Protection Division receives numerous complaints about door-to-door and telephone solicitations of retail energy supplies. These complaints allege misrepresentations about the savings being offered when the contracts generally cost more than standard offer service. In addition, consumers complain that they are being switched without their consent. Although the Division has concurrent authority with the Public Service Commission to bring enforcement action against suppliers and salespeople that engage in deceptive practices, licensing of these salespersons, and increased penalty provisions, will help to enhance the PSC's ability to ensure compliance by sellers of retail energy supply contracts. It will also help to reduce the number of anticompetitive and abusive practices that currently occur in the marketplace.

In addition, the bill prohibits a supplier from offering service through a commission-based system, which could further reduce the frequency of deceptive practices. It sets limits on the types of contracts that may be offered and attempts to ensure that consumers are given greater control over whether they are being contacted by third party suppliers if they wish to remain on standard offer service. It requires reporting by third party suppliers which will help to ensure the accuracy of claims that their rates are competitive with standard offer service. Each of these measures increases the chance that consumers are treated fairly and equitably in accordance with their desired preferences for electric choice.

For these reasons, the Consumer Protection Division asks that the Education, Energy and the Environment Committee return a favorable report on this bill.

cc: The Honorable Malcolm Augustine
Members, Education, Energy and the Environment Committee

MEAC SB1 Fact Sheet.pdf
Uploaded by: Laurel Peltier
Position: FAV

SB1 RETAIL ENERGY REFORM

SEN. AUGUSTINE, EEE COMMITTEE

HEARING 1/25 1 PM

PROBLEM

1- Unregulated rates leading to $1.2 billion overpayments compared to regulated residential energy rates.

2-Continued direct sales focus on low-income ZIP codes, communities of color, and ESL families.

3-Eco-buyers targeted with false promise of clean energy. Get low cost RECs and paid on avg. $725 more in 2022.

4-Lax regulations leaving PSC and OPC hampered, consumers caught in cross hairs and no reporting.

SOLUTIONS

5 PILLARS OF REFORM

1 RATE GUARDRAILS.

2 SAFEGUARD VULNERABLE POPULATIONS.

3 IMPROVE CLEAN ENERGY OFFERS.

4 IMPROVE PSC AND OPC REGULATORY OVERSIGHT.

5 IMPROVE MARKET TRANSPARANCY.

SB1 Pillars & Proposals (page, line #)

1. **Rate guardrails:**
-Electricity & gas rate can't exceed trailing 12 month SOS avg (17, 13).
-Contracts only 1 yr in length, no auto renewal, variable rates, no cancel fee (17, 20-30).
-No purchase of receivables (18,5).
-Regulated utilities can market SOS rates. (15, 23).
-No retail supply offers for OHEP accounts. (18,4).

2. **Vulnerable population safeguards:**
-Replace Choice ID numbers for "slammed " accounts (18,13).
-Account safeguarded from switching. Account freeze. (18,19)
-Simplify Energy Assistance rate program by keeping all OHEP accounts on regulated SOS/gas commodity offers. (18,4)

3. **Green Power Offers (24, 13 - 25, 12)**
-Report RECs amounts and type of generation.
-RECs purchased from PJM and PJM delivered.
-Retired in GATS sub account, using same PSC reporting system.
-Include a consumer discloure that green offer is REC-based.

4. **Improve PSC and OPC Oversight:**
-Licenses terms now 3 years (6,2) with more authority over who and approval.
-PSC may revoke or deny license for just cause or OPC complaint
-PSC can refuse to renew and refuse to renew a salesperson. (6.15)
-Energy salesperson reforms: (7, 12), No commissions, licensed, trained, certified, 3 year term
-Can't transfer PSC retailer license to other companies. (12,5)
-Increase civil penalties to $25,000. Each complaint can be separate. (9,17) Many new reasons (21, 1-, 29 - 22, 30)

5. **Reporting: (18, 25 - 19, 20)**

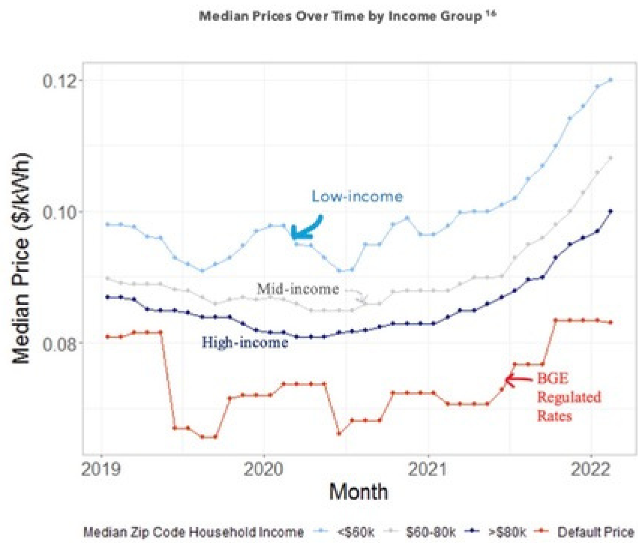
- Suppliers required to report monthly, various factors: usage, MW, revenues charged.

MARYLAND'S RESIDENTIAL RETAIL ENERGY OVERPAYMENTS VS. REGULATED UTILITY ELECTRICITY RATES

YEAR	Residential Electricity +	Residential Gas =	E & G Overpayment
2014	$77 M	$53 M	$130 M
2015	$69 M	$47 M	$116 M
2016	$50 M	$41 M	$91 M
2017	$59 M	$39 M	$98 M
2018	$73 M	$44 M	$117 M
2019	$88 M	$40 M	$128 M
2020	$106 M	$36 M	$142 M
2021	$117 M	$34M	$151 M
2022	$178 M	$49 M	$227 M
2014 - 2022 Overpayment Total	$817 M	$381 M	$1.2 B

Electricity Data source is US D.O.E. EIA861. Gas is estimated at 25¢ markup for retail therms sold. EIA data reported every October.

MARYLAND'S BGE TERRITORY RESIDENTIAL RETAIL ENERGY KWH RATES COMPARED TO BGE'S REGULATED STANDARD KWH RATE 2019- 2021



Source: https://haas.berkeley.edu/energy-institute/research/abstracts/wp-333/

Retail Energy's "a few Bad Actors" Narrative is False

UTILITY	# ACCOUNTS	AVG. SOS KWH CHARGED '21	EXTRA '21 REVENUE ABOVE SOS
Regulated SOS Electric	1,970,000	8.0 ¢	$0
Retail Energy Total	370,000	12.1 ¢	+ $ 178 M
#1 Constellation	80,000	9.0 ¢	$ 14 M
#2 NRG	63,000	13.5 ¢	$ 39 M
#3 WGL	34,000	10.0 ¢	$ 7 M
#4 Shell Oil's Inspire	35,000	12.5 ¢	$ 16 M
#5 Vistra Energy	24,000	12.3 ¢	$ 11 M
#6 CleanChoice	24,000	19.0¢	$ 27 M

MARYLAND RETAIL ENERGY "100% RENEWABLE" 2022 RESULTS

Res. Supplier	# Customers	Xtra $ Paid per Family	Revenues Above SOS
#1 Shell Oil's Inspire	35,000	$470	$ 16 million
#2 CleanChoice	27,000	$1,000	$ 27 million
#3 Shell's SmartEnergy	6,000	$875	$5 million
#4 CleanSky / Titan	6,600	$485	$3 million
#5 Clearview	4,000	$885	$3 million
#6 M Power	5,000	$560	$3 million
#8 NRG - Stream	5,200	$519	$4 million
#9 Indra / Palmco	4,000	$1,060	$4 million
#10 Tomorrow/Sperian	5,000	$924	$5 million
#11 NRG Green Mount	3,400	$775	$2 million
#12 Greenlight	3,500	$775	$3 million
#13 Vistra - Viridian	2,000	$820	$2 million
#14 Spring Energy	1,300	$1,000	$1 million
All "Green" Suppliers	**108,000**	**$725**	**$78,000,000**

Electricity Data source is US D.O.E. EIA861.

SB1-FAVORABLE-MD ENERGY ADVOCATES COALITION.pdf
Uploaded by: Laurel Peltier
Position: FAV

Maryland Energy Advocates Coalition

WORKING TO ENSURE AFFORDABLE UTILITY BILLS FOR LIMITED INCOME FAMILIES THROUGH ADVOCACY, REPORTING, & EDUCATION.

TESTIMONY IN SUPPORT SB1

Electricity and Gas-Retail Supply – Regulation and Consumer Protection
Senate Education, Energy, and the Environment Committee
January 25, 2024

Good afternoon, Chairman Feldman and members of the Senate Education, Energy, and the Environment Committee. The Maryland Energy Advocates Coalition (MEAC) is pleased to provide written testimony in support of SB1. Our collaboration of nonprofits, foundations, partners, and volunteers works to ensure that limited-income families can afford their utility bills through advocacy, education, and reporting.

SB1 provides the urgently needed market and consumer reforms to level the residential retail energy consumer playing field. SB1 is tactical and practical and reforms many of the issues and injustices happening with today's current marketplace. SB1 does not eliminate choice, but rather it provides the guardrails needed for all Maryland residential consumers to access affordable energy.

MARYLAND'S RESIDENTIAL RETAIL ENERGY OVERPAYMENTS VS. REGULATED UTILITY ELECTRICITY RATES

YEAR	Residential Electricity +	Residential Gas =	E & G Overpayment
2014	$77 M	$53 M	$130 M
2015	$69 M	$47 M	$116 M
2016	$50 M	$41 M	$91 M
2017	$59 M	$39 M	$98 M
2018	$73 M	$44 M	$117 M
2019	$88 M	$40 M	$128 M
2020	$106 M	$36 M	$142 M
2021	$117 M	$34M	$151 M
2022	$178 M	$49 M	$227 M
2014 - 2022 Overpayment Total	$817 M	$381 M	$1.2 B

Electricity Data source is US D.O.E. EIA861. Gas is estimated at 25¢ markup for retail therms sold. EIA data reported every October.

The 1999 Electric Choice Act opened the door for competitive energy suppliers to service residential customers and offer electricity and gas supply. The deregulatory energy bill clearly stated the goal was "economic benefits for all classes." [1]

Yet the opposite has happened. Maryland's residential customers who chose a retail supplier have paid **$1.2 billion more**[2] for home energy - an essential service.

Maryland's residential Retail Energy market negative outcomes have been highly reported and studied [3]. The data and facts are

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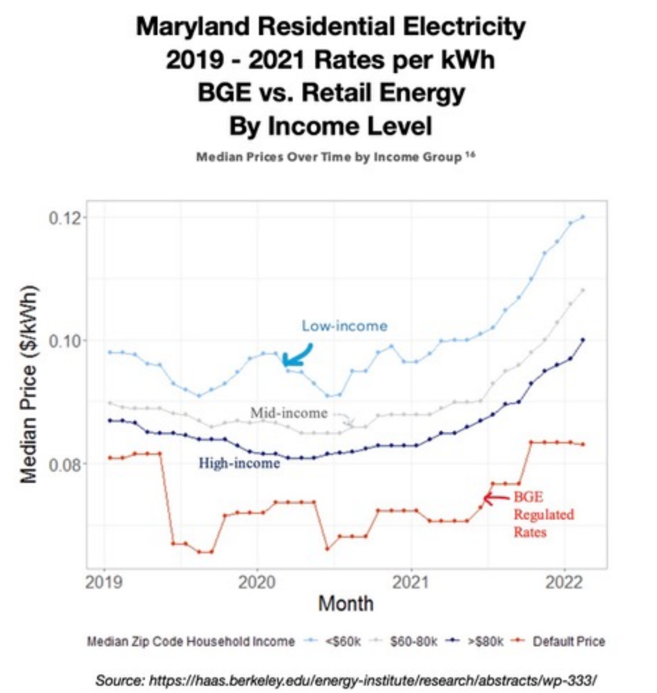
[1] https://mgaleg.maryland.gov/mgawebsite/Search/Legislation?target=/1999rs/billfile/hb0703.htm

[2] https://www.energysupplierhelpdesk.org/. Data source DOE EIA861 file

[3] https://www.energysupplierhelpdesk.org/reports-pres

indisputable and clear that in its current form, Maryland's residential market did not meet its goals. From the Wall Street Journal's Page 1 investigative series[4] featuring Baltimore residents, to many restructured states' reports, articles, radio, and TV shows, retail energy has been a hot topic for many years.

In 2022, important research based on 3 years' worth BGE retail energy billing records was published by a PhD candidate at UC Berkeley, [5] The researcher asked a serious economic question: Why were low-income households in the US paying more for retail energy compared to regulated utility offers?



Her research concluded that over time, the retail industry realized it is more cost effective to send commission-based direct salespeople door-to-door or embed them in big box stores in Maryland's lowest income ZIP codes[6]. Suppliers charged low-income accounts higher rates at the door than online. When variable rates kick in (the report found the average fixed rate contract was only 2 months), rates can creep up to any level. **Maryland's retail energy market has no pricing oversight.** As the UC Berkeley report detailed, Spanish-speaking accounts, African American accounts, and immigrant families pay the highest rates.

Of real concern is that the report proved that the driver in this market's pricing discrimination is based on demographics. Found on page 13, the report concluded that the presence of a majority African American ZIP code explained nearly half (45%) the pricing discrimination.

Since 2010 when purchase of receivables was integrated with utility consolidated billing [7], the Maryland residential market has seen significant overpayments compared to utility rates. And each year, per customer overpayments increased from $161 in 2014 to $483

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[4] https://www.wsj.com/articles/electricity-deregulation-utility-retail-energy-bills-11615213623

[5] https://haas.berkeley.edu/energy-institute/research/abstracts/wp-333/

[6] PSC data reported in Baltimore Fishbowl https://datawrapper.dwcdn.net/x4zeA/1/

[7] Abell Foundation Report: Peltier & Makhijani https://abell.org/publication/marylands-dysfunctional-residential-third-party-energy-supply-market/

per account in 2022 [8]. As the residential retail energy market has shrunk, industry has increased rates on their remaining customers.

In addition to the low-income targeting, **“Eco-buyers” are wooed into retail energy with promises of clean electricity.** Retail energy “green power” offers are based on voluntary renewable energy certificates. Maryland currently has no standards or regulations regarding “green offers” and Maryland has no visibility into what types of RECs suppliers purchase on behalf of their clients. Research suggests most RECs are unbundled RECs from Texas wind farms. These RECs are very low cost (after broker fees, too) and offer no ‘environmental benefits’ for Maryland.

Eco-buyers assume they’re paying more for actual wind and clean energy. [9] Maryland’s eco-buyer retail energy segment is at least 25% of the retail energy base. In 2022, each “green offer” account paid on average $725 more for electricity compared to regulated rates. Retail Energy “green offer” premiums are significant. in 2022, the average retail “green offer” account paid for an additional 8 RECs (~8,000 kWh) above the 25% RPS requirement. At an average $725 premium, each retail supplier “green offer” RECs cost consumers an extra $90. Voluntary RECs sell between $2 to $10 each.

Lastly, the in-person direct sales shenanigans are many, including that most sales agents ‘fudge the truth’ about retail energy offers. It’s a tough product to sell and the sales folks are, by and large, on commission per closed sale. Since 2010, per PSC data [10], about 2.8 million new residential contracts were sold. There are 2.3 million Maryland residential accounts. And 2.5 million contracts have cancelled. It’s a churn and burn marketplace relying heavily on direct sales.

On average, Retail Energy costs more for the roughly 10 million US customers. Yet even when the PSC “shot across the bow” from the bench and asked industry to “clean up your act,” the retail industry chose to double-down on Maryland consumers (New Jersey, too) and charge Maryland families the highest premiums compared to other restructured states.

Our coalition, Maryland’s Office of Home Energy Programs, the Fuel Fund of Maryland and Maryland

2022 US Residential Retail Energy Results - Sorted by Overpay/Family

DEREG STATE	# RESIDENTIAL ACCOUNTS	AVG. EXTRA EA. FAMILY PAID	% ABOVE REGULATED KWH RATES
New Jersey	220,000	+$500	+56%
Maryland	370,000	+$485	+50%
Pennsylvania	1,150,000	+$340	+37%
Massachusetts	325,000	+$300	+33%
Illinois - MISO	218,000	+$240	+33%
Texas	6,700,000	+$220	+12%
New York	580,000	+$210	+30%
Illinois - PJM	436,000	+$185	+24%
2022 TOTAL	10 million	$2.5 B	

Source: DOE EIA861 files.

[8] https://www.energysupplierhelpdesk.org/1billion

[9] https://www.energysupplierhelpdesk.org/greenpower

[10] https://www.psc.state.md.us/electricity/electric-choice-monthly-enrollment-reports/

residents are left picking up the pieces. The net is that Section 8 vouchers are lost and home utility accounts are terminated. Energy burdens are high in Maryland and this market needs to be reformed.

SB1 solves many issues.

1. **RATE GUARDRAILS:** SB1 provides **first-ever rate oversight** that's tied to regulated rate levels. Another key regulation is **eliminating "purchase of receivables**." Combined with no rate oversight, POR as it's called, is a PSC-regulation that when combined with "free market" rates has driven pricing discrimination, with little risk to retail suppliers. Known as a "moral hazard," Maryland rate results support that retail suppliers fell into that trap. **Limiting contract lengths, fixing renewal terms at 1 year, and eliminating variable rates** is smart to ensure that consumers aren't hooked into never-ending monthly variable.

2. **VULNERABLE POPULATION SAFEGUARDS:** With 20 years' retail energy customer outcomes, SB1's replacing compromised Choice Identification Numbers, "locking" a residential utility account on SOS, and eliminating retail choice for OHEP accounts are tactical and practical.

    a. **Utility Choice ID Number Replacement:** When an account is compromised with an illegal sale, known as "slamming," a minority of account holders file PSC complaints. If they win their case, the sales reps still have their account information and can re-enroll them without consent. This requirement would allow the Choice ID to be changed by the utility system to reduce the likelihood of further slamming. (Also, very few residents seem to know about the PSC, let alone the Consumer Affairs Division online complaint process.)

    b. **Account SOS / Gas Lock:** It appears that older adults are often targeted by direst sales salesman. A Baltimore City senior, Ms. Ida's experience (Figure 1 below) is an extreme example of this issue, yet illustrates the door to door sales issue with 23 switches over 30 months. SB1 would allow account holders and their caregivers to request that their distribution utility automatically keep their account on SOS. This one change will give seniors and their families peace-of-mind that their family's utility account is on SOS.

    c. **Energy Assistance "OHEP" Change:** While 2021's SB30/HB397 attempted to eliminate retail supplier overcharges for all accounts receiving energy assistance, the final solution was to offer a "guaranteed savings plan." Retail suppliers commit to charge OHEP-coded accounts that same as regulated rates. The implementation has some flaws, and SB1's requirement eliminates PSC labor and ensures that utility systems automatically protect OHEP-coded accounts.

Baltimore City (21218) OHEP Account: # Electric Switches: 23 # Gas Switches: 16

Year	Month	ELECTRIC		Yearly Use: 3,000 kWh	RED = SWITCH	GAS		Yearly use: 450 therms
	April	Atlantic Energy	to	Spring Power		Atlantic Energy	to	Spring Power
	May	Spring Power				Spring Power		
	June	Spring	to	Liberty Power		Spring Power		
	July	Liberty Power	to	Constellation		Spring Power		
	August	Constellation				Spring Power	to	Constellation
	September	Constellation	to	Smart Energy		Constellation	to	Spring Power
	October	Smart Energy				Spring Power		
	November	Smart Energy	to	Spark Energy. to	Spring Power	Spring Power	to	Spark Energy
	December	Spring Power				Spark Energy	to	Spring Power
2020	January	Spring Power	to	Clearview		Spring Power	to	Clearview
	February	Clearview				Clearview		
	March	Clearview				Clearview		
	April	Spark Energy				Clearview	to	Spark Energy
	May	Spark Energy				Spark Energy		
	June	Spark Energy	to	Clearview		Spark Energy		
	July	Clearview				Spark Energy		
	August	Energy Harbor	to	Spring Power to	Clearview	Spark Energy		
Case Mgr start ->	September	Spring Power				Spark Energy	to	Spring Power
	October	Spring power	to	Park Power		Spring Power		
	November	Park power	to	Spring Power to	CleanChoice	Spring Power	to	Park Power
	December	CleanChoice	to	Spring Power		Park Power	to	Spring power
2021	January	Spring power	to	MDGE-Vistra		Spring Power		
	February	MDGE	to	Spring Power		Spring Power	to	MDGE-Vistra
	March	Spring power	to			MDGE-Vistra	to	Spring Power
	April	BGE				Spring Power		
	May	RPA Energy				BGE		
	June	RPA Energy				RPA Energy		
	July	RPA Energy	to	BGE		RPA Energy		
	August	BGE				BGE		
	September	Clearview				Clearview		

Figure 1: Ms. Ida (first name) lives in Baltimore City, a GEDCO community center client. L. Peltier and Ms. Ida's Healthcare for the Homeless Case manager began working in 9/20 to keep her on BGE supply. Unsuccessfully most of the time. The chart above lists the many suppliers that enrolled this elderly lady.

MARYLAND
RETAIL ENERGY
"100% RENEWABLE"
2022 RESULTS

Res. Supplier	# Customers	Xtra $ Paid per Family	Revenues Above SOS
#1 Shell Oil's Inspire	35,000	$470	$ 16 million
#2 CleanChoice	27,000	$1,000	$ 27 million
#3 Shell's SmartEnergy	6,000	$875	$5 million
#4 CleanSky / Titan	6,600	$485	$3 million
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#14 Spring Energy	1,300	$1,000	$1 million
All "Green" Suppliers	**108,000**	**$725**	**$78,000,000**

Electricity Data source is US D.O.E. EIA861.

Figure 2: Nine "green power" residential retail brands that sell 100% renewable offers charged more than $750 on average more. DOE EIA861 files. Nine brands

3. **GREEN POWER OFFERS:** SB1 requires retail suppliers to purchase PJM and /or PJM delivered generation voluntary RECs above the RPS levels. SB1 requires suppliers to report REC types, location, and generator. Lastly, SB1 requires clear a consumer disclosure on all marketing. If passed these changes will ensure Maryland's eco-buyers can more readily know what they're buying.

4. **INCREASED PSC, OFFICE OF PEOPLE'S COUNSEL AND ATTORNEY GENERAL OVERSIGHT**: MEAC supports every SB1 change suggested. The residential retail energy market is roughly a $500,000,000 yearly market and has no dedicated staff. Recently, the PSC has spent considerably more labor hours on major Supplier Complaint Cases and has beefed up the Consumer

Affairs Department complaint group. Yet given that 50% of Maryland's electricity is sold via retail suppliers, it's astonishing how few labor hours are devoted to overseeing this market's results. Stronger energy salesperson training and licensing, limiting retailer license timeframes, and expanding oversight are smart so that our regulatory agencies can regulate. Today's lax regulations seem to trigger an automatic court case by industry because of outdated and vague laws.

5. **RESIDENTIAL RATE REPORTING**: A major reason SB1 has taken so long to come to fruition is our state's lack of official reporting. Without reporting, the public had little insight into retail energy results. When MEAC (originally under the Energy Supplier Reform Coalition) began reporting results in 2016 using federal U.S Department of Energy EIA861 data, many were rightly skeptical because the data wasn't "official." For Maryland to effectively manage consumer utility bills in the years to come, we must know what retailers are charging, just as we do with regulated utilities.

The average rate charged in 2022 for 370,000 residential accounts was nearly $500 more, a 50% premium. Since 2013, retail suppliers have on average charged higher and higher rates. Often retail supplier rates didn't track with market wholesale trends, as regulated SOS rates do. This data is from the DOE EIA861 files.

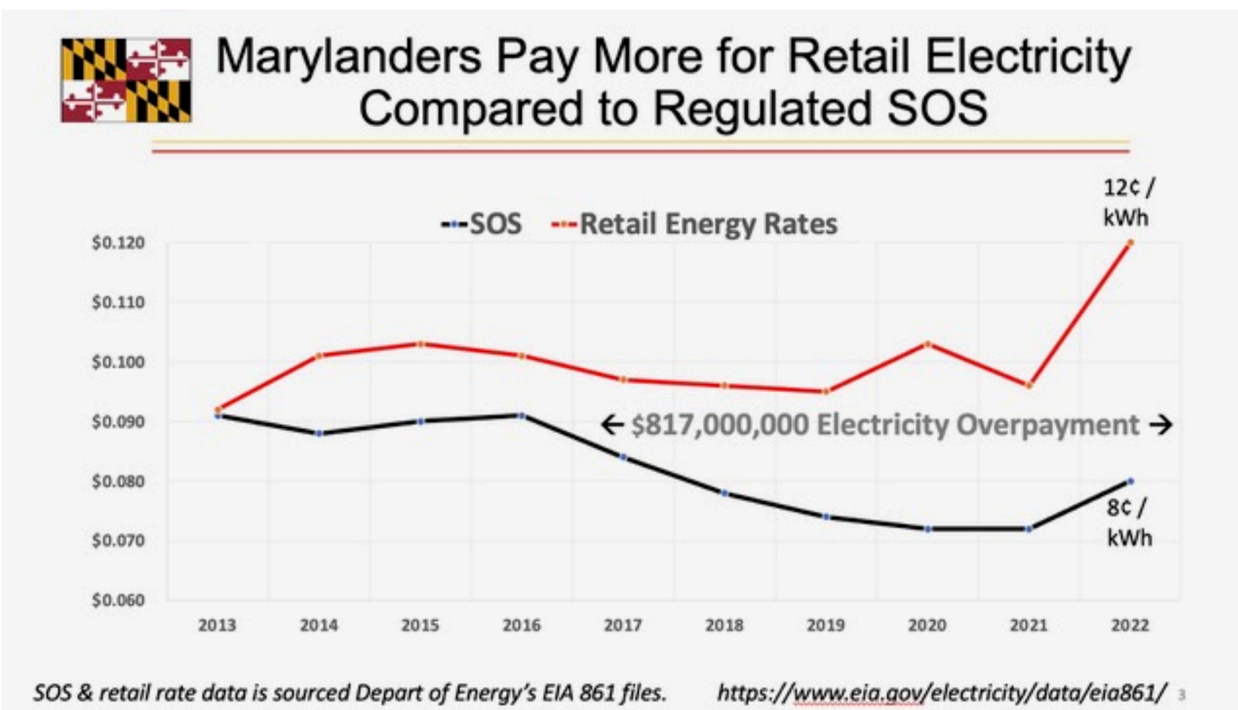

Figure 3: Historical regulated SOS per kWh rates compared to average retail energy rates from 2013 to 2022. The value of overpayments between the two lines is $817 million more paid for retail energy electricity.

Figure 4: Maryland's 2022 residential retail energy results by regulated utilities compared to each supplier. Only 1 supplier charged less than a 20% premium in 2022. Twenty-five suppliers charged their customers on average more than $500 more for electricity.

Market Share	Parent Company	Company Name	Customer Count	Avg Rate / kWh	% +/- SOS	Avg kWh usage / account	Extra Revenue Aboce SOS	Extra Each Family Paid Above SOS
		Regulated MD SOS 2022 Rate	1,970,755	$0.080		11,432	$0	$0
		Retail Suppliers:						
1		Constellation	80,612	$0.090	12%	17,927	$ 14,103,694	$175
2	NRG	Direct Energy Services	23,382	$0.118	47%	11,154	$ 9,798,372	$419
2	NRG	NRG / Reliant	21,601	$0.141	76%	11,493	$ 15,049,530	$697
2	NRG	XOOM	9,573	$0.145	81%	10,900	$ 6,794,760	$710
2	NRG	Stream Energy	4,152	$0.154	92%	11,640	$ 3,558,729	$857
2	NRG	Energy Plus Hold	2,022	$0.147	83%	11,038	$ 1,487,245	$736
2	NRG	Green Mountain En.	2,682	$0.155	93%	10,386	$ 2,082,195	$776
		NRG portfolio -->>	**63,412**	**$0.135**	**68%**	**11,227**	**$ 38,770,831**	$611
3	Shell Oil	Inspire Energy	34,958	$0.125	56%	10,402	**$ 16,415,562**	$470
4	Alta	WGL Energy	33,842	$0.100	24%	10,121	**$ 6,628,368**	$196
5	Private	CleanChoice Energy	27,191	$0.189	136%	9,156	**$ 27,174,159**	$999
6	Vistra	Ambit	8,199	$0.102	27%	12,028	$ 2,170,168	$265
6	Vistra	MDGE- Energy Services	7,714	$0.147	84%	9,881	$ 5,111,616	$663
6	Vistra	Public Power	2,870	$0.115	44%	21,307	$ 2,137,316	$745
6	Vistra	Viridian	1,985	$0.155	93%	10,940	$ 1,626,579	$819
	Now owns Energy Harbor 3/23	Vistra portfolio -->>	**20,768**	**$0.123**	**53%**	**12,409**	**$ 11,045,680**	$532
7	Commerce	Just Energy	15,517	$0.118	47%	10,497	$ 6,160,892	$397
8		SFE	10,640	$0.118	47%	9,456	$ 3,792,109	$356
9	Renewable	Spark Energy	2,279	$0.167	108%	9,695	$ 1,919,127	$842
9	Via	National Gas & E	1,272	$0.171	113%	10,623	$ 1,229,576	$967
9	Via	Major Energy	3,252	$0.146	82%	10,818	$ 2,321,844	$714
9	Via	Starion Energy	24	$0.064	-20%	583	$ (223)	-$9
		VIA/ Sparkportfolio -->>	6,827	**$0.157**	**96%**	**10,371**	**$ 5,470,325**	$801
10		CleanSky/Titan	6,575	$0.120	49%	12,334	$ 3,209,712	$488
11		SmartEnergy	5,848	$0.169	110%	9,906	$ 5,120,288	$876
12		IDT Energy, Inc.	5,364	$0.174	118%	8,392	$ 4,244,358	$791
13		MPower Energy NJ LLC	5,029	$0.171	114%	6,212	$ 2,852,112	$567
14		Tomorow Energy Corp.	4,907	$0.168	109%	10,533	$ 4,533,612	$924
15		Indra (was Palmco)	3,932	$0.239	198%	6,688	$ 4,173,170	$1,061
16		Clearview Electric Inc.	3,817	$0.156	95%	11,613	$ 3,378,029	$885
17		Statewise	3,751	$0.119	49%	9,881	$ 1,451,007	$387
18		Greenlight Energy Inc.	3,496	$0.158	97%	9,957	$ 2,711,514	$776
19		Star Energy Partners	3,189	$0.116	44%	6,919	$ 784,093	$246
20		Energy Harbor Corp.	2,321	$0.083	4%	13,710	$ 97,562	$42
21		Eligo Energy, LLC	2,309	$0.175	118%	11,392	$ 2,489,889	$1,078
22		RPA Energy, Inc.	2,261	$0.197	146%	6,768	$ 1,794,936	$794
23		Rushmore	2,242	$0.111	39%	9,611	$ 665,651	$297
24		Park Power LLC	2,046	$0.141	76%	7,610	$ 953,846	$466
25		AEP Energy	1,855	$0.090	13%	14,682	$ 279,952	$151
26		North American Power	1,725	$0.151	89%	12,643	$ 1,550,061	$899
27		IGS	1,696	$0.132	65%	8,683	$ 762,045	$449
28		Alpha G&E	1,587	$0.130	62%	8,103	$ 641,140	$404
29		Great American	1,471	$0.104	30%	10,062	$ 351,011	$239
30		Spring Energy RRH	1,352	$0.185	130%	9,552	$ 1,348,430	$997
31		Josco Energy	1,309	$0.165	105%	7,065	$ 781,205	$597
		All Retail Suppliers	368,589	$0.120	50%	12,005	$178,148,071	$483

Many Maryland Energy Advocates Coalition members also wrote in separate SB1 testimony.

In addition, Public Employees fro Environmental Protection (PEER) also supports this written testimony.

SB001_Electricity and Gas - Retail Supply_EEE_CJW

Uploaded by: Laurie McGilvray

Position: FAV

Committee: Education, Energy and the Environment
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: January 25, 2024

Dear Chair and Committee Members:

Thank you for allowing our testimony today in support of SB001. 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.

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[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 SB001and urges a **FAVORABLE** report in Committee.

350MoCo
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
Mobilize Frederick
Montgomery County Faith Alliance for Climate Solutions
Montgomery Countryside Alliance
Mountain Maryland Movement
Nuclear Information & Resource Service
Progressive Maryland
Safe & Healthy Playing Fields
Takoma Park Mobilization Environment Committee
The Climate Mobilization MoCo Chapter
Unitarian Universalist Legislative Ministry of Maryland
WISE

SB001_Electricity-Gas-Retail Supply_EEE_HoCoCA FAV
Uploaded by: Liz Feighner
Position: FAV

HoCoClimateAction.org
Howard County, Maryland

SB0001: Electricity and Gas - Retail Supply - Regulation and Consumer Protection
Hearing Date: January 25, 2024
Bill Sponsor: Senator Augustine
Committee: Education, Energy, and the Environment
Submitting: Liz Feighner for HoCo Climate Action
Position: Favorable

HoCo Climate Action is a 350.org local chapter and a grassroots organization representing approximately 1,400 subscribers. It is also a member of the Climate Justice Wing of the Maryland Legislative Coalition.

HoCoClimateAction has been providing climate crisis education and advocacy in Howard County for over 15 years. For a large part of that time we unwittingly thought we could address the climate crisis by urging our audience to change from utilities' standard offer service (SOS) to a third party provider. We regret to say our organization's leaders switched over to "wind" "solar'/green rec offers and we convinced many members to switch over as well.

We stopped urging this switch a few years ago. In fact we advised people not to choose third party providers promoting these so-called "green" energy plans and instead to choose to support community solar, install their own solar panels, and move to heat pumps.

The environmental community was told that supporting third party providers who provide "green energy" plans, would result in the creation of more renewable energy in the U.S., if not in Maryland. In fact, we now know that this rarely occurs. And the whole RECs system is so opaque to the public. It is virtually impossible for the average person to find a third party provider whose RECs create new truly renewable energy. However in Maryland the facts show that third party providers have swarmed to this state with poorly trained and duplicitous salespeople targeting low income neighborhoods and the elderly with offers that are in the long term far more expensive than SOS, enticing many to switch.

We learned from SOS & retail rate data sourced from the Department of Energy's EIA 861 files (https://www.eia.gov/electricity/data/eia861/) that Maryland customers who switch paid $500 over SOS, the second highest rate in the US.

It would be hard to undo the deregulation set in place in 1999 in Maryland (and many other states) although given the data it is hard to see how "CHOICE" benefits customers when there is:

- Lax regulation
- In most cases no transparency both of the climate benefits claimed and
- No transparency about the ultimate cost

This is a national problem, but weak oversight and regulation in Maryland has resulted in the great exploitation of state residents. This bill, SB0001, can reduce exploitation of Marylanders in several important ways.

- Requiring licenses for retail choice energy salespersons
- Requiring improved (more accurate) green power marketing
- Improving PSC oversight.

This bill is an important step in stopping exploitation of Marylanders in the name of "CHOICE". There is no real choice when consumers cannot access the true facts (such as they are not funding expansion of green power and that most will end up paying much much more than SOS.)

Please untie the hands of Maryland agencies like the Public Service Commission and the Office of the People's Counsel to protect the best interests of Marylanders.

We ask that you vote Favorable for SB0001.

Howard County Climate Action
Submitted by Liz Feighner Steering and Advocacy Committee
www.HoCoClimateAction.org
HoCoClimateAction@gmail.com

SB 1 - Retail Energy - Testimony FINAL.pdf
Uploaded by: Malcolm Augustine
Position: FAV

Malcolm Augustine
Legislative District 47
Prince George's County

President Pro Tempore

Executive Nominations Committee

Education, Energy and the
Environment Committee

THE SENATE OF MARYLAND
Annapolis, Maryland 21401

James Senate Office Building
11 Bladen Street, Room 214
Annapolis, Maryland 21401
410-841-3745 · 301-858-3745
800-492-7122 *Ext.* 3745
Fax 410-841-3387 · 301-858-3387
Malcolm.Augustine@senate.state.md.us

January 25, 2024

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

Dear Colleagues,

I am pleased to present **Senate Bill 1 - Electricity and Gas – Retail Supply – Regulation and Consumer Protection**, which aims to establish an energy salesperson license for individuals involved in offering or selling electricity supply agreements or gas supply agreements to customers in the State of Maryland. This legislation addresses critical aspects of retail energy supply and consumer protection.

The primary purpose of Senate Bill 1 is to regulate and license individuals involved in selling electricity and gas supply agreements to consumers within the state. The bill outlines terms for electricity supplier, energy salesperson, and gas supplier licenses issued by the Public Service Commission (PSC). By establishing licensing and renewal requirements, the bill seeks to ensure that only qualified individuals engage in these transactions, promoting transparency and consumer confidence. The bill outlines specific criteria and requirements for obtaining and renewing electricity supplier, energy salesperson, and gas supplier licenses. This ensures that individuals engaged in selling energy supply agreements possess the necessary qualifications and adhere to standards set by the PSC.

To safeguard consumer interests, Senate Bill 1 grants the PSC the authority to take disciplinary actions against electricity suppliers, gas suppliers, and energy salespersons for certain acts. The bill also establishes civil penalties for violations, with revised amounts that are commensurate with the gravity of the offense. This bill also provides pricing oversight on the rates that retail suppliers may charge their customers. The inclusion of provisions related to green power is of priority as requiring electricity suppliers to purchase renewable energy credits in excess of the renewable energy portfolio standard demonstrates a commitment to promoting sustainable energy practices and environmental responsibility.

Several safeguards, including the customer's entitlement to request and receive a replacement number, the provision of monthly reports on customer choice by electric companies, and improved disclosures for electricity suppliers marketing and selling green power to residential customers, play a crucial role as we gather today to make well-informed decisions on behalf of our constituents.

MALCOLM AUGUSTINE
Legislative District 47
Prince George's County

PRESIDENT PRO TEMPORE

Executive Nominations Committee

Education, Energy and the
Environment Committee

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

James Senate Office Building
11 Bladen Street, Room 214
Annapolis, Maryland 21401
410-841-3745 · 301-858-3745
800-492-7122 *Ext.* 3745
Fax 410-841-3387 · 301-858-3387
Malcolm.Augustine@senate.state.md.us

Our intent to establish a division within the Commission is a positive step towards specialized oversight. This division can play a crucial role in ensuring effective regulation and enforcement of the proposed licensing framework. Additionally, it is the goal of the Commission to impose special assessments on certain persons, providing necessary funds for enforcement and oversight. The provision for expenditures in accordance with an approved budget amendment ensures transparency and accountability in resource allocation.

In conclusion, Senate Bill 1 represents a comprehensive approach to enhancing consumer protection and ensuring the integrity of retail energy supply in the State of Maryland. I express my support for this initiative and urge fellow lawmakers to consider the positive impact it will have on consumers, industry participants, and the overall energy market.

Thank you for your attention to this critical matter. I urge the committee to give a **favorable** report for **Senate Bill 1 - Electricity and Gas – Retail Supply – Regulation and Consumer Protection.**

Sincerely,

Malcolm Augustine

Senator Malcolm Augustine

Dept. of Energy EIA861* reports by state all suppliers' revenues, MegaWatt Hours and Customer Counts.

Market Share	Parent Company	Company Name	Customer Count	Avg Rate / kWh	% +/- SOS	Extra Each Family Paid Above SOS
		Regulated MD SOS 2022 Rate	1,970,755	**$0.080**		**$0**
		Retail Suppliers:				
1		**Constellation**	80,612	$0.090	12%	**$175**
2	NRG	**Direct Energy Services**	23,382	$0.118	47%	**$419**
2	NRG	**NRG / Reliant**	21,601	$0.141	76%	**$697**
2	NRG	**XOOM**	9,573	$0.145	81%	**$710**
2	NRG	**Stream Energy**	4,152	$0.154	92%	**$857**
2	NRG	**Energy Plus Hold**	2,022	$0.147	83%	**$736**
2	NRG	**Green Mountain En.**	2,682	$0.155	93%	**$776**
		NRG portfolio -->>	**63,412**	**$0.135**	**68%**	**$611**
3	Shell OIl	**Inspire Energy**	34,958	$0.125	56%	**$470**
4	Alta	**WGL Energy**	33,842	$0.100	24%	**$196**
5	Private	**CleanChoice Energy**	27,191	$0.189	136%	**$999**
6	Vistra	**Ambit**	8,199	$0.102	27%	**$265**
6	Vistra	**MDGE- Energy Services**	7,714	$0.147	84%	**$663**
6	Vistra	**Public Power**	2,870	$0.115	44%	**$745**
6	Vistra	**Viridian**	1,985	$0.155	93%	**$819**
	Now owns Energy Harbor 3/23	**Vistra portfolio -->>**	**20,768**	**$0.123**	**53%**	**$532**

7	Commerce	**Just Energy**	15,517	$0.118	47%	**$397**
8		**SFE**	10,640	$0.118	47%	**$356**
9	Via Renewable	**Spark Energy**	2,279	$0.167	108%	**$842**
9	Via	**National Gas & E**	1,272	$0.171	113%	**$967**
9	Via	**Major Energy**	3,252	$0.146	82%	**$714**
9	Via	**Starion Energy**	24	$0.064	-20%	**-$9**
		VIA/ Sparkportfolio -->>	6,827	**$0.157**	**96%**	**$801**
10		**CleanSky/Titan**	6,575	$0.120	49%	**$488**
11		**SmartEnergy**	5,848	$0.169	110%	**$876**
12		**IDT Energy, Inc.**	5,364	$0.174	118%	**$791**
13		**MPower Energy NJ LLC**	5,029	$0.171	114%	**$567**
14		**Tomorow Energy Corp.**	4,907	$0.168	109%	**$924**
15		**Indra (was Palmco)**	3,932	$0.239	198%	**$1,061**
16		**Clearview Electric Inc.**	3,817	$0.156	95%	**$885**
17		**Statewise**	3,751	$0.119	49%	**$387**
18		**Greenlight Energy Inc.**	3,496	$0.158	97%	**$776**
19		**Star Energy Partners**	3,189	$0.116	44%	**$246**
20		**Energy Harbor Corp.**	2,321	$0.083	4%	**$42**
21		**Eligo Energy, LLC**	2,309	$0.175	118%	**$1,078**
22		**RPA Energy, Inc.**	2,261	$0.197	146%	**$794**
23		**Rushmore**	2,242	$0.111	39%	**$297**
24		**Park Power LLC**	2,046	$0.141	76%	**$466**
25		**AEP Energy**	1,855	$0.090	13%	**$151**
26		**North American Power**	1,725	$0.151	89%	**$899**
27		**IGS**	1,696	$0.132	65%	**$449**
28		**Alpha G&E**	1,587	$0.130	62%	**$404**
29		**Great American**	1,471	$0.104	30%	**$239**
30		**Spring Energy RRH**	1,352	$0.185	130%	**$997**
31		**Josco Energy**	1,309	$0.165	105%	**$597**
		All Retail Suppliers	368,589	**$0.120**	**50%**	**$483**
		Red Bold is Premium Above $500 / account				
		Green Bold is "Renewable" company				

SB 1
Uploaded by: Mary Ellen Pease
Position: FAV

<u>Testimony Supporting SB001</u>
Senate Education, Energy, and the Environment Committee
January 25, 2024

Re: This is an infuriating case of 'No Good Deed Goes Unpunished. To think it is legal in Maryland for an energy company to take over $10,000 from us, has me spitting nails. This must stop. Maryland must pass SB1.

Dear Chair Feldman and Members of the Committee,

During COVID in 2020, my husband and I switched our Baltimore County BGE account to **CleanChoice Energy.** Their marketing clearly claimed that if we switched to their "clean electricity" we were buying wind and solar energy. Today, CleanChoice's web site marketing describes our environmental impact as: "*You'll be greatly reducing your carbon footprint by sourcing electricity that comes from clean, renewable sources. You'll also be helping to increase demand for clean energy, paving the way to become less reliant on polluting fossil fuels."*

As fierce environmentalists, we are taking many steps in our life to live more sustainably, hoping to ensure a healthy planet for all future generations. Climate change is real, it's getting worse and we feel a deep responsibility to take action, anyway we can.

Our Baltimore County home is large and over the past few years, we felt our BGE bill was very expensive. We chalked it up to the higher rates we heard about on the news. So imagine my shock when I'm at a meeting and my friend Laurel Peltier is in attendance. Another attendee mentioned that I should have Laurel "check my BGE bill" to see what's going on. I knew something was very off when she immediately asked me to call CleanChoice to make sure that I had canceled our contract!

Here's what we learned that day:

- Our contract switched to variable rates, or started on variable rates from day 1.
- We never heard from, received any letters, or any materials, **ever**, from CleanChoice the 3 years we were their customer.
- For many months, our account was charged between **$0.35 to $0.41 a kilowatt hour and BGE's was about $0.10 / kilowatt hour.**
- Given our home uses about 30,000 kilowatt hours a year, anyone can do simple math and realize each year we paid thousands of dollars more, for….**RENEWABLE ENERGY CERTIFICATES!**
- We weren't even getting wind energy from a wind farm feeding energy into the grid.
- These certificates are beyond confusing, and we paid over $10,000 for some fictional, green idea, from someone selling a credit from their wind farm. Another party bought the power. Are you serious? We were duped. None of this was clear. None of this was explained to us to be in then material we signed.

To think it is legal in Maryland for an energy company to take over $10,000 from us, has me spitting nails. We thought we were being responsible citizens - and now we discover we have been duped - - but *legally duped*. This must stop now. Maryland must pass SB1.

Mary Ellen Pease, 704 Stone Barn Ct, Towson MD 21286, 410-299-8211
Mpease@comcast.net

SB1 Testimony (Councilman Mark Conway _ Favorable)
Uploaded by: Meredith Riley
Position: FAV

Councilman Mark Conway
Baltimore City Council *Fourth District*

100 N. Holliday Street, Suite 550 • Baltimore, Maryland 21202
(410) 396-4830 • mark.conway@baltimorecity.gov

TO: Chair Brian J. Feldman; Vice Chair Cheryl C. Kagan; members of the Education, Energy and the Environment Committee
FROM: Mark Conway (District 4, Baltimore City Council; Chair, Public Safety and Government Operations Committee)
RE: SB1 (Electricity and Gas - Retail Supply - Regulation and Consumer Protection)
POSITION: SUPPORT

I am writing today to offer my support for SB1 (Electricity and Gas - Retail Supply - Regulation and Consumer Protection), which would add new consumer protections to Maryland's residential energy marketplace so regulated and retail energy work together for the benefit of residents.

SB1 would make the first significant changes to the state's deregulated electricity market since it was created by the General Assembly in 1999, allowing energy suppliers to compete with monopoly utilities for the right to sell electricity to ratepayers. It would implement several guardrails to level the playing field for consumers and protect vulnerable populations. The choice between regulated and retail energy has been exploited by aggressive door-to-door salespeople who target low-income consumers in underserved neighborhoods with offers that are simply too good to be true. SB1 requires energy salespeople who want to sell utility service to obtain a state license, and warns that individuals could be fined up to $25,000 for scheming to sell fraudulent energy packages. The bill would give buyers peace of mind that were they to switch to retail energy suppliers, they would not be unknowingly making a bad choice based on factors they were simply unaware of.

Additionally, SB1 would give consumers who want to support green energy confidence that when they choose "green power" utilities—such as energy sources that are 100% renewable, 100% wind, 100% hydro, 100% solar, or 100% emission-free—they are actually supporting Maryland's climate strategy. SB1 does this by requiring energy companies to purchase more Pennsylvania-New Jersey-Maryland Interconnection (PJM) renewable energy certificates, meaning that the certificates are local, and guarantees this by way of a disclosure. The energy suppliers would be fined if they aren't truthful about their clean energy options and where they come from.

SB1 would give consumers a complete picture of the marketplace and ensure low-income and marginalized consumers are not taken advantage of when simply trying to select the lowest rate. I hear often in my district from low-income residents that have fallen prey to sales schemes from salespeople trying to make a quick buck on an unsuspecting victim, leaving them with high bills and difficult-to-exit contracts. The neighborhoods I represent deserve a fairer market when exploring utility options.

It is our duty to protect those at risk and I urge a favorable report on this common-sense legislation.

Sincerely,

Mark S. Conway, Jr.

SB1_NCLC_Wein_FAV_final.pdf
Uploaded by: Olivia Wein
Position: FAV

National Consumer Law Center

NATIONAL HEADQUARTERS
7 Winthrop Square, Boston, MA 02110
(617) 542-8010

WASHINGTON OFFICE
Spanogle Institute for Consumer Advocacy
1001 Connecticut Avenue, NW, Suite 510
Washington, DC 20036
(202) 452-6252

NCLC.ORG

Maryland Senate Education, Energy and the Environment Committee
Hearing on **SB 1 Electricity and Gas – Retail Supply – Regulation and Consumer Protection**
Testimony of Olivia Wein, National Consumer Law Center
January 24, 2024

Position – Support

To the Members of the Education, Energy and the Environment Committee:

Thank you for holding this hearing on **Senate Bill 1 -- Electricity and Gas – Retail Supply – Regulation and Consumer Protection (SB 1).** My name is Olivia Wein and I am a senior attorney with the National Consumer Law Center. The National Consumer Law Center ("NCLC") is a non-profit law and policy organization that, since 1969, has used its expertise in consumer law and energy policy to advance consumer justice, racial justice, and economic security for low-income families and individuals. We submit this testimony on behalf of our low-income clients.

NCLC has been actively involved in advocacy for consumers who have been financially harmed by retail energy supply companies and by unfair and deceptive customer acquisition tactics of the retail energy supply agents or employees.

SB 1 contains critical protections for consumers who have been preyed upon by unscrupulous suppliers and their marketers. SB 1 would prevent suppliers from billing residential customers at rates that are higher than the regulated utilities' standard offer service rates. The Act would clamp down on particularly abusive practices that have ensnared consumers in contracts for overpriced energy by prohibiting automatic renewal provisions and early termination or cancellation fees. SB 1 places firm constraints on variable rates and would prohibit suppliers from signing up low-income Electric Universal Service Program (EUSP) energy assistance customers. SB 1 also gives consumers the ability to protect themselves by requiring new replacement customer choice account numbers for customers whose accounts have been compromised and by requiring the creation of a "Do Not Transfer List." SB 1 has strong reporting requirements to track any reduction (or increase) in enrollment into more expensive retail supply contracts and provides more enforcement tools to better address abusive sales practices.

NCLC has been tracking the consumer experience in competitive supply markets in other states, including the abusive sales practices and inflated prices[1] that have harmed consumers in Massachusetts. NCLC reports describe the unfair and deceptive marketing that has targeted low-income consumers, older adults and those with limited English proficiency. Analysis of the retail energy marketplace[2] in other states finds common problems, including:

[1] National Consumer Law Center, Competing to Overcharge Consumers: The Competitive Electric Supplier Market in Massachusetts (April 2018) at https://www.nclc.org/wp-content/uploads/2022/09/competitive-energy-supply-report.pdf; NCLC, Retail "Choice" in Electricity Markets: A Bad Deal for Consumers and the Climate (March 2023), at https://www.nclc.org/resources/retail-choice-in-electricity-markets-a-bad-deal-for-consumers-and-the-climate/; NCLC, Still No Relief for Massachusetts Consumers Tricked by Competitive Electric Supply Companies (Oct. 2018), at https://www.nclc.org/issues/consumers-tricked-by-competitive-electric-supply-companies.html.

[2] See e.g., Office of the Massachusetts Attorney General, Consumers Continue to Lose Big: the 2023 Update to An Analysis of the Individual Residential Electric Supply Market in Massachusetts, https://www.mass.gov/doc/consumers-continue-to-lose-big-the-2023-update-to-an-analysis-of-the-individualresidential-electric-supply-market-in-massachusetts/download; Reform of Electricity Supply: CEP-Served Residential Retail Electric Market (Prepared by Susan M. Baldwin and Timothy E. Howington on behalf of Maine Office of Public Advocate per 2021 P.L. ch.164 (LD 318)), February 1, 2023, available at https://www.maine.gov/meopa/reports-and-testimony/retail-supply-stakeholder-group. Maryland reports have included: Susan M. Baldwin & Sarah M. Bosley, Maryland's Residential Electric and Gas Supply Markets: Where Do We Go from Here?, Maryland Office of the People's Counsel (Nov. 2018),

- Most consumers pay more for retail energy supply than they would have paid for service from their utility company, and some pay much more.
- The very small number of consumers who do manage to save money see only minor savings.
- There is aggressive targeting of low-income households, immigrants and communities of color.
- The abusive sales practices include unauthorized switching of accounts to retail supply (slamming) and unwanted and deceptive, telemarketing or door-to-door marketing.
- Use of low, temporary teaser rates that switch to much higher rates combined with automatic renewals.
- High cancellation fees or early termination fees to trap consumers in the retail energy supply contract.
- Greenwashing to market more expensive retail energy supply.

Inflated energy prices have devastating consequences for families struggling from month-to-month to pay for utility bills, rent or the mortgage, auto loans, food, medicine and other basic necessities. When there isn't enough in the budget to meet these basic needs, families may face disconnection from vital utility service, cutting back on food and healthcare, and other strategies that can harm the health, safety and well-being of vulnerable families.

Inflated utility bills will also affect the ability of Maryland to reach its climate goals in an equitable manner, since a fair and effective transition to electrification will require electric bills to remain affordable. In addition to helping to keep utility bills more affordable, the protections in SB 1 would help to counteract the frequent over-promising of purported climate benefits of competitive energy supply products, or "greenwashing." SB 1 would help to protect consumers from overpriced, deceptive offers of "green power" products[3] by

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http://www.opc.maryland.gov/Portals/0/Publications/reports/APPRISE%20Where%20do%20we%20go%20from%2 0Here.pdf?v er=2019-09-11-075024-040; Abell Foundation, Maryland's Dysfunctional Residential Third-Party Energy Supply Market: An Assessment of Costs and Policies (Dec. 2018), at https://www.abell.org/sites/default/files/files/Third%20Party%20Energy%20Report_final%20for%20web.pdf.

[3] See, e.g., States of California, Connecticut, Delaware, Illinois, Maryland, Michigan, Minnesota, New Jersey, New Mexico, New York, Oregon, Rhode Island, and Wisconsin; Commonwealths of Massachusetts and Pennsylvania; and District of Columbia, Comments to the Federal Trade

ensuring the renewable energy credits that are marketed to Marylanders are locally generated or include electricity delivered into the PJM region.

In conclusion, NCLC strongly supports SB 1 and recommends it receive favorable treatment from this committee. If there are any questions regarding this testimony, please contact Olivia Wein, Senior Attorney, National Consumer Law Center at owein@nclc.org or 202-452-6252.

Sincerely,

*/s/ Olivia Wein*______________

Olivia Wein, Senior Attorney
National Consumer Law Center

Commission regarding the Green Guides, No. FTC-20220077-0987 (April 24, 2023), available at https://www.regulations.gov/comment/FTC-2022-0077-0987; Laurel Peltier, Retail Energy's Greenwashing: How Fictional Renewable Energy Certificates Became "100% Renewable" Electricity (Sept. 2022), available at https://static1.squarespace.com/static/5f3489173119d979768248eb/t/63af4cb09cd8f9321ba3bd9c/16724328167 08/Retail+Energy+Greenwashing.pdf; Comment from National Consumer Law Center, with Public Citizen, Maryland Energy Advocates Coalition, Pennsylvania Utility Law Project, Federal Trade Commission Comment ID FTC-2022-0077-0111 (Feb 22, 2023), at https://www.regulations.gov/comment/FTC-2022-0077-0111.

SB 1- MDLCV support - Electricity and Gas – Retail

Uploaded by: Rebecca Rehr

Position: FAV

MARYLAND LEAGUE OF CONSERVATION VOTERS

January 25, 2024

Support: SB 1 - Electricity and Gas – Retail Supply – Regulation and Consumer Protection

Mr. Chairman and Members of the Committee:

Maryland LCV supports SB 1 Electricity and Gas – Retail Supply – Regulation and Consumer Protection, and we thank Senator Augustine for his leadership on this issue.

Maryland deregulated its energy market in 1999, which means that third party suppliers can buy energy from the wholesale market and sell it back to residents at a profit. Consumers in Maryland can purchase their electricity or natural gas from their local utility, or from one of these third party retail energy suppliers. Prices offered by local utilities are authorized and monitored by the Public Service Commission (PSC), while the prices from retail suppliers are not regulated. Energy Supplier Help Desk in Maryland estimates that households subscribed to third parties in 2022 paid 50% more per kwH ($0.08 versus $0.12) for electricity supply.

SB 1 offers some guardrails and protections for consumers as they navigate energy choices.

Maryland LCV support for SB 1 stems from two of the concerns being raised about third party suppliers: 1) targeting variable rate sales in low-income communities, communities of color, and households for whom English is a second language; and 2) the lack of transparency on green energy claims by the energy suppliers.

SB 1 proposes several options for oversight. Regarding cost, these proposals include limits on rates compared to the Standard Offer Service Rates, prohibiting cancellation fees, and limiting contracts with third party suppliers to 1 year. It will also require any green power claims to report the Renewable Energy Credit (REC) amount and type of generation, require RECs purchased to be from and delivered to those on the PJM grid, and include a consumer disclosure about the green offer being REC-based.

We urge the Committee to closely examine the provisions of the bill with an eye towards consumer protection, and urge a favorable report.

Sources used in composing this testimony:
State of Maryland Office of People's Counsel webpage on Third Party Suppliers
Baltimore Banner 2023 article, "State commission investigating retail energy suppliers following record-high complaints"

MSCAN Testimony 2024 SB 1 - Electricity Reg Consu
Uploaded by: Sarah Miicke
Position: FAV

Maryland Senior Citizens Action Network

MSCAN

MSCAN Co-Chairs:
Carol Lienhard
Sarah Miicke
410-542-4850

Testimony in Support of SB 1 – Electricity and Gas-Retail Supply – Regulation and Consumer Protection
Senate Education, Energy and the Environment Committee
January 25, 2024

The Maryland Senior Citizens Action Network (MSCAN) is a statewide coalition of advocacy groups, service providers, faith-based and mission-driven organizations that supports policies that meet the housing, health and quality of care needs of Maryland's low and moderate-income seniors.

Affordable energy is important to everyone, but especially to seniors living on fixed incomes. The 1999 Electric Choice Act was passed to enable consumers to choose among energy suppliers to get more favorable rates. While this can result in lower prices, there are many other factors which can drive up costs, including variable rate contracts, which can be confusing. We often hear from seniors that they have been offered cheaper rates for gas and electric, only to find that those rates go to a higher rate within a few months.

Healthy competition for energy costs can indeed result in lower rates for all, but in the 20 + years since the passage of the Electric Choice Act, we have also learned that there is a need for protections for consumers and SB 1 helps to address a number of concerns. It requires licenses for energy sales and fines for those who sell fraudulent services to vulnerable consumers. It requires that deregulated markets must actually provide savings when consumers switch suppliers. It also enables the Maryland Public Service Commission to hire more staff to oversee the retail companies which market to the public. It requires marketers to provide more information so that consumers can better understand the energy marketplace before making choices.

Seniors will benefit from the wide range of consumer protections ensured through SB 1. They will benefit from oversight to protect against unfair or deceptive marketing practices and confusing variable rate contracts.

MSCAN feels that SB 1 will help to ensure that healthy competition in the energy market. Oversight and protections for consumers will result in both savings and satisfaction for seniors and all Marylanders. We respectfully request a favorable report.

SB1 Electricity and Gas_Retail Supply_Regulationsa

Uploaded by: Tammy Bresnahan

Position: FAV

One Park Place | Suite 475 | Annapolis, MD 21401-3475
1-866-542-8163 | Fax: 410-837-0269
aarp.org/md | md@aarp.org | twitter: @aarpmd
facebook.com/aarpmd

SB 1 Electricity and Gas-Retail Supply – Regulation and Consumer Protection
Senate Education, Energy, and the Environment Committee
FAVORABLE
January 25, 2024

Good afternoon, Chairman Feldman and members of the Senate Education, Energy, and the Environment Committee. I am Tammy Bresnahan, Senior Director of Advocacy for AARP Maryland. AARP has more than 850,00 members statewide. AARP is the largest nonprofit, nonpartisan organization representing the interests of Marylanders age 50 and older and their families. Key priorities of our organization include helping all Marylanders achieve financial and health security. AARP MD supports SB 1 Electricity and Gas-Retail Supply-Regulation and Consumer Protection. We thank Senator Augustine for sponsoring this bill.

AARP is working hard to strengthen retirement security for all Americans by ensuring that workers and retirees have access to their hard earned and hard saved dollars. The rising cost of essential necessities, including groceries, utilities, and prescription drugs, is of significant concern for millions of Marylanders, especially for older and retired Marylanders living on fixed incomes. In fact, according to an AARP study, in 2017, 22% of Maryland residents stopped taking medication as prescribed due to rising costs.

Older Marylanders on fixed incomes clearly feel the effects of inflation more than the rest of us. These retirees bear a disproportionate brunt of drug and medical inflation, which is significantly higher than overall inflation. And when they can't pay their gas and electric, life becomes even more problematic.

Background
Traditionally, both gas and electric utilities have been monopolies subject to government regulation. This helps ensure that all customers in the service area receive reliable service under fair terms, conditions, and prices. Since the mid-1990s, one-third of states have opened part of these markets to competition including Maryland.

Some argue that retail energy prices are lower in restructured markets. However, other factors can drive up the total cost of service for consumers above the base rate. Price volatility, market manipulation, and regulator-approved fees and charges are a few factors. Additional consumer challenges in restructured markets include but are not limited to misleading marketing practices and variable-rate contracts.

In 1999 the Electric Choice Act was passed by the Maryland General Assembly and signed by then Governor Parris Glendening. It was heavily lobbied by big energy. They lobbied and testified that "Deregulation" would provide economic benefits for **ALL** customer classes. After more than 20 years, what we know is that, after an introductory rate, what we call a "teaser rate" is offered, the retail energy contracts include legal language legally allowing the energy rates to convert to variable rates. These variable rates have no regulator oversight. Suppliers sell low, then bill high.

We all get those calls and mailers, and many get the knock on the door. Retail energy suppliers are selling energy at the malls, big box stores, and at the front door. The salespeople pitch lower gas and electric rates, gift cards or airline miles, if you switch. Often, retail energy suppliers rely on predatory sales tactics to trick folks into unwittingly signing up for cheaper "teaser" gas and electric rates, only for those rates to go to a variable rate within three months. UC Berkeley research using BGE's data reported that the average teaser rate was only 2 months.

SB 1 Electricity and Gas – Retail Supply – Regulation and Consumer Protection does the following:

- Requires an energy salesperson who sells electricity service to obtain a state license, good for three years; and lays out guidelines for qualifying for the license and punishment for those who break the rules. Individuals could be fined $25,000 for selling fraudulent service packages to unwitting consumers.
- Requires if a deregulated market is going to compete in Maryland, consumers must be provided savings. If Marylanders switch, there should be a savings.
- Allows utilities, which benefit from being the default electricity provider under the current system, to market their energy to consumers the way other companies do. This provision is necessary to give consumers a full picture of the entire marketplace, as they consider the menu of energy suppliers.
- Clarifies that some electric suppliers are offering renewable energy credits to support their clean energy marketing claims, rather than a guarantee of clean energy, and,
- Requires the Maryland Public Service Commission, which regulates utilities, to hire more staff to police the activities of the retail companies.

AARP believes that policymakers in states that have restructured or deregulated electricity and or retail natural gas should:

- adopt consumer protections;
- provide vigorous oversight to protect against unfair, deceptive, or abusive practices, including deceptive marketing materials; and
- prohibit variable-rate contracts.

SB 1 adopts consumer protections against marketing and service provision abuses related to disclosures, contracts, codes of conduct, service quality, and marketing materials. It protects consumers when they switch from a regulated energy market to an unregulated energy market.

SB 1 isn't designed to end competition in the electricity market. This bill is to provide oversight. This bill protects consumers when they switch from a regulated energy market to an unregulated energy market.

For these reasons, we ask for a favorable report on SB 1. If you have questions, please contact me tbresnahan@aarp.org or by calling 410-302-8451.

BaltimoreCounty_FAV_SB0001.pdf
Uploaded by: William Thorne
Position: FAV

JOHN A. OLSZEWSKI, JR.
County Executive

JENNIFER AIOSA
Director of Government Affairs

AMANDA KONTZ CARR
Legislative Officer

WILLIAM J. THORNE
Legislative Associate

BILL NO.: SB 1

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

SPONSOR: Senator Augustine

COMMITTEE: Education, Energy and the Environment

POSITION: **SUPPORT**

DATE: January 25, 2024

Baltimore County **SUPPORTS** Senate Bill 1 – Electricity and Gas – Retail Supply – Regulation and Consumer Protection. This bill requires that any salesperson offering or selling electricity or natural gas supply agreements to consumers in Maryland must have an energy salesperson license. The legislation also restricts an electricity supplier to offering electricity only at a price that does not exceed the trailing 12-month average of the electricity company's standard offer service rate, and on or after January 1, 2025, an electricity supplier must purchase Renewable Energy Credits in the PJM region.

SB001 is designed to protect Maryland energy consumers from predatory energy salespersons that have proliferated in Maryland's deregulated energy market. Under the guise of "consumer choice" these energy suppliers often target lower income communities with energy rates lower than the Standard Offer rate of their local utility, without highlighting terms that often include excessive rate jumps after a low introductory period. This legislation will require greater transparency and accountability of energy suppliers wanting to do business in Maryland, creating fairness in competition in Maryland's deregulated energy market, and ultimately protecting consumers.

Accordingly, Baltimore County urges a **FAVORABLE** report on SB 1 from the Senate Education, Energy and the Environment Committee. For more information, please contact Jenn Aiosa, Director of Government Affairs at jaiosa@baltimorecountymd.gov

SB0001_BaltimoreCityCouncil_CohenRamos_Fav.pdf
Uploaded by: Zeke Cohen
Position: FAV

ZEKE
COHEN
Representing Baltimore City's First District

ODETTE RAMOS
Baltimore City Councilwoman
District 14

Chair Feldman, Vice Chair Kagan, and Honorable Members of the Education, Energy, and the Environment Committee,

We are members of the Baltimore City Council representing North and Southeast Baltimore. We share taking care of our seniors as a top priority, and we support SB1 because it puts guardrails on third-party utility suppliers to protect our seniors and other vulnerable populations.

We have both assisted low-income seniors in our districts, some with memory issues and intellectual disabilities, in cancelling utility plans offered by third-party providers on which they have been overpaying for utility service. We have sat with our constituents as they navigate calling phone numbers that present no obvious option to cancel their service and switch back to BGE. We have seen our constituents on hold for up to 30 minutes waiting to talk to a representative. We have seen these representatives repeatedly try to convince customers to keep their third-party service, or even suggest that they do not have an active plan. From the door-to-door sales that offer false promises of lower rates to the intentionally arduous and confusing cancellation process, we see deceptive and exploitative business practices that target and exploit our most vulnerable communities.

Based on the Maryland Public Service Commission report on door-to-door sales November 2019-Ocotber 2020, we see fewer companies selling their products in our districts' wealthier, whiter, and more educated zip codes. Comparative data is attached to this testimony. We are extremely concerned that more companies choose to operate in more vulnerable zip codes.

We support consumer choice, and will note that many of our constituents, and even members of our staff, have subscribed to community solar, which offers guaranteed savings compared to standard offer service (SOS) rates. SB1 does not remove consumer choice. Instead, it caps third-party provider rates to SOS rates; consumers should not pay more for what is often the same product offered by public utilities. SB1 also offers key protections for vulnerable consumers, most importantly the ability to freeze accounts and prevent them from being transferred to third-party service. Finally, it increases PSC and OPC oversight of third-party providers and requires additional data reporting, both of which are essential to protecting consumers.

We urge a favorable report on SB1.

Sincerely,

Councilmember Zeke Cohen
District 1, Baltimore City

Councilmember Odette Ramos
District 14, Baltimore City

Comparison of Third-Party Suppliers Selling Service Door-to Door

District 1

Zip	Neighborhoods include…	% white, non-Hispanic/Latino[1]	Median Household Income[2]	% with Bachelor's Degree or Higher[3]	Number of Companies Offering Door-to-Door Sales[4]
21231	Fells Point, Upper Fells Point, Butchers Hill	54%	$88,091	66%	16
21224	Highlandtown, Baltimore Highlands, O'Donnell Heights	51%	$86,443	49%	21
21222	Graceland Park, Saint Helena, Dundalk	65%	$60,483	13%	20

District 14

Zip	Neighborhoods include…	% white, non-Hispanic/Latino	Median Household Income	% with Bachelor's Degree or Higher	Number of Companies Offering Door-to-Door Sales
21210	Roland Park, Evergreen, Keswick	66%	$114,409	82%	11
21211	Remington, Hampden, Hoes Heights	72%	$79,909	61%	17
21218	Waverly, Coldstream Homestead Montebello, East Baltimore Midway	28%	$58,847	45%	20

[1] 2020 Decennial Census, Table P8, Zip Code Tabulation Area
[2] 2022 American Community Survey 5-Year Estimates, Table S1901, Zip Code Tabulation Area
[3] 2022 American Community Survey 5-Year Estimates, Table S1501, Zip Code Tabulation Area
[4] https://datawrapper.dwcdn.net/x4zeA/1/

Economic Action Maryland SB1 FAV 2024 .pdf
Uploaded by: Zoe Gallagher
Position: FAV

Testimony to the Senate Environment
SB01: Electricity and Gas - Retail Supply - Regulation and Consumer Protection
Position: Favorable

January 25, 2024

The Honorable Brian Feldman, Chair
Education, Energy, & the Environment, Committee
2 West, Miller Senate Office Building
Annapolis, MD 21401
Cc: Members, Education, Energy, and Environment

Honorable Chair Feldman and Members of the Committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a people-centered movement to expand economic rights, housing justice, and community reinvestment for working families, low-income communities, and communities of color. Economic Action Maryland provides direct assistance today while passing legislation and regulations to create systemic change in the future.

We are here in strong support of SB1 and thank Sen. Augustine for sponsoring this legislation.

SB1 provides important consumer protections around energy suppliers. Consumers, particularly, low-income consumers have been inundated with door-to-door sales people marketing third-party suppliers. Complaints have been on the rise with research showing that these suppliers target Baltimore's low-income neighborhoods with Hispanic, Black, and immigrant neighborhoods.

Many of these suppliers have signed consumers up for costly contracts that consumers were unaware they had signed up for - a transaction known as *slamming*. There have been a number of enforcement actions and civil penalties because of these unfair and deceptive practices over the past 18 months including a recent $400,000 in refunds and $150,000 settlement with SFE Energy announced January 11.

Regulators' enforcement actions are important but more safeguards and protections are needed. SB1 adds these important guardrails. It establishes licensing requirements for energy salespersons as well as bonding, makes these subject to consumer protections, and increases penalties. For all these reasons, we support SB 1 and urge a favorable report.
Best,

Marceline White
Executive Director

2024 SB01 PHI FWA.pdf
Uploaded by: Anne Klase
Position: FWA

January 25, 2024

112 West Street
Annapolis, MD 21401

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

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) support with amendments **Senate Bill 1- Electricity and Gas - Retail Supply - Regulation and Consumer Protection**. Senate Bill 1 strengthens the standards in Maryland's retail electricity market, protecting customers from companies that use deceptive marketing practices, provides greater transparency to customers, and gives the Public Service Commission (PSC) expanded tools to investigate complaints from customers.

Pepco and Delmarva Power are committed to our customers, delivering safe and reliable power to our 852,000 Maryland customers for more than 125 years. Affordable and reliable electric service is a public health and safety necessity that impacts all communities. Senate Bill 1 provides additional regulations, consumer protections and transparency for third party suppliers. These additional protections will not only provide invaluable protections for our most vulnerable customers who may have been susceptible to predatory practices, but also allow for additional transparency for customers who have elected to use standard offer of service (SOS) or those who elect to use a third-party supplier. Pepco and Delmarva Power believe that more consumer education and protections, like the licensing requirement in *Senate Bill 1*, are needed to help ensure customers better understand the products they are purchasing.

Senate Bill 1 requires electric companies to submit a report to the PSC that outlines information pertaining to rates for customers using SOS or a third-party supplier within each electric utilities service territory. Pepco and Delmarva Power currently have some of the information that is outlined in the legislation, however, third party supplier rate information should be provided by the third party suppliers. It also should be noted that in December of 2024, supplier consolidated billing (SCB) will become available for third party suppliers in Maryland. Implementing SCB will create a mechanism that allows for customers to receive a single bill from their supplier inclusive of all applicable charges rather than an inclusive bill from Pepco or Delmarva Power. This new change means that Pepco and Delmarva Power will no longer have access to the information requested for third party suppliers. The regulations for supplier consolidated billing were considered as part of a rulemaking process at the PSC (RM70).

This legislation would also eliminate the Purchase of Receivables (POR) provision that is currently in state law. Currently under POR, a utility buys the receivable from a supplier less a discount intended to recover prudently incurred costs arising from the purchase of supplier receivables. The utility is then responsible for collection of the receivable.

The POR mechanism removes natural incentives that retail suppliers would otherwise have, to follow prudent credit practices in obtaining customers and ensuring full and timely payment for those customers. Eliminating POR provides the appropriate signals to suppliers to utilize good business practices. As a robust marketplace exists in Maryland for retail energy suppliers, there is no longer a need for POR to provide market-wide risk mitigation to the retail supplier community. The opportunity for retail suppliers to sell receivables can still occur, at the discretion of the supplier, but through companies tailored to provide that financial service rather than having regulated utilities continue to fill that role.

Pepco and Delmarva Power support Senate Bill 1 with amendments and we look forward to continuing conversations with the bill sponsors and stakeholders involved.

Contact:
Anne Klase
Senior Manager, State Affairs
240-472-6641
Annek.klase@exeloncorp.com

Katie Lanzarotto
Manager, State Affairs
410-935-3790
Kathryn.lanzarotto@exeloncorp.com

SB0001 OPC Testimony.pdf
Uploaded by: David Lapp
Position: FWA

David S. Lapp
People's Counsel

William F. Fields
Deputy People's Counsel

Juliana Bell
Deputy People's Counsel

OPC

Office of People's Counsel

State of Maryland

6 St. Paul Street, Suite 2102
Baltimore, Maryland 21202
www.opc.maryland.gov

Brandi Nieland
Director, Consumer
Assistance unit

BILL NO.: Senate Bill 0001
Electricity and Gas - Retail Supply
Regulation and Consumer Protection

COMMITTEE: Education, Energy, and the Environment Committee

HEARING DATE: January 25, 2024

SPONSOR: Senator Augustine

POSITION: Favorable with amendments

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The Office of People's Counsel ("OPC") supports Senate Bill 0001 with the amendments described below. SB0001 will provide urgently needed protections for consumers interacting with the retail energy supply market.

Background

In 1999, the General Assembly passed Maryland's Electric Customer Choice and Competition Act ("the Act").[1] The Act "deregulate[d] the generation, supply and pricing of electricity" by enabling companies other than the State's monopoly utilities to sell electricity directly to retail customers.[2] The intent of the Act was to "create competitive retail electricity supply and electricity supply services markets . . . [and] provide economic benefits for all customer classes[.]"[3]

Since 1999, however, the benefits for residential customers from retail choice have been sparse. OPC's experience in this regard was confirmed by a recent study of retail energy suppliers operating in Baltimore Gas and Electric's service territory showing that

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[1] 1999 Md. Laws Ch. 3, 4 (S.B. 300/H.B. 703).
[2] Md. Code Ann., Pub. Util. ("PUA") § 7-504(3).
[3] PUA §§ 7-504(2), 7-504(4).

retail supply customers are not, in fact, paying competitive prices.[4] Compounding this problem, the study also found that "households who live in low-income areas pay higher [electricity] prices, on average, than households in high-income areas."[5]

At the same time, the harm to customers has been plentiful. Current laws and regulations enable retail energy suppliers to engage in deceptive and unfair marketing practices that are hard to uncover and even harder to adequately remedy. OPC has litigated before the Public Service Commission ("PSC") numerous cases successfully alleging that retail energy suppliers have violated Maryland law and regulation by engaging in unfair and deceptive practices that resulted in harm to customers.[6] In just two of those cases, Maryland customers were overcharged by over $14 million and $6 million dollars, respectively, and individual customers were overcharged by thousands of dollars.[7]

Consumer complaints against retail energy suppliers include unfair and deceptive marketing and solicitation practices such as:

- Telemarketing based on incomplete or deceptive advertising material that results in a binding supply contract just based on a telephone call;[8]
- Deceptively marketing products as "green energy," "renewable energy," and "carbon-free" without defining these terms;
- Enrolling customers without their consent, making misleading claims about potential savings, and posing as representatives of a customer's utility company;[9]

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[4] Kahn-Lang, Jenya, *Competing for (In)attention: Price Discrimination in Residential Electricity Markets*, pg. 1, (Mar. 7, 2023), https://drive.google.com/file/d/1IClpnaf3gVy3X94YWhLtSSTMWKTzi16K/view.
[5] *Id.* at 43.
[6] *See e.g.,* PSC Case No. 9324, *In the Matter of the Investigation into the Marketing Practices of Starion Energy PA, Inc.*; PSC Case No. 9613, *In the Matter of the Complaint of the Staff of the Public Service Commission against SmartEnergy Holdings d/b/a SmartEnergy*; PSC Case No. 9615, *In the Matter of the Complaint of the Staff of the Public Service Commission v. U.S. Gas & Electric and Energy Services Providers, Inc., D/B/A Maryland Gas & Electric*; PSC Case No. 9617, *In the Matter of the Complaint of the Staff of the Public Service Commission Against Smart One Energy, LLC*; PSC Case No. 9647, *Complaint of the Md. Office of People's Counsel Against SunSea Energy, LLC*.
[7] Case No. 9617, Order No. 89526 (Mar. 6, 2020); Case No. 9613, Order No. 90515 (Feb. 22, 2023).
[8] The most egregious example of this type of supplier behavior is Smart One Energy. Through telephone marketing, the company was able to learn the account number or customer ID for the customer and enroll the customer without their consent. The company had no other interaction with the customer other than to put excessive charges—usually about twice the utility's rate—on the customer's bill. This practice went on for years before being detected. The company enrolled over 17,000 Maryland customers. Many customers had no idea that they were being served by a supplier, had no knowledge of Smart One Energy, and endured overcharges for years. *See* PSC Case No. 9617, Order No. 89219 (August 2, 2019).
[9] *See e.g.,* PSC Case No. 9324; PSC Case No. 9615; PSC Case No. 9647.

- Deploying third-party sales agents who are unlicensed and unregistered, making it difficult to prevent agents who violate Maryland regulations from continuing to operate in Maryland;
- Locking customers into variable rate contracts that significantly increase in price and charge excessive early terminations fees.

Although the PSC has a customer complaint process, PSC enforcement actions thus far have done little to curtail retail supplier misconduct. In fact, the number of consumer complaints filed against retail energy suppliers operating in Maryland is growing. In fiscal year 2021, consumers filed 157 complaints with the PSC's Consumer Affairs Division; in 2022, consumers filed 86 complaints; and in 2023, consumers filed 641 complaints.[10] It is likely that the numbers of consumers affected by supplier misconduct are substantially greater than the number of complaints.

Enforcement cases have not effectively deterred bad actors in the retail supply market. In our view, while the PSC has found violations of statutes and regulations, its remedies have been weak, allowing retail suppliers to indefinitely continue to profit from violating the law and otherwise failing to deter future violations. For example, one retail supplier racked up 41 new consumer complaints just months after restarting marketing and solicitation activities following an enforcement action before the PSC.[11] Finally, enforcement cases often span several years, which means that even if the affected customers are granted relief, that relief is substantially delayed. In one current case on appeal, the supplier continues to serve–and receive revenues from–customers that the PSC found in 2021 had unlawfully enrolled customers.[12]

The best way to minimize abuses and ensure that customers benefit from retail choice is to have strong consumer protection laws and regulations that limit the opportunities for violations and deter future non-compliance. SB 0001 will enhance customer protections by:

- Enhancing licensing requirements, for example, by requiring retail energy suppliers to reapply for a license every three years, providing additional opportunities for the PSC to review suppliers' conduct and to deny problematic suppliers from selling in the state;

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[10] Consumer complaint information is publicly available on the PSC's website: https://www.psc.state.md.us/retail-energy-supplier-complaint-reports/.
[11] PSC Case No. 9647, *Notice of Probable Cause Hearing* (Public and Confidential), ML No. 301288 (Feb. 13, 2023).
[12] *Matter of SmartEnergy Holdings, LLC,* 256 Md. App. 20 (2022) (on appeal to the Sup. Ct. of Md.).

- Increasing the penalty amount from $10,000 to $25,000 and providing that each customer who is affected by a retail supplier's misconduct is a separate violation;
- Eliminating most variable rate contracts;
- Prohibiting commission-based compensation for energy salespersons, which will remove the incentivize for deceptive marketing and solicitation practices;
- Prohibiting the sale and purchase of accounts receivable; and
- Eliminating early termination fees; and many other protections.

Comments

SB0001 enhances consumer protections in the retail energy supply market in several important respects. To further advance the goals of the bill, OPC recommends the modifications outlined below. OPC understands that forthcoming amendments may address some of these issues, and OPC is generally supportive of these amendments.

1. Municipal utilities serving customers solely in their distribution territories and community choice aggregators should be exempt.

As currently written, sections 7-507.1 and 7-510(d)(1) of SB001 could be read to apply not only to third party retail suppliers, but also to municipal utilities and community choice aggregators. However, the laws and regulations governing retail energy suppliers generally do not treat these entities the same as retail electric and gas suppliers. Section 7-507 of the Public Utilities Article ("PUA") provides that a retail electricity supplier must have a license to operate in Maryland, but a municipal electric utility serving customers solely in its distribution territory or a community choice aggregator does not. In fact, municipal utilities cannot allow retail suppliers to operate in their service territory unless the PSC approves the utility's plan for integration of retail suppliers.[13] SB0001 should be amended to clarify that municipal utilities and community choice aggregators are similarly exempt from sections 7-507.1 and 7-510(d)(1).

2. Consumer protections should be extended to retail natural gas customers in addition to retail electric customers.

Section 7-510 of SB 0001 provides for multiple consumer protections for retail electric customers—including prohibiting variable rate contracts, commission-based compensation, and the transfer of accounts receivable—but these same protections are

[13] PUA § 7-510(a)(2)(iv).

not extended to retail gas customers. Under COMAR provisions 20.53.07 and 20.59.07, the same consumer protections are afforded to both retail electric supply customers and retail natural gas supply customers, and SB0001 should be amended to reflect the same parity.

3. Investor-owned utilities should not be authorized to market standard offer service ("SOS").

Section 7-510(c)(14(ii)(6) of SB0001 would authorize investor-owned electric companies to market standard offer service ("SOS") consistent with the consumer protections in the bill. OPC is concerned that allowing the utilities to market SOS interferes with, rather than bolsters, the competitive market. Because each utility operates in its service territory as a regulated monopoly, the utility's SOS is the default energy product available to consumers in that service territory. Therefore, utilities do not need to market their product—it is already the default product. Likewise, because their energy product is the default product, investor-owned utilities do not need to compete in the free market. OPC understands that a forthcoming amendment will prohibit utilities from passing on to ratepayers the costs associated with marketing SOS. While OPC supports the intent of this amendment, utilities have non-financial advantages–such as brand name recognition as a result of the government-granted exclusive franchise rights–that give them advantages beyond direct promotion. The better approach is to amend SB0001 to remove 7-510(c)(4)(ii)(6) in its entirety.

4. The PSC is the appropriate body to regulate green marketing claims.

As OPC understands it, section 7-707 of SB0001 is intended to ensure the integrity of retail electricity suppliers' "green" marketing claims by requiring suppliers who claim their products benefit the environment to: (a) buy renewable energy credits ("RECs") that qualify under Maryland law to match their environmental marketing claims; and (b) provide an explanation to consumers clarifying what RECs are. OPC supports this intent but is concerned that certain provisions of the bill, as currently written, run counter to this intent, and may prove detrimental to consumers.

First, OPC recommends that a retail energy supplier that markets a product as "green," as defined in 7-707(a), be required to purchase and retire RECs *in excess of* the existing Renewable Energy Portfolio Standard ("RPS") requirements, and that the PSC be given the discretion to determine what the appropriate threshold of RECs should be to avoid deceiving customers. Suppliers should not be able to market their product as "green" or "clean" simply for complying with Maryland's RPS requirement. Compliance is mandatory. Customers receiving green marketing messages reasonably expect more than minimum statutory compliance. But as drafted, the bill would allow suppliers to "purchase RECs" at the minimum level and market themselves as "green."

OPC understands that a forthcoming amendment addresses this concern by requiring green power suppliers to purchase and retire RECs to match at least 51% of its customers' electricity consumption as of the date the bill takes effect, and that the percentage of RECs to be retired must always be at least one full percent higher than the state's RPS requirement as that requirement increases. While this amendment would ensure that a retail energy supplier marketing a product as green *technically* exceeds what is already required by Maryland law, suppliers should only be able to market their offers as "green" if they *significantly* exceed the requirements of Maryland law. Because of the difficulty in determining reasonable customer expectations and the complexities associated with matching a new requirement to the escalating RPS requirement–as well as other possible policy changes to support clean energy, such as a the "clean power standard" highlighted the Maryland Department of Environment's recently released climate plan–OPC recommends that rather than dictate the required percentage of RECs in legislation, the PSC be tasked with setting the appropriate requirements.

Second, as currently written, section 7-707(c) of SB0001 requires a retail supplier marketing green power to include a specific disclosure to customers explaining what RECs are. OPC supports the intent to educate customers, but rather than setting this disclosure language in legislation, OPC recommends that the PSC instead be charged with drafting the relevant disclosure language. The PSC has the experience and expertise to draft disclaimers and disclosures that are more likely to be accurate and comprehensible by the public. Further, because technology continues to rapidly evolve and retail suppliers constantly change their marketing practices, it is important that these regulations be continually modified to keep up with the changes. For instance, a disclaimer for "green power" products should change as the mix of generation changes—incorporating more renewable generation sources over time.

For these reasons, SB0001 should be amended to delegate to the PSC the authority to determine what percentage above the RPS is required for a retail energy supplier to market a product as green and to develop the required disclosure statement.

OPC supports the urgent consumer protections in SB0001. Our office is continuing to review the bill and will highlight any other issues we identify as the session advances. We look forward to working with the sponsors to ensure maximal protection for residential customers.

Recommendation: OPC requests a favorable Committee report for SB0001 as amended as described above.

BGE-EEE-SWA-Senate Bill 1 - Electricity and Gas -
Uploaded by: Dytonia Reed
Position: FWA

bge
AN EXELON COMPANY

Position Statement

Support with Amendments
Education, Energy, and Environment
1/25/2024

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 years[1]. 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.

Brittany Jones, Brittany.Jones@bge.com | Guy Andes, Guy.Andes@bge.com

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.

Brittany Jones, Brittany.Jones@bge.com | Guy Andes, Guy.Andes@bge.com

SB0001_Favorable with Amendments_PSC.pdf
Uploaded by: Frederick Hoover
Position: FWA

STATE OF MARYLAND

PUBLIC SERVICE COMMISSION

January 24, 2024

Chair Brian Feldman
Senate Education, Energy and Environment Committee
2 West, Miller Senate Office Building
Annapolis, MD 21401

RE: SB 0001 – Favorable with Amendments - Electricity and Gas - Retail Supply - Regulation and Consumer Protection

Dear Chair Feldman 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. SB 0001 increases customer protections for Marylanders choosing their electric and gas supplier. The Commission is recommending a favorable vote for SB 0001, with a request for amendments.

SB 0001 makes several significant changes to the existing retail market structure in Maryland. The bill requires that energy salespersons, 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 energy salespersons, as one does not currently exist. It is estimated that the number of energy salespersons that would need to be licensed could be several thousand. Furthermore, requiring supplier license renewal every three years would amend the current supplier licensing process to allow a periodic review of applicants' qualifications which are customarily only evaluated upon application, and would allow for the identification of any potential violations of Maryland statute and regulations. The restrictions imposed by the proposed Public Utilities Article § 7-510(D) could reduce abuses suffered by some customers due to the prohibited marketing practices of energy suppliers if infractions were detected more frequently.

WILLIAM DONALD SCHAEFER TOWER 6 ST. PAUL STREET BALTIMORE, MARYLAND 21202-6806
410-767-8000 Toll Free: 1-800-492-0474 FAX: 410-333-6495
MDRS: 1-800-735-2258 (TTY/Voice) Website: www.psc.state.md.us

To stand-up the process of relicensing supplier companies and licensing salespersons, the PSC will require additional financial and personnel resources. The bill provides the Commission funds via a specific one-time assessment amount of $275,000, as well as licensing and renewal fees to establish a new division to address the requirements on energy suppliers and salespersons. The new law permits at least two new Position Identification Numbers ("PINs") to be created to fill new roles at the Commission. The Commission anticipates the need for a total of five PINs. Consulting fees will also need to be expended for the Commission to establish the electronic licensing and enforcement framework for salespersons. The Commission requests an amendment to allow the required new functions to be undertaken by the current Consumer Affairs Division, instead of standing up a new division, which in turn will likely decrease the number of PINS required.

To fund this new division, the proposed legislation provides the Commission funds via a specific one-time assessment amount of $275,000, as well as licensing and renewal fees. It is unknown how many energy salesperson licenses will be issued and thus this proposed funding source may be inadequate. The bill does not state how the Commission should address fiscal support for the division should licensing and renewal fees fall below a level required to support the ongoing expenses of the division. The PSC seeks an amendment to address that concern by including these expenses in the PSC assessment which funds the Commission.

SB 0001 does not draw a distinction between residential and commercial and industrial customers. Commercial and industrial customers are largely served by retail suppliers and historically navigate the market to their benefit. Both the supply demand portfolio and the expertise of these customers reduces their exposure to illegal practices. The PSC recommends an amendment to have the provisions of this bill apply to only residential customers.

Further, SB 0001 discontinues the practice of utilities' purchasing the receivables of energy suppliers. The PSC is currently reviewing comments submitted to the Commission by stakeholders regarding this issue. The return to this model will require an extended period of time and will need stakeholder involvement. Additionally, the removal of purchase of receivables may have implications for supplier consolidated billing and community choice aggregation in Montgomery County and could cause delays in the implementation of these programs. Adequate time should be allowed to complete this process and the Commission requests an amendment to address this need.

SB 0001 also attempts to enhance customer protections by limiting supplier offers and modifying market operational rules. Amongst these enhancements including: price caps tied to SOS prices, the establishment of restrictions on retail choice offerings, and permitting utilities to market SOS service. 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.

In total, SB 0001 makes great strides in providing the PSC with more tools in the toolbox to protect Maryland ratepayers who wish to shop for their electric and gas 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. SB 0001 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. SB001 includes a detailed list of proposed reforms to the current retail energy supply market in Maryland. We look forward to working with the sponsors, the committee and interested parties on this legislation and possible amendments.

Sincerely,

Frederick H. Hoover, Chair
Maryland Public Service Commission

MARYLAND PUBLIC SERVICE COMMISSION

Reporting on Enforcement Actions Taken Between Calendar Years 2010 and 2022

November 1, 2023

Prepared in response to the 2023 Joint Chairmen's Report from the Senate Budget and Taxation Committee and House Appropriations Committee, addressing enforcement actions against third-party energy suppliers

William Donald Schaefer Tower
6 St. Paul Street
Baltimore, Maryland 21202-6806
www.psc.state.md.us

I. INTRODUCTION

The Maryland Public Service Commission (PSC) hereby submits this report in response to the 2023 Joint Chairmen's Report ("JCR") from the Senate Budget and Taxation Committee and House Appropriations Committee, pertaining to actions taken by the Commission in enforcement matters involving third-party retail energy suppliers ("suppliers") for the period between calendar years 2010 and 2022.

II. BACKGROUND

Maryland law allows gas and electric utility account holders to decide whether to purchase electricity and gas supply from a utility or from a licensed third-party retail energy supplier ("supplier"). In accordance with Public Utilities Article ("PUA") §§ 7-507(a) and 7-603(a), the Commission is authorized to grant licenses to electricity and natural gas suppliers. The Commission is further authorized, pursuant to sections 7-507(e) and 7-603(b), to adopt regulations or issue orders to, among other matters, protect retail electric and natural gas consumers from anticompetitive and abusive practices and ensure that customers have "adequate and accurate" information to enable customers to make informed choices regarding retail energy suppliers. In addressing violations of consumer protection laws, pursuant to PUA § 7-507(e) and § 7-603(a), the Commission has the power to revoke or suspend licenses of competitive retail suppliers, impose a civil penalty, or other remedy. Code of Maryland Regulations ("COMAR") Title 20, Subtitles 53 and 59, prescribe regulations governing pre-enrollment, enrollment, transfers of service, and non-residential and residential consumer protections.

III. THE CONSUMER AFFAIRS DIVISION

The Consumer Affairs Division ("CAD") is the department within the PSC responsible for the investigation and resolution of complaints by Maryland ratepayers against regulated companies in accordance with applicable laws, regulations, and tariffs. CAD collects and tracks information regarding complaints received to identify potential patterns of regulatory noncompliance. The PSC is authorized to regulate aspects of electric and gas supplier marketing practices, but not the rates that suppliers charge their customers. If a customer has a complaint and has already attempted to resolve their dispute with the company directly, the customer may file[1] their complaint pursuant to the dispute resolution procedures outlined in COMAR 20.32.

IV. COMPLAINTS AND THE DISPUTE RESOLUTION PROCESS

The table at Figure 1 contains complaints received by CAD against suppliers as compared to total complaints against all companies combined for calendar years 2010 to 2022.

[1] Although CAD accepts handwritten complaints, CAD encourages citizens to file online at https://mdpsc.force.com/complaints/s/?language=en_US.

FIGURE 1 – Complaints Received by CAD

Calendar Years 2010 to 2022

YEAR	COMPLAINTS AGAINST SUPPLIERS	TOTAL COMPLAINTS RECEIVED	PERCENTAGE OF TOTAL AGAINST SUPPLIERS	SUPPLIER UTILIZATION[2]
2022	446	1,725	25.9%	16.6%
2021	414	1,868	22.2%	18.6%
2020	436	1,473	29.6%	20.0%
2019	702	2,800	25.1%	20.8%
2018	599	2,696	22.2%	21.2%
2017	403	2,659	15.2%	21.9%
2016	403	3,123	12.9%	23.3%
2015	667	3,737	17.8%	23.8%
2014[3]	2,288	5,258	43.5%	25.6%
2013	1,218	5,278	23.1%	28.1%
2012[4]	N/A	5,734	N/A	25.7%
2011	N/A	5,318	N/A	21.8%
2010	N/A	5,508	N/A	15.7%

The PSC maintains a cloud-based complaint data management system ("CDMS") through Salesforce. This CDMS launched in February 2022 and contains data from our legacy system from 2018 through the February 2022 launch and forward to the present. Prior to the CDMS launch, CAD's customer complaint information was stored in a database created in Microsoft Access. That system was outdated and, following data migration to the new CDMS, was taken offline and retired. The Commission has data specifically relating to complainant ZIP codes and primary complaint issue dated from 2018 forward and are reflected in the following tables.

[2] Reported pursuant to PSC Case No. 8378, this figure refers to the percentage of all eligible customer accounts enrolled with electric suppliers as of December 31st of each calendar year. For additional enrollment data, please refer to the Commission's Monthly Enrollment Reports page: https://www.psc.state.md.us/electricity/electric-choice-monthly-enrollment-reports/

[3] In 2014, the region experienced a polar vortex; during the winter months, due to the extreme cold, suppliers that offered variable rates saw an increase in the market price for electricity. Suppliers passed higher prices on to customers resulting in a complaint increase due to rate shock, company inaccessibility, and other related concerns. For more information, please refer to the Commission's 2014 Annual Report: https://www.psc.state.md.us/wp-content/uploads/2014-MD-PSC-Annual-Report.pdf

[4] Prior to 2013, complaints against utilities and complaints against suppliers were clustered together in CAD's legacy database.

FIGURE 2 – ZIP codes with 20+ complaints against suppliers from 2018 – 2022

COMPLAINANT ZIP CODE	COMPLAINTS, 2018 - 2022
21218	71
21229	66
21215	64
21222	62
21234	55
21061	54
21213	53
21216	48
21212	47
21217	47
21206	42
21207	42
21224	42
21239	36
21220	35
21221	35
21230	34
21225	30
21244	30
21401	29
21144	28
21228	28
21204	27
21117	26
21133	26
21214	26
21044	25
21122	25
21205	25
21208	25
21209	25
21223	25
21236	25
20707	24
20904	24
21202	24
21227	22
21042	21
21403	21
21043	20
21045	20
21136	20

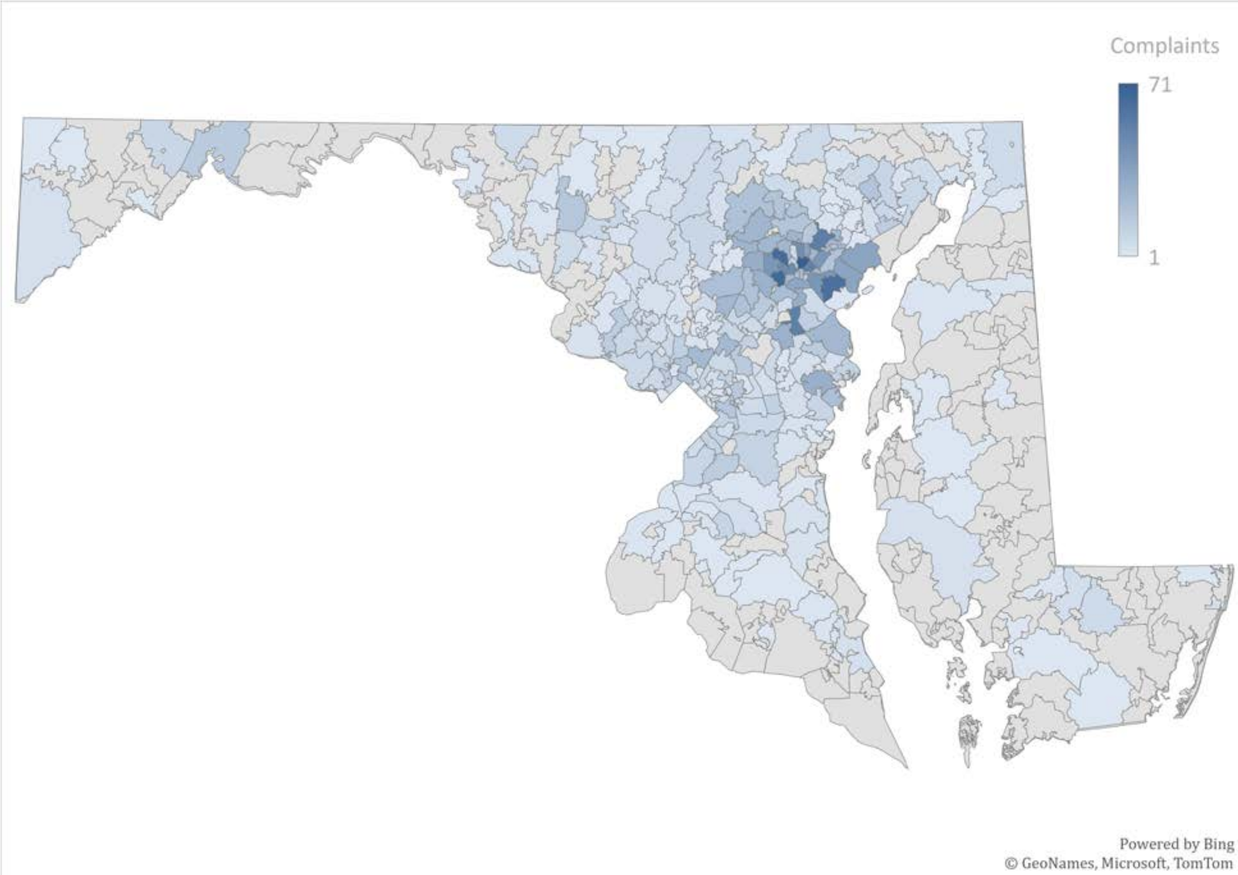
For the full list of supplier complaints organized by complainants' service address ZIP codes from 2018 – 2022, please refer to attached **Appendix I**.

WHAT IS A COMPLAINT
A complaint refers to a completed online or print form received by CAD from a customer detailing a dispute with a regulated company.

HOW TO MAKE A COMPLAINT
CAD accepts written complaints submitted through the PSC's online portal or completed handwritten complaint forms sent via fax, mail, or email.

INVESTIGATION UPON FILING
CAD reviews and investigates each complaint received. Upon receipt, complaints are assigned to CAD Administrative Specialists for investigation. During investigation, a CAD Administrative Specialist will inform the company at issue about the complaint and request relevant information and documents. The CAD Administrative Specialist then renders a written decision after review of applicable law, regulation, and tariff.

FIGURE 3 – Map of all complaints against suppliers by ZIP code from 2018 – 2022



The complaint information collected in the CDMS includes the primary issue cited in each complaint. For electricity supplier and gas supplier complaints respectively, Figure 4 and Figure 5 contain tables with complainants' primary issue for each complaint against suppliers filed between 2018 – 2022.[5]

[5] With the February 2022 launch of the new CDMS, CAD consolidated issue selection options from more than 100, down to roughly 1/3 of that, for a more manageable experience for both online complaint portal users and back-end system users.

FIGURE 4 – Complaints against electric suppliers from 2018 – 2022: Primary issue

Primary Issue / Electric Suppliers	Complaints
Slamming	808
Misrepresentation	461
Stop/start service issue	201
Billing dispute	175
Sudden price increase	120
Early termination fee dispute	54
Contract renewed w/o notice or authorization	45
Unwanted solicitation	26
Electric supplier - other issue	26
Slamming - in-person sale	21
Withdraw by customer	14
Disputes fees on bill	12
Budget billing dispute	12
Withdraw by company	12
Agents overly aggressive	10
Payment dispute	10
Refund dispute	8
Termination of service - payment plan	5
No jurisdiction	4
Solar questions or complaints	4
Misrepresentation - failure to show ID	4
Customer service issue	3
Net metering	3
Special investigation	3
Collections issue	3
Estimated/adjusted bill dispute	2
Meter concerns	2
Meter tampering	2
Security deposit issue	1
Termination of service issue	1
CC of letter to company	1
Unwanted solicitation - annoying calls/faxes	1
Smart meters	1
Community solar pilot	1

WHAT IS SLAMMING
The illegal practice of switching a customer's electricity or gas supply service without their permission.

WHAT IS MISREPRESENTATION
Use of false and deceptive statements in an effort to enroll customers. Statements may relate to a company's identity, its association to a utility or to the product the company is selling.

FIGURE 5 – Complaints against gas suppliers: Primary issue from 2018 – 2022

Primary Issue / Gas Suppliers	Complaints
Slamming	236
Misrepresentation	113
Stop/start service issue	75
Billing dispute	50
Sudden price increase	21
Contract renewed w/o notice or authorization	12
Early termination fee dispute	6
Washington Gas e-service billing problem	5
Agents overly aggressive	4
Customer service issue	3
Payment dispute	3
Unwanted solicitation	3
Extension requested	2
Tariff/rates/fees/charges	2
Refund dispute	2
Gas supplier - other issue	2
General/miscellaneous	1
Security deposit issue	1
Estimated/adjusted bill dispute	1
No jurisdiction	1
CC of letter to company	1
Budget billing dispute	1
Meter concerns	1
Company did not send free gift	1
Slamming - in-person sale	1
Withdraw by company	1

V. ENFORCEMENT ACTIONS

CAD investigates each individual complaint that it receives, renders a decision, and communicates that decision to the parties. On a broader scale, CAD utilizes its CDMS to monitor supplier compliance by identifying patterns of violations and potential violations throughout multiple complaints. When, in CAD's assessment, a company demonstrates a pattern of noncompliance, CAD makes a recommendation to initiate an enforcement action, and a docketed proceeding in front of the Commission is established. As suppliers may avail themselves of the right to judicial review of Commission decisions to circuit and appellate courts, some enforcement actions may take extended time to close. A list of enforcement actions from 2010 through the present is below, at Figure 6.

FIGURE 6 – Enforcement actions, 2010 - present

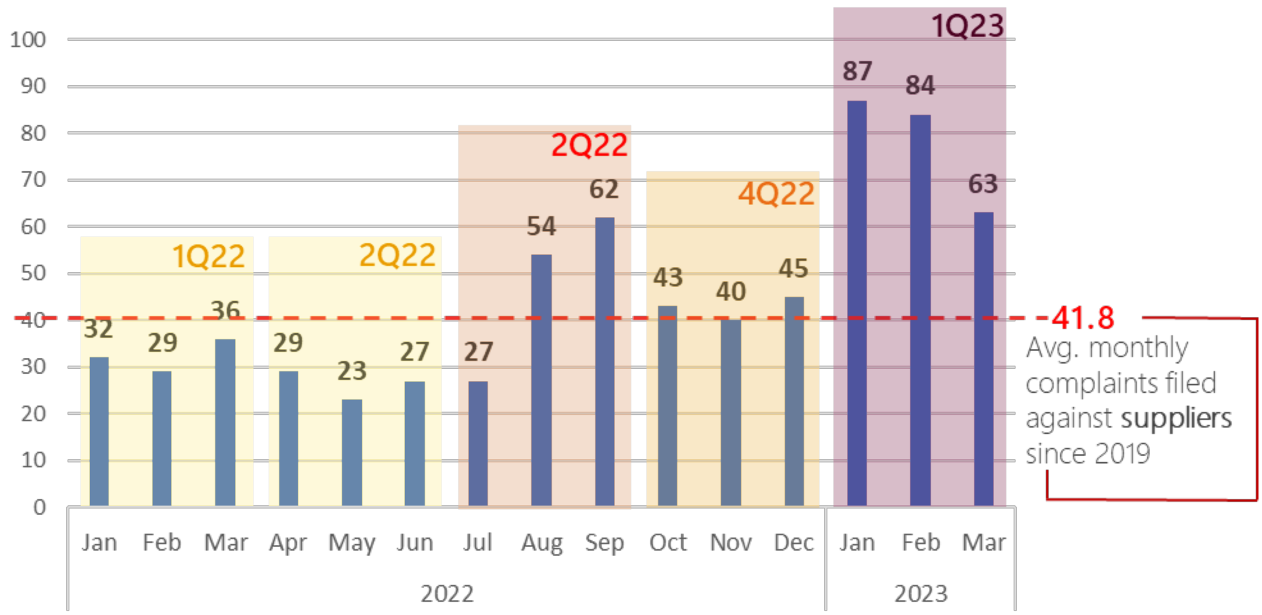
Case #	Company	Date Opened or Reopened	Date Closed	Duration (Days)	Civil Penalty
9691	Greenlight Energy	2/14/2023	4/20/2023	65	$ 40,000.00
9647	SunSea Energy	**2/13/2023**	-		
9690	SFE Energy	**1/26/2023**	-		
9661	StateWise Energy	12/10/2020	1/11/2022	397	$ 150,000.00
9647	SunSea Energy	6/4/2020	8/18/2021	440	$ 400,000.00[6]
9624	Atlantic Energy	5/15/2019	6/15/2021	762	$ 250,000.00
9615	Maryland Gas & Electric	**5/15/2019**	-		
9614	Direct Energy	**5/15/2019**	-		
9617	Smart One Energy	5/10/2019	3/6/2020	301	$ 561,000.00[7]
9613	SmartEnergy	**5/10/2019**	-		[8]
9382	Blue Pilot Energy	5/29/2015	4/28/2016	335	$ 57,000.00
9347	Maryland Gas & Electric	4/1/2014	11/5/2014	218	$ 2,500.00
9346	American Power Partners	4/1/2014	12/17/2014	260	$ -
9346	Blue Pilot Energy	4/1/2014	12/1/2016	975	$ 140,000.00
9346	Xoom Energy	4/1/2014	12/1/2016	975	$ 40,000.00 [9]
9346	Major Energy	4/1/2014	2/26/2016	696	$ 300,000.00
9324	Starion Energy	5/13/2013	3/7/2014	298	$ 350,000.00
9255	Viridian Energy	1/26/2011	6/12/2012	503	$ 60,000.00
9253	North American Power & Gas	1/14/2011	6/9/2011	146	$ 100,000.00

Regarding the effectiveness of the Commission's enforcement actions in deterring prohibited marketing practices, the Commission submits that enforcement actions tend to be effective in bringing an errant supplier into compliance, with the goal of deterring repeat

[6] Supplier ordered to refund $66,675 to customers
[7] Supplier ordered to refund up to $14.3 million to customers
[8] Supplier ordered to refund an estimated $6 million to customers
[9] Supplier ordered to refund $510,361 to customers

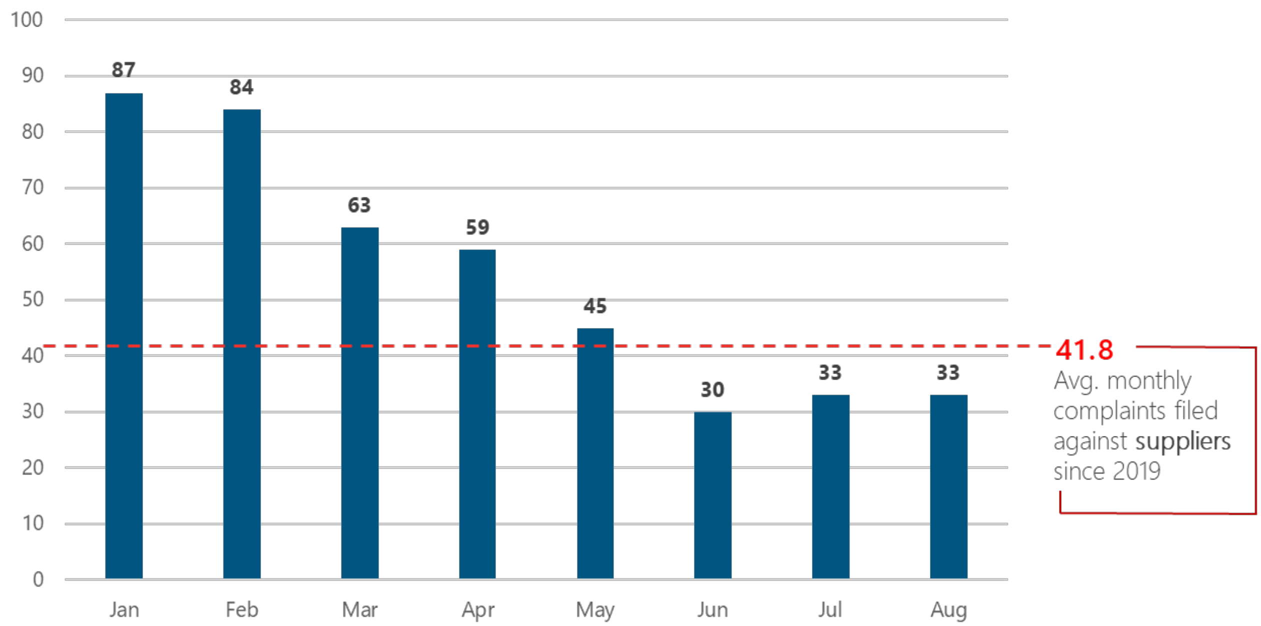
violations. For instance, on February 1, 2023, the Commission launched its Maximum Enforcement initiative in response to a recent influx of complaints against suppliers.

FIGURE 7 – Complaints against suppliers, 1Q22 – 1Q23



As a result of the multi-division collaboration on Maximum Enforcement, CAD's supplier complaint intake numbers returned to levels at or below its historic average.

FIGURE 8 – Complaints against suppliers, January – August 2023



Comparing the first quarter of the 2023 calendar year to the third quarter, complaints against suppliers decreased by 61%. Among the three suppliers incurring the most complaints in 1Q23, complaints against those suppliers dropped from 79 in the first quarter, to 14 in the third quarter, a decrease of 82%. Enforcement and noncompliance remediation do work; however, the difficulty lies in sustaining the staff's time commitment, across multiple divisions, to rigorously pursue these matters for a significant duration while balancing other competing commitments. The Commission recommends additional staffing resources to allow for continued enhanced enforcement and the ability to more proactively monitor supplier practices.

The Commission continues to explore and consider additional measures to assist in enforcement efforts.

VI. EDUCATION

Revenue from civil penalties imposed against retail suppliers are added to the Retail Choice Customer Education and Protection Fund, per Public Utilities Article § 7-310. There are a number of ways the PSC uses these funds for to educate the public. Using these funds, in August 2021 the PSC launched its MDEnergyChoice.com landing page for its gas and electricity supply education and comparison-shopping pages[10]. The PSC's MDEnergyChoice.com allows customers to explore available supply rates and easily compare them to their utilities' standard offer service rates. Four newly created brochures are posted under the "Resources" tab of each site and are made available in print at community events:

- What is Energy Choice?
- Finding Better Prices for Your Utility Bills
- Making the Energy Supply Switch
- Know Your Energy Choice Rights

In May 2022, the Commission launched a campaign to help promote awareness of the MDEnergyChoice.com website and brand. The campaign consisted of billboards located along key high-travel roadways around the state, along with displays, posters, door signage and brochures in select shopping malls. The campaign ran until late summer/early fall 2022 and was supplemented by paid social media promotion. The PSC maintains social media accounts on Facebook and Instagram under the MDEnergyChoice brand in addition to the PSC's agency accounts.

[10] The Commission launched www.MDElectricChoice.com on March 9, 2020 and www.MDGasChoice.com on September 29, 2020. Each website is accompanied by a secure portal for suppliers to upload their offers.

This past summer, the Commission signed an interagency agreement with the Maryland State Ad Agency to explore strategies to educate consumers using traditional and digital media. That collaboration is in the development stages – more detailed information can be provided as plan components are finalized and implemented.

To further educate the public on supplier-related issues and other Commission matters, PSC staff have participated in a variety of events in the community, such as town halls and informative webinars as well as "Power in the Park" events and other resource fairs sponsored by local elected officials and nonprofit organizations. The Commission recommends additional staff resources to expand educational opportunities to both the public and to suppliers entering the market in Maryland. In addition, the Commission recommends altering Public Utilities Article § 7-310 for the Retail Choice Customer Education and Protection Fund to allow for use of the funds for additional educational purposes. This would allow the PSC to more broadly educate customers on making energy choices and taking steps that help meet the State's climate goals.

VII. CONCLUSION

The Commission appreciates the opportunity to provide information regarding the enforcement actions taken by the Commission in addressing retail energy supplier matters. The Commission will continue to monitor supplier marketing activities and to post complaint data on its website.[11]

[11] Data is available at https://www.psc.state.md.us/retail-energy-supplier-complaint-reports/

Appendix I – Table of all complaints against suppliers by ZIP code from 2018 – 2022

ZIP codes are as entered by complainants

COMPLAINANT ZIP CODE	COMPLAINTS, 2018 - 2022
21218	71
21229	66
21215	64
21222	62
21234	55
21061	54
21213	53
21216	48
21212	47
21217	47
21206	42
21207	42
21224	42
21239	36
21220	35
21221	35
21230	34
21225	30
21244	30
21401	29
21144	28
21228	28
21204	27
21117	26
21133	26
21214	26
21044	25
21122	25
21205	25
21208	25
21209	25
21223	25
21236	25
20707	24
20904	24
21202	24
21227	22
21042	21
21403	21
21043	20
21045	20

21136	20
20902	19
21030	19
21201	19
21237	19
21014	18
21093	18
20785	17
20910	17
21702	17
20706	16
21286	16
20708	15
20814	15
21075	15
21502	15
20735	14
20874	14
21040	14
21146	14
20906	13
21060	13
21211	13
20716	12
20724	12
20770	12
21231	12
20743	11
20746	11
20748	11
20772	11
21409	11
20602	10
20852	10
21015	10
21037	10
20723	9
20744	9
20783	9
20815	9
20850	9
20877	9
20878	9
21001	9
21009	9
21046	9

21532	9
21701	9
21784	9
20705	8
20774	8
20817	8
20853	8
20854	8
21050	8
21113	8
21157	8
20721	7
20745	7
20794	7
20876	7
20901	7
21108	7
21152	7
21161	7
21210	7
21226	7
21703	7
21742	7
21804	7
21921	7
20720	6
20747	6
20879	6
21029	6
21074	6
21076	6
21078	6
21131	6
21158	6
21771	6
21797	6
20601	5
20740	5
20784	5
20855	5
20872	5
20886	5
21035	5
21085	5
21090	5
21114	5

21801	5
20653	4
20715	4
20763	4
20851	4
20882	4
20903	4
20912	4
21012	4
21032	4
21048	4
21128	4
21550	4
21613	4
21776	4
21842	4
20639	3
20678	3
20695	3
20711	3
20722	3
20732	3
20737	3
20759	3
20776	3
20781	3
20782	3
20832	3
20833	3
20837	3
20866	3
20895	3
20905	3
21028	3
21047	3
21057	3
21084	3
21102	3
21140	3
21704	3
21774	3
21903	3
20603	2
20607	2
20613	2
20619	2

20634	2
20636	2
20640	2
20769	2
20841	2
20871	2
21054	2
21132	2
21163	2
21219	2
21620	2
21651	2
21716	2
21758	2
21769	2
21773	2
21794	2
21795	2
21830	2
08701	1
10003	1
17315	1
19406	1
20015	1
20020	1
20166	1
20609	1
20611	1
20616	1
20622	1
20646	1
20659	1
20701	1
20710	1
20736	1
20764	1
20777	1
20778	1
20816	1
20818	1
20859	1
20861	1
20868	1
21013	1
21017	1
21031	1

21051	1
21082	1
21087	1
21104	1
21120	1
21130	1
21162	1
21183	1
21233	1
21274	1
21305	1
21520	1
21528	1
21531	1
21562	1
21601	1
21638	1
21658	1
21660	1
21673	1
21727	1
21734	1
21737	1
21738	1
21756	1
21767	1
21787	1
21788	1
21791	1
21813	1
21851	1
21853	1
21865	1
21901	1
21911	1
21913	1
21915	1
21922	1
23059	1

MoCo DEP - FWA
Uploaded by: Garrett Fitzgerald
Position: FWA

Montgomery County
Office of Intergovernmental Relations

ROCKVILLE: 240-777-6550 **ANNAPOLIS: 240-777-8270**

SB 1 **DATE: January 24, 2024**

SPONSOR: Senator Augustine

ASSIGNED TO: Education, Energy, and the Environment Committee

CONTACT PERSON: Garrett Fitzgerald (garrett.fitzgerald@montgomerycountymd.gov)

POSITION: Support with Amendment (Department of Environmental Protection)

Electricity and Gas - Retail Supply - Regulation and Consumer Protection

This bill would strengthen requirements applicable to the licensing, sales tactics, and services of energy supply companies and energy salespeople, as well as tools available to the Public Service Commission to address non-compliant practices. It would limit retail energy supply contract lengths and eliminate auto-renewal provisions and early termination fees. The bill would also require any renewable energy sold and marketed as such by retail suppliers be generated within the PJM Interconnection electricity grid region.

Most importantly, this legislation seeks to establish a rate cap for energy provided by retail energy supply companies. While establishing a specific benchmark for that rate cap may be challenging, this concept holds tremendous potential to protect consumers in Maryland, especially our most economically vulnerable residents. Retail suppliers have particularly targeted their marketing to low-income households, convincing many to sign up for energy service contracts that have ended up costing them far more than they would be paying for standard offer service. Consumer protection reform is needed.

While we support the general intent of this legislation, we request amendments to clarify that the provisions of this bill apply to retail energy suppliers, and not to community choice aggregation (CCA) programs. House Bill 768, enacted during the 2021 Maryland legislative session and codified in PUA § 7-510.3 (“the CCA statute”), explicitly states that a CCA is not an electricity supplier. While CCA programs are primarily addressed elsewhere in State statute, certain language proposed in this bill may create unintentional confusion. Suggested amendment language is attached.

With the inclusion of these amendments, we would respectfully encourage the Education, Energy, and the Environment Committee to give this bill a favorable report.

cc: Members of the Education, Energy, and the Environment Committee

<u>AMENDMENTS TO SENATE BILL 1</u>

(First Reading File Bill)

On page 17, in line 14, after "STANDARD OFFER SERVICE" add "<u>OR SERVICE PROVIDED BY A COMMUNITY CHOICE AGGREGATION PROGRAM AUTHORIZED BY THE PUBLIC SERVICE COMMISSION</u>".

On page 18, renumber paragraph (E) which begins on line 13 to be listed as number (6) under section (D) immediately preceding.

On page 18, renumber paragraph (F) which begins on line 19 to be listed as number (7) under section (D) immediately preceding.

or

On page 18, in line 20 after "EACH ELECTRICITY SUPPLIER" add "<u>WITH THE EXCEPTION OF A COMMUNITY CHOICE AGGREGATION PROGAM AUTHORIZED BY THE PUBLIC SERVICE COMMISSION</u>".

LBH Testimony SB0001 Session 2024 (002).pdf
Uploaded by: Jennifer Witten
Position: FWA

Date: January 24, 2024
To: Chair Brian J. Feldman and Vice Chair Cheryl C. Kagan
Reference: SB0001, Electricity and Gas – Retail Supply – Regulation and Consumer Protection
Position: Support with Amendments

Dear Chair Feldman, Vice Chair Kagan and Education, Energy, and the Environment Committee Members:

On behalf of LifeBridge Health, we appreciate the opportunity to comment on Senate Bill 1 (SB1). LifeBridge Health is a regional health system comprising Sinai Hospital of Baltimore, an independent academic medical center; Levindale Hebrew Geriatric Center and Hospital in Baltimore; Northwest Hospital, a community hospital in Baltimore County; Carroll Hospital, a sole community hospital in Carroll County; Grace Medical Center (formerly Bon Secours Hospital), a freestanding medical facility in West Baltimore; and Center for Hope a center of excellence focused on provided hope and services for trauma survivors in Baltimore City.

LifeBridge Health supports with amendments Senate Bill 1 **(SB1) related to Electricity and Gas – Retail Supply – Regulation and Consumer Protection.** LifeBridge Health aligns with the bill's overarching goal to safeguard the public from potential wrongdoing by energy suppliers.

In the context of Maryland's deregulated energy market, our organization has realized substantial benefits, successfully avoiding significant electricity and gas costs through strategic engagement in long-term contracts with multiple suppliers. This procurement approach allows us to plan, construct, and manage our financial expenditures reliably and responsibly, while also mitigating our exposure to price variability that could impact the financial stability of our organization.

While we appreciate the bill's objectives, we wish to bring attention to concerns regarding its potential impact on the renewable energy industry. LifeBridge Health strongly believes that the current formulation of the bill could adversely affect green energy projects, which often rely on long-term contracts for their development and operation. Such repercussions could impede the progress toward achieving our sustainability and carbon reduction goals.

LifeBridge Health respectfully advocates for specific amendments to SB1. Specifically, we propose the removal of the 12-month term limitation for electricity supply and the trailing 12-month average price restriction. These adjustments, we believe, will contribute to a more balanced and equitable regulatory framework.

In light of the aforementioned considerations, we kindly request a favorable committee report on SB1, with the proposed amendments duly considered. We appreciate your attention to this matter and look forward to continued collaboration to ensure the bill aligns with the collective interests of our community.

Thank you for your time and consideration.

For more information, please contact:
Jennifer Witten, M.B.A.
Vice President, Government Relations & Community Development
jwitten2@lifebridgehealth.org Mobile: 505-688-3495

Daniel Dalgo, Ph.D. PE, Director of Energy and Engineering, LifeBridge Health

Testimony - SB 1 - Senate EEE - UMMS 1-25-24.pdf

Uploaded by: Kristin Bryce

Position: FWA

UNIVERSITY of MARYLAND
MEDICAL SYSTEM

TO: Chair Feldman and members, Senate Energy, Education and the Environment Committee
FROM: Kristin Jones Bryce, Chief External Affairs Officer
University of Maryland Medical System
DATE: 1-25-24
RE: Testimony - SB1 *Electricity and Gas – Retail Supply – Regulation and Consumer Protection*

POSITION: FAVORABLE WITH ADMENDMENTS
January 25, 2024

The University of Maryland Medical System (UMMS) submits these comments in **support with amendments** of **SB 1, *Electricity and Gas – Regulation and Consumer Protection*.** UMMS supports the goal of this legislation to protect Maryland consumers as they seek to purchase electricity and gas in a market that is often complex and sometimes confusing.

For many years, UMMS has availed itself of Maryland's competitive retail energy market. The ability to choose and to broker long-term contracts has afforded us significant savings, which ultimately allows the health system to focus more resources on our nonprofit mission. By way of example, over the course of a multi-year contract, UMMS is able to realize millions of dollars of savings by locking in rates in favorable purchasing markets. SB 1 as introduced would restrict the term of an electricity or gas purchasing contract to one year.

UMMS suggests that the spirit and intent of the legislation could be achieved by limiting the scope to apply to residential customers only.

With that amendment, UMMS supports SB 1 and appreciates the opportunity to submit these comments for the Committee's consideration.

SB1 - Johns Hopkins - SWA.pdf

Uploaded by: Leslie Weber

Position: FWA

JOHNS HOPKINS
UNIVERSITY & MEDICINE
Government and Community Affairs

SB1
Favorable with Amendments

TO: The Honorable Brian J. Feldman, Chair
Senate Committee on Education, Energy and the Environment

FROM: Leslie Ford Weber
Associate Director, Maryland Government Affairs

DATE: January 25, 2024

RE: SB1: Electricity and Gas – Retail Supply – Regulation and Consumer Protection

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Johns Hopkins supports with amendments **SB1: Electricity and Gas – Retail Supply – Regulation and Consumer Protection.** This bill seeks to strengthen consumer protections for utility customers who shop for electricity suppliers. Johns Hopkins appreciates the sponsor's goal to reduce predatory behavior by some retail energy suppliers.

Since the establishment of the competitive retail energy market in Maryland more than 20 years ago, Johns Hopkins has saved millions of dollars by working with a variety of suppliers, often on long-term contracts. The Johns Hopkins Health System, for instance, worked with a broker in 2023 to purchase blocks of electric power for 2024 and 2025. The Johns Hopkins University uses advance purchases to ensure pricing stability for years in the future. These purchases are informed by experienced internal personnel and external consultants.

Johns Hopkins also notes the importance of long-term contracts to companies entering the alternative energy market. It will make it more challenging to advance our decarbonization goals if there are fewer companies able to absorb the risks of building out significant solar and wind installations because they are unable to secure long-term commitments from buyers. For instance, the health system entered into an advanced purchase agreement with a solar provider that will extend for 20 years.

However, those savings would not be possible if SB1 is enacted as written because terms exceeding 12 months are prohibited, nor could they be automatically renewed. We have also benefited from variable pricing agreements.

Johns Hopkins believes that goals of the bill could be accomplished by narrowing its scope to apply only to residential consumers.

Accordingly, Johns Hopkins respectfully requests a **FAVORABLE WITH AMENDMENTS** committee report on **SB1** to limit its applicability to the residential class, and not the commercial or industrial, classes.

SB1_ElectricityGasRetailSupply_SWA.pdf
Uploaded by: Pegeen Towsend
Position: FWA

Maryland
Hospital Association

January 25, 2024

To: The Honorable Brian J. Feldman, Chair, Senate Education, Energy, and the Environment Committee

Re: Letter of Support with Amendments – Senate Bill 1- Electricity and Gas – Retail Supply – Regulation and Consumer Protection

Dear Chair Feldman:

On behalf of the Maryland Hospital Association's (MHA) 62 member hospitals and health systems, we appreciate the opportunity to comment in support of Senate Bill 1 with amendments. While MHA supports the sponsor's intent to protect consumers from predatory behaviors, we are concerned with the bill's unintended consequences.

SB 1 proposes to limit electricity supply agreements to terms not to exceed 12 months. This restriction, however, would prohibit hospitals and health care facilities from entering into long-term contracts with energy suppliers. Long-term contracts are essential for hospitals to ensure a steady source of electricity at a predictable rate. Hospitals' access to a reliable source of electricity may be interrupted without long-term guarantees, which may disrupt our ability to provide necessary care to Marylanders.

We urge the sponsor to consider excluding hospitals and health care facilities from the proposed restriction. Carving out hospitals and related facilities can still advance the goal of retail consumer protection without jeopardizing Marylanders' access to health care.

For these reasons, we request a ***favorable with amendments*** report on SB 1. We appreciate your consideration and look forward to working with the sponsor to move this issue forward.

For more information, please contact:
Pegeen Townsend
Ptownsend@mhaonline.org

Ltr re MD Senate Bill 1 (2024).pdf
Uploaded by: Stephen Shapiro
Position: FWA

STEPHEN M. SHAPIRO
5111 Westridge Rd., Bethesda, Maryland 20816 (301) 229-6241; SteveS@md.net

January 24, 2024

Hon. Brian J. Feldman, Chair
Education, Energy, and the Environment Committee
2 West, Miller Senate Office Building
Annapolis, Maryland 21401

Re: Senate Bill 1; Recommending Favorable With Amendments (Hearing on January 25, 2024)

Dear Mr. Chairman and Members of the Committee:

I am writing to support SB1, but only with amendments.

I have long used contracts with energy suppliers to purchase natural gas and electricity for my home. While some provisions of the bill, such as barring early termination fees and automatic renewals, are helpful to consumers like me, other provisions are likely to be counterproductive.

Specifically,

- Prices should not be limited to the trailing 12-month Standard Offer Service (SOS) rate. The trailing rate may or may not have any relevance to a reasonable future rate. No contracts may be offered if they would have to be artificially and unreasonably low with respect to the future market price. This would not help consumers. Instead of such a limit, it could be helpful for contract offers to have to prominently disclose the trailing SOS rate, as well as any future SOS rate that has already been set.
- Contracts should not be limited to 12 months. I have often used available opportunities to lock in rates for 24 or 36 months. There is no reason to require consumers to replace their contracts sooner, especially if early termination fees are barred. Allowing for longer contracts without termination fees gives consumers the option to maintain their current contracts or to end or replace them early—at their discretion.
- Variable rates should not be barred. While I have not generally used variable rate contracts, I should have the option to do so. I appreciate that there is some potential for abuse with variable rates. However, this can be adequately addressed by a requirement to advise consumers well in advance, along with prominent disclosures of the trailing and upcoming SOS rates, and of the right to terminate the contract without penalty.

An unfavorable report would be preferable to SB1 without these amendments, particularly the first two points.

I appreciate the Committee's consideration of these suggestions.

Respectfully yours,

/s/
Stephen M. Shapiro

SB 1 -- Choice Reform - FINAL.pdf
Uploaded by: Tom Dennison
Position: FWA

Southern Maryland Electric Cooperative

1-888-440-3311
P.O. Box 1937, Hughesville, MD 20637
www.smeco.coop

People. Power. Progress.

January 25, 2024

SB 1: Electricity and Gas – Retail Supply – Regulation and Consumer Protection

Committee: Senate Education, Energy and Environment

Position: Favorable with Amendment

Southern Maryland Electric Cooperative (SMECO) is a customer-owned, non-profit electric cooperative based in Hughesville that provides electricity to more than 173,000 customer-member accounts in Charles, St. Mary's, Calvert and southern Prince George's County.

Unlike an investor-owned utility, SMECO's customers oversee the strategic vision, major activities, and spending of their cooperative through a democratically-elected Board of Directors. SMECO supports SB 1 with an amendment to ensure that it has the ability to engage in meaningful conversations with customers about available energy supply products and associated pricing, including actively promoting Standard Offer Service (SOS) as a means to help customers save money on their electric bills.

SB 1 calls for important and necessary reform in Maryland's retail energy marketplace that will help protect all electric ratepayers, including SMECO's customer-members. It provides more transparency on "green power" retail products, and empowers the Maryland Public Service Commission (PSC) and Office of People's Counsel with more oversight of alternative energy supplier licenses while increasing the PSC's authority to issue civil penalties.

Importantly, under SB 1, regulated utilities will be able to actively promote Standard Offer Service (SOS) to customers. The bill as introduced, however, only allows Investor-Owned Utilities (IOUs) to market their SOS. SMECO has an amendment (below) that will expand this authority to include electric cooperatives. Allowing utilities to market our SOS price is a major step to help educate customers on the cost of their electricity and what is driving their monthly bills.

For more information, contact: Tom Dennison, SMECO

Vice President Government and Public Affairs

240-506-6772 • Tom.Dennison@smeco.coop

As a not-for-profit electric cooperative, SMECO is an advocate of transparency when it comes to policy decisions, rate adjustments, infrastructure improvements and other utility operations. This commitment guided us to voluntarily track over time the price differences between alternative suppliers and our SOS. It is through this internal reporting that we can better understand the scope and breadth of how much alternative supply customers are paying compared to SMECO's SOS.

For calendar year 2023, the average residential rate for alternative suppliers in SMECO's service territory was 17.4 cents per kilowatt-hour (kWh). SMECO's average SOS rate for 2023 was 8.7 cents a kWh. SMECO residential customers on alternative supply paid $3.6 million more for their electricity than if they were SOS customers. SMECO currently has less than 3,000 residential customers on alternative supply.

Finally, we want to commend the bill sponsor/s for including a robust set of reporting requirements for customer choice which are similar to SMECO's current internal business practice. We have years and years of reports that reveal a troubling trend of overpayment between alternative supply customers and SOS customers. Despite the number of alternative supply customers dropping, the overpayment amounts have increased.

We believe SB 1, with our amendment (below), will bring meaningful reform to the retail energy marketplace and will grant SMECO more tools to help educate our customers about energy supply and opportunities to save money on their electric bills. We urge a favorable report.

Southern Maryland Electric Cooperative

1-888-440-3311
P.O. Box 1937, Hughesville, MD 20637
www.smeco.coop

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SMECO AMENDMENT 1

Add the following new Section 7-510(c)(10) to the Public Utilities Article that would authorize electric cooperatives to promote SOS to their customer-members in order to increase access to affordable, reliable, and clean electricity and allow customer-members to make more informed "choices" when it comes to energy supply:

7-510(C).

(10) AN ELECTRIC COOPERATIVE MAY ADVERTISE, MARKET, AND PROMOTE ITS STANDARD OFFER SERVICE AND RELATED PRODUCTS, INCLUDING AVAILABILITY, PRICE, AND TERMS.

For more information, contact: Tom Dennison, SMECO

Vice President Government and Public Affairs

240-506-6772 • Tom.Dennison@smeco.coop

SB0001_MD2024_Testimony_Letter_final.pdf
Uploaded by: Amy York
Position: UNF

911 Whispering Ridge Lane • Bel Air, MD 21015 Cell: 410-365-2940

SENATE BILL 1 – ELECTRICITY AND GAS – RETAIL SUPPLY – REGULATION AND CONSUMER PROTECTION

UNFAVORABLE

SENATE ENERGY, EDUCATION, AND THE ENVIRONMENT COMMITTEE
January 25, 2024

Paramount Energy Services, LLC submits these comments in **opposition** to **SB 1 – Electricity and Gas – Regulation and Consumer Protection.**

Paramount Energy Services, LLC is a boutique Energy Advisory and Asset Management Firm based in Maryland. Founded in 2015 by Amy York, AEE® (Association of Energy Engineers) Certified Energy Procurement Professional, Paramount Energy Services is certified by the State of Maryland as a Minority Business Enterprise (MBE), a Disadvantaged Business Enterprise (DBE) and a Small Business Enterprise (SBE) firm. We specialize in the PJM wholesale electric energy markets, the natural gas markets and in direct market participation on both the load as well as the generation side of the market. Our depth of expertise and the team's proficiency across many energy commodities and markets allow us to guide government, private sector, and industrial clients with efficient and effective approaches in fulfilling their desired energy goals which includes the matching of specific generation assets and their environmental attributes to a particular client's load to create low or zero-carbon supply. The ability to educate clients about open commodity markets and mitigating their risk with a defined strategic approach is the heart of our business. I would suggest that the proposed Bill be restructured to provide market information to support all customers making informed choices, rather than just simply denying choices to all customers. Pennsylvania supports customer choice through education that can be found at http://www.PApowerswitch.com. Also, those who engage in disingenuous behavior in these markets should be held responsible; regulation similar to securities salespersons regulations would be a preferred alternative.

Paramount Energy Services opposes SB1 because it would destroy our business and terminate our ability to provide education to clients about open commodity markets in Maryland and support them with a defined strategic approach to procure their energy and maintain budget stability, and decarbonize cost-effectively. As both a small and woman-owned business based in Maryland, obtaining new clients is a constant challenge. Add to that challenge legislation, as proposed, and many small businesses like mine in this State will be eliminated.

This bill outlaws the very products and services that we recommend our clients rely upon to mitigate their risk and control costs regardless of market fluctuations. Limiting buyers' ability to

Paramount Energy Services, LLC

911 Whispering Ridge Lane • Bel Air, MD 21015 Cell: 410-365-2940

purchase supply offers that extend longer than 12 months means that accounts are exposed to market fluctuations without any protection. Restricting the way offers can be priced by artificially capping prices at the 12-month historical average Standard Offer Service (a.k.a., Provider of Last Resort, PoLR) rate impedes the free market, which, when left untouched by legislation, works quite well in Maryland. This legislation bans variable pricing and prevents clients from entering into contracts that automatically renew. Neither of these items are actual complications in contracts but both help to implement effective energy management strategies when appropriately utilized.

We would advocate that rather than terminating Electric and Natural Gas Customer Choice in Maryland, or trying to interfere with the way the free market is working to manage commodities and commodity contracts, the legislation should create some educational opportunities for customers looking to shop for electric or natural gas supply, and promote regulation that hold unscrupulous salespersons directly accountable.

In conclusion, SB1 would not only notably distress our business but would also considerably impair Maryland customers ability to be competitive with others in their industry who have the capability to benefit from free markets. Paramount Energy Services urges the Committee to **oppose SB 1** for the reasons stated herein.

Amy York

Amy York, CEP
Paramount Energy Services, LLC
amy@paramountenergyservicesllc.com
410.365.2940 (Cell)

SB1-Testimony-20240124.pdf
Uploaded by: Bert Wilson
Position: UNF

EFW

8060 Main Street
Ellicott City, MD 21043

p: 443.286.1397
f: 410.630.5161

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

OPPOSED

Senate Energy, Education, and the Environment Committee
January 24, 2024

EFW, Inc. submits these comments in **opposition** to **SB 1 - Electricity and Gas - Retail Supply – Regulation and Consumer Protection.**

EFW, Inc. is a Maryland company established in 2016, located in Ellicott City, Maryland. We are energy managers, clean generation developer, owners, and operators of clean and efficient power production assets in PJM and NYISO. We specialize in PJM energy markets, natural gas markets, renewable energy markets, renewable and low carbon power asset operations, project finance, and wholesale energy purchasing for large consumers. We have extensive experience in commodity energy markets, and retail delivery in many States and ISOs. Our clients are well-informed and make use of a variety of contract types, terms, direct generation purchases, etc. to effectively control costs, and SB 1, as proposed would deny them and us access to the wide range of energy market choices available.

We have reviewed HB 267, which is cross filed with SB 1 referenced above. We are opposed to this Bill as it is drafted. It goes well beyond consumer protection, which the title does not indicate. It will raise all consumer energy costs (residential and commercial), is anti-competitive, and anti-education. This Bill appears to be, functionally, attempting to re-regulate energy markets under the guise of consumer protection, and will result in overall job loss in Maryland.

The Bill proposes additional licensing requirements that are, likely, onerous and costly, which all customers will ultimately pay those costs either through increased taxes and fees or through higher energy supply prices. We are strong proponents of consumer protection in energy and other markets, and believe that individuals who act disingenuously should be held accountable. Regulation in this market may be more appropriately structured in a similar fashion to financial securities regulations with similar penalties. Perhaps, such a reworking of the regulatory portion of the Bill may be a consideration.

The Bill, as proposed, sets quantitative limits on both prices and contract terms offered by retail electric and natural gas suppliers that have no market basis. Artificial limits, such as these, will result in higher energy consumer price offerings in falling markets and no price offerings in rising markets; note that over 2/3 of most users' electric and natural gas costs are commodity market driven. Additionally, the Bill would disallow variable pricing of any kind, which will, likely raise overall prices significantly. For example, this proposed Bill would confiscate my choice to buy something longer than a 1-year contract. Personally, I just entered into 5-year contracts for electricity and natural gas at my home and office because of my market pricing view. This is my choice, and taking away my choice in the name of customer protection is not any protection, at all. Furthermore, the Bill appears to be applicable to all energy consumers, residential and commercial. The largest consumers have for over twenty years, often with my guidance, used various

EFW

8060 Main Street
Ellicott City, MD 21043

p: 443.286.1397
f: 410.630.5161

forms of fixed and variable rate, multi-year contract terms to control costs, quite effectively. In some cases, our clients purchased cogeneration fuel for a decade to lock in very low delivered electric costs. This Bill would eliminate such choices and products, which the State and many County governments and school systems use; thus, raising their costs.

The Bill does little to, specifically, address, consumer education. Pennsylvania has a strong consumer education platform at www.PApowerswitch.com that is regularly updated and provides basic consumer education, while Maryland's website is dysfunctional (crashes often), and does not provide any useful, regularly updated information that helps smaller customers make educated choices. Markets control energy costs, and market education is the key to helping smaller consumers avoid unscrupulous energy marketers and spot unrealistic offers, not limiting what people can buy; that's a personal choice. If people choose not to participate in markets, then that's a particular person's or company's prerogative, but not a reason to eliminate that choice from others. It's notable that the nature of Standard Offer Service (SOS) for electricity is based on persistent futures market purchasing, which has a bias over actual PJM market prices of about 15%, so it is not, necessarily a good alternative for long-term purchasing. Also, notable is that natural gas SOS rates are determined in a diametrically opposed manner; that's totally inconsistent with electric SOS rates.

Finally, the Bill allows for the PSC to have a utility build new electric generation. This would not be an economic choice, as non-utility power generators are far more efficient than utilities at building and operating generation resource. There would never have been stranded costs when Maryland, and other States, transitioned to deregulated markets if utilities were more cost-effective at owning and operating power generation. This has nothing to do with consumer protection. There are many jobs associated with the competitive power markets that would be lost.

We ask that this Bill be rejected in its current form and the issues contained in the Bill be addressed separately for effective discussion and debate. Thank you for your consideration of our comments.

H. Bertram Wilson, Sr.

H. Bertram Wilson, CFA
Managing Director
bertwilson@efwcorp.com
(443) 286-1397

AOBA SB1 Testimony.pdf
Uploaded by: Brian Anleu
Position: UNF

Bill No: **SB 1— Electricity and Gas – Retail Supply – Regulation and Protection**

Committee: **Education, Energy and the Environment**

Date: **January 25, 2024**

Position: **Oppose**

The Apartment and Office Building Association of Metropolitan Washington ("AOBA") submits this testimony in opposition to SB 1. AOBA's members own or manage approximately 20.5 million square feet of commercial office space and over 215,650 apartment units in the State of Maryland. Our members are served on a mixture of utility distribution non-residential rate schedules. Specifically, AOBA members receive service from the Potomac Electric Power Company ("Pepco") under its Small Commercial Rate Schedules (Type I), as well as Pepco's Medium and Large Commercial Rate Schedules (Type II), including master-metered apartments. AOBA members also receive service from the Washington Gas Light Company ("WGL" and "Washington Gas") under its Group Metered Apartment, Commercial and Industrial and Interruptible rate schedules. Additionally, AOBA members receive service from Baltimore Gas and Electric Company ("BGE") and Potomac Edison ("PE") under their non-residential rate tariffs.

Many AOBA members in Maryland purchase their electric and natural gas supply through retail competitive supply contracts. Others receive electric supply service from utility Standard Offer Service ("SOS"), and natural gas utilizing Washington Gas' Purchased Gas Charge ("PGC").

Considering the types of energy supply service (i.e., SOS or competitive supply) that our members choose, as well as the varying terms of service, (i.e., length of supply contract, fixed price contract, pass-through charges, percentage of renewable energy purchased, etc.), and our members' strong desire to continue to have the flexibility in choosing the various options that are currently available in the market and that meet their company's needs, AOBA files this testimony in **Opposition to SB 1.**

AOBA submits that after more than 20 years since the deregulation of energy supply in Maryland, the retail competitive market is functioning well for our members and the practices adopted by the Maryland Public Service Commission regarding utility provided Standard Offer Service ("SOS") have also served AOBA members well. Therefore, **AOBA is in opposition to SB 1 since this legislation will essentially end retail competition in the State.**

AOBA opposes SB 1 for the following reasons:

1) **SB 1 would require that a supply contract not exceed 12 months at a time and restricts the determination of the price.**

SB 1 would amend the current law and would mandate that:

(D) An electricity supplier: (I) May offer electricity only at a price that does not exceed the trailing 12-month average of the electric company's Standard Offer Service ("SOS") rate in the electric company's service territory as of the date of the agreement with the customer; and

(II) May offer electricity supply only: for a term not to exceed 12 months at a time.

These new restrictions on the manner in which AOBA members purchase energy supply completely change the way our members do business. The majority of our membership purchases their energy supply (both electricity and natural gas) for longer terms than one year, (i.e., between two-to-five-year contracts, and even longer, up to ten-year purchase agreements). Options currently available to our members also include the ability to purchase a portion of their energy supply over a period of years, thus hedging their price risk through a layered purchasing strategy. Price stability is an essential consideration for our members. Commercial purchasers, both small and large, of commodity supply manage their price risk using a more complex approach than purchasing one year at a time to hedge against future uncertainty.

It is important for AOBA members to continue to have the ability to choose the length of their contracts and the timing of their supply purchases since this is the way most commercial properties, both office buildings and multi-family, prepare their operating budgets. Since energy costs are a significant portion of a building's costs of operations (i.e. approximately 18%), it is critical for our members to be able to plan for such expenses and budget appropriately, as well as to determine rents for their commercial tenants and their multi-family residents. While our members are constantly striving to lower their costs of operations, it is also necessary for our members to know what their costs will be over time. Our members utilize commodity purchase supply agreements to manage these costs and hedge their risk.

Additionally, requiring that any offer of a supply contract cannot exceed the electric company's SOS price may limit when a supplier offers competitive supply rates. For example, currently, in Pepco's service area residential and small commercial customer rates are procured by purchasing 25% of the SOS load for each of two seasons (Summer and Non-summer) for delivery over a two-year period. The summer season is June 1 to September 30 and non-summer is October 1 to May 31. This means that no more than 25% of any single season is procured during an auction. It takes four auctions to completely procure residential and small commercial SOS supplies for a SOS supply period (June-September or October- May).

SOS bids are solicited separately for medium and large non-residential customers (Type II). Type II SOS charges are established for three-month periods:

June 1- August 31;
September 1 – November 30;
December 1 – February 28; and
March 1 – May 31.

For large commercial users (over 600 kW of PJM Peak Load) Hourly Priced generation service or HPS is offered. While some customers at times have chosen to use HPS, at a time of rising energy prices, HPS can expose the customer to greater price increases.

The manner in which SOS supply is purchased on the wholesale market makes it very difficult, if not an impossibility, for a supplier to be able to make offers to customers at a time when the offer may not exceed the SOS price. SOS prices for an upcoming period may only be known 30 days before the SOS rates go into effect. (COMAR 20.52.05.01, Public Notice of Price).

2) SB 1 would prohibit an electricity supplier "from imposing a fee on customers for cancellation or early termination of an electricity supply agreement." If there is no penalty or cancellation fee for a contract, then there is no contract. Why would a retail supplier agree to furnish electric or gas supply to any customer, if that customer could at any time cancel the agreement? Suppliers contract for their supply to customers utilizing contracts with wholesale suppliers which are binding and do not allow for early termination by the purchaser without recourse. No electric or gas supplier would want to do business in the Maryland market if retail customers could cancel their contracts indiscriminately without being able to recoup their incurred costs.

3) SB 1 would require that the term of a license be limited to three years, and must then be renewed. Md. Code, Pub. Util. §7-507(b)(I)(2)). AOBA submits that this is an unnecessary change to the Public Service Commission current regulations for licensing and bonding requirements and is unnecessarily burdensome. Further, this new requirement will increase costs to suppliers which will get passed onto customers. This new licensing requirement will also cause increases in resources for the Public Service Commission. The Public Service Commission already has robust consumer protection regulations and licensing requirements including annual updates to licenses that have been effective in protecting customers' interests.

4) SB 1 would allow Maryland utilities to market SOS rates to consumers in its service territory. AOBA submits that this new provision, which essentially allows the utility to market its SOS in competition with retail suppliers, will serve to limit the number of suppliers in Maryland and further destroy the retail market. It is an unfair advantage to allow the utility to market its SOS when its costs of marketing are paid for by ratepayers.

This is an unfair disadvantage to competitive suppliers since they will now be essentially now competing with a ratepayer subsidized service.

Conclusion

AOBA submits that while the intent of SB 1 may be the protection of consumers, the unintended consequence of this legislation caused by the combination of the several new requirements discussed in this testimony, will be the end of retail competition in Maryland.
The effect of SB 1 is to eviscerate the previously established retail market in the State for all natural gas and energy users, as well as all classes of customers, and eliminate the ability for ratepayers to choose the manner in which they purchase their energy supply.

For these reasons, **AOBA respectfully opposes the adoption of SB 1 and requests an unfavorable report on SB 1.**

For further information contact Brian Anleu, Vice President of Government Affairs, Maryland, AOBA, at banleu@aoba-metro.org or Kevin Carey, Vice President of Operations, AOBA Alliance, Inc. at 202-296-3390 Ext. 767 or kcarey@aoba-metro.org.

My name is David Murray, I am the founder and principal of Legacy Solar Partners, a consulting firm based in Alexandria, VA. As a Virginian and clean energy advocate, I wish I had access to the same options Marylanders can enjoy from a robust, retail electricity market. SB01 stands to eliminate these options, which are currently helping drive solar energy deployment and electric vehicle (EV) adoption.

SB01 implements measures that will overregulate product pricing, in turn removing innovation and preventing suppliers from continuing to offer tailored clean energy products to Maryland residents. Such examples include free solar energy weekends, fixed monthly billing, free EV charging, and most importantly, 100% renewable energy products. By my last count, Marylanders can choose from over thirty plans offering “100% renewable energy products.”

As a customer in a regulated retail market, how many options do I have? **Just one**. If I want to ensure 100% of my electricity use comes from clean energy, I have no choice but to select Dominion’s Green Power Program. The problem is, the utility has counted traditional resources, such as biomass (ie burning trees) and hydroelectric facilities, as renewable. Last year, this program purchased renewable energy credits from wind facilities in Mississippi, Arkansas and Missouri - all states outside of our electricity grid! If I, and millions of Virginia residents, want to play a more active role in deploying wind and solar in our region, we’re out of luck. I urge Maryland, which currently offers customers at least thirty “100% renewable” options - not to go down the same path by passing SB01, which would effectively end its retail energy market.

The primary beneficiary of this bill appears to be incumbent utilities, who stand to gain hundreds of thousands of new customers if SB01 is enacted. Utilities cannot market directly to customers when they have monopoly power over the billing function - no competitive market exists where a single entity has that type of market advantage. Various provisions of SB01 - from established fixed prices to driving up the cost of salespersons - eliminate or make it very challenging for companies to offer 100% renewable products to customers. These companies would leave the market, handing their customer base to Standard Offer Service (SOS).

I urge the Committee to give SB01 an unfavorable vote and preserve Maryland’s retail market for clean energy.

Thank you,

David Murray
david@legacysolar.co

TE Testimony vf.pdf
Uploaded by: Emerson Grogro
Position: UNF

TOMORROW ENERGY™

January 24, 2024

Sen. Brian J. Feldman
Chair, Education, Energy, and the Environment Committee
Sen. Cheryl C. Kagan
Vice Chair, Education, Energy, and the Environment Committee
2 West
Miller Senate Office Building
Annapolis, Maryland 21401

Re: Senate Bill 1 / House Bill 267
Electricity and Gas – Retail Supply – Regulation and Consumer Protection
Comments of Tomorrow Energy Corp

Position: OPPOSE

To the Honorable Chairpersons:

Tomorrow Energy Corp ("Tomorrow Energy"), a Maryland-licensed electricity supplier and natural gas supplier,[1] respectfully submits the following information in opposition to Senate Bill 1 and House Bill 267 (the "Legislation"). While Tomorrow Energy generally supports Legislative initiatives that protect consumers by directly targeting unlawful behavior, it opposes efforts which would serve to reduce competition by placing unreasonable restraints on the market's participants.

I. INTRODUCTION

Tomorrow Energy, previously known as Sperian Energy Corp, was established in 2011. In February 2019, the company's name was changed to reflect the company's renewed emphasis on helping customers make a positive environmental impact with renewable-backed energy products.

Tomorrow Energy currently serves customers across 2 ISOs – PJM and ERCOT. In addition to providing electric and natural gas services to customers in Maryland, Tomorrow Energy provides electric service to customers in Illinois, New Jersey, Ohio, Pennsylvania, and Texas, and provides natural gas service to customers in Michigan, New Jersey, Ohio, and Pennsylvania.

II. TOMORROW ENERGY'S COMMITMENT TO CONSUMER PROTECTION

Tomorrow Energy would first like to acknowledge the importance of consumer protection initiatives. Tomorrow Energy takes pride in its own end-to-end consumer protection approach,

[1] Throughout these remarks, the term "Supplier" may be used to refer to the supply of either electricity or natural gas, both individually or collectively.

3151 Briarpark Drive, Suite 100, Houston, TX 77042
Main: 713.401.2589 Fax: 1.888.210.5836
www.tomorrowenergy.com

utilizing both technological and process solutions. While Tomorrow Energy participates in neighborhood sales by engaging commission-based sales agents, Tomorrow Energy routinely stresses to those sales agents the importance of sales ***quality*** over quantity.

To that end, all Tomorrow Energy agents are trained, not only on Tomorrow Energy's systems and processes, but also the "rules of the road" for marketing to consumers for each of the territories in which Tomorrow Energy's services will be offered. In addition, Tomorrow Energy reviews select sales completed through person-to-person marketing channels to confirm that sales scripts have been followed, that the customer is provided all material terms, that the sale is authorized, and that a third-party verification has been completed.

Tomorrow Energy also monitors individual sales agents to ensure compliance with all regulatory requirements. If a sales agent fails to adhere to the requirements, that sales agent will be coached, retrained, or removed from Tomorrow Energy's campaign, as the situation warrants. Finally, Tomorrow Energy makes "welcome calls" to newly-enrolled customers to confirm that the customer understands and agrees to all material terms and that the sales agent was wearing the proper uniform and displaying an identification badge. If, during the welcome call, the customer expresses that they no longer wish to enroll with Tomorrow Energy, the customer's enrollment will be canceled, and any early termination fees waived.

All findings produced through these processes, as well as any complaints received, are reviewed during a weekly compliance meeting which includes members of Tomorrow Energy's compliance, sales, and leadership teams.

III. CURRENT REGULATORY FRAMEWORK

Tomorrow Energy would next respectfully refer the Committee to Maryland's already robust regulatory framework—only a few highlights of which are contained herein—which is designed to protect consumers from predatory practices.[2] First and foremost, a Supplier is prohibited from marketing or offering to provide services until it has been licensed by the Maryland Public Service Commission ("PSC").[3] Furthermore, a Supplier may not engage in misleading or deceptive conduct, or make false or misleading representations, and must provide its customers with accurate, easily-understandable information about the products being offered.

Specific to person-to-person sales, all Suppliers are required to obtain criminal background history records prior to permitting a sales agent to conduct marketing activities. Once a sales agent has passed a criminal background check, the Supplier then must ensure that the agent has been trained on a host of subjects, including the State and Federal laws and regulations that govern marketing, telemarketing, consumer protection, and door-to-door sales, responsible and ethical sales practices, and the customer's right to rescind and cancel contracts.

[2] COMAR 20.53.01.01, *et seq.* and 20.59.01.01, *et seq*.
[3] COMAR 20.51.02.01 and 20.54.02.01.

Once an agent begins person-to-person marketing, the agent must prominently display a photo identification badge with the Supplier's logo and customer-service phone number, identify the Supplier that the agent represents, and state that he or she is not working for—and is independent of—the customer's local distribution company. The agent is further prohibited from making representations or suggesting in any way, including using apparel or equipment, that would suggest a relationship that does not exist with a local distribution company, government agency, or other Supplier. Should the PSC find that a Supplier's agents have been using fraudulent, deceptive, or other unlawful marketing acts, the Supplier will be held responsible.

Suppliers are also required to maintain a process to verify any transaction that has involved a sales agent that is separate and apart from the interaction with the sales agent and initiated only after the sale has been finalized. This process is generally referred to as a "third-party verification" or "TPV." Once the transaction has been finalized and verified, the Supplier must provide the customer with a copy of its disclosure statement containing all terms of the agreement. After receiving the disclosure statement, the customer is provided a 3-business-day right of rescission under which the customer may cancel the enrollment without penalty.

If, at any point during the sales transaction or through the course of the customer-Supplier relationship, the customer is dissatisfied, the customer is encouraged to contact the Supplier to resolve the issue. In the event the Supplier is unable to resolve the customer's complaint, the customer may then file an informal complaint with the PSC to be investigated and a finding determined.

Based on the foregoing, Tomorrow Energy respectfully represents to the Committee that Suppliers and their sales agents are already subject to—and trained on—a robust system of rules and regulations designed to protect consumers from bad actors, and that the Legislation would do little to provide protections to consumers that they do not already enjoy.

IV. OPPOSITION TO LEGISLATION

a. PSC Authority

Because the Maryland Public Service Commission, acting under authority of the Public Utility Article, has already set in place a robust set of regulations aimed at consumer protection, the concerns that this Legislation seeks to address should first be remedied at the regulatory level. The PSC's regulations already protect consumers from misleading and deceptive practices, ensure that consumers are knowledgeable about the energy products they choose, and require adequate notice to energy customers when their contracts are nearing their end. In addition, the PSC recently implemented additional protections for recipients of the Energy Assistance Program to ensure that they do not pay more than the standard offer service price. The PSC is also currently working to identify and implement additional consumer protections and examine the purchase of receivables program. Finally, in 2023, the PSC launched a "maximum enforcement" campaign with the goal of investigating and prosecuting retail Suppliers. These efforts ultimately contributed to a steep decline in consumer complaints between the first and second halves of 2023.

Since the PSC has already proven its ability to manage the retail energy market and appropriately deal with the occasional bad actor which fails to abide by the regulations in place, the General Assembly should allow the PSC to continue its work and carry out its mission. The proposed Legislation would only serve to erect additional hurdles that distract from the important work that the PSC is already doing.

b. Price Limits

One such proposal contained in the Legislation that would make more work for the PSC is the attempt to fix a Supplier's prices at or below the trailing 12-month average of the electric company's standard offer service rate. This proposal would not only place an additional burden on the PSC by forcing it to be the constant watchkeeper of market rates, but it also fails to recognize the volatility of the wholesale energy market. Although wholesale energy markets are forward-looking, resulting in a market-clearing price after taking into account all anticipated supply and demand factors, the proposed retail price limitation mechanism is entirely backward-looking. In the event of a demand or supply shock, such a backward-looking pricing limitation could essentially force all Suppliers to either market energy at a loss or stop marketing altogether.

The Legislation also fails to consider the diverse product types that Suppliers are uniquely positioned to offer and which consumers are routinely eager to purchase at a small premium. For instance, Tomorrow Energy customers enrolled on its 100% renewables-backed products have, for about the price of a cup of coffee per day, enjoyed the benefit of knowing that, by making this one small change in their routine, they are contributing to a significant environmental shift that will positively impact future generations. Other products that are currently available in the retail market include products that cater to owners of electric vehicles, time-of-use products, and products that benefit charitable organizations. Each of these products, and the innovation, environmental, and social benefits derived from them, would be phased out if the price limits proposed by the Legislation were to pass.

c. Incentive-Based Compensation to Energy Salespersons

The Legislation also proposes to limit the methods by which Suppliers can build awareness of their products by prohibiting commission and other incentive-based compensation to salespersons. One of the most effective and efficient ways that Tomorrow Energy has found to spread the word about its products is through the use of neighborhood marketing—particularly by utilizing commission-based neighborhood sales agents. Tomorrow Energy and many other small Suppliers utilize the commission-based compensation model for the reason that it would simply be unreasonable and unduly burdensome to onboard a staff of full-time salespersons paid on an hourly or salary basis. While larger Suppliers may have the resources to bear this added expense, the simple reality is that this legislation would place an unfair burden on the market's smaller Suppliers. Moreover, these proposed limitations would remove a lawful source of income from individuals seeking to market these products to Maryland consumers.

V. CONCLUSION

For the reasons stated herein, Tomorrow Energy supports initiatives that may come before the Committee which would actually serve to enhance the robust protections that are already afforded to Maryland's consumers. However, Tomorrow Energy opposes the proposals in the Legislation which would harm consumers by making Maryland's retail energy market less attractive to Suppliers, thereby reducing competition in the marketplace. Tomorrow Energy appreciates the Committee's time and attention to this matter and looks forward to actively engaging and participating with the Committee as it continues its efforts to address these important concerns.

Respectfully submitted,

H. Emerson Grogro
Chief Legal and Compliance Officer
Tomorrow Energy Corp

cc: Sen. Malcolm Augustine
Prime Sponsor, Senate Bill 1
214 James Senate Office Building
11 Bladen Street
Annapolis, Maryland 21401

Del. Brian M. Crosby
Prime Sponsor, House Bill 267
231 Taylor House Office Building
6 Bladen Street
Annapolis, Maryland 21401

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Uploaded by: Eric Padilla
Position: UNF

Maryland Senate Committee on Education, Energy and the Environment
Vistra Submitted Testimony in Opposition to SB 1
January 25, 2024

Chairman Feldman, Vice Chair Kagan and members of the Education, Energy and the Environment Committee, Vistra appreciates the opportunity to submit these written comments in **opposition** to **SB 1 (Augustine)**, which is being heard in your committee Thursday, January 25, 2024. We ask for an unfavorable report.

Vistra[1] is a leading Fortune 500 integrated retail electricity and power generation company providing essential resources for customers, commerce, and communities. Vistra combines an innovative, customer-centric approach to retail with safe, reliable, diverse, and efficient power generation. The company brings its products and services to market in Maryland – via our Maryland Gas & Electric, Public Power and Ambit brands – as well as 19 other states and the District of Columbia, including all major competitive wholesale power markets in the U.S. Serving approximately 4 million residential, commercial, and industrial retail customers with electricity and natural gas. Vistra is one of the largest competitive electricity providers in the country and offers over 50 renewable energy plans across the markets we serve. While Vistra does not own electric generation in Maryland, the company is also the largest competitive power generator in the U.S. with a capacity of approximately 37,000 megawatts powered by a diverse portfolio, including natural gas, nuclear, solar, and battery energy storage facilities. Over 7,500 MW of that generation serves the PJM region, of which Maryland is a part. The company also owns and operates the 750-MW/3,000-MWh battery energy storage system in Moss Landing, California, the largest of its kind in the world.

Vistra is guided by four core principles: we do business the right way, we work as a team, we compete to win, and we care about our stakeholders, including our customers, our communities where we work and live, our employees, and our investors.

First and foremost, Vistra believes that competitive retail markets deliver the best outcomes for all consumers. Maryland wisely chose to restructure its market 25 years ago which has unlocked substantial value for all Marylanders. Today, more than 5.8 million[2] customers have chosen a retail supply offer since the market opened to retail competition. Vistra strongly believes in retail choice because it places control in the hands of the consumer. Retail choice treats each consumer as an individual and gives them access to a market where they can pick the best product and service to suit their needs. Competition trusts consumers to know what they want and to seek out those plans and services that provide them with the best overall value, not just price. Markets with true choice treat each consumer as an individual, allowing them to pick the electric service that best fits their unique needs — whether that's finding the least frills, lowest-price plan; a plan that lets them set a monthly budget and easily track usage; or a plan that provides access to renewable energy.

[1] Learn more about our environmental, social, and governance efforts and read the company's sustainability report at https://www.vistracorp.com/sustainability/.

[2] Based on annual EIA data 2000-2022 (latest available) for retail supplier customer counts.

Well-functioning competitive markets, where customers are the focus and can choose or leave a provider at any time, naturally ensure that competitors focus on providing a positive customer experience. Companies who are unable to provide value to their customers, treat their customers like commodities instead of people, or disregard the rules of doing business are appropriately forced out of the market. Vistra believes that customers should be protected against bad actors and that companies should be honest and transparent in their offerings. As such, Vistra believes that Maryland should balance any new consumer protections against viable business practices that are provided in good faith to ensure that all Marylanders continue to have access to products that provide value and innovation.

In line with our core principles, Vistra applauds Senator Augustine and the committee for the desire to ensure that Maryland electric customers are protected, that those protections are enforced, and that those conducting business in Maryland do business "the right way". While Vistra commits to a continued dialogue on the details, we have concerns that –the language is overly broad and would result in unintended restrictions and consequences in the market. For example, language that would impose more requirements on salespeople could negatively impact the sales process for astute and sophisticated consumers in the market, such as large industrial customers, and could also capture customer service representatives whose primary task is not sales but rather assisting customers with their questions and needs. We believe we are conceptually aligned with the reasons behind licensing energy salespeople, but we also believe that the language could be fine-tuned to uphold the same intent while reducing administrative burdens for regulators and market participants. We look forward to working with the author and committee to refine and improve the language in this and other sections.

There are, however, several sections of the legislation that are being termed as "customer protections" but in reality are measures that would remove choice and significantly hobble the competitive market in Maryland, to the point that if SB 1 were passed in its current form Vistra would be required to seriously evaluate whether the company should continue to operate in the state. While we reiterate our desire and commitment to work with stakeholders, we have identified items of serious concern including multiple provisions updating the Public Utilities Article 7-510 (pgs 14-23), including:

1. Creating a price regulation on competitive electric offers to be no greater than the average trailing 12-months of the Standard Offer Service in the territory;
2. Limiting the term of competitive electric offers to 12-months or less;
3. Prohibiting automatic renewals for competitive electric offers;
4. Prohibition on charging a cancellation or early termination fee;
5. Prohibition on purchase of receivables; and
6. Ability of investor-owned electric companies to market their Standard Offer Service in their territory.

Price Regulation

In the electric industry, as with any business, a company that provides electric service has costs that must be covered (employee wages, administrative expenses, office space, advertising, and so forth) in addition to their commodity cost so that they can do business. These expenses are taken out of revenues generated by the business in the sale of its services or products to consumers. Once the expenses are paid for from the revenues, whatever remains is profit. This is true for an investor-owned utility (IOU) as much as it is for a competitive electric supply provider.

This is why the provision prohibiting competitive electric suppliers from pricing their products above the average 12-month price of the Standard Offer Service (SOS) in the territory is so egregious. Standard Offer Service is a very specific product, with a certain structure, procurement requirements, and level of customer support. To compare it as equivalent to all the other products offered in the market so that it can be used as a price baseline is fallacious.

Standard Offer Service is more properly characterized as a plain vanilla, commodity-only product which is only one of a myriad of products offered in the “competitive” market, albeit by an incumbent utility with an already captive customer base and guaranteed rate of profit. Standard Offer Service is procured from competitive suppliers in bulk up to two years before it is needed and provides only electrons. Thus, to use the SOS trailing 12-month price average as a market price cap on competitive offers, which provide price certainty, renewable energy, and customer service, among other benefits, is arbitrary and disconnected from the actual expenses incurred by competitive electric suppliers to provide their products. To take this one step further, it is unreasonable to expect any company to be able to provide a fundamentally different product at a price that happened in the prior 12-months.

It is this price regulation, which disconnects the price paid by the customer from actual costs incurred by the supplier to provide the product, that would require Vistra to strongly re-evaluate our ability to offer products and services into the market. If Vistra is unable to price our offers in the market to cover costs and ultimately run a sustainable business due to an arbitrary price cap, then the company has a fiduciary duty to determine alternatives, up to and including leaving the market. This doesn’t only impact Vistra’s business; it would significantly reduce offers available in the marketplace, harming consumers who are looking for choice and certainty.

Furthermore, it has been said that an electron is an electron and that consumers deserve the lowest possible price for the commodity. While this may be true on a quantum level, it is not true on a policy level. Maryland, along with many others, has statutorily expressed a preference for electrons generated from non-emitting sources of energy, as preferable to other sources. Though the electrons themselves may ultimately be indistinguishable, the costs to generate an electron via solar, wind, biomass, natural gas, or nuclear all have different capital costs which ultimately translate into the price of electricity.

Additionally, the cost of supporting such services are different. A provider who offers white glove 24-7-365 service, will have a different cost structure than a supplier who provides only email support. The costs of their products will reflect these differences, but an arbitrary price cap based on SOS will require foregoing these now unrecoverable costs, ultimately forcing the market to a universal lower level of service.

If this language remains as is, Maryland will be saying that a 100% locally-sourced green product should cost the same as a 36.2% renewable product that meets the minimum RPS. Taking this one step further, price regulating the retail market could result a de-evolution of the market as competitive suppliers find themselves challenged to offer anything other than a SOS-type product and the myriad of choices available to Maryland consumers today becomes more of a small limited number of clone offerings virtually indistinguishable from one another.

Consumer Education

If the desire is to ensure customers can find lower prices in the market, the focus should be on two things: access to information on available products and consumer education, not price regulation. For customers who are choosing based on price, there are consistently offers available in the market that are at or below the SOS price-to-compare. An important source of information is the Maryland Electric and Gas Choice website, managed by the Public Service Commission

In a pull from the MD Electric Choice website on Monday, January 22, 2024, there were the following available offers:

Utility Service Territory	Total Offers*	# Offers below SOS	# below SOS offers that are 50+% renewable
Potomac Edison	60	17 (28% of all offers)	3
PEPCO	75	52 (69% of all offers)	14
BGE	90	53 (59% of all offers)	12
Delmarva	69	47 (68% of all offers)	10
SMECO	13	0	0

* Count includes SOS.

If the concern is truly one that an electron is an electron and that Maryland consumers should receive the absolute lowest possible price for the electric commodity, then consumers should be directed to visit the website to find available offers that are lower than the IOU's SOS rate. Competitive markets with the most robust participation engage in ongoing consumer education campaigns so customers know how to shop, find offers, and determine which offers best suits their needs. Consumer education cannot be a one and done; it is an ongoing effort to make new customers aware of their options. It also needs to be a partnership from all market participants including the suppliers, the regulator, and the utilities. Well-informed consumers make the best choices which is why Vistra supports continued efforts to make access to shopping information easier for customers.

Term-Length Regulation

Similar to attempting to limit the price of competitive offers, limiting the term of competitive electric offers to 12-months or less also seems to be arbitrary and not in the public interest. Many consumers find value in being able to lock in a price for long periods of time so they are not subject to wild changes in electricity prices. Limiting their terms to 12-months would unduly limit their ability to choose what is best for them.

Electricity prices, like other commodity prices, can vary wildly from one day to the next based on market conditions and world events. Some consumers prefer the certainty of not being subject to those swings, even it means paying a slightly higher price today. This acts as a sort of insurance for customers who do not want to worry about their electric bill. This insurance would have come in handy for Marylanders who were facing double digit percentage increases in their SOS supply rates over the past six-months. A customer who locked in a 9 cent/kWh rates last year may have been paying more than the price-to-compare in the BGE service territory; however, the BGE SOS rate increased 18.7% on October 1, 2023. That customer is now a savvy shopper, not subject to the dramatic increase. If the customer's term was arbitrarily limited to 12-months, the customers would be forced to come off a product providing them a significant savings and taking either the higher SOS rate or whatever is available in the market at the time. Currently in the market there are plans that are as short as month-to-month, for those who do not want or need a set contracted rate or who are in the process of moving, to fixed rate plans that provide price surety for three or more years. In competitive markets, we have consistently had customers who have benefited from these plans, avoiding market run ups due to increasing fuel prices and other price impacts.

Prohibition on Automatic Renewals

Another provision that concerns Vistra is the prohibition on automatic renewals for electric supply contracts. Vistra believes that automatic renewals, appropriately done with proper customer notification ahead of the renewal, is a benefit to consumers who have already made a choice to move from SOS to a competitive plan. Automatic renewals are not unique to the electric supply industry, many other products and services are automatically renewed on a monthly or annual basis including streaming services, food delivery services, and magazine subscriptions to name a few. The most important consumer protection for an automatic renewal is to require the supplier to send a notice ahead of the renewal informing the customer of his/her options.

Here is a real-world example of how a ban on automatic renewals can negatively impact customers. Take a customer who is on an electric vehicle time-of-use charging product for a 24-month term. Before that term expires, the supplier would reach out to the customer about options upon expiration. If that term expires under this provision and the customer does not respond, the customer would need to be returned to the SOS rate. This could result in a higher electric bill because the customer no longer benefits from free or reduced vehicle charging overnight.

Prohibition on early cancellation / early termination fees

For customers on longer term plans, competitive electric suppliers often hedge against price risk. They do this by pre-purchasing the estimated electric needs for the customer on the wholesale market for the life of the contract, be that 3-months or 3-years. This can be a significant outlay of funds that is recovered over the full life of the contract term. Early cancellation / termination fees are a way for the competitive electric supplier to mitigate some of the risk of these outlays. Suppliers may also include other products and/or services as part of the supply offer, for example, a smart thermostat. If a customer enrolled onto a supply product and received a smart thermostat then immediately cancelled the contract, the supplier would have no means to recover the product or the cost.

Any cancellation or termination fees are clearly explained to the customer at the time of contracting. These fees can be found in both the terms and conditions document, the one-page contract summary provided to residential customers and are also called out specifically in the high level information provided for competitive offers on the Maryland Electric Choice website. Customers are fully aware of any potential fees before they enter into the agreement. It should also be noted that the consumer is entering such a contract of their own free will and should be held responsible for honoring their portion of the agreement, just as they would be for any other contract that includes a term component, just as the competitive electric supplier is expected to honor the terms and pricing of the agreement. However, while the consumer has the ability to lodge a complaint with the PSC if the competitive electric supplier fails to honor their agreement, the supplier has no such recourse against a consumer who fails to honor the terms of their agreement. Early cancellation / termination fees are a reasonable, easy means for suppliers to be compensated for the breaking of a contract, without having to resort to more expensive and time-consuming court related remedies. Finally, customers should be encouraged to contact their supplier if they have questions or concerns about a fee. Suppliers are often willing to move customers to a new product without penalty if the current product no longer suits the customer.

Prohibition on Purchase of Receivables

Vistra is unaware of any particular issues concerning the purchase of receivables (POR) in the market today. As such, it is not entirely clear what issue this provision is trying to resolve.

As the market was originally structured, competitive electric suppliers had little to no recourse against customers who fail or refuse to pay for the services rendered to them. This means supplier could be purchasing and providing electricity to their customers without receiving any payment for those goods or services. Without recourse, all suppliers can do is ask the customer to pay, but they do not have any tools to incent the customer to pay the bill. On the other hand, IOUs can disconnect customers for non-payment, which is an important tool. In addition, the IOUs can write off any bad debt and recover it from other ratepayers, ensuring that they remain nearly whole. However, those options are not available to retail suppliers whether they use their own billing process or the utility's consolidated billing service. This lack of recourse has discouraged suppliers from entering the market, because they were taking on significant risk without tools to manage that risk.

The purchase of receivables program provides a reasonable way for these competitive electric suppliers to cover this risk by sharing it with a company with more recourses for ultimate collection, much as other companies would sell accounts receivable to credit collection agencies in other industries. Under the POR program, suppliers submit their charges to the utility which attempts to collect them from customers. Any charges that are not collected due to customer non-payment are handled by the utility through its usual business processes. In turn for this tool, suppliers pay a discount rate on their charges to cover any uncollectible expense.

Eliminating the POR program would take the market back to a place where there are very few suppliers in the market due to an inability to manage risk. This also creates a situation where a customer could sign up with a supplier, receive electricity, never pay for the electricity, and then switch to a different supplier allowing the customer to game the system and receive free electricity. The POR program is a necessary market feature so suppliers have tools to manage customer non-payment.

Marketing of Standard Offer Service

One of the more questionable provisions in the bill which does nothing to increase consumer protection is a provision allowing the IOUs to market their default, or standard offer, service (SOS). It is unclear why IOUs would need to market SOS when customers are automatically placed on the service absent another affirmative choice and incur those advertising costs to ultimately be charged to captive ratepayers.

Furthermore, the already extremely entrenched and cost-benefited position that IOUs already have in the market in the offering of SOS, would further undermine the "competition" aspect of Maryland's already uneven competitive market. Additionally, IOUs in Maryland earn a profit on their provision of SOS. Allowing them to market a service they directly profit from creates an incentive for the IOUs to spend vast amounts of money on advertising which comes at no cost to them because they will recover all of those costs from ratepayers.

If IOUs would like to be able to market SOS like other competitive offers, then we respectfully recommend that the retail arm of the IOU be treated like a competitive entity, requiring full separation from their parent company and no ability to have guaranteed rate-recovery for any portion of their service or costs, just as other competitive suppliers. In addition, IOUs should be required to follow the same marketing and enrollment practices as retail suppliers since they would be effectively marketing a "choice" to the customer.

It is useful to note that on the MD Electric Choice website, it is easier to find information on the competitive offers than it is for the Standard Offer Service. For example, while the Standard Offer Service listing only provides the estimated price per kilowatt hour and monthly bill amount (based on the consumer supplied kWh usage), it does not provide information on how often the price can change (the competitive offers do), how much renewable content is included (competitive offers do), and if there are any other monthly fees (competitive offers do). Even on the linked IOU websites, the information on how much renewable content is included in the SOS rate is exceedingly difficult to find, as is other information on the difference between the SOS rate and their residential TOU rate for some utilities. If the IOU's SOS offer was treated like a competitive offer, it would require the product to become more transparent to customers, which would ultimately benefit consumers.

Conclusion

Ultimately, the provision of electric service in a competitive market is not about price but about choice, trusting the consumer to know what works best for them and their situation. Competition trusts the consumer to know what they want and to seek out those plans and services that provide them with the best overall value, not just price. It treats each consumer as an individual, allowing them to pick the electric service that best fits their unique need – whether that's finding the least frills, lowest-price plan; a plan that lets them set a budget and easily track their usage; a plan that provides time-of-use rates to better manage the charging of their electric vehicle; or a plan that provides 100% renewable energy.

Vistra supports robust and enforceable consumer protections in the competitive market, indeed we believe they are one of the key cornerstones to any functional competitive market. Unfortunately, in

SB 1, while there are some provisions that are workable towards that goal, there are also severely uncompetitive provisions that do little to protect customers and much more to take away choice from consumers. Our desire is that we are able to work with the author and the committee to resolve these concerns and have a bill that truly reflects strong and enforceable protections for Maryland consumers, your constituents, while also strongly protecting their right to choose. However, until that point is reached, Vistra must advocate in opposition to SB 1, which would irreparably harm Maryland's competitive electric market, and encourage the committee to vote unfavorable on the legislation.

Submitted Respectfully,

Kristina Mongomery
Director of Regulatory Policy, Vistra Corp.

Eric A. Padilla
Director Public Policy, Vistra Corp.

Contact: Katie Nash on behalf of Vistra
Katie@energyadvocacy.com/301.524.9142

Vistra Value Of Competition.pdf

Uploaded by: Eric Padilla

Position: UNF

VISTRA ENERGY

COMPETITION FORWARD

THE VALUE OF COMPETITION

Vistra Energy believes that electric competition has been a success in markets where competition has been fully embraced, **providing better overall value for residential and business customers by giving them increased choice, convenience, and control**. Here's how:

ELECTRIC COMPETITION DELIVERS: CHOICE...

Choice is at the heart of the value of electric competition. In areas where competition has been fully embraced, customers have:

- **Choice of** how their electricity is generated.
- **Choice of** the kind of competitive electricity supplier they want, whether it's the one that offers the lowest cost, a provider who's available 24-7-365, or the one that offers free electricity during certain hours or days.
- **Choice of** the level of convenience and control associated with their electricity service.

In U.S. jurisdictions where competition has been fully implemented, approximately 50 competitive electricity suppliers vie for the opportunity to serve residential customers, offering a broad variety of plans. There are more than 300 different residential service offers in each territory, not to mention the number of companies that focus on non-residential customers or provide additional "concierge"-type services to consumers.

Did You Know...

- In eight states with energy choice, **nearly half of all residential customers and nearly 90% of businesses have elected to choose providers.** [1]
- **Nearly half** of residential consumers are interested in having the **option to utilize time-of-use rates.** [3]
- Also, in the Texas electricity market known as ERCOT, **a majority of product offerings include a renewable % above the statutory requirement** (over 50% of all renewable load was sourced to **voluntary** renewable products, compared to only 20-30% across the broader market) [4] [5] [6]

ELECTRIC COMPETITION DELIVERS: CONVENIENCE...

Meeting customers where, when, and how they want is a hallmark of competition, providing value that goes beyond the "commodity" price. Spurred by competition, competitive electricity suppliers have introduced innovations to make convenient and personalized customer experiences possible—giving consumers greater control and peace of mind, so they worry less about monthly electricity bills. For example, Vistra's retail business offers a mobile app in certain markets to help customers keep track of their usage, view their monthly bill, and even get alerts if they're using more electricity than planned.

Because of competition, customers can shop for a competitive electricity supplier that matches their customer service-level preference. For instance, they can pick a supplier featuring access to a live agent 24/7, or opt to potentially save money by choosing one that relies predominantly on online support. Some suppliers offer the ability for customers to interact with them through third-party products such as Amazon's Alexa. In certain jurisdictions, customers can even contract with a "concierge" service that will switch them automatically to electricity plans that meet their value criteria.

Did You Know...

- Among surveyed consumers, level of service and brand trust combine **to represent the No. 1 factor for remaining with a provider.** [2]
- **64% listed customer service as** being an extremely motivating factor for switching providers. [3]
- **60% of customer service interactions were online or mobile**, but strong live agent engagement remains critical. [2]
- **75% of surveyed customers were inclined to purchase from a company with mobile apps.** [2]

VISTRA ENERGY

COMPETITION FORWARD

ELECTRIC COMPETITION DELIVERS: CONTROL...

At the end of the day, electric competition is really about control. Who controls the choice around retail electricity service: **the consumer or the utility?** Competition trusts consumers to know what they want and to seek out those plans and services that provide them with the best overall value, not just price. It treats each consumer as an individual, allowing them to pick the electric service that best fits their unique need — whether that's finding the least frills, lowest-price plan; a plan that lets you set a budget and easily track your usage; a plan that provides community solar and third-party product integration; or a plan that is full-service, 100% renewable with on-site solar as well. Electric competition gives control to families, individuals, and businesses to pick the electricity plan that makes the most sense for them.

Did You Know...

- Usage data, conservation tips, and customized usage pricing drives stronger customer engagement with energy consumption behavior.
- **Nearly 22% of residential consumers use a software app for energy management DAILY.** [3]

ELECTRIC COMPETITION DELIVERS.

Electric competition can spur innovative, value-added services that deliver on the promises of choice, convenience, and control. It can enhance the overall value of electric service **but only if the market is allowed to move competition forward.** Restrictive generation procurement standards, regulated entities participating in the market with subsidized rates, transition mechanisms that do not expire — these all inhibit the ability of competition to reach its full potential and unleash its benefits to consumers. **Citizens have stated that they like electric choice. State Legislatures and regulatory bodies are critical to helping take competition forward.**

HOW TO DELIVER COMPETITION FORWARD:

1. **Decide to implement a competitive electricity market.** The first step of any initiative is to make the determination to do it. Many states have already decided to take this first step and have passed laws and/or regulations making their electricity markets competitive.

2. **Unbundle competitive services from regulated utilities.** While traditional, rate-regulated utilities have a role to play in the transmission and distribution of electricity, they must be transitioned out of the competitive parts of the market to truly unleash the value of competition. Both the generation and retail aspects of traditional utilities should be either sold or spun off to their own separate entities. Customers should not be "owned" by the utility. Only when the competitive entities fully own the risks and rewards of participation in the market can competition flourish.

3. **Ensure transition mechanisms are transitory.** Transition mechanisms, like a transitory regulated rate, are needed to help move from a fully rate-regulated-monopoly provision of service to a competitive model. However, competition is severely hindered when transitory mechanisms become a permanent facet of the market. Transitory mechanisms must be allowed to expire if competition is to move forward.

4. **Establish appropriate customer protections.** A competitive market provides consumers choice, but also dangers. It is critical to establish appropriate customer protections, with effective enforcement to punish bad actors and to protect those customers most at risk.

5. **Educate, educate, educate!** While competition is part of the everyday experience in many areas, shopping for electricity is not a common practice for most consumers. Consumer education on how to shop, how to read an electric bill, what to look for in a plan, and how to measure competitive electricity supplier performance are all critical to transitioning to a fully competitive market and moving electric competition forward.

[1] U.S. Energy Information Administration (EIA) eia.gov; [2] Internal surveys and industry analysis; [3] Deloitte Resource 2019 Study — Energy management: Balancing climate, cost, and choice deloitte.com/insights/us/en/industry/power-and-utilities/energy-study-of-businesses-and-residential-consumers; [4] Power To Choose (Powertochoose.org) powertochoose.org; [5] Electric Reliability Council of Texas (ERCOT) ercot.com; [6] National Renewable Energy Laboratory (NREL) nrel.gov; [7] Public Utility Commission of TX (PUCT) puc.texas.gov

CleanChoice Energy Testimony SB1_1.25.24.pdf
Uploaded by: Jennifer Spinosi
Position: UNF

1055 Thomas Jefferson St. NW, Ste650
Washington, DC 20007
CleanChoiceEnergy.com

January 25, 2024

The Honorable Brian J. Feldman, Chairman
Education, Energy, and the Environment Committee

RE: Senate Bill 1 – Electricity and Gas – Retail Supply

CleanChoice Energy is a renewable energy company founded in 2011 with a mission to make it easy for residential customers to switch to clean, renewable energy. We provide exclusively 100% renewable energy to customers across our footprint and never charge an early termination fee.

We began operating in Maryland in 2013 and currently serve tens of thousands of residential customers with a 100% renewable energy retail electricity product. Many of these customers have been with CleanChoice for five or more years due to our steadfast commitment to providing exceptional customer service. While retail energy is the foundation of our business, we are working on innovative new products and services every day. We want to create valued, and long-term relationships with our customers, and retail choice is often the first step to a customer's engagement to support renewable energy.

We submit this testimony to voice our and, most importantly, our customers' opposition to SB1. A well-regulated, retail energy market empowers customers to easily support an energy product that meets their needs - and for our customers, that is 100% renewable energy from regional wind and solar facilities. Thus, this bill would represent a step backwards for Maryland in its mission of being a renewable energy leader.

As written, SB1 will significantly chill the retail market in Maryland, resulting in less competition and less choice for Marylanders. Currently, Marylanders can shop for innovative products that are important to them, such as fixed monthly pricing or 100% renewable products. SB1's strict language on product pricing will result in retail suppliers exiting the market and taking their unique product offerings with them. **While it may not be the goal of the bill, SB1 in its current form would effectively end the retail market in Maryland.**

The retail market in Maryland has recently undergone changes that strengthen consumer protection. Last session, the legislature passed, and the Public Service Commission ("PSC") just implemented new regulations further protecting low- and moderate-income customers from unforeseen bill increases. Additionally, under the leadership of Governor Moore, a new Chairman and two new Commissioners joined the PSC this summer. Chair Hoover is an experienced consumer advocate and the PSC also recently requested comment on how to better improve the consumer experience in the Maryland retail market. The request for comment elicited numerous ideas from PSC Staff as well as proponents and opponents of the retail market. **The legislature should allow the Commission to work through its docket and work with the supplier community to make the Maryland market better for consumers.**

As a renewable energy supplier, CleanChoice is uniquely positioned to provide comments on the components of SB1 that address renewable energy products. As a reminder, all load serving entities - utilities and retail suppliers - are required by law to comply with the Renewable Portfolio Standard ("RPS"). When a retailer, like CleanChoice, offers a product that is 100% renewable energy, the incremental renewable component - above and beyond the RPS requirement - is often called "voluntary" renewable energy. Our customers pay a premium for these products. CleanChoice makes it very clear that customers will be paying a more for 100% renewable energy during the enrollment process. Thus, our customers are aware of this difference, and are partnering with CleanChoice to spur more solar and wind energy development in the region.

CleanChoice is able to guarantee its customers are using and receiving the benefits of 100% renewable energy by purchasing Renewable Energy Credits ("RECs"). Retail electricity suppliers, including CleanChoice Energy, who provide 100% renewable energy products do so by combining generation from the wholesale energy market (i.e. "grid power") and RECs. RECs have a variety of different attributes: renewable fuel type, facility location, project capacity, project vintage, etc.

At CleanChoice, we first comply with the RPS. Beyond that, we voluntarily purchase RECs above and beyond what the RPS requires and exclude all technologies that consumers generally would not consider renewable. Our voluntary RECs are exclusively from wind and solar. Furthermore, we purchase RECs that are regional to where our customers live - meaning our customers can play an active role in growing renewable resources in the region. We set these incredibly high standards because we want to meet the customer's expectations and to maximize the impact of every dollar that they spend with us.

This bill would have significant negative and potentially unintended consequences by restricting the location of RECs purchased by suppliers. There is a current undersupply of Tier 1 RECs in the wholesale energy market facilitated by the regional transmission organization, PJM. Because the purchase of Tier 1 RECs is required as part of the Maryland RPS, greater demand, combined with existing undersupply, will create upward pressure on all electricity rates in Maryland, even for those who do not actively shop for their electricity or those who shop, but are not seeking to purchase a product that includes renewable content beyond the RPS.

To further complicate the undersupply of renewable energy, PJM's Interconnection queue is severely backlogged with solar and wind projects waiting to be developed. New renewable energy resources are significantly delayed from coming online in a timely manner. This will no doubt contribute to sustained undersupply in the marketplace for years to come. While the bill's language seeks to increase renewable energy flowing into and through Maryland, it will have material - presumably unintended - consequences including artificially distorting the REC market and creating upward pressure on energy prices for all Maryland customers.

CleanChoice stands ready to help Maryland achieve its climate goals and continue to strengthen the retail market through meaningful consumer protection enhancements. We work closely with the Commissioners and Staff of the PSC to ensure the competitive market is meeting the needs of Maryland customers. CleanChoice wants to be a trusted resource and partner to this committee and the entire legislature as you weigh the issues in SB1. We are proud to do business in Maryland and offer Marylanders the chance to do their part in the fight against climate change.

Thank you for your time and consideration. Please do not hesitate to reach out should you have any questions.

Sincerely,

Jennifer Spinosi
General Counsel and Executive Vice President of Corporate Affairs
CleanChoice Energy

Maryland January 2024 Testimony (1) (1).pdf
Uploaded by: John Hanger
Position: UNF

Bill: Senate Bill 1 – Electricity and Gas – Retail Supply – Regulation and Consumer Protection

Position: OPPOSE

Dear Chair Feldman, Vice Chair Augustine, and Committee Members:

My name is John Hanger. I am a former Legal Services attorney for low-income families in Philadelphia, a former Public Advocate for utility consumers in Philadelphia, a former Commissioner of the Pennsylvania Public Utility Commission nominated by Governor Casey, a former Secretary of the Pennsylvania Department of Environmental Protection in Governor Rendell's administration, and a former Secretary of Policy and Planning to Governor Wolf.

I oppose taking choices away from Maryland consumers, who include my mother, sister, nieces, nephews and brother-in-law who live in Maryland, but I support reforms of the market to improve its operations and protections for especially residential consumers.

In any market, the power of choice is the single most important consumer protection. That is the single most important lesson I have learned from 40 years working to improve services, products and prices available to electricity consumers.

Without the power to fire and hire suppliers, consumers have only the government to protect them. With all due respect, relying on the government alone to protect your business or family is never an optimal plan.

Competition works to put pressure on prices, as shown in the Philadelphia regional electricity market. Competition began there in 1996, when generation service cost a residential customer 8.6 cents per kilowatt-hour or about 17 cents in 2023 in inflation-adjusted dollars.

Those residential customers today can easily save 50% or more, compared to 1996 prices, by shopping. Indeed, they can pay less than they were paying 28 years ago for electricity!

Having said all of that, Maryland should enact electricity market reforms, if necessary. It also should provide oversight of electricity markets, including removing licenses from any company that breaks repeatedly and intentionally consumer protections.

I care also about electricity competition and allowing all customers to choose their electricity generation company and product, because I care greatly about decarbonization.

Decarbonization is rightly a major goal of Maryland, and retail electricity competition can be a big way to decarbonize affordably.

Companies financed nationally the construction of 51 GWs through 2021 of new renewable generation capacity through signing power purchase agreements (PPAs). That is a huge contribution to replacing fossil fuels with zero CO2 generation.

But the power of choice to boost clean power goes beyond large companies like Google or Amazon. Homeowners and small businesses installed nationally 27 GWs of new solar at their homes and businesses through 2021. Millions of other retail customers buy green power products that help to keep operating existing new renewable plants and build more.

Retail consumers, big and small, choosing green power and paying for it accelerates decarbonization. It is an important tool that should be used more, not less.

When discussing green power products, let's also remember that utility default supply comes overwhelmingly from burning gas, which is the top cause of CO2 pollution on Maryland's grid and on the US electricity grid.

Unfortunately, recent problems with offshore wind procurement underline the challenge of cleaning up default supply. To accelerate affordable decarbonization, it is time to unleash and enable the retail customer to cut CO2 pollution.

Enable the retail customer to deploy Virtual Power Plants, which can cut bills and cut carbon by aggregating small solar, batteries, smart thermostats, water heaters and other demand-side assets.

Enable the retail customer to use their electricity vehicle battery to supply not only their homes but also the grid. Doing so will allow customers to cut carbon and cut their bills. Doing so will also increase the reliability of the grid.

Enable customers to sell their solar or battery energy into the wholesale market, when prices are high, enabling them to make rapidly $500 or more. That both saves consumers money and cuts carbon.

Can this happen? Yes. Some of it is happening in Vermont, California and Texas. But much more can happen in Maryland.

For example, Octopus Energy already makes hundreds of dollars for their customers by enabling owners of solar systems to sell their power at optimal prices to maximize their solar revenues. See: Texas Retail Provider Reports Amount Of Power It Purchased From Distributed Solar Customers In August Under New Pilot, Total Amount Paid To Customers -- EnergyChoiceMatters.com.

Another example is Tesla offering a $25 per month electricity product to charge Tesla EVs and Powerwall home batteries in Texas. See: Tesla Owners: $25/Month In Texas For Overnight Charging (Unlimited) - CleanTechnica.

Finally, Maryland won't affordably meet its decarbonization goals without empowering retail customers and boosting retail competition. The good news is no state money is needed to empower retail customers to cut carbon pollution affordably and reliably.

Please vote unfavorably on SB 1.

Sincerely,

John Hanger

IGS Testimony in Opposition to SB 1.pdf
Uploaded by: Joseph Oliker
Position: UNF

January 25, 2024

Senator Brian Feldman, *Chair*
Senator Cheryl Kagan, *Vice-Chair*
Senate Education, Energy, and the Environment Committee
2 West, Senate Miller Building
Annapolis, Maryland 21401

RE: Senate Bill 1/ House Bill 267: Electricity and Gas - Retail Supply - Regulation and Consumer Protection – OPPOSED

Dear Chairman Feldman & Vice-Chairwoman Kagan:

IGS Energy offers this written testimony in opposition to **Senate Bill 1/House Bill 267: Electric and Gas – Retail Supply – Regulation and Consumer Protection** as currently drafted. As written, the bill would eliminate retail competition in Maryland ("MD"). Moreover, as stated further in this testimony, the bill would lead to a reduction in renewable and carbon-neutral product offerings and a reduction in renewable generation investment in the state of MD.

About IGS Energy

IGS has been in business for over thirty years, with over 1.5 million retail electric and natural gas customers throughout the United States. IGS has developed nearly 400 MWs of commercial and residential solar facilities, totaling over $1.3 billion in investment. We only offer green electricity and carbon-neutral natural gas products to residential customers and we are committed to being a carbon-neutral company by 2040.

IGS has been active in MD for over a decade, serving thousands of green retail electric and carbon-neutral natural gas customers. Moreover, IGS serves community solar customers and develops rooftop solar solutions for residential and commercial customers. IGS employs an internal sales force that operates in MD to sell all of the above products and services. In MD and throughout our footprint, no formal complaint has ever been resolved against IGS.

The Bills Eliminate Retail Competition and Stifle Renewable Energy

IGS understands that these bills have been described as consumer protection measures. IGS supports consumer protection and would embrace the opportunity to have a productive discussion about consumer protection. But the current form of the bill represents a multipronged attack on the foundation of the retail market in MD. Passage of the bill would effectively end retail competition in this state.

Specifically, the following provisions would impose supplier restrictions that would render the market unworkable, and consequently, IGS would likely cease to offer green and carbon-neutral retail energy products in MD:

- **Prohibit suppliers from offering a price that exceeds the trailing 12-month utility default service price**. Supplier products are not comparable to utility default service; therefore, pricing comparisons yield little value. For example, it is illogical and provides no meaningful insight to compare a historical brown power product or brown gas product to a 100% green or carbon-neutral product. This comparison is rendered even more futile by the fact that historic prices are not indicative of future prices. Likewise, the twelve-month historical average is irrelevant to a fixed-price long-term contract that may insulate a customer from the risk of future fluctuations in wholesale market pricing.

- **Prohibit suppliers from offering products of a term longer than one year.** This provision simply takes away the ability of customers to hedge against the risk of market price fluctuations. This provision would be synonymous to taking away fixed-rate, long-term mortgages from your constituents and leaving them with the only option of selecting an adjustable-rate mortgage.

- **Prohibition against auto-renewal**. Suppliers invest in MD to attract and retain customers. Requiring a supplier to obtain affirmative consent to keep their customer after the expiration of a primary term undermines the supplier-customer relationship and will simply increase the cost of doing business as a supplier. Effectively, it results in all customers automatically being transferred to utility default service, forcing customers to take brown power and gas against their will. Such a requirement undermines the customer preference to continue their relationship with a supplier and erects costly barriers to competition that simply are not present in other similar industries like telecommunications and cable.

- **Prohibition against variable rates, other than rates that adjust seasonally no more than twice a year.** While IGS does not market variable rates during a primary term, this provision would undermine customer preferences and impose unreasonable restrictions on supplier marketing.

- **Prohibition against purchase of receivables.** Utilities are made whole for their receivables regardless of whether customers pay their energy bills. Treating supplier receivables differently provides a competitive advantage to the utility default service product, disrupts the competitive playing field, and promotes customer gaming of supplier-related receivables.

- **Requirement that an energy salesperson be separately licensed**. To the extent that this provision is intended to apply to retail suppliers—companies that are already licensed and registered with the Commission—this provision appears redundant. This provision imposes an extra burden on individuals hoping to make a living offering retail energy solutions.

- **Prohibition against salesperson commission or other incentive-based compensation to any energy salesperson**. While IGS' employed salesforce is compensated predominantly through base salary, the removal of incentives for performance is antithetical to competition and contrary to principles espoused by nearly any business that operates in a competitive market. This provision defies logic, and no justification has been provided to warrant its implementation.

In addition to the above commentary, IGS supports the more extensive comments submitted by the Retail Energy Supply Association and the Retail Energy Advancement League. If passed, this bill will effectively close the retail energy market in MD. That will dramatically reduce the availability of green energy products for retail electric and retail natural gas customers.

Moreover, the passage of the bill in its current form will suppress the development of renewable energy in MD. IGS is a holistic green energy company that prides itself on reinvesting 90% of its profits—mostly into the development of residential and commercial solar energy facilities. By closing the market in MD, the bill would reduce our profitability and thereby reduce the total amount of capital available to develop solar within this state.

The impact of this proposed legislation will not only harm the ability of IGS to raise capital—it also harms the critical confidence necessary to make long-term investments in renewable energy facilities. Solar facilities have a useful life of twenty years or more, with the expectation that investment will be recovered over that lifespan. When a legislature upsets longstanding market rules in the energy industry, it undermines the confidence needed to make long-term investments in other similarly situated businesses. Consequently, passage of this legislation would undermine our confidence that market rules for solar and community solar will not be similarly disrupted in the future. Without confidence in the future energy landscape in MD, necessary capital investment may be allocated to more stable energy environments. For these reasons, IGS urges the MD General Assembly to not pass this bill.

Conclusion

IGS vigorously supports consumer protection. But this bill is not tailored to protect consumers—it is crafted to close an industry and deprive customers of renewable energy products and services. IGS appreciates the opportunity to provide testimony on the current draft of these bills. IGS welcomes a discussion to enhance customer protections and consumer education and is hopeful that it may partner with lawmakers to reach reasonable solutions that balance the interest of promoting innovative products delivered by the competitive marketplace and ensuring adequate consumer protections.

Respectfully submitted,

/s/ Joseph Oliker

Deputy General Counsel
joliker@igsenergy.com
614.659.5069
IGS Energy, LLC and IGS Solar, LLC
6100 Emerald Parkway
Dublin, OH 43016

SB 1_REAL_UNF.pdf
Uploaded by: Lisa Smith
Position: UNF

REAL
Retail Energy Advancement League

January 25, 2024

Bill: **Electricity and Gas – Retail Supply – Regulation and Consumer Protection**

Position: OPPOSE

Dear Committee Members:

The Retail Energy Advancement League ("REAL") is a national advocacy organization dedicated to the expansion and modernization of American retail energy markets. Our members provide customers with access to a variety of products available on the electric grid, including 100% renewable energy, free home charging for electric vehicles, carbon offsets for gas products and fixed-rate products.

Our organization was founded by a coalition of companies that believe smart regulation and consumer protections are the foundation for a healthy market where states can capitalize on the innovations and customer demand driving our transition to a clean energy economy.

Industry-Led Consumer Protection Reform

We believe a well-functioning and efficient competitive retail market must include robust consumer protections, as outlined in our Consumer Bill of Rights. REAL's initiative-taking consumer protection reform efforts include hosting retail market forums and engaging commissioners and regulators from over 10 states, including Maryland. These forums equip participants with tools to enhance existing retail markets, focusing on areas such as consumer education, as well as complaint recording and recordkeeping.

We believe reporting complaints and identifying bad actors, as they exist in any industry, is important, and we encourage the Maryland Public Service Commission ("PSC") to implement complaint reporting that includes the number of complaints found against each supplier so consumers can make informed decisions. Although complaint outcomes are unknown in Maryland, REAL is encouraged that the number of total complaints or inquiries reported by the PSC over the last five years equates to a monthly average of less than 1 in 10,000 customers, or one tenth of 1%.

REAL Supports Consumer Education

There are significant opportunities for consumers to achieve substantial savings on their energy bills through retail supply options. A recent analysis by REAL as of December 31, 2023, identified 273 retail supply options in Maryland, including 110 fixed-priced offers lower than the default utility rate, resulting in immediate savings. Additionally, 98 offerings provided 100% renewable energy, with 35 of them being both environmentally friendly and cheaper than the default utility rate. The potential savings for Maryland residents are $59,831,935 this month alone by enrolling with a retail supplier.

Current supply rates show that retail suppliers offer considerable savings. For instance, while BGE's supply rate is 11.85¢ / kWh, the lowest fixed rate offer in the same territory is 9.59¢/kWh, and the lowest 100% renewable offer is 10.19¢/kWh. Similar savings opportunities exist across service territories held by Delmarva MD, Potomac Edison, and Pepco MD. Exploring cost-effective alternatives from retail suppliers can benefit customers.

Beyond cost savings, consumers can access value-added products that enhance their overall energy experience. For example, Vistra customers receive a 50% discount on energy supply charges through time-of-use and demand response products. CleanChoice energy customers receive smart home technology, and NRG customers receive electric vehicle chargers. Our review of SB1 finds it lacking in meaningful consumer protections and education, as described below.

Regulating Price Is Harmful and Does Not Add Consumer Protections

The Maryland General Assembly restructured the energy supply market in 1999, after significant stakeholder engagement, study and agency reporting. As a result, the PSC has no authority to regulate the price of competitive supply.

The Public Utility Article and Code of Maryland Regulations authorize the PSC to oversee consumer protections. Licensing and fair/transparent marketing practices should be our collective focus.

No other product in the competitive marketplace is price regulated. State regulation of product pricing is a significant shift in state policy that will lead to unknown and potentially harmful consequences for the market and consumers.

Furthermore, restrictions on product price will remove incentives for innovation within our industry and will prevent suppliers from taking risks and offering tailored products to Maryland residents. This is contrary to the General Assembly's recent efforts to incentivize innovation to meet the State's decarbonization goals.

Unlike the regulated utilities, the competitive supply market inherently promotes innovation in the areas of energy efficiency, energy and grid demand reductions, and electric vehicle charging rates to promote transportation electrification. Currently, the resource mix fueling standard offer service (SOS) in Maryland is mostly fossil fuels.

Interference with Legislative and Regulatory Efforts

The State is already acting on concerns that SB 1 aims to address, making many of its provisions unnecessary, duplicative, and at risk of straining resources that are already strapped.

- First, the PSC has initiated a docket and requested comments to identify and implement additional consumer protections and examine the purchase of receivables policy. The legislation's attempt to remove an operational mechanism used by suppliers and utilities has no connection with protecting the consumer. We look forward to working with the PSC on these initiatives as appropriate.

- Second, the General Assembly required the PSC to promulgate protections to ensure that consumers who receive energy assistance funds do not pay more than the SOS price. The new regulations took effect in July 2023. To date, no supplier in Maryland is marketing to customers on energy assistance.
- Third, the General Assembly passed a law mandating a salesperson training program. We encourage the PSC to implement these requirements immediately to prevent fraud and deceptive practices by individual salespersons.

The Legislation is Overly Broad

The proposed licensing scheme that applies to individual salespeople creates workforce barriers and bureaucracy, rather than enhanced consumer protections. This includes a periodic renewal fee and the elimination of sales commissions, which does not apply to any other industry in Maryland. Eliminating sales-based commissions wipes out in-person sales channels and in-state jobs.

Suppliers are currently responsible for the actions of their salespeople. Creating an additional licensed entity raises questions of who is responsible for sales activities, the supplier, or the individual. Finally, the capacity of the PSC to license and regulate each salesperson is unknown.

The Legislation Gives Monopoly Utilities an Unfair Advantage

The law prohibits regulated utilities from marketing alternative products to customers because they are the default option and enjoy monopoly power as the distribution company. No competitive market can exist where a single entity has that type of market advantage. Utilities also earn a rate of return on SOS, creating an unlimited revenue opportunity for the utility. SB 1 would allow the utilities to market alternative products – such as green products sold at a premium – which is exactly what the legislation attempts to prohibit for competitive suppliers. The potential impact to ratepayers is unknown.

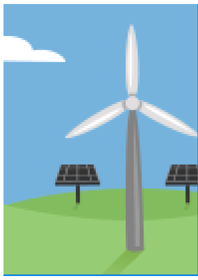
For these reasons, as drafted, we respectfully request an unfavorable vote on SB 1 at this time. However, REAL appreciates the opportunity to participate in the dialogue around best policies for Maryland's competitive energy market and for consumers. We are confident that we can find language that complements what the PSC has done and will do in this space.

Sincerely,

Christopher Ercoli

Christopher Ercoli
President and Chief Executive Officer
Retail Energy Advancement League

Clearview Written Testimony FINAL.pdf
Uploaded by: Max Lifton
Position: UNF



Chief Marketing Officer

Mollie Fabian

(800) 851-0332
mfabian@clearviewenergy.com
https://link.edgepilot.com/s/a746d0ab/KoqHkdEMXES_rseGGdhLVw?u=http://www.clearviewenergy.com/

901 Main St, 47th Floor
Dallas, Texas 75202

January 25, 2024

Bill: **Electricity and Gas – Retail Supply – Regulation and Consumer Protection**

Position: OPPOSE

Dear Committee Members:

Massachusetts and Maryland share a lot of similarities. They are roughly the same size, both are highly educated, and both are driven to fight climate change. In Massachusetts, Clearview Energy offers electric vehicle charging plans that provide incentives for electric vehicle owners with rates that are currently below the price-to-compare rate.

We would love to have the opportunity to expand the program and offer these plans to our customers in Maryland. However, with the current challenges we face enrolling customers, this is not possible. Further, we want more of an opportunity to provide consumers with tools to make decisions for themselves on what makes sense for their family's needs.

Thank you for your consideration. Please vote unfavorably for SB 1.

Sincerely,

Mollie Fabian

Bakery Energy_SB 1_UNF.pdf
Uploaded by: Rachel Clark
Position: UNF

SENATE BILL 1 – ELECTRICITY AND GAS – RETAIL SUPPLY – REGULATION AND CONSUMER PROTECTION

UNFAVORABLE

SENATE ENERGY, EDUCATION, AND THE ENVIRONMENT COMMITTEE
January 25, 2024

Bakey Energy Consulting submits these comments in **opposition** to **SB 1 – Electricity and Gas – Regulation and Consumer Protection.**

Bakey Energy Consulting is an energy consulting/brokering firm providing large industrial and commercial customers with recommendations on energy procurement, cogeneration, solar analytics, and energy audits to save on energy costs. My firm monitors the market conditions every day and looks for opportunities to buy power below default prices of the utility. I also advise customers on the type of products to purchase. I have been guiding customers since competition started in PA in 1997, and in Maryland, New Jersey and Delaware in 1999. Deregulation allows for electricity suppliers to build and hire hundreds of professionals who could provide customers with choice beyond a fixed price. Under regulated tariffs, customers could only buy one product from their utility and it was very restrictive on when they could use the product or else pay steep demand charges. With competition, customers could also for the first time sell back into the grid any load that they could make available at a competitive price and not a utility mandated price.

Bakey Energy Consulting opposes SB1 because it would end my client's ability to procure their energy supply in a way that helps us maintain their competitiveness and meet their budgetary needs. In fact, when prices were low, my client locked in contracts that were far below the markets experienced in 2008, 2014, and 2022. Had they not done this, they would have had to shut down operations and lay off the workforce. They are competing with both national companies that have lower energy costs or international companies that do.

More specifically, the bill outlaws the very products and services that my client's company relies upon to power businesses. It limits their ability to secure supply offers longer than 12 months. It restricts the way those products can be priced by artificially capping prices at the 12 month historical average SOS rate. It bans variable pricing which has proven that outperforms fixed prices for the last 20 years.

Clients who are forced to buy at an average SOS rate will lose their ability to remain competitive as they cannot use the forward markets to lock in low prices. Only a few years ago, prices were so low that my clients locked in 3 to 5 year Agreements that are well below current market prices and thus make their product much more competitive in the marketplace. In addition, clients now have the ability to buy fixed price products during the most volatile months in the market such as December, January, February, June, July, and August and float the remaining months resulting in overall costs that are .5 to 1.5 c/kWh cheaper than forward market prices or default rates.

Why assume that the utility can purchase power cheaper than suppliers, customers, consultants and brokers who do it every day. In fact, most suppliers hire third parties to run default auctions because they don't have the inhouse expertise to do it themselves. Since the process is riddled with red-tape and lengthy lead times for procurement, they lose opportunities to buy at the best times. If customers had to rely on SOS rates, they would end up paying much more than they could procure by themselves on their own time schedule and not the utilities.

Why are you trying to put the Genie back in the bottle? Competition has been thriving for more than 20 years in Maryland and customers enjoying the benefits of lower costs and increased competition for their business. What reason are you doing this? This Bill seems like there are personal agendas that don't match the customer's wishes for competition. This Bill does not address any facts or statistics to substantiate restricting competition in Maryland.

In conclusion, SB1 would significantly harm my business and my client's and effectively end customer choice for my Maryland clients. I would lose income and my clients and for that reason Bakey Energy Consulting urges the Committee to give SB 1 an **unfavorable** report.

Bakey Energy Consulting
Andrew Bakey, Professional Engineer
(609) 217-3407

Dietz&Watson_SB 1_UNF.pdf
Uploaded by: Rachel Clark
Position: UNF

SENATE BILL 1 – ELECTRICITY AND GAS – RETAIL SUPPLY – REGULATION AND CONSUMER PROTECTION

UNFAVORABLE

SENATE ENERGY, EDUCATION, AND THE ENVIRONMENT COMMITTEE
January 25, 2024

Dietz and Watson submits these comments in **opposition** to **SB 1 – Electricity and Gas – Regulation and Consumer Protection.**

Dietz and Watson is a Meat Processing company. We have been shopping our energy (gas/electric) for more than 20 + years. We have been able to buy energy that is less than what the utility has offered, hence making us competitive in the industry. We employ approximately 600 people at our MD facility.

Dietz and Watson opposes SB1 because it would end our ability to procure our energy supply in a way that helps us maintain our competitiveness and meet our budgetary needs.

More specifically, the bill outlaws the very products and services that our company relies upon to power our business. It limits our ability to secure supply offers longer than 12 months. We are currently locked in until 2030 on electric due to RPS rules changing back in 2019 which we would have incurred substantial increases had we not. It restricts the way those products can be priced by artificially capping prices at the 12 month historical average SOS rate. It bans variable pricing and we are on that type of product now and have benefited greatly. It prevents us from entering into contracts that automatically renew. With our energy being one of our top 5 P&L items it has been valuable being able to shop our pricing. This has allowed us to find competitive pricing vs. being with the utility. We have been able to budget further out than the utility provides pricing.

In conclusion, SB1 would significantly harm our business and effectively end customer choice for Maryland customers like us, and for that reason [Company] urges the Committee to give SB 1 an **unfavorable** report.

Dietz and Watson
John Schoenfellinger
VP Engineering
215-831-9000 x 2280
JSchoenfellinger@dietzandwatson.com

H&S Bakery_SB 1_UNF.pdf
Uploaded by: Rachel Clark
Position: UNF

H&S FAMILY of BAKERIES

601 South Caroline Street
Baltimore, MD 21231
410.276.7254
www.hsbakery.com

SENATE BILL 1 – ELECTRICITY AND GAS – RETAIL SUPPLY – REGULATION AND CONSUMER PROTECTION

UNFAVORABLE

SENATE ENERGY, EDUCATION, AND THE ENVIRONMENT COMMITTEE
January 25, 2024

H&S Family of Bakeries submits these comments in **opposition** to **SB 1 – Electricity and Gas – Regulation and Consumer Protection.**

H&S Family of Bakeries operates 5 large industrial bakeries with multiple production lines in the state of Maryland. We have for years shopped our electricity/gas supply. This has allowed us to be competitive and invest in our business as well as provide many jobs in Maryland.

H&S Family of Bakeries opposes SB1 because it would end our ability to procure our energy supply in a way that helps us maintain our competitiveness and meet our budgetary needs. This will inevitably force us to pass these increased costs to our consumers, a lose-lose situation for everyone.

More specifically, the bill outlaws the very products and services that our company relies upon to power our business. It limits our ability to secure supply offers longer than 12 months. It restricts the way those products can be priced by artificially capping prices at the 12-month historical average SOS rate. It bans variable pricing. It prevents us from entering into contracts with any long-term commitments over a year with our large customers.

In conclusion, SB1 would significantly harm our business and effectively end customer choice for Maryland customers like us, and for that reason H&S Family of Bakeries urges the Committee to give SB 1 an **unfavorable** report.

Sincerely,

William Paterakis
CEO
H&S Family of Bakeries

Northeast Foods

H&S BAKERY

SCHMIDT

SB 1_Allan Myers_UNF.pdf
Uploaded by: Rachel Clark
Position: UNF

SENATE BILL 1 – ELECTRICITY AND GAS – RETAIL SUPPLY – REGULATION AND CONSUMER PROTECTION

UNFAVORABLE

SENATE ENERGY, EDUCATION, AND THE ENVIRONMENT COMMITTEE

January 25, 2024

ALLAN MYERS submits these comments in **opposition** to **SB 1 – Electricity and Gas – Regulation and Consumer Protection.**

ALLAN MYERS opposes SB1 because it would end our ability to procure our energy supply in a way that helps us maintain our competitiveness and meet our budgetary needs.

More specifically, the bill outlaws the very products and services that our company relies upon to power our business. It limits our ability to secure supply offers longer than 12 months. It restricts the way those products can be priced by artificially capping prices at the 12-month historical average SOS rate. It bans variable pricing. It prevents us from entering into contracts that automatically renew.

In conclusion, SB1 would significantly harm our business and effectively end customer choice for Maryland customers like us, and for that reason ALLAN MYERS urges the Committee to give SB 1 an **unfavorable** report.

Curtis Hall
VP/GM - ASPHALT
ALLAN MYERS
O: 610.222.3183
M: 610.587.2543
W: allanmyers.com

SB 1_FODay_UNF.pdf
Uploaded by: Rachel Clark
Position: UNF

January 25, 2024

Senator Brian Feldman, Chair
Senate Education, Energy, and the Environment Committee
2 West, Miller Senate Office Building
Annapolis, MD 21401

RE: SB 1 – UNFAVORABLE – Electricity and Gas – Retail Supply – Regulation and Consumer Protection

Dear Chair Feldman and Members of the Committee:

F.O. Day Company is a full-service contractor in Maryland building the infrastructure that helps Maryland keep moving forward. Since 1944, we have worked with an outstanding range of public and private clients under competitive bid, negotiated, and design-build contract arrangements. Our in-house capabilities provide maximum control for competitive pricing, job scheduling, customer responsiveness, and quality control.

Senate Bill 1 would alter the retail energy program in Maryland in a variety of ways. This legislation is very concerning for companies like ours. During the bidding process on major projects throughout Maryland, those bids require known inputs when establishing a price. One of those known inputs is energy. Currently, we are able to enter into long-term contracts anywhere from 18 to 36 months, which affords us stability with our pricing. This bill would limit those contracts to 12 months, leaving us with an unstable price structure. As a result, we would have to increase our bid prices or eat the cost when energy prices increase over the course of the project.

It is unclear the problem this legislation attempts to solve, but the increased risks and costs are extremely obvious. Our company has been very satisfied with the ability to shop for energy on the retail market. This bill would effectively eliminate the retail market, leaving a monopoly of only the utility companies as our resource for energy.

We appreciate you taking the time to review our testimony and respectfully request an **UNFAVORABLE** report on Senate Bill 1.

Sincerely,

Francis Day, IV
President
F.O. Day Company

MARYLAND ASPHALT ASSOCIATION

SINCE 1954

January 25, 2024

Senator Brian Feldman, Chair
Senate Education, Energy, and the Environment Committee
2 West, Miller Senate Office Building
Annapolis, MD 21401

RE: SB 1 – UNFAVORABLE – Electricity and Gas – Retail Supply – Regulation and Consumer Protection

Dear Chair Feldman and Members of the Committee:

The Maryland Asphalt Association (MAA) is comprised of 19 producer members representing more than 48 production facilities, 25 contractor members, 25 consulting engineer firms and 41 other associate members. MAA works proactively with regulatory agencies to represent the interests of the asphalt industry both in the writing and interpretation of state and federal regulations that may affect our members. We also advocate for adequate state and federal funding for Maryland's multimodal transportation system.

Senate Bill 1 would alter the retail energy program in Maryland in a variety of ways. This legislation is very concerning for our member companies. When they are bidding on major projects throughout Maryland, those bids require known inputs when establishing a price. One of those known inputs is energy. Currently, we are able to enter into long-term contracts anywhere from 18 to 36 months, which affords us stability with our pricing. This bill would limit those contracts to 12 months, leaving us with an unstable price structure. As a result, we would have to increase our bid prices or eat the cost when energy prices increase over the course of the project.

It is unclear the problem this legislation attempts to solve, but the increased risks and costs are extremely obvious. Our member companies have been very satisfied with the ability to shop for energy on the retail market. This bill would effectively eliminate the retail market, leaving a monopoly of only the utility companies as our resource for energy.

We appreciate you taking the time to review our testimony and respectfully request an **UNFAVORABLE** report on Senate Bill 1.

Sincerely,

Tim Smith

Tim E. Smith. P.E.
President
Maryland Asphalt Association

THE MARYLAND ASPHALT ASSOCIATION, INC. | 2408 PEPPERMILL DRIVE, SUITE G, GLEN BURNIE, MARYLAND 21061
PHONE: (410) 761-2160 | FAX: (410) 761-0339 | WEBSITE: www.mdasphalt.org

SB 1_P. Flanigan and Sons_UNF.pdf
Uploaded by: Rachel Clark
Position: UNF

FLANIGAN

SINCE ★ 1885

SENATE BILL 1 – ELECTRICITY AND GAS – RETAIL SUPPLY – REGULATION AND CONSUMER PROTECTION

UNFAVORABLE

SENATE ENERGY, EDUCATION, AND THE ENVIRONMENT COMMITTEE

January 25, 2024

P. Flanigan and Sons, Inc., submits these comments in opposition to SB 1 – Electricity and Gas – Regulation and Consumer Protection.

We are a paving and construction company that operates and maintains three asphalt production facilities in Maryland. We are large volume user of both gas and electric. We routinely procure these products as much as thirty-six months in advance to budget cost in projects that extend through that period.

P. Flanigan and Sons opposes SB1 because it would end our ability to procure our energy supply in a way that helps us maintain our competitiveness and meet our budgetary needs.

More specifically, the bill outlaws the very products and services that our company relies upon to power our business. It limits our ability to secure supply offers longer than 12 months. It restricts the way those products can be priced by artificially capping prices at the 12 month historical average SOS rate. It bans variable pricing. It prevents us from entering contracts that automatically renew.

In conclusion, SB1 would significantly harm our business and effectively end customer choice for Maryland customers like us, and for that reason P. Flanigan and Sons urges the Committee to give SB 1 an unfavorable report.

Brian Russell

Brian Russell

Vice President Plant Operations
(410)-467-5900
brussell@pflanigan.com

RJR-(RESA) SB1.HB267 Written Testimony (OPPOSED)(2

Uploaded by: Richard Reinhardt

Position: UNF

Retail Energy Supply Association

January 25, 2024

Senator Brian Feldman, *Chair*
Senator Cheryl Kagan, *Vice-Chair*
Senate Education, Energy, and the Environment Committee
2 West, Senate Miller Building
Annapolis, Maryland 21401

Re: **Senate Bill 1/ House Bill 267: Electricity and Gas - Retail Supply - Regulation and Consumer Protection – OPPOSED**

Dear Chairman Feldman & Vice-Chairwoman Kagan:

On behalf of its membership, the Retail Energy Supply Association (RESA) offers this written testimony in strong opposition to **Senate Bill 1/ House Bill 267: Electricity and Gas - Retail Supply - Regulation and Consumer Protection** as currently drafted.

Founded in 1990 and headquartered in Harrisburg, Pennsylvania, RESA is a non-profit trade association representing the interests of its members, who are active participants in the retail competitive markets for electricity and natural gas in Maryland. RESA is a broad and diverse group of 16 retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. Several RESA member companies are licensed by the Maryland Public Service Commission (PSC) and serve the state's residential, commercial, and industrial customers.

Retail Energy Supply in Maryland

In the State of Maryland, there are over **588,000** residential and business accounts that have switched to competitive suppliers and taken advantage of offered savings. A staggering **13.4%** of residential customers are served by competitive suppliers statewide. Maryland's competitive energy marketplace has existed since the enactment of the Electric Customer Choice & Competition Act of 1999. The passage of the aforementioned legislation, the Natural Gas Supplier Licensing & Consumer Protection Act of 2000, and the Maryland PSC regulatory policies have been the cornerstones to the successes of the state's market expansion and energy retail growth over the last 25 years.

RESA firmly believes the ability of consumers to choose an energy supplier should be a right that is available to all customers, not just those who reside in restructured states or jurisdictions. Interestingly, this belief is also commonly shared by Maryland residents. In 2020, ACCES surveyed Maryland consumers and found that 87% of retail supplier customers were satisfied with their third-party supplier, with 62% reporting that they planned to renew their current retail supplier contracts. Within the past year, polling research from two distinguishable sources (by *Gonzales Research* and *Normington, Petts & Associates*) showed Maryland consumers overwhelmingly prefer choice and support competition in the energy marketplace over a utility monopoly. In fact, the poll conducted by *Normington, Petts & Associates* indicated that 87% want the freedom to shop for and choose an energy provider.

The existence of a competitive marketplace and allowing customer choice in Maryland has also consistently shown substantial cost savings for consumers. Last month, RESA issued a press release indicating that Maryland residents could have saved over $39 million in October alone by shopping for electricity – that number increased to $59.8 million within two months.

Throughout our advocacy and support in Maryland, RESA has always maintained the position that consumer protection and industry accountability are paramount. Last February, RESA issued a press release supporting the Maryland PSC's strategy to deliver consequences to retail energy suppliers that do not uphold consumer protection rules. The Association officially stated, "*RESA strongly supports Chairman Stanek and the PSC to identify chronic, intentional offenders and revoke their license if necessary*." RESA's principles include a strict compliance policy with federal and state laws and advocates for fair and transparent business practices. The organization encourages all retail suppliers, RESA members, and retail energy suppliers serving Maryland to monitor business and sales activities and proactively report any concerns to the PSC's Consumer Affairs Division (CAD).

RESA's Unwavering Support for Consumer Protection & Supplier Accountability

RESA's efforts to ensure consumer protection have extended well beyond public statements or internal policies. During the 2019 legislative session, the Maryland General Assembly introduced **House Bill 689**, entitled *Public Utilities – Electricity and Natural Gas Suppliers – Information*.

The bill required the PSC to establish residential customer choice shopping websites for electricity and natural gas, each of which must include specified related information and links to other resources. The PSC was also mandated to provide educational information related to electric customer choice on its website.

The following year, the Maryland Legislature introduced **Senate Bill 603/House Bill 928**, entitled *Public Service Commission - Electricity and Gas Suppliers - Training and Educational Program (2020).* According to the Department of Legislative Services' fiscal note:

> "*This bill requires the Public Service Commission (PSC) to develop a training and educational program, in consultation with interested stakeholders, for any entity or individual that is licensed by PSC as an electricity supplier or a gas supplier, subject to specified requirements. The program must require that a designated representative of each licensed electricity supplier or licensed gas supplier demonstrate a thorough understanding of relevant PSC regulations.*
>
> *PSC must conduct an examination at the end of the training and certify that the designated representative has successfully completed the training. PSC may recover the initial costs of the program through its standard assessment and may establish reasonable fees for the program. PSC may also adopt regulations that include appropriate penalties or sanctions for failure to comply with the bill*."

Both bills were enacted and received overwhelming support from RESA. Our involvement and collaboration with state lawmakers on these important pieces of legislation are further testament to

RESA's unwavering commitment to ensuring the protection of Maryland consumers in the Maryland energy marketplace.

Creating a Bill that Reflects its Stated Intention

When considering these facts, **it should give great pause to this committee that RESA, its member companies, and other key stakeholders, universally, oppose Senate Bill 1/ House Bill 267 in its current incarnation**. This legislation was initially described "*as a consumer protection measure first and foremost*." By our account, nothing could be further from the truth.

Veiled as a consumer protection bill, this legislation is a prescriptive means of restricting how energy suppliers may conduct business and provide energy savings to customers while allowing utility companies to market Standard Offer Service (SOS) directly to all customers. Essentially, it is the very thing that the legislation's sponsors expressed the bill was not going to do.

RESA submits this letter in strong opposition to Senate Bill 1/ House Bill 267 and respectfully summarizes the following concerns that require further discussions with the committee leadership and its members.

- Given the definition of an "energy salesperson" and the new regulations that follow thereafter, this bill as written indicates each **person** engaged in energy sales (broadly defined) will have to be separately licensed – whether an employee of a licensed supplier or otherwise. This mandates that even employees of a licensed supplier will have to be separately and individually licensed, which means they must go through the PSC's licensing process, payment of fees, bonding, financial qualifications, insurance etc. It could also entail personal liability as a licensee. An employee of a licensed supplier is covered by the license held by the supplier (and the associated protection) and should not be required to separately and personally be licensed with associated liability and disclosure of personal financial information. This is unnecessary, duplicative and unsustainable.

- The Bill states that utilities can now "market" standard offer/default service to customers in their territory. As a result, captive regulated ratepayer dollars would be used for "marketing," which leads to a very uneven and anticompetitive playing field for suppliers to compete. Under no circumstance should this be included as written and we strongly recommend this be removed.

- The Bill includes several onerous and unnecessary restrictions to retail supply offers which are anti-competitive and run counter to the options and choices that customers want. Many of these provisions will actually hurt customers. For example:

    - Suppliers can only offer a price that does not exceed the trailing 12-month average of the standard service offer. Practically speaking, this could not reasonably be implemented and monitored for all customers. More importantly, it caps 'market-based competitive prices' based on historical information for products and services that are not comparable. For example, one cannot compare historical brown power or brown gas product to a 100% green or carbon neutral product. Moreover, historic prices are not necessarily indicative or determinative of future prices. Lastly, the twelve-month historical average is irrelevant to a fixed-price long-term contract that may insulate a customer from the risk of fluctuations and volatility in market pricing.

- Term cannot exceed 12 months at a time. This is contrary to consumer protection because many customers prefer the option to choose longer-term products and the stability and predictability it offers. It does not help customers to restrict product duration when many homeowners and businesses place significant value on long-term price protection to properly budget their energy expenses.

- Prohibition against auto-renewal. Suppliers invest in Maryland, among other reasons, to help attract and retain business. Requiring a supplier to obtain affirmative consent to keep a customer after the expiration of the term undermines and interferes with the supplier—customer relationship. This provision will simply increase the cost of doing business with no offsetting benefits. Practically, it will result in customers automatically going back to utility default service against their will. Such a requirement undermines customer preferences to continue their relationship with a supplier and erects costly and unnecessary barriers to competition that simply are not present in other similar industries like telecommunications and cable.

- Prohibition against variable rates, other than rates that adjust seasonally no more than twice a year. This provision would undermine customer preferences and impose unreasonable restrictions on supplier products.

- Prohibition against salesperson commission or other incentive-based compensation to any energy salesperson. Removal of incentives for performance is certainly not a consumer protection, is anti-competitive and serves no good purpose.

- On pgs. 29 – 30, this entire section was originally introduced as HB1214/Del. Stein, Session 2023, entitled: "Residential Retail Energy – Green Power – Renewable Energy Credits & Marketing Claims during the 2023 Session.

  - This section will require an electricity supplier to purchase renewable energy credits (RECs) for each year the electricity supplier offers "green power" for sale to residential customers. The electricity supplier would also have been mandated to include a related disclosure about the source of the green power in its marketing materials.

  - "Green Power" means energy sources or RECs that are marketed as green, eco-friendly, environmentally friendly or responsible, carbon-free, renewable, 100% renewable, 100% wind, 100% hydro, 100% solar, 100% emission-free, or similar claims. The required disclosure describes the physical reality of electricity delivery and unbundled RECs as experienced by retail electricity customers in the State's deregulated electricity market.

  - This entire section is another regulatory reach by the legislature that will create unnecessary confusion for consumers by adding a new definition of Green Power and creating a new and complex marketing disclosure. In addition, it would restrict the kinds of renewable energy products available to Maryland consumers and would raise the price of going green for the segment of customers who might be interested but on the fence about voluntary green products.

- This section attempts to "shoehorn" an entirely different piece of legislation that was heavily amended by the House ECM before failing to receive a committee vote in the Senate Education, Energy, and the Environment Committee. Based on its intent, it would serve no consumer protection value and be another draconian restriction on a supplier.

Summary of Report Findings

The PSC currently has well-established authority, jurisdiction, and tools it needs under current law and COMAR to deter and punish suppliers for deceptive practices. It has exercised this authority and broad discretion in the past to address issues with suppliers, assess fines and revoke licenses and there is nothing preventing the PSC from doing the same going forward.

On November 1, 2023, the Maryland Public Service Commission issued a report to the Maryland General Assembly regarding enforcement actions taken against third-party retail energy suppliers from calendar years 2010 – 2022. This report was prepared pursuant to the 2023 Joint Chairmen's Report submitted by the Senate Budget & Taxation Committee and the House Appropriations Committee.

As Contained in the report, the PSC stated, "*that enforcement actions tend to be effective in bringing an errant supplier into compliance, with the goal of deterring repeat violations*." Moreover, last February 2023, the PSC launched the Maximum Enforcement Initiative in response to the influx of complaints against suppliers. As a result, PSC's Consumer Affairs Divisions' supplier complaint intake numbers "*returned to levels at or below its historic average*."

According to the data included in PSC's report, there was a **61% decrease** in complaints against suppliers between Quarter 1 of the 2023 calendar year to Quarter 3. In addition, a reported **82% decrease** in complaints among the three suppliers incurring the most complaints between Quarter 1 and Quarter 3 (2023).

This information substantiates their conclusions that enforcement, non-compliance remediation, and educational outreach are working to reduce customer complaints and, more importantly, maintain accountability on energy retail suppliers in the Maryland marketplace.

Conclusion

If it truly is the will of the Maryland General Assembly to improve consumer protection, the recent data contained in the PSC's report indicates that increased staffing for enforcement, remediation, and educational resources are the best solutions to deter predatory practices by suppliers, while also expanding customer knowledge and interest in energy choice. In addition, the PSC should implement the long-awaited training and education program enacted under Senate Bill 603/House Bill 928 (2020).

RESA affirms its position to continue being a valuable and constructive partner with the state lawmakers to find reasonable and fair solutions to address issues and uphold industry accountability so long as those solutions do not jeopardize absolving competition and consumer choice in Maryland.

We recognize that the competitive energy market is not perfect, just like other markets in consumer goods and services are imperfect. At the same time, we believe strongly that choice and competition are vital to delivering innovation, economic benefits, consumer value, and a clean energy future to the citizens of Maryland.

Sincerely yours,

Tracy McCormick

Tracy McCormick
Executive Director

WGL Energy Opposition Testimony SB01 2024 Final.pd

Uploaded by: rick binetti

Position: UNF

WGL Energy
A WGL Entity

8614 Westwood Center Dr., Suite 1200
Vienna, VA 22182
703.287.9528
WGLEnergy.com

January 25, 2024

To: Chair Feldman and Members of the Senate Education, Energy and the Environment Committee

Subject: SB01 - Electricity and Gas - Retail Supply - Regulation and Consumer Protection

Position: **Oppose**

Dear Chair Feldman and Members of the Committee,

WGL Energy opposes Senate Bill 01.

For more than 25 years, WGL Energy has been providing a full spectrum of competitive energy solutions, including electricity, natural gas, renewable energy, and environmentally friendly energy technology solutions for residential, government, commercial, industrial, and small business customers throughout Maryland. We believe this bill would reduce the energy supply industry's overall ability to continue providing variety of market-based energy solutions to customers in Maryland.

WGL Energy strongly supports and advocates for a dynamic Maryland energy economy that safeguards the consumer protection rights of all Maryland residents, including customers of Maryland utilities and, in many cases, customers of licensed retail suppliers who contract for competitive electricity and natural gas supply. These rights are firmly established in existing consumer protection laws and implementing regulations, having been adopted as a result of past rulemakings that involved the presentation of data, arguments, and facts by various stakeholders, including Commission Staff, the Office of Peoples Counsel ("OPC"), consumer groups, utilities, and retail suppliers. While these regulations underwent thorough vetting before the Commission, we continue to advocate for new rules to meet the evolution of Maryland's energy market based on facts and evidence.

Unfortunately, this bill does not accomplish that. In fact, most provisions in this bill are not about consumer protection. Instead, this bill seems to force retail energy suppliers into operating more like the state's regulated utilities but without any of the guaranteed financial protections these monopolies enjoy. Further, tinkering in the market in this way reduces Maryland's overall competitive advantage.

In Maryland, energy customers, spanning both residential and non-residential sectors, including large, small commercial and industrial businesses, federal, state, and local government agencies, experience distinct market advantages due to the driving force of a competitive retail market, offering tangible benefits and translating into value for taxpayers. These customers have the flexibility to customize energy products incorporating time-of-use, short/long-term renewable generation, and billing customization. Approximately 75% of the non-residential base load in Maryland opts for choice over Standard Offer Service (SOS), leveraging competitive energy markets to select the most advantageous price, term, and product tailored to their business needs.

A shift in these laws would impact retail supply customers and extend its ramifications to every taxpayer. Altering the choice structure in Maryland would undermine competition and directly escalate the cost of conducting business in the state. According to the U.S. News and World Reports, Maryland ranks 39th out of 50 states for competitive energy pricing. Choice is critical to making Maryland competitive for non-commercial customers through various retail market options. What initially started as a consumer

8614 Westwood Center Dr., Suite 1200
Vienna, VA 22182
703.287.9528
WGLEnergy.com

protection bill could potentially complicate the energy landscape for residents, business owners, and government agencies beyond the bill's initially stated intent.

Keeping Choice in the Renewable Market

SB01 would restrict the kinds of renewable energy products available to Maryland consumers by restricting the kinds of Renewable Energy Credits (RECs) available to them. Consumers would no longer be able to choose a national wind or solar product, and instead would only have the option to purchase PJM based products. Why take these options away from customers?

Both residential and non-residential entities actively participate in an emerging renewable market because of a broad spectrum of products retail choice can offer. Across the United States, and here in Maryland, corporations are adopting sustainability as part of their mission. Participation in the retail market demonstrates their commitment to achieving renewable energy goals. Offering multiple renewable products to Maryland consumers supports individual Environmental, Social, and Governance (ESG) commitments, varying in cost and allowing consumers to choose based on their preferences to support national, regional, and international renewable generation. The development of renewable energy and renewable energy credit products within competitive markets should continue to evolve freely. It should be noted that the Fiscal Note for this bill says, "Additional restrictions on electricity supplie prices may result in upward pressure on energy bills for commercial customers, including the State government, local governments, and many small businesses." And that "Other restrictions may limit marketplace participation more generally and reduce competition."

Through choice, consumers are seeing broad benefits, whether they choose to participate in energy choice or not, as indicated by the recent report of the National Renewable Energy Lab. Consumers in the United States and the European Union have seen the introduction of innovative energy products and services that were once unimaginable. A competitive retail market is indispensable for supporting the anticipated benefits of retail market reform in the transition to renewable energy.

Today, companies and local governments are prioritizing environmental, social, and governance factors to create value and goodwill with consumers and citizens. For corporations, a robust ESG proposition correlates with higher equity returns and a reduction in downside risk. And, key components of the existing retail market structure are also forming the basis for developing Community Aggregation programs.

Retail choice with a strong consumer protection component is what Maryland needs to drive efficiency improvements in electricity generation and retail electricity services at competitive prices. Competition within retail services enhances the competitive positions of non-utility generators, providing more market opportunities and reducing electricity supply costs for end-use customers. The competitive generators are identified and rewarded in the organized generation supply markets overseen by FERC and operated by PJM. Eliminating retail energy competition would leave Maryland consumers without the benefits of a competitive market that leverages technology and enables efficient investments.

For all these reasons, we ask for an unvavorable report on SB01.

SB 1 - NRG Testimony 012524.pdf
Uploaded by: Travis Kavulla
Position: UNF

SENATE BILL 1 – ELECTRICITY AND GAS – RETAIL SUPPLY – REGULATION AND CONSUMER PROTECTION

UNFAVORABLE

SENATE ENERGY, EDUCATION, AND THE ENVIRONMENT COMMITTEE
January 25, 2024

NRG Energy, Inc. ("NRG") submits these comments in **opposition** to **SB 1 – 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 Senate Bill 1 were adopted. Rather than provide consumer protections, SB 1 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. SB1 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.

SB1 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, SB1 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. SB1 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, SB1 wouldn't impose these regulations on the monopoly utilities, who would be free to market their supply service.

Enacting SB1 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.

SB1 would permanently end customer choice in the energy space and for that reason NRG urges the Committee to give SB 1 an **unfavorable** report.

NRG Energy, Inc. Contact Information

Sarah Battisti, Director Government Affairs, NRG Energy, Inc., 804 Carnegie Center, Princeton, NJ 08540, 717-418-7290, sarah.battisti@nrg.com

Gerard Evans, Evans & Associates, 191 Main St., Suite 210, Annapolis, MD 21401, 410-990-1521, gevans@lobbymd.com

Brett Lininger, Kress Hammen Government Affairs, 204 Duke of Gloucester Street, Annapolis, MD 21401, 443-527-4837, brett@kresshammen.com

FOR IMMEDIATE RELEASE
Contact: Len Foxwell
410-202-6694
len.foxwell@tredavonstrategies.com

MARYLAND'S LIGHTED PATH FORWARD:

Poll: Nearly four of five Marylanders favor the current law that allows for energy choice

ANNAPOLIS, MD (January 9, 2024) – Advocates for true retail energy competition are empowered by the results of a recent statewide poll, in which 79 percent of Maryland consumers support the current law allowing consumers to purchase their electricity supply from their utility company or a licensed electricity supplier. Marylanders strongly favor maintaining energy choice because it allows for freedom to choose a provider and shop around, prevents a monopoly on electricity supply, and invites competition, which leads to lower prices.

The poll was conducted from December 6-11 by Normington, Petts & Associates, a prominent independent polling firm located in Washington, DC. The poll's margin of error was plus or minus 4.0 percentage points. **Click here for a copy of the poll results and the polling memo.**

"Energy choice is very popular among Maryland voters," said Jill Normington, partner, Normington Petts. "Two-thirds of Maryland voters (66%) oppose repealing the current law in Maryland that allows consumers to choose their electricity supplier. The vast majority of Maryland voters—regardless of location, sex, age, or race—oppose repealing the existing energy choice law. Voters aged 45-59 (72%) and men (70%) are some of the strongest opponents of repealing energy choice."

The key findings of the poll include:

- 79% of Marylanders favor the current law that allows for energy choice.

- Support for energy choice was consistent across age, regional, and party identification demographic groups. College graduates and Marylanders between the ages of 45 and 59 were more supportive of energy choice.
- 82% of Marylanders favor a competitive market after learning about reasons for maintaining energy choice.
- 66% of Marylanders oppose repealing the current law in Maryland that allows consumers to choose their electricity supplier. Repealing energy choice has strong opposition in Baltimore City, Montgomery County, and Prince George's County. Additionally, Maryland voters overwhelmingly oppose repealing energy choice, regardless of party identification.
- After hearing arguments for and against repealing energy choice, opposition to repealing the law increases from 66% to 70%, with 39% strongly opposing the repeal of energy choice. Voters over 60, voters with household incomes below $50,000, Black voters, and White voters show some of the highest increases in opposition to repeal.
- 61% of Marylanders are less likely to vote for policymakers who vote to repeal the current law that gives consumers energy choice – a funding consistent among a majority of voters in every demographic group. Men, voters aged 45-59, White voters, and Democrats are the most likely to say they would be less likely to support a Maryland legislator who voted to repeal energy choice after hearing arguments on the issue.
- 64% of Marylanders find the idea of purchasing electricity supply from a retail provider appealing.

Maryland voters see a range of reasons for keeping energy choice, among them:

- 87% of Marylanders want the freedom to choose an energy provider and shop around.
- 75% of Marylanders do not want a monopoly on electricity supply.
- 73% of Marylanders favor choice because competition means lower prices.
- 72% of Marylanders do not want all utility companies to act like BGE, which wants to raise electricity bills by 30% a month in 2024.
- 60% of Marylanders believe choice will help the state meet its clean energy goals.

The poll's findings come as advocates for energy reform are expanding efforts to advance the benefits of true competition while dispelling misinformation from proponents of Maryland's aging power monopoly. Currently, about 80 percent of Maryland energy consumers are stuck in a default relationship with their local utility and, in most cases, are unaware they have the right to choose among other providers.

In addition to the proven benefits to the consumer, a truly competitive retail environment – one in which consumers can shop for and choose among renewable energy sources - is increasingly regarded as crucial to Governor Wes Moore's plans to reduce 60 percent of greenhouse gas emissions by 2030 and achieve net-zero emissions by 2045.

"Energy choice is steadfastly popular," said Normington. "A majority of voters are aware of the law (68%) and oppose repealing it (66%). Arguments against energy choice fail to sway public opinion, underscoring the profound support it has among Maryland voters. Repealing the current law is a detriment not only to voters, but also the elected officials by whom they are represented."